



MARCO POLO MARINE LTD  
Company Registration No. 200610073Z

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND FINANCIAL QUARTER (“Q2FY2017”) AND HALF YEAR FINANCIAL YEAR ENDED 31 MARCH 2017 (“H1FY2017”) 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		
	Q2FY2017	Q2FY2016	% Change	H1FY2017	H1FY2016	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Revenue</b>	<b>12,841</b>	11,942	8	<b>24,252</b>	28,956	(16)
Cost of sales	<b>(14,175)</b>	(7,835)	81	<b>(21,761)</b>	(19,802)	10
<b>Gross (loss)/profit</b>	<b>(1,334)</b>	4,107	NM	<b>2,491</b>	9,154	(73)
Other operating income	<b>354</b>	497	29	<b>2,059</b>	551	NM
Administrative expenses	<b>(1,263)</b>	(1,048)	20	<b>(2,890)</b>	(2,735)	6
Other operating expenses	<b>(2,787)</b>	(1,731)	(67)	<b>(1,320)</b>	(3,139)	(58)
<b>(Loss)/profit from operations</b>	<b>(5,030)</b>	1,825	NM	<b>340</b>	3,831	(91)
Finance costs	<b>(1,977)</b>	(1,575)	26	<b>(3,945)</b>	(2,703)	46
Share of losses in joint ventures	<b>(1,110)</b>	(200)	NM	<b>(417)</b>	(1,394)	70
<b>(Loss)/profit before income tax</b>	<b>(8,117)</b>	50	NM	<b>(4,022)</b>	(266)	NM
Income tax	<b>(42)</b>	(1,170)	(96)	<b>(752)</b>	(835)	(10)
<b>Loss for the financial period</b>	<b>(8,159)</b>	(1,120)	NM	<b>(4,774)</b>	(1,101)	NM
<b>Loss attributable to:-</b>						
Equity holders of the Company	<b>(8,159)</b>	(1,120)	NM	<b>(4,774)</b>	(1,101)	NM
	<b>(8,159)</b>	(1,120)	NM	<b>(4,774)</b>	(1,101)	NM

“Q2FY2017” denotes the second financial quarter of the financial year ended 30 September 2017 (“FY2017”).

“H1FY2017” denotes the first half financial year of FY2017.

“Q2FY2016” denotes the second financial quarter of the financial year ended 30 September 2016 (“FY2016”).

“H1FY2016” denotes the first half 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		
	Q2FY2017	Q2FY2016	% Change	H1FY2017	H1FY2016	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Loss for the financial period</b>	<b>(8,159)</b>	(1,120)	NM	<b>(4,774)</b>	(1,101)	NM
<b>Other comprehensive income:</b>						
Exchange difference on translating foreign operation	<b>(5,073)</b>	(1,436)	NM	<b>985</b>	(2,047)	NM
<b>Total comprehensive income</b>	<b>(13,232)</b>	(2,556)	NM	<b>(3,789)</b>	(3,148)	20
<b>Total comprehensive income attributable to:-</b>						
Equity holders of the Company	<b>(13,232)</b>	(2,556)	NM	<b>(3,789)</b>	(3,148)	20
	<b>(13,232)</b>	(2,556)	NM	<b>(3,789)</b>	(3,148)	20

