MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD FINANCIAL QUARTER ("Q3FY2014") AND THE NINE-MONTH ("9MFY2014) ENDED 30 JUNE 2014 IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2014 ("FY2014")

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		
	Q3FY2014 S$'000	Q3FY2013 S$'000	% Change	**9MFY2014 S$'000**	9MFY2013 S$'000	% Change
Revenue	**26,859**	28,589	(6)	**89,489**	65,082	38
Cost of sales	**(20,167)**	(18,344)	10	**(64,844)**	(39,999)	62
Gross profit	**6,692**	10,245	(35)	**24,645**	25,083	(2)
Other operating income	**167**	92	82	**622**	1,760	(65)
Administrative expenses	**(2,689)**	(2,314)	16	**(7,417)**	(6,358)	17
Other operating expenses	**(1,062)**	(977)	9	**(3,533)**	(2,931)	21
Profit from operations	**3,108**	7,046	(56)	**14,317**	17,554	(18)
Finance costs	**(1,234)**	(1,589)	(22)	**(4,865)**	(3,398)	43
Share of results of associated companies	**-**	-	NM	**-**	1,095	NM
Share of results of jointly–controlled entities	**289**	556	(48)	**919**	1,840	(50)
Profit before exceptional item	**2,163**	6,013	(64)	**10,371**	17,091	(39)
Exceptional item						
Gain on equity interest	**-**	-	NM	**-**	5,681	NM
Profit before taxation	**2,163**	6,013	(64)	**10,371**	22,772	(54)
Income tax	**(901)**	(337)	167	**(2,524)**	(1,677)	51
Profit after taxation	**1,262**	5,676	(53)	**7,847**	21,095	(63)
Profit attributable to:-						
Owners of the parent	**1,340**	4,280	(69)	**7,615**	18,113	(58)
Non-controlling interests	**(78)**	1,396	NM	**232**	2,982	(92)
	1,262	5,676		**7,847**	21,095	

"Q3FY2014" denotes the third financial quarter of the financial year ended 30 September 2014 ("FY2014").

"9MFY2014" denotes the 9 months of FY2014.

"Q3FY2013" denotes the third financial quarter of the financial year ended 30 September 2013 ("FY2013").

"9MFY2013" denotes the 9 months of FY2013.

"% 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		
	Q3FY2014 S$'000	Q3FY2013 S$'000	% Change	**9MFY2014 S$'000**	9MFY2013 S$'000	% Change
Profit for the period	**1,262**	5,676	(78)	**7,847**	21,095	(169)
Exchange differences on translating foreign operations	**(1,626)**	2,672	NM	**(958)**	4,145	NM
Other comprehensive income, net of tax	**(1,626)**	2,672	NM	**(958)**	4,145	NM
Total comprehensive income for the period	**(364)**	8,348	NM	**6,889**	25,240	(73)
Total comprehensive income attributable to:-						
Owners of the parent	**168**	5,835	(97)	**6,157**	21,008	(71)
Non-controlling interest	**(532)**	2,513	NM	**732**	4,232	(83)
	(364)	8,348	NM	**6,889**	25,240	(73)

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

	The Group			The Group		
	Q3FY2014 S$'000	Q3FY2013 S$'000	% Change	**9MFY2014 S$'000**	9MFY2013 S$'000	% Change
Profit before income tax has been arrived at after (crediting)/charging						
Depreciation and amortisation	**5,197**	4,890	6	**16,044**	11,577	39
Net foreign currency exchange loss/(gain)	**(9)**	(93)	(90)	**370**	(848)	NM
Gain on disposal of property, plant and equipment	**-**	(11)	NM	**(7)**	(11)	(36)
Property, plant and equipment written-off	**-**	67	NM	**-**	67	NM
Impairment loss on trade receivables recognized	**-**	74	NM	**-**	111	NM
Interest income	**(7)**	(117)	(94)	**(62)**	(275)	(77)
Interest expenses	**1,234**	1,589	6	**4,865**	3,398	57
Fair value adjustment of derivative contract	**59**	50	18	**166**	119	39
Gain on equity interest	**-**	-	NM	**-**	(5,681)	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.

