



MARCO POLO MARINE LTD
Company Registration No. 200610073Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH FINANCIAL QUARTER ("Q4FY2015") AND FULL FINANCIAL YEAR ENDED 30 SEPTEMBER 2015 ("FY2015")

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS

The balance sheet of the Group as at 30 September 2015, the income statement and cash flow statement of the Group for Q4FY2015 had, with effect from 10 December 2014, taken into account the deconsolidation of the relevant financial result/ position of PT Pelayaran Nasional Bina Buana Raya Tbk ("BBR") when the Group ceased to have a controlling interest in BBR following the renunciation of its rights entitlement in BBR to Nam Cheong Ltd (or its nominees) pursuant to the rights issue carried out by BBR on 13 November 2014 (the "Right Issue") as announced by the Company on 29 September 2014 (the "Deemed Disposal").

1.(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediate preceding financial year.

| | The Group | | | The Group | | |
|--|---------------------|---------------------|-------------|-------------------|-------------------|-------------|
| | Q4FY2015 S\$'000 | Q4FY2014 S\$'000 | % Change | FY2015 S\$'000 | FY2014 S\$'000 | % Change |
| Revenue | 15,248 | 23,620 | (35) | 93,893 | 113,109 | (17) |
| Cost of sales | (8,643) | (13,990) | (38) | (68,166) | (78,834) | (14) |
| Gross profit | 6,605 | 9,630 | (31) | 25,727 | 34,275 | (25) |
| Other operating income | 4,253 | 703 | NM | 8,217 | 1,325 | NM |
| Administrative expenses | (1,881) | (2,958) | (36) | (8,930) | (10,375) | (14) |
| Other operating expenses | (1,266) | (3,125) | (59) | (4,527) | (6,658) | (32) |
| Profit from operations | 7,711 | 4,250 | 81 | 20,487 | 18,567 | 10 |
| Finance costs | (1,360) | (1,230) | 11 | (4,193) | (6,095) | (31) |
| Share of results of jointly-controlled entities | (974) | 294 | NM | (282) | 1,213 | NM |
| Gain on deemed disposal of a subsidiary | - | - | - | 2,917 | - | NM |
| Impairment in investment in jointly control entity | (8,215) | - | NM | (8,215) | - | NM |
| (Loss)/profit before taxation | (2,838) | 3,314 | NM | 10,714 | 13,685 | (22) |
| Income tax | (197) | (803) | (75) | (2,798) | (3,327) | (16) |
| (Loss)/profit after taxation | (3,035) | 2,511 | NM | 7,916 | 10,358 | (24) |
| (Loss)/profit attributable to:- | | | | | | |
| Owners of the parent | (3,035) | 2,530 | NM | 8,521 | 10,146 | (16) |
| Non-controlling interests | - | (19) | NM | (605) | 212 | NM |
| | (3,035) | 2,511 | NM | 7,916 | 10,358 | (24) |

"Q4FY2015" denotes the fourth financial quarter of the financial year ended 30 September 2015 ("FY2015").

"FY2015" denotes the full financial year of FY2015.

"Q4FY2014" denotes the fourth financial quarter of the financial year ended 30 September 2014 ("FY2014").

"FY2014" denotes the full financial year of FY2014.

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

"NM" denotes not meaningful.

1.(a)(ii) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | The Group | | | The Group | | |
|--|---------------------|---------------------|-------------|-------------------|-------------------|-------------|
| | Q4FY2015 S\$'000 | Q4FY2014 S\$'000 | % Change | FY2015 S\$'000 | FY2014 S\$'000 | % Change |
| (Loss)/profit for the period | (3,035) | 2,511 | NM | 7,916 | 10,358 | (24) |
| Exchange differences on translating foreign operations | 5,430 | 2,839 | 91 | 5,222 | 1,881 | 178 |
| Other comprehensive income, net of tax | 5,430 | 2,839 | 91 | 5,222 | 1,881 | 178 |
| Total comprehensive income for the period | 2,395 | 5,350 | 55 | 13,138 | 12,239 | 7 |
| Total comprehensive income attributable to:- | | | | | | |
| Owners of the parent | 2,395 | 4,174 | 43 | 10,655 | 10,331 | 3 |
| Non-controlling interest | - | 1,176 | NM | 2,483 | 1,908 | 30 |
| | 2,395 | 5,350 | (55) | 13,138 | 12,239 | 7 |

