Marco Polo Marine

Sailing Towards a New High

ANNUAL REPORT 2023

Contents

Corporate Profile

Established in 1991, Marco Polo Marine Ltd ("the Company") was listed on the-then SGX SESDAQ (now known as SGX Catalist) in 2007 and had its listing migrated to the Main Board of the Singapore Exchange in 2009.

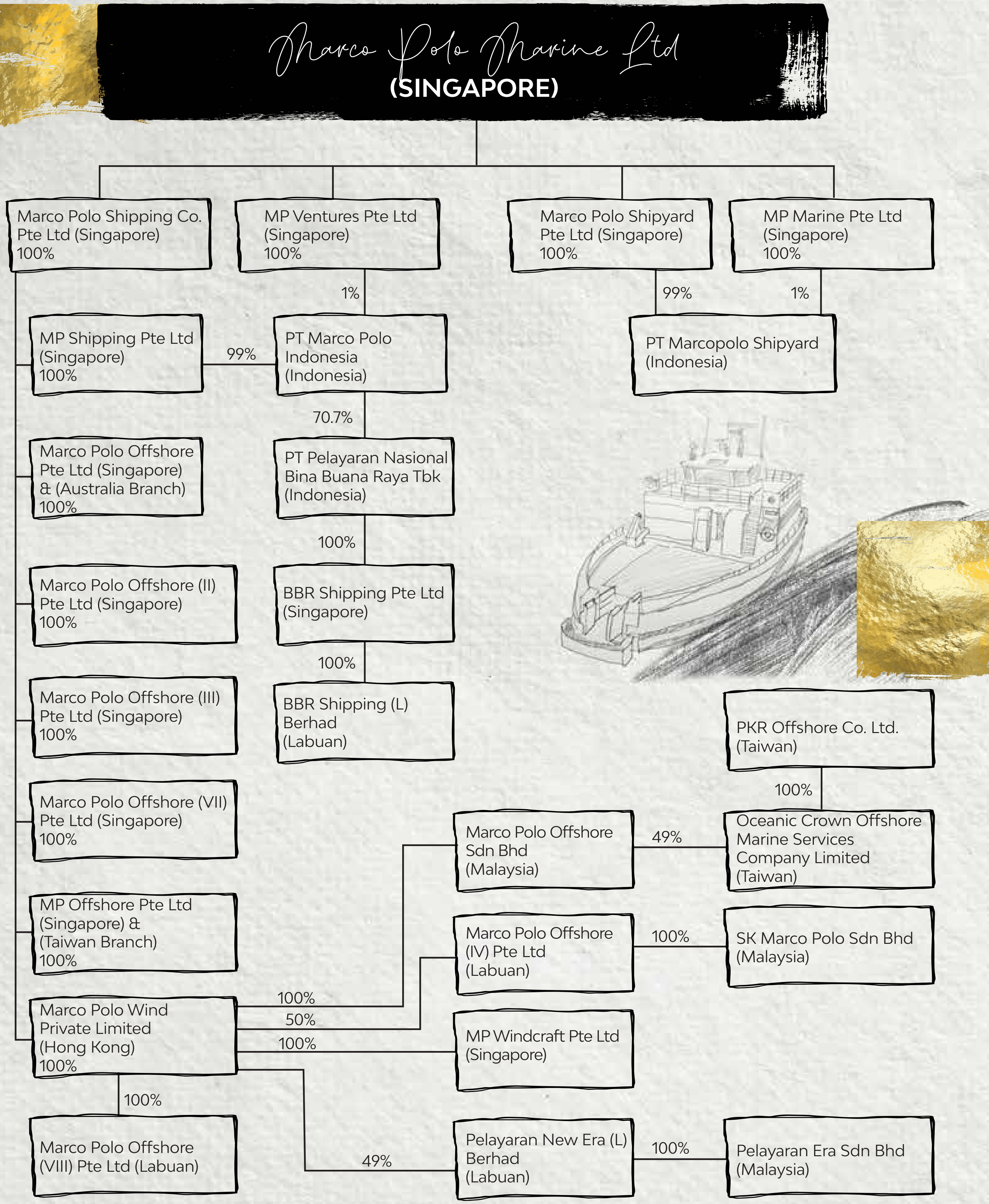
The Group, comprising the Company and its subsidiaries, is a reputable regional integrated marine logistic company which principally engages in shipping and shipyard businesses.

The Shipping Division (Comprising Offshore Support And Marine Logistic Services)

The shipping business of the Group relates to the chartering of Offshore Supply Vessels ("OSVs"), which comprise mainly Anchor Handling Tug Supply Vessels ("AHTS") for deployment in the regional waters, including the Gulf of Thailand, Malaysia, Indonesia, Myanmar and Taiwan, as well as the chartering of tugboats and barges to customers, especially those which engaged in the mining, commodities, construction, infrastructure and land reclamation industries.

The Shipyard Division

The shipyard business of the Group relates to ship building as well as the provision of ship maintenance, repair, outfitting and conversion services which are being carried out through its shipyard located in Batam, Indonesia. Occupying a total land area of approximately 34 hectares with a seafront of approximately 650 meters, the modern shipyard also houses three dry docks which boosted the Group's technical capabilities and service offerings to undertake projects involving mid-sized and sophisticated vessels.


Marco Polo Marine Ltd
(SINGAPORE)
Marco Polo Shipping Co. Pte Ltd (Singapore) 100%
MP Ventures Pte Ltd (Singapore) 100%
Marco Polo Shipyard Pte Ltd (Singapore) 100%
MP Marine Pte Ltd (Singapore) 100%
1%
99%
1%
MP Shipping Pte Ltd (Singapore) 100%
99%
PT Marco Polo Indonesia (Indonesia)
PT Marcopolo Shipyard (Indonesia)
70.7%
PT Pelayaran Nasional Bina Buana Raya Tbk (Indonesia)
100%
BBR Shipping Pte Ltd (Singapore)
100%
BBR Shipping (L) Berhad (Labuan)
Marco Polo Offshore Pte Ltd (Singapore) & (Australia Branch) 100%
Marco Polo Offshore (II) Pte Ltd (Singapore) 100%
Marco Polo Offshore (III) Pte Ltd (Singapore) 100%
Marco Polo Offshore (VII) Pte Ltd (Singapore) 100%
MP Offshore Pte Ltd (Singapore) & (Taiwan Branch) 100%
Marco Polo Wind Private Limited (Hong Kong) 100%
100%
Marco Polo Offshore (VIII) Pte Ltd (Labuan)
PKR Offshore Co. Ltd. (Taiwan)
100%
Oceanic Crown Offshore Marine Services Company Limited (Taiwan)
49%
Marco Polo Offshore Sdn Bhd (Malaysia)
Marco Polo Offshore (IV) Pte Ltd (Labuan)
100%
SK Marco Polo Sdn Bhd (Malaysia)
100%
50%
100%
MP Windcraft Pte Ltd (Singapore)
49%
Pelayaran New Era (L) Berhad (Labuan)
100%
Pelayaran Era Sdn Bhd (Malaysia)

Corporate Information

Board Of Directors

TAN HAI PENG MICHEAL
(Non-Executive Chairman and Independent Director)

SEAN LEE YUN FENG
(Executive Director and CEO)

LIE LY
(Executive Director and CFO)

LEE KIAM HWEE KELVIN
(Independent Director)

LEONG KAH WAH
(Independent Director)

TEO JUNXIANG, DARREN
(Non-Executive Director)

JEFFREY HING YIH PEIR
(Non-Executive Director)

Audit Committee

LEE KIAM HWEE KELVIN
(Chairman)

TAN HAI PENG MICHEAL

LEONG KAH WAH

Nominating Committee

LEONG KAH WAH
(Chairman)

LEE KIAM HWEE KELVIN

SEAN LEE YUN FENG

Remuneration Committee

LEE KIAM HWEE KELVIN
(Chairman)

TAN HAI PENG MICHEAL

TEO JUNXIANG, DARREN

COMPANY SECRETARY
Kwan Hon Kay @ Lawrence Kwan

REGISTERED OFFICE
66 Kallang Pudding Road
#05-01
Singapore 349324

REGISTRAR
B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

AUDITORS
Mazars LLP
Public Accountants and
Chartered Accountants
135 Cecil Street
#10-01
Singapore 069535

(Appointed since 22 August 2014)

Partner-in-charge:
Lok Yung Hui

PRINCIPAL BANKERS
Standard Chartered Bank
CIMB Bank
United Overseas Bank Limited

Chairman and CEO Statement

Dear fellow shareholders

We are pleased to report another year of strong performance, as Marco Polo Marine Ltd ("MPML", the "Company" or, together with its subsidiaries, the "Group") continues its growth momentum in an otherwise highly volatile and uncertain operating environment. We ended FY2023 with yet another set of record EBITDA and net profit numbers. The encouraging results come on the back of an increase in revenue and expansion in gross profit margins. Overall, our financial position has continued to improve, with the Group's net cash balance holding steady at S$63 million as of 30 September 2023.

A Review of FY2023

The broader market in the offshore and shipping industries remained challenging in FY2023, due to geopolitical uncertainties generated by tensions in the Taiwan Straits and South China Sea, as well as the protracted Russia-Ukraine conflict. The overall global economy has also begun to show signs of weakness, following tighter monetary conditions.

Notwithstanding this series of challenges, the Group is pleased to share that it has continued to remain on track in the pursuit of its broader strategic goals. Over the past year, the Group has made further progress in penetrating the renewable energy sector, as well as expanding our customer base, following a significant growth in operational performance from our shipyard and ship chartering segments.

In the ship chartering business, the demand for offshore support vessels has been elevated by the pickup of activity in the oil & gas industry led by higher crude oil and natural gas prices, as well as the increase in offshore wind farm projects in North Asia, as countries strive to meet their green or renewable energy environmental targets. Meanwhile, tight access to bank financing has limited the new supply of vessels in the market. As a result, the Group witnessed a surge in utilisation rates and average charter rates, that surpassed its previous FY2022 record, for its offshore fleet.

At the same time, the Group's shipyard operations continued to experience strong demand for its ship repair services due to a further expansion in our customer base. On the shipbuilding front, the Group has also stepped up its marketing efforts by actively engaging local ship owners in Indonesia, and has successfully secured several new build projects with progressive deliveries up till the second half of the 2024 financial year.

Maiden Deployment of the Group's First Commissioning Service Operations Vessel

A landmark Memorandum of Understanding ("MOU") was signed between its Taiwan-based subsidiary, PKR Offshore Co., Ltd, and Vestas Taiwan Co., Ltd, for the maiden deployment of its new Commissioning Service Operations Vessel ("CSOV") in December 2022.

Back in September 2022, Marco Polo Marine unveiled plans to build, own and operate a CSOV to meet the rising demand for support vessels from the offshore wind farm industry in Asia. The 83-metre-long vessel will be the first CSOV to be designed in Asia, and will be equipped with a walk-to-work gangway and 3D motion-compensated crane. It will also feature hybrid-based energy storage systems that will reduce carbon emissions by up to 20%.

The new CSOV, which can accommodate up to 110 persons, will be deployed across various offshore wind farms in Taiwan, Japan, and South Korea, over a three-year period, based on a minimum utilisation commitment per annum. The vessel is currently under construction at Marco Polo Shipyard in Batam, Indonesia, and will commence operations towards the end of Q2 2024.

Venturing into Japan and Korea's Offshore Wind Market

The Group has expanded rapidly into the offshore wind industry in recent years with the successful acquisition of PKR Offshore in May 2022. In anticipation of the completion of the Group's first CSOV, Marco Polo Marine is set to expand its service offerings even further to support the offshore wind farm sector. Leveraging on its offshore wind track record in Taiwan, Marco Polo Marine has been actively identifying suitable partners in new markets to expand its reach, while drawing on the expertise of well-established regional players.

On 6 December 2022, the Group announced the signing of an MOU with "K" Line Wind Service, Ltd ("KWS") that outlines their intent to explore suitable vessel opportunities in the Japanese offshore wind market, marking a milestone entry into Japan. KWS was set up in June 2021 as a joint venture between Kawasaki Kisen Kaisha, Ltd. ("K" Line) and Kawasaki Kinkai Kisen Kaisha, Ltd. for the purpose of providing marine related services for the offshore wind power business. Through the new partnership, both parties seek to own and operate suitable offshore support vessels targeting customers in this sector.

On 11 January 2023, the Group further announced that an MOU was signed with Namsung Shipping Co., Ltd. ("Namsung") and HA Energy Co., Ltd. ("HA-E"), to jointly pursue synergistic offshore wind vessel operations in South Korea. This marks a landmark entry into yet another major offshore wind market in Asia, which follows from its successful expansion into Taiwan and Japan. Founded in August 1953, South Korea's legacy private shipping line, Namsung, is renowned in the intra-Asia trade lanes, while HA-E is a multi-discipline company in Korea, offering engineering, construction and commissioning services for various offshore platforms and marine vessels.

The Group believes both the Japan and Korea offshore wind markets can become a key revenue driver in time to come.

Collaboration with Amogy to Develop Zero-Emission Solutions

In April 2023, the Group entered an MOU with Amogy Inc., a pioneer of emission-free, energy-dense ammonia power solutions based in Brooklyn. Under the terms of their MOU, Amogy's proprietary ammonia-to-power system would also be installed on Marco Polo Marine's existing or newly built wind vessels, allowing them to operate with zero emissions.

The collaboration dovetails with Marco Polo Marine's efforts to decarbonise the shipping sector and reduce the carbon footprint of offshore wind farms through the adoption of more sustainable and green practices. The partnership will also allow Amogy to fine-tune its ammonia-to-power solution to more effectively support the specific types of wind vessels (including, but not limited to, CSOVs and SOVs). The adoption of ammonia power would also see a significant decrease in carbon dioxide and other greenhouse gas emissions from such vessels.

Boosting Ship Repair Capacity with Construction of New Dry Dock

The Group has announced its plans to begin construction of the 240m Dry Dock 4 in September 2023, with the anticipated completion date in the Q1 of FY2025. The project will be funded through a combination of operational cash flows and external financing from banks. The completion of Dry Dock 4 will increase the shipyard's repair capacity by up to 25%.

This expansion will enable the Group to meet growing demand for servicing vessels from new and existing customers, notwithstanding that the shipyard has already undergone dry dock extension programmes for its dry dock 1 and dry dock 3 in recent years. The addition of the new dry dock marks a step forward for the shipyard's repair capabilities, and it will be expected to contribute to the Group's revenue and profitability by Q1 of FY2025.

Looking Ahead

Moving forward, the management team remains cautiously optimistic about the year to come, as consumer demand and energy prices continue to improve and create a favourable operating landscape for the Group.
The Group is upbeat about its long-term growth strategy as it rigorously pursues suitable opportunities, takes steps to capitalise on emerging trends, expands its footprint in the renewable energy space, and broadens its presence beyond its target markets to diversify revenue streams.

Sustainability Report

In line with our commitment to being a sustainable business, we are pleased to publish our FY2023 sustainability report, released alongside our Annual Report, which is prepared with reference to Global Reporting Initiative (GRI) standards and details our economic, social and environmental activities and performance for the financial year.

Proposed Dividends

Given our excellent results for FY2023, the Board is pleased to recommend a final one-tier tax-exempt dividend of 0.1 cent per share. The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

Words of Appreciation

On behalf of the Board, we would like to express our deepest gratitude to our management and staff for their dedication and hard work in helping the Group overcome challenges during the past year and emerge even stronger. We would also like to extend our heartfelt thanks to our esteemed customers, business partners and suppliers for their unrelenting support and confidence in us. Last but not least, we are extremely grateful to you, our shareholders, for standing steadfast with us amidst uncertain times, and seek your continued support, as we look forward to achieving even greater milestones in the year ahead.

MICHEAL TAN
Independent Director and Non-Executive Chairman

SEAN LEE YUN FENG
Executive Director and Chief Executive Officer

Financial & Operational Review

REVENUE

The Group's revenue for FY2023 vis-à-vis FY2022 is tabulated as follow:

	FY2023		FY2022		CHANGE	
	S$'m	%	S$'m	%	S$'m	%
Ship Chartering	65.9	52	44.7	52	21.2	47
Ship Building & Repair	61.2	48	41.4	48	19.8	48
TOTAL	**127.1**	**100**	**86.1**	**100**	**41.0**	**48**

The revenue for the Group's Ship Chartering Operations increased by 47% to S$65.9 million in FY2023 from S$44.7 million in FY2022. The increase in revenue was mainly due to the full consolidation of PT BBR and PKRO's results in the 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. There was also an increase in 3rd party vessels that were rechartered in the current year.

The Ship Building & Repair Operations recorded an increase of 48% to S$61.2 million in FY2023 from S$41.4 million in FY2022. The increase in revenue was mainly attributed to the increase in contract values of the repair projects and the commencement of new ship building projects in the current year.

Profitability

Overall, the gross profit of the Group 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 FY2023 was mainly attributed by the rise in revenue for both Ship Chartering and Shipyard Operations and an improvement in gross profit margin from Ship Chartering Operations.

Other operating income of the Group 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 million 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 million in FY2022 was non-recurring in nature.

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

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 recognised in FY2022.

As a result of the above, we registered a net profit attributed to owners of the Company of S$22.6 million in FY2023 compared to S$21.3 million in FY2022.

Earnings Before Interest, Taxes, Depreciation and Amortisation

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$43.3 million in FY2023 from S$24.2 million in FY2022.

Financial Position

The net assets of the Group has increased to S$183.9 million as at 30 September 2023 from S$151.7 million as at 30 September 2022, as the Group recognised a profit after tax of S$25.8 million for the year. The Group has managed to grow its cash position to S$63.1 million as at 30 September 2023 from a balance of S$53.5 million as at 30 September 2022. This was largely attributed to the net cash generated from operations amounting to S$28.1 million and the proceeds from the exercise of warrants amounting to S$7.5 million. These were partially offset by capital expenditure of S$13.3 million and advance payment made to suppliers of S$19.1 million paid for purchase of equipment, mainly in relation to ship building projects that the Group has undertaken during the year.

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 due mainly to the addition of rights-of-use assets of S$7.6 million. The increase in non-current assets was partially offset by depreciation of property, plant and equipment, right-of-use assets and repayments received in relation to the outstanding amount due from a joint venture.

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.

The recognition of contract assets 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.

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.

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 advance payment made to suppliers for the purchase of equipment in relation to a shipbuilding project.

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.

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 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.

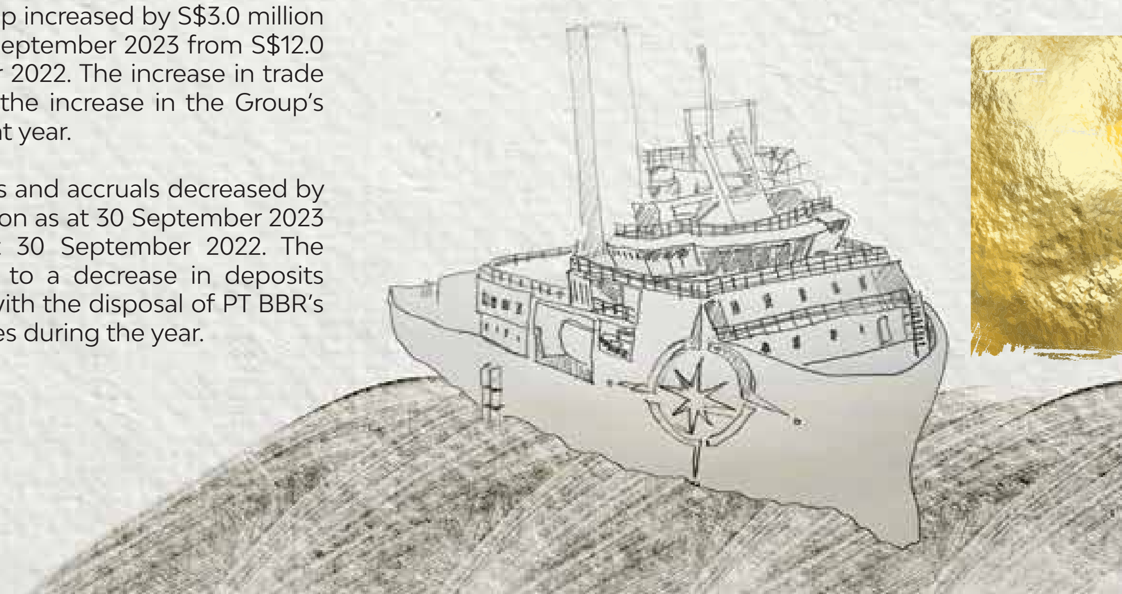
As a result of the profits recognised during the financial year, the asset value per share of our Group increased to 4.9 Singapore cents as compared to 4.3 Singapore cents a year ago.

Cash Flows

Net cash generated from operating activities of S$28.1 million in FY2023 was mainly due to the increase in revenue generated during the year from both Ship Chartering and Ship Building & Repair Operations.

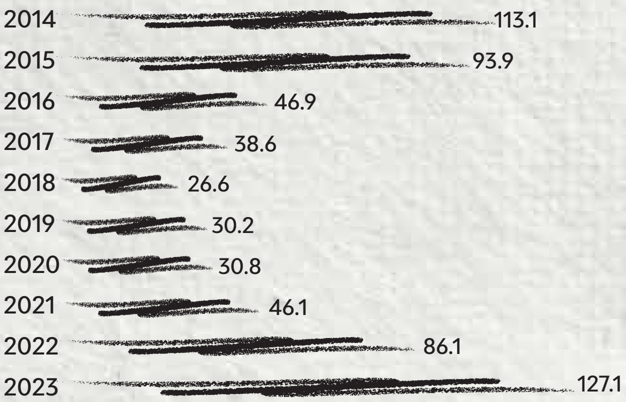
Net cash used in investing activities of S$22.8 million in FY2023 was mainly attributed to the capital expenditure of S$13.3 million and advance payment made to suppliers of S$19.1 million paid for purchase of equipment, mainly in relation to ship building projects that the Group has undertaken during the year. These were partially offset by cash generated from proceeds from disposal of property, plant and equipment amounting to S$6.7 million primarily in relation to the sale of vessels.

Net cash generated from financing activities of S$6.0 million in FY2023 was largely attributable to the proceeds from the exercise of warrants amounting to S$7.5 million.

