



MARCO POLO MARINE LTD  
Company Registration No. 200610073Z

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND FINANCIAL QUARTER (“Q2FY2018”) AND HALF YEAR ENDED 31 MARCH 2018 (“H1FY2018”) IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2018 (“FY2018”)**

**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		
	Q2FY2018	Q2FY2017	% Change	H1FY2018	H1FY2017	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Revenue</b>	<b>7,625</b>	12,841	(41)	<b>15,086</b>	24,252	(38)
Cost of sales	<b>(6,656)</b>	(12,292) <sup>1</sup>	(46)	<b>(11,472)</b>	(18,207) <sup>1</sup>	(37)
<b>Gross profit</b>	<b>969</b>	549 <sup>1</sup>	77	<b>3,614</b>	6,045 <sup>1</sup>	40
Other operating income	<b>180,062</b>	354	NM	<b>180,106</b>	2,059	NM
Administrative expenses	<b>(1,518)</b>	(1,263)	20	<b>(3,096)</b>	(2,890)	7
Other operating expenses	<b>(3,649)</b>	(4,670) <sup>1</sup>	22	<b>(9,452)</b>	(4,874) <sup>1</sup>	94
<b>Profit/(loss) from operations</b>	<b>175,864</b>	(5,030)	NM	<b>171,172</b>	340	NM
Finance costs	<b>(1,111)</b>	(1,977)	(44)	<b>(2,784)</b>	(3,945)	(29)
Share of losses in joint ventures	<b>(1,253)</b>	(1,110)	13	<b>(2,046)</b>	(417)	NM
<b>Profit/(loss) before income tax</b>	<b>173,500</b>	(8,117)	NM	<b>166,342</b>	(4,022)	NM
Income tax credit/(expense)	<b>28</b>	(42)	NM	<b>545</b>	(752)	NM
<b>Profit/(loss) for the financial period</b>	<b>173,528</b>	(8,159)	NM	<b>166,887</b>	(4,774)	NM
<b>Profit/(loss) attributable to:-</b>						
Equity holders of the Company	<b>173,528</b>	(8,159)	NM	<b>166,887</b>	(4,774)	NM
	<b>173,528</b>	(8,159)	NM	<b>166,887</b>	(4,774)	NM

“Q2FY2018” denotes the second financial quarter of the financial year ended 30 September 2018 (“FY2018”).

“H1FY2018” denotes the first half financial year of FY2018.

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

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

“% Change” denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure.

“NM” denotes not meaningful.

**Notes:**

1. These are reclassified figures (the "Reclassified Figures") to more appropriately reflect the depreciation expenses attributed to the unutilized vessels of the Group (in respect of the relevant periods under consideration) under "Other Operating Expenses" instead of under "Cost of Sales" (as previously stated in the results announcement for Q2FY2017 and H1FY2017 made on 14 May 2017 (the "Previous Figures")) (the "Reclassification"). The Reclassification does not have any impact on the bottom line of the Group for Q2FY2017 and H1FY2017. A reconciliation between the Previous Figures and the Reclassified Figures in connection with the Reclassification is summarized below:

	<b>Q2FY2017</b>	<b>H1FY2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cost of sales</b>		
The Previous Figure	(14,175)	(21,761)
Adjusted in connection with the Reclassification	1,883	3,554
The Reclassified Figure	(12,292)	(18,207)
<b>Gross Profit/(loss)</b>		
The Previous Figure	(1,334)	2,491
Adjusted in connection with the Reclassification	1,883	3,554
The Reclassified Figure	549	6,045
<b>Other operating expenses</b>		
The Previous Figure	(2,787)	(1,320)
Adjusted in connection with the Reclassification	(1,883)	(3,554)
The Reclassified Figure	(4,670)	(4,874)
<b>Loss for the period (remains unchanged)</b>	<b>(8,159)</b>	<b>(4,774)</b>

