MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 ("FY2017")

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

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

	Group		
	FY2017	FY2016	% Change
	S$'000	S$'000	
Revenue	**38,638**	46,942	(18)
Cost of sales	**(37,566)**	(38,959)	(4)
Gross profit	**1,072**	7,983	(87)
Other operating income	**1,041**	6,662	(84)
Administrative expenses	**(5,717)**	(7,249)	(21)
Other operating expenses	**(253,078)**	(9,994)	NM
Loss from operations	**(256,682)**	(2,598)	NM
Finance costs	**(10,221)**	(5,888)	74
Share of losses in joint ventures	**(45,389)**	(9,648)	(24)
Loss before income tax	**(312,292)**	(18,134)	NM
Income tax	**(398)**	1,196	NM
Loss for the financial year	**(312,690)**	(16,938)	NM
Loss attributable to:-			
Equity holders of the Company	**(312,690)**	(16,938)	NM
	(312,690)	(16,938)	NM

"FY2017" denotes the full financial year of FY2017.

"FY2016" denotes the full financial year of FY2016.

"% 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		
	FY2017	FY2016	% Change
	S$'000	S$'000	
Loss for the financial year	**(312,690)**	(16,938)	NM
Other comprehensive income/(loss):			
Share of other comprehensive income from a joint venture	**194**	-	NM
Exchange difference on translating foreign operations	**918**	(1,711)	NM
Total other comprehensive income/(loss)	**1,112**	(1,711)	NM
Total comprehensive loss attributable to:-			
Equity holders of the Company	**(311,578)**	(18,649)	NM
	(311,578)	(18,649)	NM

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

	Group		
	FY2017	FY2016	% Change
Loss before income tax has been arrived at after charging/(crediting):	**S$'000**	S$'000	
Depreciation of property, plant and equipment	**16,508**	11,415	45
Net foreign currency exchange loss	**209**	4,936	96
Allowance for impairment of other receivables	**354**	-	NM
Allowance for impairment of trade receivables	**16,876**	27	NM
Allowance for impairment of inventories	**38,750**	-	NM
Impairment of investment in joint ventures	**13,411**	-	NM
Impairment on recoverable amount	**34,264**	-	NM
Write off forfeited deposits	**2,289**	-	NM
Impairment of property, plant and equipment	**136,128**	-	NM
Gain on disposal of property, plant and equipment	**-**	(1,622)	NM
Interest income	**(12)**	(30)	(60)
Interest expenses	**10,221**	5,888	74
Share-based payment expense	**112**	99	12
(Gain)/loss on fair value adjustment of derivative financial instruments	**(251)**	17	NM
Reversal of impairment on investment in a joint venture	**-**	(4,530)	NM
Provision for compensation expenses	**2,845**	-	NM
Write off construction in progress	**-**	2,258	NM

