



MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH FINANCIAL QUARTER (“Q4FY2019”) AND FULL FINANCIAL YEAR ENDED 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			Group		
	Q4FY2019	Q4FY2018	% Change	FY2019	FY2018	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	8,756	5,583	57	30,181	26,557	14
Cost of sales	(7,294)	(4,247)	72	(24,500)	(21,285)	15
Gross profit	1,462	1,336	9	5,681	5,272	8
Other operating income	5,935	2,887	NM	7,537	184,694	(96)
Administrative expenses	(1,628)	(1,617)	1	(6,324)	(6,352)	-
Other operating expenses	(454)	(766)	(41)	(5,177)	(7,325)	(29)
Profit from operations	5,315	1,840	NM	1,717	176,289	(99)
Finance costs	(1)	(50)	(98)	(9)	(2,841)	NM
Share of losses in joint ventures	(2,804)	(2,737)	2	(5,370)	(5,410)	(1)
Profit/(Loss) before income tax	2,510	(947)	NM	(3,662)	168,038	NM
Income tax (expense)/credit	(126)	399	NM	(203)	940	NM
Profit/(Loss) for the financial period	2,384	(548)	NM	(3,865)	168,978	NM
Profit/(Loss) attributable to:-						
Equity holders of the Company	2,384	(548)	NM	(3,865)	168,978	NM
	2,384	(548)	NM	(3,865)	168,978	NM

“Q4FY2019” denotes the fourth financial quarter of the financial year ended 30 September 2019 (“FY2019”).

“FY2019” denotes the full financial year of FY2019.

“Q4FY2018” denotes the fourth financial quarter of the financial year ended 30 September 2018 (“FY2018”).

“FY2018” denotes the full financial year of 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.

	Group			Group		
	Q4FY2019	Q4FY2018	% Change	FY2019	FY2018	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit/(Loss) for the financial period	2,384	(548)	NM	(3,865)	168,978	NM
Other comprehensive (loss)/income:						
Share of other comprehensive (loss)/income of a joint venture	-	(1)	NM	42	(79)	NM
Exchange difference arising from translation foreign operations	(1,277)	(604)	NM	(626)	441	NM
Total comprehensive (loss)/income	(1,277)	(605)	NM	(584)	362	NM
Total comprehensive (loss)/income attributable to:-						
Equity holders of the Company	1,107	(1,153)	NM	(4,449)	169,340	NM

