MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FOURTH QUARTER ("Q4FY2010") AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT OF THE FINANCIAL YEAR ENDED 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			The Group		
	Q4FY2010	Q4FY2009	%	**FY2010**	FY2009	%
	S$'000	S$'000	Change	**S$'000**	S$'000	Change
Revenue	**14,727**	14,637	1	**64,271**	54,543	18
Cost of sales	**(9,482)**	(9,551)	(1)	**(45,793)**	(36,466)	26
Gross profit	**5,245**	5,086	3	**18,478**	18,077	2
Other operating income	**792**	30	2,540	**6,856**	521	1,216
Administrative expenses	**(1,357)**	(975)	39	**(4,657)**	(3,390)	37
Other operating expenses	**(1,634)**	(826)	98	**(4,256)**	(2,783)	53
Profit from operations	**3,046**	3,315	(8)	**16,421**	12,425	32
Finance costs	**(584)**	(624)	(6)	**(2,548)**	(2,372)	7
Share of results of jointly-controlled entities	**292**	(561)	NM	**6,235**	377	1,554
Profit before tax	**2,754**	2,130	29	**20,108**	10,430	93
Income tax	**30**	(302)	NM	**(989)**	(368)	169
Net profit attributable to the shareholders	**2,784**	1,828	52	**19,119**	10,062	90

"Q4FY2010" denotes the fourth financial quarter of the financial year ended 30 September 2010 ("FY2010").
"FY2010" denotes the full financial year of FY2010.
"Q4FY2009" denotes the fourth financial quarter of the financial year ended 30 September 2009 ("FY2009").
"FY2009" denotes the full financial year 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		
	Q4FY2010 S$'000	Q4FY2009 S$'000	% Change	**FY2010 S$'000**	FY2009 S$'000	% Change
Profit for the period	**2,784**	1,828	52	**19,119**	10,062	90
Exchange differences on translating foreign operations	**1**	-	NM	**(2)**	-	NM
Share of comprehensive income of Jointly-controlled entities	**(367)**	-	NM	**(361)**	-	NM
Other comprehensive income, net of tax	**(366)**	-	NM	**(363)**	-	NM
Total comprehensive income for the period	**2,418**	1,828	29	**18,756**	10,062	86
Profit attributable to equity holders of the Company	**2,784**	1,828	52	**19,119**	10,062	90
Total comprehensive income attributable to equity holders of the Company	**2,418**	1,828	29	**18,756**	10,062	86

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

	The Group			The Group		
	Q4FY2010 S$'000	Q4FY2009 S$'000	% Change	**FY2010 S$'000**	FY2009 S$'000	% Change
Profit before income tax has been arrived at after charging/(crediting)						
Depreciation and amortisation	**1,918**	1,505	27	**6,647**	5,326	25
Net foreign currency exchange loss	**877**	114	669	**700**	1	69,900
(Gain)/loss on disposal of property, plant and equipment	**(412)**	11	NM	**(6,091)**	11	NM
Property, plant and equipment written-off	**8**	25	(68)	**72**	33	118
Impairment loss on trade receivables recognised/(reversed)	**13**	(10)	NM	**13**	(456)	NM
Allowance for stock obsolescence written back	**-**	(45)	NM	**-**	-	NM
Interest income	**(20)**	(5)	300	**(110)**	(23)	378
Interest expenses	**584**	624	(6)	**2,548**	2,372	7
Adjustments for overprovision of tax in respect of prior years	**(28)**	(99)	(72)	**(28)**	(99)	(72)