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

| | The Group | | | The Group | | |
|--|---------------------|---------------------|-------------|-------------------|-------------------|-------------|
| | Q4FY2015 S\$'000 | Q4FY2014 S\$'000 | % Change | FY2015 S\$'000 | FY2014 S\$'000 | % Change |
| (Loss)/profit before income tax has been arrived at after charging/(crediting) | | | | | | |
| Depreciation and amortization | 2,905 | 4,971 | (42) | 12,188 | 21,015 | (42) |
| Net foreign currency exchange gain | (4,262) | (591) | NM | (7,579) | (221) | NM |
| Loss on disposal of property, plant and equipment | - | 70 | NM | - | 63 | NM |
| Gain on deemed disposal of a subsidiary | - | - | - | (2,917)* | - | NM |
| Impairment loss on trade receivables recognized | 443 | 1,254 | (65) | 748 | 1,254 | (40) |
| Interest income | (12) | (78) | (85) | (39) | (140) | (72) |
| Interest expenses | 1,361 | 1,230 | 11 | 4,193 | 6,095 | (31) |
| Share-based payment expenses | 14 | (69) | NM | 57 | 57 | - |
| (Gain)/loss fair value adjustment of derivative contract | (27) | 280 | NM | (186) | 446 | NM |
| Impairment in investment in jointly control entity | 8,215 | - | NM | 8,215 | - | NM |

*Inclusive of: (1) cumulative exchange differences of S\$3.0 million, which were recognized in the other comprehensive income to the Deemed Disposal; and (2) impairment in goodwill, recognized previously in January 2013 when the Group increased its equity interest in BBR, by S\$1.6 million.

1.(b)(i) A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.

| | The Group | | The Company | |
|---|--|--|--|--|
| | As at 30 September 2015 S\$'000 | As at 30 September 2014 S\$'000 | As at 30 September 2015 S\$'000 | As at 30 September 2014 S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 235,332 | 343,334 | - | - |
| Investment in subsidiaries | - | - | 4,320 | 4,320 |
| Goodwill | - | 5,250 | - | - |
| Investment in jointly controlled entities | 85,957 | 34,714 | 6,919 | 6,450 |
| Finance lease receivables | - | 718 | - | - |
| | 321,289 | 384,016 | 11,239 | 10,770 |
| Current assets | | | | |
| Inventories | 26,879 | 14,786 | - | - |
| Trade receivables | 9,176 | 15,467 | - | - |
| Due from customers for construction contracts | 64,183 | 23,419 | - | - |
| Other receivables, deposits & prepayment | 9,717 | 19,310 | 379 | 642 |
| Finance lease receivables | - | 541 | - | - |
| Due from subsidiaries (non-trade) | - | - | 99,179 | 94,326 |
| Fixed deposits | - | 1,286 | - | - |
| Cash and bank balances | 11,061 | 24,486 | 1,249 | 5,789 |
| | 121,016 | 99,295 | 100,807 | 100,757 |
| Total assets | 442,305 | 483,311 | 112,046 | 111,527 |
| Current liabilities | | | | |
| Bank overdraft | - | 786 | - | - |
| Trade payables | 19,205 | 14,922 | - | - |
| Due to customers for construction contracts | 6,508 | 3,718 | - | - |
| Other payables and accruals | 11,336 | 11,495 | 2,258 | 1,781 |
| Borrowings – interest bearing | 124,836 | 115,735 | - | - |
| Derivative financial instruments | 271 | 451 | - | - |
| Income tax payable | 6,698 | 7,359 | - | 15 |
| | 168,854 | 154,466 | 2,258 | 1,796 |
| Non-current liabilities | | | | |
| Borrowings – interest bearing | 94,966 | 107,388 | 50,000 | 50,000 |
| Deferred tax liabilities | 1,111 | 936 | - | - |
| | 96,077 | 108,324 | 50,000 | 50,000 |
| Total liabilities | 264,930 | 262,790 | 52,258 | 51,796 |
| Net assets | 177,374 | 220,521 | 59,788 | 59,731 |
| Share capital and reserves | | | | |
| Share capital | 59,239 | 59,239 | 59,239 | 59,239 |
| Capital reserve | - | 634 | - | - |
| Employee share option reserve | 142 | 85 | - | - |
| Treasury shares | (1,203) | (104) | (1,203) | - |
| Foreign currency translation reserve | 2,877 | 743 | - | - |
| Retained earnings | 116,319 | 107,798 | 1,752 | 492 |
| | 177,374 | 168,395 | 59,788 | 59,731 |
| Non-controlling interest | - | 52,126 | - | - |
| Total equity | 177,374 | 220,521 | 59,788 | 59,731 |

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

| | The Group | |
|--|---------------------|---------------------|
| | As at | As at |
| | 30 September | 30 September |
| | 2015 | 2014 |
| | S\$'000 | S\$'000 |
| Amount repayable in one year or less or on demand Secured* | 124,836 | 116,521 |
| Amount repayable after one year Secured* | 94,966 | 107,388 |

Details of any collateral

* These are secured by:

- Mortgages over certain property, plant and equipment of subsidiaries.
- Assignment of certain charter income and insurance policies of vessels of a subsidiary.
- Corporate guarantees by the Company and a related company.
- Certain plant and equipment are under finance lease arrangements.

