



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD FINANCIAL QUARTER (“Q3FY2019”) AND NINE MONTHS ENDED 30 JUNE 2019 (“9MFY2019”) IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2019 (“FY2019”)

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q3 & 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 | | |
|---|----------------|----------|----------|-----------------|----------|----------|
| | Q3FY2019 | Q3FY2018 | % Change | 9MFY2019 | 9MFY2018 | % Change |
| | S\$'000 | S\$'000 | | S\$'000 | S\$'000 | |
| Revenue | 9,005 | 5,888 | 53 | 21,425 | 20,974 | 2 |
| Cost of sales | (7,484) | (5,566) | 34 | (17,206) | (17,038) | 1 |
| Gross profit | 1,521 | 322 | NM | 4,219 | 3,936 | 7 |
| Other operating income | 903 | 5,597 | (84) | 1,602 | 181,807 | (99) |
| Administrative expenses | (1,702) | (1,639) | 4 | (4,696) | (4,735) | (1) |
| Other operating expenses | (1,361) | (1,003) | 36 | (4,723) | (6,559) | (28) |
| (Loss)/Profit from operations | (639) | 3,277 | NM | (3,598) | 174,449 | NM |
| Finance costs | (2) | (7) | (71) | (8) | (2,791) | NM |
| Share of losses in joint ventures | (792) | (627) | 26 | (2,566) | (2,673) | (4) |
| (Loss)/Profit before income tax | (1,433) | 2,643 | NM | (6,172) | 168,985 | NM |
| Income tax (expense)/credit | 6 | (4) | NM | (77) | 541 | NM |
| (Loss)/Profit for the financial period | (1,427) | 2,639 | NM | (6,249) | 169,526 | NM |
| (Loss)/Profit attributable to:- | | | | | | |
| Equity holders of the Company | (1,427) | 2,639 | NM | (6,249) | 169,526 | NM |
| | (1,427) | 2,639 | NM | (6,249) | 169,526 | NM |

“Q3FY2019” denotes the third financial quarter of the financial year ended 30 September 2019 (“FY2019”).

“9MFY2019” denotes the 9 months financial year of FY2019.

“Q3FY2018” denotes the third financial quarter of the financial year ended 30 September 2018 (“FY2018”).

“9MFY2018” denotes the 9 months 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 | | |
|---|----------------|----------|----------|----------------|----------|----------|
| | Q3FY2019 | Q3FY2018 | % Change | 9MFY2019 | 9MFY2018 | % Change |
| | S\$'000 | S\$'000 | | S\$'000 | S\$'000 | |
| (Loss)/Profit for the financial period | (1,427) | 2,639 | NM | (6,249) | 169,526 | NM |
| Other comprehensive income: | | | | | | |
| Share of other comprehensive income of a joint venture | - | - | NM | 42 | (78) | NM |
| Exchange difference arising from translation foreign operations | 160 | (2,509) | NM | 651 | 1,045 | (38) |
| Total comprehensive income | (1,267) | 130 | NM | (5,556) | 170,493 | NM |
| Total comprehensive income attributable to:- | | | | | | |
| Equity holders of the Company | (1,267) | 130 | NM | (5,556) | 170,493 | NM |
| | (1,267) | 130 | NM | (5,556) | 170,493 | NM |