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 30 September 2010 S$'000	As at 30 September 2009 S$'000	As at 30 September 2010 S$'000	As at 30 September 2009 S$'000
Non-current assets				
Property, plant and equipment	110,792	119,364	-	-
Investment in subsidiaries	-	-	4,320	4,320
Jointly-controlled entities	16,774	8,553	-	-
	127,566	127,917	4,320	4,320
Current assets				
Inventories	5,195	3,661	-	-
Trade receivables	8,981	4,799	-	-
Due from customers for construction contracts	12,429	10,329	-	-
Other receivables, deposits & prepayment	3,423	7,615	30	121
Due from subsidiaries (non-trade)	-	-	36,872	37,332
Fixed deposits	7,441	3,579	3,493	3,579
Cash and bank balances	16,197	8,919	83	4,803
	53,666	38,902	40,478	45,835
Total assets	181,232	166,819	44,798	50,155
Current liabilities				
Trade payables	24,226	21,194	-	-
Due to customers for construction contracts	-	1,505	-	-
Other payables and accruals	10,459	19,528	260	137
Due to subsidiaries (non-trade)	-	-	-	4,230
Borrowings-Interest bearing	21,549	23,995	771	647
Income tax payable	944	304	-	-
	57,178	66,526	1,031	5,014
Non-current liabilities				
Borrowings-Interest bearing	31,760	26,876	418	1,098
Deferred tax liabilities	332	277	-	-
Government Grant Received	66	-	-	-
	32,158	27,153	418	1,098
Total liabilities	89,336	93,679	1,449	6,112
Net assets	91,896	73,140	43,349	44,043
Share capital and reserves				
Share capital	44,673	44,673	44,673	44,673
Translation reserve	(352)	11	-	-
Retained earnings/(Accumulated losses)	47,575	28,456	(1,324)	(630)
Total equity	91,896	73,140	43,349	44,043

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

	The Group	
	As at 30 September 2010 S$ '000	As at 30 September 2009 S$ '000
Amount repayable in one year or less or on demand		
Secured*	**21,549**	23,995
Amount repayable after one year		
Secured*	**31,760**	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	
	FY2010	FY2009
	S$'000	S$'000
Cash flow from operating activities		
Profit before income tax	**20,108**	10,430
Adjustments for:		
Depreciation and amortisation	**6,647**	5,326
Interest expense	**2,548**	2,372
Interest income	**(110)**	(23)
(Gain)/loss on disposal of property, plant and equipment	**(6,091)**	11
Share of profits in jointly-controlled entities	**(6,235)**	(377)
Property, plant and equipment written-off	**72**	33
Operating profit before working capital changes	**16,939**	17,772
Working capital changes:		
Inventories	**(1,534)**	2,786
Trade and other receivables	**11**	(119)
Due from customers for construction contracts	**(3,605)**	8,004
Trade and other payables	**(6,016)**	9,964
Cash generated from operations	**5,795**	38,407
Interest paid	**(550)**	(493)
Income tax paid	**(251)**	(363)
Net cash from operating activities	**4,994**	37,551
Cash flows from investing activities		
Purchase of property, plant and equipment	**(60,105)**	(60,155)
Proceeds from disposal of property, plant and equipment	**68,048**	1,780
Jointly-controlled entities	**(2,347)**	581
Placement of fixed deposits and cash pledged with licensed bank	**(8,839)**	(1,428)
Interest received	**110**	23
Net cash used in investing activities	**(3,133)**	(59,199)
Cash flows from financing activities		
Proceeds from issue of new share - net	**-**	7,227
(Repayment of)/proceeds from loans - net	**(3,754)**	22,167
Repayment of lease obligations - net	**(1,209)**	(511)
Interest paid on lease obligations	**(167)**	(214)
Interest paid on term loans	**(1,831)**	(1,665)
Net cash (used in)/from financing activities	**(6,961)**	27,004
Net change in cash and cash equivalents	**(5,100)**	5,356
Cash and cash equivalents at beginning of financial year	**8,919**	3,563
Cash and cash equivalents at end of financial year (Note 1)	**3,819**	8,919

Note 1:

Cash and cash equivalents consist of:

	The Group	
	FY2010	FY2009
	S$'000	S$'000
Cash and bank balances	**16,197**	8,919
Fixed deposits	**7,441**	3,579
Bank Overdraft	**(7,401)**	-
Total cash, bank balances and fixed deposit	**16,237**	12,498
Less: fixed deposits and cash pledged	**(12,418)**	(3,579)
Cash and cash equivalents	**3,819**	8,919

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 2009	44,673	11	28,456	73,140
Total comprehensive income for the year	-	(363)	19,119	18,756
Balance as at 30 September 2010	44,673	(352)	47,575	91,896