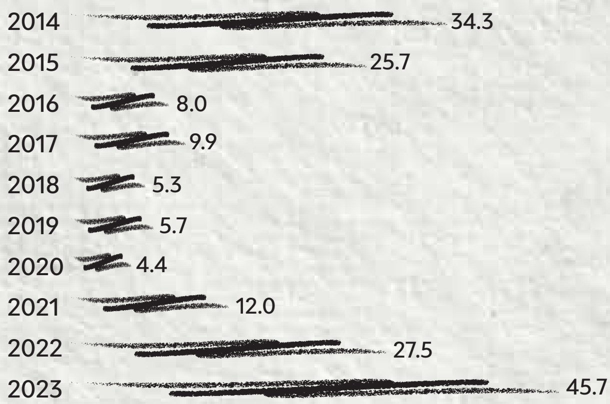


Key Financials

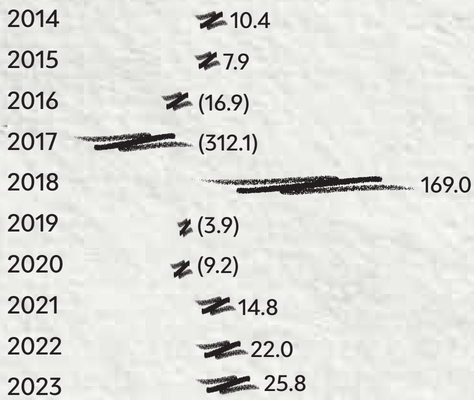
REVENUE
S$ millions
127.1



GROSS PROFIT
S$ millions
45.7



NET PROFIT
S$ millions
25.8



Revenue By Business Segment S$ millions

	SHIP CHARTERING	SHIP BUILDING & REPAIR	TOTAL
2023	65.9	61.2	**127.1**
2022	44.7	41.4	**86.1**
2021	20.1	26.0	**46.1**
2020	13.6	17.2	**30.8**
2019	16.6	13.6	**30.2**
2018	11.5	15.1	**26.6**
2017	16.5	22.1	**38.6**
2016	17.1	29.8	**46.9**
2015	32.4	61.5	**93.9**
2014	64.7	48.4	**113.1**

Board of Directors

TAN HAI PENG MICHEAL
NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Mr Tan Hai Peng Micheal is our Non-Executive Chairman and Independent Director. He is a Non-Executive Director of the REIT manager of Elite Commercial REIT, a REIT listed on the SGX Mainboard. Mr Tan graduated with a Master of Business Administration (Senior Executive) degree from the National University of Singapore in December 2004 and a Bachelor of Science in Computer Engineering with Highest Honour from the Florida Institute of Technology, USA in August 1990. Mr Tan was conferred the Public Service Star in 2017 and Public Service Medal in 2011 for his contributions to public services in Singapore.

SEAN LEE YUN FENG
CHIEF EXECUTIVE OFFICER

Mr Sean Lee Yun Feng, the key co-founder of our Group, he is responsible for the overall management and day-to-day operations of our Group as well as the formulation of the business directions, strategies and policies of our Group. Mr Lee is instrumental in initiating and penetrating new markets for both our shipping and shipyard operations. He spearheads our shipyard operations since it commenced operations in December 2005 and also started our Offshore Ship Chartering Operation in 2011, of which, the operation has been remained as our main growth engine. Mr Sean Lee graduated with a Bachelor of Commerce degree from the Murdoch University (Western Australia) and Master degree from INSEAD and Tsinghua University (Beijing).

LIE LY
EXECUTIVE DIRECTOR

Ms Lie Ly is our Executive Director. She joined our Group as the Director (Finance), Group Chief Financial Officer of our Group 2006. She is responsible for all finance, accounting, treasury and strategic development of the Group Prior to joining Marco Polo Marine, she was a co-owner of a food and beverage chain in Singapore. She oversaw the strategic growth, development, finance and human resource matters of the chain and had grown it to 13 outlets. Graduated with a Bachelor of Commerce Degree from Murdoch University in Western Australia and also holding a Masters of Accounting Degree from Curtin University in Western Australia, Ms Lie Ly is a qualified Chartered Public Accountant (CPA) Australia.

LEE KIAM HWEE KELVIN
INDEPENDENT DIRECTOR

Mr Lee Kiam Hwee Kelvin is our independent director. Between 2007 and 2020, Mr Lee was Independent Director with four other public listed companies for several years. Mr Lee began his career with Coopers and Lybrand, an international audit firm and was there for 15 years from 1979 to 1994. He joined IMC Holdings Ltd, a shipping company, from 1994 to 2003 as the Group's Financial Controller where he contributed towards the strategic business planning and overall financial management. He next moved on to Pan United Corporation as its Chief Financial Officer until March 2007. Mr Lee is a Fellow of the Association of Chartered Certified Accountants (UK), Fellow member of the Institute of Singapore Chartered Accountants and a Fellow Member of the Singapore Institute of Directors since 2004.

LEONG KAH WAH
INDEPENDENT DIRECTOR

Mr Leong Kah Wah is our Independent Director. He is currently a Partner at Rajah & Tann Singapore LLP and has over 30 years of experience in the legal profession. Mr Leong has extensive experience in shipping, trading and commercial dispute resolution and has appeared as lead counsel in numerous High Court and Court of Appeal matters, including the landmark Court of Appeal judgments of the STX Mumbai and the Bunga Melati 5. He has also acted as lead counsel in maritime and trade arbitrations before tribunals, both adhoc and institutional (namely, SIAC, SCMA, LMAA, New York SMA, GAFTA, FOSFA and PORAM). Further, he often appeals significant cases in the Singapore Court of Appeal, which are now seen as leading case on the subject matter. His experience also extends to wet work, where owners, clubs, hull underwriters from Singapore and other parts of Asia (namely, Japan, Vietnam and Hong Kong) regularly instruct him to investigate and manage claims arising out of casualties. Mr Leong graduated with a Bachelor of Laws (Honours) from the National University of Singapore and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1991.

TEO JUNXIANG, DARREN
NON-EXECUTIVE DIRECTOR

Mr Teo Junxiang, Darren is our Non-Executive Director. He is currently the Managing Partner of Apricot Capital Pte Ltd, a private investment company with business interest in real estate, offshore marine, education and consumer lifestyle business. His responsibilities include evaluating investment opportunities, executing strategic deals and managing its investment portfolio. Prior to his appointment at Apricot Capital, he started his career in Super Group Ltd in 2007 and has held various positions in the company. He was last appointed as an Executive Director of Super Group in 2016. As an Executive Director of Super Group, he oversaw the Group's overall strategy, managed its commercial activities and led the business expansion across Asia. In 2017, he led the strategic sale of Super Group Ltd to Jacobs Douwe Egberts, the world second largest coffee company. Mr Teo graduated with Bachelor of Social Sciences in Economics from National University of Singapore in 2006.

JEFFREY HING YIH PEIR
NON-EXECUTIVE DIRECTOR

Mr Jeffrey Hing Yih Peir is our Non-Executive Director. He is also the Executive Chairman of Penguin International Limited. Mr Hing has over 30 years of experience in the marine and offshore industry in a variety of roles including finance and administration, business development and management. He is the founder and managing director of Trinity Offshore Pte. Ltd., a Singapore-based owner operator of offshore support/utility vessels. As an experienced entrepreneur in the marine and offshore industry, Mr. Hing brings to the Group his business acumen and his global network of industry contacts. An accountant by training, Mr. Hing has served in various roles as auditor, accountant, senior executive and director of diversified corporations.

Key Executive Officers

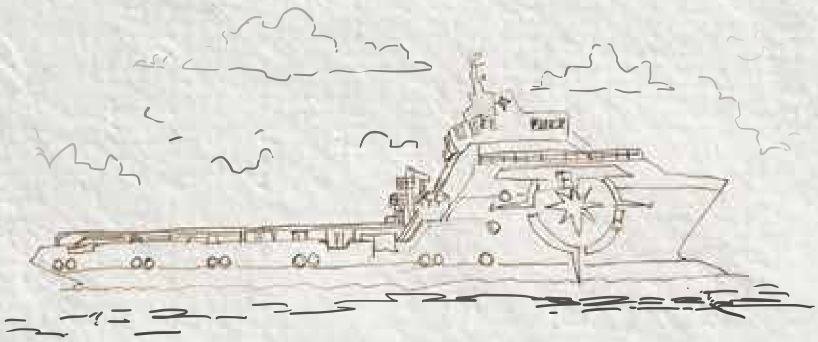
MR CHANDRA MOHAN is the Senior General Manager of our Shipyard Division. He joined our Group in August 2008. He is responsible for overseeing our Group's shipyard division daily activities across functions such as shipbuilding, ship-repair, production, facility management, operational and regulatory compliance. He has over 30 years of marine related experience. He was a Production Manager in Pan United Shipyard from 1987 to 2008. Mr Mohan holds a Diploma in Facilities Management from Singapore Institute of Materials Management.

MR ROY YAP is the Senior General Manager of our Offshore Division. Since joining the Group in January 2019, Mr Yap is responsible for overseeing the Group's Offshore Marine Division and played a role in facilitating the development and expansion of the marine business. He has more than 20 years of experience within the Offshore marine industry. His previous positions include the Chief Operating Officer of a listed Offshore Marine Company in Singapore and he has held management positions of several offshore companies. Mr Yap graduated with a Masters of Business Administration from University of Wolverhampton and holds a diploma in Nautical Studies.

MR KELVIN TEO is the Managing Director of PKR Offshore, a subsidiary under the Group, supporting the offshore wind market in Taiwan. He joined the Group in May 2022, following the acquisition of PKR Offshore by the Group and has been instrumental in the growth of the offshore wind business in Taiwan, including the development of new markets like Japan and Korea. He has over 15 years of experience in the oil & gas industry, prior to spending 5 years in the offshore wind industry. He has previously held various senior positions at POSH, overseeing the growth of its offshore fleet globally, including the setting up of new overseas ventures. Mr Teo graduated with a Master of Arts in International and Developmental Economics at Yale University and holds a 1st Class Honors in Bachelor of Science in Economics from the London School of Economics (LSE).

MR REDDY TEO is the Group Financial Controller. He joined our Group in July 2018. Mr Teo is responsible for the accounting, secretarial and tax related matters of our Group. He has over 15 years of experience in accounting and corporate finance across various industries. Prior to joining the Group, he was the group finance manager of a listed company on SGX-ST for 5 years. Mr Teo graduated with a Bachelor of Accountancy degree from the Nanyang Technological University. He is also a member of the Institute of Singapore Chartered Accountants.

Vessel Portfolio



Vessel Portfolio
(As at 30 September 2023)

Anchor Handling Tug & Supply Vessels

Directly Owned Vessels

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
MP Valour	Singapore	5400 BHP	ABS	2012
MP Prowess	Singapore	8160 BHP	ABS	2014
MP Prestige	Singapore	8160 BHP	ABS	2015
MP Prosper	Singapore	8160 BHP	ABS	2016
MP Kesatria	Singapore	12070 BHP	ABS	2016
MP Prevail	Indonesia	9000 BHP	ABS	2013
MP Pride	Indonesia	8160 BHP	ABS	2015
MP Perkasa	Indonesia	8160 BHP	ABS	2015
MP Prospect	Singapore	8160 BHP	ABS	2015

Anchor Handling Tug Vessels

Directly Owned Vessels

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
MP Endurance	Indonesia	4900 BHP	ABS	2012
MP Pahlawan	Taiwan	5000 BHP	ABS	2010

Platform Supply Vessels

Directly Owned Vessels

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
MP Lagenda	Singapore	3300 DWT	ABS	2015

Accomodation Work Barges

Vessels Owned Through Joint Venture Entities

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
MP Dynamic	Malaysia	200 men, 50 ton crane	ABS	2014
MP SK Marco Polo	Malaysia	200 men, 50 ton crane	ABS	2015

Financial Contents

Financial Contents

Corporate Governance Statement

The Board of Directors of the Company (the "Board") is committed to achieving a high standard of corporate governance practices within the Group. They have put in place self-regulatory corporate practices to protect the interests of its shareholders and to enhance long-term shareholder value. The Company adopts practices based on the Code of Corporate Governance 2018 (the "2018 Code").

The Board is pleased to report that for the financial year ended 30 September 2023, the Group has generally adhered to the principles and guidelines as set out in the 2018 Code and where there are deviations from the 2018 Code, the reasons for the deviations are explained accordingly.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

Provision 1.1 of the Code: Directors are fiduciaries who act objectively in the best interests of the Company

The Board oversees the conduct of the Group's affairs and is accountable to shareholders for the long-term performance and financial soundness of the Group. Apart from its statutory duties and responsibilities, the Board supervises the management of the business and affairs of the Group. The Board reviews and advises on the Group's strategic plans, key operational initiatives, major funding and investment proposals, principal risks of the Group's businesses and ensures the implementation of appropriate systems to manage these risks; reviews the financial performances of the Group; evaluates the performances and compensation of senior management personnel.

Each director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Company, as soon as practicable after the relevant facts have come to his knowledge. Where a director has a conflict or potential conflict of interest in relation to any matter, he should immediately declare his interest and recuse himself and refrain from participating in discussions regarding a transaction or proposed transaction in which he has an interest or is conflicted, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion.

Provision 1.2 of the Code: Directors' induction, training and development

Newly appointed Directors are provided with background information about the Company and the Group and are invited to visit the Group's operations and facilities to have a good understanding of the Group's business and operations. Upon appointment to the Board, a Director will be provided with a formal letter setting out, among other things, a director's duties and obligations.

Board members are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. In addition, the Company works closely with professionals to apprise Directors with updates on risk management and key changes to relevant regulatory requirements and accounting standards.

Provision 1.3 of the Code: Matters requiring Board's approval

The Board is generally responsible for the approval of matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's results and announcement to shareholders, declaration of dividends and interested person transactions.

Provision 1.4 of the Code: Board Committees

To facilitate effective management, the Board has delegated specific responsibilities to three subcommittees namely:

- Audit Committee
- Nominating Committee
- Remuneration Committee

These committees operate under clearly defined terms of references and operating procedures. The Chairman of the respective Committees reports to the Board with their recommendations.

Provision 1.5 of the Code: Board Meetings and Attendance

The Board meets regularly to oversee the business and affairs of the Group. Board meetings can be by way of tele-conference and video conference that the Company's Constitution allows. To assist the Board in fulfilling its responsibilities, the Board will be provided with management reports containing complete, adequate and timely information and papers containing relevant background or explanatory information required to support the decision making process.

The CEO and executive director brief and update directors on an ongoing basis on the Group's businesses, operations, policies and regulatory environment to assist them to discharge their duties and responsibilities.

The number of meetings held and the attendance report of the Board and Board Committees during the financial year ended 30 September 2023 are as follows:

	BOARD MEETING	AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
No. of meetings held	4	4	1	1
	No. of meetings attended			
Tan Hai Peng Micheal	4	4	–	1
Sean Lee Yun Feng	4	–	1	–
Lie Ly	4	–	–	–
Lee Kiam Hwee Kelvin	4	4	1	1
Jeffrey Hing Yih Peir	4	–	–	–
Teo Junxiang Darren	4	–	–	1
Leong Kah Wah	4	4	1	–

Provision 1.6 of the Code: Access to information

The Board receives complete and adequate information on an on-going basis. Management provides Board members with quarterly management accounts and other financial statements to enable the Board to fulfill its responsibilities.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board obtains independent professional advice as and when necessary to enable it or the Independent Directors to discharge their duties and responsibilities effectively.

Corporate Governance Statement

Provision 1.7 of the Code: Access to Management and Company Secretary

Management personnel who can provide additional insight into the matters at hand are invited to be present at the relevant time during a Board meeting. Furthermore, the Board has separate and independent access to the Company Secretary and senior executives, and there is no restriction of access to the senior management team of the Company or the Group at all times in carrying out its duties.

The Company Secretary attends all formal Board meetings and ensures that Board procedures are followed, and that all applicable rules and regulations are complied with. The minutes of the Board and its Committees' meetings are circulated to the Board. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Board Composition and Guidance

Principle 2: *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

Provision 2.1 of the Code: Director independence

Provision 2.2 of the Code: Independent directors make up a majority of the Board if Chairman is not independent

Provision 2.3 of the Code: Non-executive directors make up a majority of the Board

Provision 2.4 of the Code: Board Composition

The Board comprises seven directors, three of whom are independent directors, two non-executive directors and two executive directors. The independent directors, including the Chairman, Mr Micheal Tan, make up more than one-third of the Board thus providing an independent element on the Board capable of exercising independent judgment on corporate affairs of the Group and provide management with a diverse and objective perspective to arrive at balanced and well-considered decisions.

As at the date of this report, the Board of Directors comprises the following members:

Tan Hai Peng Micheal	Independent Non-Executive Chairman
Sean Lee Yun Feng	Chief Executive Officer
Lie Ly	Executive Director
Lee Kiam Hwee Kelvin	Independent Director
Leong Kah Wah	Independent Director
Hing Yih Peir Jeffrey	Non-Executive Director
Teo Jun Xiang Darren	Non-Executive Director

Under Provision 2.1 of the Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

Rule 210(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent.

Corporate Governance Statement

The composition of the Board and the independence of each Director are assessed and reviewed by the NC annually. The NC ensures that the Board has the appropriate mix of expertise and experience to govern and manage the Group's affairs. In its deliberation as to the independence of a director, the NC took into account examples of relationships as set out in the Code, considered whether a director has business relationships with the Group, its substantial shareholders or its officers and if so, whether such relationships could interfere or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the interest of the Group.

Each independent director is required to provide an annual confirmation of his independence based on the guidelines set out in the Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. The Board will determine, taking into account the views of the NC, whether a director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect or could affect the director's judgment.

The Board also recognises that independent directors may develop over time significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the independent directors must be based on their substance of their professionalism, integrity and objectivity and not merely based on form such as the number of years that they have served on the Board. The Board has subjected their independence status to a particularly rigorous review.

Mr Lee Kiam Hwee Kelvin, who was appointed as an independent director of the Company since 3 July 2009, has served the Board beyond nine years. Taking into account the views of the Nominating Committee ("NC"), the Board concurs with the NC that the length of service of a Director should not determine the effectiveness of independence of an Independent Director. In assessing the independence of a Director, the NC and the Board consider it more appropriate to exercise independence of judgment in his deliberation in the interest of the Company. The Board has undertaken a rigorous review of their independence which includes critical examination of any conflicts of interest, as well as other factors such as their review and scrutiny of matters and proposals put before the Board. The Board is of the view that Mr Lee Kiam Hwee Kelvin has over the years developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. After taking into account all the previously mentioned factors, the Board (with Mr Lee Kiam Hwee Kelvin on abstention) concurred that Mr Lee Kiam Hwee Kelvin is independent.

At the AGM held on 29 January 2021, the Company passed the resolution proposing the re-election of Mr Lee Kiam Hwee Kelvin and his continued appointment as Independent Director, adopting the two-tier voting process with reference to SGX-ST Listing Manual Rule 210(5)(d)(iii).

On 11 January 2023, the SGX-ST removed the two-tier voting process used by SGX listed companies to retain independent directors who have served for more than nine years. With this change, a director will not be considered independent if he had been a director for an aggregate period of more than nine years, whether before or after listing. As a transitional arrangement allowed by the SGX-ST, an independent director whose tenure exceeds the nine-year limit can continue to serve as independent director until the AGM held for the financial year ending on or after 31 December 2023.

With the above changes, Lee Kiam Hwee Kelvin will only serve as an Independent Director until the conclusion of the Company's next AGM to be held in January 2025.

The Board consists of high caliber members with a wealth of experience and knowledge in business. They contribute valuable direction and insight, drawing from their vast experience in matter relating to accounting, finance, business and general corporate matters. The current Board composition represents a well-balanced mix of expertise and experience among the directors. The Board believes that its current composition and size provide an appropriate balance and mix of skills, experience and knowledge of the Group.

The Company has a Board diversity policy that takes into consideration criteria such as qualification, age, gender, experience, and expertise in various fields, in the relevant industry. The Board believes this approach reflects an appropriate balance between delivering business performance, growing shareholder returns, and progressing diversity. The Board recognises the importance and value of gender diversity in the composition of the Board.

Corporate Governance Statement

Gender diversity is recognised by the Board as an essential aspect of a well-balanced Board. The Company will continue to enhance diversity on the Board's composition. When making recommendations to the Board for the appointment of a director, the NC will ensure that:

- female candidates are included for consideration;
- the requirement to present female candidates will be made known where external consultants are used for the search; and
- there is at least one female representation on the Board.

The NC adopts a deliberate and targeted board renewal process. It proactively assesses the MPM Board's composition needs and uses it as an objective criterion for candidate selection. The final decision is based on merit, to complement and expand the skills and experience of the Board as a whole. There is currently one female Director on the Board as per recommended by the NC of having at least one female representation.

Members of the Board are constantly in touch with the Management to provide advice and guidance on strategic issues and on matters for which their expertise will be constructive to the Group. In addition, non-executive directors work with the Management by constructively challenging and helping to develop proposals on strategy, reviewing the performance of the Management in meeting agreed goals and objectives, and monitoring the reporting of such performance.

Provision 2.5 of the Code: Meeting of Independent Directors without Management

The Independent Directors and Non-Executive Directors, meet on a need-be basis without the Management's presence to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning and the remuneration of the Executive Directors and key management personnel.

Chairman and Chief Executive Officer

Principle 3: *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

Provision 3.1 of the Code: Separation of the roles of the Chairman and the Chief Executive Officer ("CEO")

Provision 3.2 of the Code: Division of responsibilities between the Chairman and CEO

Provision 3.3 of the Code: Lead Independent Director

The Chairman and Chief Executive Officer are separate persons and their roles are segregated to ensure an appropriate balance and separation of power and authority, increased accountability and clear division of responsibilities. The Chairman and the CEO are not related.

The Chairman, Mr Micheal Tan, provides leadership to the Board. Besides giving guidance on the corporate direction of the Group, the role of the Chairman includes the approving agendas of Board meetings and ensuring accurate, adequate and timely flow of information between the Board, management and shareholders of the Company. Mr. Sean Lee Yun Feng, the Chief Executive Officer of the Group, sets the business strategies and directions for the Group and manages the business operations of the Group. Ms. Lie Ly, the Chief Financial Officer of the Group, and other management staff, supports her.

Given that the roles of the Chairman and CEO are separate and the Chairman is independent, there is no requirement to appoint a Lead Independent Director.

The Board is of the view that there are sufficient safeguards and checks to ensure that the decision making process of the Board is independent and based on the collective decisions of the Directors, without any individual exercising any considerable concentration of power or influence.

Board Membership

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

Provision 4.1 of the Code: Role of the NC

Provision 4.2 of the Code: Composition of NC

Majority of the members of the NC are independent of management, not associated with a substantial shareholder and free from any business or other relationship, which may interfere with the exercise of their independent judgment. The members of the NC are as follows:

Leong Kah Wah	Chairman, Independent Director
Lee Kiam Hwee Kelvin	Independent Director
Sean Lee Yun Feng	Chief Executive Officer

The principle functions of the NC include:

- the review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- the process and criteria for evaluation of the performance of the Board, its board committee and directors;
- the review of training and professional development programmes for the Board and its Directors;
- the appointment and re-appointment of Directors (include alternate directors, if any);
- to review and determine, on an annual basis, if a Director is independent; and
- to review and make recommendations to the Board on the structure, size and composition of the Board.

Provision 4.3 of the Code: Board renewal and succession planning

Board renewal is an ongoing process to ensure good governance and to maintain relevance to the changing needs of the Group. In other words, no director stays in office for more than three years without being re-elected by shareholders.