1.(b)(i) A financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30 September 2017 S$'000	As at 30 September 2016 S$'000	**As at 30 September 2017 S$'000**	As at 30 September 2016 S$'000
Non-current assets				
Property, plant and equipment	**80,765**	238,178	**-**	-
Investment in subsidiaries	**-**	-	**4,320**	4,320
Investment in joint ventures	**18,830**	80,692	**3,965**	8,265
	99,595	318,870	**8,285**	12,585
Current assets				
Inventories	**15,080**	12,119	**-**	-
Trade receivables	**4,530**	15,951	**-**	-
Gross amounts due from customers for construction contracts	**3,015**	47,405	**-**	-
Other receivables, deposits and prepayments	**3,196**	42,553	**52**	168
Due from subsidiaries (non-trade)	**-**	-	**96,836**	96,132
Cash and bank balances	**4,781**	11,824	**6**	213
	30,602	129,852	**96,894**	96,513
Total assets	**130,197**	448,722	**105,179**	109,098
Current liabilities				
Bank overdraft	**2,000**	1,983	**-**	-
Trade payables	**10,291**	10,557	**-**	-
Other payables and accruals	**22,066**	23,871	**10,412**	1,514
Borrowings – interest bearing	**245,769**	116,788	**50,000**	-
Borrowings - finance lease	**68**	-	**-**	-
Derivative financial instruments	**-**	249	**-**	-
Income tax payable	**1,655**	2,381	**-**	-
	281,849	155,829	**60,412**	1,514
Non-current liabilities				
Borrowings – interest bearing	**-**	133,034	**-**	50,000
Borrowings - finance lease	**35**	-	**-**	-
Deferred tax liabilities	**955**	1,035	**-**	-
	990	134,069		
Total liabilities	**282,239**	289,898	**60,412**	51,514
Net (liabilities)/assets	**(152,642)**	158,824	**44,767**	57,584
Share capital and reserves				
Share capital	**59,239**	59,239	**59,239**	59,239
Treasury shares	**(1,203)**	(1,203)	**(1,203)**	(1,203)
Capital reserve	**634**	634	**-**	-
Employee share option reserve	**353**	241	**-**	-
Other reserves	**194**	-	**-**	-
Foreign currency translation reserve	**1,450**	532	**-**	-
(Accumulated losses)/retained earnings	**(213,309)**	99,381	**(13,269)**	(452)
	(152,642)	158,824	**44,767**	57,584
Total (deficit) equity	**(152,642)**	158,824	**44,767**	57,584

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

	Group	
	As at 30 September 2017 S$'000	As at 30 September 2016 S$'000
Amount repayable in one year or less or on demand		
Secured*	**247,837**	116,788
Amount repayable after one year		
Secured*	**35**	133,034

Details of any collateral

* These borrowings and debts securities are currently secured by the following:

- Mortgages over certain property, plant and equipment of subsidiaries.
- Assignment of certain charter income and insurance policies of vessels of a subsidiary.
- Corporate guarantees by the Company.
- Certain property, plant and equipment are under finance lease arrangements.

Upon the successful implementation and completion of the Debt Restructuring Exercise (as defined in paragraph 5 below), these collaterals (other than certain property, plant and equipment that are subject-matter of the finance lease agreements entered into by the Group and amounting to S$103,000) are expected to be released and discharged.

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

	Group	
	FY2017	FY2016
	S$'000	S$'000
Cash flow from operating activities		
Loss before income tax	**(312,292)**	(18,134)
Adjustments for:		
Depreciation of property, plant and equipment	**16,508**	11,445
Bad debts written off	**62**	-
Interest expense	**10,221**	5,888
Interest income	**(12)**	(30)
Gain on disposal of property, plant and equipment	**-**	(1,622)
Gain on fair value adjustment of derivative financial instruments	**(251)**	(17)
Impairment of investment in joint ventures	**13,411**	-
Impairment on property, plant and equipment	**136,128**	-
Impairment on recoverable amount	**34,264**	-
Allowance for impairment of trade receivables	**16,876**	27
Allowance for impairment of inventories	**38,750**	87
Allowance for impairment of other receivables	**354**	2,258
Write off forfeited deposits	**2,289**	-
Reversal of impairment on investment in a joint venture	**-**	(4,530)
Share based payment expense	**112**	99
Share of loss in joint ventures	**45,389**	9,648
Foreign exchange difference	**1,363**	4,582
Operating profit before working capital changes	**3,172**	9,701
Movement in working capital		
Inventories	**6,861**	(311)
Trade and other receivables	**(3,067)**	(3,785)
Due from/(to) customers for construction contracts	**(3,491)**	10,270
Trade and other payables	**(1,394)**	3,887
Cash generated from operations	**2,081**	19,762
Interest paid	**(51)**	(319)
Income tax paid	**(1,209)**	(4,178)
Net cash generated from operating activities	**821**	15,265
Cash flows from investing activities		
Purchase of property, plant and equipment	**(9)**	(42,209)
Proceeds from disposal of property, plant and equipment	**-**	3,362
Interest received	**12**	30
Net cash generated from/(used in) investing activities	**3**	(38,817)
Cash flows from financing activities		
Proceeds from term loans	**-**	70,335
Repayment of term loans	**(3,629)**	(40,255)
Repayment of finance lease payables, net	**(71)**	(80)
Interest paid on finance lease	**(9)**	(1)
Interest paid on term loans	**(2,433)**	(5,052)
Interest paid on medium term note	**(1,691)**	(2,875)
Withdrawal/(placement) of fixed deposits and bank balances pledged with licensed bank	**1,631**	(505)
Net cash (used in)/generated from financing activities	**(6,202)**	21,567
Net decrease in cash and cash equivalents	**(5,378)**	(1,985)
Cash and cash equivalents at beginning of the year	**8,210**	9,935
Effect of exchange rate changes on cash and cash equivalents	**(51)**	260
Cash and cash equivalents at end of the financial year (Note 1)	**2,781**	8,210

