



MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER (“Q1FY2013”) IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2013 (“FY2013”)

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		
	Q1FY2013	Q1FY2012	%
	S\$'000	S\$'000	Change
Revenue	15,157	24,565	(38)
Cost of sales	(9,307)	(18,371)	(49)
Gross profit	5,850	6,194	(6)
Other operating income	1,023	1,424	(28)
Administrative expenses	(1,798)	(1,542)	17
Other operating expenses	(834)	(848)	(2)
Profit from operations	4,241	5,228	(19)
Finance costs	(314)	(391)	(20)
Share of results of associated companies	616	(265)	NM
Share of results of jointly-controlled entities	559	355	57
Profit before tax	5,102	4,927	4
Income tax	(609)	(575)	6
Net profit attributable to the shareholders	4,493	4,352	3

“Q1FY2013” denotes the first financial quarter of the financial year ended 30 September 2013 (“FY2013”).

“Q1FY2012” denotes the first financial quarter of the financial year ended 30 September 2012 (“FY2012”).

“% 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		
	Q1FY2013 S\$'000	Q1FY2012 S\$'000	% Change
Profit for the period	4,493	4,352	3
Exchange differences on translating foreign operations	6	7	NM
Share of comprehensive income of Jointly-controlled entities	1,062	793	34
Other comprehensive income, net of tax	1,068	800	34
Total comprehensive income for the period	5,561	5,152	8
Profit attributable to equity holders of the Company	4,493	4,352	3
Total comprehensive income attributable to equity holders of the Company	5,561	5,152	8

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

	The Group		
	Q1FY2013 S\$'000	Q1FY2012 S\$'000	% Change
Profit before income tax has been arrived at after charging/(crediting)			
Depreciation and amortisation	1,819	1,638	114
Net foreign currency exchange loss/(gain)	60	(531)	NM
Gain on disposal of property, plant and equipment	-	(166)	NM
Property, plant and equipment written-off	-	20	NM
Amortisation of deferred income – government grant	-	(8)	NM
Interest income	(22)	(29)	(24)
Interest expenses	314	391	(20)
Fair value adjustment of derivative contract	-	(436)	NM
Fair value gain of derivative on convertible bond	(64)	-	NM
Fair value adjustment on convertible bond	(589)	-	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 31 December 2012 S\$'000	As at 30 September 2012 S\$'000	As at 31 December 2012 S\$'000	As at 30 September 2012 S\$'000
Non-current assets				
Property, plant and equipment	110,060	107,068	-	-
Investment in subsidiaries	-	-	4,320	4,320
Investment in an associate	20,033	19,581	-	-
Convertible bond in an associate	22,138	21,550	-	-
Derivative on convertible bond	3,680	3,616	-	-
Investment in jointly controlled entities	25,840	24,345	3,965	3,965
	181,751	176,160	8,285	8,285
Current assets				
Inventories	5,804	3,125	-	-
Trade receivables	21,104	26,127	-	-
Due from customers for construction contracts	781	5,706	-	-
Other receivables, deposits & prepayment	4,101	2,904	59	62
Due from subsidiaries (non-trade)	-	-	52,776	54,560
Fixed deposits	4,721	3,450	2,031	2,033
Cash and bank balances	11,240	12,501	289	1,328
	47,751	53,813	55,155	57,983
Total assets	229,502	229,973	63,440	66,268
Current liabilities				
Bank overdraft	779	1,619	-	-
Trade payables	11,696	11,461	-	-
Other payables and accruals	9,375	10,666	208	208
Due to customers for construction contracts	393	4,847	-	-
Borrowings – interest bearing	35,710	33,493	-	-
Income tax payable	6,266	5,687	-	-
	64,219	67,773	208	208
Non-current liabilities				
Borrowings – interest bearing	20,461	20,226	-	-
Deferred tax liabilities	834	821	-	-
	21,295	21,047	-	-
Total liabilities	85,514	88,820	208	208
Net assets	143,988	141,153	63,232	66,060
Share capital and reserves				
Share capital	59,239	59,239	59,239	59,239
Foreign currency translation reserve	172	(896)	-	-
Retained earnings/(Accumulated losses)	84,577	82,810	3,993	6,821
Total equity	143,988	141,153	63,232	66,060

