



MARCO POLO MARINE LTD  
Company Registration No. 200610073Z

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER (“Q1FY2019”) ENDED 31 DECEMBER 2018 IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2019 (“FY2019”)**

**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		
	3 months ended 31 December		
	Q1FY2019	Q1FY2018	% Change
	S\$'000	S\$'000	
Revenue	5,477	7,461	(27)
Cost of sales	(4,209)	(4,816)	(13)
<b>Gross Profit</b>	1,268	2,645	(52)
Other operating income	202	44	NM
Administrative expenses	(1,321)	(1,578)	(16)
Other operating expenses	(1,320)	(4,589)	(71)
<b>Loss from operations</b>	(1,171)	(3,478)	(66)
Finance cost	(3)	(1,673)	(100)
Share of loss in joint ventures	(957)	(2,007)	(52)
<b>Loss before income tax</b>	(2,131)	(7,158)	(70)
Income tax	(78)	517	NM
<b>Loss for the financial period</b>	(2,209)	(6,641)	(67)
<b>Loss for the financial period attributable to:</b>			
Equity holders of the Company	(2,209)	(6,641)	(67)
Non-controlling interests	-	-	-
	(2,209)	(6,641)	(67)

“Q1FY2019” denotes the first financial quarter of the financial year ended 30 September 2019 (“FY2019”).

“Q1FY2018” denotes the first financial quarter of the financial year ended 30 September 2018 (“FY2018”).

“% 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.**

Loss for the period

**Other comprehensive income:**

Exchange differences on translating foreign operations

Total comprehensive income for the period

**Total comprehensive income attributable to:**

Equity holders of the Company

Non-controlling interest

Group		
3 months ended 31 December		
Q1FY2019	Q1FY2018	% Change
S\$'000	S\$'000	
(2,209)	(6,641)	(67)
205	1,617	(87)
(2,004)	(5,024)	(60)
(2,004)	(5,024)	(60)
-	-	-
(2,004)	(5,024)	(60)

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

**Loss before income tax has been arrived at after charging/(crediting):**

Depreciation and amortization

Net foreign currency exchange loss/(gain)

Interest income

Interest expenses

Share-based payment expense

Allowance for doubtful trade receivables

Group		
3 months ended 31 December		
Q1FY2019	Q1FY2018	% Change
S\$'000	S\$'000	
1,892	1,807	5
193	985	(80)
(63)	(1)	NM
3	1,673	(100)
21	20	5
-	1,934	(100)

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

	<u>Group</u>		<u>Company</u>	
	As at 31 December 2018 S\$'000	As at 30 September 2018 S\$'000	As at 31 December 2018 S\$'000	As at 30 September 2018 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	85,726	87,611	-	-
Investments in subsidiary companies	-	-	4,320	4,320
Investments in jointly controlled entities	10,795	11,490	4,080	3,965
	96,521	99,101	8,400	8,285
<b>Current assets</b>				
Inventories	1,379	1,426	-	-
Trade receivables	4,011	3,996	-	-
Other receivables, deposits & prepayment	2,692	2,288	558	129
Amounts owing by subsidiary companies	-	-	123,018	121,716
Cash and bank balances	17,528	17,947	10,918	13,145
	25,610	25,657	134,494	134,990
<b>Total assets</b>	122,131	124,758	142,894	143,275
<b>Current liabilities</b>				
Trade payables	4,745	4,510	-	-
Gross amount due to customers for contract work	7	5	-	-
Other payables and accruals	3,153	4,130	787	1,378
Borrowings - interest bearing	36	52	-	-
Income tax payable	1,238	1,122	-	-
	9,179	9,819	787	1,378
<b>Non-current liabilities</b>				
Trade payables	1,624	1,624	-	-
Borrowings – interest bearing	98	102	-	-
	1,722	1,726	-	-
<b>Total liabilities</b>	10,901	11,545	787	1,378
<b>Net assets</b>	111,230	113,213	142,107	141,897
<b>Equity attributable to equity of the Company</b>				
Share capital	155,671	155,671	155,671	155,671
Treasury shares	(1,203)	(1,203)	(1,203)	(1,203)
Capital reserve	634	634	-	-
Employee share option reserve	457	436	-	-
Other reserves	115	115	-	-
Foreign currency translation reserve	2,096	1,891	-	-
Accumulated losses	(46,540)	(44,331)	(12,361)	(12,571)
<b>Total equity</b>	111,230	113,213	142,107	141,897

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

	<b>Group</b>	
	<b>As at 31 December 2018 S\$'000</b>	<b>As at 30 September 2018 S\$'000</b>
Amount repayable in one year or less or on demand Secured*	<b>36</b>	<b>52</b>
Amount repayable after one year Secured*	<b>98</b>	<b>102</b>

**Details of any collateral**

\* These relate to finance leases secured against certain property, plant and equipment of the Group.