The Board's performance is a function of the experience and expertise that each of the directors bring with them. Factors taken into consideration for the assessment of each director include attendance at meetings, adequacy of preparation, participation, industry knowledge and functional expertise. Factors for assessment of the Board as a whole include the board structure, conduct of meetings, corporate strategy, risk management and internal controls, business and financial performance, compensation, financial reporting and communication with shareholders.

Each director performs a self-assessment and the NC will use the results of each of the assessments to discuss improvements to the Board and to provide feedback to the individual directors.

At the forthcoming Annual General Meeting of the Company, under Regulation 103 of the Company's constitution, one-third of the Board shall retire and if desired, the persons retiring may offer themselves for re-election as Directors provided that all Directors shall retire from office at least once every three years. After due review the NC has recommended Mr Sean Lee Yun Feng and Mr Lee Kiam Hwee Kelvin, who are retiring at the forthcoming Annual General Meeting, to be re-elected and both of these directors have offered themselves for re-election.

Corporate Governance Statement

Additional information relating to the Directors seeking re-election is set out on pages 125 to 127 of the Annual Report, in accordance with Rule 720(6) of the Listing Manual of the SGX-ST.

The dates of initial appointment and last re-election of each Director are set out below:

Directors	Appointment	Date of Initial Appointment	Date of Last Re-election
Tan Hai Peng Micheal	Independent Director	1 Mar 2018	27 Jan 2022
Sean Lee Yun Feng	Chief Executive Officer	13 Sep 2007	27 Jan 2022
Lie Ly	Executive Director	12 Feb 2020	31 Jan 2023
Lee Kiam Hwee Kelvin	Independent Director	3 Jul 2009	29 Jan 2021
Leong Kah Wah	Independent Director	12 May 2022	31 Jan 2023
Jeffrey Hing Yih Peir	Non-Executive Director	1 Mar 2018	31 Jan 2023
Teo Junxiang, Darren	Non-Executive Director	1 Mar 2018	27 Jan 2022

The key information regarding Directors is set out on pages 10 to 11 of the Annual Report.

Provision 4.4 of the Code: Circumstances affecting Director's independence

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each independent Director is required annually to complete a checklist to confirm his independence. Further, the NC determines annually, and as and when circumstances require, whether a director is independent, taking into consideration the disclosures by the Directors of any relationships with the Company, its related corporations, its substantial shareholders or its officers and the checklist completed by each independent director. Having made its review, the NC is of the view that all independent directors have satisfied the criteria for independence.

Provision 4.5 of the Code: Multiple listed company directorships and other principal commitments

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC and the Board are of the view that, setting a maximum number of listed company board representations a Director may hold is not meaningful, as long as Directors are able to devote sufficient time and attention to the affairs of the Company. As such, the Board does not propose to set the maximum number of listed company board representations that Directors may hold until such need arises. Notwithstanding the number of listed company board representations and other principal commitments which some of the Directors are holding, the NC considered the conduct of meeting, the decision-making process, attendance and participation of each board member to be satisfactory.

Board Performance

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

Provision 5.1 and 5.2 of the Code: Assessment of effectiveness of the Board and Board Committees and assessing the contribution by individual directors

With the Board's approval, the NC has decided for the financial year under review on how the Board's performance is to be evaluated as a whole, and proposed objective performance criteria including Board composition, size and expertise, Board information and timeliness, as well as Board commitment and accountability. In assessing each Director's performance and contribution to the effectiveness of the Board, the NC takes into consideration factors such as attendance, preparedness and participation.

Each Director submits an assessment of the Board and the board committees. The evaluation of the Board and the board committees focus on a set of performance criteria approved by the Board which includes the size and composition of the Board, Board independence, the Board's access to information and Board's accountability, board committee performance in relation to discharging their responsibilities as set out in their respective terms of reference.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

Provision 6.1 of the Code: RC to recommend remuneration framework and packages

Provision 6.2 of the Code: Composition of RC

The Remuneration Committee ("RC") comprises the following members. All the members are independent or non-executive directors:

Lee Kiam Hwee Kelvin	Chairman, Independent Director
Tan Hai Peng Micheal	Independent Director
Teo Junxiang Darren	Non-Executive Director

The principle functions of the RC include:

- Recommending to the Board a framework of remuneration for the Board and the key executives of the Group, covering all aspects of remuneration such as directors' fee, salaries, allowances, bonuses, options and benefit-in-kind;

- Proposing to the Board, appropriate and meaningful measures for assessing the executive directors' performance;

- Determining the specific remuneration package for each executive director;

- To ensure that the remuneration policies and systems of the Group supports the Group's long term objectives and strategies;

- Reviewing the Company's obligations arising in the event of the termination of the directors and key executives to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous;

- Considering and recommending to the Board the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration and details of the specific remuneration packages of the directors and key executives of the Group to those required by law or by the 2018 Code; and

- To administer the Company's Employees' Share Option Scheme ("MPM ESOS").

Provision 6.3 of the Code: RC to consider and ensure all aspects of remuneration are fair

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. No Director or member of the RC is involved in deciding his or her own remuneration.

Provision 6.4 of the Code: Expert advice on remuneration

The members of the RC are familiar with executive compensation matters as they have prior experience in managing businesses and/or are holding other directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2023.

Level and Mix of Remuneration

Principle 7: *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

Provision 7.1 and 7.3 of the Code: Remuneration of Executive Directors and key management personnel are appropriately structured to link rewards to performance

The Group adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is linked to the Group and each individual's performance.

The RC has reviewed the terms and conditions of all service agreements and recommended to the Board any changes to such terms and conditions at the expiry of such service agreements. All recommendations by the RC are submitted for endorsement by the full Board. The RC confirms that there is no onerous termination clause in any of the service agreements.

In performing its function, the RC endeavours to establish an appropriate remuneration policy to attract, retain and motivate senior executives and executive directors, while at the same time ensure that the reward in each case takes into account individual performance as well as the Group's performance.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key executives paid in prior years in exceptional circumstances of mismanagement of financial results, or of misconduct resulting in financial loss. The executive directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the executive directors in the event of such breach of fiduciary duties.

Provision 7.2 of the Code: Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities

The non-executive directors receive directors' fees in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board Committees. The director's fees are recommended by the Board for approval at the AGM. For the financial year ending 30 September 2024, the RC has recommended directors' fees of S$238,000 which the Board would table at the forthcoming AGM for shareholders' approval. The Company encourages independent directors to invest in the Company and has taken steps in the past to ensure that this happened. The shareholdings of the individual directors of the Company are set out on the page 34 of the Annual Report.

Disclosure on Remuneration

Principle 8: *The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

Provision 8.1 and 8.3 of the Code: Remuneration disclosures of Directors and key management personnel; Details of employee share schemes

The number of directors of the Company with remuneration from the Company and its subsidiary companies is set out below:

	NUMBER OF DIRECTORS	
REMUNERATION BANDS	**2023**	**2022**
S$2,250,000 to below S$2,500,000	1	–
S$2,000,000 to below S$2,250,000	1	–
S$750,000 to below S$1,000,000	–	1
S$500,000 to below S$750,000	–	1
Below S$250,000	5	5
Total	7	7

The following table shows a breakdown of the annual remuneration (in percentage terms) paid or payable to the directors and top five key executives of the Group for the financial years ended 30 September 2023.

	DIRECTORS' FEE %	**FIXED^ %**	**VARIABLE^ %**	**TOTAL^ %**
Directors				
S$2,250,000 to below S$2,500,000				
Sean Lee Yun Feng	–	19	81	100
S$2,000,000 to below S$2,250,000				
Lie Ly	–	15	85	100
Below S$250,000				
Tan Hai Peng Micheal	100	–	–	100
Lee Kiam Hwee Kelvin	100	–	–	100
Leong Kah Wah	100	–	–	100
Teo Junxiang Darren	100	–	–	100
Jeffrey Hing Yih Peir	100	–	–	100
Key Executives				
S$250,000 to below S$500,000				
Chandra Mohan	–	77	23	100
Roy Yap	–	74	26	100
Kelvin Teo	–	86	14	100
Below S$250,000				
Simon Karuntu	–	8	92	100
Reddy Teo	–	77	23	100

^ Inclusive of Employer's Central Provident Fund Contributions

The Board discloses the remuneration for Directors and Key Executives in bands of S$250,000 instead of full detail disclosure. The Board believes that such disclosure presentation provides sufficient overview of the remuneration of the Directors and Key Executives, considering the confidentiality of remuneration matters. The Board is of the opinion that the information disclosed would be sufficient to the shareholders for their understanding of the Company's compensation policies as remuneration matters are commercially sensitive information and thus may be prejudice to the Group's interest.

The aggregate total remuneration paid to the top five Key Executives of the Group (who are not Directors or Chief Executive Officer of the Company) during the period covered by the Annual Report 2023 was equivalent to S$1,322,138.

The details of the Company's Employees' Share Option Scheme (Marco Polo Marine Ltd Share Option Scheme 2012) are set out on pages 34 to 35 of this Annual Report.

Provision 8.2 of the Code: Remuneration disclosures of related employees

For the financial year ended 30 September 2023, saved as disclosed in the following table which show the breakdown of the remuneration (in percentage terms) in S$100,000 band, the Company and its subsidiary companies do not have any other employee who is an immediate family member of a director or the Chief Executive Officer and whose remuneration exceeds S$100,000.

"Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

	RELATIONSHIP WITH CHIEF EXECUTIVE OFFICER	FIXED^	VARIABLE^	TOTAL^
		%	%	%
Name of employee				
S$200,000 to below S$300,000				
Lee Wan Tang	Father	92	8	100

^ Inclusive of Employer's Central Provident Fund Contributions

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

Provision 9.1 of the Code: Board determines the nature and extent of risks

The Group has established a Risk Assessment Framework for the identification of key risks within the Group's business, namely Business and Strategic Risks, Financial Risks and Operational Risks.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team. A self-assessment process, conducted regularly by the Management, was introduced to ensure that the Group's risk management controls are effective.

Minimum acceptable controls have been implemented to enhance the Group's internal control function in areas such as finance, operations, compliance and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

The risk management system is integrated throughout the Group and has become an essential part of its business planning and monitoring process. On an annual basis, the Management reports to the Board on the Group's risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to ensure that the process is operating effectively as planned.

Provision 9.2 of the Code: Assurance from CEO, CFO and other key management personnel

The Board has received assurances from the Chief Executive Officer and Chief Financial Officer that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company maintains an adequate and effective risk management and internal control system.

The Board recognises the need and is responsible for maintaining a system of internal controls and processes to safeguard shareholders' investments and the Group's assets. The AC monitors the effectiveness of the internal control systems and procedures and risk management systems. During the year, the Board and AC reviewed the effectiveness of the Company's internal control procedures and risk management systems.

However, the Board also recognized that the system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives and that no system of internal controls can provide adequate assurance against the occurrence of errors, poor judgment in decision making, losses, frauds or other irregularities. It can only provide reasonable and not absolute assurance against material misstatement of loss or that the Group will not be adversely affected by any event that can be reasonably foreseen.

Based on the internal controls established and maintained by the Group, work performed by internal auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's framework of internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective to provide reasonable assurance of the integrity and effectiveness of the Group in safeguarding its assets and shareholders' value.

Audit Committee

Principle 10: *The Board has an Audit Committee ("AC") which discharges its duties objectively.*

Provision 10.1 of the Code: Duties of AC

Provision 10.2 of the Code: Composition of AC

Provision 10.3 of the Code: AC does not comprise former partners or directors of the Company's auditing firm

Provision 10.4 of the Code: Primary reporting line of the internal audit function is to AC; internal audit function has unfettered access to Company's documents, records, properties and personnel

Provision 10.5 of the Code: AC meets with the auditors without the presence of Management annually

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the established Board's references and requirements. The financial statements, accounting policies and system of internal accounting controls are responsibilities that fall under the ambit of the AC. The AC has its set of written terms of reference defining its scope of authority and its major functions.

The Audit Committee ("AC") comprises the following members. All the members are independent directors:

Lee Kiam Hwee Kelvin	Chairman, Independent Director
Tan Hai Peng Micheal	Independent Director
Leong Kah Wah	Independent Director

The AC reviews with the external auditors, Mazars LLP, the findings on the audit of the financial statement. It also reviews the internal auditor report as well as the effectiveness of the Group's internal controls, including financial, operational and compliance controls and risk management. It undertakes the following principal functions:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

- reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

- reviewing the assurances from the CEO and the CFO on the financial records and financial statements;

- making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;

- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;

- reviewing with the internal and external auditors the audit plan, their audit report, their management letter and our management's response;

- review and discuss with the internal and external auditors any suspected fraud and irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

- consider the appointment and re-appointment of the internal and external auditors and matters relating to the resignation or dismissal of the external auditors;

- reviewing transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual; and

- reviewing the Group's foreign exchange exposure and the procedures to manage its foreign currency risks.

The AC shall also undertake:

- Such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

- Such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

To discharge its responsibility effectively, the AC has full access to, and the co-operation of, the management and has full discretion to invite any directors and executive officers to attend its meetings. Full resources are made available to the AC to enable it to discharge its function properly.

None of the AC members is affiliated to the external audit firm.

The Group believes and recognises the need to put in place a robust and effective system of internal controls. The AC reviews, on an annual basis, the adequacy of the internal audit function. During its review for the financial year ended 30 September 2023, the Company has appointed In.Corp Business Advisory Pte Ltd to perform the independent internal audit function. The internal auditors have the requisite skill sets and experience and have carried out their function according to the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditors have reported their audit findings and recommendations directly to the AC Chairman. The internal audit reports have also been given to the external auditors to ensure effective use of resources and to avoid duplication of effort.

The Company has put in place a whistle-blowing policy and procedures duly endorsed by the AC, where employees of the Group may, anonymously and in confidence, raise concerns about possible corporate improprieties in financial reporting or other matters such as suspected fraud, corruption, dishonest practices etc. to the designated persons. All reports, including unsigned reports, reports weak in details and verbal reports are considered. To ensure independent investigation into such matters and for appropriate follow up action, all whistle-blowing reports are reviewed by the AC and the Board. In the event that the report is about a director, the concerned director will not be involved in the review and any decisions with respect to such review. The AC is responsible for oversight and monitoring of all whistleblowing reports and relevant procedures.

The policy aims to encourage the reporting of such matters in good faith, with the confidence that any employees making such reports will be treated fairly and be protected from reprisal. Details of the whistle-blowing policy have been made available to all employees. There was no reported incident received through the Company's whistleblowing mechanism during FY2023.

During the financial year under review, the AC has met with the external auditors twice to review any area of audit concern. Ad-hoc AC meetings may be carried out from time to time, as circumstances require. The AC has met with the internal and external auditors separately without the presence of Management for the year in review.

The AC has recommended to the Board of Directors that the independent auditors, Mazars LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The AC has conducted an annual review of non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

The Company has complied with Rule 712 and Rule 716 of the SGX-ST Listing Manual in relation to the appointment of its independent auditor. In accordance to Rule 716 of the SGX-ST Listing Manual, the Board and the AC confirm that they are satisfied that the appointment of different auditing firms for its subsidiary companies, associated companies and/or joint venture companies would not compromise the standard and effectiveness of the audit of the Group.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

Provision 11.1 of the Code: Company provides shareholders with the opportunity to participate effectively and vote at general meetings

Provision 11.2 of the Code: Separate resolution on each substantially separate issue

Provision 11.3 of the Code: All Directors attend general meetings

Provision 11.4 of the Code: Company's Constitution allow for absentia voting of shareholders

The annual general meeting of the Company is a principal forum for dialogue and interaction with all shareholders. The Board encourages shareholders to attend the Company's general meetings to ensure a greater level of shareholder participation and to meet with the Board members to stay informed on the Group's developments. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided.

Information on general meetings is disseminated through notices in the annual report or circulars sent to all shareholders. Notices of general meetings are also released via SGXNET and posted on the Company's website.

The Notice of AGM which is despatched at least 14 days before the AGM, is also advertised in a prominent English language newspaper. At AGMs, shareholders are given the opportunity to air their views and ask questions. All Directors, Management and external auditors are requested to be present and available to address shareholders' questions relevant to the AGM.

The company maintains separate resolutions at the general meetings on each substantially separate issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

Resolutions are put to vote by poll and the detailed results of the number of votes cast for and against each resolution and the respective percentages are announced for each resolution. The Company's Constitution provides that shareholders of the Company are allowed to vote in person or by way of duly appointed proxies.

Provision 11.5 of the Code: Minutes of general meeting are published on the Company's corporate website

The Company Secretary prepares minutes of the general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the management.

The minutes of general meetings will be published on the SGXNET as soon as practicable within one (1) month from the date of the Company's AGM. The relevant link to the minutes of general meetings published on the SGXNET will also be made accessible to the shareholders on the Company's website.

Provision 11.6 of the Code: Dividend policy

The Company does not have a fixed policy on payment of dividends at present. The form, frequency and amount of dividends will depend on the Group's current and projected performance, the Company's cash position and any other factors as the Board may deem fit. The Company will consider establishing a dividend policy when it is likely that the Company has the ability to pay a dividend.

Engagement with Shareholders

Principle 12: *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

Provision 12.1 of the Code: Company provides avenues for communication between the Board and shareholders

Provision 12.2 and 12.3 of the Code: Company has in place an investor relations policy and the policy sets out mechanism of communication between the shareholders and the Company

The Board endeavours to maintain regular, timely and effective communication with shareholders and investors. Half-yearly and full year results, including disclosure of information on material matters required by the Listing Manual, will be promptly disseminated to shareholders through announcements made via the SGXNET followed by a news release, which will also be available on the Company's website. Where there is inadvertent disclosure made to a select group, the Company will ensure the same disclosures are made publicly available to all others as promptly as possible.

The Board welcomes the views of shareholders on matters affecting the Group, whether at shareholders' meeting or on an ad-hoc basis. Shareholders are informed of meetings through notices published in the newspapers and reports or circulars sent to all shareholders.

At general meetings, shareholders are well informed of the rules, including voting procedures that govern general meetings of shareholders as well as given the opportunity to pose any questions to the directors or management relating to the Group's business or performances.

The Company has an Investor Relations Section on its corporate website which shareholders and other stakeholders may contact the Company with feedback or questions and there are procedures in place for following up and responding to stakeholders' queries as soon as applicable.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

Provision 13.1 and 13.2 of the Code: Engagement with material stakeholder groups

Provision 13.3 of the Code: Corporate website to engage stakeholders

The Company values input from all its stakeholder groups and uses a variety of channels and platforms to engage with them as well as receive their feedback. The Company identifies stakeholders as groups that have an impact or have the potential to be impacted by its business, as well as those external organisations that have expertise in aspects that the Company considers material.

The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors. More details will be disclosed in the standalone Sustainability Report for the financial year ended 30 September 2023 which has been published on the same day of this Annual Report.

Financial results and annual reports are announced or issued to the SGX-ST within the mandatory periods and the annual reports are also made available on the Company's website – www.marcopolomarine.com.sg.

OTHER CORPORATE GOVERNANCE MATTERS

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis.

For FY2023, there were no interested person transactions as set out in Chapter 9 of the Listing Manual.

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interest of any director or controlling shareholder subsisting as at the end of the financial year under review or entered into since the end of the previous financial year.

Securities Transactions

No directors and officers of the Company and the Group are allowed to deal in the Company's shares whilst in possession of unpublished price sensitive information.

In the course of doing business for the Group and the Company or in discussions with customers, vendors, or partners, directors and officers of the Group and the Company may become aware of material non-public information about that organisation. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to trade in the public securities of the Company. The discussion of this information is on a limited, "need to know" basis internally, and is not shared with anyone outside the Group or the Company. Directors and officers are not allowed to buy or sell the public securities of the affected organisations, including the Company, based on such information, nor can this information be shared with others.

Dealing in the Company's shares is also prohibited during the period commencing one month before the announcement of the Group's half-year and full year results, and ending on the date of the relevant announcement. Directors and officers are also advised not to deal in the Company's securities on short-term considerations.

Risk Management Policies and Processes

The Company does not have a Risk Management Committee. The Board is of the opinion that the existing risk management system is adequate, of which the executive directors and senior management assume the responsibilities of the risk management function. They regularly assess and review the Group's business and operational environment in order to identify areas of significant business and financial risks, such as credit risks, foreign exchange risks, liquidity risks and interest rates risks, as well as appropriate measures to control and mitigate these risks is adequate and effective.

Use of Proceeds

Following the completion of the Debt Restructuring Exercise as announced by the Company on 25 January 2018, a bonus issue of 269,238,880 free Warrants were allotted and issued to entitled Shareholders. The Warrants have since expired on 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.

Following the expiry of the Warrants, 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.

The breakdown with specific details on the use of proceeds for general working capital are as follows:

	S$'000	S$'000
Proceeds raised from the exercise of Warrants		8,172
Less:		
Deposit paid for the purchase of property, plant and equipment	(5,759)	
Administrative expenses	(2,413)	
Total used proceeds as at 30 September 2023		(8,172)
Remaining proceeds		–

Directors' Statement

The directors present their statement to the members together with the audited financial statements of Marco Polo Marine Ltd. (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 September 2023 and the statement of financial position of the Company as at 30 September 2023.

1. Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date, in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are as follows:

Sean Lee Yun Feng
Lee Kiam Hwee Kelvin
Tan Hai Peng Micheal
Teo Junxiang, Darren
Jeffrey Hing Yih Peir
Lie Ly
Leong Kah Wah

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4, 5 and 6 below.

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital, warrants and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as disclosed below:

	DIRECT INTERESTS			DEEMED INTERESTS		
	AT 1 OCTOBER 2022	AT 30 SEPTEMBER 2023	AT 21 OCTOBER 2023	AT 1 OCTOBER 2022	AT 30 SEPTEMBER 2023	AT 21 OCTOBER 2023
The Company						
– Marco Polo Marine Ltd.						
(No. of ordinary shares)						
Sean Lee Yun Feng	7,096,900	10,596,900	10,596,900	160,714,286	160,714,286	160,714,286
Tan Hai Peng Micheal	9,800,000	17,640,000	17,640,000	40,535,715	40,535,715	40,535,715
Teo Junxiang, Darren	-	5,000,000	5,500,000	607,142,857	607,142,857	607,142,857
Jeffrey Hing Yih Peir	-	-	-	303,571,428	303,571,428	303,571,428
Lie Ly	-	-	-	160,714,285	160,714,285	160,714,285
(No. of Warrants)						
Tan Hai Peng Micheal	7,840,000	-	-	-	-	-

5. Share options

(a) Marco Polo Marine Ltd. Share Option Scheme

At an Extraordinary General Meeting held on 9 July 2012, the shareholders of the Company approved the adoption of three incentive schemes meant for the staff and certain directors of the Group. These three schemes are the Marco Polo Marine Ltd. Restricted Share Scheme ("MPM RSS"), the Marco Polo Marine Ltd. Performance Share Scheme ("MPM PSS") and the Marco Polo Marine Ltd. Employee Share Option Scheme ("MPM ESOS"). The MPM ESOS allows options to be granted to participants at a discount of up to 20% to the prevailing market share price of the Company.

