MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 31 MARCH 2020 ("H1FY2020") IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2020 ("FY2020")

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEARLY (H1), 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		
	H1FY2020	H1FY2019	% Change
	S$'000	S$'000	
Revenue	**18,562**	12,420	49
Cost of sales	**(15,140)**	(9,722)	56
Gross profit	**3,422**	2,698	27
Other operating income	**2,436**	699	NM
Administrative expenses	**(3,254)**	(2,994)	9
Other operating expenses	**(2,202)**	(3,362)	(35)
Profit/(loss) from operations	**402**	(2,959)	NM
Finance costs	**(17)**	(6)	NM
Share of losses in joint ventures	**(1,032)**	(1,774)	(42)
Loss before income tax	**(647)**	(4,739)	(86)
Income tax expense	**(61)**	(83)	(27)
Loss for the financial period	**(708)**	(4,822)	(85)
Loss attributable to:-			
Equity holders of the Company	**(708)**	(4,822)	(85)
	(708)	(4,822)	(85)

"H1FY2020" denotes the first half financial year of FY2020.

"H1FY2019" denotes the first half financial year of FY2019.

"% 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		
	H1FY2020	H1FY2019	% Change
	S$'000	S$'000	
Loss for the financial period	**(708)**	(4,822)	NM
Other comprehensive income:			
Share of other comprehensive income of a joint venture	**1**	42	(98)
Exchange difference arising from translation foreign operations	**533**	491	9
Total comprehensive income	**(174)**	(4,289)	(96)
Total comprehensive income attributable to:-			
Equity holders of the Company	**(174)**	(4,289)	(96)
	(174)	(4,289)	(96)

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

	Group		
	H1FY2020	H1FY2019	% Change
Loss before income tax has been arrived at after charging/(crediting):	**S$'000**	S$'000	
Depreciation of right-of-use assets	**117**	-	-
Depreciation of property, plant and equipment	**3,574**	3,777	(5)
Net foreign currency exchange loss/(gain)	**(1,625)**	1,124	NM
Interest income	**(348)**	(119)	NM
Interest expenses	**17**	6	NM
Share-based payment expense	**42**	41	2
Gain on disposal of property, plant and equipment	**25**	-	NM

1.(a)(iv) Breakdown of material items under Other Income:

	Group		
	H1FY2020	H1FY2019	% Change
	S$'000	S$'000	
Net foreign currency exchange gain	**1,625**	-	NM
Interest income	**348**	273	NM

1.(a)(v) Breakdown of material items under Other Operating Expenses:

	Group		
	H1FY2020	H1FY2019	% Change
	S$'000	S$'000	
Depreciation of right-of-use assets	**117**	-	-
Depreciation of property, plant and equipment	**681**	1,348	(49)
Net foreign currency exchange loss	**-**	1,124	NM
Reactivation costs of vessels being classified under Other Operating Expenses	**272**	-	NM
Security expenses for the shipyard	**144**	148	(3)

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 31 March 2020 S$'000	As at 30 September 2019 S$'000	**As at 31 March 2020 S$'000**	As at 30 September 2019 S$'000
Non-current assets				
Property, plant and equipment	**73,675**	75,364	**-**	-
Right-of-use assets	**700**	-	**-**	-
Investments in subsidiaries	**-**	-	**4,320**	4,320
Investments in joint ventures	**2,080**	5,502	**-**	2,545
Amount due from a joint venture	**12,827**	12,531	**12,826**	12,531
	89,282	93,397	**17,146**	19,396
Current assets				
Inventories	**1,504**	1,321	**-**	-
Trade receivables	**13,321**	12,391	**-**	-
Other receivables, deposits and prepayment	**1,635**	1,715	**962**	77
Amount due from subsidiaries (non-trade)	**-**	-	**114,049**	113,813
Amount due from joint ventures (non-trade)	**1,856**	1,926	**1,473**	1,388
Cash and cash equivalents	**15,269**	13,569	**10,675**	7,660
	33,585	30,922	**127,159**	122,938
Total assets	**122,867**	124,319	**144,305**	142,334
Current liabilities				
Contract liabilities	**126**	71	**-**	-
Trade payables	**4,012**	6,610		
Other payables and accruals	**4,720**	4,233	**185**	600
Deferred income	**172**	172		
Finance lease obligations	**16**	15		
Lease liability	**370**	-	**-**	-
Income tax payable	**1,128**	1,068	**-**	-
	10,544	12,169	**185**	600
Non-current liabilities				
Deferred income	**3,114**	3,217	**-**	-
Finance lease obligations	**78**	86		
Lease liability	**336**	-	**-**	-
	3,528	3,303	**-**	-
Total liabilities	**14,072**	15,472	**185**	600
Net assets	**108,795**	108,847	**144,120**	141,734
Share capital and reserves				
Share capital	**155,752**	155,671	**155,752**	155,671
Treasury shares	**(1,203)**	(1,203)	**(1,203)**	(1,203)
Capital reserve	**634**	634	**-**	-
Employee share option reserve	**560**	519		
Other reserve	**158**	157	**-**	-
Foreign currency translation reserve	**1,798**	1,265	**-**	-
Accumulated losses	**(48,904)**	(48,196)	**(10,429)**	(12,734)
Total equity	**108,795**	108,847	**144,120**	141,734

