



MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH FINANCIAL QUARTER ("Q4FY2014") AND FULL FINANCIAL YEAR ENDED 30 SEPTEMBER 2014 ("FY2014")

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.

	The Group			The Group		
	Q4FY2014 S\$'000	Q4FY2013 S\$'000	% Change	FY2014 S\$'000	FY2013 S\$'000	% Change
Revenue	23,620	28,457	(17)	113,109	93,539	21
Cost of sales	(13,990)	(18,750)	(25)	(78,834)	(58,749)	34
Gross profit	9,630	9,707	(1)	34,275	34,790	(1)
Other operating income	703	704	NM	1,325	2,331	(43)
Administrative expenses	(2,958)	(2,386)	24	(10,375)	(8,744)	19
Other operating expenses	(3,125)	(1,644)	90	(6,658)	(4,442)	50
Profit from operations	4,250	6,381	(33)	18,567	23,935	(22)
Finance costs	(1,230)	(1,608)	(24)	(6,095)	(5,006)	22
Share of results of associated companies	-	55	NM	-	1,150	NM
Share of results of jointly-controlled entities	294	493	(40)	1,213	2,333	(48)
Profit before exceptional item	3,314	5,321	(38)	13,685	22,412	(39)
Exceptional item						
Gain on equity interest	-	209	NM	-	5,890	NM
Profit before taxation	3,314	5,530	(40)	13,685	28,302	(52)
Income tax	(803)	(1,425)	(44)	(3,327)	(3,102)	7
Profit after taxation	2,511	4,105	(39)	10,358	25,200	(59)
Profit attributable to:-						
Owners of the parent	2,530	4,226	(40)	10,146	22,339	(55)
Non-controlling interests	(19)	(121)	(84)	212	2,861	(93)
	2,511	4,105	(39)	10,358	25,200	(59)

"Q4FY2014" denotes the fourth financial quarter of the financial year ended 30 September 2014 ("FY2014").

"FY2014" denotes the full financial year of FY2014.

"Q4FY2013" denotes the fourth financial quarter of the financial year ended 30 September 2013 ("FY2013").

"FY2013" denotes the full financial year of FY2013.

"% 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.

	The Group			The Group		
	Q4FY2014 S\$'000	Q4FY2013 S\$'000	% Change	FY2014 S\$'000	FY2013 S\$'000	% Change
Profit for the period	2,511	4,105	(39)	10,358	25,200	(59)
Exchange differences on translating foreign operations	2,839	(1,647)	NM	1,881	2,498	(25)
Other comprehensive income, net of tax	2,839	(1,647)	NM	1,881	2,498	(25)
Total comprehensive income for the period	5,350	2,458	118	12,239	27,698	(56)
Total comprehensive income attributable to:-						
Owners of the parent	4,174	2,785	50	10,331	23,793	(57)
Non-controlling interest	1,176	(327)	NM	1,908	3,905	(51)
	5,350	2,458	118	12,239	27,698	(56)

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

	The Group			The Group		
	Q4FY2014 S\$'000	Q4FY2013 S\$'000	% Change	FY2014 S\$'000	FY2013 S\$'000	% Change
Profit before income tax has been arrived at after charging/(crediting)						
Depreciation and amortisation	4,971	5,196	(4)	21,015	16,773	25
Net foreign currency exchange (gain)/loss	(591)	133	NM	(221)	(715)	(69)
Loss/(Gain) on disposal of property, plant and equipment	70	(306)	NM	63	(317)	NM
Property, plant and equipment written-off	-	-	NM	-	67	NM
Impairment loss on trade receivables recognized	1,254	1,148	9	1,254	1,148	9
Interest income	(78)	(107)	(27)	(140)	(382)	(63)
Interest expenses	1,230	1,608	(24)	6,095	5,006	22
Share-based payment expenses	(69)	-	NM	57	28	104
Fair value adjustment of derivative contract	280	(116)	NM	446	5	8,820
Gain on equity interest	-	209	NM	-	(5,890)	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.