	Group	
	FY2017	FY2016
Note 1	**S$'000**	S$'000
Cash and cash equivalent consist of:		
Cash and bank balances	**4,781**	11,824
Bank overdraft	**(2,000)**	(1,983)
Total cash and bank balances (as per statement of financial position)	**2,781**	9,841
Less: Pledged bank balances	**-**	(1,631)
Cash and cash equivalent at the end of financial period (as per cash flow statement)	**2,781**	8,210

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 2016	59,239	(1,203)	634	241	532	99,381	-	158,824
Loss for the financial year	-	-	-	-	-	(312,690)	-	(312,690)
Other comprehensive income, net of tax	-	-	-	-	918	-	194	1,112
Total comprehensive income/(loss) for the financial year	-	-	-	-	918	(312,690)	194	(311,578)
Employee share option	-	-	-	112	-	-	-	112
Balance as at 30 September 2017	59,239	(1,203)	634	353	1,450	(213,309)	194	(152,642)
Balance as at 1 October 2015	59,239	(1,203)	634	142	2,243	116,319	-	177,374
Loss for the financial year	-	-	-	-	-	(16,938)	-	(16,938)
Other comprehensive loss, net of tax	-	-	-	-	(1,711)	-	-	(1,711)
Total comprehensive loss for the financial year	-	-	-	-	(1,711)	(16,938)	-	(18,649)
Employee share option	-	-	-	99	-	-	-	99
Balance as at 30 September 2016	59,239	(1,203)	634	241	532	99,381	-	158,824

Company	Share capital	Treasury share	Foreign currency translation reserve	Retained earning	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2016	59,239	(1,203)	-	(452)	57,584
Total comprehensive loss for the financial year	-	-	-	(12,817)	(12,817)
Balance at 30 September 2017	59,239	(1,203)	-	(13,269)	44,767
Balance at 1 October 2015	59,239	(1,203)	-	1,752	59,788
Total comprehensive loss for the financial year	-	-	-	(2,204)	(2,204)
Balance at 30 September 2016	59,239	(1,203)	-	(452)	57,584

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").

As at 30 September 2017, 3,430,000 share options were outstanding (30 September 2016: 3,490,000), which when exercised will result in the allotment and issue of an equivalent number of ordinary shares in the capital of the Company. The aforesaid share options were granted on 24 April 2013 under the ESOS (2013 Option).

As at 30 September 2017, 4,280,000 share options were outstanding (30 September 2016: 4,590,000), which when excercisedwill result in the allotment and issue of an equivalent number of ordinary shares in the capital of the Company. The aforesaid share options were granted on 28 April 2015 under the ESOS (2015 Option).

Save as disclosed, the Company has no outstanding convertibles as at 30 September 2017 and 30 September 2016.

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

	As at 30 September 2017	As at 30 September 2016
Total number of issued ordinary shares (excluding treasury shares)	336,548,600	336,548,600

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

There was no movement on the treasury shares held by the Company during the reporting financial period. The number of treasury shares owned by Company as at 30 September 2017 was 4,201,400.

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 2016.

