



# Marco Polo Marine Ltd.

(Company Registration No: 200610073Z)

(Incorporated in the Republic of Singapore)

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX MONTHS AND FULL YEAR ENDED 30 SEPTEMBER 2021**



MARCO POLO MARINE LTD  
Company Registration No. 200610073Z

## Table of Contents

	<b>Page</b>
<b>A. Condensed interim consolidated statement of profit or loss and other comprehensive income</b>	<b>2</b>
<b>B. Condensed interim statements of financial position</b>	<b>3</b>
<b>C. Condensed interim statements of changes in equity</b>	<b>4</b>
<b>D. Condensed interim consolidated statement of cash flow</b>	<b>5</b>
<b>E. Notes to the condensed interim consolidated financial statements</b>	<b>6</b>
<b>F. Other information required by Listing Rule Appendix 7.2</b>	<b>12</b>



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

Note	Group			Group		
	H2FY2021	H2FY2020	Change %	FY2021	FY2020	Change %
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Revenue</b>	<b>24,990</b>	12,287	NM	<b>46,106</b>	30,849	49
Cost of sales	<b>(18,006)</b>	(11,283)	60	<b>(34,095)</b>	(26,423)	29
<b>Gross profit</b>	<b>6,984</b>	1,004	NM	<b>12,011</b>	4,426	NM
Other operating income	<b>6,937</b>	855	NM	<b>14,223</b>	1,512	NM
Administrative expenses	<b>(3,213)</b>	(3,067)	5	<b>(6,066)</b>	(6,321)	(4)
Other operating expenses	<b>(1,651)</b>	(5,347)	(69)	<b>(4,954)</b>	(5,770)	(14)
<b>Profit/(loss) from operations</b>	<b>9,057</b>	(6,555)	NM	<b>15,214</b>	(6,153)	NM
Finance costs	<b>(75)</b>	(19)	NM	<b>(136)</b>	(36)	NM
Share of profits/(losses) in joint ventures	<b>211</b>	(1,784)	NM	<b>191</b>	(2,816)	NM
<b>Profit/(loss) before income tax</b>	<b>9,193</b>	(8,358)	NM	<b>15,269</b>	(9,005)	NM
Income tax expense	<b>(365)</b>	(149)	NM	<b>(493)</b>	(210)	NM
<b>Profit/(loss) for the financial year</b>	<b>8,828</b>	(8,507)	NM	<b>14,776</b>	(9,215)	NM
<b>Profit/(loss) attributable to:-</b>						
Equity holders of the Company	<b>8,828</b>	(8,507)	NM	<b>14,776</b>	(9,215)	NM
	<b>8,828</b>	(8,507)	NM	<b>14,776</b>	(9,215)	NM
<b>Other comprehensive income:</b>						
Share of other comprehensive income of a joint venture	-	-	NM	-	1	(100)
Exchange difference arising from translation foreign operations	<b>443</b>	(607)	NM	<b>422</b>	(74)	NM
<b>Total comprehensive income/(loss)</b>	<b>9,271</b>	(9,114)	NM	<b>15,198</b>	(9,288)	NM
<b>Total comprehensive income/(loss) attributable to:-</b>						
Equity holders of the Company	<b>9,271</b>	(9,114)	NM	<b>15,198</b>	(9,288)	NM
<b>Earnings per share</b>						
Basic (in cents)	<b>0.25</b>	(0.26)	NM	<b>0.42</b>	(0.26)	NM
Diluted (in cents)	<b>0.25</b>	(0.26)	NM	<b>0.42</b>	(0.26)	NM

**Notes**

"H2FY2021" denotes the second half financial year ended 30 September 2021 ("FY2021").

"FY2021" denotes the full financial year of FY2021.

"H2FY2020" denotes the second half financial year ended 30 September 2020 ("FY2020").

"FY2020" denotes the full financial year of FY2020.

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

"NM" denotes not meaningful.