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

| | Group | | | Group | | |
|--|----------|----------|----------|----------|-----------|----------|
| | Q3FY2019 | Q3FY2018 | % Change | 9MFY2019 | 9MFY2018 | % Change |
| | S\$'000 | S\$'000 | | S\$'000 | S\$'000 | |
| (Loss)/Profit before income tax has been arrived at after charging/(crediting): | | | | | | |
| Depreciation of property, plant and equipment | 1,885 | 1,822 | 3 | 5,662 | 5,418 | 5 |
| Net foreign currency exchange loss/(gain) | 279 | (4,722) | NM | 1,403 | (826) | NM |
| Interest income | (47) | (66) | (29) | (166) | (72) | NM |
| Interest expenses | 2 | 7 | (71) | 8 | 2,791 | NM |
| Share-based payment expense | 21 | 21 | - | 62 | 62 | - |
| Allowance for doubtful trade receivables | - | (145) | NM | - | 1,013 | NM |
| Allowance for doubtful other receivables | - | 241 | NM | - | 187 | NM |
| Impairment loss on investment in joint venture | - | - | NM | - | 1,214 | NM |
| Reversal of impairment on investment in joint venture | (470) | (622) | (24) | (470) | (622) | (24) |
| Debts waiver income | - | - | NM | - | (179,878) | NM |
| Provision for compensation expenses | - | 322 | NM | - | 497 | 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 June 2019 S\$'000 | As at 30 September 2018 S\$'000 | As at 30 June 2019 S\$'000 | As at 30 September 2018 S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 83,531 | 87,611 | - | - |
| Investment in subsidiaries | - | - | 4,320 | 4,320 |
| Investment in joint ventures | 8,308 | 11,490 | 4,380 | 3,965 |
| | 91,839 | 99,101 | 8,700 | 8,285 |
| Current assets | | | | |
| Inventories | 1,368 | 1,426 | - | - |
| Trade receivables | 9,247 | 3,996 | - | - |
| Gross amounts due from customers for construction contracts | 109 | - | - | - |
| Other receivables, deposits and prepayment | 3,467 | 2,288 | 1,594 | 129 |
| Amount due from subsidiaries (non-trade) | - | - | 122,839 | 121,716 |
| Cash and cash equivalents | 14,599 | 17,947 | 9,238 | 13,145 |
| | 28,790 | 25,657 | 133,671 | 134,990 |
| Total assets | 120,629 | 124,758 | 142,371 | 143,275 |
| Current liabilities | | | | |
| Trade payables | 7,850 | 4,510 | - | - |
| Gross amounts due to customers for construction contracts | - | 5 | - | - |
| Other payables and accruals | 3,782 | 4,130 | 834 | 1,378 |
| Borrowings – interest bearing | 16 | 52 | - | - |
| Income tax payable | 1,172 | 1,122 | - | - |
| | 12,820 | 9,819 | 834 | 1,378 |
| Non-current liabilities | | | | |
| Trade payables | - | 1,624 | - | - |
| Borrowings – interest bearing | 90 | 102 | - | - |
| | 90 | 1,726 | - | - |
| Total liabilities | 12,910 | 11,545 | 834 | 1,378 |
| Net assets | 107,719 | 113,213 | 141,537 | 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 | 498 | 436 | - | - |
| Other reserve | 157 | 115 | - | - |
| Foreign currency translation reserve | 2,542 | 1,891 | - | - |
| Accumulated losses | (50,580) | (44,331) | (12,931) | (12,571) |
| Total equity | 107,719 | 113,213 | 141,537 | 141,897 |

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

| | Group | |
|--|----------------|---------------------|
| | As at | As at |
| | 30 June | 30 September |
| | 2019 | 2018 |
| | S\$'000 | S\$'000 |
| Amount repayable in one year or less or on demand Secured* | <u>16</u> | <u>52</u> |
| Amount repayable after one year Secured* | <u>90</u> | <u>102</u> |

