



Marco Polo Marine Ltd.

(Company Registration No: 200610073Z)
(Incorporated in the Republic of Singapore)

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 March 2022**



MARCO POLO MARINE LTD
Company Registration No. 200610073Z

Table of Contents

| | Page |
|--|------|
| A. Condensed interim consolidated statement of profit or loss and other comprehensive income | 2 |
| B. Condensed interim statements of financial position | 3 |
| C. Condensed interim statements of changes in equity | 4 |
| D. Condensed interim consolidated statement of cash flow | 5 |
| E. Notes to the condensed interim consolidated financial statements | 7 |
| F. Other information required by Listing Rule Appendix 7.2 | 14 |



A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Group | | |
|---|-----------------|-----------------|-----------------|
| | H1FY2022 | H1FY2021 | Change % |
| | S\$'000 | S\$'000 | |
| Revenue | 27,642 | 21,116 | 31 |
| Cost of sales | (19,464) | (16,089) | 21 |
| Gross profit | 8,178 | 5,027 | 63 |
| Other operating income | 10,650 | 7,286 | 46 |
| Administrative expenses | (4,358) | (2,853) | 53 |
| Other operating expenses | (2,986) | (3,303) | (10) |
| Profit from operations | 11,484 | 6,157 | 87 |
| Finance costs | (62) | (61) | 2 |
| Share of profits/(losses) in joint ventures | 170 | (20) | NM |
| Profit before income tax | 11,592 | 6,076 | 91 |
| Income tax expense | (850) | (128) | NM |
| Profit for the financial period | 10,742 | 5,948 | 81 |
| Profit attributable to:- | | | |
| Equity holders of the Company | 10,815 | 5,948 | 82 |
| Non-controlling interest | (73) | - | NM |
| | 10,742 | 5,948 | 81 |
| Other comprehensive income: | | | |
| Exchange difference arising from translation foreign operations | 87 | (21) | NM |
| Total comprehensive income | 10,829 | 5,927 | 83 |
| Total comprehensive income attributable to:- | | | |
| Equity holders of the Company | 10,902 | 5,927 | 84 |
| Non-controlling interest | (73) | - | NM |
| | 10,829 | 5,927 | 83 |
| Earnings per share | | | |
| Basic (in cents) | 0.30 | 0.17 | 76 |
| Diluted (in cents) | 0.30 | 0.17 | 76 |

Notes

"H1FY2022" denotes the first half financial year ended 30 September 2022 ("FY2022").

"H1FY2021" denotes the first half financial year ended 31 September 2021 ("FY2021").

"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure.

"NM" denotes not meaningful.

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | As at | As at | As at | As at |
| | 31 March | 30 September | 31 March | 30 September |
| Note | 2022 | 2021 | 2022 | 2021 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 96,035 | 60,941 | - | - |
| Right-of-use assets | 158 | 329 | - | - |
| Investments in subsidiaries | - | - | 4,320 | 4,320 |
| Investments in joint ventures | - | - | - | - |
| Amounts due from joint ventures | 12,182 | 22,227 | 12,182 | 22,227 |
| | 108,375 | 83,497 | 16,502 | 26,547 |
| Current assets | | | | |
| Inventories | 1,289 | 1,249 | - | - |
| Trade receivables | 16,507 | 12,028 | - | - |
| Contract assets | 663 | - | - | - |
| Other receivables, deposits and prepayment | 3,225 | 1,418 | 1,644 | 71 |
| Amounts due from subsidiaries (non-trade) | - | - | 123,845 | 95,081 |
| Amounts due from joint ventures (non-trade) | 1,542 | 21,039 | 1,542 | 20,819 |
| Cash and cash equivalents | 31,634 | 20,348 | 3,899 | 5,528 |
| | 54,860 | 56,082 | 130,930 | 121,499 |
| Total assets | 163,235 | 139,579 | 147,432 | 148,046 |
| Current liabilities | | | | |
| Contract liabilities | - | 347 | - | - |
| Trade payables | 9,402 | 7,226 | - | - |
| Other payables and accruals | 7,191 | 5,269 | 492 | 389 |
| Deferred income | 171 | 339 | - | - |
| Lease liabilities | 36 | 206 | - | - |
| Borrowings- interest bearing | 966 | 966 | - | - |
| Income tax payable | 1,529 | 935 | - | - |
| | 19,295 | 15,288 | 492 | 389 |
| Non-current liabilities | | | | |
| Deferred income | 2,973 | 6,109 | - | - |
| Lease liabilities | 44 | 53 | - | - |
| Borrowings- interest bearing | 2,771 | 3,250 | - | - |
| Deferred tax liabilities | 543 | - | - | - |
| | 6,331 | 9,412 | - | - |
| Total liabilities | 25,626 | 24,700 | 492 | 389 |
| Net assets | 137,609 | 114,879 | 146,940 | 147,657 |
| Share capital and reserves | | | | |
| Share capital | 156,300 | 155,752 | 156,300 | 155,752 |
| Treasury shares | (1,203) | (1,203) | (1,203) | (1,203) |
| Capital reserve | 634 | 634 | - | - |
| Employee share option reserve | 560 | 560 | - | - |
| Other reserve | 158 | 158 | - | - |
| Foreign currency translation reserve | 1,700 | 1,613 | - | - |
| Accumulated losses | (31,820) | (42,635) | (8,157) | (6,892) |
| | 126,329 | 114,879 | 146,940 | 147,657 |
| Non-controlling interest | 11,280 | - | - | - |
| Total equity | 137,609 | 114,879 | 146,940 | 147,657 |