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

	The Group	
	As at 31 December 2012 S\$ '000	As at 30 September 2012 S\$ '000
Amount repayable in one year or less or on demand Secured*	36,489	35,112
Amount repayable after one year Secured*	20,461	20,226

Details of any collateral

* These are secured by:

- 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 and a related company.
- Deposits provided by the Group.
- Assets of certain directors and related parties of 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	
	Q1FY2013 S\$'000	Q1FY2012 S\$'000
Cash flow from operating activities		
Profit before income tax	5,102	4,927
Adjustments for:		
Depreciation and amortization	1,820	1,638
Interest expense	314	391
Interest income	(22)	(29)
Gain on disposal of property, plant and equipment	-	(166)
Fair value adjustment of derivative contracts	-	(436)
Fair value gain of derivative on convertible bond	(64)	-
Amortisation of fair value adjustment on convertible bond	(589)	-
Share of (profits)/loss in jointly-controlled entities	(559)	(355)
Share of (profits)/loss in associated company	(616)	265
Property, plant and equipment written-off	-	20
Amortisation of deferred income	-	(8)
Currency realignment	160	(53)
Operating profit before working capital changes	5,546	6,194
Working capital changes:		
Inventories	(2,679)	3,419
Trade and other receivables	2,696	6,334
Due from customers for construction contracts	1,278	(14,818)
Trade and other payables	(571)	(11,701)
Cash from/(used in) operations	6,270	(10,571)
Interest paid	(17)	(25)
Income tax paid	(16)	(23)
Net cash generated from/(used in) operating activities	6,237	(10,620)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,811)	(6,230)
Proceeds from disposal of property, plant and equipment	-	10,900
Placement of fixed deposits and cash pledged with licensed bank	2	4,667
Interest received	22	29
Net cash (used in)/from investing activities	(4,787)	9,366
Cash flows from financing activities		
Proceeds from loans – net	2,526	6,136
Repayment of lease obligations	(74)	(311)
Interest paid on lease obligations	(2)	(13)
Interest paid on term loans	(295)	(353)
Dividend paid	(2,726)	(3,408)
Net cash (used in)/from financing activities	(571)	2,051
Net change in cash and cash equivalents	879	797
Effect of exchange rate changes on cash and cash equivalents	(27)	53
Cash and cash equivalents at beginning of financial year	12,299	10,524
Cash and cash equivalents at end of financial year (Note 1)	13,151	11,374
Note 1:		
Cash and cash equivalents consist of:		
		The Group
	Q1FY2013	Q1FY2012
	S\$'000	S\$'000
Cash and bank balances	11,240	10,643
Fixed deposits	4,721	3,458
Bank overdraft	(779)	(588)
Total cash, bank balances and fixed deposit	15,182	13,513
Less: fixed deposits and cash pledged	(2,031)	(2,139)
Cash and cash equivalents	13,151	11,374

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.

	The Group			
	Share capital	Translation Reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2012	59,239	(896)	82,810	141,153
Total comprehensive income for the year	-	1,068	4,493	5,561
Dividend paid	-	-	(2,726)	(2,726)
Balance as at 31 December 2012	59,239	172	84,577	143,988

	The Group			
	Share capital	Translation Reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2011	59,239	(611)	64,883	123,511
Total comprehensive income for the year	-	800	4,352	5,152
Dividend paid	-	-	(3,408)	(3,408)
Balance as at 31 December 2011	59,239	189	65,827	125,255

	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	-	(102)	(102)
Dividend on ordinary shares	-	(2,726)	(2,726)
Balance as at 31 December 2012	59,239	3,993	63,232

	The Company		
	Share capital	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2011	59,239	(2,585)	56,654
Total comprehensive income for the year	-	8,275	8,275
Dividend on ordinary shares	-	(3,408)	(3,408)
Balance as at 31 December 2011	59,239	2,282	61,521

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 is no change in company's share capital during Q1FY2013.