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

	Group			Group		
	Q2FY2017	Q2FY2016	% Change	H1FY2017	H1FY2016	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>(Loss)/profit before income tax has been arrived at after charging/(crediting):</b>						
Depreciation of property, plant and equipment	<b>3,715</b>	2,773	34	<b>7,458</b>	5,693	31
Net foreign currency exchange loss/(gain)	<b>2,213</b>	724	NM	<b>(1,602)</b>	1,368	NM
Gain on disposal of property, plant and equipment	-	(450)	NM	-	(450)	NM
Interest income	<b>(3)</b>	(6)	(51)	<b>(6)</b>	(12)	(52)
Interest expenses	<b>1,977</b>	1,575	26	<b>3,945</b>	2,703	46
Share-based payment expense	<b>35</b>	15	NM	<b>70</b>	29	NM
(Gain)/loss on fair value adjustment of derivative financial instruments	<b>(200)</b>	150	NM	<b>(247)</b>	185	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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 March 2017 S\$'000</b>	<b>As at 30 September 2016 S\$'000</b>	<b>As at 31 March 2017 S\$'000</b>	<b>As at 30 September 2016 S\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	231,536	238,178	-	-
Investment in subsidiaries	-	-	4,320	4,320
Investment in joint ventures	79,908	80,692	8,653	8,265
Due from subsidiaries (non-trade)	-	-	54,388	-
	<b>311,444</b>	<b>318,870</b>	<b>67,361</b>	<b>12,585</b>
<b>Current assets</b>				
Inventories	13,901	12,119	-	-
Trade receivables	18,581	15,951	22	-
Gross amounts due from customers for construction contracts	45,361	47,405	-	-
Other receivables, deposits and prepayments	45,870	42,553	1,764	168
Due from subsidiaries (non-trade)	-	-	41,795	96,132
Cash and bank balances	4,576	11,824	94	213
	<b>128,289</b>	<b>129,852</b>	<b>43,675</b>	<b>96,513</b>
<b>Total assets</b>	<b>439,733</b>	<b>448,722</b>	<b>111,036</b>	<b>109,098</b>
<b>Current liabilities</b>				
Bank overdraft	1,991	1,983	-	-
Trade payables	11,424	10,557	-	-
Other payables and accruals	18,104	23,871	2,108	1,514
Borrowings – interest bearing	112,635	116,788	-	-
Derivative financial instruments	6	249	-	-
Income tax payable	2,846	2,381	-	-
	<b>147,006</b>	<b>155,829</b>	<b>2,108</b>	<b>1,514</b>
<b>Non-current liabilities</b>				
Borrowings – interest bearing	136,562	133,034	50,000	50,000
Deferred tax liabilities	1,060	1,035	-	-
	<b>137,622</b>	<b>134,069</b>	<b>50,000</b>	<b>50,000</b>
<b>Total liabilities</b>	<b>284,628</b>	<b>289,898</b>	<b>52,108</b>	<b>51,514</b>
<b>Net assets</b>	<b>155,105</b>	<b>158,824</b>	<b>58,928</b>	<b>57,584</b>
<b>Share capital and reserves</b>				
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	311	241	-	-
Foreign currency translation reserve	1,517	532	1,279	-
Retained earnings	94,607	99,381	(387)	(452)
	<b>155,105</b>	<b>158,824</b>	<b>58,928</b>	<b>57,584</b>
<b>Total equity</b>	<b>155,105</b>	<b>158,824</b>	<b>58,928</b>	<b>57,584</b>

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

	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>30 September</b>
	<b>2017</b>	<b>2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Amount repayable in one year or less or on demand Secured*	<b>112,635</b>	116,788
Amount repayable after one year Secured*	<b>136,562</b>	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	
	Q2FY2017	Q2FY2016	H1FY2017	H1FY2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities</b>				
(Loss)/profit before income tax	(8,116)	50	(4,022)	(266)
Adjustments for:				
Depreciation of property, plant and equipment	3,715	2,773	7,458	5,693
Bad debts written off	38	-	38	-
Interest expense	1,977	1,575	3,945	2,703
Interest income	(3)	(6)	(6)	(12)
Gain on disposal of property, plant and equipment	-	(450)	-	(450)
Gain on fair value adjustment of derivative financial instruments	(206)	145	(247)	180
Share based payment expense	35	15	70	29
Share of loss in joint ventures	1,110	200	417	1,394
Foreign exchange difference	3,738	3,549	2,108	2,247
Operating profit before working capital changes	2,288	7,851	9,761	11,518
Movement in working capital				
Inventories	(1,812)	2,355	(1,782)	3,670
Trade and other receivables	(2,901)	(4,712)	(5,735)	(8,307)
Due from/(to) customers for construction contracts	813	(793)	2,044	9,563
Trade and other payables	967	(4,279)	(5,621)	(2,263)
Cash (used in)/generated from operations	(645)	422	(1,333)	14,181
Interest paid	(21)	(128)	(41)	(142)
Income tax paid	(109)	(1,245)	(249)	(1,933)
<b>Net cash (used in)/generated from operating activities</b>	<b>(775)</b>	<b>(951)</b>	<b>(1,623)</b>	<b>12,106</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	-	(390)	(1)	(29,017)
Proceeds from disposal of property, plant and equipment	-	1,190	-	1,190
Interest received	3	6	6	12
<b>Net cash generated from/(used in) investing activities</b>	<b>3</b>	<b>806</b>	<b>5</b>	<b>(27,815)</b>
<b>Cash flows from financing activities</b>				
Proceeds from term loans	-	29,359	-	49,328
Repayment of term loans	(345)	(6,600)	(2,377)	(9,450)
Repayment of finance lease payables, net	(31)	(20)	(38)	(40)
Interest paid on finance lease	(5)	-	(5)	-
Interest paid on term loans	(1,518)	(1,367)	(3,035)	(2,444)
Interest paid on medium term note	-	(80)	(392)	(117)
(Placement)/withdrawal of fixed deposits and bank balances pledged with licensed bank	(180)	(398)	16	(398)
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,079)</b>	<b>20,894</b>	<b>(5,831)</b>	<b>36,879</b>
Net (decrease)/increase in cash and cash equivalents	(2,851)	20,749	(7,449)	21,170
Cash and cash equivalents at beginning of the period	4,160	10,169	8,210	9,935
Effect of exchange rate changes on cash and cash equivalents	(339)	(959)	209	(1,146)
<b>Cash and cash equivalents at end of the financial period (Note 1)</b>	<b>970</b>	<b>29,959</b>	<b>970</b>	<b>29,959</b>