	The Group		The Company	
	As at 30 September 2014 S\$'000	As at 30 September 2013 S\$'000	As at 30 September 2014 S\$'000	As at 30 September 2013 S\$'000
Non-current assets				
Property, plant and equipment	343,334	291,502	-	-
Investment in subsidiaries	-	-	4,320	4,320
Goodwill	5,250	5,250	-	-
Investment in jointly controlled entities	34,714	28,135	6,450	3,965
Finance lease receivables	718	1,259	-	-
	384,016	326,146	10,770	8,285
Current assets				
Inventories	14,786	11,081	-	-
Trade receivables	15,467	16,826	-	-
Due from customers for construction contracts	23,419	8,564	-	-
Other receivables, deposits & prepayment	19,310	13,798	642	204
Finance lease receivables	541	654	-	-
Due from subsidiaries (non-trade)	-	-	94,326	54,008
Fixed deposits	1,286	2,264	-	-
Cash and bank balances	24,486	7,628	5,789	1,410
	99,295	60,815	100,757	55,622
Total assets	483,311	386,961	111,527	63,907
Current liabilities				
Bank overdraft	786	1,897	-	-
Trade payables	14,922	19,158	-	-
Due to customers for construction contracts	3,718	-	-	-
Other payables and accruals	11,495	10,266	1,781	298
Borrowings – interest bearing	115,735	52,078	-	-
Derivative financial instruments	451	5	-	-
Income tax payable	7,359	5,795	15	17
	154,466	89,199	1,796	315
Non-current liabilities				
Borrowings – interest bearing	107,388	83,646	50,000	-
Deferred tax liabilities	936	910	-	-
	108,324	84,556	50,000	-
Total liabilities	262,790	173,755	51,796	315
Net assets	220,521	213,206	59,731	63,592
Share capital and reserves				
Share capital	59,239	59,239	59,239	59,239
Capital reserve	634	634	-	-
Employee share option reserve	85	28	-	-
Treasury shares	(104)	-	-	-
Foreign currency translation reserve	743	558	-	-
Retained earnings	107,798	102,423	492	4,353
	168,395	162,882	59,731	63,592
Non-controlling interest	52,126	50,324	-	-
Total equity	220,521	213,206	59,731	63,592

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

	The Group	
	As at	As at
	30 September	30 September
	2014	2013
	S\$'000	S\$'000
Amount repayable in one year or less or on demand Secured*	116,521	53,975
Amount repayable after one year Secured*	107,388	83,646

Details of any collateral

* These are secured by:

- Mortgages over certain property, plant and equipment of subsidiaries.
- Joint and several guarantees by certain directors of the Group.
- Assignment of certain charter income and insurance policies of vessels of a subsidiary.
- Corporate guarantees by the Company and a related company.
- Deposits provided by the Group.
- Certain plant and equipment are under finance lease arrangements.