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

	Group	
	As at 31 March 2020 S$'000	As at 30 September 2019 S$'000
Amount repayable in one year or less or on demand		
Secured*	**16**	15
Amount repayable after one year		
Secured*	**78**	86

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	
	H1FY2020	H1FY2019
	S$'000	S$'000
Cash flow from operating activities		
Loss before income tax	**(647)**	(4,739)
Adjustments for:		
Depreciation of right-of-use assets	**117**	-
Depreciation of property, plant and equipment	**3,574**	3,777
Gain on disposal of property, plant and equipment	**(25)**	-
Interest expense	**17**	6
Interest income	**(348)**	(119)
Share-based payment expense	**41**	41
Share of losses in joint ventures	**1,032**	1,774
Foreign exchange difference	**(1,097)**	1,025
Operating profit before working capital changes	**2,664**	1,765
Movement in working capital		
Inventories	**(183)**	69
Trade and other receivables	**(1,072)**	(3,707)
Contract liabilities	**55**	(95)
Trade and other payables	**(2,111)**	(691)
Cash used in operations	**(647)**	(2,659)
Income tax credit / (paid)	**80**	(106)
Net cash used in operating activities	**(567)**	(2,765)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(881)**	(571)
Proceeds from disposal of property, plant and equipment	**25**	-
Repayment from joint venture	**2,558**	-
Advances to joint venture	**-**	(415)
Net cash generated used in investing activities	**1,702**	(986)
Cash flows from financing activities		
Interest received	**414**	107
Repayment of lease liability, net	**(125)**	
Repayment of finance lease payables, net	**(7)**	(40)
Interest paid on finance lease payables	**(2)**	(6)
Proceeds from exercise of warrants	**81**	-
Net cash generated from financing activities	**361**	61
Net increase / (decrease) in cash and cash equivalents	**1,496**	(3,690)
Cash and cash equivalents at beginning of the period	**13,569**	17,947
Effect of exchange rate changes on cash and cash equivalents	**204**	(84)
Cash and cash equivalents at end of the financial period	**15,269**	14,173

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 2019	155,671	(1,203)	634	519	1,265	(48,196)	157	108,847
Loss for the financial period	-	-	-	-	-	(708)	-	(708)
Other comprehensive income, net of tax	-	-	-	-	533	-	1	534
Total comprehensive income for the financial period	-	-	-	-	533	(708)	1	(174)
Conversion of warrants	81	-	-	-	-	-	-	81
Employee share option	-	-	-	41	-	-	-	41
Balance as at 31 March 2020	155,752	(1,203)	634	560	1,798	(48,904)	158	108,795
Balance as at 1 October 2018	155,671	(1,203)	634	436	1,891	(44,331)	115	113,213
Profit for the financial period	-	-	-	-	-	(4,822)	-	(4,822)
Other comprehensive income, net of tax	-	-	-	-	491	-	42	533
Total comprehensive income for the financial period	-	-	-	-	491	(4,822)	42	(4,289)
Employee share option	-	-	-	41	-	-	-	41
Balance as at 31 March 2019	155,671	(1,203)	634	477	2,382	(49,153)	157	108,965

Company	Share capital	Treasury share	Accumulated losses	Total
	$'000	$'000	$'000	$'000
Balance at 1 October 2019	155,671	(1,203)	(12,734)	141,734
Total comprehensive income for the financial period	-	-	2,305	(1,654)
Conversion of warrants	81	-	-	81
Balance at 31 March 2020	155,752	(1,203)	(10,429)	144,120
Balance at 1 October 2018	155,671	(1,203)	(12,571)	141,897
Total comprehensive income for the financial period	-	-	(239)	(239)
Balance at 31 March 2019	155,671	(1,203)	(12,810)	141,658

1.(d)(ii) Details of any changes in company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

On 9 July 2012, the shareholders of the Company approved the adoption of: (a) a restricted share scheme; (b) a performance share scheme; and (c) an employee share option scheme ("ESOS").

