



Marco Polo Marine Ltd.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS AND FULL YEAR ENDED 30 SEPTEMBER 2023**



MARCO POLO MARINE LTD
Company Registration No. 200610073Z

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

	Group			Group		
	2HFY2023	2HFY2022	Change %	FY2023	FY2022	Change %
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	71,182	58,453	22	127,126	86,095	48
Cost of sales	(43,137)	(39,153)	10	(81,385)	(58,617)	39
Gross profit	28,045	19,300	45	45,741	27,478	66
Other operating income	2,531	2,770	(9)	4,779	9,191	(48)
Reversal of impairment loss on amount due from a subsidiary previously held as a joint venture	-	-		-	4,229	NM
Administrative expenses	(5,164)	(7,852)	(34)	(10,726)	(12,210)	(12)
Other operating expenses	(1,653)	(2,576)	(36)	(9,188)	(5,562)	65
Profit from operations	23,759	11,642	104	30,606	23,126	32
Finance costs	(251)	(67)	NM	(306)	(129)	NM
Share of profits in joint ventures	85	85	NM	171	255	(33)
Profit before income tax	23,593	11,660	102	30,471	23,252	31
Income tax expense	(3,646)	(376)	NM	(4,690)	(1,226)	NM
Profit for the financial year	19,947	11,284	77	25,781	22,026	17
Profit attributable to:-						
Equity holders of the Company	18,331	10,528	74	22,580	21,343	6
Non-controlling interest	1,616	756	NM	3,201	683	NM
	19,947	11,284	77	25,781	22,026	17
Other comprehensive income:						
Exchange difference arising from translation foreign operations	2,490	2,770	(10)	(1,093)	2,856	NM
Total comprehensive income	22,437	14,054	60	24,688	24,882	(1)
Total comprehensive income attributable to:-						
Equity holders of the Company	20,237	12,547	61	21,421	23,451	(9)
Non-controlling interest	2,200	1,507	65	3,267	1,431	NM
	22,437	14,054		24,688	24,882	
Earnings per share						
Basic (in cents)	0.54	0.32	69	0.70	0.62	13
Diluted (in cents)	0.54	0.32	69	0.70	0.62	13

Notes

"2HFY2023" denotes the second half financial year ended 30 September 2023 ("FY2023").

"FY2023" denotes the full financial year of FY2023.

"2HFY2022" denotes the second half financial year ended 30 September 2022 ("FY2022").

"FY2022" denotes the full financial year of FY2022.

"% 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
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	92,765	94,711	-	-
Right-of-use assets	6,284	579	-	-
Investments in subsidiaries	-	-	4,320	4,320
Investments in joint ventures	-	-	-	-
Amount due from joint venture	10,485	12,931	10,485	12,931
	109,534	108,221	14,805	17,251
Current assets				
Inventories	8,366	1,631	-	-
Contract assets	3,495	-	-	-
Trade receivables	22,840	17,357	-	-
Other receivables, deposits and prepayment	21,737	3,572	71	80
Amounts due from subsidiaries (non-trade)	-	-	136,946	147,361
Amount due from joint venture (non-trade)	9	450	-	450
Assets held for sale	-	3,368	-	-
Cash and cash equivalents	63,100	53,514	25,177	11,786
	119,547	79,892	162,194	159,677
Total assets	229,081	188,113	176,999	176,928
Current liabilities				
Trade payables	15,030	11,988	-	-
Other payables and accruals	12,999	15,592	405	3,831
Deferred income	171	171	-	-
Lease liabilities	1,553	298	-	-
Borrowings- interest bearing	966	966	-	-
Income tax payable	5,279	1,552	-	-
	35,998	30,567	405	3,831
Non-current liabilities				
Deferred income	2,747	2,887	-	-
Lease liabilities	4,732	209	-	-
Borrowings- interest bearing	1,290	2,284	-	-
Deferred tax liabilities	426	504	-	-
	9,195	5,884	-	-
Total liabilities	45,193	36,451	405	3,831
Net assets	183,888	151,662	176,594	173,097
Share capital and reserves				
Share capital	163,838	156,300	163,838	156,300
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	2,562	3,721	-	-
Retained earnings/(Accumulated losses)	1,288	(21,292)	13,959	18,000
	167,837	138,878	176,594	173,097
Non-controlling interest	16,051	12,784	-	-
Total equity	183,888	151,662	176,594	173,097