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

	The Group			
	Q4FY2014 S\$'000	Q4FY2013 S\$'000	FY2014 S\$'000	FY2013 S\$'000
Cash flow from operating activities				
Profit before income tax	3,314	5,530	13,685	28,302
Adjustments for:				
Depreciation and amortization	4,971	5,196	21,015	16,773
Allowance for impairment of trade receivables	1,254	1,148	1,254	1,148
Interest expense	1,230	1,608	6,095	5,006
Interest income	(78)	(107)	(140)	(382)
Loss/(Gain) on disposal of property, plant and equipment	70	(306)	63	(317)
Fair value adjustment of derivative contracts	280	(116)	446	5
Share of profits in jointly-controlled entities	(294)	(493)	(1,213)	(2,333)
Share of profits in an associate	-	(55)	-	(1,150)
Property, plant and equipment written-off	-	-	-	67
Share-based payment expenses	(69)	-	57	28
Gain on equity interest	-	(209)	-	(5,890)
Currency realignment	(133)	(2,187)	(945)	97
Unrealised exchange gain on loan	-	(561)	-	(561)
Operating profit before working capital changes	10,545	9,448	40,317	40,793
Working capital changes:				
Inventories	(1,699)	(7,087)	406	(7,803)
Trade and other receivables	19,174	36,931	(5,407)	9,860
Due from customers for construction contracts	(11,469)	(1,657)	(11,137)	(7,705)
Trade and other payables	(5,428)	(11,151)	(3,007)	(16,227)
Cash from operations	11,123	26,484	21,172	18,918
Interest paid	(13)	4	(18)	(53)
Income tax paid	(679)	(3,332)	(1,737)	(3,325)
Net cash from operating activities	10,431	23,156	19,417	15,540
Cash flows from investing activities				
Purchase of property, plant and equipment	(27,771)	(29,088)	(75,100)	(43,909)
Proceeds from disposal of property, plant and equipment	588	6,219	595	6,234
Advances to jointly controlled entities	(2,486)	-	(2,486)	-
Acquisition of investment in jointly controlled entities	(2,489)	-	(2,489)	-
Net cash inflow on acquisition of a subsidiary	-	(7,086)	-	4,073
Receipt of minimum lease payment	654	210	654	210
Net cash used in investing activities	(31,504)	(29,745)	(78,826)	(33,392)
Cash flows from financing activities				
Capital contribution by non-controlling interest	-	24,550	-	24,550
Proceeds from loans	30,683	-	206,226	61,121
Repayment of loans	(15,044)	(22,438)	(118,720)	(66,770)
Repayment of lease obligations	(22)	(76)	(106)	(156)
Interest paid on lease obligations	(7)	(10)	(26)	(15)
(Placement)/Withdrawal of fixed deposits and bank balances pledged with licensed bank	(193)	4	(504)	1,370
Interest paid on term loans	(1,303)	(1,560)	(4,444)	(4,896)
Interest paid on medium term note	93	-	(1,607)	-
Dividend paid	-	-	(4,771)	(2,726)
Purchase of treasury shares	(4)	-	(211)	-
Interest received	78	67	140	342
Net cash from financing activities	14,281	537	75,977	12,820
Net change in cash and cash equivalents	(6,792)	(6,052)	16,568	(5,032)
Effect of exchange rate changes on cash and cash equivalents	(49)	(22)	(81)	83
Cash and cash equivalents at beginning of the period	30,678	13,424	7,350	12,299
Cash and cash equivalents at end of the period (Note 1)	23,837	7,350	23,837	7,350

Note 1:

Cash and cash equivalents consist of:

	The Group	
	FY2014 S\$'000	FY2013 S\$'000
Cash and bank balances	24,486	7,628
Fixed deposits	1,286	2,264
Bank overdraft	(786)	(1,897)
Total cash, bank balances and fixed deposit	24,986	7,995
Less: fixed deposits and cash pledged	(1,149)	(645)
Cash and cash equivalents	23,837	7,350

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.

	Attributable to equity holders of the Company							
	Share capital	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2012	59,239	-	-	(896)	82,810	141,153	-	141,153
Profit for the year	-	-	-	-	22,339	22,339	2,861	25,200
Other comprehensive income, net of tax	-	-	-	1,454	-	1,454	1,044	2,498
Total comprehensive income for the year	-	-	-	1,454	22,339	23,793	3,905	27,698
<u>Contributions by and distributions to owners</u>								
Grant of employee share option	-	-	28	-	-	28	-	28
Dividend paid	-	-	-	-	(2,726)	(2,726)	-	(2,726)
Total contributions by and distributions to owners	-	-	28	-	(2,726)	(2,698)	-	(2,698)
<u>Changes in ownership interests in subsidiaries</u>								
Non-controlling interest at acquisition date	-	-	-	-	-	-	21,869	21,869
Changes that do not result in a loss of control - capital contribution by non-controlling interest	-	-	-	-	-	-	24,550	24,550
Dilution of interest	-	634	-	-	-	634	-	634
Total changes in ownership interests in subsidiaries	-	634	-	-	-	634	46,419	47,053
Total transactions with owners in their capacity as owners	-	634	28	-	(2,726)	(2,064)	46,419	44,355
Balance as at 30 September 2013	59,239	634	28	558	102,423	162,882	50,324	213,206