	The Group			
	Share Capital	Translation Reserve	Retained earnings	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 year	-	-	10,062	10,062
Issue of shares	7,500	-	-	7,500
Share issue expenses	(273)	-	-	(273)
Balance as at 30 September 2009	44,673	11	28,456	73,140

	The Company		
	Share Capital	Accumulated Losses	Total
	S$'000	S$'000	S$'000
Balance as at 1 October 2009	44,673	(630)	44,043
Total comprehensive income for the year	-	(694)	(694)
Balance as at 30 September 2010	44,673	(1,324)	43,349

	The Company		
	Share Capital	Accumulated Losses	Total
	S$'000	S$'000	S$'000
Balance as at 1 October 2008	37,446	(150)	37,296
Total comprehensive income for the year	-	(480)	(480)
Issue of shares	7,500	-	7,500
Share issue expenses	(273)	-	(273)
Balance as at 30 September 2009	44,673	(630)	44,043

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.

Subsequent to FY2010, the Company issued 35,000,000 new ordinary shares at S$0.43 per share for cash on 11 October 2010 pursuant to a placement exercise (the "Placement"). These shares rank *pari passu* in all respect with the existing ordinary shares of the Company.

Of the net proceeds of S$14.53 million raised from the Placement, as at the date of this announcement, a total of about S$2.70 million was utilized as part payment for the purchase of two utility vessels.

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 Sep 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 September 2010 and 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 compared with 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 October 2009:

FRS 1 (2008)	Presentation of Financial Statements (Revised)
FRS 27 (2009)	Consolidation and Separate Financial Statements (Revised)
FRS 103 (2009)	Business Combinations (Revised)
FRS 108	Operating Segments

Amendments to FRS 107 Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments

The initial adoption of these new/revised FRS (and their consequential amendments) and INT FRS is not expected to have material impact on the Group's 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	
	FY2010	FY2009
	S$'000	S$'000
Net profit attributable to shareholders	**19,119**	10,062
Earnings per share		
Basic (Singapore cents)	**6.3 cents***	3.5 cents**
Diluted (Singapore cents)	**6.3 cents***	3.5 cents**

* Basic and diluted earnings per share for FY2010 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S$19.1 million and the weighted average number of shares of 305,750,000.

** Basic and diluted earnings per share for FY2009 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S$10.1 million and the weighted average number of shares of 291,613,014.

There were no potential dilutive shares as at 30 September 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 September 2010 S$'000	As at 30 September 2009 S$'000	**As at 30 September 2010 S$'000**	As at 30 September 2009 S$'000
Net asset value as at the respective balance sheet dates	**91,896**	73,140	**43,349**	44,043
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	**30.1 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 financial performance of the Group for FY2010 compared to FY2009

Our Group's revenues for FY2010 and FY2009 were as follow:

	FY2010		FY2009		Change	
	S$ million	**%**	**S$ million**	**%**	**S$ million**	**%**
Ship chartering operations	32.5	50.5	26.9	49.3	5.6	20.8
Ship building & repair operations	31.8	49.5	27.6	50.7	4.2	15.2
	64.3	100.0	54.5	100.0	9.8	18.0

With improved performance from both its ship chartering as well as ship building cum repair operations, the Group achieved an increase in total revenue by S$9.8 million or 18.0% from S$54.5 million in FY2009 to S$64.3 million in FY2010 against a near doubling increase in profit attributable to shareholders from S$10.1 million in FY2009 to S$19.1 million in FY2010.

The ship chartering revenue of the Group increased by S$5.6 million or 20.8% from S$26.9 million in FY2009 to S$32.5 million in FY2010, primarily as a result of increased operating fleet size from 46 to 63 over the financial years under consideration. The fleet size in question does not take into account the 25 vessels owned by jointly-controlled entities.

The ship building cum repair revenue of the Group increased by S$4.2 million or 15.2% from S$27.6 million in FY2009 to S$31.8 million in FY2010, attributed principally to increased ship repair contracts the Group secured from new and existing customers following the Group's shipyard becoming a well-integrated one-stop service centre that provides a suite of marine logistic services, ranging from ship building, ship repair to ship conversion, since the beginning of FY2010.

