MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 DECEMBER 2009 ("Q1FY2010") IN RESPECT OF THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2010 ("FY2010")

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		
	Q1FY2010 S$'000	Q1FY2009 S$'000	% Change
Revenue	**12,014**	8,960	34
Cost of sales	**(8,775)**	(6,008)	46
Gross profit	**3,239**	2,952	10
Other operating income	**3,923**	147	2,569
Administration expenses	**(905)**	(845)	7
Other operating expenses	**(1,017)**	(600)	70
Profit from operations	**5,240**	1,654	217
Finance costs	**(676)**	(536)	26
Share of results of a jointly controlled entity	**246**	184	34
Profit before tax	**4,810**	1,302	269
Income tax	**-**	-	-
Profit for the period	**4,810**	1,302	269

"Q1FY2009" denotes the first financial quarter of the financial year ended 30 September 2009 ("FY2009").
"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure.

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		
	Q1FY2010 S$'000	Q1FY2009 S$'000	% Change
Profit for the period	**4,810**	1,302	269
Exchange difference on translating foreign operations	**-**	-	-
Share of comprehensive income of jointly controlled entity	**-**	-	-
Other comprehensive income for the period	**-**	-	-
Total comprehensive income for the period	**4,810**	1,302	269

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

	The Group		
	Q1FY2010	Q1FY2009	%
	S$'000	S$'000	Change
Profit before tax has been arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	**1,520**	1,115	36
Foreign currency exchange gain - net	**(84)**	(94)	(11)
Gain on disposal of property, plant and equipment	**(3,688)**	-	N/M
Property, plant and equipment written off	**1**	-	N/M
Interest income	**(28)**	(8)	250
Interest expenses	**676**	536	26

"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure.
"N/M" denotes "Not meaningful".

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 2009 S$'000	30 September 2009 S$'000	**31 December 2009 S$'000**	30 September 2009 S$'000
Non-current assets				
Property, plant and equipment	**110,220**	119,364	**-**	-
Investments in subsidiaries	**-**	-	**4,320**	4,320
Jointly controlled entity	**8,799**	8,553	**-**	-
	119,019	127,917	**4,320**	4,320
Current assets				
Inventories	**3,336**	3,661	**-**	-
Trade receivables	**5,589**	4,799	**-**	-
Due from customers for construction contracts	**2,005**	10,329	**-**	-
Other receivables, deposits & prepayment	**6,841**	7,615	**114**	121
Due from related parties^ (non-trade)	**8,330**	-	**-**	-
Due from subsidiaries^ (non-trade)	**-**	-	**37,754**	37,332
Fixed deposits	**7,793**	3,579	**3,578**	3,579
Cash and bank balances	**12,211**	8,919	**70**	4,803
	46,105	38,902	**41,516**	45,835
Total assets	**165,124**	166,819	**45,836**	50,155
Current liabilities				
Trade payables	**14,652**	21,194	**-**	-
Due to customers for construction contracts	**-**	1,505	**-**	-
Other payables and accruals	**17,002**	19,528	**131**	137
Due to subsidiaries^ (non-trade)	**-**	-	**-**	4,230
Borrowings - Interest bearing	**24,990**	23,995	**916**	647
Provision for income tax	**307**	304	**-**	-
	56,951	66,526	**1,047**	5,014
Non-current liabilities				
Borrowings - Interest bearing	**29,946**	26,876	**931**	1,098
Deferred tax liabilities	**277**	277	**-**	-
	30,223	27,153	**931**	1,098
Total liabilities	**87,174**	93,679	**1,978**	6,112
Net assets	**77,950**	73,140	**43,858**	44,043
Share capital and reserves				
Share capital	**44,673**	44,673	**44,673**	44,673
Translation reserve	**11**	11	**-**	-
Retained earnings/(Accumulated losses)	**33,266**	28,456	**(815)**	(630)
Total equity	**77,950**	73,140	**43,858**	44,043