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 | |
|---|---------------|---------------|----------------|----------------|
| | Q3FY2019 | Q3FY2018 | 9MFY2019 | 9MFY2018 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash flow from operating activities | | | | |
| (Loss)/profit before income tax | (1,433) | 2,643 | (6,172) | 168,985 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 1,885 | 1,822 | 5,662 | 5,418 |
| Fixed assets written off | - | - | - | 1 |
| Allowance for doubtful trade receivables | - | (145) | - | 1,013 |
| Allowance for doubtful other receivables | - | 241 | - | 187 |
| Interest expense | 2 | 7 | 8 | 2,791 |
| Interest income | (47) | (66) | (166) | (72) |
| Impairment loss on investment in joint ventures | - | - | - | 1,214 |
| Reversal of impairment on investment in joint venture | (470) | (622) | (470) | (622) |
| Recoverable cost expensed off | - | - | - | 3 |
| Write off forfeited deposits | - | 3 | - | 3 |
| Share-based payment expense | 21 | 21 | 62 | 62 |
| Share of losses in joint ventures | 792 | 627 | 2,566 | 2,673 |
| Gain on acquisition of investment | (182) | - | (182) | - |
| Debts waiver income | - | - | - | (179,878) |
| Foreign exchange difference | 971 | (4,150) | 1,996 | (161) |
| Operating profit before working capital changes | 1,539 | 381 | 3,304 | 1,617 |
| Movement in working capital | | | | |
| Inventories | (11) | (46) | 58 | 123 |
| Trade and other receivables | (2,611) | 10 | (6,318) | (2,150) |
| Due from/(to) customers for construction contracts | (19) | (1,298) | (114) | 1,083 |
| Trade and other payables | 2,058 | 328 | 1,367 | (4,911) |
| Cash generated from / (used in) in operations | 956 | (625) | (1,703) | (4,238) |
| Interest paid | - | - | - | (19) |
| Income tax | (76) | (291) | (182) | (288) |
| Net cash generated from/ (used in) operating activities | 880 | (916) | (1,885) | (4,545) |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (1,427) | (621) | (1,998) | (1,165) |
| Repayment from a joint venture | 962 | - | 962 | - |
| Advances to joint venture | - | - | (415) | - |
| Net cash generated used in investing activities | (465) | (621) | (1,451) | (1,165) |
| Cash flows from financing activities | | | | |
| Interest received | 53 | 66 | 160 | 72 |
| Repayment of term loans | - | - | - | (45,875) |
| Repayment of finance lease payables, net | (8) | (16) | (48) | (49) |
| Interest paid on finance lease payables | (2) | (2) | (8) | (6) |
| Interest paid on term loans | - | - | - | (140) |
| Withdrawal of fixed deposits and bank balances pledged with licensed bank | - | - | - | 1,131 |
| Repayment of amount due from a joint venture | - | 622 | - | 3,112 |
| Movement in bank overdraft | - | - | - | 2,000 |
| Proceeds from issuance of shares | - | - | - | 60,000 |
| Net cash generated from financing activities | 43 | 670 | 104 | 20,245 |
| Net increase/(decrease) in cash and cash equivalents | 458 | (867) | (3,232) | 14,535 |
| Cash and cash equivalents at beginning of the period | 14,173 | 16,929 | 17,947 | 1,650 |
| Effect of exchange rate changes on cash and cash equivalents | (32) | 70 | (116) | (53) |
| Cash and cash equivalents at end of the financial period (Note 1) | 14,599 | 16,132 | 14,599 | 16,132 |

Note 1

Cash and cash equivalent consist of:

Cash and bank balances

Fixed deposits

Cash and cash equivalent

| Group | |
|-----------------|-----------------|
| 9MFY2019 | 9MFY2018 |
| S\$'000 | S\$'000 |
| 8,846 | 6,973 |
| 5,753 | 9,159 |
| 14,599 | 16,132 |
| | |

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 | Retained earning | Other reserves | Total equity |
|---|---------------|-----------------|-----------------|-------------------------------|--------------------------------------|------------------|----------------|--------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 October 2018 | 155,671 | (1,203) | 634 | 436 | 1,891 | (44,331) | 115 | 113,213 |
| Loss for the financial period | - | - | - | - | - | (6,249) | - | (6,249) |
| Other comprehensive income, net of tax | - | - | - | - | 651 | - | 42 | 693 |
| Total comprehensive income for the financial period | - | - | - | - | 651 | (6,249) | 42 | (5,556) |
| Employee share option | - | - | - | 62 | - | - | - | 62 |
| Balance as at 30 June 2019 | 155,671 | (1,203) | 634 | 498 | 2,542 | (50,580) | 157 | 107,719 |
| Balance as at 1 October 2017 | 59,239 | (1,203) | 634 | 353 | 1,450 | (213,309) | 194 | (152,642) |
| Profit for the financial period | - | - | - | - | - | 169,526 | - | 169,526 |
| Other comprehensive income, net of tax | - | - | - | - | 1,045 | - | (78) | 967 |
| Total comprehensive income for the financial period | - | - | - | - | 1,045 | 169,526 | (78) | 170,493 |
| Issuance of ordinary shares | 96,427 | - | - | - | - | - | - | 96,427 |
| Employee share option | - | - | - | 62 | - | - | - | 62 |
| Balance as at 30 June 2018 | 155,666 | (1,203) | 634 | 415 | 2,495 | (43,783) | 116 | 114,340 |

| 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 income for the financial period | - | - | (360) | (360) |
| Balance at 30 June 2019 | 155,671 | (1,203) | (12,931) | 141,537 |
| Balance at 1 October 2017 | 59,239 | (1,203) | (13,269) | 44,767 |
| Issuance of ordinary shares | 96,427 | - | - | 96,427 |
| Total comprehensive income for the financial period | - | - | 421 | 421 |
| Balance at 30 June 2018 | 155,666 | (1,203) | (12,848) | 141,615 |