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

	Group			Group		
	Q4FY2019	Q4FY2018	% Change	FY2019	FY2018	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit/(Loss) before income tax has been arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	1,770	1,880	(6)	7,432	7,298	2
Net foreign currency exchange gain	(2,489)	(1,267)	96	(1,086)	(2,093)	(48)
Property, plant and equipment written off	-	-	NM	-	1	NM
Bad debts written off	-	102	NM	-	102	NM
Inventories written off	-	-	NM	-	2	NM
Deposits written off	-	-	NM	-	3	NM
Gain on disposal of property, plant and equipment	(4,536)	(665)	NM	(4,536)	(665)	NM
Interest income	(464)	(54)	NM	(298)	(126)	NM
Interest expenses	1	50	(98)	9	2,841	NM
Share-based payment expense	21	21	-	83	83	-
Loss allowance on trade receivables	-	918	NM	-	1,931	NM
Reversal of loss allowance on trade receivables	-	(781)	NM	-	(781)	NM
Inventories written down	-	-	-	16	-	NM
Reversal of impairment on investments in joint ventures and bad debts recovered	(7)	(157)	(96)	(477)	(779)	(39)
Debts waiver income	-	-	NM	-	(179,878)	NM
Gain on bargain purchase of a previously held joint venture	-	-	NM	(182)	-	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 30 September 2019 S\$'000	As at 30 September 2018 S\$'000	As at 30 September 2019 S\$'000	As at 30 September 2018 S\$'000
Non-current assets				
Property, plant and equipment	75,364	87,611	-	-
Investments in subsidiaries	-	-	4,320	4,320
Investments in joint ventures	5,502	11,490	2,545	3,965
Amount due from a joint venture	12,531	-	12,531	-
	93,397	99,101	19,396	8,285
Current assets				
Inventories	1,321	1,426	-	-
Trade receivables	12,391	4,381	-	-
Other receivables, deposits and prepayment	1,715	1,247	77	129
Amounts due from subsidiaries (non-trade)	-	-	113,813	121,716
Amounts due from joint ventures (non-trade)	1,926	656	1,388	-
Cash and cash equivalents	13,569	17,947	7,660	13,145
	30,922	25,657	122,938	134,990
Total assets	124,319	124,758	142,334	143,275
Current liabilities				
Contract liabilities	71	395	-	-
Trade payables	6,610	4,510	-	-
Other payables and accruals	4,233	3,740	600	1,378
Deferred income	172	-	-	-
Finance lease obligations	15	52	-	-
Income tax payable	1,068	1,122	-	-
	12,169	9,819	600	1,378
Non-current liabilities				
Trade payables	-	1,624	-	-
Deferred income	3,217	-	-	-
Finance lease obligations	86	102	-	-
	3,303	1,726	-	-
Total liabilities	15,472	11,545	600	1,378
Net assets	108,847	113,213	141,734	141,897
Share capital and reserves				
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	519	436	-	-
Other reserve	157	115	-	-
Foreign currency translation reserve	1,265	1,891	-	-
Accumulated losses	(48,196)	(44,331)	(12,734)	(12,571)
Total equity	108,847	113,213	141,734	141,897

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

	Group	
	As at 30 September 2019 S\$'000	As at 30 September 2018 S\$'000
Amount repayable in one year or less or on demand Secured*	15	52
Amount repayable after one year Secured*	86	102

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.

	Group		Group	
	Q4FY2019	Q4FY2018	FY2019	FY2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from operating activities				
Profit/(loss) before income tax	2,510	(947)	(3,662)	168,038
Adjustments for:				
Depreciation of property, plant and equipment	1,770	1,880	7,432	7,298
Property, plant and equipment written off	-	-	-	1
Bad debts written off	-	102	-	102
Bad debts recovery	(414)	-	(414)	-
Deposits written off	-	-	-	3
Inventories written off	-	2	-	2
Inventories written down	-	-	16	-
Loss allowance on trade receivables	-	918	-	1,931
Reversal of loss allowance on trade receivables	-	(781)	-	(781)
Reversal of loss allowance on other receivables	-	(187)	-	-
Interest expense	1	50	9	2,841
Interest income	(132)	(54)	(298)	(126)
Reversal of impairment on recoverable amount	-	(3)	-	-
Impairment loss on investment in joint ventures	-	(1,214)	-	-
Reversal of impairment loss on investment in joint ventures	407	(157)	(63)	(779)
Share-based payment expense	21	21	83	83
Share of losses in joint ventures	2,804	2,737	5,370	5,410
Gain on bargain purchase of a previously held joint venture	-	-	(182)	-
Gain on disposal of property, plant and equipment	(4,536)	(665)	(4,536)	(665)
Debts waiver income	-	-	-	(179,878)
Foreign exchange difference	(3,269)	(1,178)	(1,273)	(1,339)
Operating (loss)/profit before working capital changes	(838)	524	2,482	2,141
Movement in working capital				
Inventories	47	45	89	168
Trade and other receivables	(1,946)	2,207	(8,264)	57
Contract liabilities	753	1,937	(324)	3,410
Trade and other payables	(403)	(4,342)	964	(9,643)
Cash (used in)/generated from operations	(2,387)	371	(5,053)	(3,867)
Interest paid	-	-	-	(19)
Income tax	(83)	-	(265)	(288)
Net cash (used in)/generated from operating activities	(2,470)	371	(5,318)	(4,174)
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,231)	(254)	(4,266)	(1,419)
Proceeds from disposal of property, plant and equipment	5,233	1,699	5,233	1,699
Repayment from a joint venture	461	-	1,423	3,112
Cash inflow for step-acquisition of a joint venture, net of cash acquired	187	-	187	-
Advances to joint venture	(1,381)	-	(1,796)	-
Net cash generated from investing activities	1,269	1,445	781	3,392
Cash flows from financing activities				
Interest received	24	33	184	105
Repayment of term loans	-	-	-	(43,875)
Repayment of finance lease payables, net	(5)	(19)	(53)	(68)
Interest paid on finance lease payables	(1)	(2)	(9)	(8)
Interest paid on term loans	-	-	-	(140)
Withdrawal of fixed deposits and bank balances pledged with licensed bank	-	-	-	1,131
Proceeds from issuance of shares	-	-	-	60,000
Proceeds from exercise of warrants	-	5	-	5
Net cash generated from financing activities	18	17	122	17,150