1.(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | The Group | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Q4FY2015 | Q4FY2014 | FY2015 | FY2014 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash flow from operating activities | | | | |
| (Loss)/profit before income tax | (2,838) | 3,314 | 10,714 | 13,685 |
| Adjustments for: | | | | |
| Depreciation and amortization | 2,905 | 4,971 | 12,188 | 21,015 |
| Allowance for impairment of trade receivables | 443 | 1,254 | 748 | 1,254 |
| Interest expense | 1,361 | 1,230 | 4,193 | 6,095 |
| Interest income | (12) | (78) | (39) | (140) |
| Loss on disposal of property, plant and equipment | - | 70 | - | 63 |
| (Gain)/loss fair value adjustment of derivative contracts | (27) | 280 | (186) | 446 |
| Share of loss/(profit) in jointly-controlled entities | 974 | (294) | 282 | (1,213) |
| Share-based payment expenses | 14 | (69) | 57 | 57 |
| Impairment on investment in jointly controlled entity | 8,215 | - | 8,215 | - |
| Gain on deemed disposal of a subsidiary | - | - | (2,917) | - |
| Currency realignment | (2,262) | (133) | 292 | (945) |
| Operating profit before working capital changes | 8,773 | 10,545 | 33,547 | 40,317 |
| Working capital changes: | | | | |
| Inventories | (7,189) | (1,699) | (12,743) | 406 |
| Trade and other receivables | 27,004 | 19,174 | (667) | (5,407) |
| Due from customers for construction contracts | (8,770) | (11,469) | (37,974) | (11,137) |
| Trade and other payables | (8,789) | (5,428) | 11,722 | (3,007) |
| Cash from operations | 11,029 | 11,123 | (6,115) | 21,172 |
| Interest paid | (3) | (13) | (41) | (18) |
| Income tax paid | (141) | (679) | (3,075) | (1,737) |
| Net cash from/(used in) operating activities | 10,885 | 10,431 | (9,231) | 19,417 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (52,323) | (27,771) | (83,583) | (75,100) |
| Proceeds from disposal of property, plant and equipment | - | 588 | - | 595 |
| Advances to jointly controlled entities | - | (2,486) | - | (2,486) |
| Acquisition of investment in jointly controlled entities | - | (2,489) | - | (2,489) |
| Net cash inflow on acquisition of a subsidiary | - | - | (3,515) | - |
| Receipt of minimum lease payment | - | 654 | 718 | 654 |
| Net cash used in investing activities | (52,323) | (31,504) | (86,380) | (78,826) |
| Cash flows from financing activities | | | | |
| Proceeds from loans | 38,438 | 30,683 | 113,556 | 206,226 |
| Repayment of loans | (2,043) | (15,044) | (28,729) | (118,720) |
| Repayment of lease obligations | (57) | (22) | (92) | (106) |
| Interest paid on lease obligations | - | (7) | (1) | (26) |
| (Placement)/withdrawal of fixed deposits and bank balances pledged with licensed bank | 23 | (193) | 23 | (504) |
| Interest paid on term loans | (1,125) | (1,303) | (3,280) | (4,444) |
| Interest paid on medium term note | (234) | 93 | (871) | (1,607) |
| Dividend paid | - | - | - | (4,771) |
| Purchase of treasury shares | (200) | (4) | (1,203) | (211) |
| Interest received | 12 | 78 | 39 | 140 |
| Net cash from financing activities | 34,814 | 14,281 | 79,442 | 75,977 |
| Net change in cash and cash equivalents | (6,624) | (6,792) | (16,169) | 16,568 |
| Effect of exchange rate changes on cash and cash equivalents | 2,000 | (49) | 2,267 | (81) |
| Cash and cash equivalents at beginning of the period | 14,559 | 30,678 | 23,837 | 7,350 |
| Cash and cash equivalents at end of the period (Note 1) | 9,935 | 23,837 | 9,935 | 23,837 |

Note 1:

Cash and cash equivalents consist of:

| | The Group | |
|---|------------------|----------------|
| | FY2015 | FY2014 |
| | S\$'000 | S\$'000 |
| Cash and bank balances | 11,061 | 24,486 |
| Fixed deposits | - | 1,286 |
| Bank overdraft | - | (786) |
| Total cash, bank balances and fixed deposit | 11,061 | 24,986 |
| Less: fixed deposits and cash pledged | (1,126) | (1,149) |
| Cash and cash equivalents | 9,935 | 23,837 |