1.(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group</b>	
	<b>3 months ended 31 December</b>	
	<b>Q1FY2019</b>	<b>Q1FY2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flow from operating activities :</b>		
Loss before taxation	(2,131)	(7,158)
Adjustments for :		
Depreciation and amortization	1,892	1,807
Interest income	(63)	(1)
Interest expense	3	1,673
Share-based payment expense	21	20
Share of loss in joint ventures	958	2,007
Allowance for doubtful trade receivables	-	1,934
Foreign exchange difference	156	1,354
<b>Operating profit before working capital changes</b>	<b>836</b>	<b>1,636</b>
Movements in working capital		
Inventories	32	(80)
Trade and other receivables	(366)	(1,228)
Amount due from customers for construction contracts	2	2,491
Trade and other payables	(742)	(3,116)
<b>Cash used in operations</b>	<b>(238)</b>	<b>(297)</b>
Interest paid	-	(49)
Income tax refund/(paid)	(22)	3
<b>Net cash used in operating activities</b>	<b>(260)</b>	<b>(343)</b>
<b>Cash flow from investing activities :</b>		
Purchase of property, plant and equipment	(34)	(162)
Advances to joint venture	(115)	-
<b>Net cash used in investing activities</b>	<b>(149)</b>	<b>(162)</b>
<b>Cash flow from financing activities :</b>		
Withdrawal of fixed deposits and bank balances	-	1,131
Repayment of bank borrowings	-	(1,065)
Repayment of lease obligations	(19)	(17)
Interest paid on finance lease payables	(7)	(2)
Interest paid on term loan	-	(123)
Interest received	44	1
<b>Net cash from/(used in) financing activities</b>	<b>18</b>	<b>(75)</b>
Net decrease in cash and cash equivalents	(391)	(580)
Cash and cash equivalents at beginning of the period	17,947	1,650
Effects of exchange rate changes on cash and cash equivalents	(28)	(146)
<b>Cash and cash equivalents at end of the financial period</b>	<b>17,528</b>	<b>924</b>

**Note 1:**

Cash and cash equivalents consist of:

Cash and bank balances

Bank overdraft

Cash and cash equivalents

<b>Group</b>	
<b>3 months ended 31 December</b>	
<b>Q1FY2019</b>	<b>Q1FY2018</b>
<b>S\$'000</b>	<b>S\$'000</b>
17,528	2,924
-	(2,000)
17,528	924

**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.**

<b>Group</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Capital reserve</b>	<b>Employee share option reserve</b>	<b>Foreign currency translation reserve</b>	<b>Retained earning</b>	<b>Other reserves</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Balance as at 1 October 2018	155,671	(1,203)	634	436	1,891	(44,331)	115	113,213
Loss for the financial period	-	-	-	-	-	(2,209)	-	(2,209)
Other comprehensive income, net of tax	-	-	-	-	205	-	-	205
Total comprehensive income for the financial period	-	-	-	-	205	(2,209)	-	(2,004)
Employee share option	-	-	-	21	-	-	-	21
Balance as at 31 December 2018	155,671	(1,203)	634	457	2,096	(46,540)	115	111,230
Balance as at 1 October 2017	59,239	(1,203)	634	353	1,450	(213,309)	194	(152,642)
Profit for the financial period	-	-	-	-	-	(6,641)	-	(6,641)
Other comprehensive income, net of tax	-	-	-	-	1,617	-	-	1,617
Total comprehensive income for the financial period	-	-	-	-	1,617	(6,641)	-	(5,024)
Employee share option	-	-	-	20	-	-	-	20
Balance as at 31 December 2017	59,239	(1,203)	634	373	3,067	(219,950)	194	(157,646)

<b>Company</b>	<b>Share capital</b>	<b>Treasury share</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 October 2018	155,671	(1,203)	(12,571)	141,897
Total comprehensive income for the financial period	-	-	210	210
Balance at 31 December 2018	155,671	(1,203)	(12,361)	142,107
Balance at 1 October 2017	59,239	(1,203)	(13,269)	44,767
Total comprehensive income for the financial period	-	-	(1,668)	(1,668)
Balance at 31 December 2017	59,239	(1,203)	(14,937)	43,099

**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, pursuant to the ESOS, the Company granted 5,110,000 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 5,720,000 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 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 2023, being the fifth anniversary of the date of issue of the Warrants.