^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 31 December 2009 S$ '000	As at 30 September 2009 S$ '000
Amount repayable in one year or less or on demand		
Secured*	**21,907**	10,296
Unsecured	**3,083**	13,699
	24,990	23,995
Amount repayable after one year		
Secured*	**23,592**	20,545
Unsecured	**6,354**	6,331
	29,946	26,876

Details of any collateral

* These are secured against:

- 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 Group
- Assets of certain directors and related parties of the Group
- Certain plant and equipment are under finance lease arrangements

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

	The Group	
	Q1FY2009	Q1FY2009
	S$'000	S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**4,810**	**1,302**
Adjustments for:		
Depreciation of property, plant and equipment	**1,520**	**1,115**
Interest expense	**676**	**536**
Interest income	**(28)**	**(8)**
Gain on disposal of property, plant and equipment	**(3,688)**	**-**
Share of profits of a jointly controlled entity	**(246)**	**(184)**
Property, plant and equipment written off	**1**	**-**
Currency realignment	**3**	**-**
Operating profit before changes in working capital	**3,048**	**2,761**
Inventories	**325**	**(8,587)**
Trade and other receivables	**(8,346)**	**1,528**
Due from customers for construction contracts	**6,819**	**2,963**
Trade and other payables	**(9,068)**	**7,087**
Cash (used in) / generated from operations	**(7,222)**	**5,752**
Interest paid	**(167)**	**(107)**
Income tax paid	**-**	**(16)**
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	**(7,389)**	**5,629**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(22,581)**	**(11,404)**
Proceeds from disposal of property, plant and equipment	**33,892**	**-**
Jointly controlled entity	**-**	**1,048**
Placement of fixed deposits pledged with licensed bank	**(4,214)**	**(8)**
Interest received	**28**	**8**
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**7,125**	**(10,356)**
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of loans)/ Proceeds from loans - (net)	**(6,727)**	**2,010**
Repayment of lease obligations	**(260)**	**(205)**
Interest paid on lease obligations	**(41)**	**-**
Interest paid on term loans	**(468)**	**(429)**
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES	**(7,496)**	**1,376**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,760)**	**(3,351)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**8,919**	**3,563**
CASH AND CASH EQUIVALENTS AT END OF PERIOD (NOTE 1)	**1,159**	**212**

Note 1:
Cash and cash equivalents consist of:

	The Group	
	Q1FY2009	Q1FY2009
	S$'000	S$'000
Cash and bank balances	**12,211**	1,345
Fixed deposits	**7,793**	2,159
Total cash, bank balances and fixed deposits	**20,004**	3,504
Less: fixed deposits pledged	**(7,793)**	(2,159)
Less: bank overdrafts	**(11,052)**	(1,133)
Cash and cash equivalents	**1,159**	212

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	**Translation Reserve**	**Accumulated Profits**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Balance as at 1 October 2009	**44,673**	**11**	**28,456**	**73,140**
Total comprehensive income for period	-	-	4,810	4,810
Balance as at 31 December 2009	**44,673**	**11**	**33,266**	**77,950**

	The Group			
	Share Capital	**Translation Reserve**	**Accumulated Profits**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Balance as at 1 October 2008	**37,446**	**11**	**18,394**	**55,851**
Total comprehensive income for period	-	-	1,302	1,302
Balance as at 31 December 2008	**37,446**	**11**	**19,696**	**57,153**

	The Company		
	Share Capital	**Accumulated Profits/(Losses)**	**Total**
	S$'000	**S$'000**	**S$'000**
Balance as at 1 October 2009	**44,673**	**(630)**	**44,034**
Total comprehensive income for period	-	(185)	(185)
Balance as at 31 December 2009	**44,673**	**(815)**	**43,858**

	The Company		
	Share Capital	**Accumulated Profits/(Losses)**	**Total**
	S$'000	**S$'000**	**S$'000**
Balance as at 1 October 2008	**37,446**	**(150)**	**37,296**
Total comprehensive income for period	-	(45)	(45)
Balance as at 31 December 2008	**37,446**	**(195)**	**37,251**

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 30 September 2009, being the end of the previous financial period reported on.