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

Basis of preparation

As at 30 September 2017, the Group recorded a net current liabilities position of S$251.2 million (30 September 2016: S$26.0 million), largely attributed to its bank borrowings aggregating S$247.8 million. The Group also incurred a loss after tax of S$312.7 million for FY2017 (FY2016: S$16.9 million). The aforesaid conditions indicate the existence of a material uncertainty, which may cast a significant doubt on the ability of the Group to continue as a going concern. Notwithstanding these conditions, the Group has prepared the financial statements on a going concern basis in view of the following debt refinancing and restructuring exercise, which the Group is in advance stages of implementing and is, barring unforeseen circumstances, expected to be completed in the early part of 2018:

(a) the debt refinancing and restructuring exercise (as detailed below and more particularly disclosed in the Company's circular to Shareholders dated 28 November 2017, herein referred to as "Debt Restructuring Exercise") which, save for the PT BBR Debt Restructuring (as defined below), the Group had all the significant conditions precedent met as at the date of this announcement; and

(b) the anticipated fresh injection of funds aggregating S$60.0 million which the Group shall procure from nine committed investors in tandem and as part of the Debt Restructuring Exercise (the "Investment"). Of the S$60.0 million to be raised from the Investment, S$45.0 million shall be used for the settlement of the existing debts of the Group following the conclusion of the Debt Restructuring Exercise and the balance of up to S$15.0 million to meet the working capital needs of the Group.

The ability of the Group to continue as a going concern is conditional and subject to the successful implementation and completion of the Debt Restructuring Exercise (including the successful closing of the Investment).

A summary of the Debt Restructuring Exercise together with the progress of the exercise made thus far as at the date of this announcement are provided below. This summary should be read in conjunction with the circular dated 28 November 2017 issued to the Shareholders (the "Circular"). Unless otherwise defined, all capitalized terms stated herein shall have the same meaning as that ascribed in the Circular, a copy of which is available on the website of the Singapore Exchange Limited. In essence, the Debt Restructuring Exercise is constituted by:

(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 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 (Cap. 50) of Singapore (the "Companies Act") entered into between the Company and the MPML Scheme Creditors. The requisite Court sanction was granted 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 MPSY Scheme Creditors. The requisite Court sanction was granted 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 agreement 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 completion of the debt restructuring exercise to be carried out by PT BBR, pursuant to the PT BBR Inter-creditor Agreement (the "PT BBR Debt Restructuring"); and

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

As at the date of this announcement, the PT BBR Debt Restructuring remains to be finalised, which finalisation is expected to be achieved in early part of 2018 in the absence of unforeseen circumstances.

Shareholders should note that if, for any reason, the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realized, other than in the normal course of business, and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments has been made to these financial statements.

Accordingly, the unaudited financial statements of the Group for FY2017 (as contained in this results announcement) had been prepared based on the aforesaid, further assuming as follows:

(a) the outcome of the Debt Restructuring Exercise being successful implementation and completion); and
(b) the assets of the Group as at 30 September 2017 having been reinstated to their respective fair market values as determined by an external valuer.

Adoption of Singapore Financial Reporting Standards (FRSs)

The Group and the Company adopted all the new and revised Singapore Financial Reporting Standards (FRSs) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2016, 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 2016.

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	
	FY2017	FY2016
	S$'000	S$'000
Loss attributable to equity holders	**(312,690)**	(16,938)

	FY2017		FY2016	
Earnings per share	**Number of shares**	**Singapore cents**	Number of shares	Singapore cents
Basic	**336,548,600**	**(92.91)**	336,548,600	(5.00)
Diluted	**340,766,414**	**(92.91)**	338,461,125	(5.00)

* 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 ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group		Company	
	As at 30 September 2017 S$'000	As at 30 September 2016 S$'000	**As at 30 September 2017 S$'000**	As at 30 September 2016 S$'000
Net asset value	**(152,642)**	**158,824**	**44,767**	**57,584**
Net asset value per ordinary share based on issued share capital (Singapore cents)	**(45.4) cents**	47.2 cents	**13.3 cents**	17.1 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 the Company and its subsidiaries, is a reputable regional integrated marine logistic company principally engaged in shipping and shipyard businesses.