1.(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

| | Attributable to equity holders of the Group | | | | | | | | |
|---|---|-----------------|-----------------|-------------------------------|--------------------------------------|-------------------|---------|--------------------------|--------------|
| | Share capital | Treasury shares | Capital reserve | Employee share option reserve | Foreign currency translation reserve | Retained earnings | Total | Non-controlling interest | Total equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at 1 October 2013 | 59,239 | - | 634 | 28 | 558 | 102,423 | 162,882 | 50,324 | 213,206 |
| Profit for the year | - | - | - | - | - | 10,146 | 10,146 | 212 | 10,358 |
| Other comprehensive income, net of tax | - | - | - | - | 185 | - | 185 | 1,696 | 1,881 |
| Total comprehensive income for the year | - | - | - | - | 185 | 10,146 | 10,331 | 1,908 | 12,239 |
| Contributions by and distributions to owners | | | | | | | | | |
| Grant of employee share option | - | - | - | 57 | - | - | 57 | - | 57 |
| Purchase of treasury shares | - | (104) | - | - | - | - | (104) | (106) | (210) |
| Dividend paid | - | - | - | - | - | (4,771) | (4,771) | - | (4,771) |
| Total contributions by and distributions to owners | - | (104) | - | 57 | - | (4,771) | (4,818) | (106) | (4,924) |
| Balance as at 30 September 2014 | 59,239 | (104) | 634 | 85 | 743 | 107,798 | 168,395 | 52,126 | 220,521 |

| | Attributable to equity holders of the Group | | | | | | | | |
|---|---|-----------------|-----------------|-------------------------------|--------------------------------------|-------------------|---------|--------------------------|--------------|
| | Share capital | Treasury shares | Capital reserve | Employee share option reserve | Foreign currency translation reserve | Retained earnings | Total | Non-controlling interest | Total equity |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 October 2014 | 59,239 | (104) | 634 | 85 | 743 | 107,798 | 168,395 | 52,126 | 220,521 |
| Profit for the year | - | - | - | - | - | 8,521 | 8,521 | (605) | 7,916 |
| Other comprehensive income, net of tax | - | - | - | - | 2,134 | - | 2,134 | 3,088 | 5,222 |
| Total comprehensive income for the year | - | - | - | - | 2,134 | 8,521 | 10,655 | 2,483 | 13,138 |
| Contributions by and distributions to owners | | | | | | | | | |
| Grant of employee share option | - | - | - | 57 | - | - | 57 | - | 57 |
| Purchase of treasury shares | - | (1,203) | - | - | - | - | (1,203) | - | (1,203) |
| Disposal of subsidiary | - | 104 | (634) | - | - | - | (530) | (54,609) | (55,139) |
| Total contributions by and distributions to owners | - | (1,099) | (634) | 57 | - | - | (1,676) | (54,609) | (56,285) |
| Balance as at 30 September 2015 | 59,239 | (1,203) | - | 142 | 2,877 | 116,319 | 177,374 | - | 177,374 |

1.(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

| | The Company | | |
|---|----------------------|--------------------------|----------------|
| | Share capital | Retained Earnings | Total |
| | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 October 2013 | 59,239 | 4,353 | 63,592 |
| Total comprehensive income for the year | - | 910 | 910 |
| Dividend on ordinary shares | - | (4,771) | (4,771) |
| Balance as at 30 September 2014 | 59,239 | 492 | 59,731 |

| | The Company | | | |
|---|----------------------|------------------------|--------------------------|----------------|
| | Share capital | Treasury shares | Retained Earnings | Total |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 October 2014 | 59,239 | - | 492 | 59,731 |
| Total comprehensive income for the year | - | - | 1,260 | 1,260 |
| Purchase of treasury shares | - | (1,203) | - | (1,203) |
| Balance as at 30 September 2015 | 59,239 | (1,203) | 1,752 | 59,788 |

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

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, 4,910,000 shares options, which are capable of being exercised into the same equivalent number of shares of the Company, were issued by the Company pursuant to the ESOS Scheme.

On 28 April 2015, 4,980,000 shares options, which are capable of being exercised into the same equivalent number of shares of the Company, were issued by the Company pursuant to the ESOS Scheme.

Save as disclosed, the Company has no outstanding convertibles as at 30 September 2015 and 30 September 2014.

During the financial year ended 30 September 2015, the Company acquired 4,201,400 of its own shares through on-market purchases on the Singapore Exchange Securities Trading Limited and these shares are held as treasury shares.

1.(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| | As at 30 Sep 2015 | As at 30 Sep 2014 |
|--|--------------------------|--------------------------|
| Total number of issued ordinary shares (excluding treasury shares) | 336,548,600 | 340,750,000 |

1.(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Treasury Shares Movement:

| Date of share buy back | Number of shares |
|--|-------------------------|
| 24-Nov-14 | 1,107,000 |
| 25-Nov-14 | 249,000 |
| 26-Nov-14 | 789,000 |
| 28-Nov-14 | 772,000 |
| 01-Dec-14 | 93,000 |
| 04-Dec-14 | 128,000 |
| 05-Dec-14 | 50,000 |
| 08-Dec-14 | 36,000 |
| 10-Dec-14 | 56,000 |
| 11-Dec-14 | 91,000 |
| 08-Jul-15 | 325,600 |
| 09-Jul-15 | 139,000 |
| 10-Jul-15 | 169,900 |
| 13-Jul-15 | 195,900 |
| Treasury Shares as at 30 September 2015 | 4,201,400 |

2. Whether the figures have been audited, or reviewed in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 30 September 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company adopted all the new and revised Singapore Financial Reporting Standards (FRSs) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2014, where applicable. The adoption of these standards does not have a material impact on the financial statements of the Group and of the Company as at 1 October 2014.