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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

<u>Group</u>	Share capital	Treasury shares	Capital reserve	Employee share option reserve	Foreign currency translation reserve	Retained earnings/ (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 2022	156,300	(1,203)	634	560	3,721	(21,292)	158	138,878	12,784	151,662
Issuance of ordinary shares pursuant to exercise of warrants	7,538	-	-	-	-	-	-	7,538	-	7,538
Profit for the financial year	-	-	-	-	-	22,580	-	22,580	3,201	25,781
Other comprehensive income, net of tax	-	-	-	-	(1,159)	-	-	(1,159)	66	(1,093)
Total comprehensive income for the financial year	-	-	-	-	(1,159)	22,580	-	21,421	3,267	24,688
Balance as at 30 September 2023	163,838	(1,203)	634	560	2,562	1,288	158	167,837	16,051	183,888
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 year	-	-	-	-	-	21,343	-	21,343	683	22,026
Other comprehensive income, net of tax	-	-	-	-	2,108	-	-	2,108	748	2,856
Total comprehensive income for the financial year	-	-	-	-	2,108	21,343	-	23,451	1,431	24,882
Balance as at 30 September 2022	156,300	(1,203)	634	560	3,721	(21,292)	158	138,878	12,784	151,662

<u>Company</u>	Share capital	Treasury shares	Retained earnings/ (Accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2022	156,300	(1,203)	18,000	173,097
Issuance of ordinary shares pursuant to exercise of warrants	7,538	-	-	7,538
Total comprehensive loss for the financial year	-	-	(4,041)	(4,041)
Balance as at 30 September 2023	163,838	(1,203)	13,959	176,594
Balance as 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 year	-	-	24,892	24,892
Balance as at 30 September 2022	156,300	(1,203)	18,000	173,097

D. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

	Group	
	FY2023	FY2022
	S\$'000	S\$'000
Cash flow from operating activities		
Profit before income tax	30,471	23,252
Adjustments for:		
Depreciation of right-of-use assets	1,750	381
Depreciation of property, plant and equipment	10,310	8,680
Bad debts recovered	(272)	(249)
Loss allowance on trade receivables	-	411
Loss allowance on other receivables	-	181
Reversal of impairment loss on receivables due from a subsidiary previously held as a joint venture	-	(4,229)
Interest expense	306	129
Interest income	(1,815)	(692)
Share of profits in joint ventures	(171)	(255)
Gain on remeasurement of previously held equity interest	-	(5,172)
Gain on bargain purchase	-	(612)
Gain on disposal of property, plant and equipment	(1,027)	(985)
Impairment on property, plant and equipment	-	150
Inventories written off	-	12
Foreign exchange difference	3,277	(210)
Operating profit before working capital changes	42,829	20,792
Movement in working capital		
Inventories	(6,735)	(367)
Trade and other receivables	(3,960)	5,391
Contract assets	(3,495)	-
Trade and other payables	450	3,877
Contract liabilities	-	(347)
Cash generated from operations	29,089	29,346
Income tax	(977)	(690)
Net cash generated from operating activities	28,112	28,656
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,295)	(4,593)
Proceeds from disposal of property, plant and equipment	6,674	3,395
Repayment from a joint venture	2,887	1,396
Deposit paid for the purchase of property, plant and equipment	(19,087)	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	3,236
Net cash (used in)/generated from investing activities	(22,821)	3,434
Cash flows from financing activities		
Interest received	1,486	499
Proceeds from exercise of warrants	7,538	548
Repayment of lease liabilities	(1,902)	(403)
Repayment of term loans	(1,075)	(1,075)
Placement of fixed deposit pledged	-	(1,379)
Capital contribution by non-controlling interest	-	1,055
Net cash generated from/(used in) financing activities	6,047	(755)
Net increase in cash and cash equivalents	11,338	31,335
Cash and cash equivalents at beginning of the year	51,635	19,848
Effect of exchange rate changes on cash and cash equivalents	(1,688)	452
Cash and cash equivalents at end of the financial year (Note 1)	61,285	51,635

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Note 1

Cash and cash equivalent consist of:

Cash and bank balances

Fixed deposits

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

Less: fixed deposits pledged

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

24,334	35,959
38,766	17,555
63,100	53,514
(1,815)	(1,879)
61,285	51,635

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 and full year ended 30 September 2023 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 and full year ended 30 September 2023 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 2022.