Net (decrease)/increase in cash and cash equivalents
 Cash and cash equivalents at beginning of the period
 Effect of exchange rate changes on cash and cash equivalents
Cash and cash equivalents at end of the financial period

(1,183)	1,833	(4,415)	16,368
14,599	16,132	17,947	1,650
153	(18)	37	(71)
13,569	17,947	13,569	17,947

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	Share capital	Treasury shares	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Accumulated losses	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 2018	155,671	(1,203)	634	436	1,891	(44,331)	115	113,213
Loss for the financial period	-	-	-	-	-	(3,865)	-	(3,865)
Other comprehensive (loss)/income, net of tax	-	-	-	-	(626)	-	42	(584)
Total comprehensive (loss)/income for the financial period	-	-	-	-	(626)	(3,865)	42	(4,449)
Employee share option	-	-	-	83	-	-	-	83
Balance as at 30 September 2019	155,671	(1,203)	634	519	1,265	(48,196)	157	108,847
Balance as at 1 October 2017	59,239	(1,203)	634	353	1,450	(213,309)	194	(152,642)
Profit for the financial period	-	-	-	-	-	168,978	-	168,978
Other comprehensive income, net of tax	-	-	-	-	441	-	(79)	362
Total comprehensive income for the financial period	-	-	-	-	441	168,978	(79)	169,340
Issuance of ordinary shares	96,432	-	-	-	-	-	-	96,432
Employee share option	-	-	-	83	-	-	-	83
Balance as at 30 September 2018	155,671	(1,203)	634	436	1,891	(44,331)	115	113,213

Company	Share capital	Treasury share	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2018	155,671	(1,203)	(12,571)	141,897
Total comprehensive loss for the financial period	-	-	(163)	(163)
Balance at 30 September 2019	155,671	(1,203)	(12,734)	141,734
Balance at 1 October 2017	59,239	(1,203)	(13,269)	44,767
Issuance of ordinary shares	96,432	-	-	96,432
Total comprehensive income for the financial period	-	-	698	698
Balance at 30 September 2018	155,671	(1,203)	(12,571)	141,897

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 30 September 2019, the following securities, which are capable of being exercised into Shares, remain outstanding:

1. 3,380,000 2013 ESOS Options (30 September 2018: 3,430,000 2013 ESOS Options);
2. 4,050,000 2015 ESOS Options (30 September 2018: 4,160,000 2015 ESOS Options); and
3. 269,078,877 Warrants (30 September 2018: 269,078,877 Warrants)

Save as disclosed, the Company has no outstanding convertibles as at 30 September 2019 and 30 September 2018.

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 30 September 2019</u>	<u>As at 30 September 2018</u>
Total number of issued 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.

The Company owned 4,201,400 treasury shares as at 30 September 2019. 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 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.