The shipping business of the Group relates to the chartering of Offshore Supply Vessels ("OSVs"), comprising mainly Anchor Handling Tug Supply ("AHTS") vessels, for deployment in the regional waters, 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.

The shipyard business of the Group relates to shipbuilding as well as the provision of ship maintenance, repair, outfitting and conversion service which are being carried out through its shipyard located in Batam, Indonesia. Occupying a total land area of approximately 34 hectares with a seafront of approximately 650 meters, the modern shipyard also houses three dry docks, which boost the Group's technical capabilities and service offerings to undertake projects involving mid-sized and sophisticated vessels.

(a) Review of financial performance of the Group

The Group's revenue for FY2017 *vis-à-vis* FY2016 is tabulated as follow:

	FY2017		FY2016		Change	
	S$ million	%	S$ million	%	S$ million	%
Ship Chartering Operations	16.5	43	17.1	39	(0.6)	(4)
Ship Building & Repair Operations	22.1	57	29.8	61	(7.7)	(26)
	38.6	100	46.9	100	(8.3)	(18)

The revenue of the Group decreased by 18% from S$46.9 million in FY2016 to S$38.6 million in FY2017.

The revenue for the Group's Ship Building & Repair Operations decreased by 26% to S$22.1 million in FY2017 from S$29.8 million in FY2016, primarily as a result of reduced ship building projects.

Due primarily to lower contributions from the Group's offshore fleets amidst the continuing lackluster performance in the Oil & Gas sector and from the Group's shipbuilding and repairs, the gross profit of the Group reduced by 87% or S$6.9 million from S$8.0 million in FY2016 to S$1.1 million in FY2017.

The other operating income of the Group decreased by 84% or S$ 5.6 million from S$6.6 million in FY2016 to S$1.0 million in FY2017. The other operating income registered by the Group in FY2016 and FY2017 were both largely attributed to reversal of excess impairment on investment in a joint venture.

In line with reduced business activities and as a result of the Group's concerted cost containment efforts, the administrative expenses reduced by 21% from S$7.2 million in FY2016 to S$5.7 million in FY2017.

The other operating expenses of the Group increased from S$10.0 million in FY2016 to S$252.5 million in FY2017, primarily as a result of impairment of assets, which were reinstated to their fair market values as determined by an external valuer.

The finance costs of the Group increased by S$4.3 million or 74% to S$10.2 million in FY2017, from S$5.9 million in FY2016, due mainly to the write-off of a recoverable amount due from PPL Shipyard Pte Ltd ("PPL"), following a settlement reached with PPL (as announced by the Company on 13 November 2017), and an increase in interest rate payable to holders of the restructured Notes (as announced by the Company on 18 October 2016).

The share of losses from jointly-controlled companies was S$45.4 million in FY2017 compared to S$9.6 million in FY2016. The share of losses from jointly-controlled companies was mainly attributable to the share of impairment loss on their assets.

Excluding the impairment of assets aggregating S$242.1 million, share of impairment losses recognized by jointly-controlled entities of S$43.7 million and provision for expenses accrued till 30 September 2017, in connection with the Debt Refinancing and Restructuring Exercise of S$6.9 million, the adjusted total loss incurred by the Group for FY2017 would have been S$20.0 million (instead of S$312.7 million).

(b) Review of financial position of the Group as at 30 September 2017 compared to that as at 30 September 2016

The impairment of vessels and investment in joint ventures as well as depreciation of AHTS and share of losses in jointly-controlled companies resulted in a decrease in the non-current assets of the Group from S$318.9 million as at 30 September 2016 to S$99.6 million as at 30 September 2017.

The decrease in trade receivables was attributed mainly to impairment.