The accounting policies adopted are consistent with those of the 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 the Singapore Financial Reporting 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 2022.

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 year.

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

4.1 Business segments

	Ship chartering services S\$'000	Ship building and repair services S\$'000	Total operations S\$'000
FY2023			
External revenue	65,891	61,235	127,126
Reportable segment results from operating activities	22,272	11,531	33,803
Share of profits in joint ventures	171	-	171
Finance income	318	196	514
Finance costs	(287)	(19)	(306)
Unallocated other corporate expenses, net			(3,711)
Profit before income tax			30,471
Income tax expense			(4,690)
Profit for the financial year			25,781
Reportable segment assets	136,988	66,700	203,688
Unallocated assets			25,393
Total assets			229,081
Reportable segment liabilities	19,585	21,882	41,467
Unallocated liabilities			3,726
Total liabilities			45,193
Capital expenditure	10,486	2,868	13,354

	Ship chartering services S\$'000	Ship building and repair services S\$'000	Total operations S\$'000
FY2022			
External revenue	44,686	41,409	86,095
Reportable segment results from operating activities	11,202	7,018	18,220
Share of profits in joint ventures	255	-	255
Finance income	87	19	106
Finance costs	(110)	(19)	(129)
Unallocated other corporate income, net			4,800
Profit before income tax			23,252
Income tax expense			(1,226)
Profit for the financial year			22,026
Reportable segment assets	132,348	43,495	175,843
Unallocated assets			12,270
Total assets			188,113
Reportable segment liabilities	14,750	14,332	29,082
Unallocated liabilities			7,369
Total liabilities			36,451
Capital expenditure	1,544	3,049	4,593

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	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Geographical markets^(a)								
Singapore	4,729	7,151	20,170	22,869	-	-	24,899	30,020
Indonesia	5,466	5,547	32,821	11,734	2,660	1,811	40,947	19,092
Taiwan	32,597	20,321	-	-	-	-	32,597	20,321
Thailand	16,110	7,328	-	-	-	-	16,110	7,328
Malaysia	6,990	3,460	623	339	-	-	7,613	3,799
Nauru	-	-	1,151	-	-	-	1,151	-
Korea	-	-	-	1,937	-	-	-	1,937
France	-	879	-	748	-	-	-	1,627
Hong Kong	-	-	-	1,125	-	-	-	1,125
Others	-	-	3,809	846	-	-	3,809	846
Total	65,892	44,686	58,574	39,598	2,660	1,811	127,126	86,095
Goods or services transferred at a point in time	-	-	42,738	37,174	2,660	1,811	45,398	38,985
Goods or services transferred overtime	65,892	44,686	15,836	2,424	-	-	81,728	47,110
Total	65,892	44,686	58,574	39,598	2,660	1,811	127,126	86,095

^(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 30 September 2023 and 30 September 2022:

	The Group		The Company	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Cash and bank balances, trade and other receivables and amounts due from joint ventures (Amortised cost)	116,590	86,591	172,652	172,566
Financial Liabilities				
Trade and other payables, lease liabilities and borrowings (Amortised cost)	34,974	28,281	405	3,831

6. Profit before income tax

Significant items

	Group			Group		
	2HFY2023	2HFY2022	Change	FY2023	FY2022	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income						
Interest income	1,042	361	NM	1,815	692	NM
Gain on disposal of property, plant and equipment	528	679	(22)	1,027	985	4
Sale of scrap materials	518	333	56	913	518	76
Insurance claims	281	-	NM	661	33	NM
Bad debts recovered	128	113	13	272	249	9
Gain on bargain purchase	-	330	NM	-	612	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	-	78	NM	-	4,229	NM
Net foreign currency exchange gain	720	1,261	(43)	-	717	NM
Expenses						
Depreciation of property, plant and equipment	5,074	5,350	(5)	10,310	8,680	19
Depreciation of right-of-use assets	1,560	210	NM	1,750	381	NM
Loss allowance on trade receivables	-	411	NM	-	411	NM
Legal and professional fees	453	414	9	554	741	(25)
Interest expenses	251	66	NM	306	129	NM
Net foreign currency exchange loss	-	-	-	3,318	-	NM

7. Income tax expense

	Group	
	FY2023 S\$'000	FY2022 S\$'000
Current income tax		
- current financial year	3,593	1,226
- under provision in respect of prior years	1,097	-
	4,690	1,226
Income tax expense	4,690	1,226

