MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH FINANCIAL QUARTER ("Q4FY2018") AND FULL FINANCIAL YEAR ENDED 30 SEPTEMBER 2018 ("FY2018")

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS

1. (a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Group		
	FY2018	FY2017	% Change
	S$'000	S$'000 (Restated)	
Revenue	**26,557**	38,638	(31)
Cost of sales	**(21,285)**	(28,766)	(26)
Gross profit	**5,272**	9,872	(47)
Other operating income	**184,694**	1,041	NM
Administrative expenses	**(6,352)**	(5,717)	11
Other operating expenses	**(7,325)**	(255,998)	(97)
Profit/(loss) from operations	**176,289**	(250,802)	NM
Finance costs	**(2,841)**	(10,221)	(72)
Share of losses in joint ventures	**(5,410)**	(51,269)	(89)
Profit/(loss) before income tax	**168,038**	(312,292)	NM
Income tax	**940**	(398)	NM
Profit/(loss) for the financial year	**168,978**	(312,690)	NM
Profit/(loss) attributable to:-			
Equity holders of the Company	**168,978**	(312,690)	NM
	168,978	(312,690)	NM

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

"FY2018" denotes the full financial year of FY2018.

"Q4FY2017" denotes the fourth financial quarter of the financial year ended 30 September 2017 ("FY2017").

"FY2017" denotes the full financial year of FY2017.

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

"NM" denotes not meaningful.

Notes:

1. These are reclassified figures (the "Reclassified Figures") to more appropriately reflect the depreciation expenses attributed to the unutilized vessels of the Group (in respect of the relevant periods under consideration) under "Other Operating Expenses" instead of under "Cost of Sales" (as previously stated in the results announcement for FY2017 made on 27 Dec 2017(the "Previous Figures")) (the "Reclassification"). The Reclassification does not have any impact on the bottom line of the Group for FY2017. A reconciliation between the Previous Figures and the Reclassified Figures in connection with the Reclassification is summarized below:

	FY2017
	S$'000
Cost of sales	
The Previous Figure	(37,566)
Adjusted in connection with the Reclassification	8,800
The Reclassified Figure	(28,766)
Gross profit	
The Previous Figure	1,072
Adjusted in connection with the Reclassification	8,800
The Reclassified Figure	9,872
Other operating expenses	
The Previous Figure	(247,198)
Adjusted in connection with the Reclassification	(8,800)
The Reclassified Figure	(255,998)
Loss for the period (remains unchanged)	(312,690)

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		
	FY2018	FY2017	% Change
	S$'000	S$'000	
Profit/(loss) for the financial year	**168,978**	(312,690)	NM
Other comprehensive income:			
Share of other comprehensive (loss)/income from a joint venture	**(79)**	194	NM
Exchange difference arising from the translation of foreign operations	**441**	918	(52)
Total other comprehensive income	**362**	1,112	NM
Total comprehensive income/(loss) attributable to:-			
Equity holders of the Company	**169,340**	(311,578)	NM
	169,340	(311,578)	NM

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

	Group		
	FY2018	FY2017	% Change
Profit/(loss) before income tax has been arrived at after charging/(crediting):	**S$'000**	S$'000	
Depreciation of property, plant and equipment	**7,298**	16,508	(56)
Net foreign currency exchange (gain)/loss	**(2,093)**	209	NM
Bad debts written off	**102**	416	(75)
Recoverable cost expensed off	**-**	34,264	(100)
Allowance for impairment of trade receivables	**1,931**	16,876	(89)
Allowance for impairment of inventories	**-**	38,750	NM
Inventories written off	**2**	-	NM
Impairment of investment in joint ventures	**-**	7,531	(100)
Reversal of impairment loss on investments in joint ventures, net	**(779)**	-	NM
Deposits written off	**3**	2,289	(100)
Impairment of property, plant and equipment	**-**	136,128	(100)
Gain on disposal of property, plant and equipment	**(665)**	-	NM
Interest income	**(126)**	(12)	NM
Interest expenses	**2,841**	10,221	(72)
Share-based payment expense	**83**	112	(26)
Gain on fair value adjustment of derivative financial instruments	**-**	(251)	(100)
Provision for compensation expenses	**497**	2,845	(83)
Allowance for impairment of trade receivables written back	**(781)**	-	NM
Property, plant and equipment written off	**1**	-	NM
Debt waiver income	**(179,878)**	-	NM