**B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

Note	Group		Company	
	As at	As at	As at	As at
	30 September 2021 S\$'000	30 September 2020 S\$'000	30 September 2021 S\$'000	30 September 2020 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	60,941	74,898	-	-
Right-of-use assets	329	693	-	-
Investments in subsidiaries	-	-	4,320	4,320
Investments in joint ventures	-	-	-	-
Amounts due from joint ventures	22,227	12,328	22,227	12,328
	<b>83,497</b>	<b>87,919</b>	<b>26,547</b>	<b>16,648</b>
<b>Current assets</b>				
Inventories	1,249	903	-	-
Trade receivables	12,028	7,946	-	-
Other receivables, deposits and prepayment	1,418	1,337	71	53
Amounts due from subsidiaries (non-trade)	-	-	95,081	115,174
Amounts due from joint ventures (non-trade)	21,039	1,623	20,819	1,401
Cash and cash equivalents	20,348	13,593	5,528	8,355
	<b>56,082</b>	<b>25,402</b>	<b>121,499</b>	<b>124,983</b>
<b>Total assets</b>	<b>139,579</b>	<b>113,321</b>	<b>148,046</b>	<b>141,631</b>
<b>Current liabilities</b>				
Contract liabilities	347	1,001	-	-
Trade payables	7,226	3,443	-	-
Other payables and accruals	5,269	4,427	389	329
Deferred income	339	172	-	-
Lease liabilities	206	282	-	-
Borrowings- interest bearing	966	-	-	-
Income tax payable	935	849	-	-
	<b>15,288</b>	<b>10,174</b>	<b>389</b>	<b>329</b>
<b>Non-current liabilities</b>				
Deferred income	6,109	3,124	-	-
Lease liabilities	53	342	-	-
Borrowings- interest bearing	3,250	-	-	-
	<b>9,412</b>	<b>3,466</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>24,700</b>	<b>13,640</b>	<b>389</b>	<b>329</b>
<b>Net assets</b>	<b>114,879</b>	<b>99,681</b>	<b>147,657</b>	<b>141,302</b>
<b>Share capital and reserves</b>				
Share capital	155,752	155,752	155,752	155,752
Treasury shares	(1,203)	(1,203)	(1,203)	(1,203)
Capital reserve	634	634	-	-
Employee share option reserve	560	560	-	-
Other reserve	158	158	-	-
Foreign currency translation reserve	1,613	1,191	-	-
Accumulated losses	(42,635)	(57,411)	(6,892)	(13,247)
<b>Total equity</b>	<b>114,879</b>	<b>99,681</b>	<b>147,657</b>	<b>141,302</b>

**MARCO POLO MARINE LTD**

Company Registration No. 200610073Z

**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

<b>Group</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Capital reserve</b>	<b>Employee share option reserve</b>	<b>Foreign currency translation reserve</b>	<b>Accumulated losses</b>	<b>Other reserves</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Balance as at 1 October 2020	155,752	(1,203)	634	560	1,191	(57,411)	158	99,681
Profit for the financial year	-	-	-	-	-	14,776	-	14,776
Other comprehensive income, net of tax	-	-	-	-	422	-	-	422
Total comprehensive income for the financial year	-	-	-	-	422	14,776	-	15,198
Balance as at 30 September 2021	155,752	(1,203)	634	560	1,613	(42,635)	158	114,879
Balance as at 1 October 2019	155,671	(1,203)	634	519	1,265	(48,196)	157	108,847
Loss for the financial year	-	-	-	-	-	(9,215)	-	(9,215)
Other comprehensive loss, net of tax	-	-	-	-	(74)	-	1	(73)
Total comprehensive loss for the financial year	-	-	-	-	(74)	(9,215)	1	(9,288)
Issuance of shares pursuant to the exercise of warrants	81	-	-	-	-	-	-	81
Employee share option	-	-	-	41	-	-	-	41
Balance as at 30 September 2020	155,752	(1,203)	634	560	1,191	(57,411)	158	99,681

<b>Company</b>	<b>Share capital</b>	<b>Treasury share</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Balance at 1 October 2020	155,752	(1,203)	(13,247)	141,302
Total comprehensive income for the financial year	-	-	6,355	6,355
Balance at 30 September 2021	155,752	(1,203)	(6,892)	147,657
Balance at 1 October 2019	155,671	(1,203)	(12,734)	141,734
Total comprehensive loss for the financial year	-	-	(513)	(513)
Issuance of shares pursuant to the exercise of warrants	81	-	-	81
Balance at 30 September 2020	155,752	(1,203)	(13,247)	141,302