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		
	Q2FY2018	Q2FY2017	% Change	H1FY2018	H1FY2017	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Profit(loss) for the financial period</b>	<b>173,528</b>	<b>(8,159)</b>	<b>NM</b>	<b>166,887</b>	<b>(4,774)</b>	<b>NM</b>
<b>Other comprehensive income:</b>						
Share of other comprehensive income of a joint venture	(78)	-	NM	(78)	-	NM
Exchange difference arising from translation foreign operations	1,937	(5,073)	NM	3,554	985	NM
<b>Total other comprehensive income/(loss)</b>	<b>175,387</b>	<b>(13,232)</b>	<b>NM</b>	<b>170,363</b>	<b>(3,789)</b>	<b>NM</b>
<b>Total comprehensive income attributable to:-</b>						
Equity holders of the Company	175,387	(13,232)	NM	170,363	(3,789)	NM
	175,387	(13,232)	NM	170,363	(3,789)	NM

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

	Group			Group		
	Q2FY2018	Q2FY2017	% Change	H1FY2018	H1FY2017	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Profit/(loss) before income tax has been arrived at after charging/(crediting):</b>						
Depreciation of property, plant and equipment	1,789	3,715	(52)	3,596	7,458	(52)
Net foreign currency exchange loss/(gain)	2,911	2,213	32	3,896	(1,602)	NM
Interest income	(5)	(3)	61	(6)	(6)	(3)
Interest expenses	1,111	1,977	(44)	2,784	3,945	(29)
Share-based payment expense	22	35	(41)	42	70	(41)
Fair value loss on derivative financial instruments	-	(200)	NM	-	(247)	NM
Allowance for doubtful trade receivables	(776)	-	NM	1,158	-	NM
Allowance for doubtful other receivables	(54)	-	NM	(54)	-	NM
Impairment loss on investment in joint venture	-	-	NM	1,214	-	NM
Debts waiver income	(179,878)	-	NM	(179,878)	-	NM
Provision for compensation expenses	175	-	NM	175	-	NM

**1.(b)(i) A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	As at 31 March 2018 S\$'000	As at 30 September 2017 S\$'000	As at 31 March 2018 S\$'000	As at 30 September 2017 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	76,723	80,765	-	-
Investment in subsidiaries	-	-	4,320	4,320
Investment in joint ventures	12,469	18,830	3,965	3,965
	<b>89,192</b>	<b>99,595</b>	<b>8,285</b>	<b>8,285</b>
<b>Current assets</b>				
Inventories	14,911	15,080	-	-
Trade receivables	5,640	4,530	-	-
Gross amounts due from customers for construction contracts	634	3,015	-	-
Other receivables, deposits and prepayment	3,138	3,196	1,501	52
Due from subsidiaries (non-trade)	-	-	118,072	96,836
Cash and cash equivalents	16,929	4,781	14,064	6
	<b>41,252</b>	<b>30,602</b>	<b>133,637</b>	<b>96,894</b>
<b>Total assets</b>	<b>130,444</b>	<b>130,197</b>	<b>141,922</b>	<b>105,179</b>
<b>Current liabilities</b>				
Bank overdraft	-	2,000	-	-
Trade payables	9,600	10,291	-	-
Other payables and accruals	4,635	22,066	2,393	10,412
Borrowings – interest bearing	68	245,837	-	50,000
Income tax payable	1,544	1,655	-	-
	<b>15,847</b>	<b>281,849</b>	<b>2,393</b>	<b>60,412</b>
<b>Non-current liabilities</b>				
Borrowings – interest bearing	2	35	-	-
Deferred tax liabilities	406	955	-	-
	<b>408</b>	<b>990</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>16,255</b>	<b>282,839</b>	<b>2,393</b>	<b>60,412</b>
<b>Net assets/(liabilities)</b>	<b>114,189</b>	<b>(152,642)</b>	<b>139,529</b>	<b>44,767</b>
<b>Share capital and reserves</b>				
Share capital	155,666	59,239	155,666	59,239
Treasury shares	(1,203)	(1,203)	(1,203)	(1,203)
Capital reserve	634	634	-	-
Other reserve	116	194	-	-
Employee share option reserve	394	353	-	-
Foreign currency translation reserve	5,004	1,450	-	-
Accumulated losses	(46,422)	(213,309)	(14,934)	(13,269)
<b>Total equity/(capital deficiency)</b>	<b>114,189</b>	<b>(152,642)</b>	<b>139,529</b>	<b>44,767</b>