Attributable to equity holders of the Company

	Share capital	Treasury shares	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2013	59,239	-	634	28	558	102,423	162,882	50,324	213,206
Profit for the year	-	-	-	-	-	10,146	10,146	212	10,358
Other comprehensive income, net of tax	-	-	-	-	185	-	185	1,696	1,881
Total comprehensive income for the year	-	-	-	-	185	10,146	10,331	1,908	12,239
Contributions by and distributions to owners									
Grant of employee share option	-	-	-	57	-	-	57	-	57
Purchase of treasury shares	-	(104)	-	-	-	-	(104)	(106)	(210)
Dividend paid	-	-	-	-	-	(4,771)	(4,771)	-	(4,771)
Total contributions by and distributions to owners	-	(104)	-	57	-	(4,771)	(4,818)	(106)	(4,924)
Balance as at 30 September 2014	59,239	(104)	634	85	743	107,798	168,395	52,126	220,521

	The Company		
	Share capital	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2012	59,239	6,821	66,060
Total comprehensive income for the year	-	258	258
Dividend on ordinary shares	-	(2,726)	(2,726)
Balance as at 30 September 2013	59,239	4,353	63,592

	The Company		
	Share capital	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2013	59,239	4,353	63,592
Total comprehensive income for the year	-	910	910
Dividend on ordinary shares	-	(4,771)	(4,771)
Balance as at 30 September 2014	59,239	492	59,731

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, 4,910,000 shares options, which are capable of being exercised into the same equivalent number of shares of the Company, were issued by the Company pursuant to the ESOS Scheme.

Save as disclosed, the Company has no outstanding convertibles as at 30 September 2013 and 30 September 2014.

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 Sep 2014	As at 30 Sep 2013
Total number of issued ordinary shares (excluding treasury shares)	340,750,000	340,750,000

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 had no treasury shares as at 30 September 2014 and as at 30 September 2013. Neither had there been any sale, transfer, disposal, cancellation and/or use of treasury shares during FY2014.

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.

Except as disclosed in Note 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 30 September 2013.

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 2013, 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 2013.

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.

	The Group	
	FY2014 S\$'000	FY2013 S\$'000
Net profit attributable to shareholders	10,146	22,339
Earnings per share		
Basic (Singapore cents)	2.98 cents*	6.56 cents*
Diluted (Singapore cents)	2.98 cents*	6.56 cents*

* Basic and diluted earnings per share for FY2014 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$10.1 million and the weighted average number of shares of 340,750,000.

** Basic and diluted earnings per share for FY2013 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$22.3 million and the weighted average number of shares of 340,750,000.

There were no potential dilutive shares as at 30 September 2014.

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.

	The Group		The Company	
	As at 30 September 2014 S\$'000	As at 30 September 2013 S\$'000	As at 30 September 2014 S\$'000	As at 30 September 2013 S\$'000
Net asset value as at the respective balance sheet dates	168,395	162,882	59,731	63,592
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	49.4 cents	47.8 cents	17.5 cents	18.7 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, comprising Marco Polo Marine Ltd (the "Company") and its subsidiaries, is a reputable 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, including the Gulf of Thailand, Malaysia, Indonesia and Australia, 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. As part of the diversification of its shipping business, the Group is also in the midst of establishing a Rig Division, subsequent to its engagement of PPL Shipyard to build a high-specification Pacific Class 400 rig, which is slated for delivery in November 2015 (as announced by the Company on 26 February 2014 with details contained in its Circular to the shareholders dated 17 March 2014) (the "Rig Under Construction").