**MARCO POLO MARINE LTD**

Company Registration No. 200610073Z

**D. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW**

	<b>Group</b>	
	<b>FY2021</b>	<b>FY2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flow from operating activities</b>		
Profit/(loss) before income tax	15,269	(9,005)
Adjustments for:		
Depreciation of right-of-use assets	364	308
Depreciation of property, plant and equipment	6,637	7,011
Inventories written down	-	447
Loss allowance on trade receivables	168	58
Bad debts recovered	(114)	(154)
Interest expense	136	36
Interest income	(693)	(571)
Share-based payment expense	-	41
Share of (profits)/losses in joint ventures	(191)	2,816
Gain on acquisition of debt	(6,238)	-
Gain on disposal of property, plant and equipment	(6,265)	(32)
Foreign exchange difference	519	785
Operating profit before working capital changes	9,592	1,740
Movement in working capital		
Inventories	(346)	(29)
Trade and other receivables	(3,984)	4,770
Trade and other payables	4,625	(2,973)
Contract liabilities	(654)	930
Cash generated from operations	9,233	4,438
Income tax	(406)	(377)
<b>Net cash generated from operating activities</b>	<b>8,827</b>	<b>4,061</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,228)	(6,966)
Proceeds from disposal of property, plant and equipment	-	32
Repayment from a joint venture	-	2,558
<b>Net cash used in investing activities</b>	<b>(2,228)</b>	<b>(4,376)</b>
<b>Cash flows from financing activities</b>		
Interest paid on lease liabilities	-	(4)
Interest received	298	648
Proceeds from term loans	5,000	-
Proceeds from exercise of warrants	-	81
Repayment of lease liabilities, net	(389)	(325)
Repayment of term loans	(896)	-
Placement of fixed deposits pledged	(500)	-
Acquisition of debt	(3,835)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(322)</b>	<b>400</b>
Net increase in cash and cash equivalents	6,277	85
Cash and cash equivalents at beginning of the period	13,593	13,569
Effect of exchange rate changes on cash and cash equivalents	(22)	(61)
<b>Cash and cash equivalents at end of the financial period (Note 1)</b>	<b>19,848</b>	<b>13,593</b>

**Note 1**

Cash and cash equivalent consist of:

Cash and bank balances

Fixed deposits

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

Less: fixed deposits and cash pledged

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

14,252	9,531
6,096	4,062
20,348	13,593
(500)	-
19,848	13,593

## **E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Corporate information**

Marco Polo Marine Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the six months and full year ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the Group).

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

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

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

### **2. Basis of Preparation**

The condensed interim consolidated financial statements for the six months and full year ended 30 September 2021 have been prepared in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2020.

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

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

#### **2.1 New and amended standards adopted by the Group**

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

#### **2.2 Use of judgements and estimates**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2020.

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

### **3 Seasonal operations**

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

**MARCO POLO MARINE LTD**

Company Registration No. 200610073Z

**4. Segment and revenue information**

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

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

**4.1 Business segments**

	Ship chartering services S\$'000	Ship building and repair services S\$'000	Total operations S\$'000
<b>FY2021</b>			
External revenue	20,098	26,008	46,106
Reportable segment results from operating activities	16,792	(6,635)	10,157
Share of profits in joint ventures	191	-	191
Finance income	25	5	30
Finance costs	(112)	(24)	(136)
Unallocated other corporate income, net			5,027
Profit before income tax			15,269
Income tax expense			(493)
Profit for the financial year			14,776
Reportable segment assets	81,356	31,803	113,159
Unallocated assets			26,420
Total assets			139,579
Reportable segment liabilities	6,531	11,326	17,857
Unallocated liabilities			6,843
Total liabilities			24,700
Capital expenditure	1,314	914	2,228
	Ship chartering services S\$'000	Ship building and repair services S\$'000	Total operations S\$'000
<b>FY2020</b>			
External revenue	13,636	17,213	30,849
Reportable segment results from operating activities	(3,229)	(1,079)	(4,308)
Share of losses in joint ventures	(2,816)	-	(2,816)
Finance income	1	6	7
Finance costs	-	(36)	(36)
Unallocated administrative expenses, net			(1,852)
Loss before income tax			(9,005)
Income tax expense			(210)
Loss for the financial year			(9,215)
Reportable segment assets	73,844	29,664	103,508
Unallocated assets			9,813
Total assets			113,321
Reportable segment liabilities	1,655	8,354	10,009
Unallocated liabilities			3,631
Total liabilities			13,640
Capital expenditure	6,607	359	6,966