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 2009	**As at 30 Sep 2009**
Total number of issued ordinary shares (excluding treasury shares)	305,750,000	305,750,000

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 2009.

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 the current reporting period as those in the audited financial statements for the year ended 30 September 2009, except for the new and revised Financial Reporting Statements (FRS) relevant to its operations which took effect from the current financial year as disclosed in paragraph 5 below.

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 adopted the following new and revised FRS relevant to its operations which took effect from the financial year beginning on or after 1 January 2009:

FRS1 (revised 2008)	Presentation of Financial Statements
FRS 23	Borrowing Costs
FRS 108	Operating Segments
Improvements to Financial Reporting Standards 2008	

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies and has no material impact to the financial statements.

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	
	Q1FY2010 S$'000	Q1FY2009 S$'000
Net profit attributable to shareholders	**4,810**	1,302
Earnings per share		
Basic (Singapore cents)	**1.57***	0.46**
Diluted (Singapore cents)	**1.57***	0.46**

* Basic and diluted earnings per share for Q1FY2010 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S$4.3 million and the number of 305,750,000 ordinary share capital in issued during the period.

** 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.

There were no potential dilutive shares as at 31 December 2009.

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 2009	As at 30 September 2009	**As at 31 December 2009**	As at 30 September 2009

	S$'000	S$'000	**S$'000**	S$'000
Net asset value as at the respective balance sheet dates	**77,950**	73,140	**43,858**	44,043
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	**25.5 cents**	24.0 cents	**14.3 cents**	14.4 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

Marco Polo Marine is an integrated marine logistic group that facilitates the growth of and investments in South East Asia through its ship chartering and shipyard businesses.

The Group's ship chartering business provides tugboats and barges to its customers from the mining, commodities, construction, infrastructure, property development and land reclamation industries. The shipyard in Batam (occupying a land area of approximately 35 hectares with a 650-metre seafront) has two dry docks and undertakes ship building, ship repair and conversion services.

(a) Review of profit and loss statement of the Group for Q1FY2010 relative to that for Q1FY2009

Our Group's revenues for Q1FY2010 and Q1FY2009 were as follow:

	Q1FY2010		**Q1FY2009**		**Change**	
	S$ million	**%**	**S$ million**	**%**	**S$ million**	**%**
Ship chartering operations	7.8	65.0	5.5	61.1	2.3	41.8
Shipyard operations	4.2	35.0	3.5	38.9	0.7	20.0
	12.0	100.0	9.0	100.0	3.0	33.3

We achieved revenue growth in both our business segments at a combined increase of about S$3.0 million or 33.3%, from about S$9.0 million for Q1FY2009 to about S$12 million for Q1FY2010.

Our ship chartering revenue increased by about S$2.3 million or 41.8%, from about S$5.5 million in Q1FY2009 to about S$7.8 million in Q1FY2010, primarily as a result of our increased operating fleet size from 39 vessels as at 31 December 2008 to 51 vessels as at 31 December 2009.

The increase in our shipyard revenue, by about S$0.7 million or 20% from about S$3.5 million in Q1FY2009 to about S$4.2 million in Q1FY2010, was attributed primarily to our ship repair operations which contributed an increase of about S$1.2 million albeit a decrease of about S$0.5 million from ship building revenue.

Overall, our Group attained a gross profit of about S$3.2 million at a gross profit margin of about 27.0% in Q1FY2010 as compared to a gross profit of about S$3.0 million at a gross profit margin of about 32.9% in Q1FY2009. The decrease in our gross profit margin was attributed mainly to our ship chartering operations, which were contributed by a higher proportion of lower margin re-chartering activities (vis-à-vis the traditional chartering activities) in Q1FY2010 relative to Q1FY2009, aggravated by easing charter rates, loss of revenue arising from repair and re-flagging downtime in respect of certain of our operating fleet as well as increased operating costs principally as a result of repair and rising fuel costs in Q1FY2010.

