



Marco Polo Marine Ltd.

(Company Registration No: 200610073Z)
(Incorporated in the Republic of Singapore)

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 MARCH 2023**



MARCO POLO MARINE LTD
Company Registration No. 200610073Z

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		
	H1FY2023	H1FY2022	Change %
	S\$'000	S\$'000	
Revenue	55,944	27,642	102
Cost of sales	(38,248)	(19,464)	97
Gross profit	17,696	8,178	116
Other operating income	2,248	10,650	(79)
Administrative expenses	(5,562)	(4,358)	28
Other operating expenses	(7,535)	(2,986)	152
Profit from operations	6,847	11,484	(40)
Finance costs	(55)	(62)	(11)
Share of profits in joint ventures	86	170	(49)
Profit before income tax	6,878	11,592	(41)
Income tax expense	(1,044)	(850)	23
Profit for the financial period	5,834	10,742	(46)
Profit attributable to:-			
Equity holders of the Company	4,249	10,815	(61)
Non-controlling interest	1,585	(73)	NM
	5,834	10,742	(46)
Other comprehensive income:			
Exchange difference arising from translation foreign operations	(3,583)	87	NM
Total comprehensive income	2,251	10,829	79
Total comprehensive income attributable to:-			
Equity holders of the Company	1,183	10,902	(89)
Non-controlling interest	1,068	(73)	NM
	2,251	10,829	
Earnings per share			
Basic (in cents)	0.16	0.30	(47)
Diluted (in cents)	0.16	0.30	(47)

Notes

"H1FY2023" denotes the first half financial year ended 30 September 2023 ("FY2023").

"H1FY2022" denotes the first half financial year ended 30 September 2022 ("FY2022").

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

"NM" denotes not meaningful.

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at	As at	As at	As at
	31 March	30 September	31 March	30 September
Note	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	87,466	94,711	-	-
Right-of-use assets	447	579	-	-
Investments in subsidiaries	-	-	4,320	4,320
Investments in joint ventures	-	-	-	-
Amounts due from joint ventures	11,259	12,931	11,259	12,931
	99,172	108,221	15,579	17,251
Current assets				
Inventories	6,297	1,631	-	-
Contract assets	3,515	-	-	-
Trade receivables	25,411	17,357	-	-
Other receivables, deposits and prepayment	9,428	3,572	1,102	80
Amounts due from subsidiaries (non-trade)	-	-	138,013	147,361
Amounts due from joint ventures (non-trade)	-	450	-	450
Assets held for sale	-	3,368	-	-
Cash and cash equivalents	52,989	53,514	20,718	11,786
	97,640	79,892	159,833	159,677
Total assets	196,812	188,113	175,412	176,928
Current liabilities				
Trade payables	14,743	11,988	-	-
Other payables and accruals	11,568	15,592	1,178	3,831
Deferred income	171	171	-	-
Lease liabilities	303	298	-	-
Borrowings- interest bearing	966	966	-	-
Income tax payable	2,478	1,552	-	-
	30,229	30,567	1,178	3,831
Non-current liabilities				
Deferred income	2,801	2,887	-	-
Lease liabilities	76	209	-	-
Borrowings- interest bearing	1,790	2,284	-	-
Deferred tax liabilities	465	504	-	-
	5,132	5,884	-	-
Total liabilities	35,361	36,451	1,178	3,831
Net assets	161,451	151,662	174,234	173,097
Share capital and reserves				
Share capital	163,838	156,300	163,838	156,300
Treasury shares	(1,203)	(1,203)	(1,203)	(1,203)
Capital reserve	634	634	-	-
Employee share option reserve	560	560	-	-
Other reserve	158	158	-	-
Foreign currency translation reserve	655	3,721	-	-
Accumulated losses	(17,043)	(21,292)	11,599	18,000
	147,599	138,878	174,234	173,097
Non-controlling interest	13,852	12,784	-	-
Total equity	161,451	151,662	174,234	173,097