## 4.2 Disaggregation of revenue

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

	Ship chartering services		Ship building and repair services		Sales of goods		Total	
	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
<b>Geographical markets<sup>(a)</sup></b>								
Singapore	12,345	6,872	10,160	5,336	-	-	22,505	12,208
Indonesia	537	404	10,218	9,068	980	546	11,735	10,018
Australia	-	-	1,362	-	-	-	1,362	-
Malaysia	1,002	1,800	81	1,469	-	-	1,083	3,269
China	1,433	2,061	-	-	-	-	1,433	2,061
India	356	1,642	928	152	-	-	1,284	1,794
Vietnam	1,282	-	-	-	-	-	1,282	-
Dubai	-	-	-	42	-	-	-	42
Netherlands	-	15	-	-	-	-	-	15
Taiwan	3,143	85	-	214	-	-	3,143	299
Myanmar	-	757	-	-	-	-	-	757
Others	-	-	2,279	386	-	-	2,279	386
<b>Total</b>	<b>20,098</b>	<b>13,636</b>	<b>25,028</b>	<b>16,667</b>	<b>980</b>	<b>546</b>	<b>46,106</b>	<b>30,849</b>
Goods or services transferred at a point in time	-	-	21,187	16,667	980	546	22,167	17,213
Goods or services transferred overtime	20,098	13,636	3,841	-	-	-	23,939	13,636
<b>Total</b>	<b>20,098</b>	<b>13,636</b>	<b>25,028</b>	<b>16,667</b>	<b>980</b>	<b>546</b>	<b>46,106</b>	<b>30,849</b>

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

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 30 September 2020:

	The Group		The Company	
	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
<b>Financial Assets</b>				
Cash and bank balances and trade and other receivables (Amortised cost)	76,110	36,128	143,663	137,264
<b>Financial Liabilities</b>				
Trade and other payables and borrowings (Amortised cost)	16,928	8,454	389	329

**MARCO POLO MARINE LTD**

Company Registration No. 200610073Z

**6. Profit/(loss) before income tax**

Significant items	Group			Group		
	H2FY2021 S\$'000	H2FY2020 S\$'000	Change %	FY2021 S\$'000	FY2020 S\$'000	Change %
<b>Income</b>						
Interest income	329	223	48	693	571	21
Bad debts recovered	42	154	(73)	114	154	(26)
Gain on disposal of property, plant and equipment	6,265	7	NM	6,265	32	NM
Gain on acquisition of debt	-	-	NM	6,238	-	NM
Sale of scrap materials	166	42	NM	197	106	86
Government grants	105	377	(72)	531	377	41
<b>Expenses</b>						
Depreciation of right-of-use assets	183	173	6	364	308	18
Depreciation of property, plant and equipment	3,236	3,455	(6)	6,637	7,011	(5)
Net foreign currency exchange (gain)/loss	(93)	1,968	NM	758	343	NM
Interest expenses	75	19	NM	136	36	NM
Share-based payment expense	-	-	NM	-	41	(100)
Loss allowance on trade receivables	168	58	NM	168	58	NM
Inventories written down	-	447	(100)	-	447	(100)

**7. Income tax expense**

	Group	
	FY2021 S\$'000	FY2020 S\$'000
Current income tax		
- current financial year	493	203
- under provision in prior financial years	-	7
Income tax expense	<u>493</u>	<u>210</u>

**8. Dividend**

No dividend has been declared or recommended for the financial year ended 30 September 2021 (30 September 2020: Nil).

**9. Net asset value**

	Group		Company	
	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Net asset value	<u>114,879</u>	<u>99,681</u>	<u>147,657</u>	<u>141,302</u>
Net asset value per ordinary share based on issued share capital (Singapore cents)	<u>3.3 cents</u>	<u>2.8 cents</u>	<u>4.2 cents</u>	<u>4.0 cents</u>

**MARCO POLO MARINE LTD**

Company Registration No. 200610073Z

**10. Property, plant and equipment**

During the financial year ended 30 September 2021, the Group acquired property, plant and equipment for an amounting of S\$2,228,000 (30 September 2020: S\$6,966,000) and disposed and wrote off assets amounting to S\$9,156,000 (30 September 2020: S\$Nil).