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

| Group | Share capital | Treasury shares | Capital reserve | Employee share option reserve | Foreign currency translation reserve | Accumulated losses | Other reserves | Total | Non-controlling Interests | Total equity |
|--|----------------------|------------------------|---------------------------|--------------------------------------|---|---------------------------|-----------------------|----------------|----------------------------------|---------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 October 2021 | 155,752 | (1,203) | 634 | 560 | 1,613 | (42,635) | 158 | 114,879 | - | 114,879 |
| Issuance of ordinary shares pursuant to exercise of warrants | 548 | - | - | - | - | - | - | 548 | - | 548 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | 10,298 | 10,298 |
| Capital contribution from non-controlling interest | - | - | - | - | - | - | - | - | 1,055 | 1,055 |
| Profit for the financial period | - | - | - | - | - | 10,815 | - | 10,815 | (73) | 10,742 |
| Other comprehensive income, net of tax | - | - | - | - | 87 | - | - | 87 | - | 87 |
| Total comprehensive income for the financial year | - | - | - | - | 87 | 10,815 | - | 10,902 | (73) | 10,829 |
| Balance as at 31 March 2022 | 156,300 | (1,203) | 634 | 560 | 1,700 | (31,820) | 158 | 126,329 | 11,280 | 137,609 |
| Balance as at 1 October 2020 | 155,752 | (1,203) | 634 | 560 | 1,191 | (57,411) | 158 | 99,681 | - | 99,681 |
| Profit for the financial period | - | - | - | - | - | 5,948 | - | 5,948 | - | 5,948 |
| Other comprehensive income, net of tax | - | - | - | - | (21) | - | - | (21) | - | (21) |
| Total comprehensive income for the financial period | - | - | - | - | (21) | 5,948 | - | 5,927 | - | 5,927 |
| Balance as at 31 March 2021 | 155,752 | (1,203) | 634 | 560 | 1,170 | (51,463) | 158 | 105,608 | - | 105,608 |
| Company | Share capital | Treasury share | Accumulated losses | Total | | | | | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | | | | | | |
| Balance at 1 October 2021 | 155,752 | (1,203) | (6,892) | 147,657 | | | | | | |
| Issuance of ordinary shares pursuant to exercise of warrants | 548 | - | - | 548 | | | | | | |
| Total comprehensive income for the financial period | - | - | (1,265) | (1,265) | | | | | | |
| Balance at 31 March 2022 | 156,300 | (1,203) | (8,157) | 146,940 | | | | | | |
| Balance at 1 October 2020 | 155,752 | (1,203) | (13,247) | 141,302 | | | | | | |
| Total comprehensive loss for the financial period | - | - | 5,314 | 5,314 | | | | | | |
| Balance at 31 March 2021 | 155,752 | (1,203) | (7,933) | 146,616 | | | | | | |