	Group	
	FY2019 S\$'000	FY2018 S\$'000
(Loss)/profit attributable to equity holders	(3,865)	168,978

	FY2019		FY2018	
	Number of shares	Singapore cents	Number of shares	Singapore cents
Basic	3,520,328,361	(0.11)	2,508,427,286	6.74
Diluted	3,520,328,361	(0.11)	2,508,427,286	6.74

* 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 30 September 2019 S\$'000	As at 30 September 2018 S\$'000	As at 30 September 2019 S\$'000	As at 30 September 2018 S\$'000
Net asset value	108,847	113,213	141,734	141,897
Net asset value per ordinary share based on issued share capital (Singapore cents)	3.1 cents	3.2 cents	4.0 cents	4.0 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 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

Our Group's revenues for FY2019 (vis-à-vis FY2018) and Q4FY2019 (vis-a-vis Q4FY2018) were as follow:

	Q4FY2019		Q4FY2018		Change		FY2019		FY2018		Change	
	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%
Ship Chartering Operations	5.3	60	3.2	57	2.1	66	16.6	55	11.5	43	5.1	44
Ship Building & Repair Operations	3.5	40	2.4	43	1.1	46	13.6	45	15.1	57	(1.5)	(10)
	8.8	100	5.6	100	3.2	57	30.2	100	26.6	100	3.6	14

The Group recorded a revenue of S\$8.8 million in Q4FY2019, an increase of 57% from that of S\$5.6 million registered in Q4FY2018, and a revenue of S\$30.2 million in FY2019, an increase of 14% from that of S\$26.6 million registered in FY2018.

The revenue derived from the Ship Chartering Operations of the Group increased by 66% to S\$5.3 million in Q4FY2019 from S\$3.2 million in Q4FY2018 and by 44% to S\$16.6 million in FY2019 from S\$11.5 million in FY2018. The increases were mainly due to higher utilisation of the Group's fleet of offshore vessels.

The Ship Building & Repair Operations of the Group recorded an increase in revenue of 46% to S\$3.5 million in Q4FY2019 from S\$2.4 million in Q4FY2018 due mainly to an increase in ship repair jobs. However, on a full year basis, the revenue from the Ship Building & Repair Operations decreased by 10% to S\$13.6 million in FY2019 from S\$15.1 million in FY2018 mainly due to a reduction in ship building projects albeit an increase in ship repair jobs.

The Group recorded an increase in Gross profit of 9% to S\$1.5 million in Q4FY2019 from S\$1.3m in Q4FY2018, and an increase of 8% to S\$5.7 million in FY2019 from S\$5.3 million in FY2018 due mainly to an increase in contribution from ship chartering operations and ship repair services. Gross profit margin of the Group, however, decreased to 17% in Q4FY2019 from 24% in Q4FY2018 and to 19% in FY2019 from 20% in FY2018 mainly as a result of the decrease in margins of ship repair jobs and one-off expenses incurred in FY2019 in relation to the reactivation of our offshore vessels.

The Group's other operating income increased to S\$5.9 million in Q4FY2019 from S\$2.9 million in Q4FY2018 mainly due to gains recognised from the sale of vessels. On a full year basis, the Group's other operating income decreased to S\$7.5 million in FY2019 from S\$184.7 million in FY2018 attributed chiefly to the significant debts wavier income (resulting from the derecognized debts) recognized in FY2018.

The Group's administrative expenses maintained at S\$1.6 million in Q4FY2019 and Q4FY2018 and S\$6.3 million in FY2019 and FY2018.

The Group's other operating expenses decreased from S\$0.8 million in Q4FY2018 to S\$0.5 million in Q4FY2019 due primarily to larger foreign exchange gains recognised in Q4FY2019. The Group's other operating expenses decreased to S\$5.2 million in FY2019 from S\$7.3 million in FY2018, attributed largely to the reduction in legal and professional expenses incurred in FY2019 (relative to FY2018) coupled with impairment losses on assets recognised in FY2018.