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 the financial performance of the Group for FY2014 (compared to that of FY2013) and for Q4FY2014 (compared to that of Q4FY2013)

Revenue

Our Group's revenues for FY2014 (*vis-à-vis* FY2013) and Q4FY2014 (*vis-à-vis* Q4FY2013) are as follows:

	FY2014		FY2013		Change		Q4FY2014		Q4FY2013		Change	
	S\$m	%	S\$m	%	S\$m	%	S\$m	%	S\$m	%	S\$m	%
Ship Chartering Operations	64.7	57.2	56.9	60.9	7.8	13.7	16.5	69.9	17.6	61.8	(1.1)	(6.3)
Ship Building & Repair Operations	48.4	42.8	36.6	39.1	11.8	32.2	7.1	30.1	10.8	38.2	(3.7)	(34.3)
	113.1	100.0	93.5	100.0	19.6	21.0	23.6	100.0	28.4	100.0	(4.8)	(16.9)

The Group's total revenue increased by 21.0% to S\$113.1 million in FY2014 relative to that of FY2013, albeit the Group's total revenue decreased by 16.9% to S\$23.6 million in Q4FY2014, *vis-à-vis* Q4FY2013's S\$28.4 million.

The Group's Ship Building & Repair Operations recorded a decrease in revenue of 34.3% in Q4FY2014, relative to Q4FY2013, chiefly as a result of reduced utilization of the three dry docks as well as lower amount of work done in respect of ship building contracts due to external customers. The Ship Chartering Operations' revenue of the Group decreased by 6.3% in Q4FY2014, relative to Q4FY2013, due primarily to lower utilization of its fleet of tugboats and barges amidst the continued weakened shipping demand in Indonesia for the shipment of coal and other commodities.

Notwithstanding the above, both the operations of the Group registered positive growth for the full financial year in FY2014. The Ship Building & Repair Operations led the revenue growth by 32.2%, relative to FY2013, principally as a result of strong demand for ship building in 9MFY2014. The Ship Chartering Operations' revenue grew by 13.7%, relative to FY2013, attributed mainly to: (i) the consolidation of results of PT Pelayaran Nasional Bina Buana Raya Tbk ("BBR"), a former associated company turned subsidiary of the Group following BBR's listing on the Indonesia Stock Exchange and with the Group, being the single largest post-IPO shareholder of BBR, exerting a de facto control over BBR's operations since then (the "Transition"); and (ii) the strong demand for OSVs in the region.

The Group's overall gross profit decreased by approximately 1.5% in FY2014 and Q4FY2014, relative to their respective corresponding periods last financial year, chiefly as a result of a lower proportion of the Group's revenue being contributed by its Ship Chartering Operations, which commanded higher gross profit margin relative to its Ship Building & Repair Operations. In respect of Q4FY2014, the gross profit margin of the Group improved from 34.1% in Q4FY2013 to 40.8%, following contribution from the Group's diversified higher yield offshore chartering business.

The Group's other operating income decreased by S\$1.0 million to S\$1.3 million in FY2014 from S\$2.3 million in FY2013, due mainly to decreased foreign exchange gain, gain on disposal of fixed assets and interest income.

The increases in administrative expenses of 18.7%, relative to FY2013, and of 24.0%, relative to Q4FY2013, were mainly attributed to increased personnel expenses.

The increases in other operating expenses in FY2014 and Q4FY2014, relative to the respective corresponding periods of FY2013, were mainly attributed to impairment loss on vessel; fair value adjustment in respect of a 6-month derivative contract entered into with a view to hedge the Group's purchase of vessel engine in Euro against S\$6.3 million; the amortization of incidental costs in relation to the establishment of a S\$300 million Multicurrency Medium Term Note program ("MTN") by the Company, of which S\$50 million was drawdown on 18 Oct 2013 (the "MTN Series 1 Notes"); as well as increases in office rental, legal and professional fees, bank charges and travelling expenses.

