

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARCO POLO MARINE LTD**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Marco Polo Marine Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 33 to 108, which comprise the statements of financial position of the Group and the Company as at 30 September 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and the statement of financial position and to maintain accountability of assets.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

### *Emphasis of matter*

We draw attention to Note 2.1 to the financial statements. As at 30 September 2016, the Group reported a net current liabilities position of S\$25,977,000. The Group also incurred loss before tax of \$16,938,000. The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. Notwithstanding these conditions, the Group has prepared the financial statements on a going concern basis. The ability of the Group to continue as a going concern is dependent on the successful negotiation and completion of the restructuring of its bank loans or the generation of sufficient cash flows.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

### **MAZARS LLP**

Public Accountants and  
Chartered Accountants  
Singapore

23 December 2016  
Singapore