



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER (“Q1FY2016”) IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2016 (“FY2016”)

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		
	3 months ended 31 December		
	Q1FY2016	Q1FY2015	% Change
	S\$'000	S\$'000	
Revenue	17,014	26,609	(36)
Cost of sales	(11,968)	(20,582)	(42)
Gross Profit	5,047	6,027	(16)
Other operating income	54	2,819	(98)
Administrative expense	(1,687)	(2,422)	(30)
Other operating expenses	(1,408)	(1,420)	(8)
Profit from operations	2,006	5,004	(53)
Finance cost	(1,128)	(1,029)	10
Share of losses in joint ventures	(1,194)	971	NM
Gain on deem disposal of a subsidiary	-	2,917	NM
(Loss)/profit before income tax	(316)	7,863	NM
Income tax	335	(1,058)	NM
Profit for the financial period	19	6,805	(100)
Profit for the financial period attributable to :			
Equity holders of the Company	19	7,410	100
Non-controlling interests	-	(605)	NM
	19	6,805	(100)

“Q1FY2016” denotes the first financial quarter of the financial year ended 30 September 2016 (“FY2016”).

“Q1FY2015” denotes the first financial quarter of the financial year ended 30 September 2015 (“FY2015”).

“% 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		
	3 months ended 31 December		
	Q1FY2016	Q1FY2015	% Change
	S\$'000	S\$'000	
Profit for the period	19	6,805	(100)
Other comprehensive income:			
Exchange differences on translating foreign operations	(611)	2,347	NM
Total comprehensive income for the period	(592)	9,152	NM
Total comprehensive income attributable to:			
Equity holders of the Company	(592)	6,669	NM
Non-controlling interest	-	2,483	NM
	(592)	9,152	NM

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

	Group		
	3 months ended 31 December		
	Q1FY2016	Q1FY2015	% Change
	S\$'000	S\$'000	
(Loss)/profit before income tax has been arrived at after charging/(crediting):			
Depreciation and amortization	2,920	4,702	(38)
Net foreign currency exchange loss/(gain)	644	(2,579)	NM
Allowance for impairment of trade receivable	-	305	NM
Gain on deem disposal of a subsidiary	-	(2,917)	NM
Interest income	(6)	(12)	(50)
Interest expenses	1,128	1,029	10
Share-based payment expense	14	14	-
Loss on fair value adjustment of derivative contract	35	-	NM

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

	<u>Group</u>		<u>Company</u>	
	As at 31 December 2015 S\$'000	As at 30 September 2015 S\$'000	As at 31 December 2015 S\$'000	As at 30 September 2015 S\$'000
Non-current assets				
Property, plant and equipment	262,481	235,332	-	-
Investments in subsidiary companies	-	-	4,320	4,320
Investments in jointly controlled entities	84,197	85,957	6,898	6,919
	346,678	321,289	11,218	11,239
Current assets				
Inventories	25,564	26,879	-	-
Gross amount due from customers for contract work	50,273	64,183	-	-
Trade receivables	12,501	9,176	37	-
Other receivables, deposits & prepayment	9,549	9,717	1,060	379
Amounts owing by subsidiary companies	-	-	98,124	99,179
Cash and bank balances	11,295	11,061	564	1,249
	109,182	121,016	99,785	100,807
Total assets	455,860	442,305	111,003	112,046
Current liabilities				
Gross amount due to customers for contract work	2,954	6,508	-	-
Trade payables	18,670	19,205	-	-
Other payables and accruals	13,882	11,336	1,042	2,258
Borrowings - interest bearing	128,318	124,836	-	-
Derivative finance instruments	305	271	-	-
Amounts owing to subsidiary companies	-	-	-	-
Income tax payable	5,198	6,698	-	-
	169,327	168,854	1,042	2,258
Non-current liabilities				
Borrowings - interest bearing	108,582	94,966	50,000	50,000
Deferred tax liabilities	1,154	1,111	-	-
	109,737	96,077	50,000	50,000
Total liabilities	279,064	264,931	51,042	52,258
Net assets	176,796	177,374	59,961	59,788
Equity attributable to equity of the Company				
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	156	142	-	-
Foreign currency translation reserve	1,632	2,243	-	-
Retained earnings	116,338	116,319	1,925	1,752
	176,796	177,374	59,961	59,788
Total equity	176,796	177,374	59,961	59,788

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

	As at 31 December 2015 S\$'000	As at 30 September 2015 S\$'000
Amount repayable in one year or less or on demand secured*	128,318	124,836
Amount repayable after one year secured*	108,582	94,966

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.
- Certain property, 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.