	The Group		The Company	
	As at 30 June 2014 S$'000	As at 30 September 2013 S$'000	**As at 30 June 2014 S$'000**	As at 30 September 2013 S$'000
Non-current assets				
Property, plant and equipment	**322,786**	291,502	**-**	-
Investment in subsidiaries	**-**	-	**4,320**	4,320
Goodwill	**5,250**	5,250	**-**	-
Investment in jointly controlled entities	**28,934**	28,135	**3,965**	3,965
Finance lease receivables	**1,259**	1,259	**-**	-
	358,229	326,146	**8,285**	8,285
Current assets				
Inventories	**8,976**	11,081	**-**	-
Trade receivables	**18,903**	16,826	**-**	-
Due from customers for construction contracts	**8,231**	8,564	**-**	-
Other receivables, deposits & prepayment	**36,891**	13,798	**800**	204
Finance lease receivables	**65**	654	**-**	-
Due from subsidiaries (non-trade)	**-**	-	**101,085**	54,008
Fixed deposits	**-**	2,264	**-**	-
Cash and bank balances	**32,276**	7,628	**344**	1,410
	105,342	60,815	**102,229**	55,622
Total assets	**463,571**	386,961	**110,514**	63,907
Current liabilities				
Bank overdraft	**642**	1,897	**-**	-
Trade payables	**20,785**	19,158	**-**	-
Other payables and accruals	**11,051**	10,266	**962**	298
Borrowings – interest bearing	**93,754**	52,078	**-**	-
Derivative financial instruments	**171**	5	**-**	-
Income tax payable	**7,133**	5,795	**15**	17
	133,536	89,199	**977**	315
Non-current liabilities				
Borrowings – interest bearing	**113,753**	83,646	**50,000**	-
Deferred tax liabilities	**1,038**	910	**-**	-
	114,791	84,556	**50,000**	-
Total liabilities	**248,327**	173,755	**50,977**	315
Net assets	**215,244**	213,206	**59,537**	63,592
Share capital and reserves				
Share capital	**59,239**	59,239	**59,239**	59,239
Capital reserve	**634**	634	**-**	-
Employee share option reserve	**154**	28	**-**	-
Treasury stock	**(102)**	-	**-**	-
Foreign currency translation reserve	**(900)**	558	**-**	-
Retained earnings	**105,267**	102,423	**298**	4,353
	164,292	162,882	**59,537**	63,592
Non-controlling interest	**50,952**	50,324	**-**	-
Total equity	**215,244**	213,206	**59,537**	63,592

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

	The Group	
	As at 30 June 2014 S$ '000	As at 30 September 2013 S$ '000
Amount repayable in one year or less or on demand		
Secured*	**94,396**	53,975
Amount repayable after one year		
Secured*	**113,753**	83,646

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.
- 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			
	Q3FY2014 S$'000	Q3FY2013 S$'000	**9MFY2014 S$'000**	9MFY2013 S$'000
Cash flow from operating activities				
Profit before income tax	**2,163**	6,013	**10,371**	22,772
Adjustments for:				
Depreciation and amortization	**5,197**	4,890	**16,044**	11,577
Interest expense	**1,234**	1,589	**4,865**	3,398
Interest income	**(7)**	(117)	**(62)**	(275)
Gain on disposal of property, plant and equipment	**-**	(11)	**(7)**	(11)
Property, plant and equipment written-off	**-**	67	**-**	67
Fair value adjustment of derivative contracts	**59**	52	**166**	121
Share of profits in jointly-controlled entities	**(289)**	(556)	**(919)**	(1,840)
Share of loss in associated company	**-**	-	**-**	(1,095)
Gain on equity interest	**-**	-	**-**	(5,681)
Grant of share options to employees	**42**	28	**126**	28
Currency realignment	**(832)**	2,131	**(812)**	2,284
Operating profit before working capital changes	**7,567**	14,086	**29,772**	31,345
Working capital changes:				
Inventories	**(3,300)**	1,534	**2,105**	(716)
Trade and other receivables	**8,496**	(26,946)	**(24,581)**	(27,071)
Due from customers for construction contracts	**30,330**	(250)	**332**	(6,048)
Trade and other payables	**6,016**	380	**2,421**	(5,076)
Cash from/(used in) operations	**49,109**	(11,196)	**10,049**	(7,566)
Interest paid	**2**	(26)	**(5)**	(57)
Income tax paid	**(614)**	(135)	**(1,058)**	7
Net cash from/(used in) operating activities	**48,497**	(11,357)	**8,986**	(7,616)
Cash flows from investing activities				
Purchase of property, plant and equipment	**(44,197)**	(8,496)	**(47,329)**	(14,821)
Proceeds from disposal of property, plant and equipment	**-**	15	**7**	15
Acquisition of subsidiary, net of cash acquired	**-**	-	**-**	11,159
Placement of fixed deposits and cash pledged with licensed bank	**6**	1,542	**(311)**	1,366
Interest received	**7**	117	**62**	275
Net cash used in investing activities	**(44,184)**	(6,822)	**(47,571)**	(2,006)
Cash flows from financing activities				
Proceeds from loans	**31,543**	13,907	**175,543**	16,789
Repayment of term loans	**(22,203)**	-	**(103,676)**	-
Repayment of lease obligations	**(20)**	(6)	**(84)**	(80)
Interest paid on lease obligations	**(6)**	(1)	**(19)**	(5)
Interest paid on term loans	**(968)**	(1,562)	**(3,141)**	(3,336)
Interest paid on medium term note	**(262)**	-	**(1,700)**	-
Purchase of treasury shares	**(207)**	-	**(207)**	-
Dividend paid	**-**	-	**(4,771)**	(2,726)
Net cash from financing activities	**7,877**	12,338	**61,945**	10,642
Net change in cash and cash equivalents	**12,190**	(5,841)	**23,360**	1,020
Effect of exchange rate changes on cash and cash equivalents	**(37)**	-	**(32)**	105
Cash and cash equivalents at beginning of the period	**18,525**	19,265	**7,350**	12,299
Cash and cash equivalents at end of financial year (Note 1)	**30,678**	13,424	**30,678**	13,424