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

	<b>Group</b>	
	<b>As at 31 March 2018 S\$'000</b>	<b>As at 30 September 2017 S\$'000</b>
Amount repayable in one year or less or on demand Secured	<b>68<sup>(1)</sup></b>	<b>245,837<sup>(2)</sup></b>
Amount repayable after one year Secured	<b>2<sup>(1)</sup></b>	<b>35<sup>(2)</sup></b>

**Details of any collateral**

1. These relate to finance leases secured against certain property, plant and equipment of the Group.
2. These were secured against:
  - (a) Mortgages over certain property, plant and equipment of certain subsidiaries of the Group;
  - (b) Assignment of certain charter income and insurance policies of vessels of a subsidiary of the Group;
  - (c) Corporate guarantees by the Company; and
  - (d) Certain property, plant and equipment of the Group under finance lease arrangements.

Upon the completion of the Debt Restructuring Exercise (as defined in Paragraph 5 below) on 25 January 2018, these collaterals (other than certain property, plant and equipment under finance lease agreements) were fully discharged.

**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	
	Q2FY2018	Q2FY2017	H1FY2018	H1FY2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities</b>				
Profit/(loss) before income tax	173,500	(8,116)	166,342	(4,022)
Adjustments for:				
Depreciation of property, plant and equipment	1,789	3,715	3,596	7,458
Fixed assets written off	1	-	1	-
Bad debts written off	-	38	-	38
Allowance for doubtful trade receivables	(776)	-	1,158	-
Allowance for doubtful other receivables	(54)	-	(54)	-
Interest expense	1,111	1,977	2,784	3,945
Interest income	(5)	(3)	(6)	(6)
Impairment on investment in joint venture	-	-	1,214	-
Impairment on recoverable amount	3	-	3	-
Fair value gain on derivative financial instruments	-	(206)	-	(247)
Share based payment expense	21	35	41	70
Share of loss in joint ventures	1,253	1,110	2,046	417
Debts waiver income	(179,878)	-	(179,878)	-
Foreign exchange difference	2,635	3,738	3,989	2,108
Operating (loss)/profit before working capital changes	(400)	2,288	1,236	9,761
Movement in working capital				
Inventories	249	(1,812)	169	(1,782)
Trade and other receivables	(932)	(2,901)	(2,160)	(5,735)
Due from/(to) customers for construction contracts	(110)	813	2,381	2,044
Trade and other payables	(2,123)	967	(5,239)	(5,621)
Cash used in operations	(3,316)	(645)	(3,613)	(1,333)
Interest paid	30	(21)	(19)	(41)
Income tax	-	(109)	3	(249)
<b>Net cash used in operating activities</b>	<b>(3,286)</b>	<b>(775)</b>	<b>(3,629)</b>	<b>(1,623)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(382)	-	(544)	(1)
<b>Net cash generated used in investing activities</b>	<b>(382)</b>	<b>-</b>	<b>(544)</b>	<b>(1)</b>
<b>Cash flows from financing activities</b>				
Interest received	5	3	6	6
Repayment of term loans	(44,810)	(345)	(45,875)	(2,377)
Repayment of finance lease payables, net	(16)	(31)	(33)	(38)
Interest paid on finance lease	(2)	(5)	(4)	(5)
Interest paid on term loans	(17)	(1,518)	(140)	(3,035)
Interest paid on medium term note	-	-	-	(392)
(Placement)/withdrawal of fixed deposits and bank balances pledged with licensed bank	-	(180)	1,131	16
Repayment of amount due from a joint venture	2,490	-	2,490	-
Movement in bank overdraft	2,000	-	2,000	-
Proceeds from issuance of shares	60,000	-	60,000	-
<b>Net cash generated/(used in) from financing activities</b>	<b>19,650</b>	<b>(2,076)</b>	<b>19,575</b>	<b>(5,825)</b>
Net increase/(decrease) in cash and cash equivalents	15,982	(2,851)	15,402	(7,449)
Cash and cash equivalents at beginning of the period	924	4,160	1,650	8,210
Effect of exchange rate changes on cash and cash equivalents	23	(339)	(123)	209
<b>Cash and cash equivalents at end of the financial period (Note 1)</b>	<b>16,929</b>	<b>970</b>	<b>16,929</b>	<b>970</b>