The increase in the finance costs of the Group by 21.8% in FY2014, relative to FY2013, was attributed mainly to: (i) BBR's interest expense in connection with its vessel loan procured after the Transition; and (ii) interest expense incurred for the MTN Series 1 Notes. Notwithstanding which, the Group's interest expense decreased by 23.5% to S\$1.2 million in Q4FY2014 relative to Q4FY2013, following the capitalization of S\$0.4 million as part of the asset cost of the Rig Under Construction.

The share of profit of an associated company was in relation to BBR prior to the Transition.

The share of results from jointly controlled companies decreased by 48.0%, relative to FY2013, and by 40.1%, relative to Q4FY2013, mainly as a result of lower charter rates charged for bunker tankers in face of intense competition.

The exceptional gain of S\$5.9 million in FY2013 was attributed to a re-measurement gain in connection with a deemed disposal required to be recognized under FRS 103 – Business Combinations, which stipulates that the Group's equity interest

in BBR prior to the Transition be re-measured as if the stake had been disposed.

The increase in income tax expense in FY2014, relative to FY2013, was mainly attributed to: (i) the Group's revenue and profit derived from in-house ship building projects which, though eliminated upon consolidation, were taxable; and (ii) the Group's ship chartering profit generated from the Indonesia waters in FY2014, which attracts a relatively higher tax rate compared to the other regional waters which the Group's ship chartering profit primarily derived from in FY2013. Notwithstanding which, the income tax expense in Q4FY2014 was reduced by 43.6%, relative to Q4FY2013, mainly as a result of increased income being contributed by the Group's offshore chartering business outside the Indonesian waters which attracts lower tax rate.

(b) Review of financial position of the Group as at 30 September 2014 compared to that as at 30 September 2013

The Group's property, plant and equipment increased by 17.8% to S\$343.3 million as at 30 Sep 2014 from S\$291.5 million as at 30 September 2013, mainly due to the in-house construction-in-progress vessels which are slated to be delivered over the next two financial years.

In tandem with the Group's plan to increase its asset portfolio of OSVs through joint ventures as a start (as announced by the Company on 19 August 2014), the Group's investment in jointly-controlled entities had since increased by S\$6.6 million to S\$34.7 million as at 30 September 2014 from S\$28.1 million as at 30 September 2013.

The trade receivable and trade payable decreased in tandem with business activities.

The amounts due from customers for construction contracts increased by 173.5% to S\$23.4 million as at 30 September 2014 from S\$8.6 million as at 30 September 2013, mainly as a result of work done but yet to be billed in respect of a vessel under construction, which is scheduled for delivery to the customer in FY2015.

The increases in other receivable, deposits and prepayment were mainly due to the advanced payments made for materials and equipment required for the building of vessels.

The increase in interest-bearing borrowings was attributed mainly to the MTN Series 1 Notes and vessel construction loans related to new ship building program.

Pursuant to the drawdown of the MTN Series 1 Notes and after netting off against bank overdraft and dividend payment of S\$4.8 million on 20 December 2013 (compared to S\$2.7 million on 22 December 2012), the net cash and bank balances of the Group increased to S\$25.0 million as at 30 Sep 2014 from S\$8.0 million as at 30 September 2013.

Following from the above:

1. the negative working capital of the Group widened from S\$28.4 million as at 30 September 2013 to S\$55.2 million as at 30 September 2014;
2. 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) increased to 89.8% as at 30 Sep 2014 from 59.9% as at 30 September 2013; and
3. the net asset value per share of the Group enhanced by 3.3% to 49.4 cents as at 30 September 2014 from 47.8 cents as at 30 September 2013.

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.