On 24 April 2013, pursuant to the ESOS, the Company granted 5,110,000 share options to the Directors of the Company and employees of the Group, each of which is capable of being exercised into a new ordinary share of the Company (the "Share") at an exercise price of S$0.415 each (the "2013 ESOS Options").

On 28 April 2015, pursuant to the ESOS, the Company granted 5,720,000 share options to the Directors of the Company and employees of the Group, each of which is capable of being exercised into a new Share at an exercise price of S$0.275 each (the "2015 ESOS Options").

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

As at 31 March 2020, the following securities, which are capable of being exercised into Shares, remain outstanding:

1. 2,790,000 2013 ESOS Options (30 September 2019: 3,380,000 2013 ESOS Options);
2. 3,410,000 2015 ESOS Options (30 September 2019: 4,050,000 2015 ESOS Options); and
3. 266,790,135 Warrants (30 September 2019: 269,078,877 Warrants)

Save as disclosed, the Company has no outstanding convertibles as at 31 March 2020 and 31 March 2019.

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.

	As at 31 March 2020	As at 30 September 2019
Total number of issued Shares (excluding treasury shares)	3,522,617,103	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 31 March 2020. 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 2019.

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.

SFRS(I) 16 replaces the existing FRS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group adopted the new standard on the required effective date using the modified retrospective approach. The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at 1 October 2019, the Group has recognised right-of use assets of S$0.5 million and lease liabilities of S0.5 million..

The standard substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases using existing operating lease accounting model. The Group does not expect any significant impact on the financial statements as a lessor. However, some additional disclosures will be required in the financial statements upon adoption of the standard.

Except for the above, there are no other new SFRS(I) with significant changes to the accounting policies of the Group and the Company nor any the amounts reported for the current and prior periods.

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	
	H1FY2020	H1FY2019
	S$'000	S$'000
Loss attributable to equity holders	**(708)**	(4,822)

	H1FY2020		H1FY2019	
Earnings per share	**Number of shares**	**Singapore cents**	Number of shares	Singapore cents
Basic	**3,520,941,194**	**(0.02)**	3,520,328,361	(0.14)
Diluted	**3,520,941,194**	**(0.02)**	3,520,328,361	(0.14)

* 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 31 March 2020 S$'000	As at 30 September 2019 S$'000	**As at 31 March 2020 S$'000**	As at 30 September 2019 S$'000
Net asset value	**108,795**	**108,847**	**144,120**	**141,734**
Net asset value per ordinary share based on issued share capital (Singapore cents)	**3.1 cents**	3.1 cents	**4.1 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 H1FY2020 (vis-à-vis H1FY2019) were as follow:

	H1FY2020		H1FY2019		Change	
	S$ m	**%**	**S$ m**	**%**	**S$ m**	**%**
Ship Chartering Operations	**9.9**	**53**	6.2	50	3.7	60
Ship Building & Repair Operations	**8.7**	**47**	6.2	50	2.5	40
	18.6	**100**	12.4	100	6.2	50

The Group recorded a revenue of S$18.6 million in H1FY2020, an increase of 50% from that of S$12.4 million registered in H1FY2019.

The revenue derived from the Ship Chartering Operations of the Group increased by 60% to S$9.9 million in H1FY2020 from S$6.2 million in H1FY2019. The increase was mainly due to improvements in utilisation of the Group's fleet of offshore vessels, partially offset by a decrease in utilisation rate of the Group's fleet of tugboats and barges.

The Ship Building & Repair Operations of the Group recorded an increase in revenue of 40% to S$8.7 million in H1FY2020 from S$6.2 million in H1FY2019 due mainly to an increase in ship repair projects.

The Group has shown improvement in gross profit from S$2.7 million in H1FY2019 to S$3.4 million H1FY2020, contributed by the increase revenue from both Ship Chatering and Shipyard Operations albeit a lower gross profit margin of 18% in H1FY2020 as compared to 22% in H1FY2019. The lower profit margins were primarily due to i) a lower utilisation rate achieved from the Group's fleet of tugboats and barges, and ii) lower margins achieved from Shipyard Operations as both the volume and size of vessels that the Group is servcing increases.

The Group's other operating income increased to S$2.4 million in H1FY2020 from S$0.7 million in H1FY2019, mainly due to interest charged on loan to the Group's joint venture entity, Pelayaran Era Sdn Bhd ("PESB") and foreign exchange gain of S$1.6 million in H1FY2020.

The Group's administrative expenses increased to S$3.3 million in H1FY2020 from S$3.0 million in H1FY2019, mainly due to higher compensation expenses such as salary and bonuses in H1FY2020 as compared to H1FY2019.