Subsequent to the termination of two completed shipbuilding projects (due to the failure by a customer concerned to take delivery) and impairment made to the same, to be followed by a reclassification of the same to inventories (which had also undergone certain impairment adjustments), the total amount due from customers was reduced to S$3.0 million as at 30 September 2017, from S$47.4 million as at 30 September 2016, with inventories increased from S$12.2 million as at 30 September 2016, to S$15.1 million as at 30 September 2017.

The decrease in other receivables, deposits and prepayments was mainly due to the write-off of a deposit paid in connection with a disputed rig contracted with PPL following the settlement reached on 13 November 2017 (as mentioned earlier) and impairment on certain recoverable amounts.

With all the borrowings under non-current liabilities of the Group as at 30 September 2017 being reclassified as current liabilities, the current liabilities of the Group ballooned from S$155.8 million as at 30 September 2016 to S$281.8 million as at 30 September 2017. Following from the above, the Group recorded:

(a) a negative equity (net liabilities position) of S$152.6 million as at 30 September 2017, compared to a positive equity of S$158.8 million as at 30 September 2016;

(b) an aggravated negative working capital of S$251.2 million as at 30 September 2017, compared to a negative working capital of S$26.0 million as at 30 September 2016; and

(c) a negative net asset value per share of 45.4 cents as at 30 September 2017, compared to a positive net asset value per shares of 47.2 cents as at 30 September 2016.

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.

Barring any unforeseen circumstances, the Company expects the implementation and completion of the Debt Restructuring Exercise to take place in the early part of 2018. As at the date of this announcement, the Company has achieved the following milestones in relation to the Debt Restructuring Exercise:

(a) Pursuant to the Investment, the Company has entered into several investment agreements with the nine strategic investors to raise an aggregate of S$60 million through cash subscription for new Shares at an issue price of S$0.028 per share.

(b) The Noteholders had approved the settlement and full discharge of all outstanding debts and liabilities owing under the Notes to the Noteholders on 15 November 2017 against the cash repayment and Shares promised (as more particularly explained in the Circular),

(c) Court sanction of the MPML Scheme and the lodgement of the court orders with ACRA. The MPML Scheme and MPSY Scheme were effective since 5 December 2017.

(d) The Company received approval in-principle from the Singapore Exchange Securities Trading Limited on 25 November 2017 for the listing and quotation of new shares and warrants as provided in the Circular. The issuance of these new securities was approved by the Shareholders at an Extraordinary General Meeting held on 14 December 2017.

(e) The PKPU Restructuring Proposal was approved by the Indonesian Court on 18 December 2017.

The last step towards the completion of the Debt Restructuring Exercise relates to the PT BBR Restructuring, which is expected to be concluded in early part of 2018.

When the Debt Restructuring Exercise is finally completed and implemented, and together with the injection of fresh funds from the Investment, which will provide additional working capital, the Group will be better positioned to move ahead, given its much improved financial position coupled with positive swings in recent oil prices. It is envisaged that the outlook of the Oil and Gas industry would be slow but steady, and the Group expects to move in tandem. Notwithstanding the improved conditions, the offshore market is expected to remain challenging in 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/recommended for FY2017.

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 20 January 2017, the following interested person transactions had been entered into during Q4FY2017:

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

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segments

	Ship chartering services S$'000	Shipbuilding and repair S$'000	Total operations S$'000
2017			
External revenue	16,572	22,066	38,638
Reportable segment results from operating activities	(185,156)	(48,334)	(233,490)
Share of losses in joint ventures	(45,389)	-	(45,389)
Impairment on investment in joint ventures	(13,411)	-	(13,411)
Finance income	5	7	12
Finance costs	(7,879)	(2,219)	(10,098)
Unallocated net finance cost			(123)
Unallocated administrative and other expenses			(9,793)
Loss before income tax			(312,292)
Income tax expenses			(398)
Loss for the year			(312,690)
Reportable segment assets	64,256	47,050	111,306
Interest in joint ventures	18,830	-	18,830
Unallocated assets			61
Total assets			130,197
Reportable segment liabilities	130,055	92,364	222,419
Unallocated liabilities	60,420	-	60,420
Total liabilities			282,839
Capital expenditure	3	6	9
<u>Other material non-cash items</u>:			
Depreciation	13,470	3,038	16,508
Allowance for impairment of trade receivable	16,876	-	16,876
Allowance for impairment of Other receivable	-	354	354
Allowance for impairment of inventories	38,750	-	38,750
Impairment on investment in joint ventures	13,411	-	13,411
Impairment on property, plant and equipment	136,128	-	136,128
Write off forfeited deposits	-	2,289	2,289
Write off recoverable amount	34,264	-	34,264