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

D. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

| | Group | |
|--|-----------------|-----------------|
| | H1FY2022 | H1FY2021 |
| | S\$'000 | S\$'000 |
| Cash flow from operating activities | | |
| Profit before income tax | 11,592 | 6,076 |
| Adjustments for: | | |
| Depreciation of right-of-use assets | 171 | 182 |
| Depreciation of property, plant and equipment | 3,330 | 3,401 |
| Bad debts recovered | (136) | (72) |
| Reversal of impairment loss on receivables due from a subsidiary previously held as a joint venture | (4,151) | - |
| Interest expense | 62 | 61 |
| Interest income | (331) | (365) |
| Share of (profits)/losses in joint ventures | (170) | 20 |
| Gain on acquisition of debt | - | (6,238) |
| Gain on remeasurement of previously held equity interest | (5,172) | - |
| Gain on bargain purchase | (282) | - |
| Gain on disposal of property, plant and equipment | (306) | - |
| Foreign exchange difference | 426 | 627 |
| Operating profit before working capital changes | 5,033 | 3,692 |
| Movement in working capital | | |
| Inventories | (13) | (595) |
| Trade and other receivables | 2,632 | (6,747) |
| Contract assets | 663 | - |
| Trade and other payables | (3,096) | 3,154 |
| Contract liabilities | (347) | 758 |
| Cash generated from operations | 4,872 | 262 |
| Income tax | (250) | (284) |
| Net cash generated from operating activities | 4,622 | 22 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (3,762) | (676) |
| Proceeds from disposal of property, plant and equipment | 2,090 | - |
| Repayment from a joint venture | 405 | - |
| Acquisition of subsidiary, net of cash and cash equivalents acquired | 6,839 | - |
| Net cash generated from/(used in) in investing activities | 5,572 | (676) |
| Cash flows from financing activities | | |
| Interest paid on lease liabilities | (2) | (2) |
| Interest paid on term loans | (58) | (47) |
| Interest received | 239 | 146 |
| Proceeds from term loans | - | 5,000 |
| Proceeds from exercise of warrants | 548 | - |
| Repayment of lease liabilities, net | (182) | (192) |
| Repayment of term loans | (480) | (312) |
| Placement of fixed deposits pledged | - | (500) |
| Acquisition of debt | - | (3,835) |
| Capital contribution by non-controlling interest | 1,055 | - |
| Net cash generated from financing activities | 1,120 | 258 |
| Net increase/(decrease) in cash and cash equivalents | 11,314 | (440) |
| Cash and cash equivalents at beginning of the period | 19,848 | 13,593 |
| Effect of exchange rate changes on cash and cash equivalents | (28) | (36) |
| Cash and cash equivalents at end of the financial period (Note 1) | 31,134 | 13,117 |

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

Note 1

Cash and cash equivalent consist of:

Cash and bank balances

Fixed deposits

Total cash, bank balances and fixed deposit (as per statement of financial position)

Less: fixed deposits and cash pledged

Cash and cash equivalent at the end of financial period (as per cash flow statement)

| | |
|---------------|--------|
| 29,533 | 7,036 |
| 2,101 | 6,581 |
| 31,634 | 13,617 |
| (500) | (500) |
| 31,134 | 13,117 |

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Marco Polo Marine Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the six months ended 31 March 2022 comprise the Company and its subsidiaries (collectively, the Group).

The address of the Company's registered office and principal place of business is 66 Kallang Pudding Road, #05-01 Hor Kew Business Centre, Singapore 349324.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are:

- a. Shipbuilding and ship repair; and
- b. Ship chartering, leasing and management.

2. Basis of Preparation

The condensed interim consolidated financial statements for the six months ended 31 March 2022 have been prepared in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2021.

The accounting policies adopted are consistent with those of previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has identified the operating segments as described below, which are the Group's Strategic business units.

- (i) Ship chartering services – Relates to charter hire activities
- (ii) Ship building and repair services – Relates to sales of goods, ship building and ship repair activities

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

4.1 Business segments

| | Ship chartering services S\$'000 | Ship building and repair services S\$'000 | Total operations S\$'000 |
|--|---|--|--------------------------------|
| H1FY2022 | | | |
| External revenue | 10,555 | 17,087 | 27,642 |
| Reportable segment results from operating activities | 1,024 | 2,788 | 3,812 |
| Share of profits in joint ventures | 170 | - | 170 |
| Finance income | 4 | 4 | 8 |
| Finance costs | (111) | (4) | (115) |
| Unallocated other corporate income, net | | | 7,717 |
| Profit before income tax | | | 11,592 |
| Income tax expense | | | (850) |
| Profit for the financial year | | | 10,742 |
| Reportable segment assets | 121,277 | 31,926 | 153,203 |
| Unallocated assets | | | 10,032 |
| Total assets | | | 162,235 |
| Reportable segment liabilities | 9,337 | 12,988 | 22,325 |
| Unallocated liabilities | | | 3,301 |
| Total liabilities | | | 25,626 |
| Capital expenditure | 1,248 | 2,514 | 3,762 |
| | Ship chartering services S\$'000 | Ship building and repair services S\$'000 | Total operations S\$'000 |
| H1FY2021 | | | |
| External revenue | 9,439 | 11,677 | 21,116 |
| Reportable segment results from operating activities | 524 | 48 | 572 |
| Share of losses in joint ventures | (20) | - | (20) |
| Finance income | 19 | 2 | 21 |
| Finance costs | (47) | (14) | (61) |
| Unallocated administrative expenses, net | | | 5,564 |
| Profit before income tax | | | 6,076 |
| Income tax expense | | | (128) |
| Profit for the financial year | | | 5,948 |
| Reportable segment assets | 89,955 | 31,152 | 121,107 |
| Unallocated assets | | | 6,547 |
| Total assets | | | 127,654 |
| Reportable segment liabilities | 7,208 | 11,238 | 18,446 |
| Unallocated liabilities | | | 3,600 |
| Total liabilities | | | 22,046 |
| Capital expenditure | 624 | 52 | 676 |