The higher other operating income in Q1FY2010 relates mainly to the gain on disposal of nine vessels of about S$3.7 million compared to none in Q1FY2009. The nine disposed vessels comprised an anchor handling towing and supply vessel, which was sold to a North Asian customer for US$15.5 million, as well as four tugboats and four barges, which we disposed on sale-and-leaseback arrangements with a related party for an aggregate value of about S$11.9 million. The sale-and-leaseback arrangements allowed us to re-flag the relevant disposed vessels as Indonesian-flagged vessels and re-charter them back as part of our operating fleet, thereby enabling us to operate Indonesian flagged vessels freely in Indonesia waters while continuing to support our customers' logistic requirements in Indonesia and avail ourselves to the business opportunities and operational cost benefits accorded to such vessels plying Indonesian waters.

The increase in other operating expenses by about S$0.4 million in Q1FY2009 relative to Q1FY2008 was attributed mainly to higher depreciation following the completion of the two drydocks and maintenance charges due to the expanded facilities at our shipyard.

Finance costs increased by about S$0.1 million in Q1FY2010 due to increased bank borrowings and overdraft facilities.

The share of profits of a jointly controlled entity was contributed by our 50:50 jointly controlled entity, MPST Marine Pte Ltd ("MPST"). With the completion and the delivery of the last four vessels to MPST during 1QFY2010, we recorded a share of profits in MPST of about S$0.25 million in 1QFY2010 compared to S$0.18 million in 1QFY2009, despite the impairment of certain vessels aggregating about S$0.6 million as a result of lower valuation relative to the respective book values as at 31 December 2009.

(b) Review of financial position of the Group as at 31 December 2009 compared to that as at 30 September 2009

Following the sale of the nine vessels mentioned in the explanation on "Other operating income" above, our property, plant and equipment decreased by about S$9.1 million albeit the addition of five new vessels during 1QFY2010.

The completion and delivery of four third-party vessels towards the end of December 2009 coupled with fewer uncompleted ship building contracts remained to be carried out during 1QFY2010 had resulted in a decrease in the amounts due from customers on construction contracts.

The amount due from related parties (non-trade) relates mainly to the balance payment in respect of the eight vessels disposed on sale-and-leaseback arrangements at arm's length as detailed in the explanation on "Other operating income" above.

The increase in the fixed deposits, cash and bank balances were attributed to the collection of sale proceeds from the disposal of the nine vessels mentioned in the explanation on "Other operating income" above.

The decrease in trade payables was attributed mainly to the decrease in ship building activities.

The increase in the non-current interest bearing borrowings relates mainly to the drawdown of five vessel loans following the delivery of the five newly added vessels in 1QFY2010 as mentioned above.

With the disposal of the nine vessels during 1QFY2010, we significantly narrowed our negative working capital position by about S$16.8 million from about S$27.6 million as at 30 September 2009 to about S$10.8 million as at 31 December 2009 and improved our net gearing (defined as the ratio of interest bearing borrowings to equity) from about 52% as at 30 September 2009 to about 45% as at 31 December 2009.

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.

With stability returning to the global financial industry, prospects for South East Asia have improved with the resumption of economic growth.

In the last two years, the Group has invested strategically by more than doubling its chartering fleet of vessels to 51 as at 31 December 2009. Over this same period, another 24 vessels were acquired by MPST Marine, our 50:50 joint venture with Glencore International. In addition, the Group also enhanced its shipbuilding capacity at its Batam shipyard and added two dry docks in the previous financial year to expand into ship repair activities.

The growth in the scale of the Group's integrated marine logistic operations is expected to benefit from the improvement in business sentiments around the region. Compared to the previous financial year, higher chartering revenue from a growing fleet of vessels, new revenue contribution from ship repair and the completion and deliveries of more sophisticated AHTS vessels will diversify the revenue base as well as add to revenue growth in the current financial year.

Barring unforeseen circumstances, the Group expects its performance in FY2010 to improve over FY2009.

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 Q1FY2010.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
CEO

9 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 2009 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

Lee Wan Tang **Executive Chairman**	**Sean Lee Yun Feng** **CEO**

9 February 2009