MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED THIRD QUARTER ("Q3FY2010") AND NINE MONTHS' ("9MFY2010") FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT 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) A profit and loss statement for the group together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Q3FY2010	Q3FY2009	%	**9MFY2010**	9MFY2009	%
	S$'000	S$'000	Change	**S$'000**	S$'000	Change
Revenue	**22,026**	15,816	39	**49,544**	39,906	24
Cost of sales	**(17,009)**	(10,921)	56	**(36,311)**	(26,915)	35
Gross profit	**5,017**	4,895	2	**13,233**	12,991	2
Other operating income	**210**	(72)	392	**6,241**	491	NM
Administrative expenses	**(1,082)**	(611)	77	**(3,300)**	(2,415)	37
Other operating expenses	**(972)**	(553)	76	**(2,799)**	(1,957)	43
Profit from operations	**3,173**	3,659	(13)	**13,375**	9,110	47
Finance costs	**(603)**	(617)	(2)	**(1,964)**	(1,748)	12
Share of results of jointly-controlled entities	**2,115**	759	179	**5,943**	938	534
Profit before tax	**4,685**	3,801	23	**17,354**	8,300	109
Income tax	**(598)**	(38)	NM	**(1,019)**	(66)	NM
Net profit attributable to the shareholders	**4,087**	3,763	9	**16,335**	8,234	98

"Q3FY2010" denotes the third financial quarter of the financial year ended 30 June 2010 ("FY2010").
"9MFY2010" denotes the first 9 months of FY2010.
"Q3FY2009" denotes the third financial quarter of the financial year ended 30 June 2009 ("FY2009").
"9MFY2009" denotes the first 9 months of FY2009.
"% 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			The Group		
	Q3FY2010 S$'000	Q3FY2009 S$'000	% Change	**9MFY2010 S$'000**	9MFY2009 S$'000	% Change
Profit for the period	**4,087**	3,763	9	**16,335**	8,234	98
Exchange differences on translating foreign operations	**(3)**	-	NM	**(3)**	-	NM
Share of comprehensive income of Jointly-controlled entities	**6**	-	NM	**6**	-	NM
Other comprehensive income, net of tax	**3**	-	NM	**3**	-	NM
Total comprehensive income for the period	**4,090**	3,763	9	**16,338**	8,234	98

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

	The Group			The Group		
	Q3FY2010	Q3FY2009	%	**9MFY2010**	9MFY2009	%
	S$'000	S$'000	Change	**S$'000**	S$'000	Change
Profit before income tax has been arrived at after charging/(crediting)						
Depreciation of property, plant and equipment	**1,606**	1,456	10	**4,729**	3,821	24
Net foreign currency exchange (gain)/loss	**(207)**	251	(182)	**(177)**	(113)	57
Gain on disposal of property, plant and equipment	**70**	-	NM	**(5,679)**	-	NM
Property, plant and equipment written off	**63**	8	NM	**64**	8	NM
Impairment on trade receivables	**-**	(598)	(100)	**-**	(446)	NM
Allowance for stock obsolescence	**-**	-	NM	**-**	45	NM
Interest income	**(42)**	(4)	NM	**(90)**	(23)	291
Interest expenses	**603**	617	(2)	**1,964**	1,748	12