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

4.2 Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

| | Ship chartering services | | Ship building and repair services | | Sales of goods | | Total | |
|--|--------------------------|----------------|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| | H1 | H1 | H1 | H1 | H1 | H1 | H1 | |
| | <u>FY2022</u> | <u>FY2021</u> | <u>FY2022</u> | <u>FY2021</u> | <u>FY2022</u> | <u>FY2021</u> | <u>FY2022</u> | <u>FY2021</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> |
| Geographical markets^(a) | | | | | | | | |
| Singapore | 4,656 | 6,050 | 11,041 | 2,935 | - | - | 15,697 | 8,985 |
| Indonesia | 62 | - | 4,553 | 5,691 | 752 | 418 | 5,367 | 6,109 |
| Australia | - | - | - | 100 | - | - | - | 100 |
| Malaysia | 716 | - | 339 | 21 | - | - | 1,055 | 21 |
| China | - | 947 | - | - | - | - | - | 947 |
| India | - | 356 | - | 850 | - | - | - | 1,206 |
| Luxembourg | - | - | 395 | 1,538 | - | - | 395 | 1,538 |
| Taiwan | 2,154 | 1,535 | - | - | - | - | 2,154 | 1,535 |
| Myanmar | - | 551 | - | - | - | - | - | 551 |
| Thailand | 2,744 | - | - | - | - | - | 2,744 | - |
| Others | 223 | - | 7 | 124 | - | - | 230 | 124 |
| Total | 10,555 | 9,439 | 16,335 | 11,259 | 752 | 418 | 27,642 | 21,116 |
| Goods or services transferred at a point in time | - | - | 14,024 | 9,756 | 752 | 418 | 14,776 | 10,174 |
| Goods or services transferred overtime | 10,555 | 9,439 | 2,311 | 1,503 | - | - | 12,866 | 10,942 |
| Total | 10,555 | 9,439 | 16,335 | 11,259 | 752 | 418 | 27,642 | 21,116 |

(a) The disaggregation is based on the location of customers from which revenue was generated.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2022 and 30 September 2021:

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 31 March | 30 September | 31 March | 30 September |
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> |
| Financial Assets | | | | |
| Cash and bank balances and trade and other receivables (Amortised cost) | 64,484 | 76,110 | 143,058 | 143,663 |
| Financial Liabilities | | | | |
| Trade and other payables and borrowings (Amortised cost) | 18,326 | 16,928 | 492 | 389 |

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

6. Profit before income tax**Significant items**

| | Group | | |
|---|-----------------------------------|-----------------------------------|---------------------------|
| | H1FY2022 S\$'000 | H1FY2021 S\$'000 | Change % |
| Income | | | |
| Gain on bargain purchase | 282 | - | NM |
| Gain on remeasurement of previously held equity interest | 5,172 | - | NM |
| Reversal of impairment loss on receivables due from a subsidiary previously held as a joint venture | 4,151 | - | NM |
| Interest income | 331 | 365 | (9) |
| Sale of scrap materials | 185 | 31 | NM |
| Bad debts recovered | 136 | 72 | 89 |
| Gain on disposal of property, plant and equipment | 306 | - | NM |
| Government grants | 45 | 426 | (89) |
| Gain on acquisition of debt | - | 6,238 | NM |
| Expenses | | | |
| Depreciation of property, plant and equipment | 3,330 | 3,401 | (2) |
| Depreciation of right-of-use assets | 171 | 182 | (6) |
| Legal and professional fees | 327 | 117 | NM |
| Net foreign currency exchange loss | 544 | 851 | (36) |
| Interest expenses | 62 | 61 | 2 |
| Inventories written down | - | 447 | NM |

7. Income tax expense

| | Group | |
|--|-----------------------------------|-----------------------------------|
| | H1FY2022 S\$'000 | H1FY2021 S\$'000 |
| Current income tax - current financial year | 850 | 128 |
| Income tax expense | 850 | 128 |

8. Dividend

No dividend has been declared or recommended for the financial period ended 31 March 2022 (30 September 2021: Nil).