The above schemes are administered by the remuneration committee of the Company authorised and appointed by the board of directors and are available to all employees and non-executive directors of the Group as well as Sean Lee Yun Feng and Lie Ly.

5. Share options (Continued)

(b) Unissued Shares Under MPM ESOS

As at the end of the financial year, unissued shares of the Company under MPM ESOS were as follows:

OPTION GRANTED	DATE GRANTED	EXERCISE PERIOD	EXERCISE PRICE (PER OPTION)	AGGREGATE OPTIONS OUTSTANDING AS AT 30 SEPTEMBER 2023
			$	
2015 Option	28.04.2015	28.04.2016 to 27.04.2025	0.275	2,830,000

The details of the options granted pursuant to the MPM ESOS are as follows:

NAME	AGGREGATE OPTION GRANTED	AGGREGATE OPTION EXPIRED	AGGREGATE OPTION OUTSTANDING
	[1]	[2]	[3]
Directors of the Company			
Sean Lee Yun Feng*^	770,000	(350,000)	420,000
Lie Ly*^	770,000	(350,000)	420,000
Kelvin Lee Kiam Hwee	100,000	(50,000)	50,000
	1,640,000	(750,000)	890,000
Employees			
Chan Kean Seng*	640,000	(320,000)	320,000
Chandra Mohan*	640,000	(320,000)	320,000
Other employees	2,600,000	(1,300,000)	1,300,000
	3,880,000	(1,940,000)	1,940,000
Total	5,520,000	(2,690,000)	2,830,000

* Directors and employees who are granted with 5.00% or more of the total options available under the MPM ESOS.

^ Share options granted to the associates of the controlling shareholders of the Company.

[1] Aggregate options granted since commencement of the Share Option Scheme to end of financial year.

[2] Aggregate options had expired and lapsed on 23 April 2023.

[3] Aggregate options outstanding as at end of financial year.

Save as disclosed, no other director or employee of the Group has received 5.00% or more of the total options available under the MPM ESOS.

Save as disclosed, the Company has no other outstanding securities, which are capable of being converted into shares of the Company, nor has it awarded any shares pursuant to the MPM RSS or MPM PSS as at the date of this statement.

6. Warrants

On 30 January 2018, the Company issued and allotted 269,238,877 free warrants (the "Warrants") on the basis of eight (8) Warrants for every ten (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 $0.035 each and each Warrant can only be exercised during the period commencing on and including the date six (6) 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.

On 25 January 2018, 160,000 new ordinary shares were issued pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

On 12 February 2020, 2,288,742 new ordinary shares were issued pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

On 18 February 2022, 15,659,725 new ordinary shares were issued pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

On 27 January 2023, 215,372,252 new ordinary shares were issued pursuant to the exercise of warrants for the equivalent numbers by the registered holders. The number of unexercised Warrants which lapsed, ceased to be valid and expired was 35,758,158 Warrants.

7. Audit committee

The members of the audit committee ("AC") at the end of the financial year are as follows:

Lee Kiam Hwee Kelvin	(Chairman)
Tan Hai Peng Micheal	(Independent Director)
Leong Kah Wah	(Independent Director)

The AC carried out its functions in accordance with Section 201B (5) of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance.

The AC also reviewed the following, where relevant, with the executive directors and external auditors of the Company:

(i) the audit plan and results of the external audit and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group;

(ii) the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

(iii) Group's half-yearly and annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the Board of Directors;

(iv) the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

(v) the adequacy of the Group's risk management processes;

(vi) the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

7. Audit committee (Continued)

(vii) interested person transactions in accordance with SGX listing rules;

(viii) nomination of external auditors and approval of their compensation; and

(ix) submission of report of actions and minutes of the AC to the Board of Directors with any recommendations as the AC deems appropriate.

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The AC convened four meetings during the year with attendance from majority of members and has also met with the internal and independent auditors, at least once a year.

The AC has recommended to the Board of Directors that the independent auditors, Mazars LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

8. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Sean Lee Yun Feng
Director

Lie Ly
Director

Singapore
29 December 2023

Independent Auditors' Report

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Marco Polo Marine Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 30 September 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 45 to 124.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2023 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified and performed full scope audit on the 6 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Report on the Audit of Financial Statements (Continued)

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgements and estimates to be made by directors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters include the salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of vessels
Refer to Notes 3.2(b) and 11 to the financial statements

Key audit matter	***How the matter was addressed in our audit***
As at 30 September 2023, the Group's vessels included in property, plant and equipment reported carrying amounts of $63.3 million (2022: $73.3 million). The Group regularly assesses whether there is any indication that the Group's vessels are impaired. If any such indication exists, the Group evaluates the recoverable amount of the vessels. The determination of the recoverable amount of vessels involves significant estimation uncertainty and management judgement. The recoverable amount is based on higher of the fair value less cost of disposal and value-in-use of the vessels. The Group appointed an independent professional valuer to carry out reviews on the recoverable amounts of vessels. In preparing the valuation reports, some of the factors considered by the professional valuer include the current market conditions of the vessels, the recent market sales of the similar vessels, the specification and conditions of each vessel as well as the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence of the vessels. Key assumptions used in assessing recoverable amount among others may include consideration of whether the vessel is operational or laid up, the current reported market sales and known offers for comparative vessels as well as the estimated replacement costs of similar comparable vessels. Due to the high level of judgement involved in estimating the value and the significance of the carrying amount of the vessels, we determined this as a key audit matter.	Our audit procedures include, and are not limited to, the following: • Evaluated the competence, capabilities and objectivity of the external valuer engaged by management; • Assessed the appropriateness of the methodologies and the reasonableness of the key inputs and assumptions used by the valuer in the valuation; and • Assessed the adequacy of the disclosures on the impairment and write down of vessels, if any in the financial statements.

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

Recoverability of trade receivables
Refer to Notes 3.2(e) and 16 to the financial statements

Key audit matter	***How the matter was addressed in our audit***
As at 30 September 2023, the Group recorded trade receivables of $22.8 million (2022: $17.4 million), net of allowance for expected credit losses ("ECL") of approximately $0.4 million (2022: $0.7 million). The Group used an allowance matrix to estimate ECL for trade receivables. The ECL rates were based on the Group's historical loss experience of the customers, for the last 3 financial years prior to the reporting date for various customer groups that were assessed through an age analysis, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. Significant judgement and estimates were made by management in their measurement of the loss allowance that is equivalent to the lifetime ECL for the trade receivables. As the determination of the ECL requires significant judgement of management and in consideration of the significance of trade receivables in the Group, we consider management's assessment and application of SFRS(I) 9 to the impairment of trade receivables as a key audit matter.	Our audit procedures include, and are not limited to, the following: • Assessed the reasonableness of the provision matrix applied by the Group in their measurement of ECL for trade receivables; • Reviewed the appropriateness of the bases of the Group for determining the loss rates, with reference to also the historical payment trends of its customers in the past 3 financial years analysed by past due dates, adjusted for the Group's outlook of the macro-economic environment and conditions in which its customers operate in, and considered the subsequent receipts, where applicable. In the review, we also considered specifically the management's assessment of current and potential impact of global macro-economic environment and situation on the recoverability of these trade receivables; • Reviewed outstanding debts as at year-end, differentiated in two streams, namely major customers and long outstanding debts exceeding credit terms granted with reference to ageing profile; • Evaluated the assumptions used by the management in assessing the adequacy of impairment allowances for individually assessed trade receivables; • Compared the management's assumptions for both collective and individual impairment allowances to our own assessments in relation to key inputs, including background checks on the corresponding customers' financial standing and researched for any adverse news relating to these customers' operations or financial positions; and • Reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

Revenue recognition from shipbuilding contracts
Refer to Notes 3.1(c) and 4 to the financial statements

Key audit matter	***How the matter was addressed in our audit***
During the financial year, the Group recorded shipbuilding revenue of $15.8 million (2022: $2.4 million), representing 12% (2022: 3%) of the Group's total revenue. Revenue from the shipbuilding contracts is recognised over time, using the input method to measure progress towards complete satisfaction of the service. The measure of progress is determined based on input method, which is measured by reference to the proportion of costs incurred to date to the estimated total costs for the shipbuilding contracts. We focused on the recognition of shipbuilding revenue, including the estimation of budgeted shipbuilding cost, because of the use of significant judgement in estimating inputs to determining the extent of satisfaction of the performance obligation, including contingencies that could arise from the contract terms and conditions. Due to the level of judgement and estimates involved, we determined this as a key audit matter.	Our audit procedures include, and are not limited to, the following: • We obtained an understanding of the Group's process on approval of project budgets, monitoring of project costs, and management's review of project's stage of completion and milestones achieved with customers which are used to determine the budgeted costs and projects revenue recognised in the Group's financial statements; • Reviewed the terms of all relevant contracts as well as approved variation orders, if any, to obtain an understanding of the specific terms and conditions relating to the projects; • Reviewed the adequacy of provision onerous contract and liquidated damages for each projects, if any; • For outstanding projects, we have reviewed management's budgeted project costs to assess remaining estimated costs to complete, if any; • Assessed and tested that the significant cost components are appropriately accrued and supported by documentary evidence which represented work performed to date; • Recomputed the revenue based on input method and considered the implications of any changes in estimates, if any; and • Assessed the adequacy of disclosures and presentation in relation to the construction contracts and significant accounting policies in the Group's financial statements.

Independent Auditors' Report

Report on the Audit of Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary entities incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lok Yung Hui.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
29 December 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 30 September 2023

	NOTE	2023 $'000	2022 $'000
Revenue	4	127,126	86,095
Cost of sales		(81,385)	(58,617)
Gross profit		45,741	27,478
Other operating income	5	4,779	9,191
Reversal of impairment loss on amount due from a subsidiary previously held as a joint venture		–	4,229
Administrative expenses		(10,726)	(12,210)
Other operating expenses		(9,188)	(5,562)
Profit from operations		30,606	23,126
Finance costs	7	(306)	(129)
Share of profits in joint ventures	13	171	255
Profit before income tax	8	30,471	23,252
Income tax expense	9	(4,690)	(1,226)
Profit for the financial year		25,781	22,026
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations		(1,093)	2,856
Total other comprehensive (loss)/income for the financialyear		(1,093)	2,856
Total comprehensive income for the financial year		24,688	24,882
Profit attributable to:			
Owners of the Company		22,580	21,343
Non-controlling interest		3,201	683
		25,781	22,026
Total comprehensive income attributable to:			
Owners of the Company		21,421	23,451
Non-controlling interest		3,267	1,431
		24,688	24,882
Earnings per share (cents per share)	10		
Basic		0.6	0.6
Diluted		0.6	0.6

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Statements of Financial Position

As At 30 September 2023

	NOTE	GROUP 2023 $'000	GROUP 2022 $'000	COMPANY 2023 $'000	COMPANY 2022 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	92,765	94,711	-	-
Right-of-use assets	25	6,284	579	-	-
Investments in subsidiaries	12	–	-	4,320	4,320
Investments in joint ventures	13	–	-	-	-
Amount due from a joint venture (non-trade)	14	10,485	12,931	10,485	12,931
Total non-current assets		109,534	108,221	14,805	17,251
Current assets					
Inventories	15	8,366	1,631	–	–
Trade receivables	16	22,840	17,357	–	–
Other receivables, deposits and prepayments	17	21,737	3,572	71	80
Contract assets	18	3,495	–	–	–
Amounts due from subsidiaries (non-trade)	19	–	–	136,946	147,361
Amount due from a joint venture (non-trade)	19	9	450	–	450
Assets held for sale	20	–	3,368	–	–
Cash and cash equivalents	21	63,100	53,514	25,177	11,786
Total current assets		119,547	79,892	162,194	159,677
TOTAL ASSETS		229,081	188,113	176,999	176,928
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	22	15,030	11,988	–	–
Other payables and accruals	23	12,999	15,592	405	3,831
Deferred income	24	171	171	–	–
Lease liabilities	25	1,553	298	–	–
Interest bearing loans	26	966	966	–	–
Income tax payable		5,279	1,552	–	–
Total current liabilities		35,998	30,567	405	3,831
Non-current liabilities					
Deferred income	24	2,747	2,887	–	–
Lease liabilities	25	4,732	209	–	–
Interest bearing loans	26	1,290	2,284	–	–
Deferred tax liabilities	27	426	504	–	–
Total non-current liabilities		9,195	5,884	–	–
TOTAL LIABILITIES		45,193	36,451	405	3,831
Capital and reserves attributable to equity holders of the Company					
Share capital	28	163,838	156,300	163,838	156,300
Treasury shares	29	(1,203)	(1,203)	(1,203)	(1,203)
Capital reserve	30	634	634	–	–
Other reserves	30	158	158	–	–
Employee share option reserve	30	560	560	–	–
Foreign currency translation reserve	30	2,562	3,721	–	–
Retained earnings/(Accumulated losses)		1,288	(21,292)	13,959	18,000
Total equity attributable to owners of the Company		167,837	138,878	176,594	173,097
Non-controlling interests		16,051	12,784	–	–
TOTAL EQUITY		183,888	151,662	176,594	173,097
TOTAL EQUITY AND LIABILITIES		229,081	188,113	176,999	176,928

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes In Equity

For The Financial Year Ended 30 September 2023

	SHARE CAPITAL $'000	TREASURY SHARES $'000	CAPITAL RESERVE $'000	OTHER RESERVES $'000	EMPLOYEE SHARE OPTION RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	RETAINED EARNINGS/ (ACCUMULATED LOSSES) $'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY $'000	NON-CONTROLLING INTERESTS $'000	TOTAL $'000
Balance as at 1 October 2021	155,752	(1,203)	634	158	560	1,613	(42,635)	114,879	–	114,879
Issuance of shares pursuant to the exercise of warrants (Note 28)	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 for the financial year	–	–	–	–	–	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	158	560	3,721	(21,292)	138,878	12,784	151,662
Issuance of shares pursuant to the exercise of warrants (Note 28)	7,538	–	–	–	–	–	–	7,538	–	7,538
Profit for the financial year	–	–	–	–	–	–	22,580	22,580	3,201	25,781
Other comprehensive (loss)/income for the financial year	–	–	–	–	–	(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	158	560	2,562	1,288	167,837	16,051	183,888

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For The Financial Year Ended 30 September 2023

	NOTE	2023 $'000	2022 $'000
Operating activities			
Profit before income tax		30,471	23,252
Adjustments for:			
- Bad debts recovered	5	(272)	(249)
- Bad debts written off	8	–	181
- Depreciation of right-of-use assets	25	1,750	381
- Depreciation of property, plant and equipment	11	10,310	8,680
- Foreign exchange difference		3,277	(210)
- Gain on bargain purchase	12	–	(612)
- Gain on disposal of property, plant and equipment, net	5	(1,027)	(985)
- Gain on remeasurement of previously held equity interest	12	–	(5,172)
- Impairment loss on vessel	11	–	150
- Interest expense	7	306	129
- Interest income	5	(1,815)	(692)
- Inventories written down	8	–	12
- Loss allowances on trade receivables	8	–	411
- Reversal of impairment loss on amount due from a subsidiary previously held as a joint venture	5	–	(4,229)
- Share of profits in joint ventures	13	(171)	(255)
Operating cash flows before movements in working capital		42,829	20,792
Changes in working capital:			
- Inventories		(6,735)	(367)
- Trade and other receivables		(3,960)	5,391
- Contract assets		(3,495)	–
- Contract liabilities		–	(347)
- Trade and other payables		450	3,877
Cash generated from operations		29,089	29,346
- Income tax paid		(977)	(690)
Net cash generated from operating activities		28,112	28,656
Investing activities			
Repayment from a joint venture		2,887	1,396
Acquisition of subsidiaries	12	–	3,236
Deposits paid for the purchase of property, plant and equipment	17	(19,087)	–
Proceeds from disposal of plant and equipment		6,674	3,395
Purchase of property, plant and equipment	11	(13,295)	(4,593)
Net cash (used in)/generated from investing activities		(22,821)	3,434
Financing activities			
Interest received		1,486	499
Capital contribution by non-controlling interest		–	1,055
Placement of fixed deposits pledged		–	(1,379)
Repayment of term loans		(1,075)	(1,075)
Proceeds from exercise of warrants	28	7,538	548
Repayment of lease liabilities	25	(1,902)	(403)
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 financial 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 financial year	21	61,285	51,635

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement Of Cash Flows

For The Financial Year Ended 30 September 2023

	AT BEGINNING OF FINANCIAL YEAR	FINANCING CASHFLOWS	NON-CASH MOVEMENT			AT END OF FINANCIAL YEAR
			ACQUISITION	INTEREST EXPENSE	FOREIGN EXCHANGE DIFFERENCE	
	$'000	$'000	$'000	$'000	$'000	$'000
2023						
Liabilities						
Interest bearing loans	3,250	(1,075)	–	81	–	2,256
Lease liabilities	507	(1,902)	7,603	225	(148)	6,285

	AT BEGINNING OF FINANCIAL YEAR	FINANCING CASHFLOWS	NON-CASH MOVEMENTS		AT END OF FINANCIAL YEAR
			ACQUISITION	INTEREST EXPENSE	
	$'000	$'000	$'000	$'000	$'000
2022					
Liabilities					
Interest bearing loans	4,216	(1,075)	–	109	3,250
Lease liabilities	259	(403)	631	20	507

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

For the financial year ended 30 September 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General 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").

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 disclosed in Note 12 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 30 September 2023 were authorised for issue in accordance with a resolution of the Board of Directors on the date of Directors Statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) s INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$"), which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("$'000"), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I)s INT that are relevant to its operations and effective for annual periods beginning on or after 1 October 2022. The adoption of these new or revised SFRS(I)s and SFRS(I)s INT did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statements and is not expected to have a material effect on future periods.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I)s and SFRS(I)s INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s, SFRS(I)s INT and amendments to SFRS(I)s were issued but not yet effective:

SFRS (I)S	TITLE	EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER)
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023
Various	Amendments to SFRS(I) 1-1 and SFRS(I) *Practice Statement 2: Disclosure of Accounting Policies*	1 January 2023
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non- current*	1 January 2024
SFRS(I) 1-7, SFRS(I) 7	Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Various	Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024
SFRS(I) 1-21, SFRS(I) 1	Amendments to SFRS(I) 1-21: *Lack of Exchangeability*	1 January 2025
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company do not intend to early adopt any of the above new or revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries and they incorporate its post-acquisition share of the results of joint ventures using the equity method of accounting. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9") or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations

Business combinations from 1 October 2017

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquire at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised ("SFRS(I) 3") at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5") which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9") is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 October 2017 (Continued)

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

Business combinations before 1 October 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 October 2017. Goodwill arising from acquisitions before 1 October 2017 has been carried forward from the previous FRS framework as at the date of transition.

In comparison to the above-mentioned requirements under SFRS(I), the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected.

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition

The Group is principally in the business of charter hiring, ship repairing services, shipbuilding and sales of goods. Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the good or service and that is allocated to that performance obligation. The good or service is transferred when or as the customer obtains control of the good or service. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

The following specific recognition criteria must also be met before revenue is recognised:

Charter hire income

Time charter is recognised over time on a straight-line basis based on the number of days of the charter period in accordance with SFRS(I)16.

Voyage charter is recognised over time on a straight-line basis over the voyage days from the commencement of the loading of cargo to completion of discharge in accordance with SFRS(I)16.

Advance billings to customers or advance consideration received from customers for charter hire services not provided is recognised as contract liabilities.

Revenue from ship repair

Revenue from ship repair is recognised at point in time when the services are rendered to and accepted by the customers.

Shipbuilding revenue

Revenue from shipbuilding is recognised over time, using the input method to measure progress towards complete satisfaction of the service, as the vessels have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to-date, arising from contractual terms. The measure of progress is determined based on percentage of completion, which is measured by reference to the proportion of costs incurred to date to the estimated total costs for the shipbuilding contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision), costs of materials used in construction, depreciation of equipment used on the contract, costs of design, and technical assistance that is directly related to the contract. Costs incurred that are not related to the contract or that do not contribute towards satisfying the performance obligation are excluded from the measure of progress and instead are expensed as incurred. Accordingly, in view of the nature of the shipbuilding service, management considers that this input method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contracts with Customers* ("SFRS(I) 15").

The Group receives deposit from customers and the period between the receipt and the transfer of control may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the Group from the customers' failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Shipbuilding revenue (Continued)

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceed the payments by customers, a contract asset is recognised. If the payments by customers exceed the value of the goods transferred, a contract liability is recognised.

Income from forfeiture of payment received from shipbuilding contracts is recognised when the shipbuilding contract has been effectively terminated and the payments received from customer is non-refundable.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg: Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Revenue from sales of goods

The Group enters into contracts with customers to supply goods. Revenue is recognised at point in time when control of the goods has transferred, being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Summary of significant accounting policies (Continued)

2.6 Employees' benefit costs

(i) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Singapore

The Company and its subsidiaries make contribution to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution pension scheme.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Indonesia

The subsidiaries, incorporated and operating in Indonesia, are required to provide certain retirement plan contribution to their employees under existing Indonesia regulations. Contributions are provided at rates stipulated by Indonesia regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees.

Taiwan

The subsidiaries, incorporated and operating in Taiwan, are required to contribute to defined contribution retirement benefit plans and contributions are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Taiwan Bureau of Labour Insurance, are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the end of the financial year.

(iii) Share based payment

Employees of the Group received remuneration in the form of share options as consideration for services rendered.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At the end of each financial year, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled employee benefits reserve.

The transfer of the balance in the share option reserve to share capital or treasury shares upon exercise of the option and the transfer of the balance in the share option reserve to retained profits upon expiry of the option are not mandatory and may be kept as a separate reserve upon expiry or exercise of the option.

2. Summary of significant accounting policies (Continued)

2.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. Summary of significant accounting policies (Continued)

2.8 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant as at the financial year end and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.10 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

Such accumulated translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulative in the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. Summary of significant accounting policies (Continued)

2.11 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets, vessels-in-construction, over their estimated useful lives, using the straight-line method, on the following bases:

	USEFUL LIVES (YEARS)
Leasehold land	21
Office equipment, furniture & fittings	3 - 5
Renovation	5
Vessels	15 - 20
Dry dock	5
Machinery and equipment	4 - 8
Leasehold improvements	over the remaining life of leasehold land
Motor vehicles	4 - 10

Vessels-in-construction comprises direct cost of construction and installation during the period of construction for vessels, borrowing costs for qualifying assets capitalised in accordance with the Group's accounting policy. Vessels-in-construction is transferred to vessels when it is completed and ready for its intended use. No depreciation is provided on vessels-in-construction until the vessels are completed and is ready for its intended use.