The finance costs of the Group decreased to S\$9,000 in FY2019 from S\$2.8 million in FY2018, following the completion of the debt restructuring exercise carried out in FY2018 (the "Debt Restructuring Exercise").

The share of losses from jointly controlled companies increased from S\$2.7 million in Q4FY2018 to S\$2.8 million in Q4FY2019 and maintained at S\$5.4 million in FY2018 and FY2019. The share of losses from jointly-controlled companies in Q4FY2019 and FY2019 was mainly attributable to the share of losses of PT BBR and MPMT, where the share of losses from MPMT was primarily due to the loss on disposal of vessels recognised in Q4FY2019.

As a result of the above, we registered a net profit attributed to owners of the Company of S\$2.4 million in Q4FY2019 compared to a net loss attributed to owners of the Company of S\$0.6 million in Q4FY2018 and a net loss attributed to owners of the Company of S\$3.9 million in FY2019 compared to net profit attributed to owners of the Company of S\$169.0 million in FY2018.

Excluding foreign exchange losses and extraordinary gains arose from the Debt Restructuring Exercise, the Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the Group reversed from a negative S\$3.4 million in FY2018 to positive S\$2.4 million in FY2019, and from a negative S\$0.3 million in Q4FY2018 to positive S\$1.7 million in Q4FY2019.

(b) Review of financial position of the Group as at 30 September 2019 compared to that as at 30 September 2018

The non-current assets of the Group decreased by S\$5.7 million or 6% from S\$99.1 million as at 30 September 2018 to S\$93.4 million as at 30 September 2019. The decrease was mainly due to depreciation of vessels, share of losses in joint ventures and from the disposal of vessels, albeit a partial offset by advances to a joint venture entity. The advances to a joint venture entity relates to an extension of loan to for the purchase of a vessel.

Trade receivables increased from S\$4.4 million at 30 September 2018 to S\$12.4 million at 30 September 2019 due mainly to increased revenue from ship chartering and ship repair jobs in FY2019.

The other receivables, deposits and prepayment increased by S\$0.5 million from S\$1.2 million as at 30 September 2018 to S\$1.7 million as at 30 September 2019, attributed mainly to increase in deposits for equipment and tendering of ship chartering contracts.

The increase in amount due from joint ventures from S\$0.7m as at 30 September 2018 to S\$1.9m as at 30 September 2019 was mainly due to working capital advances to a newly incorporated joint venture.

In line with increased ship chartering activities as well as volume of ship repair jobs, current trade payables of the Group increased by S\$2.1 million to S\$6.6 million as at 30 September 2019 from S\$4.5 million as at 30 September 2018.

Other payables and accruals increased by S\$0.5 million from S\$3.7 million as at 30 September 2018 to S\$4.2 million as at 30 September 2019, due mainly to the increase in overall business activities of the Group.

The decrease in contract liabilities from S\$0.4 million as at 30 September 2018 to S\$0.1 million as at 30 September 2019, was attributed to the reduction in ship building projects.

Non-current trade payables of the Group decreased by S\$1.6 million to a nil balance as at 30 September 2019 as a result of the reclassification of payables from non-current liabilities to current liabilities. These payables relate to amount owing to certain creditors of the Group pursuant to the terms of the Debt restructuring Exercise.

A deferred income¹ in aggregate of S\$3.4 million was recognised as at 30 September 2019 from the disposal of a vessel to a joint venture company.

The Group reported a net cash used in operating activities of S\$5.3 million for FY2019, principally as a result of an increase in trade and other receivables brought about by the increase in business activities in Q4FY2019. The cash and cash equivalent of the Group stood at S\$13.6 million as at 30 September 2019 compared to S\$17.9 million as at 30 September 2018.

¹ A deferred income in aggregate of S\$3.4m (current liability of S\$0.2m and non-current liability of S\$3.2m) was recognised from eliminating 49% of the gain on vessel sold to a joint venture company. Under normal circumstances, the elimination of such gains would have been made against the cost of investment in this joint venture company. However, as the cost of investment was only a nominal amount of US\$1,000, the elimination of the gain resulted in a liability being recognised on the balance sheet of the Group instead. This liability will gradually be reduced to zero as the said vessel depreciates or when it is eventually disposed.