1.(b)(i) A financial position (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 2018 S$'000	As at 30 September 2017 S$'000	**As at 30 September 2018 S$'000**	As at 30 September 2017 S$'000
Non-current assets				
Property, plant and equipment	**87,611**	80,765	**-**	-
Investments in subsidiaries	**-**	-	**4,320**	4,320
Investments in joint ventures	**11,490**	18,830	**3,965**	3,965
	99,101	99,595	**8,285**	8,285
Current assets				
Inventories	**1,426**	15,080	**-**	-
Trade receivables	**3,996**	4,530	**-**	-
Gross amounts due from customers for construction contracts	**-**	3,015	**-**	-
Other receivables, deposits and prepayments	**2,288**	3,196	**129**	52
Due from subsidiaries (non-trade)	**-**	-	**121,716**	96,836
Cash and bank balances	**17,947**	4,781	**13,145**	6
	25,657	30,602	**134,990**	96,894
Total assets	**124,758**	130,197	**143,275**	105,179
Current liabilities				
Bank overdraft	**-**	2,000	**-**	-
Trade payables	**4,510**	10,291	**-**	-
Gross amounts due to customers for construction contracts	**5**	-	**-**	-
Other payables and accruals	**4,130**	22,066	**1,378**	10,412
Borrowings – interest bearing	**52**	245,837	**-**	50,000
Income tax payable	**1,122**	1,655	**-**	-
	9,819	281,849	**1,378**	60,412
Non-current liabilities				
Trade payables	**1,624**	-	**-**	-
Borrowings – interest bearing	**102**	35	**-**	-
Deferred tax liabilities	**-**	955	**-**	-
	1,726	990		
Total liabilities	**11,545**	282,839	**1,378**	60,412
Net assets/(liabilities)	**113,213**	(152,642)	**141,897**	44,767
Share capital and reserves				
Share capital	**155,671**	59,239	**155,671**	59,239
Treasury shares	**(1,203)**	(1,203)	**(1,203)**	(1,203)
Capital reserve	**634**	634	**-**	-
Employee share option reserve	**436**	353	**-**	-
Other reserves	**115**	194	**-**	-
Foreign currency translation reserve	**1,891**	1,450	**-**	-
Accumulated losses	**(44,331)**	(213,309)	**(12,571)**	(13,269)
	113,213	(152,642)	**141,897**	44,767
Total equity / (capital deficiency)	**113,213**	(152,642)	**141,897**	44,767

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

	Group	
	As at 30 September 2018 S$'000	As at 30 September 2017 S$'000
Amount repayable in one year or less or on demand		
Secured*	**52** (1)	247,837 (2)
Amount repayable after one year		
Secured*	**102** (1)	35 (2)

Details of any collateral

1. These relate to finance leases secured against certain property, plant and equipment of the Group.
2. These were secured against:

    (a) Mortgages over certain property, plant and equipment of certain subsidiaries of the Group;
    (b) Assignment of certain charter income and insurance policies of vessels of a subsidiary of the Group;
    (c) Corporate guarantees by the Company; and
    (d) Certain property, plant and equipment of the Group under finance lease arrangements.