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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

<u>Group</u>	Share capital	Treasury shares	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Accumulated losses	Other reserves	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2022	156,300	(1,203)	634	560	3,721	(21,292)	158	138,878	12,784	151,662
Issuance of ordinary shares pursuant to exercise of warrants	7,538	-	-	-	-	-	-	7,538	-	7,538
Profit for the financial period	-	-	-	-	-	4,249	-	4,249	1,585	5,834
Other comprehensive income, net of tax	-	-	-	-	(3,066)	-	-	(3,066)	(517)	(3,583)
Total comprehensive income for the financial period	-	-	-	-	(3,066)	4,249	-	1,183	1,068	2,251
Balance as at 31 March 2023	163,838	(1,203)	634	560	655	(17,043)	158	147,599	13,852	161,451
Balance as at 1 October 2021	155,752	(1,203)	634	560	1,613	(42,635)	158	114,879	-	114,879
Issuance of ordinary shares pursuant to exercise of warrants	548	-	-	-	-	-	-	548	-	548
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	10,298	10,298
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	1,055	1,055
Profit for the financial period	-	-	-	-	-	10,815	-	10,815	(73)	10,742
Other comprehensive income, net of tax	-	-	-	-	87	-	-	87	-	87
Total comprehensive income for the financial period	-	-	-	-	87	10,815	-	10,902	(73)	10,829
Balance as at 31 March 2022	156,300	(1,203)	634	560	1,700	(31,820)	158	126,329	11,280	137,609

<u>Company</u>	Share capital	Treasury share	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 October 2022	156,300	(1,203)	18,000	173,097
Issuance of ordinary shares pursuant to exercise of warrants	7,538	-	-	7,538
Total comprehensive income for the financial period	-	-	(6,401)	(6,401)
Balance at 31 March 2023	163,838	(1,203)	11,599	174,234
Balance at 1 October 2021	155,752	(1,203)	(6,892)	147,657
Issuance of ordinary shares pursuant to exercise of warrants	548	-	-	548
Total comprehensive income for the financial period	-	-	(1,265)	(1,265)
Balance at 31 March 2022	156,300	(1,203)	(8,157)	146,940

D. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

	Group	
	H1FY2023	H1FY2022
	S\$'000	S\$'000
Cash flow from operating activities		
Profit before income tax	6,878	11,592
Adjustments for:		
Depreciation of right-of-use assets	190	171
Depreciation of property, plant and equipment	5,236	3,330
Bad debts recovered	(144)	(136)
Reversal of impairment loss on receivables due from a subsidiary previously held as a joint venture	-	(4,151)
Interest expense	55	62
Interest income	(773)	(331)
Share of profits in joint ventures	(86)	(170)
Gain on remeasurement of previously held equity interest	-	(5,172)
Gain on bargain purchase	-	(282)
Gain on disposal of property, plant and equipment	(499)	(306)
Foreign exchange difference	2,561	426
Operating profit before working capital changes	13,418	5,033
Movement in working capital		
Inventories	(4,666)	(13)
Trade and other receivables	(7,971)	2,632
Contract assets	(3,515)	663
Trade and other payables	(1,269)	(3,096)
Contract liabilities	-	(347)
Cash (used in)/generated from operations	(4,003)	4,872
Income tax	(75)	(250)
Net cash (used in)/generated from operating activities	(4,078)	4,622
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,744)	(3,762)
Proceeds from disposal of property, plant and equipment	4,663	2,090
Repayment from a joint venture	2,122	405
Deposit paid for the purchase of property, plant and equipment	(5,759)	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	6,839
Net cash (used in)/generated from investing activities	(1,718)	5,572
Cash flows from financing activities		
Interest received	737	239
Proceeds from exercise of warrants	7,538	548
Repayment of lease liabilities	(180)	(184)
Repayment of term loans	(538)	(538)
Capital contribution by non-controlling interest	-	1,055
Net cash generated from financing activities	7,557	1,120
Net increase in cash and cash equivalents	1,761	11,314
Cash and cash equivalents at beginning of the period	51,635	19,848
Effect of exchange rate changes on cash and cash equivalents	(2,286)	(28)
Cash and cash equivalents at end of the financial period (Note 1)	51,110	31,134