Following from the above:

- (i) the working capital of the Group increased from S\$15.8 million as at 30 September 2018 to S\$18.8 million as at 30 September 2019;
- (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 at nil as at 30 September 2019 and 30 September 2018; and
- (iii) the net asset value per share of the Group decreased from 3.2 cents as at 30 September 2018 to 3.1 cents as at 30 September 2019.

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.

The outlook for the 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. 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 expected recovery.

With regard to our Shipyard's dock extension program to extend the length of one of our graving docks from 190 meters to 220 meters, the extension program has been completed in early October 2019.

Barring any unforeseen circumstance, the Group, continuing with its cost containment measures, is cautiously optimistic of its performance for the next 12 months.

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 FY2019.

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 S\$100,000).

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segments

	Ship chartering services S\$'000	Shipbuilding and repair S\$'000	Total operations S\$'000
2019			
External revenue	16,549	13,632	30,181
Reportable segment results from operating activities	5,013	(1,716)	3,297
Share of losses in joint ventures	(5,370)	-	(5,370)
Reversal of impairment in investment in joint ventures	63	-	63
Finance income	1	6	7
Finance costs	-	(9)	(9)
Unallocated administrative expenses, net			(1,650)
Loss before income tax			(3,662)
Income tax expenses			(203)
Loss for the year			(3,865)
Reportable segment assets	79,485	30,205	109,690
Investments in joint ventures	5,502	-	5,502
Unallocated assets			9,127
Total assets			124,319
Reportable segment liabilities	3,499	7,979	11,478
Unallocated liabilities			3,994
Total liabilities			15,472
Capital expenditure	2,444	1,822	4,266
<u>Other material non-cash items:</u>			
Depreciation of property, plant and equipment	5,044	2,388	7,432
Reversal of impairment loss on investment in joint ventures	(63)	-	(63)
Gain on disposal of property, plant and equipment, net	(4,536)	-	(4,536)
Gain on remeasurement of a previously held joint venture	(182)	-	(182)

Business segments

	Ship chartering services S\$'000	Shipbuilding and repair S\$'000	Total operations S\$'000
2018			
External revenue	11,462	15,095	26,557
Reportable segment results from operating activities	88,323	49,538	137,861
Share of losses in joint ventures	(5,410)	-	(5,410)
Impairment on investment in joint ventures	779	-	779
Finance income	3	3	6
Finance costs	(2,104)	(457)	(2,561)
Unallocated net finance cost			(160)
Unallocated other corporate income, net			37,523
Profit before income tax			168,038
Income tax credit			940
Profit for the year			168,978
Reportable segment assets	72,912	27,077	99,989
Investments in joint ventures	11,490	-	11,490
Unallocated assets			13,279
Total assets			124,758
Reportable segment liabilities	1,460	8,702	10,162
Unallocated liabilities			1,383
Total liabilities			11,545
Capital expenditure	1,325	213	1,538
<u>Other material non-cash items:</u>			
Depreciation of property, plant and equipment	4,743	2,555	7,298
Loss allowance on trade receivables	1,931	-	1,931
Reversal of impairment loss on investment in joint ventures, net	(779)	-	(779)
(Gain)/loss on disposal of property, plant and equipment	(690)	25	(665)
Waiver of debts	(127,902)	(51,976)	(179,878)

Geographical Information

Singapore and Indonesia (and to a lesser extent other countries in South East Asia) are the major markets for the Group's ship chartering activities. The Group undertakes its ship building and repair activities in Indonesia.

For the purpose of segmental reporting by geographical regions, please note the following:

- (i) revenues derived from the external customers of the Group by region refer to the country of origin of the customers and not the destination for which the Group delivered its chartering services or built vessels; and
- (ii) non-current assets (other than the financial instruments and deferred tax assets) of the Group were spread across the countries in which the Group had its assets deployed.