8. Dividends

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	FY2023 S\$'000	FY2022 S\$'000
Proposed by the Company to owners of the Company		
- Final dividends for the year ended 30 September 2023: S\$0.001 (30 September 2022: nil) per ordinary share	3,754	-

9. Net asset value

	Group		Company	
	30 September 2023 S\$'000	30 September 2022 S\$'000	30 September 2023 S\$'000	30 September 2022 S\$'000
Net asset value	183,888	151,662	176,594	173,097
Net asset value per ordinary share based on issued share capital (Singapore cents)	4.9 cents	4.3 cents	4.7 cents	4.9 cents

10. Property, plant and equipment

During the financial year ended 30 September 2023, the Group acquired property, plant and equipment amounting to S\$13,354,000 (30 September 2022: S\$4,593,000) and disposed and wrote off assets amounting to S\$2,279,000 (30 September 2022: S\$2,602,000).

11. Borrowings

	Group		Company	
	30 September 2023 S\$'000	30 September 2022 S\$'000	30 September 2023 S\$'000	30 September 2022 S\$'000
<u>Amount repayable within one year, or in demand</u>				
Secured	966	966	-	-
<u>Amount repayable after one year</u>				
Secured	1,290	2,284	-	-

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

12. Share capital

	Group		Company	
	30 September 2023 Number of shares	30 September 2022	30 September 2023 S\$'000	30 September 2022 S\$'000
Issued and fully paid:				
At beginning of financial year	3,542,478,228	3,526,818,503	156,300	155,752
Exercise of warrants ⁽¹⁾	215,372,252	15,659,725	7,538	548
At end of financial year	3,757,850,480	3,542,478,228	163,838	156,300

(1) Issuance of 215,372,252 new shares at exercise price of S\$0.035 per share upon exercise of warrants during the period from 1 October 2022 to 30 September 2023. All ordinary shares were fully paid.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2023 and 30 September 2022.

13. Treasury shares

	Group and Company			
	30 September 2023		30 September 2022	
	Number of shares	S\$'000	Number of shares	S\$'000
At beginning/end of the financial year	4,201,400	1,203	4,201,400	1,203

	30 September 2023		30 September 2022	
	Total number of issued Shares (excluding treasury shares)	3,753,649,080		3,538,276,828

There are 4,201,400 treasury shares and a total of 3,753,649,080 issued shares (excluding treasury shares) as at 30 September 2023.

14. Subsequent events

There were no subsequent events in relation to the financial year ended 30 September 2023.

F. 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 30 September 2023 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 30 September 2023 and certain explanatory notes have not been audited or reviewed.

2. Review of financial performance of the Group

Our Group's revenues for FY2023 (vis-à-vis FY2022) and 2HFY2023 (vis-a-vis 2HFY2022) were as follow:

	2HFY2023		2HFY2022		Change		FY2023		FY2022		Change	
	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%
Ship Chartering Operations	41.4	58	34.2	58	7.2	21	65.9	52	44.7	52	21.2	47
Ship Building & Repair Operations	29.8	42	24.3	42	5.5	23	61.2	48	41.4	48	19.8	48
	71.2	100	58.5	100	12.7	22	127.1	100	86.1	100	41.0	48

The Group recorded a revenue of S\$71.2 million in 2HFY2023, an increase of 22% from that of S\$58.5 million registered in 2HFY2022, and a revenue of S\$127.1 million in FY2023, an increase of 48% from that of S\$86.1 million registered in FY2022.

The revenue derived from the Ship Chartering Operations of the Group increased by 21% to S\$41.4 million in 2HFY2023 from S\$34.2 million in 2HFY2022, mainly due to higher average utilization rate and higher charter rates achieved for its fleet of Offshore vessels in 2HFY2023 as compared to 2HFY2022. On a full year basis, revenue derived from the Ship Chartering Operations of the Group increased by 47% to S\$65.9 million in FY2023 from S\$44.7 million in FY2022. The increase in revenue for FY2023 was mainly due to the full consolidation of PT BBR and PKRO's results in current financial year as compared to the partial consolidation in FY2022 as these 2 entities only became subsidiaries of the Group in the middle of last financial year. PT BBR has contributed a revenue of S\$13.6 million and PKRO has contributed a revenue of S\$21.7 million in FY2023 as compared to S\$6.9 million and S\$10.4 million in FY2022 respectively. In addition, the Group has achieved higher average utilization rate and higher charter rates for its fleet of Offshore vessels and there was an increase in 3rd party vessels that were rechartered in the current year.