	Group	
	3 months ended 31 December	
	Q1FY2016	Q1FY2015
	S\$'000	S\$'000
Cash flow from operating activities :		
(Loss)/profit before taxation	(316)	7,863
Adjustments for :		
Depreciation and amortization	2,920	4,702
Interest income	(6)	(12)
Interest expense	1,128	1,029
Loss on fair value adjustment of derivative contracts	35	-
Allowance on impairment of doubtful receivables	-	305
Loss on deem disposal of subsidiary	-	123
Share-based payment expense	14	14
Share of losses in joint ventures	1,194	(971)
Foreign exchange difference	(1,302)	(440)
Operating profit before working capital changes	3,667	12,613
Movements in working capital		
Inventories	1,315	600
Trade and other receivables	(3,595)	(11,548)
Amount due from customers for construction contracts	10,356	(13,575)
Trade and other payables	2,016	8,488
Cash generated from/(used in) operations	13,759	(3,422)
Interest paid	(14)	(17)
Income tax paid	(688)	(1,373)
Net cash generated from/(used in) operating activities	13,057	(4,812)
Cash flow from investing activities :		
Interest received	6	12
Purchase of property, plant and equipment	(28,627)	(13,225)
Receipt of minimum lease payment	-	718
Net cash outflow on deemed disposal of a subsidiary	-	(2,366)
Net cash used in investing activities	(28,621)	(14,861)
Cash flow from financing activities :		
Proceeds from bank borrowings	19,969	37,923
Repayment of bank borrowings	(2,850)	(23,277)
Repayment of lease obligations	(20)	(11)
Interest paid on term loan	(1,077)	(750)
Interest paid on medium term note	(37)	(262)
Purchase of treasury shares	-	(1,003)
Net cash generated from financing activities	15,985	12,620
Net increase/(decrease) in cash and cash equivalents	421	(7,053)
Cash and cash equivalents at beginning of the period	9,935	23,837
Effects of exchange rate changes on cash and cash equivalents	(187)	88
Cash and cash equivalents at end of the financial period	10,169	16,872

Note 1:

Cash and cash equivalents consist of:

Cash and bank balances
Fixed deposits
Bank overdraft
Total cash, bank balances and fixed deposit
Less: fixed deposits and cash pledged
Cash and cash equivalents

Group	
3 months ended 31 December	
Q1FY2016	Q1FY2015
S\$'000	S\$'000
11,295	17,507
-	757
-	(1,392)
11,295	16,872
(1,126)	-
10,169	16,872

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	Attributable to equity holders of the Company								
	Share capital	Treasury shares	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Retained earning	Total	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2015	59,239	(1,203)	634	142	2,243	116,319	177,374	-	177,374
Profit for the financial period	-	-	-	-	-	19	19	-	19
Other comprehensive income, net of tax	-	-	-	-	(611)	-	(611)	-	(611)
Total comprehensive income for the financial period	-	-	-	-	(611)	19	(592)	-	(592)
Employee share option	-	-	-	14	-	-	14	-	14
Balance as at 31 Dec 2015	59,239	(1,203)	634	156	1,632	116,338	176,796	-	176,796
Balance as at 1 October 2014	59,239	(104)	634	85	743	107,798	168,395	52,126	220,521
Profit for the financial period	-	-	-	-	-	7,410	7,410	(605)	6,805
Other comprehensive income, net of tax	-	-	-	-	(741)	-	(741)	3,088	2,347
Total comprehensive income for the financial period	-	-	-	-	(741)	7,410	6,669	2,483	9,125
Purchase of treasury share	-	(1,003)	-	-	-	-	(1,003)	-	(1,003)
Employee share option	-	-	-	14	-	-	14	-	14
Disposal of subsidiary	-	104	(634)	-	-	-	(530)	(54,609)	(55,139)
Balance as at 31 Dec 2014	59,239	(1,003)	-	99	2	115,208	173,545	-	173,545