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

1. 3,430,000 2013 ESOS Options (30 December 2017: 3,430,000 2013 ESOS Options);
2. 4,160,000 <sup>(1)</sup> 2015 ESOS Options (30 December 2017: 4,220,000 <sup>(1)</sup> 2015 ESOS Options); and
3. 269,078,877 <sup>(2)</sup> Warrants (30 December 2017: Nil)

Save as disclosed, the Company has no outstanding convertibles as at 31 December 2018 and 31 December 2017.

There were no changes to the Company's share capital and total number of issued ordinary shares during the current financial period and as well as the corresponding period of the immediate preceding financial year.

**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 December 2018</u>	<u>As at 30 September 2018</u>
Total number of issued ordinary shares (excluding treasury shares)	3,520,328,361	3,520,328,361

**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 December 2018 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 2018.

**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 2018, 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 2018.

**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.**

	<b>Group</b>	
	<b>Q1FY2019</b> <b>S\$'000</b>	<b>Q1FY2018</b> <b>S\$'000</b>
<b>Loss attributable to equity holders</b>	<b>(2,209)</b>	<b>(6,641)</b>

	<b>Q1FY2019</b>		<b>Q1FY2018</b>	
	<b>Number of shares</b>	<b>Singapore cents</b>	<b>Number of shares</b>	<b>Singapore cents</b>
<b>Earnings per share</b>				
Basic	<b>3,520,328,361</b>	<b>(0.06)</b>	336,548,600	(1.97)
Diluted	<b>3,520,328,361</b>	<b>(0.06)</b>	336,548,600	(1.97)

\* 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.

**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.**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at</b> <b>31 December</b> <b>2018</b> <b>S\$'000</b>	<b>As at</b> <b>30 September</b> <b>2018</b> <b>S\$'000</b>	<b>As at</b> <b>31 December</b> <b>2018</b> <b>S\$'000</b>	<b>As at</b> <b>30 September</b> <b>2018</b> <b>S\$'000</b>
<b>Net asset value</b>	<b>111,230</b>	<b>113,213</b>	<b>142,107</b>	<b>141,897</b>
<b>Net asset value per ordinary share based on issued share capital (Singapore cents)</b>	<b>3.2 cents</b>	<b>3.2 cents</b>	<b>4.0 cents</b>	<b>4.0 cents</b>

**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 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 for Q1FY2019 compared to Q1FY2018

Our Group's revenues for Q1FY2019 and Q1FY2018 were as follow:

	Q1FY2019		Q1FY2018		Change	
	S\$ million	%	S\$ million	%	S\$ million	%
Ship Chartering Operations	3.0	56	4.0	53	(1)	(25)
Ship Building & Repair Operations	2.4	44	3.5	47	(1.1)	(31)
	<b>5.4</b>	<b>100</b>	<b>7.5</b>	<b>100</b>	<b>(2.1)</b>	<b>(28)</b>

The Group recorded a revenue of S\$5.5 million in Q1FY2019, a decrease of 27% from that of S\$7.5 million in Q1FY2018.

The revenue for the Group's Ship Chartering Operations decreased by 25% from S\$4.0 million in Q1FY2018 to S\$3.0 million in Q1FY2019. The decrease was mainly due to lower utilization and charter rates of the Group's OSVs fleet as the outlook for offshore marine industry remains challenging and competitive in view of the lingering vessel supply overhang and persistent anemic charter rates, albeit some improvements in the utilization of the Group's fleet of tugboats and barges.

The Ship Building & Repair Operations of the Group also recorded a decrease in revenue of 31% from S\$3.5 million in 1QFY2018 to S\$2.4 million in Q1FY2019. The decrease was due mainly to a reduction in ship building projects.

The Group recorded a gross profit of S\$2.6 million in Q1FY2018 relative to that of S\$1.3 million in Q1FY2019, mainly as a result of the reduced turnover.