The Ship Building & Repair Operations of the Group recorded an increase in revenue of 23% to S\$29.8 million in 2HFY2023 from S\$24.3 million in 2HFY2022, and an increase of 48% to S\$61.2 million in FY2023 from S\$41.4 million in FY2022. The increase in revenue was attributed to the increase in contract values of the repair projects and the commencement of new ship building projects in the current year.

The Group's gross profit has increased to S\$28.0 million in 2HFY2023 from S\$19.3 million in 2HFY2022 with gross profit margin increasing to 39% in 2HFY2023 from 33% in 2HFY2022. On a full year basis, the gross profit increased to S\$45.7 million in FY2023 from S\$27.5 million in FY2022 with gross profit margin increasing to 36% in FY2023 from 32% in FY2022. The increase in gross profit in both 2HFY2023 and FY2023 was contributed by the rise in revenue for both Ship Chartering and Shipyard Operations and an improvement in gross profit margin from Ship Chartering Operations.

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The Group's other operating income decreased to S\$2.5 million in 2HFY2023 from S\$2.8 million in 2HFY2022, primarily due to the absence of the gain of bargain purchase S\$0.3 million in 2HFY2023 which was a non-recurring item. On a full year basis, other operating income decreased to S\$4.8 million in FY2023 from S\$9.2 million in FY2022, primarily due to the decrease in gains from non-recurring items. The non-recurring items in the Group's other income in FY2022 mainly consist of the gain on remeasurement of previously held equity interest in PT BBR amounting to S\$5.2 million¹ and the gain on bargain purchase of S\$0.6 million. The decrease in other income was partially offset by an increase in interest income of S\$1.1 million and an increase in sale of scrap materials of S\$0.4 million in FY2023 as compared to FY2022.

The reversal of impairment loss on receivables due from a subsidiary (PT BBR) which was previously held as a joint venture entity of S\$4.2 million² in FY2022 was non-recurring in nature.

The Group's administrative expenses decreased to S\$5.2 million in 2HFY2023 from S\$7.9 million in 2HFY2022 and decreased to S\$10.7 million in FY2023 from S\$12.2 million in FY2022. The decrease in administrative expenses in both periods was mainly due to decrease in staff costs from the cessation of incentives given to key management personnel³, which was partially offset by an increase in payout of variable bonus to staff and increase in the number of headcounts within the Group.

The Group's other operating expenses decreased to S\$1.7 million in 2HFY2023 from S\$2.6 million in 2HFY2022 due primarily to decrease in foreign exchange movement by S\$0.5 million. On a full year basis, the Group's other operating expenses increased to S\$9.2 million in FY2023 from S\$5.6 million in FY2022, attributed primarily to the recognition of S\$3.3 million foreign exchange loss recognised in FY2023 as compared to S\$0.7 million foreign exchange gain recognized in FY2022.

The Group's depreciation expenses increased to S\$6.6 million in 2HFY2023 from S\$5.6 million in 2HFY2022 and increased to S\$12.1 million in FY2023 from S\$9.1 million in FY2022. The increase in depreciation expenses in both periods was mainly due to the addition of rights-of-use assets in FY2023.

The share of profits from jointly controlled company maintained at S\$85,000 in 2HFY2023 and 2HFY2022 and decreased to S\$171,000 in FY2023 from S\$255,000 in FY2022. The share of profits from jointly-controlled company was mainly attributable to the share of profits in the Group's joint venture Pelayaran Era Sdn Bhd.

As a result of the above, we registered a net profit attributed to owners of the Company of S\$18.3 million in 2HFY2023 compared to S\$10.5 million in 2HFY2022 and a net profit attributed to owners of the Company of S\$22.6 million in FY2023 compared to S\$21.3 million in FY2022.

Excluding foreign exchange gains or losses, and one-off items the Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the Group increased to S\$28.2 million in 2HFY2023 from S\$18.1 million in 2HFY2022, and an increased to S\$43.3 million in FY2023 from S\$24.2 million in FY2022.

3. Review of financial position of the Group as at 30 September 2023 compared to that as at 30 September 2022

The non-current assets of the Group increased by S\$1.3 million to S\$109.5 million as at 30 September 2023 from S\$108.2 million as at 30 September 2022. The increase was mainly due to the addition on right of use assets, partially offset with depreciation of property, plant and equipment and repayment of amount due from joint ventures.