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Note 1

Cash and cash equivalent consist of:

Cash and bank balances

Fixed deposits

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)

21,158	29,533
31,831	2,101
52,989	31,634
(1,879)	(500)
51,110	31,134

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Marco Polo Marine Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the six months ended 31 March 2023 comprise the Company and its subsidiaries (collectively, the Group).

The address of the Company's registered office and principal place of business is 66 Kallang Pudding Road, #05-01 Hor Kew Business Centre, Singapore 349324.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are:

- a. Shipbuilding and ship repair; and
- b. Ship chartering, leasing and management.

2. Basis of Preparation

The condensed interim consolidated financial statements for the six months ended 31 March 2023 have been prepared in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to the Singapore Financial Reporting Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has identified the operating segments as described below, which are the Group's Strategic business units.

- (i) Ship chartering services – Relates to charter hire activities
- (ii) Ship building and repair services – Relates to sales of goods, ship building and ship repair activities

4.1 Business segments

	Ship chartering services S\$'000	Ship building and repair services S\$'000	Total operations S\$'000
H1FY2023			
External revenue	24,533	31,411	55,944
Reportable segment results from operating activities	3,741	5,222	8,963
Share of profits in joint ventures	86	-	86
Finance income	184	84	268
Finance costs	(45)	(11)	(56)
Unallocated other corporate expenses, net			(2,383)
Profit before income tax			6,878
Income tax expense			(1,044)
Profit for the financial year			5,834
Reportable segment assets	117,606	56,957	174,563
Unallocated assets			22,249
Total assets			196,812
Reportable segment liabilities	9,885	21,919	31,804
Unallocated liabilities			3,557
Total liabilities			35,361
Capital expenditure	1,252	1,551	2,803
	Ship chartering services S\$'000	Ship building and repair services S\$'000	Total operations S\$'000
H1FY2022			
External revenue	10,555	17,087	27,642
Reportable segment results from operating activities	1,024	2,788	3,812
Share of profits in joint ventures	170	-	170
Finance income	4	4	8
Finance costs	(111)	(4)	(115)
Unallocated administrative income, net			7,717
Profit before income tax			11,592
Income tax expense			(850)
Profit for the financial year			10,742
Reportable segment assets	121,277	31,926	153,203
Unallocated assets			10,032
Total assets			162,235
Reportable segment liabilities	9,337	12,988	22,325
Unallocated liabilities			3,301
Total liabilities			25,626
Capital expenditure	1,248	2,514	3,762

4.2 Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Ship chartering services		Ship building and repair services		Sales of goods		Total	
	H1	H1	H1	H1	H1	H1	H1	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Geographical markets^(a)								
Singapore	2,173	4,656	12,342	11,041	-	-	14,515	15,697
Indonesia	3,397	62	15,311	4,553	1,379	752	20,087	5,367
Taiwan	8,065	2,154	-	-	-	-	8,065	2,154
Thailand	7,077	2,744	-	-	-	-	7,077	2,744
Malaysia	3,820	716	107	339	-	-	3,927	1,055
Nauru	-	-	1,151	-	-	-	1,151	-
Luxembourg	-	-	-	395	-	-	-	395
Others	-	223	1,122	7	-	-	1,122	230
Total	24,532	10,555	30,033	16,335	1,379	752	55,944	27,642
Goods or services transferred at a point in time	-	-	21,738	14,024	1,379	752	23,117	14,776
Goods or services transferred overtime	24,532	10,555	8,295	2,311	-	-	32,827	12,866
Total	24,532	10,555	30,033	16,335	1,379	752	55,944	27,642

