



MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FIRST QUARTER (“Q1FY2009”) FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2009 (“FY2009”)

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

1.(a) A profit and loss statement for the group together with a comparative statement for the corresponding period of the immediate preceding financial year.

	The Group		%
	Q1FY2009	Q1FY2008	
	S\$'000	S\$'000	
Revenue	8,960	6,847	31
Cost of sales	(6,008)	(4,674)	29
Gross profit	2,952	2,173	36
Other operating income	147	948	(84)
Administration expenses	(845)	(760)	11
Other operating expenses	(600)	(425)	41
Finance costs	(536)	(345)	55
Share of results of a jointly controlled entity	184	-	N/M
Profit before tax	1,302	1,591	(18)
Income tax	-	-	-
Net profit attributable to the shareholders	1,302	1,591	(18)

“Q1FY2008” denotes the first financial quarter of the financial year ended 30 September 2008 (“FY2008”).

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

“N/M” denotes “Not meaningful”.

1.(a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements.

	The Group		%
	Q1FY2009	Q1FY2008	
	S\$'000	S\$'000	
Profit before tax has been arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	1,115	707	58
Foreign currency exchange gain	(94)	(65)	45
Gain on disposal of property, plant and equipment	-	(754)	(100)
Interest income	(8)	(16)	(50)
Interest expenses	536	345	55

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

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	
	31 December	30 September	31 December	30 September
	2008	2008	2008	2008
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	75,435	65,146	-	-
Investments in subsidiaries	-	-	4,320	4,320
Jointly controlled entity	7,893	8,757	-	-
	83,328	73,903	4,320	4,320
Current assets				
Inventories	15,034	6,447	-	-
Trade receivables	1,916	2,427	-	-
Due from customers for construction contracts	13,865	16,828	-	-
Due from related parties^ (trade)	346	1,523	-	-
Other receivables, deposits & prepayment	7,425	7,085	47	47
Due from a jointly controlled entity^ (trade)	1,080	1,260	-	-
Due from subsidiaries^ (non-trade)	-	-	31,891	30,010
Fixed deposits	2,159	2,151	2,159	2,151
Cash and bank balances	1,345	3,563	51	877
	43,170	41,284	34,148	33,085
Total assets	126,498	115,187	38,468	37,405
Current liabilities				
Trade payables	26,662	20,011	-	-
Due to related parties^ (trade)	573	560	-	-
Other payables and accruals	10,610	10,187	84	109
Borrowings - Interest bearing	11,334	7,105	1,133	-
Provision for income tax	560	576	-	-
	49,739	38,439	1,217	109
Non-current liabilities				
Borrowings - Interest bearing	19,606	20,897	-	-
Total liabilities	69,345	59,336	1,217	109
Net assets	57,153	55,851	37,251	37,296
Share capital and reserves				
Share capital	37,446	37,446	37,446	37,446
Translation reserve	11	11	-	-
Retained earnings/(Accumulated losses)	19,696	18,394	(195)	(150)
Total equity	57,153	55,851	37,251	37,296

^These are unsecured, interest-free and repayable on demand.

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

	The Group	
	As at	As at
	31 December	30 September
	2008	2008
	S\$ '000	S\$ '000
Amount repayable in one year or less or on demand		
Secured*	11,334	7,105
Unsecured	-	-
	11,334	7,105
Amount repayable after one year		
Secured*	19,606	20,897
Unsecured	-	-
	19,606	20,897

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 Company.
- Assets of certain directors and related parties 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.

	The Group	
	Q1FY2009	Q1FY2008
	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,302	1,591
Adjustments for:		
Depreciation of property, plant and equipment	1,115	707
Interest expense	536	345
Interest income	(8)	(16)
Gain on disposal of property, plant and equipment	-	(754)
Share of profits of a jointly controlled entity	(184)	-
Operating profit before changes in working capital	2,761	1,873
Inventories	(8,587)	(636)
Trade and other receivables	1,528	(2,396)
Due from customers on construction contracts	2,963	1,844
Trade and other payables	7,087	(242)
Cash generated from operations	5,752	443
Interest paid	(107)	(48)
Income tax paid	(16)	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	5,629	395
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(11,404)	(6,170)
Proceeds from disposal of property, plant and equipment	-	2,010
Interest in a jointly controlled entity	1,048	-
Restricted cash	(8)	-
Interest received	8	16
NET CASH USED IN INVESTING ACTIVITIES	(10,356)	(4,144)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new shares	-	13,236
Proceeds from loans (net)	2,010	366
Repayment of lease obligations	(205)	-
Deferred expenses	-	896
Interest paid on borrowings	(429)	(297)
NET CASH GENERATED FROM FINANCING ACTIVITIES	1,376	14,201
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(3,351)	10,452
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,563	1,025
CASH AND CASH EQUIVALENTS AT END OF PERIOD (NOTE 1)	212	11,477