**Note 1**

Cash and cash equivalent consist of:

Cash and bank balances

Fixed deposits

Bank overdraft

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

Less: fixed deposits and cash pledged

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

<b>Group</b>	
<b>H1FY2018</b>	H1FY2017
<b>S\$'000</b>	S\$'000
<b>3,438</b>	4,576
<b>13,491</b>	-
-	(1,991)
<b>16,929</b>	2,585
-	(1,615)
<b>16,929</b>	970

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.

<u>Group</u>	Share capital	Treasury shares	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Retained earning	Other reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2017	59,239	(1,203)	634	353	1,450	(213,309)	194	(152,642)
Profit for the financial period	-	-	-	-	-	166,887	-	166,887
Other comprehensive income, net of tax	-	-	-	-	3,554	-	(78)	3,476
Total comprehensive income for the financial period	-	-	-	-	3,554	166,887	(78)	170,363
Issuance of ordinary shares	96,427	-	-	-	-	-	-	96,427
Employee share option	-	-	-	41	-	-	-	41
Balance as at 31 March 2018	155,666	(1,203)	634	394	5,004	(46,422)	116	114,189
Balance as at 1 October 2016	59,239	(1,203)	634	241	532	99,381	-	158,824
Loss for the financial period	-	-	-	-	-	(4,774)	-	(4,774)
Other comprehensive income, net of tax	-	-	-	-	985	-	-	985
Total comprehensive income for the financial period	-	-	-	-	985	(4,774)	-	(3,789)
Employee share option	-	-	-	70	-	-	-	70
Balance as at 31 March 2017	59,239	(1,203)	634	311	1,517	94,607	-	155,105

<u>Company</u>	Share capital	Treasury share	Foreign currency translation reserve	Retained earning	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2017	59,239	(1,203)	-	(13,269)	44,767
Issuance of ordinary shares	96,427	-	-	-	96,427
Total comprehensive income for the financial period	-	-	-	(1,665)	(1,665)
Balance at 31 March 2018	155,666	(1,203)	-	(14,934)	139,529
Balance at 1 October 2016	59,239	(1,203)	-	(452)	57,584
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



**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 (the "Shareholders") 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, pursuant to the ESOS, the Company granted 3,430,000 share options to the Directors of the Company and employees of the Group, each of which is capable of being exercised into a new ordinary share of the Company (the "Share") at an exercise price of S\$0.415 each (the "2013 ESOS Options").

On 28 April 2015, pursuant to the ESOS, the Company granted 4,160,000 share options to the Directors of the Company and employees of the Group, each of which is capable of being exercised into a new Share at an exercise price of S\$0.275 each (the "2015 ESOS Options").

On 25 January 2018, pursuant to the Debt Restructuring Exercise (as defined in Paragraph 5 below) and against the approval procured from the Shareholders at an Extraordinary General Meeting convened on 14 December 2018, the Company:

1. issued and allotted 2,142,857,141 new Shares at an issue price of S\$0.028 each to the Investors (as defined in Paragraph 5 below) (the "Investment Shares");
2. issued and allotted 983,619,763 new Shares at an issue price of S\$0.035 each to the Noteholders, MPML Scheme Creditors, MPSY Scheme Creditors and certain unsecured creditors of the Group (with all capitalized terms being defined in Paragraph 14 below) (the "Creditors Placement Shares"); and
3. issued and allotted 57,142,857 new Shares at an issue price of S\$0.035 each for the settlement of professional fees (in lieu of cash payment) incurred in connection with the Debt Restructuring Exercise (the "Professionals Consideration Shares").