**11. Borrowings**

	<u>Group</u>		<u>Company</u>	
	<u>FY2021</u> <u>S\$'000</u>	<u>FY2020</u> <u>S\$'000</u>	<u>FY2021</u> <u>S\$'000</u>	<u>FY2020</u> <u>S\$'000</u>
<u>Amount repayable within one year, or in demand</u>				
Secured	966	-	-	-
<u>Amount repayable after one year</u>				
Secured	3,250	-	-	-

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

**12. Share capital**

	<u>Group and Company</u>			
	<u>FY2021</u> <u>Number of shares</u>	<u>FY2020</u> <u>Number of shares</u>	<u>FY2021</u> <u>S\$'000</u>	<u>FY2020</u> <u>S\$'000</u>
<b>Issued and fully paid:</b>				
At beginning of financial year	3,526,818,503	3,524,529,761	155,752	155,671
Exercise of warrants <sup>(1)</sup>	-	2,288,742	-	81
At end of financial year	<u>3,526,818,503</u>	<u>3,526,818,503</u>	<u>155,752</u>	<u>155,752</u>

<sup>(1)</sup> Issuance of 2,288,742 consideration shares at exercise price of S\$0.035 per share upon exercise of warrants on 12 February 2020. All ordinary shares were fully paid.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 30 September 2020.

**13. Treasury shares**

	<u>Group and Company</u>			
	<u>FY2021</u> <u>Number of shares</u>	<u>FY2021</u> <u>S\$'000</u>	<u>FY2020</u> <u>Number of shares</u>	<u>FY2020</u> <u>S\$'000</u>
At beginning/end of the financial year	<u>4,201,400</u>	<u>1,203</u>	<u>4,201,400</u>	<u>1,203</u>

**14. Subsequent events**

The Group has announced that PT Marco Polo Indonesia ("PT MPI"), an indirect wholly-owned subsidiary of the Company, will participate in the Rights Issue (the "PT BBR Rights Issue") of Indonesian shipping agency company, PT Pelayaran Nasional Bina Buana Raya Tbk ("PT BBR").

PT MPI will provide an undertaking to PT BBR (the "Participation Undertaking") to fully subscribe for all its rights entitlements under the PT BBR Rights Issue, as well as any excess rights entitlements arising from the renouncement by two other substantial shareholders of PT BBR and the remaining public shareholders, subject to a maximum aggregate subscription amount of US\$17.0 million.

In order to take part in the Rights Issue, PT MPI was required to execute the Participation Undertaking within a short period of time. With the Group's major shareholders, holding a combined 51.21 per cent voting rights, supporting the proposed transaction, Marco Polo Marine Ltd sought and obtained a waiver from SGX which allowed it to participate in the Rights Issue without first convening an extraordinary general meeting of shareholders to approve the proposed transaction.

**MARCO POLO MARINE LTD**

Company Registration No. 200610073Z

Following the Rights Issue, PT MPI will become the majority shareholder of PT BBR with the shareholding increasing to up to 72 per cent (subject to the level of interests among PT BBR shareholders for the rights issue), from the current 34.8 per cent. PT BBR will transit from an associate company to a key subsidiary of Marco Polo Marine Ltd.

Further to the previous announcement on 24 May 2021, it is given to understood that the extraordinary general meeting (“EGM”) to approve the PT BBR Rights Issue has been postponed from 14 July 2021 to 26 August 2021 due to unforeseen administrative delays encountered by PT BBR in holding the PT BBR EGM. The EGM was then subsequently postponed again but it was eventually held on 22 October 2021. The Company will update the shareholders in due course on the progress of the PT BBR Rights Issue.

**MARCO POLO MARINE LTD**

Company Registration No. 200610073Z

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

The condensed consolidated statement of financial position of Marco Polo Marine Ltd. and its subsidiaries as at 30 September 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial year ended 30 September 2021 and certain explanatory notes have not been audited or reviewed.

**2. Review of financial performance of the Group**

Our Group's revenues for FY2021 (vis-à-vis FY2020) and H2FY2021 (vis-a-vis H2FY2020) were as follow:

	H2FY2021		H2FY2020		Change		FY2021		FY2020		Change	
	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%
Ship Chartering Operations	10.7	43	3.7	30	7.0	189	20.1	44	13.6	44	6.5	48
Ship Building & Repair Operations	14.3	57	8.5	70	5.8	68	26.0	56	17.2	56	8.8	51
	25.0	100	12.2	100	12.8	105	46.1	100	30.8	100	15.3	49

The Group recorded a revenue of S\$25.0 million in H2FY2021, an increase of 105% from that of S\$12.2 million registered in H2FY2020, and a revenue of S\$46.1 million in FY2021, an increase of 49% from that of S\$30.8 million registered in FY2020.

