



Atlantic Navigation
Holdings (Singapore) Limited

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

Results for the Financial Period Ended 31 March 2020

Unaudited Financial Statements and Dividend Announcement

In view of an Emphasis of Matter relating to "material uncertainty related to going concern" highlighted by the Company's independent auditor, Ernst & Young LLP, on the audited financial statements of the Group for the financial ended 31 December 2019, the Company is required by the Singapore Exchange Securities Trading Limited ("SGX-ST") to announce its quarterly financial statements pursuant to Rule 705 of the Catalist Rules.

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("Sponsor"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms. Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



First Quarter Financial Statement Announcement as on 31 March 2020

Part I - INFORMATION REQUIRED FOR QUARTERLY AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated income statement

	3 months ended		
	31/03/2020 ("1Q2020")	31/03/2019 ("1Q2019")	Increase/ (Decrease) %
(US\$'000)			
Revenue	19,280	15,163	27.2
Cost of services	(14,250)	(11,893)	19.8
Gross profit	5,030	3,270	53.8
Other items of income			
Finance income	-	2	N.M.
Other income	1	-	N.M.
Other items of expense			
Marketing and distribution expenses	(5)	(176)	(97.2)
Administrative expenses	(1,251)	(972)	28.7
Finance costs	(1,429)	(1,798)	(20.5)
Share of results of a joint venture*	-	322	N.M.
Withholding tax expense**	(481)	(368)	30.7
Profit before tax	1,865	280	N.M.
Income tax expense**	-	-	N.M.
Profit for the period, attributable to owners of the Company	1,865	280	N.M.
EBITDA*** for the period	5,515	4,383	25.8

* The operations of the joint venture had ceased and with formal completion agreement executed in 4Q FY2019.

** Previously disclosed as income tax expense and now presented as withholding tax expense in view of the nature of the tax expenditure.

*** EBITDA is computed based on profit before tax, finance costs, depreciation and amortisation.

Statement of comprehensive income

	3 months ended		
	31/03/2020 ("1Q2020")	31/03/2019 ("1Q2019")	Increase/ (Decrease) %
(US\$'000)			
Profit for the period	1,865	280	N.M.
Items that may be reclassified subsequently to profit or loss			
Net fair value changes on cash flow hedges****	(576)	(340)	69.4
Other comprehensive income for the period, net of tax	(576)	(340)	69.4
Total comprehensive income for the period, attributable to owners of the Company	1,289	(60)	N.M.

**** Due to the Group's application of hedge accounting since FY2019, the effective portion of loss on fair value changes in derivatives is recognised directly in other comprehensive income.

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

	3 months ended		
	31/03/2020 ("1Q2020")	31/03/2019 ("1Q2019")	Increase/ (Decrease)
(US\$'000)			%
Profit for the period is stated after crediting/(charging):			
Depreciation of property, vessels and equipment	(2,205)	(2,287)	(3.6)
Depreciation of right-of-use asset	(16)	(18)	(11.1)