6. Earnings per ordinary shares of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | The Group | |
|--|---------------------------------|---------------------------------|
| | FY2015 S\$'000 | FY2014 S\$'000 |
| Net profit attributable to shareholders | 8,521 | 10,146 |
| Earnings per share | | |
| Basic (Singapore cents) | 2.52 cents* | 2.98 cents** |
| Diluted (Singapore cents) | 2.52 cents* | 2.98 cents** |

* Basic and diluted earnings per share for FY2015 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$8.5 million and the weighted average number of shares of 337,716,675.

** Basic and diluted earnings per share for FY2014 is computed based on net profit for the period attributable to ordinary shareholders amounting to about S\$10.1 million and the weighted average number of shares of 340,750,000.

There were no potential dilutive shares as at 30 September 2015.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

| | The Group | | The Company | |
|---|--|--|--|--|
| | As at 30 September 2015 S\$'000 | As at 30 September 2014 S\$'000 | As at 30 September 2015 S\$'000 | As at 30 September 2014 S\$'000 |
| Net asset value as at the respective balance sheet dates | 177,374 | 168,395 | 59,788 | 58,774 |
| Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents) | 52.70 cents | 49.4 cents | 17.8 cents | 17.3 cents |

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.

Overview

The Group, comprising Marco Polo Marine Ltd (the "Company") and its subsidiaries, is a reputable regional integrated marine logistic company which principally engages in shipping and shipyard businesses.

The shipping business of the Group relates to the chartering of Offshore Supply Vessels ("OSVs"), which comprise mainly Anchor Handling Tug Supply (AHTS) vessels for deployment in the regional waters, including the Gulf of Thailand, Malaysia, Indonesia and Australia, 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 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.

(a) Review of the financial performance of the Group for FY2015 (compared to that of FY2014) and for Q4FY2015 (compared to that of Q4FY2014)

Revenue

The Group's revenue for FY2015 (*vis-à-vis* FY2014) and Q4FY2015 (*vis-à-vis* Q4FY2014) are as follows:

| | FY2015 | | FY2014 | | Change | | Q4FY2015 | | Q4FY2014 | | Change | |
|-----------------------------------|--------|-----|--------|-----|--------|------|----------|-----|----------|-----|--------|------|
| | S\$m | % | S\$m | % | S\$m | % | S\$m | % | S\$m | % | S\$m | % |
| Ship Chartering Operations | 32.4 | 35 | 64.7 | 57 | (32.3) | (50) | 7.3 | 49 | 16.5 | 70 | (9.2) | (56) |
| Ship Building & Repair Operations | 61.5 | 65 | 48.4 | 43 | 13.1 | 27 | 7.7 | 51 | 7.1 | 30 | 0.6 | 8 |
| | 93.9 | 100 | 113.1 | 100 | (19.2) | (17) | 15.0 | 100 | 23.6 | 100 | (8.6) | (36) |

The Group recorded a revenue of S\$15.0 million in Q4FY2015, a decrease of 36% from that of S\$23.6 million registered in Q4FY2014. On a full year basis, the Group's revenue decreased by 17% from S\$113.1 million in FY2014 to S\$93.9 million in FY2015.

Relative to the corresponding reporting periods of the last financial year, the Ship Chartering Operations' revenue of the Group decreased by 56% to S\$7.3 million in Q4FY2015 and decreased by 50% to S\$32.4 million in FY2015. The decrease was mainly due to: (i) the deconsolidation of the results of BBR following the Deemed Disposal; and (ii) the lower utilization of the Group's tugboat and barge fleet amidst the continued weakened shipping demand in the regional market for the shipment of coal and other commodities.

Despite of the challenging market condition, the Ship Building & Repair Operations of the Group recorded an increase in revenue of 8% in Q4FY2015 and 27% in FY2015 relative to the corresponding reporting periods of FY2014.

Chiefly as a result of lower turnover, the Group's overall gross profit decreased by 31% and 25% in 4QFY2015 and FY2015 respectively compared to the corresponding reporting periods of FY2014. Despite the Group achieving a higher gross profit margin of 43% in Q4FY2015 relative to that of 41% in Q4FY2014 due principally to improved utilization of its OSVs, its gross profit margin on a full year basis reduced from 30% in FY2014 to 27% in FY2015 chiefly as a result of a lower proportion of the revenue being contributed by the Ship Chartering Operations following the deconsolidation of the BBR's results, whereby the Ship Chartering Operations generally commanded a higher gross profit margin relative to the Ship Building & Repair Operations.

The Group's other operating income increased by \$3.6 million to S\$4.3 million in Q4FY2015 compared to S\$0.7 million in Q4Y2014, and increased by S\$6.9 million to S\$8.2 million in FY2015 from S\$1.3 million in FY2014. The increase was mainly due to increase in foreign exchange gain as a result of the appreciation of US\$ against S\$.