The other operating income of the Group increased by S\$158,000 from S\$44,000 in Q1Y2018 to S\$202,000 in Q1FY2019. The increase was mainly due to an increase in interest income in Q1FY2019.

The Group's administrative expenses decreased by S\$0.3 million from S\$1.6 million in Q1FY2018 to S\$1.3 million in Q1FY2019, mainly as a result of a decrease in bonus payout for the year 2018 relative to the previous year.

The Group's other operating expenses decreased by S\$3.3 million from S\$4.6 million in Q1FY2018 to S\$1.3 million in Q1FY2019, attributed largely to a provision for doubtful trade debts of S\$1.9 million made in 1QFY2018, and a decrease in foreign exchange loss and legal & professional expenses in Q1FY2019 as compared to Q1FY2018.

The finance costs of the Group decreased by S\$1.7 million from S\$1.7 million in Q1FY2018 to S\$3,000 in in Q1FY2019, primarily due to the completion of the debt restructuring exercise carried out in FY2018.

The share of results from jointly controlled companies recorded a loss of S\$1 million in Q1FY2019 relative to a loss of S\$2.0 million in Q1FY2018. The decrease was mainly attributable to the share of impairment losses on the assets of these jointly controlled companies in Q1FY2018. The share of losses from jointly-controlled companies in 1QFY2019 was mainly attributable to the share of losses of PT BBR.

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

The non-current assets of the Group decreased by S\$2.6 million or 3% from S\$99.1 million as at 30 September 2018 to S\$96.5 million as at 31 December 2018. The decrease was mainly due to depreciation of vessels and share of losses in jointly-controlled entities.

The increase in other receivable, deposits and prepayment from S\$2.3 million or 18% to S\$2.7 million as at 31 December 2018 was attributed mainly to the increased accrued revenue in Q1FY2019.

The trade payables of the Group decreased by S\$0.2 million or 5% from S\$4.5 million as at 30 September 2018 to S\$4.7 million as at 31 December 2018. The decrease was in line with reduced business activities.

The decrease in other payables and accruals from S\$4.1 million as at 30 September 2018 to S\$3.1 million as at 31 December 2018 was mainly due to the reduction in accrued project cost and actualization of deferred income.

The Group reported a net cash used in operating activities of S\$0.3 million for 1QFY2019, comparable to the net cash used in operating activities in 1QFY2018, principally as a result of a decrease in trade and other payables brought about from the reduction of project costs. The cash and cash equivalent of the Group stood at S\$17.5 million as at 31 December 2018 compared to S\$17.9 million as at 30 September 2018.

Following from the above:

- (i) the working capital of the Group increased from S\$15.8 million as at 30 September 2018 to S\$16.4 million as at 31 December 2018;
- (ii) 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) remained as nil as at 31 December 2018 and 30 September 2018; and
- (iii) the net asset value per share of the Group remained at 3.2 cents as at 31 December 2018 and 30 September 2018.

## **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 of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The outlook for offshore marine industry remains challenging and competitive in view of the lingering vessel supply overhang and persistent anemic charter rates. Notwithstanding which, there are positive signs in recent times that such a downcast scenario appears to be gradually bottoming-up and, barring any unforeseen circumstance, the Board is cautiously optimistic of the Group's performance for the next 12 months.

The Group will continue to step up its marketing efforts to improve its performance as the oil market adjusts to the changing demand and supply conditions for the eventual recovery.

***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 Q1FY2019.

## 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 28 January 2019, the Company did not have any interested person transactions during the financial period under review (excluding transactions less than \$100,000).

## 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
- (a) the Investment that forms an integral part of the Debt Restructuring Exercise.

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

	S\$'000	S\$'000
<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	(675)	
Settlement to PKPU Secured Creditors	(4,760)	
Settlement to PKPU Trade Creditors	(2,800)	
General working capital	(4,334)	
<b>Total used proceeds</b>	<hr/>	<b>(53,065)</b>
<b>Remaining proceeds</b>		<hr/> <hr/> <b>6,935</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 the Company for Q1FY2019 to be false or misleading in any material aspect.

#### 16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured the said undertakings from all its Directors and Executive Officers.

#### FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng  
Chief Executive Officer

Liely Lee  
Chief Financial Officer

14 February 2019