**Note 1**

Cash and cash equivalent consist of:

Cash and bank balances

Bank overdraft

Total cash and bank balances (as per statement of financial position)

Less: Pledged bank balances

Cash and cash equivalent at the end of financial period (as per cash flow statement)

<b>Group</b>	
<b>H1FY2017</b>	<b>H1FY2016</b>
<b>S\$'000</b>	<b>S\$'000</b>
<b>4,576</b>	33,754
<b>(1,991)</b>	(2,271)
<b>2,585</b>	31,483
<b>(1,615)</b>	(1,524)
<b>970</b>	29,959

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	Attributable to equity holders of the Company								
	Share capital	Treasury shares	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Retained earning	Total	Non-controlling interest	Total equity
	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	-	-	-	-	-	(4,774)	(4,774)	-	(4,774)
Other comprehensive income, net of tax	-	-	-	-	985	-	985	-	985
Total comprehensive income for the financial period	-	-	-	-	985	(4,774)	(3,789)	-	(3,789)
Employee share option	-	-	-	70	-	-	70	-	70
Balance as at 31 Mar 2017	59,239	(1,203)	634	311	1,517	94,607	155,105	-	155,105
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	-	-	-	-	-	(1,101)	(1,101)	-	(1,101)
Other comprehensive income, net of tax	-	-	-	-	(2,047)	-	(2,047)	-	(2,047)
Total comprehensive income for the financial period	-	-	-	-	(2,047)	(1,101)	(3,148)	-	(3,148)
Employee share option	-	-	-	29	-	-	29	-	29
Balance as at 31 Mar 2016	59,239	(1,203)	634	171	196	115,218	174,255	-	174,255

Company	Share capital	Treasury share	Foreign currency translation reserve	Retained earning	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	Balance at 1 October 2016	59,239	(1,203)	-	(452)
Total comprehensive income for the financial period	-	-	1,279	65	1,344
Balance at 31 March 2017	59,239	(1,203)	1,279	(387)	58,928
Balance at 1 October 2015	59,239	(1,203)	-	1,752	59,788
Total comprehensive income for the financial period	-	-	-	(2,000)	(2,000)
Balance at 31 March 2016	59,239	(1,203)	-	(248)	57,788

**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 31 March 2017, 3,430,000 share options was outstanding (31 March 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 31 March 2017, 4,290,000 share options was outstanding (31 March 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 31 March 2017 and 31 March 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.**

	<u>As at 31 March 2017</u>	<u>As at 30 September 2016</u>
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 31 March 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.**

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	
	H1FY2017 S\$'000	H1FY2016 S\$'000
<b>Loss attributable to equity holders</b>	<b>(4,774)</b>	<b>(1,1101)</b>

	H1FY2017		H1FY2016	
	Number of shares	Singapore cents	Number of shares	Singapore cents
<b>Earnings per share</b>				
Basic	336,548,600	(1.42)	336,548,600	(0.33)
Diluted	339,893,600	(1.42)	337,650,323	(0.33)

\* 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.