The revenue derived from the Ship Chartering Operations of the Group increased by 189% to S\$10.7 million in H2FY2021 from S\$3.7 million in H2FY2020, and an increase of 48% to S\$20.1 million in FY2021 from S\$13.6 million in FY2020. This increase was mainly due to the Group achieving a higher average utilization rate for both tugboats and barges and OSVs.

The Ship Building & Repair Operations of the Group recorded an increase in revenue of 68% to S\$14.3 million in H2FY2021 from S\$8.5 million in H2FY2020, and an increase of 51% to S\$26.0 million in FY2021 from S\$17.2 million in FY2020. The increase in revenue was mainly due to an increase in ship building revenue in relation to the construction of two Smart Fish Farm and an increase in volume of ship repair jobs during the year.

The Group's gross profit has increased to S\$7.0 million in H2FY2021 from S\$1.0 million in H2FY2020 with gross profit margin increasing to 28% in H2FY2021 from 8% in H2FY2020. On a full year basis, the gross profit increased to S\$12.0 million in FY2021 from S\$4.4 million in FY2020 with gross profit margin increasing to 26% in FY2021 from 14% in FY2020. The increase in gross profit in both H2FY2021 and FY2021 were contributed by the rise in revenue for both Ship Chartering and Shipyard Operations and an improvement in gross profit margin from Ship Chartering Operations.

The Group's other operating income increased to S\$6.9 million in H2FY2021 from S\$0.9 million in H2FY2020, mainly due to gain on disposal of property, plant and equipment of S\$6.3 million<sup>1</sup>. On a full year basis, the Group's other operating income increased to S\$14.2 million in FY2021 from S\$1.5 million in FY2020, mainly attributed to gain on acquisition of debt of S\$6.2 million and gain on disposal of property, plant and equipment of as mentioned in the earlier analysis.

The Group's administrative expenses increased to S\$3.2 million in H2FY2021 from S\$3.1 million in H2FY2020. On a full year basis, the administrative expenses decreased to S\$6.1 million in FY2021 from S\$6.3 million in FY2020.

<sup>1</sup> During the year, the Group has disposed 2 vessels to its joint venture company, PT BBR, for an aggregate amount of US\$14 million (or equivalent to S\$18.8 million). The gain of S\$6.3 million was derived by taking into account the difference in the aggregate sale price of US\$14 million and the aggregate net book value of the 2 vessels of US\$6.3 million (or equivalent to S\$9.2 million), adjusted for S\$3.3m deferred income to be recognised on the balance sheet. The sale price of the 2 vessels, of US\$7 million each, was determined based on a third party desktop valuation prepared by ALC Consulting Services Pte Ltd.

## MARCO POLO MARINE LTD

Company Registration No. 200610073Z

The Group's other operating expenses decreased to S\$1.7 million in H2FY2021 from S\$5.3 million in H2FY2020 due primarily to decrease in foreign exchange loss by S\$2.1 million and decrease in inventory written down by S\$0.4 million. In addition, depreciation under other operating expenses decreased by S\$1.1 million due to higher vessel utilisation rate achieved in H2FY2021 and accordingly, a smaller portion of the Group's total depreciation expense has been recognised under other operating expenses. Conversely, higher depreciation was recognised under of Cost of Sales as a result of higher vessel utilisation rate. On a full year basis, the Group's other operating expenses decreased to S\$5.0 million in FY2021 from S\$5.8 million in FY2020, attributed primarily to an S\$0.9 million decrease in depreciation due to reasons cited in the earlier.

The share of profits/losses from jointly controlled companies reversed to a profit of S\$0.2 million in H2FY2021 from loss of S\$1.8 million in H2FY2020 and reversed to a profit of S\$0.2 million in FY2021 from loss of S\$2.8 million in FY2020. The share of profits from jointly-controlled companies in H2FY2021 and FY2021 were mainly attributable to the share of profits in the Group's joint venture Pelayaran Era Sdn Bhd. The Group has ceased to recognise the share of results from its joint venture PT Pelayaran Nasional Bina Buana Raya Tbk ("PT BBR") in the current year since the losses to be recognised have exceeded the Company's cost of investment in PT BBR.