Note 1:

Cash and cash equivalents consist of:

	The Group	
	Q1FY2009	Q1FY2008
	S\$'000	S\$'000
Cash and bank balances	1,345	2,754
Fixed deposits	2,159	8,723
Cash, bank balances and fixed deposits	3,504	11,477
Less: fixed deposits pledged	(2,159)	-
Less: bank overdrafts	(1,133)	-
Total cash and cash equivalents	212	11,477

1.(d)(i) 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.

	The Group			
	Share Capital S\$'000	Translation Reserve S\$'000	Accumulated Profits S\$'000	Total S\$'000
Balance as at 1 October 2008	37,446	11	18,394	55,851
Profit for the period	-	-	1,302	1,302
Balance as at 31 December 2008	37,446	11	19,696	57,153
Balance as at 1 October 2007	18,158	11	7,259	25,428
Issuance of ordinary shares of the Company pursuant to IPO	14,994	-	-	14,994
Share issue expenses pursuant to IPO	(1,758)	-	-	(1,758)
Profit for the period	-	-	1,591	1,591
Balance as at 31 December 2007	31,394	11	8,850	40,255

	The Company		
	Share Capital S\$'000	Accumulated Profits/(Losses) S\$'000	Total S\$'000
Balance as at 1 October 2008	37,446	(150)	37,296
Loss for the period	-	(45)	(45)
Balance as at 31 December 2008	37,446	(195)	37,251
Balance as at 1 October 2007	18,158	313	18,471
Issuance of ordinary shares of the Company pursuant to IPO	14,994	-	14,994
Share issue expenses pursuant to IPO	(1,758)	-	(1,758)
Loss for the period	-	(278)	(278)
Balance as at 31 December 2007	31,394	35	31,429

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.

There were no changes in the Company's share capital since the end of the previous financial period reported on.

The Company issued 18,000,000 new ordinary shares at S\$0.346 per share for cash on 15 July 2008 pursuant to a placement exercise (the "Placement"). These shares rank *pari passu* in all respect with the existing ordinary shares of the Company.

Of the gross proceeds of S\$6.228 million raised from the Placement, a total of about S\$1.8million was utilized for the following purposes as at the date of this announcement:

Use of Placement proceeds	As at the date of this announcement	As last reported (per FY2008 Annual report)
	S\$ million	S\$ million
1. Financing the purchase of new vessels	1.6	0.9
2. Financing the second dry-dock at shipyard	-	-
3. Other investments	-	-
4. Listing expenses	0.2	0.2
Total amount disbursed	1.8	1.1

Pending specific deployment for purposes (1), (2) and (3) above in connection with the Placement, the balance of the net Placement proceeds were utilized for general working capital of the Group.

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 Dec 2008	As at 30 Sep 2008
Total number of issued ordinary shares (excluding treasury shares)	285,750,000	285,750,000

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 31 December 2008.

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.

The Group has applied the same accounting policies and methods of computation in the financial statements for Q1 FY2009 as those in the audited financial statements for FY2008.

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.

Not applicable.

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	
	Q1FY2009 S\$'000	Q1FY2008 S\$'000
Net profit attributable to shareholders	1,302	1,591
Earnings per share		
Basic (Singapore cents)	0.46 *	0.64**
Diluted (Singapore cents)	0.46	0.64

* Basic and diluted earnings per share for Q1FY2009 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$1.3 million and the number of 285,750,000 ordinary share capital in issued during the period.

** Basic and diluted earnings per share for Q1FY2008 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$1.6 million and the weighted average number of 247,377,717 ordinary share capital in issued during the period.

There were no potential dilutive shares as at 31 December 2008.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital 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 31 December 2008 S\$'000	As at 30 September 2008 S\$'000	As at 31 December 2008 S\$'000	As at 30 September 2008 S\$'000
Net asset value as at the respective balance sheet dates	57,153	55,851	37,251	37,296
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	20.0	19.5	13.0	13.0

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.