^(a) The disaggregation is based on the location of customers from which revenue was generated.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2023 and 30 September 2022:

	The Group		The Company	
	31 March 2023	30 September 2022	31 March 2023	30 September 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Cash and bank balances, trade and other receivables and amounts due from joint ventures (Amortised cost)	97,213	86,715	170,021	172,565
Financial Liabilities				
Trade and other payables and borrowings (Amortised cost)	28,627	28,437	1,178	3,827

6. Profit before income tax

Significant items

	Group		
	H1FY2023	H1FY2022	Change
	S\$'000	S\$'000	%
Income			
Interest income	773	331	NM
Gain on disposal of property, plant and equipment	499	306	63
Sale of scrap materials	395	185	NM
Insurance claim income	380	-	NM
Bad debts recovered	144	136	6
Gain on bargain purchase	-	282	NM
Gain on remeasurement of previously held equity interest	-	5,172	NM
Reversal of impairment loss on receivables due from a subsidiary previously held as a joint venture	-	4,151	NM
Expenses			
Depreciation of property, plant and equipment	5,236	3,330	57
Net foreign currency exchange loss	4,038	544	NM
Depreciation of right-of-use assets	190	171	11
Legal and professional fees	101	327	(69)
Interest expenses	55	62	(11)

7. Income tax expense

	Group	
	H1FY2023	H1FY2022
	S\$'000	S\$'000
Current income tax		
- current financial year	1,044	850
Income tax expense	1,044	850

8. Dividend

No dividend has been declared or recommended for the financial period ended 31 March 2023 (30 September 2022: Nil).

9. Net asset value

	Group		Company	
	31 March	30 September	31 March	30 September
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value	161,451	151,662	174,234	173,097
Net asset value per ordinary share based on issued share capital (Singapore cents)	4.3 cents	4.3 cents	4.6 cents	4.9 cents

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10. Property, plant and equipment

During the financial period ended 31 March 2023, the Group acquired property, plant and equipment amounting to S\$2,803,000 (30 September 2022: S\$4,593,000) and disposed and wrote off assets amounting to S\$1,061,000 (30 September 2022: S\$2,602,000).

11. Borrowings

	Group		Company	
	31 March 2023 S\$'000	30 September 2022 S\$'000	31 March 2023 S\$'000	30 September 2022 S\$'000
<u>Amount repayable within one year, or in demand</u>				
Secured	966	966	-	-
<u>Amount repayable after one year</u>				
Secured	1,790	2,284	-	-

The bank borrowings of the Group are secured by corporate guarantees and fixed deposit pledged.

12. Share capital

	Group and Company			
	31 March 2023 Number of shares	30 September 2022 Number of shares	31 March 2023 S\$'000	30 September 2022 S\$'000
Issued and fully paid:				
At beginning of financial year/period	3,542,478,228	3,526,818,503	156,300	155,752
Exercise of warrants ⁽¹⁾	215,372,252	15,659,725	7,538	548
At end of financial year/period	3,757,850,480	3,542,478,228	163,838	156,300

(1) Issuance of 215,372,252 new shares at exercise price of S\$0.035 per share upon exercise of warrants during the period from 1 October 2022 to 31 March 2023. All ordinary shares were fully paid.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2023 and 30 September 2022.

13. Treasury shares

	Group and Company			
	31 March 2023 Number of shares	S\$'000	30 September 2022 Number of shares	S\$'000
At beginning/end of the financial year/period	4,201,400	1,203	4,201,400	1,203

	Group and Company	
	31 March 2023	30 September 2022
Total number of issued Shares (excluding treasury shares)	3,753,649,080	3,538,276,828

There are 4,201,400 treasury shares and a total of 3,538,276,828 issued shares (excluding treasury shares) as at 31 March 2022.

14. Subsequent events

There were no subsequent events in relation to the financial period ended 31 March 2023.