On 30 January 2018, the Company issued and allotted 269,238,877 free warrants (the "Warrants") on the basis of eight Warrants for every 10 Shares held by the Shareholders as at the end of the books closure date on 24 January 2018. Each of the Warrants would entitle the holder a right to subscribe for one new Share at an exercise price of S\$0.035 each and each Warrant can only be exercised during the period commencing on and including the date six months from the date of listing of the Warrants on the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 2 February 2018 and expiring on the date immediately preceding 30 January 2013, being the fifth anniversary of the date of issue of the Warrants.

The changes in the share capital of the Company since 30 September 2017 are tabulated as follows:

	<b><u>No of Shares</u></b>
Total number of issued Shares (excluding treasury shares) as at 30 September 2017	336,548,600
Add: Investment Shares	2,142,857,141
Creditors Placement Shares	983,619,763
Professionals Consideration Shares	57,142,857
Total number of issued Shares (excluding treasury shares) as at 31 March 2018	<u>3,520,168,361</u>

As at 31 March 2018, the following securities, which are capable of being exercised into Shares, remain outstanding:

1. 3,430,000 2013 ESOS Options (31 March 2017: 3,430,000 2013 ESOS Options);
2. 4,160,000<sup>1</sup> 2015 ESOS Options (31 March 2017: 4,290,000<sup>(1)</sup> 2015 ESOS Options); and
3. 269,238,877<sup>2</sup> Warrants (31 March 2017: Nil)

**Notes:**

1. The reduction in 2015 ESOS Options from 4,290,000 as at 31 March 2017 to 4,160,000 as at 31 March 2018 was attributed to the resignation of employees holding such options.
2. These Warrants can only be exercised from 2 August 2018 to 29 January 2013.

Save as disclosed, the Company has no outstanding securities, which are capable of being converted into Shares as at 31 March 2018 and 31 March 2017.

**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 2018</u>	<u>As at 30 September 2017</u>
Total number of issued Shares (excluding treasury shares)	3,520,168,361	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.**

The Company owned 4,201,400 treasury shares as at 31 March 2018. There was no movement on the treasury shares held by the Company during the financial period reported on.

**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 2017.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Basis of preparation

Following the completion of the Group's debt refinancing and restructuring exercise (including the receipt of fresh funds aggregating S\$60.0 million from nine investors (the "Investors") (the "Investment") (the "Debt Restructuring Exercise") on 25 January 2018, the Group reversed its net liability position of S\$152.6 million as at 30 September 2017 to a net assets position of S\$114.2 million as at 31 March 2018. The reversal in net worth of the Group was largely attributed to the Derecognized Debts (as defined below).

Pursuant to the Debt Restructuring Exercise, the total debt due and payable by the Group (including accrued interests and contingent liabilities attributed to the corporate guarantees provided by the Company) was resolved through a combination of settlement in equity (through the issuance of new Shares) and in cash as well as the waiver of debts. Consequence to which, Investment Shares, Creditors Placement Shares and Professionals Consideration Shares were issued (see Paragraph 1(d)(ii) above for details) and debts aggregating S\$179.9 million were waived (the "Derecognized Debts").

With the Debt Restructuring Exercise fully completed on 25 January 2018, thereby enabling the Group to have fully discharged all its due and payable obligations and have its financial position strengthened, the unaudited financial statements of the Group for Q2FY2018 have been continued to be prepared based on the ability of the Group to continue as a going concern.

Adoption of Singapore Financial Reporting Standards (FRSs)

The Group and the Company adopted all the new and revised Singapore Financial Reporting Standards (FRSs) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2017, 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 2017.