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

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

	Group	
	FY2018	FY2017
	S$'000	S$'000
Cash flow from operating activities		
Profit/(loss) before income tax	**168,038**	(312,292)
Adjustments for:		
Depreciation of property, plant and equipment	**7,298**	16,508
Bad debts written off	**102**	416
Interest expense	**2,841**	10,221
Interest income	**(126)**	(12)
Gain on disposal of property, plant and equipment	**(665)**	-
Property, plant and equipment written off	**1**	-
Gain on fair value adjustment of derivative financial instruments	**-**	(251)
Impairment loss on investment in joint ventures	**-**	7,531
Reversal of impairment loss on investment in joint ventures, net	**(779)**	-
Impairment loss on property, plant and equipment	**-**	136,128
Allowance for doubtful trade receivables	**1,931**	16,876
Allowance for doubtful trade receivables written back	**(781)**	-
Recoverable cost expensed off	**-**	34,264
Inventories written down	**-**	38,750
Inventories written off	**2**	-
Deposits written off	**3**	2,289
Share based payment expense	**83**	112
Share of losses in joint ventures	**5,410**	51,269
Debt waiver income	**(179,878)**	-
Foreign exchange difference	**(1,339)**	1,363
Operating profit before working capital changes	**2,141**	3,172
Movement in working capital		
Inventories	**168**	6,861
Trade and other receivables	**57**	(3,067)
Due from/(to) customers for construction contracts	**3,020**	(3,491)
Trade and other payables	**(9,253)**	(1,394)
	(3,867)	2,081
Cash (used in) / generated from operations		
Interest paid	**(19)**	(51)
Income tax paid	**(288)**	(1,209)
Net cash (used in)/generated from operating activities	**(4,174)**	821
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,419)**	(9)
Proceeds from disposal of property, plant and equipment	**1,699**	-
Repayment from a joint venture	**3,112**	-
Net cash generated from/(used in) investing activities	**3,392**	(9)
Cash flows from financing activities		
Repayment of term loans	**(43,875)**	(3,629)
Repayment of finance lease payables, net	**(68)**	(71)
Interest paid on finance lease	**(8)**	(9)
Interest paid on term loans	**(140)**	(2,433)
Interest paid on medium term note	**-**	(1,691)
Withdrawal of fixed deposits and bank balances pledged with licensed bank	**1,131**	500
Proceeds from issuance of shares	**60,000**	-
Proceeds from exercise of warrants	**5**	-
Interest received	**105**	12
Net cash generated from/(used in) financing activities	**17,150**	(7,321)
Net increase/(decrease) in cash and cash equivalents	**16,368**	(6,509)
Cash and cash equivalents at beginning of the year	**1,650**	8,210
Effect of exchange rate changes on cash and cash equivalents	**(71)**	(51)
Cash and cash equivalents at end of the financial year (Note 1)	**17,947**	1,650

	Group	
	FY2018	FY2017
Note 1	**S$'000**	S$'000
Cash and cash equivalent consist of:		
Cash and bank balances	**17,947**	4,781
Bank overdraft	**-**	(2,000)
Total cash and bank balances (as per statement of financial position)	**17,947**	2,781
Less: Pledged bank balances	**-**	(1,131)
Cash and cash equivalent at the end of financial period (as per cash flow statement)	**17,947**	1,650

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 2017	59,239	(1,203)	634	353	1,450	(213,309)	194	(152,642)
Issuance of shares	96,432	-	-	-	-	-	-	96,432
Profit for the financial year	-	-	-	-	-	168,978	-	168,978
Other comprehensive income, net of tax	-	-	-	-	441	-	(79)	362
Total comprehensive income for the financial year	-	-	-	-	441	168,978	(79)	169,340
Employee share option	-	-	-	83	-	-	-	83
Balance as at 30 September 2018	155,671	(1,203)	634	436	1,891	(44,331)	115	113,213
Balance as at 1 October 2016	59,239	(1,203)	634	241	532	99,381	-	158,824
Loss for the financial year	-	-	-	-	-	(312,690)	-	(312,690)
Other comprehensive income, net of tax	-	-	-	-	918	-	194	1,112
Total comprehensive income for the financial year	-	-	-	-	918	(312,690)	194	(311,578)
Employee share option	-	-	-	112	-	-	-	112
Balance as at 30 September 2017	59,239	(1,203)	634	353	1,450	(213,309)	194	(152,642)

Company	Share capital	Treasury share	Accumulated losses	Total
	$'000	$'000	$'000	$'000
Balance at 1 October 2017	59,239	(1,203)	(13,269)	44,767
Issuance of shares	96,432	-	-	96,432
Total comprehensive income for the financial year	-	-	698	698
Balance at 30 September 2018	155,671	(1,203)	(12,571)	141,897
Balance at 1 October 2016	59,239	(1,203)	(452)	57,584
Total comprehensive loss for the financial year	-	-	(12,817)	(12,817)
Balance at 30 September 2017	59,239	(1,203)	(13,269)	44,767

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 25 January 2018, pursuant to the Debt Restructuring Exercise (as defined in Paragraph 5 below) and against the approval procured from the Shareholders at an Extraordinary General Meeting convened on 14 December 2017, the Company:

1. issued and allotted 2,142,857,141 new Shares at an issue price of S$0.028 each to the Investors (as defined in Paragraph 5 below) (the "Investment Shares");

2. issued and allotted 983,619,763 new Shares at an issue price of S$0.035 each to the Noteholders, MPML Scheme Creditors, MPSY Scheme Creditors and certain unsecured creditors of the Group (with all capitalized terms being defined in Paragraph 14 below) (the "Creditors Placement Shares"); and

3. issued and allotted 57,142,857 new Shares at an issue price of S$0.035 each for the settlement of professional fees (in lieu of cash payment) incurred in connection with the Debt Restructuring Exercise (the "Professionals Consideration Shares").