The Group's other operating expenses decreased from S$3.4 million in H1FY2019 to S$2.2 million in H1FY2020 primarily due to foreign exchange loss of S$1.1 million recognised in H1FY2019. In addition, deprecation under other operating expenses decreased by of S$0.7 million due to higher vessel utilisation rate achieved in the current period and accordingly, a larger portion of the Group's total depreciation expense has been recognised under cost of sales. The decrease in other operating expenses was partially offset by reactivation costs of S$0.3m and depreciation of rights-of-use assets of S$0.1m recognised in H1FY2020.

The share of losses from jointly controlled companies decreased from S$1.8 million in H1FY2019 to S$1.0 million in H1FY2020. The share of losses from jointly-controlled companies in H1FY2020 was mainly attributable to the share of losses in the Group's joint venture PT Pelayaran Nasional Bina Buana Raya Tbk ("PT BBR") of S$1.1 million, partially offset by the share of profits from PESB of S$0.1 million.

As a result of the above, we registered a net loss after tax attributable to owners of the Company of S$0.7 million in H1FY2020 compared to a net loss after tax attributable to owners of the Company of S$4.8 million in H1FY2019.

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 increased to S$1.1 million in H1FY2020 from S$49,000 in H1FY2019.

(b) Review of financial position of the Group as at 31 March 2020 compared to that as at 30 September 2019

The non-current assets of the Group decreased by S$4.1 million or 4% from S$93.4 million as at 30 September 2019 to S$89.3 million as at 31 March 2020. The decrease was mainly due to depreciation of vessels and repayment of amount due from MPMT Pte Ltd, a joint venture entity. Initial recognition of right-of-use assets amounting to S$0.7 million was recorded as a result of the implementation of SFRS(I) 16. Specific details of this new accounting standards have been disclosed under section 5 of this announcement.

Trade receivables increased from S$12.4 million at 30 September 2019 to S$13.3 million at 31 March 2020 in line with the increase in revenue. As disclosed in the Group's financial statements that was published in the FY2019 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.

Inventories increased from S$1.3 million at 30 September 2019 to S$1.5 million at 31 March 2020, attributed mainly to the increase in volume of ship repair jobs.

The current trade payables of the Group decreased by S$2.6 million to S$4.0 million as at 31 March 2020 from S$6.6 million as at 30 September 2019, as a result of payment made to certain creditors of the Group pursuant to the terms of the Debt restructuring Exercise.

Other payables and accruals increased by S$0.5 million from S$4.2 million as at 30 September 2019 to S$4.7 million as at 31 March 2020, mainly due to additional accrued cost for the ship repair as result of higher sales during the period under review.

Lease liability amounting to an aggregate of S$0.5 million was recognised as a result of the implementation of SFRS(I) 16. Specific details of this new accounting standards have been disclosed under section 5 of this announcement.

The Group reported a net cash used in operating activities of S$0.6 million for H1FY2020, mainly as a result of an increase in trade receivable and a decrease in trade and other payables brought about by payments made to certain creditors of the Group pursuant to the terms of the Debt restructuring Exercise in H1FY2020. The cash and cash equivalent of the Group stood at S$15.3 million as at 31 March 2020 compared to S$13.6 million as at 30 September 2019.

Following from the above:

(i) the working capital of the Group increased from S$18.8 million as at 30 September 2019 to S$23.0 million as at 31 March 2020;

(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 2020 and 30 September 2019; and

(iii) the net asset value per share of the Group steadily maintained at 3.1 cents as at 30 September 2019 and 31 March 2020.

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 Company has provided an update, by way of an announcement, on the Group's business and operations in view of the COVID-19 pandemic and the drastic fall in oil prices as at the same date of this announcement.

The Company will release further announcements should there any material developments in its business and operations.

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 H1FY2020 in view of the loss making position of the Group.

13. 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).

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 capitalised terms stated herein shall have the same meaning as those ascribed in the Circular.

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

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

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

(d) the "Penundaan Kewajiban Pembayaran Utang" ("PKPU") Indonesian court supervised debt restructuring proceedings commenced by PT Marcopolo 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 31 March 2020) 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**
Less:		
Settlement to MPML Scheme Creditors	(33,027)	
Settlement to Noteholders and Trustee	(7,469)	
Settlement to MPSY Scheme Creditors	(1,425)	
Settlement to PKPU Secured Creditors	(4,760)	
Settlement to PKPU Trade Creditors	(6,789)	
General working capital	(4,958)	
Total used proceeds as at 31 March 2020		**(58,428)**
Remaining proceeds		**1,572**

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

	S$'000
Payment to trade creditors	1,351
Professional fees	1,990
Operation overheads	1,617
	4,958

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 H1FY2020 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

15 May 2020