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	
	30 Jun 2010	30 Sep 2009	**30 Jun 2010**	30 Sep 2009
	S$'000	S$'000	**S$'000**	S$'000
Non-current assets				
Property, plant and equipment	**103,730**	119,364	**-**	-
Investment in subsidiaries	**-**	-	**4,320**	4,320
Jointly-controlled entities	**16,903**	8,553	**-**	-
	120,633	127,917	**4,320**	4,320
Current assets				
Inventories	**6,955**	3,661	**-**	-
Trade receivables	**13,951**	4,799	**-**	-
Due from customers for construction contracts	**15,222**	10,329	**-**	-
Other receivables, deposits & prepayment	**1,374**	7,615	**19**	121
Due from subsidiaries^ (non-trade)	**-**	-	**37,809**	37,332
Fixed deposits	**3,579**	3,579	**3,579**	3,579
Cash and bank balances	**15,485**	8,919	**173**	4,803
	56,566	38,902	**41,580**	45,835
Total assets	**177,199**	166,819	**45,900**	50,155
Current liabilities				
Trade payables	**26,507**	21,194	**16**	-
Due to customers for construction contracts	**-**	1,505	**-**	-
Other payables and accruals	**16,179**	19,528	**67**	137
Due to subsidiaries^(non-trade)	**-**	-	**-**	4,230
Borrowings-Interest bearing	**19,340**	23,995	**1,924**	647
Provision for income tax	**1,103**	304	**-**	-
	63,129	66,526	**2,007**	5,014
Non-current liabilities				
Borrowings-Interest bearing	**24,315**	26,876	**601**	1,098
Deferred tax liabilities	**277**	277	**-**	-
	24,592	27,153	**601**	1,098
Total liabilities	**87,721**	93,679	**2,608**	6,112
Net assets	**89,478**	73,140	**43,292**	44,043
Share capital and reserves				
Share capital	**44,673**	44,673	**44,673**	44,673
Translation reserve	**14**	11	**-**	-
Retained earnings/(Accumulated losses)	**44,791**	28,456	**(1,381)**	(630)
Total equity	**89,478**	73,140	**43,292**	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 30 Jun 2010 S$ '000	As at 30 Sep 2009 S$ '000
Amount repayable in one year or less or on demand		
Secured*	**16,178**	10,296
Unsecured	**3,162**	13,699
	19,340	23,995
Amount repayable after one year		
Secured*	**19,564**	20,545
Unsecured	**4,751**	6,331
	24,315	26,876

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 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	
	9MFY2010	9MFY2009
	S$'000	S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**17,354**	8,300
Adjustments for:		
Depreciation of property, plant and equipment	**4,729**	3,821
Interest expense	**1,964**	1,748
Interest income	**(90)**	(23)
Gain on disposal of property, plant and equipment	**(5,679)**	-
Share of profits in jointly-controlled entities	**(5,943)**	(938)
Property, plant and equipment written off	**64**	8
Operating profit before working capital changes	**12,399**	12,916
Inventories	**(3,295)**	1,853
Trade and other receivables	**(2,907)**	70
Due from customers for construction contracts	**(6,398)**	9,827
Trade and other payables	**1,965**	16,117
Cash generated from operations	**1,764**	40,783
Interest paid	**(424)**	(384)
Income tax paid	**(220)**	(366)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**1,120**	40,033
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(46,134)**	(56,225)
Proceeds from disposal of property, plant and equipment	**62,654**	-
Jointly-controlled entities	**(2,407)**	581
Placement of fixed deposits pledged with licensed bank	**-**	(1,448)
Interest received	**90**	23
NET CASH GENERATED FROM INVESTING ACTIVITIES	**14,203**	(57,069)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new share - net	**-**	7,227
Proceeds from/(Repayment of) loans - net	**(12,615)**	11,134
Proceeds from/(Repayment of) lease obligations - net	**(511)**	(511)
Interest paid on lease obligations	**(124)**	(160)
Interest paid on term loans	**(1,416)**	(1,204)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**(14,666)**	16,486
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**657**	(550)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**8,919**	3,563
CASH AND CASH EQUIVALENTS AT END OF PERIOD (NOTE 1)	**9,576**	3,013

Note 1:

Cash and cash equivalents consist of:

	The Group	
	9MFY2010	9MFY2009
	S$'000	S$'000
Cash and bank balances	**15,485**	3,970
Fixed deposits	**3,579**	3,599
Total cash, bank balances and fixed deposit	**19,064**	7,569
Less: Fixed deposits pledged	**(3,579)**	(3,599)
Bank overdrafts-secured	**(5,909)**	(957)
Cash and cash equivalents	**9,576**	3,013

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 the period	-	3	16,335	16,338
Balance as at 30 June 2010	44,673	14	44,791	89,478