As a result of the above, we registered a net profit attributed to owners of the Company of S\$8.8 million in H2FY2021 compared to a net loss attributed to owners of the Company of S\$8.5 million in H2FY2020 and a net profit attributed to owners of the Company of S\$14.8 million in FY2021 compared to net loss attributed to owners of the Company of S\$9.2 million in FY2020.

Excluding foreign exchange losses and one-off gain arose from acquisition of debt and disposal of property, plant and equipment, the Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the Group reversed to positive of S\$6.1 million in H2FY2021 from negative S\$3.0 million in H2FY2020, and reversed to positive S\$10.0 million in FY2021 from negative S\$1.9 million in FY2020.

### 3. Review of financial position of the Group as at 30 September 2021 compared to that as at 30 September 2020

The non-current assets of the Group decreased by S\$4.4 million or 5% to S\$83.5 million as at 30 September 2021 from S\$87.9 million as at 30 September 2020. The decrease was mainly due to depreciation of vessels and the disposal of vessels which was partially offset by the acquisition of debt (as announced by the Company on 13 October 2020).

Inventories increased to S\$1.2 million as at 30 September 2021 from S\$0.9 million as at 30 September 2020, attributed mainly to the increase in volume of ship repair jobs during the year.

Trade receivables increased to S\$12.0 million at 30 September 2021 from S\$7.9 million at 30 September 2020, in line with the increase in overall group revenue for the year as the revenue has increased by S\$15.3 million or 50% to S\$46.1 million in FY2021 from S\$30.8 million in FY2020. As disclosed in the Group's financial statements that was published in the FY2020 Annual Report, the Group uses an allowance matrix to measure its expected credit loss for trade receivables and based on this allowance matrix, the Group has assessed that the provision for impairment of trade receivables is adequate at this juncture.

Amount due from joint ventures(current) increased to S\$21.0 million as at 30 September 2021 from S\$1.6 million as at 30 September 2020 due mainly to the sale of two vessels to PT BBR at an aggregate sale price of US\$14 million (approximately S\$18.8 million) as described in the footnotes on page 11. As announced by the Company on 24 May 2021 in relation to the PT BBR Rights Issue, the Group will be participating and subscribing for the relevant rights entitlements by way of converting this existing debt of US\$14 million into shares of PT BBR.

Trade payables of the Group increased by S\$3.8 million to S\$7.2 million as at 30 September 2021 from S\$3.4 million as at 30 September 2020, in line with the increase in the Group's business activities.

Other payables and accruals increased by S\$0.9 million to S\$5.3 million as at 30 September 2021 from S\$4.4 million as at 30 September 2020, due mainly to additional cost being accrued as result of increase in ship repair activities during the year.

The decrease in contract liabilities to S\$0.3 million as at 30 September 2021 from S\$1.0 million as at 30 September 2020, was attributed to the advances received for ship building projects.

The Group has recognised interest bearing loans amounting to S\$4.2 million as at 30 September 2021 due to drawdown of the Temporary Bridging Loans from financial institutions under Enterprise Singapore's Temporary Bridging Loan Programme with a repayment tenor of 5 years. The proceeds are to be used to fund the working capital requirements of the Group.

## MARCO POLO MARINE LTD

Company Registration No. 200610073Z

The increase in deferred income of S\$3.1 million to S\$6.4 million as at 30 September 2021 from S\$3.3 million as at 30 September 2020, is mainly due to the disposal of 2 vessels to its joint venture company, PT BBR, as described in the footnotes on page 11. A deferred income of S\$3.3 million was initially recognised from eliminating a portion of the gain on vessels sold to PT BBR. Under normal circumstances, the elimination of such gains would have been made against the cost of investment in this joint venture company. However, as the cost of investment has been impaired to a zero value at the point of disposal, the elimination of the gain resulted in a liability being recognised on the balance sheet of the Group instead. Assuming the PT BBR's rights issue is successful and the Company is able to assume control over PT BBR, this liability will be reduced to zero as PT BBR will be consolidated as a subsidiary of the Group.