**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	
	H1FY2018 S\$'000	H1FY2017 S\$'000
<b>Profit/(loss) attributable to equity holders</b>	<b>166,887</b>	<b>(4,774)</b>

	H1FY2018		H1FY2017	
	Number of shares	Singapore cents	Number of shares	Singapore cents
<b>Earnings per share</b>				
Basic	1,491,048,074	11.19	336,548,600	(1.42)
Diluted	1,491,048,074	11.19	336,548,600	(1.42)

\* 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 Shares outstanding during the financial period plus the weighted average number of Shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	Group		Company	
	As at 31 March 2018 S\$'000	As at 30 September 2017 S\$'000	As at 31 March 2018 S\$'000	As at 30 September 2017 S\$'000
Net asset value	<u>114,189</u>	<u>(152,642)</u>	<u>139,529</u>	<u>44,767</u>
Net asset value per ordinary share based on issued share capital (Singapore cents)	<u>3.24 cents</u>	<u>(45.4) cents</u>	<u>3.96 cents</u>	<u>13.3 cents</u>

**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 is a 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 H1FY2018 (vis-à-vis H1FY2017) and Q2FY2018 (vis-a-vis Q2FY2017) were as follow:

	Q2FY2018		Q2FY2017		Change		H1FY2018		H1FY2017		Change	
	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%
Ship Chartering Operations	2.1	28	4.1	32	(2)	(49)	6.1	40	8.5	35	(2.4)	(28)
Ship Building & Repair Operations	5.5	72	8.7	68	(3.2)	(37)	9.0	60	15.7	65	(6.7)	(43)
	7.6	100	12.8	100	(5.2)	(41)	15.1	100	24.2	100	(9.1)	(38)

The Group recorded a revenue of S\$7.6 million in Q2FY2018, a decrease of 41% from that of S\$12.8 million registered in Q2FY2017, and a revenue of S\$15.1 million in H1FY2018, a decrease of 38% from that of S\$24.2 million registered in H1FY2017.

The revenue derived from the Ship Chartering Operations of the Group decreased by 49% to S\$2.1 million in Q2FY2018 from S\$4.1 million in Q2FY2017 and by 28% to S\$6.1 million in H1FY2018 from S\$8.5 million in H1FY2017. The decreases were 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 a decrease in revenue of 37% to S\$5.5 million in Q2FY2018 from S\$8.7 million in Q2FY2017 and a decrease of 43% to S\$9.0 million in H1FY2018 from S\$15.7 million in H1FY2017 due mainly to reduced ship building projects and ship repairing jobs.

The Group recorded a gross profit of S\$1.0 million in Q2FY2018 compared to that of S\$0.6 million in Q2FY2017, mainly due to reduced turnover. On a half-yearly basis, though the Group maintained its overall gross profit at about S\$3.6 million in H1FY2018 and S\$6.0 million in H1FY2017, the gross profit attained in H1FY2018 was largely attributed to the decreased depreciation brought about as a result of reduced carrying values of the Group's vessels due to impairment while the gross profit attained in H1FY2017 was largely attributed to ship repair income attained in Q1FY2017.

The Group's other operating income increased significantly to S\$180.1 million in Q2FY2018 from S\$0.4 million in Q2FY2017 and to S\$180.1 million in H1FY2018 from S\$2.1 million in H1Y2017, chiefly as a result of the Derecognized Debts.

The Group's administrative expenses was S\$1.5 million in Q2FY2018 compared to S\$1.3 million in Q2FY2017 and S\$3.1 million in H1FY2018 from S\$2.9 million in H1FY2017.

The Group's other operating expenses decreased to S\$3.6 million in Q2FY2018 from S\$4.7 million in Q2FY2017, due primarily to a decrease in depreciation consequence to a reduction in the carrying values of the Group's vessels as a result of impairment, albeit a higher foreign exchange loss sustained in Q2FY2018. The Group's other operating expenses increased to S\$9.5 million in H1FY2018 from S\$4.9 million in H1FY2017, due mainly to a higher foreign exchange loss; an allowance made for doubtful trade receivables; as well as a provision for impairment on investment in a joint venture recorded in H1FY2018, notwithstanding a decrease in depreciation consequence to a reduction in the carrying values of the Group's vessels as a result of impairment.