N.M.: not meaningful

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

Balance Sheets

	Group		Company	
	Unaudited As at 31/03/2020	Audited As at 31/12/2019	Unaudited As at 31/03/2020	Audited As at 31/12/2019
(US\$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	166,126	168,330	-	-
Right-of-use asset	134	150	-	-
Intangible assets	149	150	141	141
Investment in subsidiaries	-	-	66,741	66,741
Advances, deposits and other receivables	-	-	39,999	39,999
Prepayments	389	465	-	-
	<u>166,798</u>	<u>169,095</u>	<u>106,881</u>	<u>106,881</u>
Current assets				
Inventories	344	611	-	-
Trade receivables	14,994	20,579	3,667	3,419
Advances, deposits and other receivables	3,379	2,749	11,133	11,595
Prepayments	1,050	714	14	-
Cash and bank balances	749	1,755	42	632
Bank deposits pledged	771	235	770	235
Restricted cash	183	363	-	-
	<u>21,470</u>	<u>27,006</u>	<u>15,626</u>	<u>15,881</u>
Total assets	<u>188,268</u>	<u>196,101</u>	<u>122,507</u>	<u>122,762</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	15,901	19,975	3,009	2,058
Accruals and other payables	5,793	6,694	507	509
Other non-financial liabilities	158	57	-	-
Amount due to shareholders	3,818	3,818	3,000	3,000
Lease liabilities	73	72	-	-
Loans and borrowings	15,818	16,342	7,657	7,657
	<u>41,561</u>	<u>46,958</u>	<u>14,173</u>	<u>13,224</u>
Net current (liabilities)/assets	<u>(20,091)</u>	<u>(19,952)</u>	<u>1,453</u>	<u>2,657</u>
Non-current liabilities				
Provisions	575	553	-	-
Amount due to shareholders	8,733	8,622	8,733	8,622
Lease liabilities	60	78	-	-
Derivatives	1,788	1,212	-	-
Loans and borrowings	48,310	52,726	16,590	17,866
	<u>59,466</u>	<u>63,191</u>	<u>25,323</u>	<u>26,488</u>
Total liabilities	<u>101,027</u>	<u>110,149</u>	<u>39,496</u>	<u>39,712</u>
Net assets	<u>87,241</u>	<u>85,952</u>	<u>83,011</u>	<u>83,050</u>
Equity attributable to owners of the Company				
Share capital	38,307	38,307	111,471	111,471
Other reserves	3,393	3,969	4,431	4,431
Retained earnings/(accumulated losses)	45,541	43,676	(32,891)	(32,852)
Total equity	<u>87,241</u>	<u>85,952</u>	<u>83,011</u>	<u>83,050</u>
Total equity and liabilities	<u>188,268</u>	<u>196,101</u>	<u>122,507</u>	<u>122,762</u>

1(b)(ii) Aggregate amount of group's external borrowings and debt securities

	As at 31/03/2020		As at 31/12/2019	
	Secured	Unsecured	Secured	Unsecured
(US\$'000)				
(a) Amount repayable in one year or less, or on demand	15,818	-	16,342	-
(b) Amount repayable after one year	48,310	-	52,726	-
Total borrowings and securities	64,128	-	69,068	-

The above credit facilities are secured by one or several of the following:-

- (i) Mortgage over certain vessels, as well as corporate guarantees and pledges over the shares of the respective companies owning the vessels mortgaged;
- (ii) Assignment of earnings/charter proceeds, insurances and requisition compensation of mortgaged vessels;
- (iii) Assignment of all rights, titles and interests of mortgaged vessels' charters;
- (iv) Bank deposits pledged in a retention account;
- (v) Financial covenant which requires the Group to maintain Tangible Net Worth of at least US\$50 million;
- (vi) Financial covenant as updated which requires the Group to maintain Adjusted Tangible Net Worth of at least US\$80 million;
- (vii) Adjusted leverage ratio as updated to be maintained at 1.75:1 or below. The ratio will be calculated as total liabilities (excluding cash margin and fixed deposits under lien i.e. cash encumbered for liabilities included in total liabilities) to Tangible Net Worth; and
- (viii) The Loan to Value ("LTV") to be 75%, 70% and 65% or below at all times as updated on respective loan facilities.

The amounts above do not include the loans and advances from shareholders of US\$11.2 million in aggregate which are unsecured as disclosed under Interested Person Transactions under Paragraph 13 of this announcement.

In October 2019, the Group had successfully concluded a re-profiling of 2 previous loan facilities comprising of a Short Term Revolving Loan of US\$5.0 million with maturity in July 2020 and a Medium Term Loan of US\$4.5 million with maturity in October 2021 with one of its principal bankers. These 2 loan facilities had been amalgamated to a new Medium Term Loan facility of US\$9.5 million (the "New MTL").

Although there were no new proceeds being released, the previous loan facilities had been termed-out with the maturity for the New MTL being May 2025. The interest rate on the New MTL secured against the same vessels at similar LTV financial covenants has also been lowered marginally compared to the previous interest rate on a weighted average basis with respect to the previous loan facilities.