The Group registered a gross profit of S$18.5 million in FY2010 compared to that of S$18.1 million in FY2009. The marginal increase in gross profit of S$0.4 million or 2.2% was mainly due to increased revenue. Over the same financial years under consideration, the gross profit margin of the Group decreased from 33.1% in FY2009 to 28.8% in FY2010. The decrease in gross profit margin was attributed mainly to the Group's ship chartering operations, which, apart from recording a higher proportion of lower margin re-chartering activities, experienced easing charter rates, re-flagging downtime for some of the existing fleet to Indonesia flagged vessels and increased operating cost, such as fuel cost, in FY2010.

The higher operating income registered by the Group in FY2010 relative to FY2009 relates mainly to a gain on disposal of S$6.1 million of 20 vessels, comprising nine tugboats, nine barges and two AHTSs, in FY2010 compared to a loss on disposal of S$11,000 of two vessels in FY2009.

The increase in the other operating expenses of the Group in FY2010 relative to FY2009 was attributed mainly to increased maintenance charges due to the expanded shipyard facilities and net exchange loss.

The increase in the administrative expenses over the same financial years under consideration was attributed mainly to higher staff costs and setup costs of newly-incorporated entities.

The finance costs of the Group increased by S$0.2 million or 7.5% from S$2.3 million in FY2009 to S$2.5 million in FY2010 due mainly to increased bank borrowings and overdraft facilities to finance the Group's enlarged fleet size and in line with increased business activities.

The Group's share of profit of jointly-controlled entities increased by more than 16-fold from S$0.4 million in FY2009 to S$6.2 million in FY2010 mainly as a result of a gain on disposal of 24 vessels and improved business performance by these jointly-controlled entities.

The increase in income tax expense of the Group by S$0.6 million or nearly three-fold from S$0.4 million in FY2009 to S$1.0 million in FY2010 was attributed mainly to the increase in non-tax exempt shipping profits and shipyard profits. The Group's ship chartering operations were recently awarded the Approved International Shipping Enterprise ("AIS") status by the Maritime and Port Authority of Singapore. Pursuant to the AIS status, the Group will enjoy tax exemption with effect from 1 April 2010 on qualifying shipping income, including incomes derived from foreign-flagged ships which were taxed previously.

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

The total assets of the Group increased by S$14.4 million or 8.6% from S$166.8 million as at 30 September 2009 to S$181.2 million as at 30 September 2010. The increase was attributed mainly to increases in jointly-controlled entities, inventories, trade receivables, amount due from customers for construction contracts as well as cash and bank balances, which collectively were partially offset by decreases in property, plant and equipment and other receivables.

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

The increase in amount due from customers for construction contracts was attributed mainly to new ship building projects, despite the completion and delivery of four third-party vessels towards the end of December 2009.

The increase in inventories was mainly the result of raw materials purchased at the end of FY2010 for the construction of new vessels in FY2011.

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

The cash and bank balances of the Group of S$16.2 million as at 30 September 2010, after netting off against bank overdraft of S$7.4 million, were comparable to the cash and bank balances of the Group of S$8.9 million as at 30 September 2009.

The decrease in property, plant and equipment of the Group was attributed mainly to the disposal of vessels while the reductions in other receivables, deposits and prepayment of the Group were due to the reclassification of certain of such items as amounts due from customers for construction contracts following the commencement of the related ship building projects in FY2010.

The total liabilities of the Group decreased from S$93.7 million as at 30 September 2010 to S$89.3 million as at 30 September 2010 chiefly as a result of repayment of other payables and accruals, albeit increases in trade payables, arising from the purchase of raw materials for new ship building projects, and borrowings from financial institutions.

Through better working capital management, the negative working capital position of the Group significantly narrowed by S$24.1 million or 87.3% from S$27.6 million as at 30 September 2009 to S$3.5 million as at 30 September 2010. With increased profits, 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) decreased from 52% to 32% over the two financial years under consideration.