9. Net asset value

| | Group | | Company | |
|--|--|--|--|--|
| | 31 March 2022 S\$'000 | 30 September 2021 S\$'000 | 31 March 2022 S\$'000 | 30 September 2021 S\$'000 |
| Net asset value | 137,608 | 114,879 | 146,940 | 147,657 |
| Net asset value per ordinary share based on issued share capital (Singapore cents) | 3.9 cents | 3.3 cents | 4.2 cents | 4.2 cents |

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

10. Property, plant and equipment

During the financial period ended 31 March 2022, the Group acquired property, plant and equipment for an amounting of S\$3,762,000 (30 September 2021: S\$2,228,000) and disposed and wrote off assets amounting to S\$1,787,000 (30 September 2021: S\$9,156,000).

11. Borrowings

| | Group | | Company | |
|---|--------------------------------------|--|--------------------------------------|--|
| | 31 March 2022 S\$'000 | 30 September 2021 S\$'000 | 31 March 2022 S\$'000 | 30 September 2021 S\$'000 |
| <u>Amount repayable within one year, or in demand</u> | | | | |
| Secured | 966 | 966 | - | - |
| <u>Amount repayable after one year</u> | | | | |
| Secured | 2,771 | 3,250 | - | - |

The bank borrowings of the Group are secured by corporate guarantees and fixed deposit pledged.

12. Share capital

| | Group and Company | | | |
|---------------------------------------|---|------------------------------|--------------------------------------|--|
| | 31 March 2022 Number of shares | 30 September 2021 | 31 March 2022 S\$'000 | 30 September 2021 S\$'000 |
| Issued and fully paid: | | | | |
| At beginning of financial year/period | 3,526,818,503 | 3,526,818,503 | 155,752 | 155,752 |
| Exercise of warrants ⁽¹⁾ | 15,659,725 | - | 548 | - |
| At end of financial year/period | <u>3,542,478,228</u> | <u>3,526,818,503</u> | <u>156,300</u> | <u>155,752</u> |

(1) Issuance of 15,659,725 consideration shares at exercise price of S\$0.035 per share upon exercise of warrants on 18 February 2022. All ordinary shares were fully paid.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2022 and 30 September 2021.

13. Treasury shares

| | Group and Company | | | |
|---|-----------------------------|----------------|-----------------------------|----------------|
| | 31 March 2022 | | 30 September 2021 | |
| | Number of shares | S\$'000 | Number of shares | S\$'000 |
| At beginning/end of the financial year/period | <u>4,201,400</u> | <u>1,203</u> | <u>4,201,400</u> | <u>1,203</u> |

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

14. Acquisition of subsidiary

On 16 March 2022, the Company has made an announcement that the rights issue undertaken by PT Pelayaran Nasional Bina Buana Raya Tbk ("PT BBR Rights Issue") has been completed and PT Marco Polo Indonesia ("PT MPI"), an indirect wholly-owned subsidiary of the Company, has been allotted and issued 4,752,086,826 PT BBR Rights Shares for a consideration of S\$22,611,000. The gain recognised on remeasurement of previously held equity interest in PT BBR prior to the date of acquisition was S\$3,852,000. Together with the existing shares held by PT MPI prior to the PT BBR Rights Issue, PT MPI holds 70.73% of the enlarged and paid-up share capital of PT BBR.

| | |
|--------------------------------|----------------|
| Purchase consideration | S\$'000 |
| Cash paid | 3,426 |
| Conversion of outstanding loan | 19,185 |
| | <u>22,611</u> |

The business combination was accounted for using the acquisition method and the fair values of the assets and liabilities of PT BBR as at the date of the acquisition are:

| | |
|--|-----------------|
| | S\$'000 |
| <hr/> | |
| Cash and cash equivalents | 10,265 |
| Property, plant and equipment | 36,445 |
| Trade and other receivables | 5,029 |
| Trade and other payables | (15,968) |
| Deferred tax liabilities | <u>(543)</u> |
| Net identifiable assets | 35,228 |
| Non-controlling interests | <u>(10,298)</u> |
| Net identifiable assets on acquisition | 24,930 |
| Reversal of deferred income | 3,135 |
| Bargain purchase | (282) |
| Remeasurement of previously held equity interest | <u>(5,172)</u> |
| Purchase consideration | 22,611 |
| Less: Consideration settled in cash | <u>(19,185)</u> |
| Consideration settled in cash | 3,426 |
| Less: Cash and cash equivalents of the subsidiary acquired | <u>(10,265)</u> |
| Net cash inflow on acquisition of subsidiaries | <u>6,839</u> |

The above fair values of assets and liabilities and consequently the bargain purchase computed have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

15. Subsequent events

On 6 May 2022, the Group has announced that its 49% owned joint venture company, Oceanic Crown Offshore Marine Services Ltd., has successfully completed its share purchase agreement with Kerry TJ Logistics Co. Ltd and Posh Investment Holdings (Taiwan) Pte. Ltd. to acquire the entire share capital of PKR Offshore Co. Ltd.