Note 1:

Cash and cash equivalents consist of:

	The Group	
	9MFY2014 S$'000	9MFY2013 S$'000
Cash and bank balances	**32,276**	8,192
Fixed deposits	**-**	7,413
Bank overdraft	**(642)**	(1,514)
Total cash, bank balances and fixed deposit	**31,634**	14,091
Less: fixed deposits and cash pledged	**(956)**	(667)
Cash and cash equivalents	**30,678**	13,424

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	Treasury shares	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	-	-	-	-	-	7,615	7,615	232	7,847
Other comprehensive income, net of tax	-	-	-	-	(1,458)	-	(1,458)	500	(958)
Total comprehensive income for the year	-	-	-	-	(1,458)	7,615	6,157	732	6,889
Contributions by and distributions to owners									
Grant of employee share option	-	-	-	126	-	-	126	-	126
Purchase of treasury shares	-	(102)	-	-	-	-	(102)	(104)	(206)
Dividend paid	-	-	-	-	-	(4,771)	(4,771)	-	(4,771)
Total contributions by and distributions to owners	-	(102)	-	126	-	(4,771)	(4,747)	(104)	(4,851)
Balance as at 30 June 2014	59,239	(102)	634	154	(900)	105,267	164,292	50,952	215,244

	The Group					
	Share capital	**Share-based Payment Reserve**	**Translation Reserve**	**Retained earnings**	**Non-controlling interest**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance as at 1 October 2012	59,239	-	(896)	82,810	-	141,153
Profit net of tax	-	-	-	18,113	2,982	21,095
Other comprehensive income	-	-	2,895	-	1,250	4,145
Total comprehensive income for the year	-	-	2,895	18,113	4,232	25,240
Recognised NCI at acquisition date		-	-	-	46,141	46,141
Share-based payment reserve	-	28	-	-	-	28
Dividend paid	-	-	-	(2,726)	-	(2,726)
Balance as at 30 June 2013	59,239	28	1,999	98,197	50,373	209,836

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 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	-	716	716
Dividend on ordinary shares	-	(4,771)	(4,771)
Balance as at 30 June 2014	59,239	298	59,537

	The Company			
	Share capital	Retained Earnings	Share-based Payment Reserve	Total
	S$'000	S$'000	S$'000	S$'000
Balance as at 1 October 2012	59,239	6,821	-	66,060
Total comprehensive income for the year	-	(747)	-	(747)
Share-based payment reserve	-	-	28	28
Dividend on ordinary shares	-	(2,726)	-	(2,726)
Balance as at 30 June 2013	59,239	3,348	28	62,615

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 30 June 2013 and 30 June 2014.

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 2014	As at 30 Sep 2013
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 30 June 2014 and as at 30 September 2013. Neither had there been any sale, transfer, disposal, cancellation and/or use of treasury shares during 9MFY2014.