Geographical information 30 September 2019	Revenue S\$'000	%	Non-current assets S\$'000	%
Singapore	13,420	44	73,930	79
Indonesia	7,825	26	19,467	21
Australia	40	-	-	-
Malaysia	5,382	18	-	-
Myanmar	1,497	5	-	-
Taiwan	1,223	4	-	-
Others	794	3	-	-
Total	30,181	100	93,397	100

Geographical information 30 September 2018	Revenue S\$'000	%	Non-current assets S\$'000	%
Singapore	10,056	38	69,319	70
Indonesia	11,497	43	19,963	20
Australia	908	3	1,714	2
Malaysia	2,596	10	8,105	8
Others	1,500	6	-	-
Total	26,557	100	99,101	100

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business of geographical segments.

Overall, revenue has increased from S\$26.6 million to S\$30.2 million with improvements across almost all geographical segments that the Group operates in due mainly to higher utilization of the Group's fleet of offshore vessels and as well as the increase in ship repair jobs. The increase in revenue from these countries were partially offset by a decrease in revenue from Indonesia due to the reduction in ship building projects.

16. Breakdown of sales.

The Group	2019 S\$'000	2018 S\$'000
Revenue reported for the first quarter	5,477	7,461
Loss after tax before deducting MI reported for the first quarter	(2,209)	(6,641)
Revenue reported for the second quarter	6,943	7,625
(Loss)/profit after tax before deducting MI reported for the second quarter	(2,613)	173,528
Revenue reported for the third quarter	9,005	5,888
(Loss)/profit after tax before deducting MI reported for the third quarter	(1,427)	2,639
Revenue reported for the fourth quarter	8,756	5,583
Profit/(loss) after tax before deducting MI reported for the fourth quarter	2,384	(548)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary – interim & final	-	-

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes of duties and position held, if any, during the financial year
Mr Irryanto	63	Brother-in-law to our Executive Chairman and substantial shareholder, Mr Lee Wan Tang; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Alternate Director and CFO, Ms Liely Lee.	Director (Shipyards Administration). He is responsible for the administrative function of PT Marco Polo Shipyards, a wholly-owned subsidiary of the Company.	None
Mr Simon Karuntu	68	Brother-in-law to our Executive Chairman and substantial shareholder, Mr Lee Wan Tang; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Alternate Director and CFO, Ms Liely Lee.	Director (Shipyards Operations). He is in charge of overall operations and general administration of PT Marco Polo Shipyards, including handling government, statutory and other regulatory authorities and legal matters, a position he held since 2008.	None

19. Use of Proceeds from equity injection

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 capitalised 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 Shipyards ("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
- (f) an equity injection of S\$60 million in January 2018 from 9 investors (the "Equity Injection"), which forms an integral part of the Debt Restructuring Exercise.

The use of proceeds (as at 30 September 2019) from the Equity Injection to partially fund the Debt Restructuring Exercise is summarized as follows:

	S\$'000	S\$'000
Proceeds raised from Equity Injection		60,000
<u>Less:</u>		
Settlement to MPML Scheme Creditors	(33,027)	
Settlement to Noteholders and Trustee	(7,469)	
Settlement to MPSY Scheme Creditors	(1,425)	
Settlement to PKPU Secured Creditors	(4,760)	
Settlement to PKPU Trade Creditors	(5,600)	
General working capital	(4,685)	
Total used proceeds as at 30 September 2019		(56,966)
Remaining proceeds		3,034

The breakdown with specific details on the use of proceeds for general working capital is as follows:

	S\$'000
Payment to trade creditors	1,078
Professional fees	1,990
Operation overheads	1,617
	<u>4,685</u>

20. 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 Q4FY2019 and FY2019 to be false or misleading in any material aspect.

21. 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**

29 November 2019