OTHER INFORMATION REQUIRED BY LISITNG RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of Marco Polo Marine Ltd. and its subsidiaries as at 31 March 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial year ended 31 March 2023 and certain explanatory notes have not been audited or reviewed.

2. Review of financial performance of the Group

Our Group's revenues for H1FY2023 (vis-à-vis H1FY2022) were as follow:

	H1FY2023		H1FY2022		Change	
	S\$ m	%	S\$ m	%	S\$ m	%
Ship Chartering Operations	24.5	44	10.5	38	14.0	133
Ship Building & Repair Operations	31.4	56	17.1	62	14.3	84
	55.9	100	27.6	100	28.3	102

The Group recorded a revenue of S\$55.9 million in H1FY2023, an increase of 102% from that of S\$27.6 million registered in H1FY2022.

The revenue derived from the Ship Chartering Operations of the Group increased by 133% to S\$24.5 million in H1FY2023 from S\$10.5 million in H1FY2022. This increase was mainly due to the consolidation of results of PT BBR and PKRO in H1FY2023 which contributed a revenue of S\$6.5 million and S\$6.4 million respectively. In addition, the Group has achieved higher average utilization rate and higher charter rates for its fleet of Offshore vessels in the current period.

The Ship Building & Repair Operations of the Group recorded an increase in revenue of 84% to S\$31.4 million in H1FY2023 from S\$17.1 million in H1FY2022. The increase in revenue were attributed to the increase in contract values of the repair projects and commencement of new ship building projects during the period.

The Group's gross profit has increased to S\$17.7 million in H1FY2023 from S\$8.2 million in H1FY2022 with gross profit margin increasing to 32% in H1FY2023 from 30% in FY2022. The increase in gross profit was contributed by the rise in revenue for both Ship Chartering and Shipyard Operations.

The Group's other operating income decreased to S\$2.2 million in H1FY2023 from S\$10.7 million in H1FY2022, primarily due to the decrease in gains from non-recurring items. The Group's other income in H1FY2022 mainly consist of the gain on remeasurement of previously held equity interest in PT BBR amounting to S\$5.2 million¹ and the reversal of impairment loss on receivables due from a subsidiary (PT BBR) which was previously held as a joint venture entity amounting to S\$4.2 million². Comparatively, the Group's other income in H1FY2023 mainly consists of the gain on disposal of property, plant and equipment of S\$0.5 million, interest income of S\$0.8 million, sales of scrap materials of S\$0.4 million and insurance claim income of S\$0.4 million.

The Group's administrative expenses increased to S\$5.6 million in H1FY2023 from S\$4.4 million in H1FY2022. The increase was mainly due to an increase in staff costs by S\$0.9 million primarily due to payout of variable bonus to staff and increase in number of headcounts via the acquisitions of PT BBR and PKRO.

The Group's other operating expenses increased to S\$7.5 million in H1FY2023 from S\$3.0 million in H1FY2022. This was mainly due to an increase in foreign exchange loss of S\$3.5 million in current period.

¹ There was a significant gain of S\$5.2 million in remeasurement of previously held equity interest in PT BBR as the Company has previously impaired the carry value of investment in PT BBR to zero. With the completion of the PT BBR Rights Issue and consequently the consolidation of PT BBR, the Group is required to remeasure this previously held investment at fair value as at the date of consolidation (ie. completion date of PT BBR Rights Issue).

² With the consolidation of PT BBR into the Group, any impairments in receivables that were provided previously, had to be reversed and recognised as a gain in the income statement accordingly. This is to allow for proper elimination of intercompany balances between companies of the same Group.

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The share of profits from jointly controlled companies decreased to S\$0.1 million in H1FY2023 from S\$0.2 million in H1FY2022. The share of profits from jointly-controlled companies was mainly attributable to the share of profits in Pelayaran Era Sdn Bhd.

As a result of the above, we registered a net profit attributed to owners of the Company of S\$4.2 million in H1FY2023 compared to S\$10.8 million in H1FY2022.