Company	Share capital	Treasury share	Retained earning	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2015	59,239	(1,203)	1,752	59,788
Total comprehensive income for the financial period	-	-	173	173
Balance at 31 December 2015	59,239	(1,203)	1,925	59,961
Balance at 1 October 2014	59,239	-	492	59,731
Total comprehensive income for the financial period	-	-	46	46
Purchase of treasury share	-	(1,003)	-	(1,003)
Balance at 31 December 2014	59,239	(1,003)	538	58,774

1.(d)(ii) Details of any changes in company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

On 9 July 2012, the shareholders of the Company approved the adoption of: (a) a restricted share scheme; (b) a performance share scheme; and (c) an employee share option scheme ("ESOS").

On 24 April 2013, 4,910,000 shares options, which are capable of being exercised into the same equivalent number of shares of the Company, were issued by the Company pursuant to the ESOS Scheme.

On 28 April 2015, 4,980,000 shares options, which are capable of being exercised into the same equivalent number of shares of the Company, were issued by the Company pursuant to the ESOS Scheme.

Save as disclosed, the Company has no outstanding convertibles as at 31 December 2015 and 31 December 2014.

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

	<u>As at 31 December 2015</u>	<u>As at 30 September 2015</u>
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 31 December 2015 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 2015.

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 2015, 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 2015.

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	
	Q1FY2016 S\$'000	Q1FY2015 S\$'000
Net profit attributable to shareholders	19	7,410
Earnings per share		
Basic (Singapore cents)	0.01 cents*	2.18 cents*
Diluted (Singapore cents)	0.01 cents*	2.18 cents*

* Basic and diluted earnings per share for Q1FY2016 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$19,000 and the weighted average number of shares of 336,548,600.

** Basic and diluted earnings per share for Q1FY2015 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$3.7 million and the weighted average number of shares of 339,470,054.

There were no potential dilutive shares as at 31 December 2015.

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 2015 S\$'000	As at 30 September 2015 S\$'000	As at 31 December 2015 S\$'000	As at 30 September 2015 S\$'000
Net asset value	176,796	177,374	59,961	59,788
Net asset value per ordinary share based on issued share capital (Singapore cents)	52.5 cents	52.7 cents	17.8 cents	17.8 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.

Overview

The Group, comprising Marco Polo Marine Ltd (the "Company") and its subsidiaries, is a reputable regional integrated marine logistic company which principally engages in shipping and shipyard businesses.

The shipping business of the Group relates to the chartering of Offshore Supply Vessels ("OSVs"), which comprise mainly Anchor Handling Tug Supply ("AHTS") vessels for deployment in the regional waters, including the Gulf of Thailand, Malaysia, Indonesia and Australia, as well as the chartering of tugboats and barges to customers, especially those which engaged in the mining, commodities, construction, infrastructure and land reclamation industries.

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

(a) Review of financial performance of the Group for Q1FY2016 compared to Q1FY2015

Our Group's revenues for Q1FY2016 and Q1FY2015 were as follow:

	Q1FY2016		Q1FY2015		Change	
	S\$ million	%	S\$ million	%	S\$ million	%
Ship Chartering Operations	6.4	38	13.2	50	(6.8)	(52)
Ship Building & Repair Operations	10.6	62	13.4	50	(2.8)	(21)
	17.0	100	26.6	100	(9.6)	(36)

The Group recorded a revenue of S\$17 million in Q1FY2016, a decrease of 36% from that of S\$26.6 million registered in Q1FY2015.

Relative to the corresponding reporting period of FY2015, the Ship Chartering Operations' revenue of the Group decreased by 52% to S\$6.4 million in Q1FY2016. The decrease in revenue was mainly due to: (i) the deconsolidation of the results of BBR following the Deemed Disposal; (ii) the lower utilization of the Group's tugboat and barge fleet amidst the continued weakened shipping demand in the regions for the shipment of coal and other commodities; and (iii) the lower utilization and charter rate of the Group's OSVs fleet due to the slowdown in the marine and offshore industry following the recent oil price crisis.

The Ship Building & Repair Operations of the Group also recorded a marginal decrease in revenue in Q1FY2016 relative to Q1FY2015.