Taken as a whole, the net assets of the Group increased by S$18.8 million or 25.6% from S$73.1 million as at 30 September 2009 to S$91.9 million as at 30 September 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 are well positioned to attain steady growth in 2011. Robust intra-regional business activities and high prices for commodities have generated strong demand for marine logistic and shipyard related services. In particular, the recent commissioning of new coal-fired power plants in Java and Sumatra has resulted in a significant increase in the long term demand for tugboats and barges to ferry coal continuously from the mines in Kalimantan to the power plants in Java and Sumatra. The Group secured several contracts to transport coal to some of these power plants in FY2010 and will continue to play a very active role in this energy sector in the new financial year.

Australia is another region that has benefited from the boom in commodities. To participate in this regional potential, the Group recently entered into arrangements, which are pending completion, to acquire two Australian flagged offshore support vessels that are currently operating in Australian waters under charter.

Through timely investments in prior years, the Group has expanded its asset and revenue base, and in FY2010 benefited from higher chartering revenue from a growing fleet of vessels, new revenue contribution from ship repair and the completion and deliveries of more sophisticated offshore support vessels. In addition to the expanded fleet of coastal-plying tugboats and barges, and a higher level of ship repair and shipbuilding activities at its Batam shipyard, the Group also expects to recognise meaningful profit contribution from its offshore marine division in FY2011. Barring unforeseen circumstances and pending the completion of the acquisition of the two Australian vessels mentioned above, the Group is optimistic of its performance in FY2011.

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 the financial year ended 30 September 2010.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1 ,Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group adopted FRS 108 - Operating Segments with effect from 1 October 2009 and identified the following as its operating segments:

a. Ship chartering – Relates to charter hire activities
b. Shipyard – Relates to ship building, ship repair and ship conversion activities

Segment profit before tax represents operating revenue less expenses. Corporate expenses represent the cost of the Group's function not allocated to the reportable segments.

Performance is measured based on segment profit before income tax and is reviewed regularly by the CEO of the Group. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these business environments. Inter-segment pricing is determined on an arm's length basis.

Segment assets represent assets directly managed by each segment, and primarily include receivables, property, plant and equipment.

Segment liabilities represent liabilities directly managed by each segment, and primarily include payables and financial liabilities.

The comparative figures for FY2009 were restated to be consistent with the presentation for FY2010.

Business Segments

Information about reportable segment as at 30 September 2010

	Ship Chartering	Shipyard	Segment Total	Elimination	Unallocated/ Corporate Expenses	Group Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
External revenue	32,448	31,823	64,271	-	-	64,271
Inter-segment revenue	139	45,614	45,753	(45,753)	-	-
Total reportable segment revenue	32,587	77,437	110,024	(45,753)	-	64,271
Interest income	66	32	98	-	12	110
Interest expense	(1,441)	(1,153)	(2,594)	174	(128)	(2,548)
Depreciation & amortisation	(3,479)	(3,168)	(6,647)	-	-	(6,647)
Reportable segment profit before tax	8,797	7,649	16,446	(1,704)	(869)	13,873
Share of profit in jointly-controlled entities	6,235	-	6,235	-	-	6,235
Other material non-cash items:						
Gain on disposal of property, plant and equipment	6,091	-	6,091	-	-	6,091
Reportable segment assets	100,534	71,016	171,550	(11,706)	4,614	164,458
Investment in jointly-controlled entities	16,774	-	16,774	-	-	16,774
Capital expenditure	58,907	1,198	60,105	-	-	60,105
Reportable segment liabilities	65,332	67,416	132,748	(45,665)	2,253	89,336

Information about reportable segment as at 30 September 2009

	Ship Chartering	Shipyard	Segment Total	Elimination	Unallocated/ Corporate Expenses	Group Total
	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	26,898	27,645	54,543	-	-	54,543
Inter-segment revenue	124	42,603	42,727	(42,727)	-	-
Total reportable segment revenue	27,022	70,248	97,270	(42,727)	-	54,543
Interest income	1	2	3	-	20	23
Interest expense	(1,347)	(1,075)	(2,422)	170	(120)	(2,372)
Depreciation & amortisation	(2,805)	(2,521)	(5,326)	-	-	(5,326)
Reportable segment profit before tax	8,258	2,036	10,294	246	(487)	10,053
Share of profit in jointly-controlled entities	377	-	377	-	-	377
Other material non-cash items:						
Loss on disposal of property, plant and equipment	(11)	-	(11)	-	-	(11)
Reportable segment assets	93,959	77,733	171,692	(22,960)	9,534	158,266
Investment in jointly-controlled entities	8,553	-	8,553	-	-	8,553
Capital expenditure *	50,793	10,575	61,368	-	-	61,368
Reportable segment liabilities	71,128	75,884	147,012	(60,273)	6,940	93,679