Excluding foreign exchange losses and one-off items, the Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the Group increased to S\$15.5 million in H1FY2023 from S\$5.8 million in H1FY2022.

3. Review of financial position of the Group as at 31 March 2023 compared to that as at 30 September 2022

The non-current assets of the Group decreased by S\$9.0 million to S\$99.2 million as at 31 March 2023 from S\$108.2 million as at 30 September 2022. The decrease was mainly due to depreciation of property, plant and equipment, currency realignment on property, plant and equipment of foreign subsidiaries and payments received from amounts due from joint ventures.

Inventories increased by S\$4.7 million to S\$6.3 million as at 31 March 2023 from S\$1.6 million as at 30 September 2022, mainly attributed to purchase of raw materials such as steel plates for new ship building projects.

Contract assets amounting to S\$3.5 million as at 31 March 2023 were related to work performed by the Group's ship building projects but invoices yet to be issued to customers.

Trade receivables increased by S\$8.0 million to S\$25.4 million as at 31 March 2023 from S\$17.4 million as at 30 September 2022. The increase was mainly attributed to the increase in revenue from the Ship Building & Repair Operations due to a spike in volume of repair and maintenance projects towards the end of the current period. As such, most of the balances are not past due as at 31 March 2023. As disclosed in the Group's financial statements that was published in the FY2022 Annual Report, the Group uses an allowance matrix to measure its expected credit loss for trade receivables and based on this allowance matrix, the Group has assessed that the provision for impairment of trade receivables is adequate at this juncture.

Other receivables, deposits and prepayment increased by S\$5.8 million to S\$9.4 million as at 31 March 2023 from S\$3.6 million as at 30 September 2022, mainly attributed to an increase in S\$5.8 million of deposits paid for the purchase of equipment in relation to a shipbuilding project.

Amount due from joint ventures (current) decreased to nil as at 31 March 2023 from S\$0.5 million as at 30 September 2022 due to repayments made by a joint venture.

Assets held for sale decreased to nil as at 31 March 2023 from S\$3.4 million as at 30 September 2022. The decrease was mainly due to disposal of assets during this period. PT BBR entered into a Sale and Purchase Agreement to dispose a fleet of tugboats and barges in view of streamlining the business operations of the PT BBR group. Accordingly, these assets were reclassified from plant, property and equipment to assets held for sale as at 30 September 2022.

Trade payables of the Group increased by S\$2.7 million to S\$14.7 million as at 31 March 2023 from S\$12.0 million as at 30 September 2022. The increase in trade payables was in line with the increase in the Group's business activities in current period.

Other payables and accruals decreased by S\$4.0 million to S\$11.6 million as at 31 March 2023 from S\$15.6 million as at 30 September 2022. The decrease was mainly due to a decrease in deposits from customers with the disposal of PT BBR's fleet of tugboats and barges, and a decrease in accruals in relation to staff bonus and incentives that were paid out during the current period.

Interest bearing loans decrease to S\$2.8 million as at 31 March 2023 from S\$3.3 million as at 30 September 2022 due to repayments being made by the Group.

Deferred tax liabilities remained at S\$0.5 million for both periods. The initial recognition of deferred tax liabilities as at 30 September 2022 arose from the purchase price allocation exercise in relation to the acquisition of PT BBR.

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The Group reported a net cash used in operating activities of S\$4.1 million for H1FY2023, mainly due to the increase in inventories and trade and other receivables as business activities began to gain fairly substantial traction towards the end of the period. The net cash used in investing activities of S\$1.7 million for H1FY2023 mainly due to the capital expenditure and deposits paid for the purchase of equipment which was partially offset by the proceeds from the sale of vessel and repayment received from a joint venture. The net cash generated from financing activities of S\$7.6 million was mainly due to the proceeds from the exercise of warrants. Overall, the cash and cash equivalent of the Group decreased to S\$53.0 million as at 31 March 2023 as compared to S\$53.5 million in as at 30 September 2022.