Dry docking expenses, when incurred, will be deferred and amortised on a straight-line basis over the period to the next dry docking date.

Capital projects in progress comprising development and construction costs incurred during the period of construction for qualifying assets and borrowing costs for qualifying assets capitalised in accordance with the Group's accounting policy. Capital projects in progress are transferred to the appropriate category of assets when it is completed and ready for its intended use. No depreciation is provided on these assets until they are ready for their intended use.

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 25.

2. Summary of significant accounting policies (Continued)

2.11 Property, plant and equipment (Continued)

The carrying amount of property, plant and equipment are reviewed for impairment when the events or changes in circumstances indicate that carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation methods are reviewed, and adjusted as appropriate, at each financial year end to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.12 Investments in joint ventures

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as a joint operation or a joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only decisions about the relevant activities require unanimous consent of the parties sharing control.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's net fair value of the joint venture's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the joint venture's profit or loss in the reporting period in which the investment is acquired.

The financial statements of the joint ventures have the same financial year end as the Group. Where necessary, accounting policies of joint ventures have been changed to ensure consistency with the policies adopted by the Group.

2. Summary of significant accounting policies (Continued)

2.12 Investments in joint ventures (Continued)

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held-for-sale, in which case it is accounted for under SFRS(I) 5, from the date on which the investees become classified as held-for-sale. Under the equity method, investments in joint ventures are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any accumulated losses of individual investments. The Group's share of losses in a joint venture in excess of the Group's interest in that joint venture (which includes any long term interests that, in substance, form part of the Group's net investment in the joint venture) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. Distributions received from the joint venture reduce the carrying amount of the investment.

For partial disposal where the reduction in the Group's ownership interest in joint ventures that do not result in the Group losing joint control, the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Any goodwill arising on the acquisition of the Group's interest in a joint venture is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The investment in joint ventures has been accounted at cost in the subsidiary's separate financial statements.

The Group reviews the carrying amounts of its tangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.13 Impairment of tangible assets

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Summary of significant accounting policies (Continued)

2.14 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 *Revenue from Contracts with Customers* in Note 2.4.

The classification of the financial assets at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognised in interests income.

2. Summary of significant accounting policies (Continued)

2.14 Financial instruments (Continued)

Financial assets (Continued)

Financial assets held at FVTOCI

A financial asset that is an investment in debt instrument is subsequently measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss.

At initial recognition, the Group may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

Dividends from equity instruments are recognised in profit or loss only when the Group's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost and debt instruments measured at FVTOCI. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 34.

2. Summary of significant accounting policies (Continued)

2.14 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument are as follows:

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

2. Summary of significant accounting policies (Continued)

2.14 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Financial guarantee contract

The Company has issued corporate guarantee to financial institution for credit facility granted by them to a subsidiary and this guarantee qualifies as financial guarantee because the Company is required to reimburse the financial institution if the subsidiary breach any repayment terms.

Financial guarantee contract liability are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when and only when, an entity:

(a) currently has a legally enforceable right to set-off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Summary of significant accounting policies (Continued)

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials comprise purchase cost accounted for on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with financial institution and short-term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

2.17 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

2. Summary of significant accounting policies (Continued)

2.17 Leases (Continued)

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.18 Provisions

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2. Summary of significant accounting policies (Continued)

2.19 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

(a) *Determination of control of joint arrangements*

The Group and the Company carry on parts of its business activities through joint ventures. In those circumstances, the Group and the Company have the ability to affect the significant financial and operating policies of the investees through the presence of joint control. The definition of joint control is defined in 2.12. The determination of the level of influence the Group and Company have over a business is often a mix of contractually defined and subjective factors that can be critical to the appropriate accounting treatment of investees in the Group's and the Company's financial statements. The management exercises significant judgement in analysing and evaluating relevant, subjective, diverse and sometimes contrasting qualitative and quantitative facts and circumstances surrounding its involvement in the investees, in determining whether the Group and the Company have joint control over the investees.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the Group's accounting policies (Continued)

(a) *Determination of control of joint arrangements (Continued)*

The Group and the Company have considered factors, including but not limited to, the size of its holding of voting rights relative to the size and dispersion of holdings of the other vote holders, its representation at the shareholders' and directors' meetings, the voting patterns, the composition of key management personnel which included the appointing, remunerating and terminating of key management personnel or service providers of the operations, contractual arrangements and etc. There are instances, elements are present that, considered in isolation, indicate control or lack of control over an investee, but when considered together make it difficult to reach a clear conclusion. In certain circumstances, despite the lack of the required technical equity ownership, there could exist a parent-subsidiary relationship or a joint-investor relationship between the Group and the Company with these investees. Such evaluation and assessment processes do take into consideration to account for transactions and events in accordance with their substance and economic reality, and not merely their legal forms.

Following the assessment, the Group assessed that it has joint control over the entities under Note 13 and classified these investee entities as investments in joint ventures.

Differing conclusions around these judgements, may materially impact how these entities are presented in the consolidated financial statements – under the full consolidation method, equity method or proportionate consolidation method.

(b) *Determination of control over entities for which the Group does not have more than 50% ownership interests*

The Group have assessed whether the Group has control over these entities based on the Group's practical ability to direct the relevant activities of these entities unilaterally. In making their judgement, management considers the Group's rights arising from the contractual arrangements.

Following the assessment, the Group concludes that it has sufficiently dominant voting right and power to direct the relevant activities of these entities and therefore the Group has unilateral control over these entities. Hence, these entities are classified these as investments in subsidiaries.

Differing conclusions around these judgements, may materially impact how these entities are presented in the consolidated financial statements – under the full consolidation method, equity method or proportionate consolidation method.

(c) *Revenue recognition from shipbuilding contracts*

The Group recognises revenue from shipbuilding contracts when the performance obligation is satisfied over time, using the input method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group. In determining the revenue recognition policy for such contracts entered into with its customers, the Group applied SFRS(I) 15, in consideration that its performance does not create an asset with an alternative use and its enforceability of right to payment for performance completed to date.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and budgeted costs, as well as the potential risk of foreseeable losses. Provision will be made where necessary to account for onerous contract, if any. In estimating the budgeted costs, the Group reviews frequently the progress of the shipbuilding contracts taking into consideration all inputs which includes evaluating any potential risks and factors which may affect the contract costs and timely completion of the shipbuilding contracts.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Impairment of investments in subsidiaries and joint ventures*

At the end of the financial year, an assessment is made on whether there are indicators that the Group's investments in subsidiaries and joint ventures are impaired. The Group's carrying amount of investment in joint ventures as at 30 September 2023 is $Nil (2022: $Nil). The Company's carrying amount of investments in subsidiaries as at 30 September 2023 is approximately $4,320,000 (2022: $4,320,000).

Investments in subsidiaries and joint ventures are tested for impairment whenever there is objective evidence that these assets may be impaired. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The recoverable amounts of the cash-generating units have been determined based on the higher of fair value less cost to sell and value-in-use. The fair value less costs to sell is based on quoted market prices at the balance sheet date. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

In the current financial year, the Group has assessed the recoverable amounts of its investments in subsidiaries and joint ventures and determined that no impairment is required.

(b) *Impairment of vessels*

The Group regularly evaluates the carrying amount of the vessels to determine if events have occurred that would require an adjustment to its carrying amount. The valuation of the vessels is reviewed based on events and changes in circumstances that would indicate that the carrying amount of the vessels might not be recovered. In assessing the recoverability of the vessels, the Group reviews certain indicators of potential impairment such as reported sale and purchase prices, market demand and general market conditions. If an indication of impairment is identified, the need for recognising an impairment loss is assessed by comparing the carrying amount of the vessels to the higher of the fair value less cost to sell and the value-in-use.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(b) Impairment of vessels (Continued)

The Group appointed independent professional valuer to carry out reviews on the recoverable amounts of vessels. In preparing the valuation reports, some of the factors considered by the professional valuer include the current market conditions of the vessels, the recent market sales of the similar vessels, the specification and conditions of each vessel as well as the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence of the vessels. Key assumptions used in assessing recoverable amount among others may include consideration of whether the vessel is operational or laid up, the current reported market sales and known offers for comparative vessels as well as the estimated replacement costs of similar comparable vessels.

The continued weakness in the market and industry has resulted in limited market information being currently available to assess the value of the vessels in the current reporting period. Consequently, the recoverable amount of the vessels are determined based on the replacement cost approach due to the limited observable transacted data. Accordingly, the fair value hierarchy of these assets are classified as Level 3 (Note 35).

During the financial year, the Group has assessed the recoverable amounts of the vessels and determined that no impairment loss is required.

The carrying amounts of the Group's vessels included in property, plant and equipment as at 30 September 2023 was $63,268,000 (2022: $73,283,000) (Note 11).

(c) Dry docking component

Dry docking costs incurred are amortised on a straight-line basis over the period to the next anticipated dry docking date. The Group determines the next anticipated dry docking date of the vessel by reviewing the condition of the vessel and taking into consideration the Group's historical experience with similar vessels and the relevant regulations governing such vessels. Any differences in the actual dry docking cost or changes to the next anticipated dry docking date could impact the amortisation and consequently affect the Group's results. The next anticipated dry docking date is reviewed at each financial year end. The carrying amounts of the Group's dry docking as at 30 September 2023 was $2,617,000 (2022: $2,475,000) (Note 11).

(d) Income tax

The Group is subject to income taxes in Singapore, Malaysia, Indonesia and Taiwan. Significant judgement is required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on their best estimates of likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(d) *Income tax (Continued)*

The Group's ship chartering operations were awarded the Approved International Shipping Enterprise ("AIS") status by the Maritime and Port Authority of Singapore subject to certain terms and conditions, which will exempt qualifying shipping income of certain subsidiaries of the Group from tax with effect from 1 April 2020 (Year of Assessment 2021). The tax computation of those subsidiaries has applied this tax exemption in the computation of the corporate income tax, as disclosed in Note 9.

(e) *Measurement of ECL of trade receivables*

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, adjusted for forward looking factors, including specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (e.g. Singapore, Malaysia, Indonesia, Myanmar and Taiwan) and the growth rates of the major industries in which its customers operate. The Group adjusts, as necessary, the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 30 September 2023 is $388,000 (2022: $784,000) (Note 34).

4. Revenue

	GROUP	
	2023	2022
	$'000	$'000
Ship chartering services	65,892	44,686
Shipbuilding	15,836	2,424
Ship repair services	42,738	37,174
Sales of goods	2,660	1,811
	127,126	86,095

4. Revenue (Continued)

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

	SHIP CHARTERING SERVICES		SHIPBUILDING		SHIP REPAIR SERVICES		SALES OF GOODS		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Geographical markets[(a)]										
Singapore	4,729	7,151	–	2,424	20,170	20,445	–	–	24,899	30,020
Indonesia	5,466	5,547	15,836	–	16,985	11,734	2,660	1,811	40,947	19,092
Malaysia	6,990	3,460	–	–	623	339	–	–	7,613	3,799
Thailand	16,110	7,328	–	–	–	–	–	–	16,110	7,328
France	–	879	–	–	–	748	–	–	–	1,627
Taiwan	32,597	20,321	–	–	–	–	–	–	32,597	20,321
Hong Kong	–	–	–	–	–	1,125	–	–	–	1,125
Korea	–	–	–	–	–	1,937	–	–	–	1,937
Nauru	–	–	–	–	1,151	75	–	–	1,151	75
Others	–	–	–	–	3,809	771	–	–	3,809	771
Total	65,892	44,686	15,836	2,424	42,738	37,174	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	15,836	2,424	42,738	37,174	2,660	1,811	127,126	86,095

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

The Group has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less.

Notes to the Financial Statements

For the financial year ended 30 September 2023

5. Other operating income

	GROUP	
	2023	2022
	$'000	$'000
Bad debts recovered	272	249
Foreign exchange gain	–	717
Gain on disposal of property, plant and equipment, net	1,027	985
Gain on bargain purchase	–	612
Gain on remeasurement of previously held equity interest	–	5,172
Government grant income	26	70
Interest income on bank balances and fixed deposits	1,225	140
Interest income from loan to a joint venture	590	552
Sales of scrap metals	913	518
Sundry income	65	176
Insurance claim income	661	–
	4,779	9,191

6. Personnel expenses

	GROUP	
	2023	2022
	$'000	$'000
Wages, salaries and bonuses	8,230	5,903
Contributions to defined contribution plan	600	479
Directors' fees of the Company	215	178
Directors' remuneration		
- directors of the Company	1,103	5,158
- directors of the subsidiaries	39	59
Other staff costs	11	11
	10,198	11,788

6. Personnel expenses (Continued)

Employee share option scheme 2012

At an Extraordinary General Meeting held on 9 July 2012, the shareholders of the Company approved the adoption of three incentive schemes meant for the staff and certain directors of the Group. These three schemes are the Marco Polo Marine Ltd. Restricted Share Scheme ("MPM RSS"), the Marco Polo Marine Ltd. Performance Share Scheme ("MPM PSS") and the Marco Polo Marine Ltd. Employee Share Option Scheme ("MPM ESOS"). The MPM ESOS allows options to be granted to participants at a discount of up to 20% to the prevailing market share price of the Company.

On 24 April 2013, 4,910,000 non-transferrable share options were granted to directors, key management personnel and employees under the MPM ESOS, which are capable of being exercised into the same equivalent number of shares of the Company. The options had expired on 23 April 2023.

The exercise price of the options is $0.415 per share, determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. The vesting of the options is conditional on the directors, key management personnel and employees remaining in service with the Group during the vesting period.

The options vest in various tranches over 4 years. 30% of the options granted shall be exercisable from the 1st anniversary of date of grant, 15% each of the options granted from 2nd and 3rd anniversary of date of grant and the final 40% of the options shall be exercisable from 4th anniversary of date of grant onwards.

On 28 April 2015, 4,990,000 non-transferrable share options were granted to directors, key management personnel and employees under the MPM ESOS, which are capable of being exercised into the same equivalent number of shares of the Company. The options will be expired within 10 years from the date the ESOS were granted, on 27 April 2025.

The exercise price of the options is $0.275 per share, determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. The vesting of the options is conditional on the directors, key management personnel and employees remain in service with the Group during the vesting period.

The options vest in various tranches over 4 years. 30% of the options granted shall be exercisable from the 1st anniversary of date of grant, 15% each of the options granted from 2nd and 3rd anniversary of date of grant and the final 40% of the options shall be exercisable from 4th anniversary of date of grant onwards.

Movements in the number of option and their weighted average exercise price are as follows:

	2023		2022	
	NO.	WEIGHTED AVERAGE EXERCISE PRICES $	NO.	WEIGHTED AVERAGE EXERCISE PRICES $
Outstanding at 1 October	5,520,000	0.345	5,520,000	0.345
- expired	(2,690,000)	0.345	–	–
Outstanding at 30 September	2,830,000	0.275	5,520,000	0.345
Exercisable at 30 September	2,830,000	0.275	5,520,000	0.345

During the financial year, 2,690,000 share options were expired.

Fair value of share options granted

The fair value of the share options granted was estimated at the date of grant using a binominal model – Hull-White Enhanced, taking into account the terms and conditions upon which the share options were granted.

6. Personnel expenses (Continued)

The following table lists the inputs and the options model:

	2013 OPTION	2015 OPTION
Share price at grant date	$0.415	$0.275
Expected volatility	42.843%	26.334%
Risk-free interest rate (per annum)	1.5489%	2.128%
Vesting period	1 to 4 years	1 to 4 years
Exit rate	5% to 52%	0% to 16%
Exercise multiple	1.5	1.5

The expected volatility reflects the assumption that the historical volatility of the Company's share price, which may not necessarily be the actual outcome. The employee exit rate is based on historical data and is not necessarily indicative of patterns that may occur. The exercise multiple reflects the grantees' early exercise behaviour, which assumes that early exercise happens when the stock price is a certain multiple of the exercise price.

7. Finance costs

	GROUP	
	2023	2022
	$'000	$'000
Interest expenses on lease liabilities	225	20
Interest expenses on term loans	81	109
	306	129

8. Profit before income tax

The following charges/(credit) were included in the determination of profit before income tax:

	GROUP	
	2023	2022
	$'000	$'000
Bad debts written off	–	181
Bad debts recovered	(272)	(249)
Depreciation of right-of-use assets	1,750	381
Depreciation of property, plant and equipment	10,310	8,680
Inventories written down	–	12
Legal and professional fee	554	741
Loss allowance on trade receivables	–	411
Foreign exchange loss, net	3,318	–
Personnel expenses (Note 6)	10,198	11,788
Remuneration paid to auditors of the Company:		
- Audit fees	170	157
- Non-audit fees	8	8

9. Income tax expense

	GROUP	
	2023	2022
	$'000	$'000
Current income tax		
- current financial year	3,671	1,226
- under provision in prior year	1,097	–
	4,768	1,226
Deferred tax (Note 27)		
Origination and reversal of temporary differences	(78)	–
Income tax expense	4,690	1,226

9. Income tax expense (Continued)

Reconciliation of effective tax rate is as follows:

	GROUP	
	2023	2022
	$'000	$'000
Profit before income tax	30,471	23,252
Tax at the statutory tax rate of 17% (2022: 17%)	5,180	3,953
Different tax rates in other countries	1,314	516
Tax exemption	(1,289)	(3,111)
Expenses not deductible for tax purposes	3,531	7,435
Income not subject to tax	(4,592)	(7,893)
Deferred tax assets not recognised	–	283
Utilisation of deferred tax assets not recognised	(580)	–
Under provision in prior year	1,097	–
Share of profits in joint ventures	29	43
	4,690	1,226

The Group's ship chartering operations were awarded the Approved International Shipping Enterprise ("AIS") status by the Maritime and Port Authority of Singapore. Pursuant to the AIS status, certain subsidiaries of the Group will enjoy tax exemption with effect from 1 April 2020 (Year of Assessment 2021) on qualifying shipping income and gain on disposal of vessels, including incomes derived from foreign-flagged ships which were taxed previously.

Deferred tax assets not recognised

The following deferred tax assets are not recognised in the statements of financial position as it is presently uncertain with respect to the extent of timing and quantum of future taxable profit that will be available against which the Group can utilise the benefits as follows:

	GROUP	
	2023	2022
	$'000	$'000
Unabsorbed tax losses	26,068	28,304
Accelerated tax depreciation	85,017	86,192
	111,085	114,496

Tax losses do not expire under current legislation and are available for set-off against future taxable profits subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective country of incorporation. No deferred tax asset has been recognised due to the unpredictability of future profits streams of certain subsidiaries. These losses may be carried indefinitely subject to the conditions imposed by law.

10. Earnings per share

The calculations of earnings per share are based on the profit and numbers of shares shown below.

	BASIC		DILUTED	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Profit for the financial year attributable to the equity holders of the Company	22,580	21,343	22,580	21,343

Weighted average number of shares

	NUMBER OF SHARES	
	2023	2022
For basic earnings per share	3,683,395,652	3,532,098,745
For diluted earnings per share	3,683,395,652	3,532,098,745

Basic earnings per share are calculated by dividing profit for the financial year attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the financial year from continuing operations, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

There is no dilutive effect arising from share option and warrants for current financial year as the exercise price of the share options and warrants was higher than the Company's average share price during the current financial year.

11. Property, plant and equipment

GROUP	LEASE-HOLD LAND $'000	OFFICE EQUIPMENT, FURNITURE & FITTINGS $'000	RENO-VATION $'000	VESSELS $'000	DRY DOCK $'000	MACHINERY AND EQUIPMENT $'000	LEASEHOLD IMPROVE-MENTS $'000	MOTOR VEHICLES $'000	CAPITAL PROJECTS IN PROGRESS $'000	TOTAL $'000
Cost										
Balance at 1.10.2021	6,311	819	293	152,049	6,583	11,414	34,329	743	979	213,520
Additions	–	19	–	196	1,277	651	2,296	17	137	4,593
Acquisition of subsidiaries (Note 12)	–	22	–	39,665	1,248	204	–	6	–	41,145
Reclassification to held for sale (Note 20)	–	–	–	(3,368)	–	–	–	–	–	(3,368)
Disposal	–	–	–	(13,919)	(982)	–	–	–	–	(14,901)
Written off	–	(149)	–	–	–	(916)	(190)	(62)	–	(1,317)
Reclassification	–	–	–	–	184	–	819	–	(1,003)	–
Currency realignment	–	(6)	–	5,907	147	(8)	–	–	10	6,050
Balance at 30.09.2022	6,311	705	293	180,530	8,457	11,345	37,254	704	123	245,722
Additions	–	78	–	–	2,361	2,380	684	88	7,704	13,295
Disposal	–	(8)	–	(5,416)	(2,440)	(359)	–	–	–	(8,223)
Reclassification	–	–	–	–	48	–	75	–	(123)	–
Currency realignment	–	(1)	–	(5,359)	(123)	(12)	–	–	31	(5,464)
Balance at 30.09.2023	6,311	774	293	169,755	8,303	13,354	38,013	792	7,735	245,330
Accumulated depreciation and accumulated impairment loss										
Balance at 1.10.2021	4,141	743	293	111,014#	4,931	11,141	19,766	550	–	152,579
Depreciation charge for the financial year	277	30	–	4,896	1,318	144	1,957	58	–	8,680
Disposal	–	–	–	(12,149)	(342)	–	–	–	–	(12,491)
Impairment	–	–	–	150	–	–	–	–	–	150
Written off	–	(149)	–	–	–	(916)	(190)	(62)	–	(1,317)
Currency realignment	–	–	–	3,336	75	(1)	–	–	–	3,410
Balance at 30.09.2022	4,418	624	293	107,247#	5,982	10,368	21,533	546	–	151,011
Depreciation charge for the financial year	277	43	–	6,236	1,178	366	2,135	75	–	10,310
Disposal	–	(8)	–	(4,271)	(1,391)	(274)	–	–	–	(5,944)
Currency realignment	–	–	–	(2,725)	(83)	(4)	–	–	–	(2,812)
Balance at 30.09.2023	4,695	659	293	106,487#	5,686	10,456	23,668	621	–	152,565
Net carrying amount										
As at 30.09.2023	1,616	115	–	63,268	2,617	2,898	14,345	171	7,735	92,765
As at 30.09.2022	1,893	81	–	73,283	2,475	977	15,721	158	123	94,711

\# Included the accumulated impairment losses of $70,933,000 (2022: $73,247,000).

11. Property, plant and equipment (Continued)

The depreciation expenses amounting to approximately $9,001,000 (2022: $7,478,000) and $1,309,000 (2022: $1,202,000) have been recognised in the cost of sales and other operating expenses respectively.