The Group's administrative expenses decreased by S\$1.1 million or 36% in Q4FY2015, from S\$3.0 million to S\$1.9 million, compared to Q4FY2014, and decreased by S\$1.5 million or 14% in FY2015, from S\$8.9 million to S\$10.4 million, compared to FY2014. The Group's other operating expenses decreased by \$1.9 million or 59% in Q4FY2015, from S\$3.1 million to S\$1.3 million, compared to Q4FY2014, and decreased by S\$2.2 million or 32% in FY2015, from S\$6.7 million to S\$4.5 million, compared to FY2014. The decrease was mainly attributed to the deconsolidation of BBR's results following the Deemed Disposal and, in line with reduced business activities, lower operating expenses.

The finance costs of the Group decreased by S\$1.9 million or 31% in FY2015, from S\$6.1 million to S\$4.2 million, compared to FY2014. The decrease was attributed mainly to: (1) the deconsolidation of BBR's interest expense attributed to vessel loans after the Deemed Disposal; and (2) the capitalization of interest of S\$1.6 million in Q4FY2015 and S\$2.8 million in FY2015 as part of the asset cost of the rig to be built by PPL Shipyard Pte Ltd ("PPL") as announced by the Company on 26 February 2014 with details contained in its Circular to the shareholders dated 17 March 2014 (the "Rig Under Construction"). Due to PPL's failure to comply with certain of its material contractual obligations, the Company had subsequently on 17 November 2015 issued PPL a notice of termination of the Rig Construction Contract (the "Termination").

The share of results from jointly controlled companies reversed to a loss of S\$1.0 million in Q4FY2015 from a profit of S\$0.3 million in Q4FY2014 and to a loss of S\$0.3 million in FY2015 from a profit of S\$1.2 million in FY2014. The reversal in results was mainly attributed to the share of losses of BBR, which outstripped the positive contribution from the other jointly controlled entity that principally engages in the chartering of Maintenance Work Vessel.

An impairment of S\$8.2 million was made to the Group's investment in BBR (a part of which was reflected as goodwill as at 30 September 2014), one of the jointly controlled entities of the Group, in Q4FY2015 (the "Investment Impairment") as the Group's share of the recoverable amount of BBR (derived based on BBR's discounted cashflow projection) is lower than its carrying value. As a consequence of the Investment Impairment (which is non-cash in nature), the Group's operating profit was reduced from S\$7.7 million in Q4FY2015 to a pre-tax loss of S\$2.8 million and from S\$20.5 million in FY2015 to a pre-tax profit of S\$10.7 million. Had it not for the Investment Impairment, the Group would have registered a higher pre-tax profit of S\$18.9 million (instead of S\$10.7 million) in FY2015, and this would have significantly outperformed the pre-tax profit of S\$13.7 million it attained in FY2014 by 38.0%.

The gain on deemed disposal of a subsidiary of S\$2.9 million as recorded in the Statement of Comprehensive Income for FY2015 was arrived at in connection with a re-measurement of the fair value of BBR (from a subsidiary to a jointly controlled company) as a result of the Deemed Disposal.

(b) Review of financial position of the Group as at 30 September 2015 compared to that as at 30 September 2014

The non-current assets of the Group decreased by S\$62.7 million or 16%, from S\$384.0 million as at 30 September 2014 to S\$321.3 million as at 30 September 2015. The decrease was attributed mainly to the deconsolidation of 76 vessels, worth about S\$179.4 million owned by BBR, from the Group's balance sheet following the Deemed Disposal, notwithstanding the recognition of: (i) the Group's equity interest of 34.8% in BBR as a jointly controlled entity; and (ii) a newly added AHTS, MP Prowess, in November 2014 and a Maintenance and Accommodation Work Vessel, MP Nautical Adlin, in July 2015.

The increase in inventories was mainly due to an increase in purchase of raw materials and equipment required for the building of vessels towards the end of the financial quarter ended 30 September 2015.

In tandem with reduced business activities, a decrease in trade receivables was recorded as at 30 September 2015.

The amounts due from customers for construction contracts increased by 174% to S\$64.2 million as at 30 September 2015 from S\$23.4 million as at 30 September 2014, mainly as a result of work done but yet to be billed and collected in respect of a vessel under construction.

The decrease in other receivable, deposits and prepayment were mainly due to a decrease in advance payments made for materials and equipment required for the building of vessels.

The increase in trade payables was mainly due to an increase in purchase of raw materials and equipment required for the building of vessels towards the end of the financial year ended 30 September 2015.

In tandem with reduced business activities, decrease in other payables and accruals were recorded as at 30 September 2015.

The Group's total interest-bearing borrowings decreased by S\$3.3 million to S\$219.8 million as at 30 September 2015 from S\$223.1 million as at 30 September 2014, primarily as a result of the deconsolidation of BBR's vessel loans following the Deemed Disposal albeit the drawdown of loans for the acquisition of vessels.