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 2013.

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 their operations and effective for annual periods beginning on or after 1 October 2013, 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 2013.

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	
	9MFY2014 **S$'000**	9MFY2013 S$'000
Net profit attributable to shareholders	**7,615**	18,113
Earnings per share		
Basic (Singapore cents)	**2.23 cents***	5.32 cents**
Diluted (Singapore cents)	**2.23 cents***	5.32 cents**

* Basic and diluted earnings per share for 9MFY2014 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S$7.6 million and the weighted average number of shares of 340,750,000.

** Basic and diluted earnings per share for 9MFY2013 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S$18.1 million and the weighted average number of shares of 340,750,000.

There were no potential dilutive shares as at 30 June 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 30 June 2014 S$'000	As at 30 September 2013 S$'000	**As at 30 June 2014 S$'000**	As at 30 September 2013 S$'000
Net asset value as at the respective balance sheet dates	**164,292**	162,882	**59,537**	63,592
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	**48.2 cents**	47.8 cents	**17.5 cents**	18.7 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 the financial performance of the Group for 9MFY2013 (compared to that of 9MFY2013) and for Q3FY2014 (compared to that of Q3FY2013)

Revenue

Our Group's revenues for 9MFY2014 (*vis-à-vis* 9MFY2013) and Q3FY2014 (*vis-à-vis* Q3FY2013) were as follow:

	9MFY2014		9MFY2013		*Change*		Q3FY2014		Q3FY2013		*Change*	
	S$'m	%	S$'m	%	*S$'m*	*%*	S$'m	%	S$'m	%	*S$'m*	*%*
Ship Chartering Operations	48.2	53.8	39.3	60.4	*8.9*	*22.6*	14.2	52.8	17.4	60.8	*(3.2)*	*(18.4)*
Ship Building & Repair Operations	41.3	46.2	25.8	39.6	*15.5*	*60.1*	12.7	47.2	11.2	39.2	*1.5*	*13.4*
	89.5	100.0	65.1	100.0	*24.4*	*37.5*	26.9	100.0	28.6	100.0	*(1.7)*	*(5.9)*

Despite the Group's total revenue decreased by 5.9% to S$26.9 million in Q3FY2014 from S$28.6 million in Q3FY2013, the Group's total revenue increased by 37.5% to S$89.5 million in 9MFY2014 from S$65.1 million in 9MFY2013.

Underpinned by increased demand for ship building, the Ship Building & Repair Operations of the Group led the revenue growth at 60.1% (relative to 9MFY2013) and at 13.4% (relative to Q3FY2013).

The revenue generated from the Group's Ship Chartering Operations, which increased by 22.6% (relative to 9MFY2013), was mainly attributed to: (a) the results of PT Pelayaran Nasional Bina Buana Raya Tbk ("BBR"), a former associated company turned subsidiary of the Group following BBR's debut listing on the Indonesia Stock Exchange and with the Group, being the single largest post-IPO shareholder of BBR, exerting a *de facto* control over BBR's operations since then (the "Transition"); and (b) the strong demand for OSVs in the region in Q1FY2014. Notwithstanding which, the Ship Chartering Operation of the Group reported a decrease in revenue in Q3FY2014 (relative to Q3FY2013) due primarily to: (a) the lower utilization of the Group's fleet of tugboats and barges amidst continued weakened shipping demand in Indonesia for the shipment of coal and other commodities; and (b) the transitional deployment of four of the Group's OSVs to other locations following a change of charterer.

The decreases in the Group's gross profit both in 9MFY2014 and Q3FY2014 (relative to the respective corresponding periods of FY2013) were due mainly to: (a) the lower utilization of the Group's fleet of tugboats and barges as well as OSVs; and (b) the lower rates charged by the Group's three dry docks in the handling of repair and upgrading jobs.

The Group's other operating income decreased by S$1.2 million to S$0.6 million in 9MFY2014 from S$1.8 million in 9MFY2013, due mainly to the decreased interest income and foreign exchange gain.

The increases in administrative expenses of 16.7% (relative to 9MFY2013) and of 16.2% (relative to Q3FY2013) were mainly attributed to increased personnel expenses.

The increases in other operating expenses in 9MFY2014 and Q3FY2014 (relative to the respective corresponding periods of FY2013) were mainly attributed to increased office rental, professional fees, bank charges and travelling expenses.