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 2012	As at 30 Sep 2012
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 1 October 2012. Neither had there been any sale, transfer, disposal, cancellation and/or use of treasury shares during Q1FY2013.

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 2012.

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 2012, 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 2012.

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	
	Q1FY2013 S\$'000	Q1FY2012 S\$'000
Net profit attributable to shareholders	4,493	4,352
Earnings per share		
Basic (Singapore cents)	1.32 cents *	1.28 cents**
Diluted (Singapore cents)	1.32 cents *	1.28 cents**

* Basic and diluted earnings per share for Q1FY2013 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$4.5 million and the weighted average number of shares of 340,750,000.

** Basic and diluted earnings per share for Q1FY2012 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$4.4 million and the weighted average number of shares of 340,750,000.

There were no potential dilutive shares as at 31 December 2012.

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 31 December 2012 S\$'000	As at 30 September 2012 S\$'000	As at 31 December 2012 S\$'000	As at 30 September 2012 S\$'000
Net asset value as at the respective balance sheet dates	143,988	141,153	63,232	66,060
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	42.3 cents	41.4	18.6	19.4

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

Marco Polo Marine Ltd is an integrated marine logistic company which has expanded to become a reputable player in the marine industry in the region.

The Group's ship chartering business provides Offshore Supply Vessels (OSVs) as well as tugboats and barges which are being deployed in regional waters to its customers, especially in the offshore oil and gas, mining, commodities, construction and infrastructure sectors.

The Group's shipyard business undertakes ship building and maintenance as well as repair, outfitting and conversion services in Batam, Indonesia. Occupying a total land area of approximately 34 hectares with a seafront of approximately 650 metres, the modern shipyard also houses three dry docks which have led to the Group scaling up its technical capabilities and service offerings to undertake projects involving work on mid-sized and sophisticated vessels.

(a) Review of financial performance of the Group for Q1FY2013 compared to Q1FY2012

Our Group's revenues for Q1FY2013 and Q1FY2012 were as follow:

	Q1FY2013		Q1FY2012		Change	
	S\$ million	%	S\$ million	%	S\$ million	%
Ship Chartering Operations	5.5	36.2	5.8	23.6	(0.3)	(5.2)
Ship Building & Repair Operations	9.7	63.8	18.8	76.4	(9.1)	(48.4)
	15.2	100.0	24.6	100.0	(9.4)	(38.2)

The Group's revenue decreased by 38.2% to S\$15.2 million in Q1FY2013 from S\$24.6 million in Q1FY2012.

While the Ship Repair Operation's revenue growing by 75.5% to S\$8.6 million in Q1FY2013 from S\$4.9 million in Q1FY2012, the overall revenue generated by our Shipyard Business was weighed down by the Ship Building Operations, which experienced a decrease in revenue by 92.1% to S\$1.1 million in Q1FY2013 from S\$ 13.9 million in Q1FY2012 due to the slower progress in new-build orders.

On the ship chartering front, as one of the Group's offshore vessels was docked for her first mandatory special survey and other maintenance works due, the Group's ship chartering revenue decreased by 5.2% to S\$5.5 million in Q1FY2013 from S\$5.8 million in Q1FY2012.

In tandem with the decrease in the Group's revenue for Q1FY2013, the Group's gross profit decreased by 5.6% to S\$5.9 million in Q1FY2013 from S\$6.2 million in Q1FY2012. Notwithstanding which, the gross profit margin of the Group rose to 38.6% for Q1FY2013 compared to 25.2% for Q1FY2012 due to a higher proportion of ship repair revenue (which generally commands a higher yield relative to ship building revenue) to ship building revenue being recognized in Q1FY2013.

The other operating income decreased to S\$1.0 million in Q1FY2013 from S\$1.4 million in Q1FY2012, due mainly to the decrease in gains from foreign exchange, fair value adjustment of derivative contract and disposal of vessel, notwithstanding the gain attained with regard to a fair value adjustment of the convertible bonds issued by PT Pelayaran Nasional Bina Buana Raya Tbk ("BBR"), a former associated company of the Group which subsequent to 9 January 2013 becomes a subsidiary of the Group (for reason as explained below), to the Group in Q1FY2013.