12. Investments in subsidiaries

	COMPANY	
	2023 $'000	2022 $'000
Unquoted equity shares, at cost	4,320	4,320

Details of the subsidiaries are as follow:

NAME OF COMPANIES	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ PLACE OF BUSINESS	EFFECTIVE INTEREST HELD BY THE GROUP 2023 %	2022 %
Held by the Company:				
Marco Polo Shipping Co Pte Ltd (1)	Ship chartering	Singapore	100	100
Marco Polo Shipyard Pte Ltd (1)	Provision of contract services and trading activities	Singapore	100	100
MP Marine Pte Ltd (1)	Investment holding	Singapore	100	100
MP Ventures Pte Ltd (1)	Investment holding	Singapore	100	100
Held by subsidiaries:				
PT. Marcopolo Shipyard (2)	Shipbuilding and ship repair	Indonesia	100	100
MP Shipping Pte Ltd (1)	Ship chartering	Singapore	100	100
Marco Polo Wind Private Limited(3)	Investment holding	Hong Kong	100	100
Marco Polo Offshore Pte Ltd (1)	Ship chartering, leasing and management	Singapore	100	100
MP Offshore Pte Ltd (1) (Note b)	Ship chartering and management	Singapore	100	100
Marco Polo Offshore (II) Pte Ltd (1)	Ship chartering	Singapore	100	100
Marco Polo Offshore (III) Pte Ltd (1)	Ship chartering	Singapore	100	100
PT Marco Polo Indonesia ("PTMPI") (3)	Management consultancy and marketing	Indonesia	100	100
Marco Polo Offshore (VII) Pte Ltd (1)	Ship chartering	Singapore	100	100

12. Investments in subsidiaries (Continued)

NAME OF COMPANIES	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ PLACE OF BUSINESS	EFFECTIVE INTEREST HELD BY THE GROUP	
			2023	2022
			%	%
Held by subsidiaries (Continued):				
Marco Polo Offshore (VIII) Pte Ltd (3)	Ship chartering	Labuan, Malaysia	100	100
Marco Polo Offshore Sdn Bhd ("MPOSB") (3)	Investment holding	Kuala Lumpur, Malaysia	100	100
Oceanic Crown Offshore Marine Services Limited ("OC") (3) (6)	Ship chartering	Taiwan	49	49
PKR Offshore Co., Ltd. ("PKR") (4) (6)	Ship chartering	Taiwan	49	49 (Note c)
PT Pelayaran Nasional Bina Buana Raya Tbk ("BBR") (2) (5)	Ship chartering	Indonesia	71	71 (Note d)
BBR Shipping Pte Ltd ("BBRS") (1)	Management consultancy, marketing, and ship chartering services	Singapore	71	71 (Note d)
BBR Shipping (L) Berhad ("BBRL") (3)	Ship chartering services	Labuan, Malaysia	71	71 (Note d)
MP Windcraft Pte. Ltd. ("MPW") (1)	Ship chartering	Singapore	100 (Note a)	–

(1) Audited by Mazars LLP, Singapore.
(2) Audited by Mazars LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements.
(3) Reviewed by Mazars LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements.
(4) Audited by Deloitte & Touche in Taiwan.
(5) Audited by Kantor Akuntan Publik Hertanto, Grace dan Karunawan, Indonesia.
(6) Both entities are accounted for as subsidiaries as the Group has rights to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities with contractual agreement.

12. Investments in subsidiaries (Continued)

Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

NAME OF SUBSIDIARIES	PROPORTION OF OWNERSHIP INTEREST HELD BY NCI		PROFIT/(LOSS) ALLOCATED TO NCI DURING THE FINANCIAL YEAR		OTHER COMPREHENSIVE INCOME/(LOSS) ALLOCATED TO NCI DURING THE FINANCIAL YEAR		ACCUMULATED NCI AT THE END OF FINANCIAL YEAR	
	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
OC	51	51	(220)	(436)	114	7	520	626
PKR	51	51	2,152	838	471	132	3,593	970
BBR Group [(1)]	29	29	1,269	281	(519)	609	11,938	11,188

Summarised financial information about subsidiaries with material NCI

Summarised financial information before intercompany eliminations are as follows:

	OC		PKR		BBR GROUP [(1)]	
	2023	2022	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Assets:						
Non-current assets	4,604	4,604	7,013	2,150	33,936	34,466
Current assets	818	2,613	17,030	7,316	13,261	13,881
Liabilities:						
Non-current liabilities	–	–	4,703	–	–	–
Current liabilities	4,403	5,989	12,295	7,564	6,452	10,163
Net assets	1,019	1,228	7,045	1,902	40,745	38,184
Results:						
Revenue	–	3,220	32,602	17,838	13,614	7,399
(Loss)/Profit before income tax	(432)	(854)	6,643	1,644	4,498	1,038
(Loss)/Profit for the financial year	(432)	(854)	4,220	1,644	4,331	958
Total comprehensive (loss)/ income for the financial year	(209)	(840)	5,143	1,902	2,561	3,039

(1) BBR Group consists of PT Pelayaran Nasional Bina Buana Raya Tbk, BBR Shipping Pte Ltd and BBR Shipping (L) Berhad.

12. Investments in subsidiaries (Continued)

(a) *Incorporation of a subsidiary*

On 11 January 2023, the Company's indirect wholly-owned subsidiary, Marco Polo Wind Private Limited, has incorporated a new wholly-owned company in Singapore, MPW, with an initial paid-up capital of S$2.

(b) *Incorporation of a branch office*

On 11 May 2023, the Company's indirect wholly-owned subsidiary, MP Offshore Pte Ltd, has incorporated a new wholly-owned branch office in Taiwan with an initial paid-up capital of NTD1,000,000 (equivalent to $43,000).

(c) *Acquisition of a subsidiary*

On 27 January 2022, the Group's subsidiary, OC has entered into a share purchase agreement with Kerry TJ Logistics Co. Ltd and POSH Investment Holdings (Taiwan) Pte. Ltd. to acquire the entire share capital of PKR. The acquisition was successfully completed on 6 May 2022.

Fair values of the identifiable assets and liabilities of PKR as at the date of acquisition

	2022 **$'000**
Assets	
Property, plant and equipment	4,695
Trade and other receivables	3,412
Cash and cash equivalents	1,001
Liabilities	
Trade and other payables	(4,016)
Net identifiable assets at fair value	5,092
Bargain purchase	(488)
Purchase consideration	4,604
Less: cash and cash equivalents of the subsidiary acquired	(1,001)
Net cash outflow on acquisition of subsidiary	3,603

12. Investments in subsidiaries (Continued)

(c) Acquisition of a subsidiary (Continued)

In prior financial year, PKR has contributed $17,838,000 and $1,644,000 to the revenue and profit net of tax of the Group respectively. If the combination has taken place at the beginning of the financial year, the Group's revenue and profits, net of tax would have been approximately $23,914,000 and $2,611,000 respectively.

The acquisition resulted in a bargain purchase due to strategic reasons where POSH Investment Holdings (Taiwan) Pte. Ltd. decided to exit the Taiwan market.

(d) Change of control from joint ventures to subsidiaries – BBR

On 16 March 2022, the rights issue undertaken by BBR ("BBR Rights Issue") has been completed and PT MPI, an indirect wholly-owned subsidiary of the Group, has been allotted and issued 4,752,086,826 shares for a consideration of $22,611,000. Together with the existing shares held by PT MPI prior to the BBR Rights Issue, PT MPI holds 70.73% of the enlarged and paid-up share capital of BBR. Accordingly, the Group obtained control over BBR and its wholly-owned subsidiaries, BBRS and BBRL (Collectively known as "BBR Group") and reclassified BBR Group from joint ventures to subsidiaries.

Fair values of the identifiable assets and liabilities as at the change of control:

	2022 **$'000**
Assets	
Property, plant and equipment	36,450
Trade and other receivables	4,839
Inventories	27
Cash and cash equivalents	10,265
Liabilities	
Trade and other payables	(15,968)
Deferred tax liabilities (Note 27)	(543)
Net identifiable assets at fair value	35,070
Non-controlling interest	(10,298)
Reversal of previously recognised deferred income (Note 24)	3,135
Gain on remeasurement of previously held equity interest	(5,172)
Bargain purchase	(124)
Total purchase consideration	22,611
Less: Consideration settled by way of loan conversion	(19,185)
Less: Cash and cash equivalents of the subsidiaries acquired	(10,265)
Net cash inflow on acquisition of subsidiaries	(6,839)

In prior financial year, BBR has contributed $7,399,000 and $957,000 to the revenue and profit net of tax of the Group respectively. If the combination has taken place at the beginning of the financial year, the Group's revenue and profits, net of tax would have been approximately $12,620,000 and $1,164,000 respectively.

The acquisition resulted in a bargain purchase due to the rights issue exercise which completed during the previous year.

13. Investments in joint ventures

	GROUP	
	2023	2022
	$'000	$'000
Investments in joint ventures	2,490	2,490
Share of post-acquisition losses	(2,228)	(2,228)
Share of other comprehensive income	164	158
Due from a joint venture, net	–	–
	426	420
Impairment losses	(426)	(420)
	–	–

The Group's and the Company's non-trade amount due from a joint venture comprise the gross carrying amounts of $6,263,000 (2022: $6,269,000), net of accumulated impairment loss of $6,263,000 (2022: $6,269,000). These non-trade balances are unsecured, interest-free and are not expected to be repaid within the next 12 months and are in substance, a part of the Group's and Company's net investments in the joint ventures.

The investments in joint ventures are accounted for using the equity method. The investment is initially recognised at cost and adjusted thereafter to include the Group's share of post-acquisition distributable and non-distributable reserves of the joint ventures after eliminating unrealised profit of the transactions between the Group and the joint ventures to the extent of the Group's interest in the joint ventures.

The Group jointly controls each venture with another partner under a contractual agreement and requires unanimous consent for all significant decisions over the relevant activities.

13. Investments in joint ventures (Continued)

Details of the joint ventures are as follow:

NAME OF COMPANIES	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ PLACE OF BUSINESS	PROPORTION OF OWNERSHIP INTEREST HELD BY THE GROUP	
			2023	2022
			%	%
Marco Polo Offshore (IV) Pte Ltd ("MPO (IV)") (1)	Ship chartering services	Labuan, Malaysia	50	50
PT Pelayaran Nasional Bina Buana Raya Tbk ("BBR") (2) (4) (5)	Ship chartering services	Indonesia	–	– (Note 12d)
Pelayaran New Era (L) Bhd ("PNE") (3)	Ship chartering services	Labuan, Malaysia	49	49
Held by joint ventures				
BBR Shipping Pte Ltd ("BBRS") (1) (5)	Management consultancy, marketing, and ship chartering services	Singapore	–	– (Note 12d)
BBR Shipping (L) Berhad ("BBRL") (5)	Ship chartering services	Labuan, Malaysia	–	– (Note 12d)
SK Marco Polo Sdn Bhd (3)	Ship chartering services	Malaysia	50	50
Pelayaran Era Sdn Bhd ("PESB") (3)	Ship chartering services	Malaysia	49	49

(1) Audited by Mazars LLP, Singapore.
(2) Reviewed by Mazars LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements.
(3) Audited by HLB Ler Lum PLT, Malaysia.
(4) Audited by Kantor Akuntan Publik Hertanto, Grace dan Karunawan, Indonesia.
(5) In prior financial year, the Group acquired additional interest in BBR which resulted in obtaining control over BBR and its subsidiaries (Note 12).

For the financial year ended 30 September 2023

13. Investments in joint ventures (Continued)

Summarised financial information of the Group's joint ventures (based on their financial statements).

	MPO (IV) $'000	PNE $'000	TOTAL $'000
2023			
Assets and liabilities			
Non-current assets	6,174	5,566	
Current assets	7,631	905	
Current liabilities	(36,800)	(2,898)	
Non-current liabilities	–	(4,068)	
Net liabilities	(22,995)	(495)	
Group's share of joint venture's net liabilities	(11,498)	(243)	
Amount owing by a joint venture	6,263	–	
Joint ventures losses in excess of equity interest	5,235	243	
Realisation of gain on downstream sales (Note 24)	–	171	
At 30 September	–	171	171
Cash and cash equivalents	209	13	
Current financial liabilities	(36,800)	(2,898)	
Non-current financial liabilities	–	(4,068)	
Results			
Revenue	6,518	4,936	
Expenses, including the following:	(6,191)	(3,580)	
Interest expense	(2,457)	(182)	
Profit before income tax	327	1,356	
Income tax expense	(254)	(607)	
Profit for the financial year, representing total comprehensive income	73	749	
Group's share of joint ventures total comprehensive income for the year	37	367	
Realisation of gain on downstream sales (Note 24)	–	171	
Cumulative joint venture losses in excess of equity interest	5,235	243	
Group's share of results of joint ventures	–	171	171

13. Investments in joint ventures (Continued)

Summarised financial information of the Group's joint ventures (based on their financial statements). (Continued)

	MPO (IV) $'000	BBR* $'000	PNE $'000	TOTAL $'000
2022				
Assets and liabilities				
Non-current assets	6,993	–	6,284	
Current assets	6,205	–	898	
Current liabilities	(37,554)	–	(2,730)	
Non-current liabilities	(4)	–	(5,359)	
Net liabilities	(24,360)	–	(907)	
Group's share of joint venture's net liabilities	(12,180)	–	(444)	
Amount owing by a joint venture	6,269	–	–	
Joint ventures losses in excess of equity interest	5,911	–	444	
Realisation of gain on downstream sales (Note 24)	–	–	172	
Reclassified to deferred income (Note 24)	–	–	3,058	
Less: elimination of unrealised profit on downstream sales (Note 24)	–	–	(3,230)	
At 30 September	–	–	–	–
Cash and cash equivalents	189	–	68	
Current financial liabilities	(37,554)	–	(2,730)	
Non-current financial liabilities	(4)	–	(5,359)	
Results				
Revenue	5,569	2,181	6,001	
Expenses, including the following:	(5,582)	(2,615)	(5,432)	
Depreciation	(461)	(744)	(963)	
Interest expense	(943)	(64)	(455)	
(Loss)/Profit before income tax	(13)	(434)	569	
Income tax expense	(184)	(30)	(455)	
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income	(197)	(464)	114	
Group's share of joint ventures total comprehensive (loss)/income for the year	(99)	(161)	56	
Realisation of gain on downstream sales (Note 24)	–	84	171	
Cumulative joint venture losses in excess of equity interest	5,911	–	444	
Group's share of results of joint ventures	–	84	171	255

13. Investments in joint ventures (Continued)

The Group had not recognised losses relating to joint ventures where its share of losses exceeds the Group's interest in the joint ventures. The interest in joint ventures is the carrying amount of the investment in the joint ventures determined using the equity method together with the long-term interests that, in substance, form part of the entity's net investment in joint ventures. The Group's cumulative share of unrecognised losses at the end of the current financial year was $5,478,000 (2022: $6,355,000). The Group has no obligation in respect of those losses.

* The result of BBR is shared up to 16 March 2022, when the Group acquired additional interest in BBR as disclosed in Note 12.

14. Amount due from a joint venture (Non-trade)

Vessel loan

In financial year 2019, the Group has granted a vessel loan amounting to $12.5 million to its joint venture, PESB to finance part of its purchase of a vessel. The interest is charged is at 3% per annum over 1-month SOFR (2022: 1-month USD LIBOR) on monthly basis. The amount due from a joint venture (non-trade) as at 30 September 2023 is $10,485,000 (2022: $12,931,000) (Note 34).

The loan will be repayable within six years from first principal repayment and is secured by first legal mortgage over the vessel and first priority assignment of insurance policies for the said vessel.

15. Inventories

	GROUP	
	2023	2022
	$'000	$'000
Raw materials	4,560	738
Work-in-progress vessel	10,984	8,126
Consumables	364	309
Less: Inventories written down	(7,542)	(7,542)
	8,366	1,631

Raw materials mainly consist of steel plates and equipment which are used in the Group's shipbuilding activities.

The cost of inventories recognised as expenses and included in "cost of sales" amounted to approximately $70,983,000 (2022: $51,139,000).

In previous financial year, the Group reviewed its net realisable value of its work-in-progress vessel which had been terminated by its customer. The net realisable value was determined based on the indicative salvage value by reference to the indicative steel price and light weight of the vessel. Accordingly, a write down amounting to $7,542,000 (2022: $7,542,000) was made in the previous financial years.

The total inventories written down of the Group as at 30 September 2023 was $7,542,000 (2022: $7,542,000).

16. Trade receivables

	GROUP		COMPANY	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Third parties	23,228	18,141	–	–
Loss allowance for trade receivables	(388)	(784)	–	–
Total trade receivables	22,840	17,357	–	–
Add: Amount due from a joint venture (non-trade) (Note 14)	10,485	12,931	10,485	12,931
Add: Other receivables, deposits and prepayments (Note 17)	21,737	3,572	71	80
Add: Amounts due from subsidiaries (non-trade) (Note 19)	–	–	136,946	147,361
Add: Amount due from a joint venture (non-trade) (Note 19)	9	450	–	450
Add: Cash and cash equivalents (Note 21)	63,100	53,514	25,177	11,786
Less: Prepayments (Note 17)	(1,160)	(977)	(27)	(42)
Less: Deferred costs (Note 17)	(31)	(40)	–	–
Less: Advance payment to suppliers (Note 17)	(19,087)	–	–	–
Less: GST receivables (Note 17)	(390)	(216)	(6)	(9)
Financial assets at amortised cost	97,503	86,591	172,646	172,557

The Group's trade receivables are non-interest bearing and are generally on 30 - 60 days (2022: 30 - 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

17. Other receivables, deposits and prepayments

	GROUP		COMPANY	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Other receivables	183	1,577	38	29
Other deposits	848	590	–	–
Advance payment to suppliers	19,087	–	–	–
Prepayments	1,160	977	27	42
Deferred costs	31	40	–	–
Recoverable cost	38	172	–	–
GST receivables	390	216	6	9
	21,737	3,572	71	80

Advance purchases relate mainly to down-payment paid for the equipment amounting to $19,087,000 (2022: $Nil) for Group's capital projects in progress.

18. Contract assets

	GROUP		
	30.09.2023	30.09.2022	1.10.2021
	$'000	$'000	$'000
Contract assets			
Unbilled revenue	3,495	–	–

The unbilled revenue relates to the revenue recognised to date but has not been invoiced to the customer as at the financial year end and is transferred to trade receivables at the point when it is invoiced to the customers.

Increase in contract assets during the financial year mainly attributed to the performance obligations satisfied for the shipbuilding projects.

19. Amount due from subsidiaries (non-trade) and amount due from a joint venture (non-trade)

Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Amount due from a joint venture is unsecured, interest-free and repayable on demand.

20. Assets held for sale

In the previous financial year, the Group's entered into a Sale and Purchase Agreement to dispose a fleet of tugboats and barges in view of streamlining the business operations of BBR. Management is of the view that these assets expected to be sold within the next twelve months. Accordingly, these assets amounting to $3,368,000 in net book value were reclassified from property, plant and equipment to assets held for sale as at 30 September 2022. These assets constitute the Group's ship chartering services segment. These assets have been sold during the financial year for consideration of $3,368,000.

21. Cash and cash equivalents

	GROUP		COMPANY	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Cash and bank balances	24,334	35,959	3,953	4,011
Fixed deposits placed with banks	38,766	17,555	21,224	7,775
	63,100	53,514	25,177	11,786

Fixed deposits of the Group and of the Company bear interest rates ranging from 0.55% to 5.43% (2022: 0.37% to 3.00%) per annum with average maturity period ranging from 1 to 12 months (2022: 1 to 10 months) at the end of the financial year.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	GROUP	
	2023 $'000	2022 $'000
Cash and bank balances	63,100	53,514
Fixed deposits pledged	(1,815)	(1,879)
Cash and cash equivalents	61,285	51,635

22. Trade payables

	GROUP		COMPANY	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Third party payables	15,030	11,988	–	–
Add: Other payables and accruals (Note 23)	12,999	15,592	405	3,831
Add: Lease liabilities (Note 25)	6,285	507	–	–
Add: Interest bearing loans (Note 26)	2,256	3,250	–	–
Less: Deposits received (non-refundable) (Note 23)	–	(2,838)	–	–
Less: GST payables (Note 23)	(756)	(218)	–	–
Financial liabilities at amortised cost	35,814	28,281	405	3,831

Trade payables to third parties are interest-free and are generally given a credit term within 30 to 90 days (2022: 30 to 90 days).

23. Other payables and accruals

	GROUP		COMPANY	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deposits received (non-refundable)	–	2,838	–	–
Deposits received (refundable)	840	–	–	–
Accruals	9,009	10,916	402	3,828
GST payables	756	218	–	–
Others	2,394	1,620	3	3
	12,999	15,592	405	3,831

Included in deposits are the deposits received for the asset held for sale amounting to $Nil (2022: $1,968,000).

24. Deferred income

	GROUP	
	2023	2022
	$'000	$'000
Non-current	2,747	2,887
Current	171	171
Total deferred income	2,918	3,058

Disposal of vessels to BBR

During the financial year ended 30 September 2021, the Group sold two vessels to BBR for an aggregate consideration of $18,728,000, resulting in a gain on disposal of $9,609,000. Consequently, a deferred income in aggregate of $3,344,000 (current liability of $167,000 and non-current liability of $3,177,000) was recognised from eliminating 34.8% of the gain on disposal of the vessel. Under normal circumstances, the elimination of such gains would have been made against the cost of investment in joint venture.

24. Deferred income (Continued)

Disposal of vessels to BBR (Continued)

However, as the cost of investment has been impaired to $Nil value, the elimination of the gain resulted in a deferred income being recognised in the statement of financial position of the Group. This deferred income will gradually be reduced to zero as the said vessels depreciate or when it is eventually disposed.

In the previous financial year, the balance deferred income of $3,135,000 has been realised upon step acquisition of BBR where the Group subsequently obtained control over BBR and reclassified BBR from a joint venture to a subsidiary (Note 12).

Disposal of vessel to PNE

In the financial year ended 30 September 2019, the Group sold a vessel to PNE for a consideration of $15,039,000, resulting in a gain on disposal of $7,349,000. Consequently, a deferred income in aggregate of $3,389,000 (current liability of $172,000 and non-current liability of $3,217,000) was recognised from eliminating 49% of the gain on disposal of the vessel.

Reconciliation of deferred income is as follows:

	2023 $'000	2022 $'000
Group		
Cost of investment	–*	–*
Share of unrealised gain in downstream sale of vessels	(3,058)	(6,448)
Realisation of gain as a result of step acquisition (Note 12)	-	3,135
Realisation of gain during the financial year (Note 13)	171	255
Others	(31)	–
Total deferred income	(2,918)	(3,058)

* Less than $1,000

25. The Group as a lessee

The Group leases the office building under 2 to 3 years (2022: 3 years) lease arrangement, with no option to renew the lease after the expiry of the lease. Lease payments are made monthly and are subjected to revision every year based on the prevailing market rate but any increase will not exceed 3% to 5.25% (2022: 5.25%) of the annual rent in the immediate preceding year.

The Group leases motor vehicle for 2 to 7 years (2022: 7 years).

The Group leases the vessels under 3 to 7 years (2022: 3 years) lease arrangement.