The increase in the finance costs of the Group by 43.2% in 9MFY2014 (relative to 9MFY2013) was attributed mainly to: (a) BBR's interest expense in connection with its vessel loans procured after the Transition; and (b) interest expense incurred in respect of the S$50 million drawn down on 18 October 2013 (the "MTN Series 1 Notes") from the Company's S$300 million Multicurrency Medium Term Note program (the "MTN") established in June 2013 (as announced by the Company on 14 June 2013). Notwithstanding which, the Group's interest expense decreased by 22.3% to S$1.2 million in Q3FY2014 (relative Q3FY2013) following the capitalization of S$0.5 million interest expenses as part of the asset cost of the Rig Under Construction.

The share of profit of an associated company was in relation to BBR prior to the Transition.

The share of results from jointly controlled companies decreased by 50.1% (relative to 9MFY2013) and by 48.0% (relative to Q3FY2013), mainly as a result of lower charter rates charged for bunker tankers in face of intense competition.

The exceptional gain of S$5.7 million recorded in 9MFY2013 was a re-measurement gain in connection with a deemed disposal required to be recognized under FRS 103 – Business Combinations, which stipulates that the Group's equity interest in BBR prior to the Transition (the "Pre-Transition Group") be re-measured as if the stake had been disposed off.

The increases in income tax expense were mainly attributed to: (a) the Group's revenue and profit derived from in-house ship building projects which though were eliminated upon consolidation but not in respect of their consequential tax provisions; and (b) the Group's ship chartering profit generated from the Indonesia waters in 9MFY2014 which attracts a relatively higher tax rate compared to the other regional waters which the Group's ship chartering profit in 9MFY2013 was primarily derived from.

(b) Review of financial position of the Group as at 30 June 2014 compared to FY2013

The decrease in inventories was mainly due to decreased raw materials purchased towards the end of Q3FY2014.

The trade receivable and trade payable increased in tandem with the increase in revenue and cost of sales in 9MFY2014.

The increases in other receivable, deposits and prepayment were mainly attributed to the first disbursement made for the Rig Under Construction as well as advanced payments made for materials and equipment required for the building of vessels.

The finance lease receivable, being bareboat charter fees, was fully collected in July 2014.

The increase in interest-bearing borrowings was attributed mainly to the MTN Series 1 Notes and vessel construction loans related to the new ship building program.

Pursuant to the drawdown of the MTN Series 1 Notes and after netting off against bank overdraft and dividend payment of S$4.8 million in 20 December 2013 (compared to S$3.4 million in 22 December 2012), the net cash and bank balances of the Group increased to S$30.7 million as at 30 June 2014 from S$8.0 million as at 30 September 2013, notwithstanding that 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) increased to 81.7% as at 30 June 2014 from 59.9% as at 30 September 2013.

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.

While the global economy continues to show early but still uneven signs of recovery, the Group continues to keep a vigilant watch of market conditions and their ensuing impact on its operations. The offshore oil and gas exploration and production activities in the region are expected to remain robust. Albeit a slight slowdown in Indonesia in part due to the recent legislative and presidential elections, the Group expects the offshore business of its Ship Chartering Operations to continue to spearhead its growth for the next 12 months. In contrast, the market conditions relating to the tugboats and barges division of the Group have been and are expected to continue to remain challenging.

With regard to the Group's Ship Building and Repair Operations, the Group is expected to continue to face keen competition from shipyards in the region. However, the Group's new ship-building program focusing on the building of mid-sized OSVs, even though the program caters mainly to internal demands, continues to keep the Group's shipyard occupied for the next 12 months,

While the building progress of the Rig Under Construction is being closely monitored, the Group remains active in the lookout for potential partners to complement its resources and expertise for its eventual rig chartering operations. In addition, the Group continues to evaluate investment and/or joint venture opportunities with a view to generate further stable and recurring revenue stream to the Group.

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 9MFY2014.

During Q1FY2014, the Company declared a tax exempt one-tier special interim dividend of 1.4 Singapore cents per ordinary share for FY2014 and the dividends, aggregating S$4.8 million, were paid on 20 December 2013.

13. Interested Person Transactions

Pursuant to Rule 907 of the SGX-ST Listing Manual and the renewed IPT General Mandate procured from the shareholders of the Company on 27 January 2014, the following interested person transactions had been entered into during Q3FY2014:

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 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 Q3FY2014 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
Executive Director

14 August 2014