There was no dilutive effect arising from share options for the financial period ended 31 March 2017.

**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 31 March 2017 S\$'000	As at 30 September 2016 S\$'000	As at 31 March 2017 S\$'000	As at 30 September 2016 S\$'000
Net asset value	<b>155,105</b>	<b>158,824</b>	<b>58,928</b>	<b>57,584</b>
Net asset value per ordinary share based on issued share capital (Singapore cents)	<b>46.1 cents</b>	47.2 cents	<b>17.5 cents</b>	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 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.

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

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

#### (a) Review of financial performance of the Group

Our Group's revenues for H1FY2017 (vis-à-vis H1FY2016) and Q2FY2017 (vis-a-vis Q2FY2016) were as follow:

	Q2FY2017		Q2FY2016		Change		H1FY2017		H1FY2016		Change	
	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%
Ship Chartering Operations	4.1	32	4.5	38	(0.4)	(9)	8.5	35	10.9	38	(2.4)	(22)
Ship Building & Repair Operations	8.7	68	7.4	62	1.3	17	15.7	65	18.1	62	(2.4)	(13)
	12.8	100	11.9	100	0.9	8	24.2	100	29.0	100	(4.8)	(16)

The Group recorded a revenue of S\$12.8 million in Q2FY2017, an increase of 8% from that of S\$11.9 million registered in Q2FY2016, and a revenue of S\$24.2 million in H1FY2017, a decrease of 16% from that of S\$29.0 million registered in H1FY2016.

Relative to the corresponding reporting period of Q2FY2016, the Ship Chartering Operations' revenue of the Group decreased by 9% to S\$4.1 million in Q2FY2017. The decrease in revenue was mainly due to lower utilization and charter rates of the Group's OSVs fleet as a result of the slowdown in the marine and offshore industry following the recent oil price crisis; albeit some improvements in the utilization of the Group's fleet of tugboats and barges.

The Ship Building & Repair Operations of the Group recorded an increase of 17% to S\$8.7 million in revenue in Q2FY2017 relative to Q2FY2016, mainly contributed to a marginal increase in dry-dock and repair jobs in Q2FY2017. On a half-year basis, the Ship Building & Repair Operations recorded a decrease of 13% in revenue to S\$15.7 million in H1FY2017 relative to H1FY2016 due mainly to reduced ship building projects.

Due largely to reduced gross profit margin attributed to certain low yielding shipbuilding as well as repair jobs coupled with an increase in depreciation attributed to newly built three vessels which had yet to be chartered, the Group recorded a gross loss of S\$1.3 million in Q2FY2017 compared to a gross profit of S\$4.1 million in Q2FY2016. On a half-year basis, the Group's overall gross profit decreased by 73% in H1FY2017 compared to H1FY2016.

The Group's other operating income decreased marginally by S\$0.1 million or 29% to S\$0.4 million in Q2FY2017 from S\$0.5 million in Q2FY2016. Chiefly as a result of foreign exchange gains recognized in H1FY2017, the Group's other operating income increased by S\$1.5 million to S\$2.1 million in H1FY2017 from S\$0.6 million in H1FY2016.

The Group's administrative expenses was S\$1.3 million in Q2FY2017 compared to S\$1.1 million in Q2FY2016, and S\$2.9 million in H1FY2017 compared to S\$2.7 million in H1FY2016.

The Group's other operating expenses increased to S\$2.8 million in Q2FY2017 from S\$1.7 million in Q2FY2016, primarily due to a higher foreign exchange loss registered in Q2FY2017. The Group's other operating expenses decreased to S\$1.3 million in H1FY2017 from S\$3.1 million in H1FY2016 mainly as a result of higher foreign exchange loss recorded in H1FY2016.