OTHER INFORMATION REQUIRED BY LISITNG RULE APPENDIX 7.2**1. Review**

The condensed consolidated statement of financial position of Marco Polo Marine Ltd. and its subsidiaries as at 31 March 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial year ended 31 March 2022 and certain explanatory notes have not been audited or reviewed.

2. Review of financial performance of the Group

Our Group's revenues for H1FY2022 (vis-à-vis H1FY2021) were as follow:

| | H1FY2022 | | H1FY2021 | | Change | |
|-----------------------------------|-------------|------------|----------|-----|--------|----|
| | S\$ m | % | S\$ m | % | S\$ m | % |
| Ship Chartering Operations | 10.5 | 38 | 9.4 | 45 | 1.1 | 12 |
| Ship Building & Repair Operations | 17.1 | 62 | 11.7 | 55 | 5.4 | 46 |
| | 27.6 | 100 | 21.1 | 100 | 6.5 | 31 |

The Group recorded a revenue of S\$27.6 million in H1FY2022, an increase of 31% from that of S\$21.1 million registered in H1FY2021.

The revenue derived from the Ship Chartering Operations of the Group increased by 12% to S\$10.5 million in H1FY2022 from S\$9.4 million in H1FY2021. This increase was mainly due to the Group achieving higher average utilization rates for both of the Group's fleet of Offshore vessels and the Group's fleet of tugboats and barges. In addition, the Group has obtained higher charter rates for its fleet of Offshore vessels in the current period.

The Ship Building & Repair Operations of the Group recorded an increase in revenue of 46% to S\$17.1 million in H1FY2022 from S\$11.7 million in H1FY2021. The increase in revenue was mainly attributed to the increase in volume and contract values of the repair projects during the period.

The Group's gross profit has increased to S\$8.2 million in H1FY2022 from S\$5.0 million in H1FY2021 with gross profit margin increasing to 30% in H1FY2022 from 24% in H1FY2021. The increase in gross profit and improvement in gross profit margin was mainly attributed by the rise in revenue and gross profit margin from the Shipyard Operations.

The Group's other operating income increased to S\$10.7 million in H1FY2022 from S\$7.3 million in H1FY2021 primarily due to the increase in gains from non-recurring items. The Group's other income in H1FY2022 mainly consist of the remeasurement of previously held equity interest in PT BBR amounting to S\$5.2 million¹ and the reversal of impairment loss on receivables due from a subsidiary (PT BBR) which was previously held as a joint venture entity amounting to S\$4.2 million². Comparatively, the Group's other income in H1FY2021 mainly consist of the gain on acquisition of debt which amounted to S\$6.2 million.

The Group's administrative expenses increased to S\$4.4 million in H1FY2022 from S\$2.9 million in H1FY2021. The increase was mainly due to increase in staff costs by S\$1.4 million primarily due to payout of variable bonuses consisting of S\$0.7 million additional bonus paid to staff and S\$0.7 million³ incentives paid to key management personnel.

The Group's other operating expenses decreased to S\$3.0 million in H1FY2022 from S\$3.3 million in H1FY2021. This was mainly due to a decrease in foreign exchange loss of S\$0.4 million which was partially offset by an increase in legal and professional expense of S\$0.2 million in H1FY2022 due to the increase in corporate activities in the current period.

¹ There was a significant gain of S\$5.2 million in remeasurement of previously held equity interest in PT BBR as the Company has previously impaired the carry value of investment in PT BBR to zero. With the completion of the PT BBR Rights Issue and consequently the consolidation of PT BBR, the Group is required to remeasure this previously held investment at fair value as at the date of consolidation (i.e. completion date of PT BBR Rights Issue).

² With the consolidation of PT BBR into the Group, any impairments in receivables that were provided previously, had to be reversed and recognised as a gain in the income statement accordingly. This is to allow for proper elimination of intercompany balances between companies of the same Group.