The Group reported a net cash used in operating activities of S\$9.2 million for FY2015, compared to a net cash generated from operating activities of S\$19.4 million in FY2014, principally as a result of increased amounts due from contract customers. The cash and cash equivalent of the Group accordingly decreased to S\$11.1 million as at 30 September 2015 from S\$24.5 million as at 30 September 2014.

Following from the above:

1. the negative working capital of the Group decreased from S\$55.2 million as at 30 September 2014 to S\$47.8 million as at 30 September 2015;
2. 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) increased to 117.7% as at 30 Sep 2015 from 89.8% as at 30 September 2014; and
3. the net asset value per share of the Group enhanced by 6.7% to 52.70 cents as at 30 September 2015 from 49.4 cents as at 30 September 2014.

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

Not applicable.

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

With oil prices continue to be volatile amidst uncertain political developments and socio-economic conditions globally and at levels still significantly lower than what they were in the corresponding period last year, without a broad based recovery in sight and by no means certain against the backdrop of a tepid global economy, the offshore oil and gas exploration and production activities in the region are expected to continue to remain muted with sentiments and demands for offshore vessels to continue to be adversely impacted. Amidst signs of weak market environment, the demands for tugboats and barges are also expected to continue to remain challenging.

The Group's Ship Building and Repair Operations are expected to continue to be affected by the global subdued economic outlook and strong competition in the region.

With regard to the Termination, appropriate announcement will be made by the Company as and when it deems fit. Shareholders are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

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.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded for Q4FY2015.

13. Interested Person Transactions

Pursuant to Rule 907 of the SGX-ST Listing Manual and the renewed IPT General Mandate procured from the shareholders of the Company on 29 January 2015, the following interested person transactions had been entered into during Q4FY2015:

| Name of Interested Persons | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under the Shareholders' Mandate (excluding transactions less than S\$100,000) pursuant to Rule 920 |
|----------------------------|--|--|
| | S\$'000 | S\$'000 |
| None | - | - |

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

Business segments

| | Ship chartering services S\$'000 | Shipbuilding and repair services S\$'000 | Total operations S\$'000 |
|--|--|--|--------------------------------|
| 2015 | | | |
| External revenue | 32,365 | 61,528 | 93,893 |
| Reportable segment results from operating activities | 12,375 | 9,256 | 21,631 |
| Share of profits in jointly controlled entities | (282) | - | (282) |
| Finance income | 30 | 6 | 36 |
| Finance costs | (3,221) | (208) | (3,429) |
| Unallocated net finance cost | | | (762) |
| Unallocated administrative expenses | | | (6,480) |
| Profit before income tax | | | 10,714 |
| Income tax expenses | | | (2,798) |
| Profit for the year | | | 7,916 |
| Reportable segment assets | 191,550 | 162,840 | 354,390 |
| Interest in jointly controlled entities | 85,957 | - | 85,957 |
| Goodwill | - | - | - |
| Unallocated assets | | | 1,958 |
| Total assets | | | 442,305 |
| Reportable segment liabilities | 84,692 | 127,972 | 212,664 |
| Unallocated liabilities | | | 52,266 |
| Total liabilities | | | 264,930 |
| Capital expenditure | 5 | 83,578 | 83,583 |

Other material non-cash items:

| | | | |
|--|-------|-------|--------|
| Depreciation | 9,384 | 2,804 | 12,188 |
| Allowance for impairment of trade receivable | 748 | - | 748 |
| Gain on deemed disposal of a subsidiary | 2,917 | - | 2,917 |

Business segments

| | Ship chartering services S\$'000 | Shipbuilding and repair services S\$'000 | Total operations S\$'000 |
|--|--|--|--------------------------------|
| 2014 | | | |
| External revenue | 64,717 | 48,392 | 113,109 |
| Reportable segment results from operating activities | 11,672 | 9,875 | 21,547 |
| Share of profits in jointly controlled entities | 1,213 | - | 1,213 |
| Finance income | 126 | 6 | 132 |
| Finance costs | (4,685) | (268) | (4,953) |
| Unallocated net finance cost | | | (1,134) |
| Unallocated administrative expenses | | | (3,120) |
| Profit before income tax | | | 13,685 |
| Income tax expenses | | | (3,327) |
| Profit for the year | | | 10,358 |
| Reportable segment assets | 310,909 | 126,000 | 436,909 |
| Interest in jointly controlled entities | 34,714 | - | 34,714 |
| Goodwill | 5,250 | - | 5,250 |
| Unallocated assets | | | 6,438 |
| Total assets | | | 483,311 |
| Reportable segment liabilities | 135,782 | 75,205 | 210,987 |
| Unallocated liabilities | | | 51,803 |
| Total liabilities | | | 262,790 |
| Capital expenditure * | 73,619 | 1,481 | 75,100 |
| <u>Other material non-cash items:</u> | | | |
| Depreciation | 17,608 | 3,407 | 21,015 |
| Allowance for impairment of trade receivable | 1,254 | - | 1,254 |
| Gain on disposal of plant and equipment | (70) | 7 | (63) |

* The amount includes capital expenditures acquired by lease obligation amounting to S\$289,000.