Rights-of-use assets of the Group increased by S\$5.7 million to S\$6.3 million as at September 2023 from S\$0.6 million as at 30 September 2022 mainly due to the recognition of two vessels that are under long-term bareboat charter arrangements in Taiwan.

Inventories of the Group increased by S\$6.8 million to S\$8.4 million as at 30 September 2023 from S\$1.6 million as at 30 September 2022, mainly attributed to purchase of raw materials such as steel plates for new ship building projects.

Contract assets of the Group amounting to S\$3.5 million as at 30 September 2023 were related to work performed by the Group's ship building projects but invoices yet to be issued to customers.

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 (ie. 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 As stated in 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 of incentive recognised with respect to FY2022's financial performance is approximately S\$3.4 million whereas the amount of incentive that were paid out with respect to FY2021's financial performance is approximately S\$0.7 million. The Incentive Plan, which is valid for 5 years, will expire after the incentives in relation to FY2022 are paid out.

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Trade receivables of the Group increased by S\$5.4 million to S\$22.8 million as at 30 September 2023 from S\$17.4 million as at 30 September 2022. The increase was mainly attributed to the increase in revenue from the Ship chartering and Ship Building & Repair Operations. As disclosed in the Group's financial statements that was published in the FY2022 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.

The Group's other receivables, deposits and prepayment increased by S\$18.1 million to S\$21.7 million as at 30 September 2023 from S\$3.6 million as at 30 September 2022, mainly attributed to an increase in S\$19.1 million of deposits paid for the purchase of equipment in relation to a shipbuilding project.

The Group's and Company's amount due from joint venture (current) decreased to S\$9,000 and nil as at 30 September 2023, respectively, from S\$0.5 million as at 30 September 2022 were due to repayments made by a joint venture.

The Group's assets held for sale decreased to nil as at 30 September 2023 from S\$3.4 million as at 30 September 2022. The decrease was mainly due to disposal of assets during the year. PT BBR entered into a Sale and Purchase Agreement to dispose a fleet of tugboats and barges in view of streamlining the business operations of the PT BBR group. Accordingly, these assets were reclassified from plant, property and equipment to assets held for sale as at 30 September 2022.

Trade payables of the Group increased by S\$3.0 million to S\$15.0 million as at 30 September 2023 from S\$12.0 million as at 30 September 2022. The increase in trade payables was in line with the increase in the Group's business activities in current year.

The Group's other payables and accruals decreased by S\$2.6 million to S\$13.0 million as at 30 September 2023 from S\$15.6 million as at 30 September 2022. The decrease was mainly due to a decrease in deposits received from customers with the disposal of PT BBR's fleet of tugboats and barges during the year. The Company's other payables and accruals decreased by S\$2.6 million to \$3.4 million was mainly due to the disbursement of incentives given to key management personnel.

Lease liabilities of the Group increased by S\$5.8 million to S\$6.3 million as at 30 September 2023 from S\$0.5 million from 30 September 2022 mainly due to the recognition of two vessels that are under long-term bareboat charter arrangements in Taiwan.

The Group's interest-bearing loans decrease to S\$2.3 million as at 30 September 2023 from S\$3.3 million as at 30 September 2022 due to repayments being made by the Group.

The Group's income tax payable increase to S\$5.3 million as at 30 September 2023 from S\$1.6 million as at 30 September 2022 primarily due to increase in taxable profits from jurisdictions such as Taiwan and Indonesia where these countries have relatively higher tax rates. In addition, there was an under provision of income tax expense amounting to S\$1.1 million in respect of prior years.

The Group's deferred tax liabilities decreased to S\$0.4 million as at 30 September 2023 from S\$0.5 million as at 30 September 2022, mainly due to reversal of deferred tax liabilities over the remaining useful life of certain assets as recognised in last financial year. The initial recognition of deferred tax liabilities as at 30 September 2022 arose from the purchase price allocation exercise in relation to the acquisition of PT BBR.