Following from the above:

- (i) the working capital of the Group increased to S\$67.4 million as at 31 March 2023 from S\$49.3 million as at 30 September 2022;
- (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 31 March 2023 and 30 September 2022; and
- (iii) the net asset value per share of the Group maintained at 4.3 cents as at 31 March 2023 and 30 September 2022.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

5. 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 broader market in the offshore and shipping industries remains challenging given the geopolitical uncertainties with the tensions in the Taiwan straits and South China Sea, and the protracted Russia-Ukraine conflict. The overall global economy is beginning to show signs of weakness affected by tighter monetary conditions. Against this backdrop, the Group will continue to improve its operational efficiency and tighten cost control to enhance its competitiveness. The Group is also expected to further extend its reach in segments such as the renewable energy sector as we have done in recent years.

For the ship chartering business, the Group is set to continue its support to the Taiwan offshore windfarm market after having to establish our presence via our joint venture Oceanic Crown Offshore Marine Services Ltd. and the completion of our acquisition of PKR Offshore Co. Ltd. in the last financial year. In addition, activities in the oil and gas markets have been picking up and the Group anticipates that this will have a positive effect on our utilisation and charter rates for our fleet of OSVs.

For the shipyard division, the Group will continue to focus on securing ship repair and maintenance orders by expanding its customer base internationally. The Group has also stepped up its marketing effort on the ship building front by actively engaging local ship owners in Indonesia. To date, we have managed to clinch several new build contracts for the construction of barges with progressive deliveries up to 1HFY2024.

With regards to the construction of our Commissioning Service Operation Vessel as announced in September last year, the physical construction of vessel is approximately 13% completed as at 31 March 2023 and the Group is targeting full completion by first quarter of 2024.

Looking ahead, the Group remains focused on expanding our footprint in the renewable energy and offshore wind farm sectors. The Company will release further updates on its business and operations on 16 May 2023.

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.

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- 6. 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. The Warrants have expired on the 27 January 2023 with a total number of 233,480,719 Warrants being exercised into 233,480,719 new ordinary shares of the Company. The number of unexercised Warrants which lapsed and ceased to be valid was 35,758,158 Warrants.

As at 31 March 2023, the following securities, which are capable of being exercised into Shares, remain outstanding:

1. 2,690,000 2013 ESOS Options (30 September 2022: 2,690,000);
2. 2,830,000 2015 ESOS Options (30 September 2022: 2,830,000); and
3. Nil Warrants (30 September 2022: 251,130,410 Warrants)

Save as disclosed, the Company has no outstanding convertibles as at 31 March 2023 and 30 September 2022.

The information on the changes in the Company's share capital and total number of issued ordinary shares can be found on page 11, Note 12 of this announcement.

7. 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.

8. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared for the six months ended 31 March 2023 after taking into consideration the capital expenditure requirements of the Group and the need to conserve cash for working capital.

9. Interested Person Transactions

The Company has not obtained any general IPT mandate from its shareholders and did not have any interested person transactions during the financial period under review (excluding transactions less than S\$100,000).

10. Use of Proceeds from Exercise of Warrants

Following the expiry of the Warrants on 27 January 2023, the Company has fully utilized the proceeds of S\$8,172,000 raised from the exercise of Warrants for general working purposes as intended. Please refer to the Circular to Shareholders dated 28 November 2017 section 6.8 for more details for the proposed use of proceeds.

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

	S\$'000	S\$'000
Proceeds raised from Exercise of Warrants		8,172
<u>Less:</u>		
Deposit paid for the purchase of property, plant and equipment	(5,759)	
Administrative expenses	(2,413)	
Total used proceeds as at 31 March 2023		(8,172)
Remaining proceeds		-

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

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
Chief Executive Officer

Liely Lee
Chief Financial Officer

11 May 2023