The increase in administrative expenses of 16.6% in Q1FY2013 relative to Q1FY2012 was mainly attributed to the increased shipyard utilities cost and personnel expenses.

The Group's finance costs decreased by 19.7% to S\$0.3 million in Q1FY2013 from S\$0.4 million in Q1FY2012, due mainly to lower interest costs.

The share of profit of an associated company was in relation to BBR. With BBR successfully listed on the Indonesia Stock Exchange on 9 January 2013 and the Group being the single largest shareholder and exerting *de facto* control over BBR's operations, BBR, with effect from Q2FY2013 or specifically 9 January 2013, is deemed a subsidiary of the Company and will have its financial results consolidated with the Group based on Financial Reporting Standard 27.

The share of results from jointly controlled companies increased by 57.5% in Q1FY2013 relative to Q1FY2012, mainly attributed to the contribution from the jointly controlled entity forged in Q4FY2012 which engages in the bunker tankers business.

(b) Review of financial position of the Group as at 31 December 2012 compared to FY2012

The Group's non-current assets increased by 3.2% to S\$181.8 million as at 31 December 2012 from S\$176.2 million as at 30 September 2012, mainly attributed to the capitalization of one vessel and the progress capitalization of its new-build slipway.

The increase in inventories and deposits and prepayment were mainly due to the increased in required vessel building materials as well as advance payment made to the vessel engine maker in Q1FY2013 in preparation for a new build program scheduled to commence in Q2FY2013.

In line with the business activities, trade receivables as at 31 December 2012 decreased by 19.2% to S\$21.1 million compared to S\$26.1 million as at 30 September 2012.

As a result of the completed works billed and vessels delivered to customers, the amounts due from and due to customers (in respect of advanced payments made) for construction contracts both decreased significantly by 86.3% to S\$0.8 million as at 31 December 2012 from S\$5.7 million as at 30 September 2012 and by 91.9% to S\$0.4 million as at 31 December 2012 from S\$4.8 million as at 30 September 2012 respectively.

The other payables and accruals decreased by 12.1% to S\$9.4 million as at 31 December 2012 from S\$10.7 million as at 30 September 2012, mainly due to payments made.

The Group's negative working capital further widened by S\$2.5 million as at 31 December 2012 from S\$14.0 million as at 30 September 2012 due mainly to the payment of a special interim gross dividend of S\$2.7 million in Q1FY2013. Notwithstanding which, the Group generated a positive operating cash flow of S\$6.2 million in Q1FY2013 and have its:

1. cash and cash equivalent increased by S\$0.9 million to S\$13.2 million in 31 December 2012 from S\$12.3 million in 30 September 2012;
2. gearing ratio (defined as the ratio of aggregate of interest bearing loans net of fixed deposit and cash balances to total equity) marginally increased from 27.9% to 28.5% since 30 September 2012; and
3. net asset value per share enhanced from 42.3 cents as at 31 December 2012 from 41.4 cents as at 30 September 2012.

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.

Notwithstanding that demands for our shipyard services have moderated, the Group continues to receive enquiries for ship building, ship repair, outfitting and conversion services.

With regard to the Group's ship chartering business, the Group expects its offshore business to continue to spearhead its growth. Charter rates in both the offshore vessel division as well as the tug and barge division have stabilized and, based on the recent enquiries and indications, are expected to continue to remain stable in the foreseeable future.

The global macroeconomic environment remains uncertain albeit showing signs of recovery. The Group remains watchful with regard to market conditions and its ensuing operational development and expansion plans. Barring any unforeseen circumstances, the Group is optimistic about its performance for 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/recommendeded for Q1FY2013.

During Q1FY2013, the Company declared a tax exempt one-tier special interim dividend of SGD 0.8 cents per ordinary share

for FY2013 and the dividends, aggregating S\$2.7 million, were paid on 21 December 2012.

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 30 January 2012, the following interested person transactions had been entered into during Q1FY2013:

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
Not applicable	-	-

14. Negative Assurance on Interim Financial Statement.

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for Q1FY2013 to be false or misleading in any material aspect.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
CEO

Liely Lee
Executive Director

25 January 2013