The Group reported a net cash generated from operating activities of S\$28.1 million for FY2023, mainly due to the increase in inventories and trade and other receivables with the increase in business activities during the year. The net cash used in investing activities of S\$22.8 million for FY2023 mainly due to the capital expenditure and deposits paid for the purchase of equipment which was partially offset by the proceeds from the disposal of vessels and repayment received from a joint venture. The net cash generated from financing activities of S\$6.0 million was mainly due to the proceeds from the exercise of warrants. Overall, the cash and cash equivalent of the Group increased to S\$63.1 million as at 30 September 2023 as compared to S\$53.5 million in as at 30 September 2022.

Following from the above:

- (i) the working capital of the Group increased to S\$83.5 million as at 30 September 2023 from S\$49.3 million as at 30 September 2022;
- (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 30 September 2023 and 30 September 2022; and
- (iii) the net asset value per share of the Group increased to 4.9 cents as at 30 September 2023 from 4.3 cents as at 30 September 2022.

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 remains challenging given the geopolitical uncertainties with the tensions in the Taiwan straits and South China Sea, and the protracted Russia-Ukraine conflict. The overall global economy is beginning to show signs of weakness affected by tighter monetary conditions. Against this backdrop, the Group will continue to improve its operational efficiency and tighten cost control to enhance its competitiveness. The Group is also expected to further extend its reach in segments such as the renewable energy sector as we have done in recent years.

For the ship chartering business, the Group is set to continue its support to the Taiwan offshore windfarm 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 the last financial year. In addition, activities in the oil and gas markets have been picking up and the Group anticipates that this will have a positive effect on our charter rates for our fleet of OSVs.

For the shipyard division, the Group will continue to focus on securing ship repair and maintenance orders by expanding its customer base internationally. The Group has also stepped up its marketing effort on the ship building front by actively engaging local ship owners in Indonesia. To date, we have managed to clinch several new build contracts for the construction of barges with progressive deliveries up to 2HFY2024.

With regards to the construction of our Commissioning Service Operation Vessel as announced in September last year, the physical construction of vessel is approximately 34% completed as at 30 September 2023 and the Group is targeting to commence operating the CSOV in the second half of 2024.

Looking ahead, the Group remains focused on expanding our footprint in the renewable energy and offshore wind farm sectors. The Company will release further updates on its business and operations on 4 December 2023.

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.

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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"). The 2013 ESOS Options have expired on 23 April 2023.

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. The Warrants have expired on the 27 January 2023 with a total number of 233,480,719 Warrants being exercised into 233,480,719 new ordinary shares of the Company. The number of unexercised Warrants which lapsed and ceased to be valid was 35,758,158 Warrants.

As at 30 September 2023, the following securities, which are capable of being exercised into Shares, remain outstanding:

1. Nil 2013 ESOS Options (30 September 2022: 2,690,000);
2. 2,830,000 2015 ESOS Options (30 September 2022: 2,830,000); and
3. Nil Warrants (30 September 2022: 251,130,410 Warrants)

Save as disclosed, the Company has no outstanding convertibles as at 30 September 2023 and 30 September 2022.

The information on the changes in the Company's share capital and total number of issued ordinary shares can be found on page 11, Note 12 of this announcement.

7. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes of duties and position held, if any, during the financial year
Mr Lee Wan Tang	74	Father to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Executive Director and CFO, Ms Liely Lee.	Appointed in 2020 as Advisor to the Company. Advising on the setting of Group's business strategy and direction.	None
Mr Irryanto	68	Brother-in-law to our substantial shareholder, Mr Lee Wan Tang; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Executive Director and CFO, Ms Liely Lee.	Director (Shipyard Administration). He is responsible for the administrative function of PT Marco Polo Shipyard, a wholly-owned subsidiary of the Company.	None

8. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share	0.1 cent
Tax Rate	Tax-Exempt One-Tier

(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

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.

10. 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).

11. Use of Proceeds from Exercise of Warrants

Following the expiry of the Warrants on 27 January 2023, the Company has fully utilized the proceeds of S\$8,172,000 raised from the exercise of Warrants for general working purposes as intended. Please refer to the Circular to Shareholders dated 28 November 2017 section 6.8 for more details for the proposed use of proceeds.

As disclosed in the Company's results announcement on 11 May 2023, the breakdown with specific details on the use of proceeds for general working capital are as follows:

	S\$'000	S\$'000
Proceeds raised from Exercise of Warrants		8,172
<u>Less:</u>		
Deposit paid for the purchase of property, plant and equipment	(5,759)	
Administrative expenses	(2,413)	
Total used proceeds as at 31 March 2023		(8,172)
Remaining proceeds		-

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12. 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

27 November 2023