Due principally to the deconsolidation of the BBR's results since December 2014, the Group recorded a higher gross profit margin of 30% in Q1FY2016 relative to that of 23% in Q1FY2015.

The Group's other operating income decreased by \$2.77 million to S\$54,000 in Q1FY2016 from S\$2.8 million in Q1Y2015. The decrease was mainly due to a foreign exchange loss recorded in Q1FY2016 compared to a foreign exchange gain registered in Q1FY2015.

Due to reduced business activities, the Group's administrative expenses decreased by S\$0.7 million or 30% to S\$1.7 million in Q1FY2016 from S\$2.4 million in Q1FY2015.

The Group maintained its other operating expenses at S\$1.4 million for Q1FY2016 and Q1FY2015.

Due to increased borrowings, the finance costs of the Group increased by S\$0.1 million or 10% to S\$1.1 million in in Q1FY2016 from S\$1.0 million in Q1FY2015.

The share of results from jointly controlled companies reversed to a loss of S\$1.2 million in Q1FY2016 from a profit of S\$1.0 million in Q1FY2015. The reversal in results was mainly attributed to the share of losses of BBR, which outstripped the positive contribution from the other jointly controlled entity that principally engages in the chartering of Maintenance Work Vessel.

The gain on deemed disposal of a subsidiary of S\$2.9 million recorded in Q1FY2015 was a gain in connection with a re-measurement of the fair value of BBR from a subsidiary to a jointly controlled company as a result of the Deemed Disposal.

(b) Review of financial position of the Group as at 31 December 2015 compared to that as at 30 September 2015

The non-current assets of the Group increased by S\$25.4 million or 8%, from S\$321.3 million as at 30 September 2015 to S\$346.7 million as at 31 December 2015. The increase was attributed mainly to two newly added units of AHTS in November 2015.

The decrease in inventories was mainly due to, in line with reduced business activities, reduced purchase of raw materials and equipment required for the building of vessels towards the end of 31 December 2015.

The increase in trade receivables was mainly due to lower debts collection as at 31 December 2015.

The amounts due from customers for construction contracts decreased by 22% to S\$50.3 million as at 31 December 2015 from S\$64.2 million as at 30 September 2015, mainly as a result of billing made to the customer in respect of a vessel under construction.

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

The decrease in trade payables was mainly due to reduced purchase of raw materials and equipment required for the building of vessels towards the end of 31 December 2015.

The increase in other payables and accruals was mainly due to increase in accrual of project expenses as at 31 December 2015.

The Group's total interest-bearing borrowings increased by S\$17.1 million to S\$236.9 million as at 31 December 2015 from S\$219.8 million as at 30 September 2015, primarily as a result of drawn down a vessel and construction loan.

The Group reported a net cash generated in operating activities of S\$13.1 million for Q1FY2016, compared to a net cash used in operating activities of S\$4.8 million in Q1FY2015, principally as a result of increased amounts due from contract customers. The cash and cash equivalent of the Group were maintained at S\$11 million as at 31 December 2015 and 30 September 2015.

Following from the above:

- (1) the negative working capital of the Group widened from S\$47.8 million as at 30 September 2015 to S\$60.1 million as at 31 December 2015;
- (2) the net gearing of the Group (defined as the ratio of the aggregate of interest bearing loans net of cash and cash equivalents to total equity) increased to 127.6% as at 31 December 2015 from 117.7% as at 30 September 2015; and
- (3) the net asset value per share of the Group remained at 52 cents as at 31 December 2015 and 30 September 2015.

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.

The market conditions for the offshore and marine industries are expected to remain challenging for the foreseeable future, chiefly as a result of the continued slowdown in the global economy as well as weakness in oil prices due to supply glut. It is against these headwinds that the Group's Ship Chartering Operations and Ship Building and Repair Operations would need to steer themselves ahead. To this end, the Group has taken proactive measures across the board to cut costs and improve efficiency with a view to rationalize its business structure and sustain its fleet utilization.

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 Q1FY2016.

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 21 January 2016, the following interested person transactions had been entered into during Q1FY2016:

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
None	S\$'000 -	S\$'000 -

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 Q1FY2016 to be false or misleading in any material aspect.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
Chief Executive Officer

Liely Lee
Executive Director

5 February 2016