The finance costs of the Group decreased by S\$0.9 million or 44% to S\$1.1 million in Q2FY2018 from S\$2.0 million in Q2FY2017, primarily due to lower finance cost consequence to the Derecognized Debts following the completion of the Debt Restructuring Exercise.

The share of losses from jointly controlled companies increased from S\$1.1 million in Q2FY2017 to S\$1.3 million in Q2FY2018 and increased from S\$0.4 million in H1FY2017 to S\$2.0 million in H1FY2018 due primarily to the lackluster performances of the jointly controlled entities. The share of losses from jointly controlled companies was mainly attributable to the share of losses of BBR.

Consequence to the above, the Group drastically reversed from a pre-tax loss of S\$8.2 million in Q2FY2017 to a pre-tax profit of S\$173.5 million in Q2FY2018 and from a pre-tax loss of S\$4.7 million in H1FY2017 to a pre-tax profit of S\$166.9 million in H1FY2018.

## (b) Review of financial position of the Group as at 31 March 2018 compared to that as at 30 September 2017

The non-current assets of the Group decreased by S\$10.4 million or 10% from S\$99.6 million as at 30 September 2017 to S\$89.2 million as at 31 March 2018. The decrease was mainly due to depreciation of vessels, share of losses in joint ventures and a collection from amount due from a joint venture entity.

The increase in trade receivables was mainly due to low debt collections as at 31 March 2018.

The amounts due from customers for construction contracts decreased by S\$2.4 million or 79% to S\$0.6 million as at 31 March 2018 from S\$3.0 million as at 30 September 2017, mainly due to progress billing made to a contract customer.

The other receivable, deposits and prepayment remained constant at S\$3.1 million as at 31 March 2018 and 30 September 2017.

The trade payables of the Group decreased by S\$0.7 million or 7% to S\$9.6 million as at 31 March 2018 from S\$10.3 million as at 30 September 2017, primarily due to settlement of first installment payment in January 2018 to certain creditors of the Group pursuant to the terms of the Debt Restructuring Exercise.

The decrease in other payables and accruals were mainly due to reduced accrued project costs and accrued expenses such as loan interest, provision compensation and professional fee pertaining to the Debt Restructuring Exercise.

The Group's total interest-bearing borrowings decreased by an exceptional amount to S\$70,000 as at 31 March 2018 from S\$245.9 million as at 30 September 2017 consequence to the Derecognized Debts following the completion of the Debt Restructuring Exercise on 25 January 2018.

The Group's net cash used in operating activities increased to S\$3.6 million as at 31 March 2018 from S\$1.6 million as at 31 March 2017, principally as a result of reduced in project cost and increased payments made for accrued expenses. The cash and cash equivalent of the Group stood at S\$16.9 million as at 31 March 2018 and at S\$2.8 million as at 30 September 2017.

Following from the above:

- (1) the working capital of the Group reversed from a negative \$251.2 million as at 30 September 2017 to a positive S\$25.4 million as at 31 March 2018 chiefly as a results of the Derecognized Debts following the successful completion of the Debt Restructuring Exercise;
- (2) the Group is relatively free of any interest bearing debt as at 31 March 2018, thereby having its net gearing (defined as the ratio of the aggregate of interest bearing loans net of cash and cash equivalents to total equity) essentially reduced to nil as at 31 March 2018 from a negative 159.3% as at 30 September 2017; and
- (3) the net asset value per share of the Group reversed to 3.24 Singapore cents as at 31 March 2018 from a negative 45.4 Singapore cents as at 30 September 2017.

**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.**

Following the successful completion of the Debt Restructuring Exercise on 25 January 2018, the Company resumed its Shares trading on the SGX-ST on 2 February 2018.