Geographical Information

Singapore and Indonesia (and to a lesser extent other regional countries in South East Asia) are the major markets for the Group's ship chartering activities. The Group undertakes its ship building and repairs activities in Indonesia.

For the purpose of segmental reporting by geographical region: (i) revenues from the external customers of the Group by region refer to the country of origin of the customers and not the destination for which the Group delivered its chartering services or built vessels; (ii) the

non-current assets (other than financial instruments and deferred tax assets) of the Group were spread across the countries in which the Group had its assets deployed.

| Geographical information 30 September 2015 | Revenues S\$'000 | % | Non-current assets S\$'000 | % |
|---|-----------------------------------|--------------|---|--------------|
| Singapore | 14,565 | 15.5 | 160,684 | 50.0 |
| Indonesia | 57,412 | 61.2 | 76,156 | 23.7 |
| Australia | 2,422 | 2.6 | 9,363 | 2.9 |
| Thailand | 8,090 | 8.6 | 5,039 | 1.6 |
| Malaysia | 4,458 | 4.7 | 70,047 | 21.8 |
| Other Asian countries | 5,641 | 6.0 | - | - |
| Europe | 423 | 0.5 | - | - |
| Canada | 882 | 0.9 | - | - |
| Total | 93,893 | 100.0 | 321,289 | 100.0 |

| Geographical information 30 September 2014 | Revenues S\$'000 | % | Non-current assets S\$'000 | % |
|---|-----------------------------------|--------------|---|--------------|
| Singapore | 47,943 | 42.2 | 97,665 | 25.4 |
| Indonesia | 50,522 | 44.7 | 241,718 | 62.9 |
| Australia | 3,048 | 2.7 | 9,893 | 2.6 |
| Thailand | 4,028 | 3.6 | 5,273 | 1.4 |
| Malaysia | 6,428 | 5.7 | 29,467 | 7.7 |
| Other Asian countries | 1,140 | 1.1 | - | - |
| Total | 113,109 | 100.0 | 384,016 | 100.0 |

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

The increase in revenue contribution from Thailand in FY2015 relative to FY2014 with a contemporaneous decrease in contribution from Malaysia was attributed mainly to the redeployment of an OSV from Malaysia water to Thailand water in FY2015.

The Group's increased share of non-current assets in Singapore was attributed mainly to down payment made for the Rig Under Construction while its decreased share of non-current assets in Indonesia was attributed mainly to deconsolidation of vessel owned by BBR.

16. Breakdown of sales.

| The Group | 2015 S\$'000 | 2014 S\$'000 |
|---|-------------------------------|-------------------------------|
| Revenue reported for the first quarter | 26,609 | 30,141 |
| Profit after tax before deducting MI reported for the first quarter | 6,805 | 3,524 |
| Revenue reported for the second quarter | 29,723 | 32,489 |
| Profit after tax before deducting MI reported for the second quarter | 3,801 | 3,061 |
| Revenue reported for the third quarter | 22,313 | 26,859 |
| Profit after tax before deducting MI reported for the third quarter | 344 | 1,262 |
| Revenue reported for the fourth quarter | 15,248 | 23,620 |
| Loss/(profit) after tax before deducting MI reported for the fourth quarter | (3,035) | 2,511 |

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

| | Latest Full Year (S\$'000) | Previous Full Year (S\$'000) |
|------------------------------|-----------------------------------|-------------------------------------|
| Ordinary – Special & interim | - | 4,771 |

18. 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 Irryanto | 59 | Brother-in-law to our Executive Chairman and substantial shareholder, Mr Lee Wan Tang; brother to our Non-Executive Director, Mdm Lai Qin Zhi; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Executive Director, 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 | 64 | Brother-in-law to our Executive Chairman and substantial shareholder, Mr Lee Wan Tang; brother-in-law to our Non-Executive Director, Mdm Lai Qin Zhi; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng, and Executive Director, 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 |
| Mr Loa Siong Bun | 43 | Brother-in-law to our Executive Chairman and substantial shareholder, Mr Lee Wan Tang; brother to our Non-Executive Director, Mdm Lai Qin Zhi; uncle to our CEO and Executive Director, Mr Sean Lee Yun Feng and Executive Director, Ms Liely Lee. | Chief Operating Officer of BBR. | Resigned as executive director and re-designated as Chief Operating Officer on 13 Nov 2014 |

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

The Company is in the process of procuring the said undertakings from all its Directors and Executive Officers.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sean Lee Yun Feng
Chief Executive Officer

Liely Lee
Executive Director

27 November 2015