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

1. 3,380,000 2013 ESOS Options (30 June 2018: 3,430,000 2013 ESOS Options);
2. 4,050,000 2015 ESOS Options (30 June 2018: 4,160,000 2015 ESOS Options); and
3. 269,078,877 Warrants (30 June 2018: 269,238,877 Warrants)

Save as disclosed, the Company has no outstanding convertibles as at 30 June 2019 and 30 June 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 June 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 June 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 | |
|---|---------------------|---------------------|
| | 9MFY2019 S\$'000 | 9MFY2018 S\$'000 |
| (Loss)/profit attributable to equity holders | (6,249) | 169,526 |

| | 9MFY2019 | | 9MFY2018 | |
|---------------------------|----------------------|-----------------|------------------|-----------------|
| | Number of shares | Singapore cents | Number of shares | Singapore cents |
| Earnings per share | | | | |
| Basic | 3,520,328,361 | (0.18) | 2,167,421,503 | 7.82 |
| Diluted | 3,520,328,361 | (0.18) | 2,167,421,503 | 7.82 |

* 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 June 2019 S\$'000 | As at 30 September 2018 S\$'000 | As at 30 June 2019 S\$'000 | As at 30 September 2018 S\$'000 |
| Net asset value | 107,719 | 113,213 | 141,537 | 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 9MFY2019 (vis-à-vis 9MFY2018) and Q3FY2019 (vis-a-vis Q3FY2018) were as follow:

| | Q3FY2019 | | Q3FY2018 | | Change | | 9MFY2019 | | 9MFY2018 | | Change | |
|-----------------------------------|----------|-----|----------|-----|--------|-----|----------|-----|----------|-----|--------|------|
| | S\$ m | % | S\$ m | % | S\$ m | % | S\$ m | % | S\$ m | % | S\$ m | % |
| Ship Chartering Operations | 5.1 | 57 | 2.2 | 37 | 2.9 | 132 | 11.3 | 53 | 8.3 | 40 | 3.0 | 36 |
| Ship Building & Repair Operations | 3.9 | 43 | 3.7 | 63 | 0.2 | 5 | 10.1 | 47 | 12.7 | 60 | (2.6) | (20) |
| | 9.0 | 100 | 5.9 | 100 | 3.1 | 53 | 21.4 | 100 | 21.0 | 100 | 0.4 | 2 |

The Group recorded a revenue of S\$9.0 million in Q3FY2019, an increase of 53% from that of S\$5.9 million registered in Q3FY2018, and a revenue of S\$21.4 million in 9MFY2019, an increase of 2% from that of S\$21.0 million registered in 9MFY2018.

The revenue derived from the Ship Chartering Operations of the Group increased by 132% to S\$5.1 million in Q3FY2019 from S\$2.2 million in Q3FY2018 and by 36% to S\$11.3 million in 9MFY2019 from S\$8.3 million in 9MFY2018. The increases were mainly due to higher utilization of the Group's fleet of offshore vessels.

The Ship Building & Repair Operations of the Group recorded an increase in revenue of 5% to S\$3.9 million in Q3FY2019 from S\$3.7 million in Q3FY2018 due mainly to an increase in ship repair jobs. However, on a nine-month basis, the revenue from the Ship Building & Repair Operations decreased by 20% to S\$10.1 million in 9MFY2019 from S\$12.7 million in 9MFY2018 mainly due to a reduction in ship building projects albeit an increase in ship repair jobs.

The Group recorded a gross profit of S\$1.5 million (against a gross profit margin of 16.9%) in Q3FY2019 compared to that of S\$0.3 million (against a gross profit margin of 5.5%) in Q3FY2018 mainly as a result of the increased contribution from higher yielding ship chartering services. On a nine-month basis, on a maintainable gross profit margin of about 19.0%, the Group's overall gross profit increased to S\$4.2 million in 9MFY2019 from S\$3.9 million in 9MFY2018 mainly as result of increased turnover from Ship Chartering Operations.

The Group's other operating income decreased to S\$0.9 million in Q3FY2019 from S\$5.6 million in Q3FY2018 and to S\$1.6 million in 9MFY2019 from S\$181.8 million in 9MFY2018. The decreases were attributed chiefly to the significant debts waiver income (resulting from the derecognized debts) recognized in 9MFY2018 coupled with a foreign exchange gain of S\$4.7 million in Q3FY2018 vis-à-vis a foreign exchange loss recognised in Q3FY2019.