³ Pursuant to the Shareholders' Circular dated 28 November 2017, the Investors have agreed to the implementation of an incentive plan for the Key Management Personnel on a profit-sharing basis (the "Incentive Plan") after completion of the Group's Debt Restructuring Exercise. The amount that was paid out with reference to this Incentive Plan was S\$0.7 million in H1FY2022.

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

The share of profits/losses from jointly controlled companies reversed to a profit of S\$0.2 million in H1FY2022 from loss of S\$20,000 in H1FY2021. The share of profits from jointly-controlled companies in H1FY2022 was mainly attributable to the share of profits in the Group's joint venture Pelayaran Era Sdn Bhd and PT BBR.

As a result of the above, we registered a net profit attributed to owners of the Company of S\$10.8 million in H1FY2022 compared to S\$5.9 million in H1FY2021.

Excluding foreign exchange losses and one-off gain arose from gain on acquisition of subsidiary, the Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the Group increased to S\$5.8 million in H1FY2022 from S\$3.9 million in H1FY2022.

3. Review of financial position of the Group as at 31 March 2022 compared to that as at 30 September 2021

The non-current assets of the Group increased significantly by S\$24.9 million or 30% to S\$108.4 million as at 31 March 2022 from S\$83.5 million as at 30 September 2021 due mainly to the recent completion of the PT BBR Rights Issue. The increase was mainly due to an increase in property, plant and equipment of S\$35.1 million mainly attributed to the consolidation of PT BBR which had property, plant and equipment of S\$36.4 million as at the date of acquisition. The increase in non-current assets was partially offset by a decrease in amount due from joint ventures by S\$10.0 million mainly attributed to the consolidation of PT BBR as the intercompany balances between companies within the same Group were fully eliminated.

Trade receivables increased to S\$16.5 million at 31 March 2022 from S\$12.0 million at 30 September 2021 mainly attributed to the consolidation of PT BBR which had trade receivables of S\$3.9m as at the date of acquisition. The increase in trade receivables of the Group was also in line with the increase in overall group revenue for the period as the revenue has increased by S\$2.6 million or 10% to S\$27.6 million in H1FY2022 from S\$25.0 million in H2FY2021. As disclosed in the Group's financial statements that was published in the FY2021 Annual Report, the Group uses an allowance matrix to measure its expected credit loss for trade receivables and based on this allowance matrix, the Group has assessed that the provision for impairment of trade receivables is adequate at this juncture.

Other receivables, deposits and prepayment increased by S\$1.8 million to S\$3.2 million as at 31 March 2022 from S\$1.4 million as at 30 September 2021, mainly attributed to the consolidation of PT BBR which had other receivables of S\$1.1 million as at the date of acquisition. In addition, there was a S\$0.7 million of deposit paid in relation to the acquisition of PKRO in the current period.

Contract assets amounting to S\$0.7 million as at 31 March 2022 was related to work performed for the Group's ship building projects but invoices yet to be issued the customer.

Amount due from joint ventures (current) decreased significantly to S\$1.5 million as at 31 March 2022 from S\$21.0 million as at 30 September 2021 due mainly to the recent completion of the PT BBR Rights Issue. As disclosed in the Company's Shareholders' Circular dated 31 December 2021 in relation to the PT BBR Rights Issue, a part of the PT BBR Rights Issue subscription amounting to US\$14.0 million (or equivalent to S\$19.2 million) will be satisfied by way of in-kind contribution for the receivables owing by PT BBR to the Company. Upon completion of PT BBR Rights Issue, the existing debt was converted into shares of PT BBR and consequently the amount due from joint ventures decreased significantly.

Trade payables of the Group increased by S\$2.2 million to S\$9.4 million as at 31 March 2022 from S\$7.2 million as at 30 September 2021 mainly attributed to the consolidation of PT BBR which had trade payables of S\$1.5m as at the date of acquisition. The increase in trade payables was also in line with the increase in the Group's business activities during the current period.

Other payables and accruals increased by S\$1.9 million to S\$7.2 million as at 31 March 2022 from S\$5.3 million as at 30 September 2021, due mainly to deposits received from customers during the period.

Interest bearing loans decrease to S\$3.7 million as at 31 March 2022 from S\$4.2 million as at 30 September 2021 due to repayments being made by the Group.

The decrease in deferred income (current and non-current) of S\$3.3 million to S\$3.1 million as at 31 March 2022 from S\$6.4 million as at 30 September 2021, was mainly due to the consolidation of PT BBR. The carrying amount of S\$3.1 million that was previously recognised from the disposal of 2 vessels that were sold to PT BBR have been fully reversed and derecognized from the Group's balance sheet accordingly.