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

<u>Consolidated Cash Flows Statement</u>	3 months ended	
	31/03/2020	31/03/2019
(US\$'000)		
Profit before tax	1,865	280
<u>Adjustments for:</u>		
Net loss on disposal of property, vessels and equipment	-	-*
Interest income		(2)
Depreciation of property, vessels and equipment	2,205	2,287
Depreciation of right-of-use asset	16	18
Share of results of a joint venture	-	(322)
Finance costs	1,429	1,798
Provisions	27	11
Total adjustments	3,677	3,790
Operating cash flows before changes in working capital	5,542	4,070
Decrease/(increase) in inventories	267	(162)
Increase in vessel held for sale	-	(150)
Decrease/(increase) in trade receivables	5,585	(1,274)
Increase in advances, deposits and other receivables	(630)	(393)
Increase in prepayments	(260)	(548)
Decrease in trade payables	(4,074)	(1,179)
Decrease in accruals and other payables	(424)	(1,377)
Decrease in provisions	(5)	(8)
Increase/(decrease) in other non-financial liabilities	101	(206)
Total changes in working capital	560	(5,297)
Cash generated from/(used in) operations	6,102	(1,227)
Interest received	-	2
Interest paid	(1,795)	(1,847)
Net cash flows generated from/(used in) operating activities	4,307	(3,072)
Investing activities		
Distribution from a joint venture	-	798
Proceeds from disposal of property, vessels and equipment	-	2
Net cash flows generated from investing activities	-	800
Financing activities		
Proceeds from shareholder advance	-	1,500
Proceeds from loans and borrowings	-	1,590
Repayment of loans and borrowings	(4,610)	(3,043)
Repayment of lease liabilities	(17)	(21)
(Increase)/decrease in bank deposits pledged and restricted cash	(356)	15
Net cash flows (used in)/generated from financing activities	(4,983)	41
Decrease in cash and cash equivalent	(676)	(2,231)
Cash and cash equivalent at beginning of the period	1,425	4,935
Cash and cash equivalents at end of the period (Note A)	749	2,704
Note A: Cash and cash equivalents comprise the following at the end of the reporting period:		
Cash and bank balances	749	3,710
Bank overdrafts	-	(1,006)
Net balance	749	2,704

* Less than US\$1,000

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement for Changes in Equity

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2020	85,952	38,307	3,969	43,676
Profit for the period	1,865	-	-	1,865
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	(576)	-	(576)	-
Other comprehensive income for the period, net of tax	(576)	-	(576)	-
Balance at 31 March 2020	87,241	38,307	3,393	45,541

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2019	84,271	38,307	4,690	41,274
Profit for the period	280	-	-	280
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	(340)	-	(340)	-
Other comprehensive income for the period, net of tax	(340)	-	(340)	-
Balance at 31 March 2019	84,211	38,307	4,350	41,554

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2020	83,050	111,471	4,431	(32,852)
Loss for the period, representing total comprehensive income for the period	(39)	-	-	(39)
Balance at 31 March 2020	83,011	111,471	4,431	(32,891)

Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2019	83,466	111,471	4,431	(32,436)
Loss for the period, representing total comprehensive income for the period	(416)	-	-	(416)
Balance at 31 March 2019	83,050	111,471	4,431	(32,852)

1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Company	Number of ordinary shares	Share capital (US\$'000)
As at 31 December 2019	523,512,144	111,471
As at 31 March 2020	523,512,144	111,471

During the 3-month period ended 31 March 2020, there were no changes in the issued and paid-up share capital of the Company.

On 30 January 2014, the Company granted 4,050,000 share options under the Atlantic 2008 Employee Share Option Scheme ("Atlantic 2008 ESOS"). 2,025,000 share options were exercisable between 30 January 2015 and 29 January 2020, and the remaining 2,025,000 share options were exercisable between 30 January 2016 and 29 January 2020, at the exercise price of S\$0.34 if the vesting conditions were met. The estimated fair value of the options granted is approximately S\$405,000 (equivalent to approximately US\$319,000). The Atlantic 2008 ESOS has been terminated on 29 April 2015. The termination of the Atlantic 2008 ESOS shall not affect the outstanding share options granted and accepted but remain unexercised (whether fully or partially). These share options had since expired on 29 January 2020.

On 12 May 2015, the Company granted 750,000 share options under the Atlantic 2015 Employee Share Option Scheme ("Atlantic 2015 ESOS") to Mr. Wong Siew Cheong. 375,000 share options are exercisable between 12 May 2016 and 11 May 2020, and the remaining 375,000 share options are exercisable between 12 May 2017 and 11 May 2020, at the exercise price of S\$0.43 if the vesting conditions are met. The estimated fair value of the options granted is approximately S\$76,000 (equivalent to approximately US\$54,000). These share options had since expired on 11 May 2020.