With the global economic condition being anemic with tepid and uncertain signs of recovery, the Group continues to keep a vigilant watch on market conditions and their ensuing impact on its operations. While oil prices have been volatile and are generally declining recently to multi-year lows, the offshore oil and gas exploration and production activities in the region have so far remained resilient given that the region is characterized by relatively shallow waters with an active and sizeable fleet of jack-up rigs in operation.

The Group expects the offshore business of its Ship Chartering Operations to continue to spearhead its growth for the next 12 months as evident by the elevated utilization rates registered by its existing OSVs. The latest additions to its OSV fleet, namely, MP Prowess (a 8,160 BHP AHTS) in October 2014 as well as MP Nautica Aleesya (an accommodation work boat co-owned on a joint-venture basis) in September 2014, have both also each secured multi-year charter contracts. In contrast, the market conditions facing the tugboat and barge division of the Group are expected to continue to remain challenging.

The Group's Ship Building and Repair Operations are also expected to continue to be affected by the global subdued economic outlook and strong competition in the region. Notwithstanding which, our shipyard is firmly and broadly engaged with

new ship-building programs targeting mainly the mid-sized OSVs and in meeting internal demands, including those from BBR bolstered by the proposed investment by Nam Cheong Limited as announced by the Company in September 2014. The new-built programs are expected to keep the Group's shipyard capacity occupied for the next 12 months.

With regard to the Rig Under Construction, the Group continues to closely monitor its construction progress to ensure its prompt and smooth delivery to tap on market opportunities. The Group also remains active on the lookout for potential partners to complement its resources and expertise for its eventual rig chartering 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 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 the 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 Q4FY2014.

During Q1FY2014, the Company declared a tax exempt one-tier special interim dividend of 1.4 cents per ordinary share for FY2014 and the dividends, aggregating S\$4.8 million, were paid on 20 December 2013.

13. Interested Person Transactions

Pursuant to Rule 907 of the SGX-ST Listing Manual and the renewed IPT General Mandate procured from the shareholders of the Company on 27 January 2014, the following interested person transactions had been entered into during Q4FY2014:

Name of Interested Persons	Aggregate value of all interested person transactions during the financial year 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
None	-	-

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.

The Group adopted FRS 108 - Operating Segments with effect from 1 October 2009 and identified the following as its operating segments:

1. Ship Chartering – Relates to ship chartering activities
2. Ship Building and Repair – Relates to ship building, ship repair and ship conversion activities

Business segments

	Ship chartering services S\$'000	Shipbuilding and repair services S\$'000	Total operations S\$'000
2014			
External revenue	64,717	48,392	113,109
Reportable segment results from operating activities	11,672	9,875	21,547
Share of profits in jointly controlled entities	1,213	-	1,213
Finance income	126	6	132
Finance costs	(4,685)	(268)	(4,953)
Unallocated net finance cost			(1,134)
Unallocated administrative expenses			(3,120)
Profit before income tax			13,685
Income tax expenses			(3,327)
Profit for the year			10,358
Reportable segment assets	310,909	126,000	436,909
Interest in jointly controlled entities	34,714	-	34,714
Goodwill	5,250	-	5,250
Unallocated assets			6,438
Total assets			483,311
Reportable segment liabilities	135,782	75,205	210,987
Unallocated liabilities			51,803
Total liabilities			262,790
Capital expenditure *	73,619	1,481	75,100
<u>Other material non-cash items:</u>			
Depreciation	17,608	3,407	21,015
Allowance for impairment of trade receivable	1,254	-	1,254
(Loss)/Gain on disposal of plant and equipment	(70)	7	(63)

* The amount includes capital expenditures acquired by lease obligation amounting to S\$289,000.