	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 the period	-	-	8,234	8,234
Issue of shares	7,500	-	-	7,500
Share issue expenses pursuant to the placement carried out on 16 June	(273)	-	-	(273)
Balance as at 30 June 2009	44,673	11	26,628	71,312

	The Company		
	Share Capital	Accumulated Loss	Total
	S$'000	S$'000	S$'000
Balance as at 1 October 2009	44,673	(630)	44,043
Total comprehensive loss for the period	-	(751)	(751)
Balance as at 30 June 2010	44,673	(1,381)	43,292

	The Company		
	Share Capital	Accumulated Loss	Total
	S$'000	S$'000	S$'000
Balance as at 1 October 2008	37,446	(150)	37,296
Total comprehensive loss for the period	-	(327)	(327)
Issue of shares	7,500	-	7,500
Share issue expenses pursuant to the placement carried out on 16 June	(273)	-	(273)
Balance as at 30 June 2009	44,673	(477)	44,196

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 30 Jun 2010	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 30 June 2010.

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	
	9MFY2010	9MFY2009
	S$'000	S$'000
Net profit attributable to shareholders	**16,335**	8,234
Earnings per share		
Basic (Singapore cents)	**5.34 cents***	2.87 cents**
Diluted (Singapore cents)	**5.34 cents***	2.87 cents**

* Basic and diluted earnings per share for 9MFY2010 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S$16.3 million and the number of 305,750,000 ordinary share capital in issued during the period.

** Basic and diluted earnings per share for 9MFY2009 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S$8.2 million and the number of 305,750,000 ordinary share capital in issued during the period.

There were no potential dilutive shares as at 30 June 2010.

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 30 Jun 2010 S$'000	As at 30 Sep 2009 S$'000	**As at 30 Jun 2010 S$'000**	As at 30 Sep 2009 S$'000
Net asset value as at the respective balance sheet dates	**89,478**	73,140	**43,292**	44,043
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	**29.3 cents**	24.0 cents	**14.2 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. In Indonesia, the Group is active in the shipment of coal from the mines in Kalimantan to the power plants in Java and Sumatra. 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 9MFY2010 (relative to that for 9MFY2009)

Our Group's revenues for 9MFY2010 and 9MFY2009 were as follow:

	9MFY2010		9MFY2009		Change	
	S$ million	%	S$ million	%	S$ million	%
Ship chartering operations	26.5	54	18.2	46	8.3	46
Ship building & repair operations	23.0	46	21.7	54	1.3	6
	49.5	100	39.9	100	9.6	24

With improved performance from both its ship chartering operations and ship building cum repair operations, the revenue of the Group increased by S$9.6 million or 24.2% from S$39.9 million in 9MFY2009 to S$49.5 million in 9MFY2010 against a near doubling in net profit attributable to the shareholders from S$8.2 million in 9MFY2009 to S$16.3 million in 9MFY2010.

Ship chartering revenue increased by S$8.3 million or 45.6% to S$26.5 million, primarily as a result of our increased operating fleet size (excluding the 24 vessels we co-owned with Glencore International via MPST Marine Pte Ltd ("MPST")) from 46 to 60.

Shipyard operations achieved a 6.0% increase in revenue, contributed mainly from increased ship repair operations following the full operation of the two drydocks from the beginning of FY2010.

The gross profit of the Group increased by S$0.2 million or 1.9% from S$13.0 million in 9MFY2009 to S$13.2 million in 9MFY2010 chiefly as a result of increased revenue, albeit a reduction in gross profit margin from 32.6% in 9MFY2009 to 26.7% in 9MFY2010. The decrease in gross profit margin was attributed mainly to a higher proportion of lower margin re-chartering activities, coupled with easing chartering rates, re-flagging downtime of some existing fleet to Indonesia flagged vessels and increased operating cost, such as fuel cost, in 9MFY2010.

The higher operating income relates mainly to the gain on disposal of eight tugboats and eight barges and two AHTSs.

Other operating expenses increased mainly due to higher depreciation following the completion of the two drydocks and increased maintenance charges due to the expanded shipyard facilities. Higher staff costs and setup costs of newly-incorporated entities contributed to the increase in administrative expenses.