As at 31 March 2020, the total numbers of share options outstanding were 750,000 (31 March 2019: 4,800,000).

Save as disclosed, there were no other outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 2020 and 31 March 2019.

On 11 March 2019, the Company issued 262,918,394 Subscription Shares to Saeed Investment Pte. Ltd., pursuant to the terms and conditions of the Subscription Agreement, with the shares being held at HSBC (Singapore) Nominees Pte Ltd.

Mr. Kum Soh Har, Michael and Madam Ong Bee Yong, Lynda are deemed interested in 262,918,394 shares in the capital of the Company which are held by Saeed Investment Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore.

Mr. Wong Siew Cheong is interested in 166,599,000 shares and is deemed to be interested in 33,375,000 shares in the capital of the Company which are held by his spouse, Madam Chong Mee Chin.

1 (d)(iii) To show 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	
	31/03/2020	31/12/2019
Total number of issued shares excluding treasury shares	523,512,144	523,512,144

There were no treasury shares as at 31 March 2020 and 31 December 2019.

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

Not applicable. The Company does not have any treasury shares.

1 (d)(v) A statement showing all the sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

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

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

a) Updates on the efforts taken to resolve each outstanding audit issue.

b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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.

The Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2019.

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.

Not applicable.

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

	3 months ended	
	31/03/2020	31/03/2019
Earnings per ordinary share ("EPS") for the period based on net profit attributable to owners of the Company (US\$ cents).		
Basic EPS	0.36	0.05
Diluted EPS	0.36	0.05
Weighted average number of ordinary shares on issue applicable to basic EPS	523,512,144	523,512,144
Weighted average number of ordinary shares on issue applicable to diluted EPS	523,512,144	523,512,144

The share options granted to employees under the existing Atlantic 2008 ESOS and Atlantic 2015 ESOS have not been included in the calculation of diluted EPS because they are anti-dilutive.

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

	Group as at		Company as at	
	31/03/2020	31/12/2019	31/03/2020	31/12/2019
Net asset value per ordinary share (US\$ cents)	16.66	16.42	15.86	15.86

The net asset value per ordinary share of the Company and the Group were calculated based on 523,512,144 shares (excluding treasury shares) as at 31 March 2020 and 31 December 2019.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

a) **Review of results of operations**

(i) **Revenue by business segments**

(US\$'000)	3 months ended		
	31/03/2020 ("1Q2020")	31/03/2019 ("1Q2019")	Increase/ (Decrease) %
Marine logistics services ("MLS")	19,001	15,075	26.0
Ship repair, fabrication and other marine services ("SRM")	279	88	217.0
	19,280	15,163	27.2

The Group's revenue for the MLS segment for 1Q2020 increased by US\$3.9 million or 26.0%, from US\$15.1 million in 1Q2019 to US\$19.0 million in 1Q2020. The increase in revenue was mainly attributable to the higher utilisation rate of owned vessels in 1Q2020 compared to 1Q2019.

The Group's revenue for the SRM segment for 1Q2020 increased by US\$0.2 million or 217.0% compared to 1Q2019 mainly due to the higher level of repairs works undertaken on third party vessels. SRM segment revenue were low as the division was mainly involved in maintenance, repairs and overhaul works of the Group's owned vessels.

(ii) **Gross profit and gross profit margin**

(US\$'000)	3 months ended		
	31/03/2020 ("1Q2020")	31/03/2019 ("1Q2019")	Increase/ (Decrease) %
Gross profit			
MLS	4,859	3,246	49.7
SRM	171	24	612.5
	5,030	3,270	53.8

	3 months ended	
	31/03/2020 ("1Q2020")	31/03/2019 ("1Q2019")
Gross profit margin		
MLS	25.6%	21.5%
SRM	61.3%	27.3%
Overall	26.1%	21.6%

The Group reported gross profit of US\$4.9 million for the MLS segment during 1Q2020, compared to a gross profit of US\$3.2 million in 1Q2019. The increase in gross profit by US\$1.6 million or 49.7% in 1Q2020 compared to 1Q2019 corresponded with the increase in revenue primarily as a result of a higher utilisation of owned vessels as well as a corresponding reduction in costs with less vessels and time being off-hired.