Business segments

	Ship chartering services S\$'000	Shipbuilding and repair services S\$'000	Total operations S\$'000
2013			
External revenue	56,950	36,589	93,539
Reportable segment results from operating activities	16,339	10,336	26,675
Share of profits in an associate	1,150	-	1,150
Share of profits in jointly controlled entities	2,333	-	2,333
Gain on equity interest	5,890	-	5,890
Finance income	372	8	380
Finance costs	(4,716)	(287)	(5,003)
Unallocated net finance cost			(3)
Unallocated administrative expenses			(3,120)
Profit before income tax			28,302
Income tax expenses			(3,102)
Profit for the year			25,200
Reportable segment assets	287,220	64,741	351,961
Interest in jointly controlled entities	28,135	-	28,135
Goodwill	5,250	-	5,250
Unallocated assets			1,615
Total assets			386,961
Reportable segment liabilities	133,124	40,308	173,432
Unallocated liabilities			323
Total liabilities			173,755
Capital expenditure *	41,177	2,760	43,937
<u>Other material non-cash items:</u>			
Depreciation	13,367	3,406	16,773
Allowance for impairment of trade receivable	1,148	-	1,148
Gain on disposal of plant and equipment	(309)	(8)	(317)

* The amount includes capital expenditures acquired by lease obligation amounting to S\$28,000.

Geographical Information

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

For the purpose of segmental reporting by geographical region: (i) revenues 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; (ii) the non-current assets (other than 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 2014	Revenues S\$'000	%	Non-current assets S\$'000	%
Singapore	47,943	42.2	97,665	25.4
Indonesia	50,522	44.7	241,718	62.9
Australia	3,048	2.7	9,893	2.6
Thailand	4,028	3.6	5,273	1.4
Malaysia	6,428	5.7	29,467	7.7
Other Asian countries	1,140	1.1	-	-
Total	113,109	100.0	384,016	100.0

Geographical information 30 September 2013	Revenues S\$'000	%	Non-current assets S\$'000	%
Singapore	38,401	41.1	76,478	23.5
Indonesia	40,096	42.8	215,710	66.4
Australia	3,337	3.6	10,423	3.2
Thailand	6,481	6.9	22,276	6.9
Malaysia	2,490	2.7	-	-
Other Asian countries	2,734	2.9	-	-
Total	93,539	100.0	324,887	100.0

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.

The increase in revenue contribution from Malaysia in FY2014 relative to FY2013 with a contemporaneous decrease in contribution from Thailand was attributed mainly to the redeployment of an OSV from Thailand water to Malaysia water in FY2014.

The Group's increased share of non-current assets in Singapore was attributed mainly to down payment made for the Rig Under Construction while its increased share of non-current assets in Indonesia was attributed mainly to increase in OSV fleet.

16. Breakdown of sales.

The Group	2014 S\$'000	2013 S\$'000
Revenue reported for the first quarter	30,141	15,157
Profit after tax before deducting MI reported for the first quarter	3,524	4,493
Revenue reported for the second quarter	32,489	21,336
Profit after tax before deducting MI reported for the second quarter	3,061	10,926
Revenue reported for the third quarter	26,859	28,589
Profit after tax before deducting MI reported for the third quarter	1,262	5,676
Revenue reported for the fourth quarter	23,620	28,457
Profit after tax before deducting MI reported for the fourth quarter	2,511	4,105

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 – Special & interim	4,771	2,726

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	59	Brother-in-law to our Executive Chairman and substantial shareholder, Mr Lee Wan Tang; brother to our Non-Executive Director, Mdm Lai Qin Zhi; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Executive Director, 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	64	Brother-in-law to our Executive Chairman and substantial shareholder, Mr Lee Wan Tang; brother-in-law to our Non-Executive Director, Mdm Lai Qin Zhi; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Executive Director, 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
Mr Loa Siong Bun	43	Brother-in-law to our Executive Chairman and substantial shareholder, Mr Lee Wan Tang; brother to our Non-Executive Director, Mdm Lai Qin Zhi; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng and Executive Director, Ms Liely Lee.	CEO and an executive director of BBR.	None

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
CEO

Liely Lee
Executive Director

21 November 2014