The initial recognition of deferred tax liabilities of S\$0.5 million as at 31 March 2022 arose from the purchase price allocation exercise in relation to the acquisition of the PT BBR.

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

The Group reported a net cash generated from operating activities of S\$4.6 million for H1FY2022, principally as a result of improvement in the revenue as business activities continued to gain traction. The net cash from investing activities has also generated S\$5.5 million for H1FY2022 mainly due to the acquisition of PT BBR and proceeds from the sale of vessel which was partially offset by the capital expenditure in relation to the extension program for the shipyard's dry dock 1. Overall, the cash and cash equivalent of the Group increased to S\$31.6 million as at 31 March 2022 as compared to S\$20.4 million in as at 30 September 2021.

Following from the above:

- (i) the working capital of the Group decreased to S\$35.6 million as at 31 March 2022 from S\$40.8 million as at 30 September 2021;
- (ii) 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) remained at nil as at 31 March 2022 and 30 September 2021; and

the net asset value per share of the Group increased to 3.9 cents as at 31 March 2022 from 3.3 cents as at 30 September 2021.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

5. 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 broader market in the offshore and shipping industries will continue to face uncertainties caused by the emergence of COVID-19 variants such as Omicron as well as the on-going war in Ukraine. However, the Group is expected to continue to extend its reach in segments such as the renewable energy sector as we have done in the recent months.

For the Group's ship chartering business, we will continue to explore opportunities to support the booming offshore wind farm market after having to establish our presence via our joint venture Oceanic Crown Offshore Marine Services Ltd. and the completion of our acquisition of PKR Offshore Co. Ltd. in Taiwan. Oil prices has increased significantly in the recent months with the on-going geopolitical tensions and the Group expects this to have a net positive effect on our daily charter rates and utilisation rates for our fleet of OSVs. The utilisation of our fleet of tugboats and barges is also expected to stabilise as construction activities in Singapore slowly resumes to pre-COVID19 levels.

For the Group's shipyard division, we will continue to focus on securing ship repair and maintenance orders from regional ship owners. With regard to our Shipyard's dry dock 1 extension program, the construction was completed as announced on 15 February 2022, which will boost the Group's capacity for ship repairs going forward.

As an overall strategy, the Group will focus our collective efforts as we continue the journey of transition towards renewable energy sources as we expand our footprint in the renewable energy sector.

The Company will release further updates on its business and operations on 19 May 2022.

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.

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

6. 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, pursuant to the ESOS, the Company granted 5,110,000 share options to the Directors of the Company and employees of the Group, each of which is capable of being exercised into a new ordinary share of the Company (the "Share") at an exercise price of S\$0.415 each (the "2013 ESOS Options").

On 28 April 2015, pursuant to the ESOS, the Company granted 5,720,000 share options to the Directors of the Company and employees of the Group, each of which is capable of being exercised into a new Share at an exercise price of S\$0.275 each (the "2015 ESOS Options").

On 30 January 2018, the Company issued and allotted 269,238,877 free warrants (the "Warrants") on the basis of eight Warrants for every 10 Shares held by the Shareholders as at the end of the books closure date on 24 January 2018. Each of the Warrants would entitle the holder a right to subscribe for one new Share at an exercise price of S\$0.035 each and each Warrant can only be exercised during the period commencing on and including the date six months from the date of listing of the Warrants on the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 2 February 2018 and expiring on the date immediately preceding 30 January 2023, being the fifth anniversary of the date of issue of the Warrants.

As at 31 March 2022, the following securities, which are capable of being exercised into Shares, remain outstanding:

1. 2,690,000 2013 ESOS Options (30 September 2021: 2,690,000);
2. 2,830,000 2015 ESOS Options (30 September 2021: 2,830,000); and
3. 251,130,410 Warrants (30 September 2021: 266,790,135 Warrants)

Save as disclosed, the Company has no outstanding convertibles as at 31 March 2022 and 30 September 2021.

There were no changes to the Company's share capital and total number of issued ordinary shares during the current financial period and as well as the corresponding period of the immediately preceding financial year.

7. 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.

8. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared/recommendeded for 1HYFY2022 as it is the Group's intention to conserve cash for working capital and business expansion purposes.

MARCO POLO MARINE LTD

Company Registration No. 200610073Z

9. Interested Person Transactions

The Company has not obtained any general IPT mandate from its shareholders and did not have any interested person transactions during the financial period under review (excluding transactions less than S\$100,000).

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
Chief Executive Officer

Liely Lee
Chief Financial Officer

12 May 2022