Group finance costs increased by 12.4% to S$2.0 million due to increased bank borrowings and overdraft facilities to finance the Group enlarged vessels fleet size.

Contribution from jointly-controlled entities increased by more than six- fold from S$0.9 million in 9MFY2009 to S$5.9 million in 9MFY2010, mainly due to the gain on disposal of 24 vessels and improved business performance of these jointly-controlled entities.

The substantial increase in the income tax expense of the Group for 9MFY2010 relative to that of 9MFY2009 was attributed mainly to the increase in non-tax exempt shipping profits.

With higher revenue from a growing base of business activities, net profit attributable to shareholders rose 98% to $16.3 million.

(b) Review of financial position of the Group as at 30 June 2010 (compared to that as at 30 September 2009)

The total assets of the Group increased by S$10.4 million or 6.2% from S$166.8 million as at 30 September 2009 to S$177.2 million as at 30 June 2010. The increase was attributed mainly to jointly-controlled entities, inventories, trade receivables, amount due from customers for construction contracts and cash and bank balances, partially offset by a decrease in property, plant and equipment and other receivables.

The increase in jointly-controlled entities was chiefly a result of an increase in interest-free loan to one of the two jointly-controlled entities and an improved contribution from the other.

New ship building projects contributed mainly to the increase due from customers for construction contracts and higher inventories, despite the completion and delivery of four third-party vessels towards the end of December 2009.

The increase in trade receivables was in tandem with increased business activities from ship chartering and ship repair operations.

The increase in cash and bank balances was attributed mainly to deposits received from a new ship building contract.

The decrease in property, plant and equipment was mainly due to the disposal of vessels during 9MFY2010 while the reduction in other receivables, deposits and prepayment was due to the reclassification of deposits paid for the purchase of vessels to plant, property and equipment upon completion.

The total liabilities of the Group decreased as a result of repayment of borrowings but was partially offset by an increase in trade and other payables arising from the purchase of raw materials for new ship building projects.

Through better working capital management, the negative working capital position of the Group significantly narrowed by S$21.0 million or 76.1% from S$27.6 million as at 30 September 2009 to S$6.6 million as at 30 June 2010.

Notwithstanding the improved working capital position in 3QFY2010 due principally to enhanced cash and bank balances, the increase in inventories, trade and other receivables contributed to lower net operating cash flows of S$1.1 million as at 30 June 2010 compared to net operating cash flows of S$40.0 million as at 30 June 2009.

Taken as a whole, the net assets of the Group increased by S$16.4 million or 22.3% from S$73.1 million as at 30 September 2009 to S$89.5 million as at 30 June 2010.

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 economies of South East Asia have recovered well from the global financial crisis. The strong pick-up in business activities in the region has generated firm demand for shipping and shipping related services. This has benefited the Group’s marine logistic and shipyard operations. In particular, robust energy demand in Indonesia has recently been met with the commissioning of new coal-fired power plants in Java and Sumatra. This has resulted in a significant increase in the long term demand for tugs and barges to ferry coal continuously from the mines in Kalimantan to the power plants in Java and Sumatra, and augurs well for the Group’s transshipment business.

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 have diversified our revenue base as well as add to our profit growth in the current financial year. This is evident in our 9-month net profit of S$16.3 million which has exceeded the FY2009 full year net profit of S$10.1 million.

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?

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 or recommended for 9MFY2010.

13. Interested Person Transactions.

Pursuant to Rule 907 of the Listing Manual and the renewed IPT General Mandate obtained from the shareholders of the Company on 13 January 2010, the following interested person transactions were entered into during 9MFY2010:

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
Sale of vessels by our subsidiary, Marco Polo Shipping Co Pte Ltd, to PT. Pelayaran Nasional Bina Buana Raya	-	20,700

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
CEO

13 August 2010

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 second quarter period ended 30 June 2010 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

Sean Lee Yun Feng	**Liely Lee**
CEO	**Executive Director**

13 August 2010