On 30 January 2018, the Company issued and allotted 269,238,877 free warrants (the "Warrants") on the basis of eight Warrants for every 10 Shares held by the Shareholders as at the end of the books closure date on 24 January 2018. Each of the Warrants would entitle the holder a right to subscribe for one new Share at an exercise price of S$0.035 each and each Warrant can only be exercised during the period commencing on and including the date six months from the date of listing of the Warrants on the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 2 February 2018 and expiring on the date immediately preceding 30 January 2023, being the fifth anniversary of the date of issue of the Warrants.

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

	No of Shares
Total number of issued Shares (excluding treasury shares) as at 30 September 2017	336,548,600
Add: Investment Shares	2,142,857,141
Creditors Placement Shares	983,619,763
Professionals Consideration Shares	57,142,857
Shareholder exercise Shares	160,000
Total number of issued Shares (excluding treasury shares) as at 30 September 2018	3,520,328,361

As at 30 September 2018, the following securities, which are capable of being exercised into Shares, remain outstanding:

1. 3,430,000 2013 ESOS Options (30 September 2017: 3,430,000 2013 ESOS Options);
2. 4,160,000 [(1)] 2015 ESOS Options (30 September 2017: 4,280,000 [(1)] 2015 ESOS Options); and
3. 269,078,877 [(2)] Warrants (30 September 2017: Nil)

Notes:

1. The reduction in 2015 ESOS Options from 4,280,000 as at 30 September 2017 to 4,160,000 as at 30 September 2018 was attributed to the resignation of employees holding such options.
2. These Warrants can only be exercised from 2 July 2018 to 29 January 2023.

Save as disclosed, the Company has no outstanding securities, which are capable of being converted into Shares as at 30 September 2018 and 30 September 2017.

1.(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 September 2018	As at 30 September 2017
Total number of issued ordinary shares (excluding treasury shares)	3,520,328,361	336,548,600

1.(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company owned 4,201,400 treasury shares as at 30 September 2018. There was no movement on the treasury shares held by the Company during the financial period reported on.

2. Whether the figures have been audited, or reviewed in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the preparing the financial statements for the current financial year as with those used in preparing the audited financial statements as at 30 September 2017.

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

Basis of preparation

Following the completion of the Group's debt refinancing and restructuring exercise (including the receipt of fresh funds aggregating S$60.0 million from nine investors (the "Investors") (the "Investment") (the "Debt Restructuring Exercise") on 25 January 2018, the Group reversed its net liability position of S$152.6 million as at 30 September 2017 to a net assets position of S$113.2 million as at 30 September 2018. The reversal in net worth of the Group was largely attributed to the Derecognized Debts (as defined below).

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

With the Debt Restructuring Exercise fully completed on 25 January 2018, thereby enabling the Group to have fully discharged all its due and payable obligations and have its financial position strengthened, the unaudited financial statements of the Group for FY2018 have been continued to be prepared based on the ability of the Group to continue as a going concern.

Adoption of Singapore Financial Reporting Standards (FRSs)

The Group and the Company adopted all the new and revised Singapore Financial Reporting Standards (FRSs) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2017, where applicable. The adoption of these standards does not have a material impact on the financial statements of the Group and of the Company as at 1 October 2017.

6. Earnings per ordinary shares of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	FY2018	FY2017
	S$'000	S$'000
Profit/(loss) attributable to equity holders	**168,978**	(312,690)

	FY2018		FY2017	
Earnings / (loss) per share	**Number of shares**	**Singapore cents**	Number of shares	Singapore cents
Basic	**2,508,427,286**	**6.74**	336,548,600	(92.91)
Diluted	**2,508,427,286**	**6.74**	336,548,600	(92.91)

* Basic earnings or loss per share are 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 or loss per share are 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.