(a) Right-of-use assets

	OFFICE BUILDING $'000	VESSELS $'000	MOTOR VEHICLE $'000	TOTAL $'000
Group				
Cost:				
Balances at 1.10.2021	544	273	205	1,022
Addition	631	–	–	631
Balance at 30.09.2022	1,175	273	205	1,653
Addition	123	7,480	–	7,603
Derecognition	–	(273)	–	(273)
Currency realignment	(2)	(181)	–	(183)
Balance at 30.09.2023	1,296	7,299	205	8,800

25. The Group as a lessee (Continued)

(a) Right-of-use assets (Continued)

	OFFICE BUILDING $'000	VESSELS $'000	MOTOR VEHICLE $'000	TOTAL $'000
<u>**Group**</u>				
Accumulated depreciation:				
Balances at 1.10.2021	422	214	57	693
Depreciation charge for the financial year	282	59	40	381
Balance at 30.09.2022	704	273	97	1,074
Depreciation charge for the financial year	331	1,401	18	1,750
Derecognition	–	(273)	–	(273)
Currency realignment	(1)	(34)	–	(35)
Balance at 30.09.2023	1,034	1,367	115	2,516
Net carrying amount:				
As at 30.09.2023	262	5,932	90	6,284
As at 30.09.2022	471	–	108	579

As of 30 September 2023, motor vehicle with net carrying amount of $90,000 (2022: $108,000) were acquired under financial lease arrangements.

The total cash outflows for leases during the financial year ended 30 September 2023 is $1,902,000 (2022: $403,000).

25. The Group as a lessee (Continued)

(b) Lease liabilities

	GROUP	
	2023	2022
	$'000	$'000
Lease liabilities - non-current	4,732	209
Lease liabilities - current	1,553	298
	6,285	507

The maturity analysis of lease liabilities is disclosed in Note 34.

The currency profiles of the Group's and Company's lease liabilities are as follows:

	GROUP	
	2023	2022
	$'000	$'000
SGD	187	507
NTD	36	–
IDR	42	–
USD	6,020	–
	6,285	507

(c) Amounts recognised in profit or loss

	GROUP	
	2023	2022
	$'000	$'000
Interest expense on lease liabilities	225	20

26. Interest bearing loans

	GROUP	
	2023	2022
	$'000	$'000
Temporary bridging loans	2,256	3,250

Bank loans are repayable over a period of 5 years (2022: 5 years), as follows:

	GROUP	
	2023	2022
	$'000	$'000
Within one year	966	966
After one year but within five years	1,290	2,284
	2,256	3,250

The effective interest rates per annum are ranging from 2.75% to 3.00%. (2022: 2.75% to 3.00%).

The banking facilities are secured by the following:

a) corporate guarantee by the Company; and
b) pledge of fixed deposits amounting to about $1,815,000 (2022: $1,879,000) (Note 21).

The carrying amounts of the Group's interest bearing loans approximate their fair values.

Interest bearing loans are denominated in Singapore dollar as at 30 September 2023.

27. Deferred tax liabilities

The movements in deferred tax position for the financial year are as follows:

	GROUP	
	2023	2022
	$'000	$'000
At beginning of financial year	504	–
Acquisition of a subsidiary (Note 12)	–	543
Charge to profit or loss (Note 9)	(78)	–
Exchange translation differences	–	(39)
At end of financial year	426	504

In previous financial year, the deferred tax liabilities were recognised in respect of the fair value adjustment on property, plant and equipment (vessels) of the acquired subsidiary.

28. Share capital

	GROUP AND COMPANY			
	2023	2022	2023	2022
	NUMBER OF SHARES		$'000	$'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	(2) 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 with a total of 215,372,252 shares at exercise price of $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.

(2) Issuance of 15,659,725 shares at exercise price of $0.035 per share upon exercise of warrants during the period from 1 October 2021 to 30 September 2022. All ordinary shares were fully paid.

The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares excluding treasury shares of the Company carry one vote per share without restriction. The ordinary shares have no par value.

Warrants

On 30 January 2018, the Company issued and allotted 269,238,877 free warrants (the "Warrants") on the basis of eight (8) Warrants for every ten (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 $0.035 each. The Warrants have expired on the 27 January 2023 with a total number of 215,372,252 Warrants being exercised into 215,372,252 new ordinary shares of the Company. The number of unexercised Warrants which lapsed, ceased to be valid and expired was 35,758,158 Warrants.

29. Treasury shares

	GROUP AND COMPANY			
	2023	2022	2023	2022
	NUMBER OF SHARES		$'000	$'000
At beginning/end of the financial year	4,201,400	4,201,400	1,203	1,203

30. Reserves

(a) Capital reserve

Capital reserve arose from the changes of equity interest of the Group and non-controlling interests in a subsidiary in financial year 2013.

(b) Other reserves

Other reserves represent the share of other comprehensive income of a joint venture arising from actuarial gain on defined benefit plan as well as effective portion of the cumulative net change in the fair value of hedging instruments pending subsequent recognition in the income statement.

(c) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 6). This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(d) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

31. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

31. Significant related party transactions (Continued)

Associates are related parties and include those that are associates of the holding and/or related companies.

Some of the arrangements with related parties and the effects of these bases determined between the parties are reflected elsewhere in this report. The trade and non-trade balances due from/to related parties are unsecured, interest-free and repayable on demand. Transaction between the Company and its subsidiaries, which are related companies of the Company have been eliminated on consolidation and are not disclosed in this note.

Details of transactions between the Group and other related companies are disclosed below:

Sales and purchases of goods and services

	GROUP	
	2023	2022
	$'000	$'000
Income		
Sale of vessels to a joint venture	–	2,028
Interest income from loan to a joint venture (Note 5)	590	552
Bad debts recovered	–	235

Compensation of directors and key executives

	GROUP	
	2023	2022
	$'000	$'000
Short-term employee benefits	2,354	1,710
Incentive plan	–	4,164
Contribution to defined contribution plans	110	99
	2,464	5,973
Comprised amounts paid to:		
- Directors of the Company	1,103	5,158
- Directors of the subsidiaries	39	59
- Other key executives	1,322	756
	2,464	5,973

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

In previous financial year upon completion of the Debt Restructuring Exercise in FY2017, the investors have agreed that the Company shall put in place a cash incentive plan (the "Incentive Plan") for the Key Management Personnel on a profit-sharing basis. The Key Management Personnel consist of the Directors of the Company. The cash incentive was derived based on the Operating EBITDA achieved by the Group and approved by the Remuneration Committee on 11 January 2023. The cash incentive were fully paid to the Directors during the financial year.

32. Contingencies and commitments

Corporate guarantee

As at 30 September 2023, the Company has given corporate guarantee amounting to $2,256,000 (2022: $3,250,000) to certain banks in respect of banking facility granted to the subsidiary.

The Company has evaluated the fair value of the corporate guarantee. Consequently, the Company is of the view that the fair value of the guarantee to the financial institution with regard to the subsidiary is not significant. The Company has not recognised any liability in respect of the guarantee given to the financial institution for credit facilities granted to the subsidiary as the Company's directors have assessed that the likelihood of the subsidiary defaulting on repayment is remote.

As at the end of the financial year, there is no utilisation of corporate guarantee by the subsidiary. Such guarantee is in the form of a financial guarantee as they require the Company to reimburse the financial institution if the subsidiary to which the guarantee was extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

As at the end of the financial year, the Company has also given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to meet their obligations as and when they fall due so that they will continue to operate as going concerns in the foreseeable future.

Capital commitments

	GROUP	
	2023	**2022**
	$'000	**$'000**
Capital expenditure authorised but not contracted for		
- Commitments for the acquisition of property, plant and equipment	51,934	–

33. Segment 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) Shipbuilding and repair services – Relates to sales of goods, shipbuilding and ship repair activities

Transfer price between operating segments are on arm's length basis in a manner similar to transactions with related parties.

33. Segment information (Continued)

Business segments

	SHIP CHARTERING SERVICES $'000	SHIPBUILDING AND REPAIR SERVICES $'000	TOTAL OPERATIONS $'000
2023			
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 corporate income, 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
Other material non-cash items:			
Depreciation of property, plant and equipment	7,675	2,635	10,310
Depreciation of right-of-use assets	1,428	322	1,750
Gain on disposal of property, plant and equipment, net	1,027	–	1,027

33. Segment information (Continued)

Business segments (Continued)

	SHIP CHARTERING SERVICES $'000	SHIPBUILDING AND REPAIR SERVICES $'000	TOTAL OPERATIONS $'000
2022			
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 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
Other material non-cash items:			
Depreciation of property, plant and equipment	6,370	2,310	8,680
Depreciation of right-of-use assets	–	381	381
Loss allowance on trade receivables	411	–	411
Impairment loss on vessels	150	–	150
Gain on disposal of property, plant and equipment, net	985	–	985
Reversal of impairment loss on amount due from a subsidiary previously held as a joint venture (Note 34)	–	(4,229)	(4,229)

33. Segment information (Continued)

Geographical information

The Group operates mainly in Singapore, Indonesia, Malaysia, Thailand and Taiwan being its major markets for ship chartering activities. Indonesia (principally the shipyard at Batam) is its major market for shipbuilding and repair activities.

Revenue from third party major customers amounted $37,310,000 (2022: $27,002,000) which were generated by the shipbuilding and repair services segment.

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) of the Group were spread across Singapore (being the Company's country of domicile), Indonesia and Taiwan, as at the financial year, which were derived based on the flag of the vessels and the location for the other assets.

GROUP	SINGAPORE $'000	INDONESIA $'000	MALAYSIA $'000	THAILAND $'000	TAIWAN $'000	NAURU $'000	OTHERS* $'000	TOTAL $'000
2023								
Revenue	24,899	40,947	7,613	16,110	32,597	1,151	3,809	127,126
Non – current assets	50,865	51,656	–	–	7,013	–	–	109,534
2022								
Revenue	30,020	19,092	3,799	7,328	20,321	–	5,535	86,095
Non – current assets	54,154	51,917	–	–	2,150	–	–	108,221

* Others comprise of Africa, Asian, Middle East and Europe (2022: Asian countries and Europe).

34. Financial instruments and financial risks

Financial instruments

Offsetting financial assets and financial liabilities

The Company has a legally enforceable right to set off intercompany balances and intends to settle on a net basis. The following table presents the recognised financial instruments that are offset as at 30 September 2023 and 30 September 2022.

COMPANY	GROSS AMOUNT - FINANCIAL ASSET	GROSS AMOUNT - FINANCIAL LIABILITIES	NET AMOUNTS - PRESENTED IN STATEMENT OF FINANCIAL POSITION
	$'000	$'000	$'000
2023			
Amounts due from subsidiaries	139,096	(2,150)	136,946
2022			
Amounts due from subsidiaries	147,361	–	147,361

Financial risks

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The board of directors provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign currency risk and interest rate risk), liquidity risk and credit risk. Such written policies are reviewed annually by the board of directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the board of directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group also sells its products/services in several countries and for such overseas sales, it transacts mainly in United States dollars ("USD"), New Taiwan dollars ("NTD"), Indonesian Rupiah ("IDR") and Euro ("EUR"). As a result, movements in USD, NTD, IDR and EUR exchange rates are the main foreign currency risk which the Group is exposed to. Transaction risk is calculated in each foreign currency and includes foreign currency denominated assets and liabilities and probable purchases and sales commitments. The Group has not entered into any derivative instruments for trading purposes.

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

GROUP	SGD $'000	USD $'000	NTD $'000	IDR $'000	EUR $'000	OTHERS* $'000	TOTAL $'000
2023							
Financial assets							
Amount due from a joint venture (non-current)	–	10,485	–	–	–	–	10,485
Amount due from a joint venture (current)	–	9	–	–	–	–	9
Trade receivables	9,295	9,218	1,304	2,467	556	–	22,840
Other receivables, deposits paid and recoverable costs	478	578	1	12	–	–	1,069
Cash and cash equivalents	22,017	38,106	856	891	624	606	63,100
	31,790	58,396	2,161	3,370	1,180	606	97,503
Financial liabilities							
Trade payables	3,953	3,274	–	7,656	23	124	15,030
Other payables and accruals (excluding GST payables and deposits received from customers)	9,425	1,978	547	289	–	4	12,243
Lease liabilities	187	6,020	36	42	–	–	6,285
Interest bearing loans	2,256	–	–	–	–	–	2,256
	15,821	11,272	583	7,987	23	128	35,814
Net financial assets/ (liabilities)	15,969	47,124	1,578	(4,617)	1,157	478	61,689
Less: Net financial assets/ (liabilities) denominated in their respective functional currencies	(15,621)	(13,496)	(1,076)	4,041	–	–	(26,152)
Net foreign currency exposure	348	33,628	502	(576)	1,157	478	35,537

* Others comprise of Australian dollars, Malaysian ringgit and Thai Baht.

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

GROUP	SGD $'000	USD $'000	NTD $'000	IDR $'000	EUR $'000	OTHERS* $'000	TOTAL $'000
2022							
Financial assets							
Amount due from a joint venture (non-current)	–	12,931	–	–	–	–	12,931
Amount due from a joint venture (current)	–	450	–	–	–	–	450
Trade receivables	6,892	6,331	800	2,906	243	185	17,357
Other receivables, deposits paid and recoverable costs	329	1,901	109	–	–	–	2,339
Cash and cash equivalents	17,058	29,569	2,847	2,217	1,789	34	53,514
	24,279	51,182	3,756	5,123	2,032	219	86,591
Financial liabilities							
Trade payables	1,360	4,668	–	5,875	30	55	11,988
Other payables and accruals (excluding GST payables and deposits received from customers)	9,661	2,151	230	327	–	167	12,536
Lease liabilities	507	–	–	–	–	–	507
Interest bearing loans	3,250	–	–	–	–	–	3,250
	14,778	6,819	230	6,202	30	222	28,281
Net financial assets/(liabilities)	9,501	44,363	3,526	(1,079)	2,002	(3)	58,310
Less: Net financial assets/ (liabilities) denominated in their respective functional currencies	(9,367)	(2,282)	(2,726)	716	–	–	(13,659)
Net foreign currency exposure	134	42,081	800	(363)	2,002	(3)	44,651

* Others comprise of Australian dollars, Malaysian ringgit, Thai Baht and Hong Kong dollars.

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows: (Continued)

COMPANY	SGD $'000	USD $'000	TOTAL $'000
2023			
Financial assets			
Amount due from a joint venture (non-current)	–	10,485	10,485
Other receivables (excluding prepayments)	38	–	38
Amounts due from subsidiaries (non-trade)	102,665	34,281	136,946
Cash and cash equivalents	3,536	21,641	25,177
	106,239	66,407	172,646
Financial liabilities			
Other payables and accruals	405	–	405
Net financial assets	105,834	66,407	172,241
Less: Net financial liabilities denominated in the Company's functional currency	(105,834)	–	(105,834)
Net foreign currency exposure	–	66,407	66,407
2022			
Financial assets			
Amount due from a joint venture (non-current)	–	12,931	12,931
Amount due from a joint venture (current)	–	450	450
Other receivables	23	6	29
Amounts due from subsidiaries (non-trade)	82,942	64,419	147,361
Cash and cash equivalents	8,104	3,682	11,786
	91,069	81,488	172,557
Financial liabilities			
Other payables and accruals	3,831	–	3,831
Net financial assets	87,238	81,488	168,726
Less: Net financial liabilities denominated in the Company's functional currency	(87,238)	–	(87,238)
Net foreign currency exposure	–	81,488	81,488

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The following table details the sensitivity to a 10% increase and decrease in the Singapore dollars against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjustment of their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they give rise to an impact on the Group's profit or loss.

A 10% strengthening of Singapore dollars against the relevant foreign currencies at the end of the financial year would increase/(decrease) profit or loss by the amounts shown below:

	SGD	USD	NTD	IDR	EUR	OTHERS*
	$'000	$'000	$'000	$'000	$'000	$'000
2023						
Group						
Profit for the financial year	(29)	(2,791)	(42)	48	(96)	(40)
Company						
Profit for the financial year	–	5,512	–	–	–	–
2022						
Group						
Profit for the financial year	(6)	(3,493)	(66)	30	(166)	-
Company						
Profit for the financial year	–	(6,764)	–	–	–	–

* Others comprise of Australian dollars, Malaysian ringgit and Thai Baht.

The statement of changes in equity will also be impacted by the same amount as disclosed above.

A 10% weakening of Singapore dollars against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above.

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Market risk (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk relates to amount due from a joint venture.

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at the financial year end, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk:

GROUP	EFFECTIVE INTEREST RATE RANGE	2023 $'000	2022 $'000
More than one year – floating rates Amount due from a joint venture	3% + 1-month SOFR (2022: 3% + 1-month USD LIBOR)	10,485	12,931

Interest risk sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for active instruments at the statement of financial position date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If the interest rates had been 1% higher or lower and all other variables were held constant, the Group's profit or loss for the current financial year would increase or decrease by $87,000 (2022: $107,000). This is mainly attributable to the Group's exposure to interest rates on its variable rates loans to its joint venture.

Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Liquidity risk (Continued)

The following tables detail the remaining contractual maturity for non-derivative financial instruments. The tables have been drawn up based on the contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company is expected to receive or (pay). The table includes both interest and principal cash flows.

GROUP	ON DEMAND OR WITHIN 1 YEAR $'000	WITHIN 2 TO 5 YEARS $'000	TOTAL $'000
Undiscounted financial assets			
2023			
Amount due from a joint venture (non-current)	–	10,485	10,485
Amount due from a joint venture (current)	9	–	9
Trade receivables	22,840	–	22,840
Other receivables, deposits paid and recoverable costs	1,069	–	1,069
Cash and cash equivalents	63,100	–	63,100
	87,018	10,485	97,503
2022			
Amount due from a joint venture (non-current)	–	12,931	12,931
Amount due from a joint venture (current)	450	–	450
Trade receivables	17,357	–	17,357
Other receivables, deposits paid and recoverable costs	2,339	–	2,339
Cash and cash equivalents	53,514	–	53,514
	73,660	12,931	86,591
Undiscounted financial liabilities			
2023			
Trade payables	15,030	–	15,030
Other payables and accruals (excluding deferred income and deposits received from customers)	12,243	–	12,243
Lease liabilities	1,553	4,732	6,285
Interest bearing loans	966	1,290	2,256
	29,792	6,022	35,814
2022			
Trade payables	11,988	–	11,988
Other payables and accruals (excluding deferred income and deposits received from customers)	12,536	–	12,536
Lease liabilities	298	209	507
Interest bearing loans	966	2,284	3,250
	25,788	2,493	28,281
Total undiscounted net financial assets			
- at 30 September 2023	57,226	4,463	61,689
- at 30 September 2022	47,872	10,438	58,310

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Liquidity risk (Continued)

COMPANY	ON DEMAND OR WITHIN 1 YEAR $'000	WITHIN 2 TO 5 YEARS $'000	TOTAL $'000
Undiscounted financial assets			
2023			
Amount due from a joint venture (non-current)	–	10,485	10,485
Cash and cash equivalents	25,177	–	25,177
Other receivables (excluding prepayments and GST receivable)	38	–	38
Amounts due from subsidiaries	136,946	–	136,946
	162,161	10,485	172,646
2022			
Amount due from a joint venture (non-current)	–	12,931	12,931
Amount due from a joint venture (current)	450	–	450
Cash and cash equivalents	11,786	–	11,786
Other receivables (excluding prepayments and GST receivable)	29	–	29
Amounts due from subsidiaries	147,361	–	147,361
	159,626	12,931	172,557
Undiscounted financial liabilities			
2023			
Other payables and accruals	405	–	405
Maximum amount of financial guarantee	2,256	–	2,256
	2,661	–	2,661
2022			
Other payables and accruals	3,831	–	3,831
Maximum amount of financial guarantee	3,250	–	3,250
	7,081	–	7,081
Total undiscounted net financial assets			
- at 30 September 2023	159,500	10,485	169,985
- at 30 September 2022	152,545	12,931	165,476

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. The concentration of credit risk with respect to the shipbuilding-related trade receivables is limited as the Group adopts the policy of obtaining advances generally amounting to at least 10% of contract value, and by withholding ownership and possession of the vessels under construction until full payment. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. The counterparty's payment profile and credit exposure are continuously monitored at the entity level and the Group. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's trade receivables.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

The Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

CATEGORY	DESCRIPTION	BASIS OF RECOGNISING ECL
1	Low credit risk [Note 1]	12-months ECL
2	Non-significant increase in credit risk since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition [Note 2] or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired [Note 3]	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount [Note 4]	Written off

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Credit risk (Continued)

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial asset has a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information.

Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc.) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are > 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

In determining whether financial asset is credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Credit risk (Continued)

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

During the financial year ended 30 September 2023, the Group write off $Nil (2022: $385,000) of trade receivables. The amounts were trade receivables from third parties which had been long outstanding, were not secured and had been fully impaired in previous years. In consideration of the aforementioned factors and the financial ability of the debtors, the Group assessed there was no reasonable expectation of recovery.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, trade receivables from 1 (2022: 2) customers accounted for approximately 14% (2022: 28%) of total trade receivables of the Group. The remaining balance is spread over many diversified customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial positions.

With reference to Note 32, the Company provides financial guarantee to financial institution in respect of credit facilities granted to a subsidiary. The date when the Company becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Company considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the financial year, other than as disclosed above, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Credit risk (Continued)

Trade receivables (Note 16) and contract assets (Note 18)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables and contract assets, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables and contract assets are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Company assesses, for example, the gross domestic production growth rates of the countries (e.g., Singapore, Indonesia, Taiwan, Malaysia, Thailand and Nauru) to and the growth rates of the major industries which its customers operate in.

Trade receivables and contract assets are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

The loss allowance for trade receivables and contract assets are determined as follows:

		TRADE RECEIVABLES			
	CONTRACT ASSETS	CURRENT	PAST DUE 0 TO 3 MONTHS	PAST DUE MORE THAN 3 MONTHS	TOTAL
30 September 2023					
Expected credit loss rates	0%	0%	0%	11%	
Total gross carrying amount ($'000)	3,495	10,793	8,864	3,571	26,723
Loss allowance ($'000)	–	–	–	388	388
30 September 2022					
Expected credit loss rates	0%	0%	0%	34%	
Total gross carrying amount ($'000)	–	11,393	4,413	2,335	18,141
Loss allowance ($'000)	–	–	–	784	784

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Credit risk (Continued)

Other receivables, deposits paid and recoverable costs (Note 17)

As of 30 September 2023, the Group and the Company recorded other receivables, deposits paid and recoverable costs as disclosed in Note 17. The Group and the Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. The Group and the Company assessed that the other receivables and deposits paid are made to parties with good credit reputation and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Amount due from a joint venture (non-trade) (Note 14 and Note 19)

As of 30 September 2023, the Group and the Company recorded amount due from a joint venture of $10,494,000 and $10,494,000 (2022: $13,381,000 and $13,381,000) respectively consequent to an extension of loans to the joint venture. The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that there is no significant increase in credit risk for these receivables. In its assessment of the credit risk of the joint ventures, the Group and Company considered amongst other factors, the financial position of the joint ventures as of 30 September 2023, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the joint venture operate in. Using 12-month ECL, the Group and the Company determined that the ECL is insignificant.