The offshore marine business remains challenging and competitive for the next 12 months. Notwithstanding which, the successful completion of the Debt Restructuring Exercise has significantly strengthened the financial position of the Group in propelling it forward. While the Group steps up its marketing efforts to improve on its performance, it remains prudent in the management and monitoring of its expenses.

***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/recommendeded for H1FY2018.

#### 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 27 February 2018, the following interested person transactions had been entered into during Q2FY2018:

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
None	S\$'000 -	S\$'000 -

#### 14. Use of Proceeds from the Investment

A summary of the Debt Restructuring Exercise, which should be read in conjunction with the circular to the Shareholders dated 28 November 2017 (the "Circular"), is provided below. Unless otherwise defined, all capitalized terms stated herein shall have the same meaning as those ascribed in the Circular.

- (a) a consent solicitation exercise (the "CSE") to deal with and obtain consensual agreement for the settlement and full discharge of all outstanding debts and liabilities owing under the Series 001 S\$50,000,000 5.75% Fixed Rate Notes due 2016 issued by the Company (the "Notes") to the holders of the Notes (the "Noteholders"). The requisite approval was granted by the Noteholders on 15 November 2017;
- (b) a scheme of arrangement (the "MPML Scheme") pursuant to Section 210 of the Companies Act entered into between the



Company and the creditors under the MPML Scheme (the “MPML Scheme Creditors”). The requisite Court sanction was granted by the MPML Scheme Creditors on 21 November 2017 and the court order for the MPML Scheme was lodged with the Accounting and Corporate Regulatory Authority (“ACRA”) on 5 December 2017;

- (c) a scheme of arrangement (the “MPSY Scheme”) pursuant to Section 210 of the Companies Act entered into between MPSY and the creditors under the MPSY Scheme (the “MPSY Scheme Creditors”). The requisite Court sanction was granted by the MPSY Scheme Creditors on 21 November 2017 and the court order for the MPSY Scheme was lodged with ACRA on 5 December 2017;
- (d) the “Penundaan Kewajiban Pembayaran Utang” (“PKPU”) Indonesian court supervised debt restructuring proceedings commenced by PT Marcopolo Shipyard (“PTMS”) in accordance with Indonesian Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment (the “PKPU Restructuring”). PTMS has obtained the requisite court declaration made in response to the PKPU Restructuring Proposal that has been submitted, namely, that a valid debt restructuring has been agreed to by PTMS and the relevant creditors. Accordingly, the Commercial Court of Medan has endorsed the agreed debt restructuring under the PKPU Restructuring Proposal and ordered PTMS and the relevant creditors to comply with the said proposal as declared on 18 December 2017;
- (e) the restructuring of the secured debts of PT BBR, by way of an inter-creditor deed to be entered into between PT BBR and certain of its secured creditors, on terms that ensure that PT BBR is able to continue as a going concern following the post-completion of the Debt Restructuring Exercise. The standstill inter-creditor deed was signed off by the respective secured lenders on 17 January 2018; and
- (e) the Investment that forms an integral part of the Debt Restructuring Exercise.

A summary as at 31 March 2018 on the use of proceeds from the Investment (to partially fund the Debt Restructuring Exercise) is provided below:

	<b>S\$'000</b>	<b>S\$'000</b>
<b>Proceeds</b>		<b>60,000</b>
<u>Less:</u>		
Settlement to MPML Scheme Creditors	(33,027)	
Settlement to Noteholders and Trustee	(7,469)	
Settlement to MPSY Scheme Creditors	(300)	
Settlement to PKPU Secured Creditors	(4,760)	
Settlement to PKPU Trade Creditors	(1,500)	
General working capital	(1,417)	
<b>Total used proceeds</b>	<hr/>	<b>(48,473)</b>
<b>Remaining proceeds</b>		<hr/> <hr/> <b>11,527</b>

## 15. 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 of the Company for Q2FY2018 and H1FY2018 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**  
Chief Financial Officer

**14 May 2018**