* The amount includes capital expenditure acquired by lease obligation amounting to S$1.2 million.

Notes on Business Segments

Reportable segment revenue	-	The increase was due to improved performance from both ship chartering and shipyard operations. Ship chartering reported an increase in revenue mainly due to increased operating fleet size from 46 to 63. Shipyard operations saw a significant increase in ship repair contracts following the full operation of the two dry docks since the beginning of FY2010.
Depreciation and Amortisation	-	The increase was mainly due to the completion of the two dry docks and expansion on yard facilities.
Gain on disposal of property, plant and equipment	-	The increase was due to the disposal of nine tugboats, nine barges and two AHTSs.
Reportable segment profit before tax	-	The increase was due to higher contribution from both ship chartering and shipyard operations as a result of improved performance from these two business segments.
Reportable segment assets	-	The increase was mainly due to increases in inventories, trade receivables, cash and bank balances in tandem with increased business activities.
Reportable segment liabilities	-	The decrease was mainly due to repayment of borrowings.

Geographical Information

The Group operates mainly in Singapore and Indonesia, with Singapore and Indonesia (as well as to a lesser extent other regional countries in South East Asia) being its major markets for shipping activities and Indonesia (principally the shipyard at Batam) as its major market for ship building and repair activities.

Revenues from the external customers of the Group were derived based on the country of origin of the customers and not the destination for the delivery of the Group's chartering services or built vessels.

Non-current assets (other than financial instruments and deferred tax assets) of the Group were spread across Singapore (being the Company's country of domicile) and Indonesia in which the Group holds its assets.

Geographical information 30 September 2010	**Revenues S$'000**	**Non - current assets S$'000**
Singapore	26,243	101,886
Indonesia	23,238	25,680
Other asian countries	14,790	-
Total	64,271	127,566

30 September 2009	**Revenues S$'000**	**Non - current assets S$'000**
Singapore	32,210	100,602
Indonesia	14,770	27,315
Other asian countries	7,563	-
Total	54,543	127,917

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business of geographical segments.

While the Group's overall revenue (net of inter-segment revenue) was contributed almost equally by both its ship chartering and shipyard segments in FY2009 and FY2010, contribution to the segment profit before tax (prior to any elimination) by the ship chartering segment was maintained at about S$8.2 million to S$8.8 million over the two financial years under consideration and contribution to the segment profit before tax (prior to any elimination) by the shipyard segment grew nearly four-fold from S$2.0 million in FY2009 to S$7.6 million in FY2010, principally as a result of increased ship repair activities which command higher margins relative to ship building activities.

The increase in revenue contribution from Indonesian and other Asian countries (other than Singapore) in FY2010, compared to FY2009, was chiefly due to a higher proportion of contracts, be it in relation to ship chartering, ship building or ship repair, procured from customers based in Indonesia and other Asian countries (other than Singapore).

15. Breakdown of sales.

The Group	2010 $'000	2009 $'000
Revenue reported for the first quarter	12,014	8,960
Profit after tax before deducting MI reported for the first quarter	4,810	1,302
Revenue reported for the second quarter	15,504	15,130
Profit after tax before deducting MI reported for the second quarter	7,438	3,169
Revenue reported for the third quarter	22,026	15,816
Profit after tax before deducting MI reported for the third quarter	4,087	3,763
Revenue reported for the fourth quarter	14,727	14,637
Profit after tax before deducting MI reported for the fourth quarter	2,784	1,828

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

17. 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 FY2010:

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	-	26,100

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
CEO

25 November 2010