The Group reported gross profit of approximately US\$171,000 for the SRM segment during 1Q2020, compared to gross profit of approximately US\$24,000 in 1Q2019. The increase in gross profit of US\$147,000 or 612.5% in 1Q2020 was mainly due to higher level of repair works undertaken on third party vessels.

(iii) **Other income**

Other income for 1Q2020 was mainly pertaining to sales of scrap.

(iv) Marketing and distribution expenses

Marketing and distribution expenses in 1Q2020 decreased by US\$0.2 million or 97.2% as compared to 1Q2019 mainly due to higher consultancy expenses in 1Q2019 which were related to vessel specification modifications and enhancements as well as lower travel expenses in 1Q2020.

(v) Administrative expenses

Administrative expenses for 1Q2020 increased by US\$0.3 million or 28.7% as compared to 1Q2019 mainly due to increase in staff and related costs of US\$0.1 million in line with the increase in activities of the Group and that 1Q2019 included one-off items of US\$0.2 million mainly related to the reversal of provision of bonus and unutilised leave salaries.

(vi) Finance costs

Finance costs decreased by US\$0.4 million or 20.5% in 1Q2020 to US\$1.4 million as compared to US\$1.8 million in 1Q2019 corresponding to lower amount of bank borrowings due to repayments made during the period.

(vii) Withholding tax expense

The withholding tax expenses relates to withholding tax on foreign charter income.

(viii) Profit before tax

The Group recorded a profit before tax of US\$1.9 million in 1Q2020 compared to a profit before tax of US\$0.3 million in 1Q2019 mainly due to an increase in gross profit, lower finance costs and lower marketing and distribution expenses, partially offset by increase in administrative expenses and higher withholding tax.

(b) Review of financial position

(i) Non-current assets

Non-current assets decreased by US\$2.3 million from US\$169.1 million as at 31 December 2019 to US\$166.8 million as at 31 March 2020 mainly due to depreciation charges of US\$2.2 million and decrease in non-current portion of prepayments.

(ii) Current assets

Current assets decreased by US\$5.5 million from US\$27.0 million as at 31 December 2019 to US\$21.5 million as at 31 March 2020. This was mainly due to decrease in inventories of US\$0.3 million, decrease in trade receivables of US\$5.6 million mainly due to the repayment of contractual retention and decrease in cash and bank balances of US\$1.0 million, partially offset by increase in advances, deposits and other receivables of US\$0.6 million, increase in prepayments of US\$0.3 million and increases in bank deposits pledged of US\$0.5 million.

(iii) Non-current liabilities

Non-current liabilities reduced by US\$3.7 million from US\$63.2 million as at 31 December 2019 to US\$59.5 million as at 31 March 2020. This was mainly due to repayment of non-current portion of the term loans of US\$4.4 million, partially offset by the increase in the loss on fair value changes in derivatives of US\$0.6 million and increase in other payable of US\$0.1 million.

(iv) Current liabilities

Current liabilities decreased by US\$5.4 million from US\$47.0 million as at 31 March 2019 to US\$41.6 million as at 31 March 2020, primarily due to decrease in trade payable of US\$4.1 million, decrease in accruals and other payables of US\$0.9 million, repayment of loans and borrowings of US\$0.5 million (including bank overdraft of US\$0.3 million), partially offset by increase in other non-financial liabilities of US\$0.1 million.

(v) Net current liabilities

Net current liabilities increased by US\$0.1 million from US\$20.0 million as at 31 December 2019 to US\$20.1 million as at 31 March 2020, primarily due to decrease in current assets of US\$5.5 million, partially offset by decrease in current liabilities of US\$5.4 million.

The Group will be able to continue as a going concern as there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the Group continues to expect to be able to generate sufficient cash flows from its operations as well as securing the continued support from its principal bankers (as evidenced by the re-profiling of certain facilities as mentioned in Paragraph 1b(ii) of this announcement) and other stakeholders. Please also refer to the Company's announcement dated 15 April 2020 for the details on factors taken into account by the Management and the Directors in arriving at the above opinion.