The Group's administrative expenses maintained at S\$1.7 million in Q3FY2019 and Q3FY2018 and S\$4.7 million in 9MFY2019 and 9MFY2018.

The Group's other operating expenses increased to S\$1.4 million in Q3FY2019 from S\$1.0 million in Q3FY2018, due primarily to foreign exchange losses of S\$279,000 in Q3FY2019. The Group's other operating expenses decreased to S\$4.7 million in 9MFY2019 from S\$6.6 million in 9MFY2018, attributed largely to reduction in legal and professional expenses incurred in 9MFY2019 (relative to 9MFY2018) coupled with impairment losses on assets recognised in 9MFY2018.

The finance costs of the Group decreased to S\$8,000 in 9MFY2019 from S\$2.8 million in 9MFY2018, 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\$0.6 million in Q3FY2018 to S\$0.8 million in Q3FY2019 and decreased from S\$2.7 million in 9MFY2018 to S\$2.6 million in 9MFY2019. The share of losses from jointly-controlled companies in Q3FY2019 and 9MFY2019 was mainly attributable to the share of losses of PT BBR.

As a result of the above, we registered a loss before tax and a net loss attributed to owners of the Company of S\$1.4 million in Q3FY2019 compared to a profit before tax and a net profit attributed to owners of the Company of S\$2.6 million in Q3FY2018 and a loss before tax and a net loss attributed to owners of the Company of S\$6.2 million in 9MFY2019 compared to a profit before tax and net profit attributed to owners of the Company of S\$169.5 million in 9MFY2018.

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\$3.1 million in 9MFY2018 to a positive S\$0.7 million in 9MFY2019, and from S\$6,000 in Q3FY2018 to S\$0.7 million in Q3FY2019.

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

The non-current assets of the Group decreased by S\$7.3 million or 7% from S\$99.1 million as at 30 September 2018 to S\$91.8 million as at 30 June 2019. The decrease was mainly due to depreciation of vessels and share of losses in joint ventures, albeit a partial offset by advances to a joint venture entity.

Trade receivables increased from S\$4.0 million at 30 September 2018 to S\$9.2 million at 30 June 2019 due mainly to increased revenue from ship chartering and ship repair jobs in 9MFY2019.

The other receivables, deposits and prepayment increased by S\$1.2 million from S\$2.3 million as at 30 September 2018 to S\$3.5 million as at 30 June 2019, attributed mainly to an increase in accrued revenue for ship repair jobs procured towards the end of Q3FY2019.

In line with increased shipping chartering activities as well as volume of ship repair jobs, current trade payables of the Group increased by S\$3.4 million to S\$7.9 million as at 30 June 2019 from S\$4.5 million as at 30 September 2018.

Other payables and accruals decreased by S\$0.3 million from S\$4.1 million as at 30 September 2018 to S\$3.8m as at 30 June 2019, due mainly to the reversal of professional fees that were over accrued in the previous financial year.

Non-current trade payables of the Group decreased by S\$1.6 million to a nil balance as at 30 June 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.

The Group reported a net cash used in operating activities of S\$1.9 million for 9MFY2019, principally as a result of an increase in trade and other receivables brought about by the increase in business activities in Q3FY2019. The cash and cash equivalent of the Group stood at S\$14.6 million as at 30 June 2019 compared to S\$17.9 million as at 30 September 2018.

Following from the above:

- (i) the working capital of the Group increased from S\$15.8 million as at 30 September 2018 to S\$16.0 million as at 30 June 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 June 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 June 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 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 is approximately 50% completed as at the date of this announcement and the overall construction is expected to be fully completed as scheduled by September 2019 with minimum disruption to the existing operations of the Shipyard during this period.

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 9MFY2019.

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. 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 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
- (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 June 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 | (1,050) | |
| Settlement to PKPU Secured Creditors | (4,760) | |
| Settlement to PKPU Trade Creditors | (4,100) | |
| General working capital | (4,380) | |
| Total used proceeds as at 30 June 2019 | | (54,786) |
| Remaining proceeds | | 5,214 |

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 | 1,685 |
| Operation overheads | 1,617 |
| | <hr/> |
| | 4,380 |
| | <hr/> |

15. Negative Assurance on Interim Financial Statement

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company, which may render the unaudited financial statements of the Group and of the Company for Q3FY2019 and 9MFY2019 to be false or misleading in any material aspect.

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

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
Chief Executive Officer

Liely Lee
Chief Financial Officer

8 August 2019