Business segments

	Ship chartering services S$'000	Shipbuilding and repair S$'000	Total operations S$'000
2016			
External revenue	18,411	28,531	46,942
Reportable segment results from operating activities	(2,611)	(968)	(3,579)
Share of losses in joint ventures	(9,648)	-	(9,648)
Reversal of impairment on investment in a joint venture	4,530	-	4,530
Finance income	9	18	27
Finance costs	(4,424)	(1,463)	(5,887)
Unallocated net finance cost			(1)
Unallocated administrative and other expenses			(3,576)
Loss before income tax			(18,134)
Income tax expenses			1,196
Loss for the year			(16,938)
Reportable segment assets	275,830	91,393	367,223
Interest in joint ventures	80,691	-	80,691
Unallocated assets			808
Total assets			448,722
Reportable segment liabilities	131,590	106,787	238,377
Unallocated liabilities			51,521
Total liabilities			289,898
Capital expenditure	42,094	115	42,209
Other material non-cash items:			
Depreciation	8,809	2,636	11,445
Allowance for impairment of trade receivable	27	-	27
Allowance for impairment of inventories	-	87	87
Gain on deemed of property, plant and equipment	1,622	-	1,622
Reversal of impairment on investment in a joint venture	(4,530)	-	(4,530)
Write off construction in progress	2,258	-	2,258

Geographical Information

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

For the purpose of segmental reporting by geographical regions, please note the following:

(a) revenues derived from the external customers of the Group by region refer to the country of origin of the customers and not the destination for which the Group delivered its chartering services or built vessels; and

(b) non-current assets (other than the financial instruments and deferred tax assets) of the Group were spread across the countries in which the Group had its assets deployed.

Geographical information 30 September 2017	Revenues S$'000	%	Non-current assets S$'000	%
Singapore	7,656	20	66,960	67
Indonesia	14,741	39	22,250	22
Australia	1,635	4	1,833	2
Thailand	801	2	-	
Malaysia	8,687	22	8,552	9
Other Asian countries	4,655	12	-	-
Europe	463	1	-	-
Total	38,638	100	99,595	100

Geographical information 30 September 2016	Revenues S$'000	%	Non-current assets S$'000	%
Singapore	9,551	20	227,152	71
Indonesia	21,724	46	41,949	13
Australia	1,638	3	8,765	3
Thailand	1,768	4	-	
Malaysia	7,799	17	41,003	13
Other Asian countries	3,909	8	-	-
Europe	553	1	-	-
Total	46,942	100	318,869	100

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business of geographical segments.

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

16. Breakdown of sales.

The Group	2017 S$'000	2016 S$'000
Revenue reported for the first quarter	**11,411**	17,014
Profit after tax before deducting MI reported for the first quarter	**3,385**	19
Revenue reported for the second quarter	**12,841**	11,942
Loss after tax before deducting MI reported for the second quarter	**(8,159)**	(1,120)
Revenue reported for the third quarter	**9,086**	9,124
Loss after tax before deducting MI reported for the third quarter	**(304,227)**	(6,409)
Revenue reported for the fourth quarter	**5,300**	8,862
Loss after tax before deducting MI reported for the fourth quarter	**(3,689)**	(9,428)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (S$'000)	Previous Full Year (S$'000)
Ordinary – interim & final	- none -	- none -

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	61	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	66	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	45	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.	Chief Operating Officer of BBR since 13 Nov 2015	None

19. 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
Executive Director

27 December 2017