



MARCO POLO MARINE LTD
Company Registration No. 200610073Z

MEDIA RELEASE – FOR IMMEDIATE RELEASE

Marco Polo Marine cruises to record interim profit

- **Net profit improved 24% to S\$5.4 million on the back of S\$16.5 million revenue**
- **Record Third Party Shipbuilding order book of S\$23 million**
- **Successful implementation of sales-leaseback strategy allows Group to utilize efficient use of capital**

Singapore, 15 May 2008 – Marco Polo Marine Ltd (“Marco Polo” or the Group”), a growing integrated shipping group, is pleased to announce record interim profit of S\$5.4 million for the six months ended 31 March 2008 (1H2008). Revenue achieved was S\$16.5 million.

Overall highlights S\$'000	1H2008	1H2007	Change (%)
Revenue	16,448	16,953	(3)
Gross profit	5,033	5,982	(16)
Other operating income	3,673	1,429	157
Profit before tax	5,628	4,515	25
Profit after tax	5,403	4,369	24
Net cash from operating activities	8,745	1,644	432
Diluted EPS (cents)	2.10*	1.63**	29

*Based on weighted average number of 257,508,197 ordinary shares in issue

** Based on post invitation share capital of 267,750,000 shares

Financial Review

The star performer for 1H2008 was the Shipchartering operations. Revenue increased by about 8.3% to S\$9.1 million in 1H2008. The increase was due to a larger operating fleet size of 31 as at 31 March 2008, compared to 27 vessels as at 31 March 2007.

Revenue from the Shipbuilding operations declined 14% to S\$7.4 million in 1H2008 due to fewer vessels built for third parties as more capacity was devoted to the building of vessels for inhouse demands.

Other operating income more than doubled to S\$3.7 million in 1H2008. This includes a procurement fee of S\$1.4 million for securing an initial fleet of 16 vessels for its 50:50 joint venture company MPST Marine Pte Ltd, as well as disposal gain of 8 vessels amounting to S\$2 million.

Operating expenses were kept in control while finance costs increased due to higher bank borrowings to partially fund the expansion of both the Shipchartering and Shipbuilding operations.

As a result of the above, net profit improved 24% to S\$5.4 million in 1H2008.

“We are pleased to deliver another set of commendable results for our shareholders. In the past, the Group’s growth has been limited by its building capacity and financial constraints. Since our listing, we have increased our shipbuilding capacity and enhanced our shiprepair capability with a new drydock to be completed by 3Q2008. The successful implementation of our sale-and-leaseback strategy has also assisted the Group in efficient capital recycling. This sets the platform for the Group’s future expansion.”

Mr Sean Lee Yun Feng, CEO of Marco Polo Marine

INDUSTRY PROSPECTS – THE OUTLOOK REMAINS ROSY

In the DBS Research Report titled “More Lubricants for Growth”, in January 2008, the research house highlighted “... ***replacement cycle is yet to be completed, and the oil and gas industry would continue to re-invest in new offshore equipment, rigs and vessels to replace the ageing global fleets. The extension of replacement cycle into 2008 will continue to be driven by technological obsolescence, lengthened maintenance downtime, and delivery bottlenecks...***”

The report added, "...***The lack of trained personnel, long equipment delivery lead-time, and yard space has created bottlenecks for the stream of vessels coming into service. This will result in a longer replacement cycle, which will reduce the chance of an oversupply situation from arising...***"

As at the date of announcement, the Group has secured 9 shipbuilding orders from third party customers aggregating to S\$23 million. These orders are expected to be realized progressively till mid 2009. The Group has locked in favourable steel prices relative to the prevailing hiked prices of steel.

The first drydock and related facilities are expected to be fully completed by 3Q2008. Commencement of the second drydock, jetty and related facilities will be deferred to free up space for shipbuilding activities.

With the additional of new vessels currently in the pipeline of being built, the operating fleet size is expected to be increase from the present 31 vessels to 37 vessels by the end of 2008.

The Group's joint venture company, MPST Marine Pte Ltd, is expected to commence operations in June 2008 to provide transshipment services, primarily for the transshipment of cargo managed and carried by Glencore International AG and/or its related corporations and affiliates.

"The robust growth in the marine, offshore oil and gas industries, especially in the shipbuilding and shipchartering sectors will continue to propel Marco Polo's revenue and earnings to new highs. We are confident that the Group will achieve new milestones in the months ahead."

Mr Sean Lee Yun Feng, CEO of Marco Polo Marine

Barring unforeseen circumstances, the Group expects to turn in a better performance in FY2008.

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About Marco Polo Marine Ltd (Bloomberg Code: MPM.SP)

Marco Polo is a growing integrated shipping group principally engaged in the ship chartering and shipyard businesses. The Group's ship chartering business includes the provision of chartering, re-chartering and transshipment services of tugboats and barges to its customers and end-users from the mining, commodity, trading, shipping, construction, infrastructure, property development and land reclamation industries.

The Group provides transshipment services, which involve the transportation of coal mined in Indonesia to coal operators for their onward transportation to energy power plants in the South East Asia regions.

The Group's shipyard business includes the provision of building, repairing and broking services of tugboats and barges. The Group commenced its ship building operations in December 2005, and builds tugboats and barges to support its ship chartering operations, as well as to meet external demand.

The Group's shipyard is strategically located in Batam, Indonesia, occupying a total land area of approximately 348,705 square metres, with a seafront of approximately 650 metres. Presently, the Group is in the process of expanding its shipyard. When completed, its shipyard is expected to be one of the larger shipyards in Batam.

For more information, please refer to the corporate website www.marcopolomarine.com.sg

Issued for and on behalf of Marco Polo Marine Ltd
By Financial PR Pte Ltd

For more information, please contact:

Mark Lee, marklee@financialpr.com.sg

Yen Tan, yen@financialpr.com.sg

Tel: (65) 6438 2990 Fax: (65) 6438 0064