(a) Review of profit and loss statement of the Group for Q1FY2009 relative to that for Q1FY2008

Our revenues for Q1FY2009 and Q1FY2008 were as follow:

	Q1FY2009		Q1FY2008		Change	
	S\$ million	%	S\$ million	%	S\$ million	%
Ship chartering operations	5.5	61.1	4.5	65.2	1.0	22.7
Ship building operations	3.5	38.9	2.4	34.8	1.1	46.1
	9.0	100.0	6.9	100.0	2.1	30.9

We achieved an increase of about S\$2.1 million or 30.9% in our total revenue, from about S\$6.9 million for Q1FY2008 to about S\$9.0 million for Q1FY2009.

Our ship chartering revenue increased by about 22.7% or S\$1.0 million, from about S\$4.5 million in Q1FY2008 to about S\$5.5 million in Q1FY2009, primarily as a result of our increased fleet size.

Our ship building revenue increased by about S\$1.1 million or 46.1%, from about S\$2.4 million in Q1FY2008 to about S\$3.5 million in Q1FY2009, primarily as a result of more third-parties' ship building projects being recognized in Q1FY2009 relative to Q1FY2008.

Overall, our Group attained a gross profit of about S\$3.0 million at a gross profit margin of about 32.9% in Q1FY2009 as compared to a gross profit of about S\$2.2 million at a gross profit margin of about 31.7% in Q1FY2008. The increase in gross profit margin was attributed mainly to the Group's ship chartering operations brought about as a result of improved efficiency in the deployment of our fleet, notwithstanding the higher operating costs incurred by our ship building operations chiefly as a result of hike in labour, raw material and fuel running costs.

The higher other operating income registered in Q1FY2008 relative to Q1FY2009 was due mainly to a disposal gain of about S\$0.8 million for two vessels in Q1FY2008 compared to none in Q1FY2009.

The increase in administration expenses by about S\$0.08 million from about S\$0.8 million in Q1FY2008 to about S\$0.9 million in Q1FY2009 relates mainly to increased manpower costs.

The increase in other operating expenses by about S\$0.2 million in Q1FY2009 relative to Q1FY2008 was attributed mainly to higher depreciation and maintenance charges due to the expanded facilities at our shipyard.

Our finance costs increased by about S\$0.2 million from about S\$0.3 million in Q1FY2008 to about S\$0.5 million in Q1FY2009 due to increased business activities.

The share of profits of a jointly controlled entity was contributed by our 50:50 jointly controlled entity, MPST Marine Pte Ltd, which commenced ship chartering operations in June 2008.

No tax provision was made for Q1FY2009 and Q1FY2008 as a large proportion of our shipping profits were tax exempted pursuant to Section 13A of the Singapore Income Tax Act.

Excluding any gain on disposal of vessels, we achieved a net profit of about S\$1.3 million for Q1FY2009 compared to that of about S\$0.8 million for Q1FY2008, representing an increase of about 55.6% or S\$0.5 million.

(b) Review of financial position of the Group as at 31 December 2008 compared to that as at 30 September 2008

Our property, plant and equipment increased by about S\$10.3 million mainly as a result of the increase in fleet size and vessels under construction as well as costs incurred for the construction of the drydock at our shipyard.

The increase in inventories of about S\$8.6 million was attributed mainly to the delivery of steel in the month of December 2008 meant for the construction of vessels scheduled to commence in January and February 2009.

The completion and delivery of three third-party vessels towards the end of December 2008 resulted in a decrease in the amounts due from customers on construction contracts.

The increase in trade payables was in line with our increased business activities.

The increase in the current portion of the interest bearing borrowings relates mainly to the utilization of bank overdraft facilities and an aggregate amount of S\$10.2 million in respect of our term loans being due and payable within 12 months as at 31 December 2008.

The increase in trade payable and the current portion of the interest bearing borrowings has resulted in a negative working capital as at 31 December 2008.

Our gearing (defined as the ratio of interest bearing borrowings (including bank overdrafts) to equity) was maintained at about 54% as at 31 December 2008, comparable to that of about 50% as at 30 September 2008.

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.

While the current global economic turmoil and continued credit crunches by financial institutions may pose challenges to our operating business environment, barring unforeseen circumstances and further deterioration of the situation, we are poised to weather the downturn.

We will continue to adopt a vigilant approach in managing our costs and cashflows with a view to improve efficiency and productivity and a measured approach in carrying out our expansion plan.

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. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, 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?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(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 interim dividend has been declared or recommended for Q1FY2009.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
CEO

13 February 2009

The Initial Public Offering of the Company's share was sponsored by UOB Asia Limited.

Negative Assurance Confirmation on Interim Financial Results pursuant to Rule 705(4) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the first quarter ended 31 December 2008 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

Lee Wan Tang
Executive Chairman

13 February 2009

Sean Lee Yun Feng
CEO