	Group		Company	
	As at 30 September 2018 S$'000	As at 30 September 2017 S$'000	**As at 30 September 2018 S$'000**	As at 30 September 2017 S$'000
Net asset value	**113,213**	**(152,642)**	**141,897**	**44,767**
Net asset value per ordinary share based on issued share capital (Singapore cents)	**3.2 cents**	(45.4) cents	**4.0 cents**	13.3 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"), comprising 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 service 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 boost 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

The Group's revenues for FY2018 (vis-à-vis FY2017) is tabulated as follow:

	FY2018		FY2017		Change	
	S$ m	**%**	**S$ m**	**%**	**S$ m**	**%**
Ship Chartering Operations	**11.5**	**43**	16.5	43	(5.0)	(30)
Ship Building & Repair Operations	**15.1**	**57**	22.1	57	(7.0)	(32)
	26.6	**100**	38.6	100	(12.0)	(31)

The revenue of the Group decreased by 31% from S$38.6 million in FY2017 to S$26.6 million in FY2018.

The revenue for the Group's Ship Chartering Operations decreased by 30% from S$16.5 million in FY2017 to S$11.5 million in FY2018. The decrease was due mainly to lower utilization and charter rates of the Group's OSVs fleet as a result of the slow recovery of the marine and offshore industry following the protracted oil price crisis, albeit some improvements in the utilization of the Group's fleet of tugboats and barges.

The revenue for the Ship Building & Repair Operations decreased by 32%, from S$22.1 million in FY2017 to S$15.1 million in FY2018, primarily as a result of reduced ship building projects and ship repairing jobs.

The Group recorded a gross profit of S$5.3 million in FY2018 compared to S$9.9 million in FY2017, mainly as a result of the reduced turnover.

The Group's other operating income increased significantly in FY2018 to S$184.7 million from S$1 million in FY2017, due mainly to the Derecognized Debts and a gain in foreign exchange.

The Group's administrative expenses increased by 11% from S$5.7 million in FY2017 to S$6.4 million in FY2017, largely contributed by the increase in staff cost.

The Group's other operating expenses recorded a decrease to S$7.3 million in FY2018 from S$256.0 million in FY2017, attributed primarily to the substantial impairments made on the assets of the Group in FY2017, which were largely one-off without any recurring in FY2018.

The finance costs of the Group decreased by S$7.4 million or 72% to S$2.8 million in FY2017, from S$10.2 million in FY2017, primarily due to the Derecognized Debts following the completion of the Debt Restructuring Exercise.

The share of losses from jointly-controlled companies was S$5.4 million in FY2018 compared to S$51.3 million in FY2017. The decrease was mainly attributable to the share of impairment losses on their assets in FY2017, which were largely one-off without any recurring in FY2018. The share of losses from jointly-controlled companies in FY2018 was mainly attributable to the shared losses of PT BBR.

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

The non-current assets of the Group decreased by S$0.5 million from S$99.6 million as at 30 September 2017 to S$99.1 million as at 30 September 2018. The decrease was mainly attributed to the reduction in the carrying values of the Group's investment in joint ventures, which was partially offset by the increase in "Property, plant and equipment" following a re-classification of two completed vessels from "Inventories" (the "Reclassification").

The decrease in trade receivables by S$0.5 million from S$4.5 million as at 30 September 2017 to S$4.0 million as at 30 September 2018 was in line with the reduction in the Group's turnover.

The Group's inventories recorded a decrease from S$15.1 million as at 30 September 2017 to S$1.4 million as at 30 September 2018, due mainly to the Reclassification.

The gross amounts due from customers for construction contracts decreased from S$3.0 million as at 30 September 2017 to a nil balance as at 30 September 2018, due to the full repayment made by a customer as a result of the completion of a ship building project.

The decrease in the Group's other receivables, deposits and prepayments, from S$3.2 million as at 30 September 2017 to S$2.3 million as at 30 September 2018, was due mainly due to reduced deposits.

The trade payables of the Group decreased by S$5.8 million to S$4.5 million as at 30 September 2018 from S$10.3 million as at 30 September 2017, primarily due to reclassification of S$1.6 million to non current liabilities and payment settlements aggregating S$3.5 million to certain creditors of the Group pursuant to the terms of the Debt Restructuring Exercise.