Due largely to an increase in interest rate attributed to the restructured Notes as announced by the Company on 18 October 2016, the finance costs of the Group increased by S\$0.4 million or 26% to S\$2.0 million in Q2FY2017 from S\$1.6 million in Q2FY2016 and by S\$1.2 million or 46% to S\$3.9 million in H1FY2017 from S\$2.7 million in H1FY2016.

The share of losses from jointly controlled companies was S\$1.1 million in Q2FY2017 compared to S\$0.2 million in Q2FY2016 and S\$0.4 million in H1FY2017 compared to S\$1.4 million in H1FY2016. The share of losses from jointly controlled companies was mainly attributable to the share of losses of BBR.

#### (b) Review of financial position of the Group as at 31 March 2017 compared to that as at 30 September 2016

The non-current assets of the Group decreased by S\$7.5 million or 2%, from S\$318.9 million as at 30 September 2016 to S\$311.4 million as at 31 March 2017. The decrease was attributable mainly to depreciation of AHTS and share of losses in jointly controlled

companies.

The increase in trade receivables was mainly due to lower debts collection as at 31 March 2017.

The amounts due from customers for construction contracts decreased by S\$2.0 million or 4% to S\$45.4 million as at 31 March 2017 from S\$47.4 million as at 30 September 2016, mainly as a result of billing made to a customer in respect of a vessel under construction.

The increase in other receivable, deposits and prepayment were mainly due to increase in deposits paid for equipment required for the building/repair of vessels.

The increase in trade payables was mainly due to the purchase of parts in facilitating the building/repair of vessels as well as slower settlement of existing debts.

The decrease in other payables and accruals were mainly due to reduced accrued project costs for the building/repair of vessels.

The Group's total interest-bearing borrowings decreased marginally by S\$0.6 million or 0.2% to S\$249.2 million as at 31 March 2017 from S\$249.8 million as at 30 September 2016.

The Group reported a net cash used in operating activities of S\$1.6 million for H1FY2017, compared to a net cash generated from operating activities of S\$12.1 million in H1FY2016, principally as a result of reduced in project costs and hence a decrease in other payables and increase in trade and other receivables. The cash and cash equivalent of the Group was S\$2.6 million as at 31 March 2017 and S\$9.8 million as at 30 September 2016.

Following from the above:

- (1) the negative working capital of the Group reduced from S\$26.0 million as at 30 September 2016 to S\$18.7 million as at 31 March 2017;
- (2) the net gearing of the Group (defined as the ratio of the aggregate of interest bearing loans net of cash and cash equivalents to total equity) increased to 159.0% as at 31 March 2017 from 151.1% as at 30 September 2016; and
- (3) the net asset value per share of the Group decreased to 46.1 cents as at 31 March 2017 from 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.**

As announced by the Company on 1 May 2017, the Company had actively engaged various banks and financial institutions (the "Lenders") to discuss a preliminary proposal that included fresh funding from a few strategic investors who have signed non-binding term sheets as part of the Proposed Refinancing and Debt Restructuring. Unfortunately, the Company experienced resistance from some Lenders to the preliminary proposal. Further, based on the feedback received so far from some of the Lenders and though the Company is not of the present view that a failure of the Proposed Refinancing and Debt Restructuring is imminent, the Company is not confident at this juncture that it would be able to eventually bridge the gap between the expectations of the Lenders and the conditions set by the strategic investors as part of the Proposed Refinancing and Debt Restructuring. The Group has also seen, in recent days, an increasing number of reservation of rights letters and demand letters, including a statutory demand, from creditors.

In light of the above (and to ensure that no person is trading in the shares of the Company without sufficient information that is required to enable such a person to make an informed decision) and in anticipation of the Company having to reach out to a larger group of stakeholders (including trade creditors and the Noteholders) to discuss the Proposed Refinancing and Debt Restructuring as well as to explore all options that are available (including looking for potential strategic investors for additional funding), the trading of the shares of the Company was suspended from 1 May 2017.

Appropriate announcement concerning the Proposed Refinancing and Debt Restructuring will be made by the Company as and when there is any significant development.

*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 H1FY2017.

## 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 Q2FY2017:

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	-	239

#### **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 H1FY2017 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 May 2017**