Amounts due from subsidiaries (Note 19)

As of 30 September 2023, the Company recorded amounts due from subsidiaries of $136,946,000 (2022: $147,361,000) consequent to an extension of loans to the subsidiaries. The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and concluded that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 30 September 2023, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables, other receivables, deposits and recoverable costs and amount due from a joint venture are as follows:

GROUP INTERNAL CREDIT RISK GRADING	TRADE RECEIVABLES NOTE (I) $'000	TRADE RECEIVABLES CATEGORY 4 $'000	TRADE RECEIVABLES TOTAL $'000	CONTRACT ASSETS NOTE (I) $'000	OTHER RECEIVABLES, DEPOSITS PAID AND RECOVERABLE COSTS CATEGORY 1 $'000	AMOUNT DUE FROM A JOINT VENTURE CATEGORY 1 $'000	AMOUNT DUE FROM A JOINT VENTURE CATEGORY 4 $'000	AMOUNT DUE FROM A JOINT VENTURE TOTAL $'000
Loss allowance								
At 1 October 2021	–	4,997	4,997	–	–	–	5,930	5,930
Loss allowance	–	411	411	–	–	–	–	–
Written off	–	(385)	(385)	–	–	–	–	–
Reversal	–	(4,229)	(4,229)	–	–	–	–	–
Currency realignment	–	(10)	(10)	–	–	–	339	339
At 30 September 2022	–	784	784	–	–	–	6,269	6,269
Written off	–	(83)	(83)	–	–	–	–	–
Reversal	–	(272)	(272)	–	–	–	–	–
Currency realignment	–	(41)	(41)		–	–	(6)	(6)
At 30 September 2023	–	388	388	–	–	–	6,263	6,263
Gross carrying amount								
At 30 September 2022	17,357	784	18,141	–	2,555	13,381	6,269	19,650
At 30 September 2023	22,840	388	23,228	3,495	20,546	10,494	6,263	16,757
Net carrying amount								
At 30 September 2022	17,357	–	17,357	–	2,555	13,381	–	13,381
At 30 September 2023	22,840	–	22,840	3,495	20,546	10,494	–	10,494

Note (i): For trade receivables, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL. No loss allowance was recognised with respect to these trade receivables.

34. Financial instruments and financial risks (Continued)

Financial risks (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Company's exposure to credit risk in respect of the other receivables and recoverable costs, amounts due from subsidiaries and amount due from a joint venture are as follows:

COMPANY	OTHER RECEIVABLES AND RECOVERABLE COSTS	AMOUNTS DUE FROM SUBSIDIARIES	AMOUNT DUE FROM A JOINT VENTURE		
INTERNAL CREDIT RISK GRADING	CATEGORY 1	CATEGORY 1	CATEGORY 1	CATEGORY 4	TOTAL
	$'000	$'000	$'000	$'000	$'000
Loss allowance					
At 1 October 2021	–	–	–	5,930	5,930
Currency realignment	–	–	–	339	339
At 30 September 2022			–	6,269	6,269
Currency realignment	–	–		(6)	(6)
At 30 September 2023	–	–	–	6,263	6,263
Gross carrying amount					
At 30 September 2022	38	147,361	13,381	6,269	19,650
At 30 September 2023	85	145,359	10,485	6,263	16,748
Net carrying amount					
At 30 September 2022	38	147,361	13,381	–	13,381
At 30 September 2023	85	145,359	10,485	–	10,485

35. Fair values of assets and liabilities

Fair value of assets and liabilities by classes that are carried at fair value

Fair value hierarchy

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The carrying amounts of cash and cash equivalents, trade and other receivables and payables including, due from and to related parties, current and non-current borrowings at fixed rate are reasonable approximation of fair values either due to their short-term nature or near the financial year end.

Valuation policies and procedures

The Executive Director ("ED") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures and reports to the Group's Audit Committee.

It is the Group's policy that where assessed necessary by the local management, the Group would engage experts to perform significant financial reporting valuations. The ED is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 Fair Value Measurement guidance.

The ED also reviews regularly the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

During the financial year, there is no change in the applicable valuation techniques.

36. Capital management policies and objectives

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debt, which includes lease liabilities and interest bearing loans, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital and retained earnings/accumulated losses.

The board of directors reviews the capital structure on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debts.

Other than those disclosed in the financial statements, the Company is not exposed to any externally imposed capital requirements for the financial year ended 30 September 2023 and financial year ended 30 September 2022.

The Group's overall strategy remains unchanged from 2022.

37. Events subsequent to the reporting date

On 10 October 2023, the Group's indirect wholly-owned subsidiary, Marco Polo Offshore Sdn Bhd ("MPOSB"), has incorporated a joint venture company, M Renewables Co., Ltd (the "JVC") in the Cayman Islands with a Taiwan company, Shengfan Co., Ltd, with an initial paid-up capital of NTD42,000,000 (approximately S$1,785,000). The Group owns 49% of the JVC. The principal activity of the JVC is that of investment holding.

Additional Information on Directors Seeking Re-Election

Mr Sean Lee Yun Feng and Mr Lee Kiam Hwee Kelvin are the Directors seeking re-election at the annual general meeting of the Company to be held on a date to be determined ("AGM").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information as set out in Appendix 7.4.1 relating to the above Directors to be put forward for re-election at the forthcoming AGM is disclosed below:-

NAME OF DIRECTOR	**MR SEAN LEE YUN FENG**	**MR LEE KIAM HWEE KELVIN**
Date of first appointment	13 September 2007	3 July 2009
Date of last re-appointment (if applicable)	27 January 2022	29 January 2021
Age	46	68
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the performance, contributions, qualifications and expertise, work experience and suitability of Mr Sean Lee Yun Feng for re-election as the Executive Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Lee possesses the experience, expertise and knowledge to contribute towards the core competencies of the Board as he has the vast experience and knowledge in relation to the strategic development of the Group.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the performance, contributions, qualifications, expertise, work experience and suitability of Mr Lee Kiam Hwee Kelvin for re-election as an Independent Director. The Board has accepted the NC's recommendation and concluded that Mr Lee possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Lee is the Chief Executive Officer of the Group and he is responsible for the overall management and day-to-day operations of the Group as well as the formulation of business directions, strategies and policies of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Director and Chief Executive Officer	Independent Director, AC Chairman, RC Chairman, Member of NC
Professional qualifications	Mr Lee graduated with a Bachelor of Commerce degree from Murdoch University (Western Australia) and Master degree from INSEAD and Tsinghua University (Beijing).	Mr Lee is a Fellow of the Association of Chartered Accountants (UK), a Fellow member of the Institute of Singapore Chartered Accountants and a Fellow Member of the Singapore Institute of Directors.

Additional Information on Directors Seeking Re-Election

NAME OF DIRECTOR	MR SEAN LEE YUN FENG	MR LEE KIAM HWEE KELVIN
Working experience and occupation(s) during the past 10 years	Executive Director and Chief Executive Officer of Marco Polo Marine Ltd. Mr Lee is responsible for the overall management and day-to-day operations of the Group as well as the formulation of business directions, strategies and policies of the Group.	Mr Lee is an Independent Director of Marco Polo Marine Ltd. He was also the Lead Independent Director, Audit Committee Chairman, Nominating Committee and Remuneration Committee Member of KOP Limited.
Shareholding interest in the listed issuer and its subsidiaries	Yes.	No.
Shareholding details	Mr Lee directly holds 10,596,900 shares in the Company. He is also deemed interested in: i) 420,000 shares which will be issued and allotted upon the exercise of employee share options granted to him under the MPM ESOS and ii) 160,714,286 shares which are held in a nominee account.	Not applicable.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Sean Lee Yun Feng is the brother of Chief Financial Officer of the Company, Ms Lie Ly and the son of a substantial shareholder of the company, Mr Lee Wan Tang.	None.
Conflict of interest (including any competing business)	None.	None.
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes.	Yes.
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	None.	None.
Past (for the last 5 years)	i) MPST Marine Pte Ltd. ii) Alliance Mining Corporation Pte. Ltd. iii) Alliance Mining Investments Pte. Ltd. iv) Vast Resources Assets Limited (BVI) v) Rigs Tender Offshore Pte. Ltd. vi) MPMT Pte. Ltd. vii) MPMT1 Tanker Pte. Ltd. viii) Marco Polo Offshore (V) Pte Ltd ix) Marco Polo Offshore (VI) Pte. Ltd.	KOP Limited

Additional Information on Directors Seeking Re-Election

NAME OF DIRECTOR	MR SEAN LEE YUN FENG	MR LEE KIAM HWEE KELVIN
Present	i) Marco Polo Shipping Co Pte Ltd ii) Nautical International Holdings Ltd (BVI) iii) Marco Polo Marine Ltd iv) PT. Pelayaran Nasional Bina Buana Raya Tbk v) Marco Polo Shipyard Pte. Ltd vi) MP Marine Pte. Ltd. vii) MP Shipping Pte. Ltd viii) MP Ventures Pte. Ltd. ix) Marco Polo Offshore Pte. Ltd. x) Marco Polo Wind Private Limited (formerly known as Marcopolo Shipping (Hong Kong) Limited) xi) MP Offshore Pte. Ltd. xii) Marco Polo Offshore (II) Pte. Ltd. xiii) Marco Polo Offshore (III) Pte. Ltd. xiv) BBR Shipping Pte. Ltd. xv) Spruce Pictures (HK) Limited xvi) Da Spruce Investment Holdings Pte. Limited xvii) Marco Polo Offshore (IV) Pte Ltd xviii) Marco Polo Offshore (VII) Pte. Ltd. xix) Marco Polo Offshore (VIII) Pte Ltd xx) SK Marco Polo Sdn. Bhd. xxi) Marco Polo Offshore Sdn Bhd xxii) Pelayaran New Era (L) Berhad xxiii) Pelayaran Era Sdn Bhd xxiv) Oceanic Crown Offshore Marine Services Limited xxv) MP Windcraft Pte. Ltd. xxvi) BBR Shipping (L) Berhad	Marco Polo Marine Ltd

Mr Sean Lee Yun Feng and Mr Lee Kiam Hwee Kelvin, have individually confirmed that on each of the questions as set out in paragraphs (a) to (k) of Appendix 7.4.1 of the Listing Manual of the SGX-ST, the answer is "no".

Disclosure applicable to the appointment of Director only.

Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	NA	NA	NA
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	NA	NA	NA

Statistics of Shareholdings

As at 11 December 2023

Substantial Shareholders' Information

SUBSTANTIAL SHAREHOLDER	NUMBER OF SHARES DIRECT INTEREST	%	DEEMED INTEREST	%
Apricot Capital Pte Ltd ("ACPL")	607,142,857[1]	16.17%	–	–
Lee Wan Tang	26,395,160	0.70%	492,139,867[2]	13.11%
Nautical International Holdings Ltd	142,386,712	3.79%	340,153,155[3]	9.06%
Penguin International Limited	303,571,428	8.09%	–	–
Teo Kee Bock	4,414,900	0.12%	607,142,857[4]	16.17%
Total shares outstanding	3,753,649,080			

Note:

(1) The 607,142,857 shares are held by DBS Nominees Pte Ltd on behalf of ACPL as bare trustee.

(2) Lee Wan Tang is deemed interested in: (a) the 482,539,867 Shares in which Nautical International Holdings Ltd has a deemed interest in as Lee Wan Tang holds 660,003 ordinary shares in Nautical International Holdings Ltd and (b) 9,600,000 shares held in nominee accounts.

(3) Nautical International Holdings Ltd has deemed interest in: (a) the 340,153,155 Shares held in a nominee account.

(4) Teo Kee Bock holds 20% equity interest in Apricot Capital (Cayman) Ltd ("ACCL") and is therefore deemed to be interested in the Shares of the Company held by ACCL through ACPL.

Compliance with Rule 723 of the SGX-ST Listing Manual

Based on information available and to the best of the Company, as at 11 December 2023, approximately 51.26% of the ordinary shares excluding treasury shares of the Company are held by the public. The Company is therefore in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Treasury Shares as at 11 December 2023

As at 11 December 2023, 4,201,400 ordinary shares are held as treasury shares, representing 0.11% of the total number of issued shares excluding treasury shares.

Statistics of Shareholdings

As at 11 December 2023

NO. OF ISSUE SHARES (EXCLUDING TREASURY SHARES)	:	3,753,649,080
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS (EXCLUDING TREASURY SHARES)	:	ONE VOTE PER ORDINARY SHARE

ANALYSIS OF SHAREHOLDING BY RANGE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	13	0.41	473	0.00
100 - 1,000	196	6.14	184,662	0.01
1,001 - 10,000	790	24.75	5,165,757	0.14
10,001 - 1,000,000	2,041	63.94	316,980,072	8.44
1,000,001 and above	152	4.76	3,431,318,116	91.41
Total	**3,192**	**100.00**	**3,753,649,080**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES PTE LTD	746,847,057	19.90
2	UOB KAY HIAN PTE LTD	691,325,126	18.42
3	PENGUIN INTERNATIONAL LIMITED	303,571,428	8.09
4	MAYBANK SECURITIES PTE. LTD.	245,090,000	6.53
5	PHILLIP SECURITIES PTE LTD	170,318,614	4.54
6	NAUTICAL INTERNATIONAL HOLDINGS LTD	142,386,712	3.79
7	CITIBANK NOMIEES SINGAPORE PTE LTD	133,137,782	3.55
8	RAFFLES NOMINEES (PTE) LIMITED	120,454,664	3.21
9	ABN AMRO CLEARING BANK N.V.	81,969,200	2.18
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	48,888,300	1.30
11	OCBC SECURITIES PRIVATE LTD	46,417,200	1.24
12	HO LEE GROUP PTE LTD	40,535,715	1.08
13	HSBC (SINGAPORE) NOMINEES PTE LTD	39,596,975	1.05
14	CHOW KAR WAH	28,150,000	0.75
15	LEE WAN TANG	26,395,160	0.70
16	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	24,390,000	0.65
17	OCBC NOMINEES SINGAPORE PTE LTD	23,089,700	0.62
18	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	19,821,657	0.53
19	AMINA HU	17,666,700	0.47
20	TAN HAI PENG MICHEAL	17,640,000	0.47
		2,967,691,990	**79.07**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at 1 Tai Seng Avenue Blk F #02-26/28 Tai Seng Exchange Singapore 536464 on Tuesday, 30 January 2024 at 10.30 a.m. to transact the following business: -

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 September 2023 together with the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a one-tier exempt final dividend of S$0.001 per ordinary share for the year ended 30 September 2023. **(Resolution 2)**

3. To approve the payment of Directors' Fees of S$238,000 for the financial year ending 30 September 2024. (2023: S$215,000) **(Resolution 3)**

4. To re-elect Mr Sean Lee Yun Feng, the Director who is retiring by rotation pursuant to Regulation 103 of the Constitution of the Company. **(Resolution 4)**

5. To re-elect Mr Lee Kiam Hwee, the Director who is retiring by rotation pursuant to Regulation 103 of the Constitution of the Company. **(Resolution 5)**

6. To re-appoint Mazars LLP as Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolutions (with or without any modifications):

7. Authority to allot and issue shares and/or convertible securities **(Resolution 7)**

"That pursuant to Section 161 of the Singapore Companies Act, and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors of the Company to: -

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that: -

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares [excluding treasury shares and shares (if any) held by a subsidiary] (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares [excluding treasury shares and shares (if any) held by a subsidiary] (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares [excluding treasury shares and shares (if any) held by a subsidiary] is based on the Company's total number of issued shares excluding treasury shares and shares (if any) held by a subsidiary at the time this Resolution is passed, after adjusting for:

  (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

  (ii) any subsequent bonus issue, consolidation or subdivision of shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

By Order of the Board

Lawrence Kwan
Company Secretary

Singapore, 15 January 2024

Explanatory notes on Ordinary Business to be transacted:

Resolution 2. In relation to Ordinary Resolution 2 above, the Company will, upon the approval by Shareholders of the proposed final dividend for the year ended 30 September 2023, announce the record date and payment date in due course.

Resolution 3. The proposed Directors' fee is payable to the Independent Directors and Non-Executive Directors of the Company.

Resolution 4. Mr Sean Lee Yun Feng will, upon re-election as a Director of the Company, continue to serve as a Chief Executive Officer and a Member of the Nominating Committee.

Detailed information on Mr Sean Lee Yun Feng can be found in the "Board of Directors", "Corporate Governance Report" and "Supplemental Information on Directors Seeking Re-election" sections in the Company's Annual Report.

Resolution 5. Mr Lee Kiam Hwee Kelvin will, upon re-election as a Director of the Company, continue to serve as an Independent Director, Chairman of the Audit Committee and Remuneration Committee and a Member of the Nominating Committee. Mr Lee Kiam Hwee is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Detailed information on Mr Lee Kiam Hwee Kelvin can be found in the "Board of Directors", "Corporate Governance Report" and "Supplemental Information on Directors Seeking Re-Election" sections in the Company's Annual Report".

Resolution 6. This resolution is to re-appoint Mazars LLP as Independent Auditor of the Company for the ensuing financial year and to authorise the Directors to fix their remuneration.

Explanatory notes on Special Business to be transacted:

Resolution 7. If passed, is to empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and shares (if any) held by a subsidiary of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares and shares (if any) held by a subsidiary of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

Notice of Annual General Meeting

NOTES TO THE AGM:

1. The Annual General Meeting ("AGM") will be held, in a **wholly physical format** at the AGM venue set out above and there will be **no option to participate virtually**. Members and their duly appointed proxy(ies) will be able to attend the AGM in person. They will first need to register personally at the registration counters outside the AGM venue on the day of the event, and should bring along their NRIC/passport to enable the Share Registrar to verify their identity for entry to, and (where applicable) be provided with a handheld device for electronic voting at, the physical meeting. Members and/or their proxy(ies) are advised to arrive early to facilitate the registration process and exercise social responsibility and not to attend the AGM if they are feeling unwell. The Company reserves the right to refuse admittance to the AGM if the attendee's identity cannot be verified accurately.

2. A Member (other than a Relevant Intermediary*) is entitled to attend and vote at the Annual General Meeting may appoint not more than two (2) proxies to attend and vote in his/her stead. A Member which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a Member.

3. Where a Member (other than a Relevant Intermediary*) appoints two (2) proxies, he or she shall specify the proportion of his or her shareholding to be represented by each proxy in the instrument appointing the proxies.

4. A Relevant Intermediary* may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

5. If a proxy is to be appointed, the instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if submitted personally or by post, to be lodged with the Company's share registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Singapore 068896; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com,

   and in each case, must be lodged or received (as the case may be) not later than 72 hours before the time appointed for the holding of the Annual General Meeting.

6. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

7. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

8. The Annual Report 2023 has been made available on SGXNET and the Company's website at https://www.marcopolomarine.com.sg.

    * A Relevant Intermediary is:

    a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

    b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

    c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes (the "Warranty"), and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of Warranty.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes to be prepared for the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

MARCO POLO MARINE LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 200610073Z

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
(1) This Proxy Form is not valid for use by investors who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act of Singapore), including CPF and SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS investors:
  (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks and SRS Operators, and should contact their respective CPF Agent Banks and SRS Operators if they have any queries regarding their appointment as proxies; or
  (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions at least seven (7) working days before the AGM (i.e., by 5.00 P.M. on 19 January 2024).

PERSONAL DATA PRIVACY:
(2) By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 January 2024.

I/We, (Name) ____________________

(NRIC/Passport/UEN) ____________________

of (Address) ____________________

being a *member/ members of **MARCO POLO MARINE LTD.** (the "**Company**"), hereby appoint:

NAME	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

*and/or

NAME	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

or failing *him/her/them, or if no person is named above, hereby appoint the Chairman of the Meeting as my/our proxy/proxies, to vote for me/us on my/our behalf at the AGM of the Company to be held at 1 Tai Seng Avenue Blk F #02-26/28 Tai Seng Exchange Singapore 536464 on Tuesday, 30 January 2024 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the AGM in the spaces provided hereunder.

Please indicate your vote "For" or "Against" or "Abstain" with a tick or cross within the box provided. A tick or cross would represent you are exercising all your votes "For" or "Against" or "Abstain" from voting on the relevant resolution.

AS ORDINARY RESOLUTIONS		FOR	AGAINST	ABSTAIN
NO.	RESOLUTIONS RELATING TO:			
1	To receive and adopt the Audited Financial Statements for the financial year ended 30 September 2023 together with the Directors' Statement and the Independent Auditor's Report thereon.			
2	To declare a one-tier exempt final dividend of S$0.001 per ordinary share for the year ended 30 September 2023.			
3	To approve the payment of Directors' Fees of S$238,000 for the financial year ending 30 September 2024. (2023: S$215,000)			
4	To re-elect Mr Sean Lee Yun Feng, the Director who is retiring by rotation pursuant to Regulation 103 of the Constitution of the Company.			
5	To re-elect Mr Lee Kiam Hwee, the Director who is retiring by rotation pursuant to Regulation 103 of the Constitution of the Company.			
6	To re-appoint Mazars LLP as Independent Auditor and to authorise the Directors to fix their remuneration.			
	SPECIAL BUSINESS			
7	To authorize Directors to allot and issue shares and/or convertible securities pursuant to Section 161 of the Singapore Companies Act, and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST")			

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with a tick or cross in the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the relevant number of shares in the relevant boxes provided above. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the AGM.)

Note: Please note that the short descriptions given above of the Ordinary Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Ordinary Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM for the full purpose and intent of the Ordinary Resolutions to be passed.

Dated this _________day of____________2024

Total number of Ordinary Shares held:	
CDP Register	
Register of members	

____
Signature(s) of Member(s) / Common Seal of Corporate Member
* Delete as appropriate

____
Contact Number / Email Address of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes: -

1. Except for a member who is a Relevant Intermediary as defined under Section 181(1C) of the Singapore Companies Act (the "**Act**"), a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. A proxy need not be a member of the Company.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. If a proxy is to be appointed, the instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if submitted personally or by post, to be lodged with the Company's share registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Singapore 068896; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com,

   and in each case, must be lodged or received (as the case may be) not later than 72 hours before the time appointed for the holding of the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with the Constitution of the Company and Section 179 of the Act.

9. Subject to Note 11 below, the submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the AGM if he so wishes.

10. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

11. CPF Investors and/or SRS Investors who buy shares in the Company may attend and cast their vote at the meeting in person. CPF Investors and/or SRS Investors who are unable to attend the meeting but would like to vote, may inform CPF and/or SRS approved nominees to appoint Chairman of the AGM to act as their proxy, in which case, the CPF Investor and/ or SRS Investors shall be precluded from attending the meeting.

12. **Personal data privacy:** By submitting this instrument of proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

MARCO POLO MARINE LTD
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