The decrease in other payables and accruals was mainly due to reduced accrued project costs and expenses following the completion of the Debt Restructuring Exercise.

The Group's total interest-bearing borrowings decreased to S$154,000 as at 30 September 2018 from S$245.9 million as at 30 September 2017 consequence to the Derecognized Debts following the completion of the Debt Restructuring Exercise.

The Group recorded a net cash used in operating activities of S$4.1 million for the financial year ended 30 September 2018, compared to a net cash flow generated from operating activities of S$0.8 million for the corresponding financial year ended 30 September 2017, principally as a result of a reduction in trade and other payables. The cash and cash equivalent of the Group stood at S$17.9 million as at 30 September 2018 compared to S$4.8 million as at 30 September 2017.

Following from the above:

(1) the working capital of the Group reversed from a negative $251.2 million as at 30 September 2017 to a positive S$15.8 million as at 30 September 2018, chiefly as a results of the Derecognized Debts following the successful completion of the Debt Restructuring Exercise;

(2) the Group is relatively free of any interest bearing debt as at 30 September 2018, thereby having its net gearing (defined as the ratio of the aggregate of interest bearing loans net of cash and cash equivalents to total equity) essentially reduced to nil as at 30 September 2018 from a negative 159.3% as at 30 September 2017; and

(3) the net asset value per share of the Group reversed to 3.2 Singapore cents as at 30 September 2018 from a negative 45.4 Singapore cents as at 30 September 2017.

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

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The outlook for offshore marine industry remains challenging and competitive for the next 12 months in view of the lingering vessel supply overhang and low charter rates.

Notwithstanding which, the Group continues 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/recommended for FY2018.

13. Interested Person Transactions

Pursuant to Rule 907 of the SGX-ST Listing Manual and the new IPT General Mandate procured from the shareholders of the Company on 27 February 2018, the following interested person transactions had been entered into during Q4FY2018:

Name of Interested Persons	**Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under the Shareholders' Mandate (excluding transactions less than S$100,000) pursuant to Rule 920**
	S$'000	**S$'000**
PT. Pelayaran Nasional Bina Buana	-	249

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
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)
Reversal of impairment loss on investments in joint ventures, net	779	-	779
Finance income	3	3	6
Finance costs	(2,104)	(457)	(2,561)
Unallocated net finance cost			(160)
Unallocated administrative and other expenses			37,523
Profits before income tax			168,038
Income tax expenses			940
Profits for the year			168,978
Reportable segment assets	72,912	27,077	99,989
Interest 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
Other material non-cash items:			
Depreciation	4,743	2,555	7,298
Allowance for impairment of trade receivable	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)
Debt waiver income	(127,902)	(51,976)	(179,878)

Business segments

	Ship chartering services S$'000	Shipbuilding and repair S$'000	Total operations S$'000
2017			
External revenue	16,572	22,066	38,638
Reportable segment results from operating activities	(185,156)	(48,334)	(233,490)
Share of losses in joint ventures	(51,269)	-	(51,269)
Impairment on investment in joint ventures	(7,531)	-	(7,531)
Finance income	5	7	12
Finance costs	(7,879)	(2,219)	(10,098)
Unallocated net finance cost			(123)
Unallocated administrative and other expenses			(9,793)
Loss before income tax			(312,292)
Income tax expenses			(398)
Loss for the year			(312,690)
Reportable segment assets	64,256	47,050	111,306
Interest in joint ventures	18,830	-	18,830
Unallocated assets			61
Total assets			130,197
Reportable segment liabilities	130,055	92,364	222,419
Unallocated liabilities	60,420	-	60,420
Total liabilities			282,839
Capital expenditure	3	6	9
Other material non-cash items:			
Depreciation	13,470	3,038	16,508
Allowance for impairment of trade receivable	16,876	-	16,876
Allowance for impairment of other receivable	34,264	354	34,618
Allowance for impairment of inventories	-	38,750	38,750
Impairment on investments in joint ventures	7,531	-	7,531
Impairment on property, plant and equipment	136,128	-	136,128
Deposit written off	-	2,289	2,289

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 2018	**Revenues 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

Geographical information 30 September 2017	**Revenues S$'000**	**%**	**Non-current assets S$'000**	**%**
Singapore	7,656	20	66,960	67
Indonesia	14,741	39	22,250	22
Australia	1,635	4	1,833	2
Thailand	801	2	-	
Malaysia	8,687	22	8,552	9
Others	5,118	13	-	-
Total	38,638	100	99,595	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.