(c) Liquidity and capital resources

(i) Net cash flow generated from operating activities

Net cash flows generated from operating activities amounted to US\$4.3 million in 1Q2020. This was mainly due to operating cash flow before changes in working capital of US\$5.5 million and positive changes in working capital of US\$0.6 million, partially offset by interest paid of US\$1.8 million.

(ii) Net cash flows generated from investing activities

There were no net cash flow generated from investing activities in 1Q2020 while 1Q2019 was in relation to distribution from a joint venture.

(iii) Net cash flows used in financing activities

Net cash flows used in financing activities of US\$5.0 million in 1Q2020 was mainly due to principal repayment of bank loans of US\$4.6 million and increase in bank deposit pledged and restricted cash of US\$0.4 million.

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

Not applicable. No forecast or prospect statement pertaining to 1Q2020 had been disclosed to shareholders.

10 A commentary at the date of the announcement of the significant trends and 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 recent global COVID-19 pandemic has resulted in severe negative consequences on the global economy. Global oil prices had declined significantly to currently about US\$30 per barrel for international Brent crude compared to about US\$60 per barrel at the start of the year characterised by drastic decrease in demand compounded by the lag and deemed insufficiency of international supply cuts. This could in turn result in tightening of budgets of oil companies as over-supply of vessels continues to lead to intense competition in the offshore market. These factors could negatively impact the demand for the Group's services resulting in lower utilisation, revenue and margins.

Despite the above negative macroeconomic factors, the Group had not been significantly impacted as evident by its utilisation rate in 1Q2020 of 86.3% vs 1Q2019 of 72.3%. As at 31 March 2020, the Group had outstanding chartering order books of US\$77.4 million with respect to firm contracts in the Middle East until September 2022, with an additional US\$68.4 million assuming that the respective vessels' extension options are exercised.

While ensuring that the long-term contracts continue to be fulfilled, the Group will continue working to mitigate the potential impact of the negative macroeconomic factors by focusing on utilisation rates through enhancing its competitiveness by working closely with customers to offer integrated solutions and actively marketing its vessels. The Group also intends to adopt other corporate measures by working closely with its stakeholders to manage its working capital requirements in view of an expected protracted difficult market environment.

11 Dividend

a) Current Financial Period Reported on

Any dividend recommended 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.

12 If no dividend has been declared/(recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended in view of the operational and financial requirements of the Group.

13 Interested Person Transactions

The Company has established review and approval procedures to ensure that interested person transactions entered into by the Group are conducted on normal terms and are not prejudicial to the interests of shareholders. In the event that a member of the Audit Committee of the Company ("AC") is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

The AC has reviewed the rationale for and terms of the Group's interested person transactions and is of the view that the interested person transactions are entered on normal terms and are not prejudicial to the interests of shareholders.

Name of Interested Person	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
Wong Siew Cheong ⁽¹⁾	US\$111,198 (Approximately S\$158,473)	-
Kum Soh Har ⁽²⁾	US\$45,500 (Approximately S\$64,844)	-

Note:

- (1) As at 31 March 2020, Mr. Wong Siew Cheong, the Executive Director and CEO, had provided an aggregate of US\$7.3 million loan to the Group (the "Loan") which is subsumed in Other Payables under Non-Current Liabilities in the Balance Sheet where the Loan is unsecured, interest-bearing at interest rate of 6% per annum, and advances of US\$0.8 million which is unsecured, non-interest bearing, both sums to be settled in cash.
- (2) As at 31 March 2020, Mr. Kum Soh Har, Michael, the Non-Executive Non-Independent Chairman, had provided an aggregate of US\$3.0 million shareholder advance (the "Advance") through Saeed Investment Pte. Ltd., the Controlling Shareholder of the Company, to the Group where the Advance is unsecured, interest-bearing at interest rate of 6% per annum, and is to be settled in cash. Although the amount currently is less than S\$100,000, the information is presented for completeness.

The Group does not have any interested person transaction general mandate from shareholders pursuant to Rule 920 of the Catalist Rules.

14 Negative confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results for the financial period ended 31 March 2020 to be false or misleading in any material aspect.

15 Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD
Wong Siew Cheong
Executive Director and Chief Executive Officer
12 May 2020