The Group reported a net cash generated from operating activities of S\$8.8 million for FY2021, principally as a result of improvement in the revenue as business activities picked up. The cash and cash equivalent of the Group stood at S\$20.4 million as at 30 September 2021 as compared to S\$13.6 million in as at 30 September 2020.

Following from the above:

- (i) the working capital of the Group increased to S\$40.8 million as at 30 September 2021 from S\$15.2 million as at 30 September 2020;
- (ii) the net gearing of the Group (defined as the ratio of the aggregate of interest bearing loans net of cash and cash equivalents to total equity) remained at nil as at 30 September 2021 and 30 September 2020; and
- (iii) the net asset value per share of the Group increased to 3.3 cents as at 30 September 2021 from 2.8 cents as at 30 September 2020.

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

Not applicable.

#### **5. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The outlook for the offshore marine industry remains challenging as the COVID-19 pandemic has adversely affected global economic activity, resulting in both demand and supply side shocks to the worldwide economy. However, the Group has seen opportunities in certain segments and we have taken steps to capitalise on them.

For the Group's ship chartering business, we will continue to explore opportunities to support the booming offshore windfarm market. The utilisation of our fleet of tugboats and barges is also expected to continue to improve as construction activities in Singapore starts to pick up pace.

For the Group's shipyard division, we will continue to focus on securing ship repair and maintenance orders from regional ship owners. With regard to our Shipyard's dry dock 1 extension program as announced on 14 June 2021, it is approximately 54% completed as at the date of this announcement and the overall construction is expected to be fully completed as scheduled by January 2022.

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

The Company will release further updates on its business and operations on 1 December 2021.

## MARCO POLO MARINE LTD

Company Registration No. 200610073Z

***Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and factors such as general economic and business conditions, including the uncertainties of the pace of recovery of the United States of America economy, continued concerns of the scale of the possible adverse fallouts and their implications on the global scene triggered by the current Euro zone debt crisis, inflationary pressures and currency appreciation which will affect the continued strong growth in Asia, especially East Asia; timing or delay in signing, commencement, implementation and performance of programs, or the delivery of products or services under them; relationships with customers; competition; and ability to attract personnel. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future and any negative impacts arising from these issues will affect the performance of the Group's businesses, undue reliance must not be placed on these statements.***

6. **Details of any changes in company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.**

On 9 July 2012, the shareholders of the Company approved the adoption of: (a) a restricted share scheme; (b) a performance share scheme; and (c) an employee share option scheme ("ESOS").

On 24 April 2013, pursuant to the ESOS, the Company granted 5,110,000 share options to the Directors of the Company and employees of the Group, each of which is capable of being exercised into a new ordinary share of the Company (the "Share") at an exercise price of S\$0.415 each (the "2013 ESOS Options").

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

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

As at 30 September 2021, the following securities, which are capable of being exercised into Shares, remain outstanding:

1. 2,690,000 2013 ESOS Options (30 September 2020: 2,790,000);
2. 2,830,000 2015 ESOS Options (30 September 2020: 2,910,000); and
3. 266,790,135 Warrants (30 September 2020: 266,790,135 Warrants)

Save as disclosed, the Company has no outstanding convertibles as at 30 September 2021 and 30 September 2020.

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



**MARCO POLO MARINE LTD**

Company Registration No. 200610073Z

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes of duties and position held, if any, during the financial year
Mr Lee Wan Tang	72	Father to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Executive Director and CFO, Ms Liely Lee.	Appointed in 2020 as Advisor to the Company.  Advising on the setting of Group's business strategy and direction.	None
Mr Irryanto	66	Brother-in-law to our substantial shareholder, Mr Lee Wan Tang; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Executive Director and CFO, Ms Liely Lee.	Director (Shipyard Administration). He is responsible for the administrative function of PT Marco Polo Shipyard, a wholly-owned subsidiary of the Company.	None
Mr Simon Karuntu	72	Brother-in-law to our substantial shareholder, Mr Lee Wan Tang; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Executive Director and CFO, Ms Liely Lee.	Director (Shipyard Operations). He is in charge of overall operations and general administration of PT Marco Polo Shipyard, including handling government, statutory and other regulatory authorities and legal matters, a position he held since 2008.	None

**8. Interested Person Transactions**

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

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

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

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Sean Lee Yun Feng**  
Chief Executive Officer

**Liely Lee**  
Chief Financial Officer

26 November 2021