Due mainly to the recent oil price crisis, which led to lack of oil exploration projects and weak demand on deployment of offshore supply vessels and a decrease in shipyard business, the revenue generated by the Group decreased across its geographical segments in Indonesia, Australia, Thailand, Malaysia and other Asian countries.

16. Breakdown of sales.

The Group	**2018 S$'000**	2017 S$'000
Revenue reported for the first quarter	**7,461**	11,411
(Loss)/profit after tax before deducting MI reported for the first quarter	**(6,641)**	3,385
Revenue reported for the second quarter	**7,625**	12,841
Profit/(loss) after tax before deducting MI reported for the second quarter	**173,528**	(8,159)
Revenue reported for the third quarter	**5,888**	9,086
Profit/(loss) after tax before deducting MI reported for the third quarter	**2,639**	(304,227)
Revenue reported for the fourth quarter	**5,583**	5,300
Loss after tax before deducting MI reported for the fourth quarter	**(548)**	(3,689)

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	62	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 (Shipyard Administration). He is responsible for the administrative function of PT Marco Polo Shipyard, a wholly-owned subsidiary of the Company.	None
Mr Simon Karuntu	67	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 (Shipyard Operations). He is in charge of overall operations and general administration of PT Marco Polo Shipyard, including handling government, statutory and other regulatory authorities and legal matters, a position he held since 2008.	None

19. Use of proceeds from the Investment

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

(a) a consent solicitation exercise (the "CSE") to deal with and obtain consensual agreement for the settlement and full discharge of all outstanding debts and liabilities owing under the Series 001 S$50,000,000 5.75% Fixed Rate Notes due 2016 issued by the Company (the "Notes") to the holders of the Notes (the "Noteholders"). The requisite approval was granted by the Noteholders on 15 November 2017;

(b) a scheme of arrangement (the "MPML Scheme") pursuant to Section 210 of the Companies Act entered into between the Company and the creditors under the MPML Scheme (the "MPML Scheme Creditors"). The requisite Court sanction was granted by the MPML Scheme Creditors on 21 November 2017 and the court order for the MPML Scheme was lodged with the Accounting and Corporate Regulatory Authority ("ACRA") on 5 December 2017;

(c) a scheme of arrangement (the "MPSY Scheme") pursuant to Section 210 of the Companies Act entered into between MPSY and the creditors under the MPSY Scheme (the "MPSY Scheme Creditors"). The requisite Court sanction was granted by the MPSY Scheme Creditors on 21 November 2017 and the court order for the MPSY Scheme was lodged with ACRA on 5 December 2017;

(d) the "Penundaan Kewajiban Pembayaran Utang" ("PKPU") Indonesian court supervised debt restructuring proceedings commenced by PT Marcopolo Shipyard ("PTMS") in accordance with Indonesian Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment (the "PKPU Restructuring"). PTMS has obtained the requisite court declaration made in response to the PKPU Restructuring Proposal that has been submitted, namely, that a valid debt restructuring has been agreed to by PTMS and the relevant creditors. Accordingly, the Commercial Court of Medan has endorsed the agreed debt restructuring under the PKPU Restructuring Proposal and ordered PTMS and the relevant creditors to comply with the said proposal as declared on 18 December 2017;

(e) the restructuring of the secured debts of PT BBR, by way of an inter-creditor deed to be entered into between PT BBR and certain of its secured creditors, on terms that ensure that PT BBR is able to continue as a going concern following the post-completion of the Debt Restructuring Exercise. The standstill inter-creditor deed was signed off by the respective secured lenders on 17 January 2018; and

(e) the Investment that forms an integral part of the Debt Restructuring Exercise.

A summary as at 30 September 2018 on the use of proceeds from the Investment (to partially fund the Debt Restructuring Exercise) is provided below:

	S$'000	S$'000
Proceeds		**60,000**
Less:		
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	(4,039)	
Total used proceeds		**(52,770)**
Remaining proceeds		**7,230**

20. 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.

21. 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 FY2018 to be false or misleading in any material aspect.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
Chief Executive Officer

Liely Lee
Chief Financial Officer

29 November 2018