



ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

Results for the Financial Period Ended 30 June 2016

Unaudited Financial Statements and Dividend Announcement

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Advisors Private Limited (former known as Canaccord Genuity Singapore Pte. Ltd.) ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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.

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Second Quarter Financial Statement Announcement as on 30 June 2016

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 Statement of Comprehensive Income

	3 months ended			6 months ended		
	30/06/2016 ("2Q2016")	30/06/2015 ("2Q2015")	Increase/ (Decrease) %	30/06/2016 ("HY2016")	30/06/2015 ("HY2015")	Increase/ (Decrease) %
(US\$'000)						
Revenue	8,789	11,962	(26.5)	15,742	25,704	(38.8)
Cost of services	(6,245)	(6,599)	(5.4)	(12,013)	(14,200)	(15.4)
Gross profit	2,544	5,363	(52.6)	3,729	11,504	(67.6)
Finance income	4	3	33.3	9	7	28.6
Other income	3	4	(25.0)	68	7	871.4
Share of results of an associate	107	-	N.M.	207	-	N.M.
Other items of expense						
Marketing and distribution expenses	(44)	(34)	29.4	(94)	(50)	88.0
Administrative expenses	(1,432)	(1,309)	9.4	(2,791)	(2,722)	2.5
Finance costs	101	(316)	(132.0)	(903)	(649)	39.1
Other expense	-	(368)	N.M.	-	(368)	N.M.
Profit before tax	1,283	3,343	(61.6)	225	7,729	(97.1)
Income tax expense	-	-	-	-	-	-
Profit for the period attributable to owners of the Company	1,283	3,343	(61.6)	225	7,729	(97.1)
Total comprehensive income for the period attributable to owners of the Company	1,283	3,343	(61.6)	225	7,729	(97.1)

N.M. : not meaningful

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			6 months ended		
	30/06/2016 ("2Q2016")	30/06/2015 ("2Q2015")	Increase/ (Decrease) %	30/06/2016 ("HY2016")	30/06/2015 ("HY2015")	Increase/ (Decrease) %
(US\$'000)						
Profit for the period is stated after (charging)/crediting:						
Depreciation of property, vessels and equipment	(1,543)	(1,311)	17.7	(2,964)	(2,583)	14.8
Grant of equity-settled share options to employees	(6)	(21)	(71.4)	(22)	(54)	(59.3)
Provision for unauthorised withdrawal of funds	-	(368)	N.M.	-	(368)	N.M.

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 30/06/2016	Audited As at 31/12/2015	Unaudited As at 30/06/2016	Audited As at 31/12/2015
(US\$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	173,004	108,642	-	-
Intangible asset	141	141	141	141
Investment in subsidiaries	-	-	66,741	66,741
Investment in an associate	750	542	749	542
Prepayments	428	145	-	-
	<u>174,323</u>	<u>109,470</u>	<u>67,631</u>	<u>67,424</u>
Current assets				
Inventories	195	117	-	-
Vessels held for sale	719	719	-	-
Trade and other receivables	14,261	15,682	74,178	27,543
Prepayments	892	219	94	27
Cash and cash equivalents	2,997	4,261	1,006	799
Bank deposits pledged	2,667	-	2,143	-
	<u>21,731</u>	<u>20,998</u>	<u>77,421</u>	<u>28,369</u>
Total assets	<u>196,054</u>	<u>130,468</u>	<u>145,052</u>	<u>95,793</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	11,812	6,858	47	136
Other liabilities	3,737	2,673	732	99
Loans and borrowings	35,854	13,677	32,997	12,820
	<u>51,403</u>	<u>23,208</u>	<u>33,776</u>	<u>13,055</u>
Net current (liabilities)/assets	<u>(29,672)</u>	<u>(2,210)</u>	<u>43,645</u>	<u>15,314</u>
Non-current liabilities				
Provisions	490	438	-	-
Loans and borrowings	47,827	10,735	36,043	7,522
	<u>48,317</u>	<u>11,173</u>	<u>36,043</u>	<u>7,522</u>
Total liabilities	<u>99,720</u>	<u>34,381</u>	<u>69,819</u>	<u>20,577</u>
Net assets	<u>96,334</u>	<u>96,087</u>	<u>75,233</u>	<u>75,216</u>
Equity attributable to owners of the Company				
Share capital	12,370	12,370	85,534	85,534
Other reserves	621	599	362	340
Retained earnings/(accumulated losses)	83,343	83,118	(10,663)	(10,658)
Total equity	<u>96,334</u>	<u>96,087</u>	<u>75,233</u>	<u>75,216</u>
Total equity and liabilities	<u>196,054</u>	<u>130,468</u>	<u>145,052</u>	<u>95,793</u>

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

	As at 30/06/2016		As at 31/12/2015	
	Secured	Unsecured	Secured	Unsecured
(US\$'000)				
(a) Amount repayable in one year or less, or on demand	35,854	-	13,677	-
(b) Amount repayable after one year	47,827	-	10,735	-
Total borrowing and securities	83,681	-	24,412	-

The above credit facilities are secured by one or several of

- (i) Mortgage over certain vessels;
- (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; and
- (v) Financial covenant which requires the Group to maintain Tangible Net Worth of at least US\$50 million.

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 Flow Statement</u>	6 months ended	
	30/06/2016	30/06/2015
(US\$'000)		
Operating activities		
Profit before tax	225	7,729
<u>Adjustments for:</u>		
Interest income	(9)	(7)
Depreciation of property, vessels and equipment	2,964	2,583
Share of results of an associate	(207)	25
Finance costs	903	649
Provisions	74	69
Grant of equity-settled share options to employees	22	54
Operating cash flows before changes in working capital	3,972	11,102
Increase in inventories	(78)	(37)
Decrease / (increase) in trade and other receivables	1,421	(3,134)
Increase in prepayments	(956)	(463)
Increase / (decrease) in trade and other payables	4,931	(275)
Increase / (decrease) in other liabilities	1,064	(72)
Cash generated from operations	10,354	7,121
Interest received	9	7
Interest paid	(903)	(649)
Net cash flows from operating activities	9,460	6,479
Investing activities		
Purchase of property, vessels and equipment	(67,326)	(1,914)
Proceeds from disposal of property, vessels and equipment	-	38
Investment in an associate	-	(500)
Addition to intangible assets	-	(141)
Net cash flows used in investing activities	(67,326)	(2,517)
Financing activities		
Dividends paid on ordinary shares	-	(1,570)
Proceeds from loans and borrowings	62,360	4,284
Repayment of loans and borrowings	(3,091)	(7,002)
Increase in bank deposits pledged	(2,667)	(215)
Net cash flows generated from / (used in) financing activities	56,602	(4,503)
Net decrease in cash and cash equivalents	(1,264)	(541)
Cash and cash equivalents at beginning of the period	4,261	6,054
Cash and cash equivalents at end of the period	2,997	5,513

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 immediately preceding financial year.

Statements for Changes in Equity

Group	Equity, total Share capital		Other reserves			Retained earnings
	US\$'000	US\$'000	Share option	Merger	Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2016	96,087	12,370	340	259	599	83,118
Loss for the period, representing total comprehensive income for the period	(1,058)	-	-	-	-	(1,058)
Grant of equity-settled share options to employees	16	-	16	-	16	-
Balance at 31 March 2016	95,045	12,370	356	259	615	82,060
Profit for the period, representing total comprehensive income for the period	1,283	-	-	-	-	1,283
Dividends on ordinary shares	-	-	-	-	-	-
Grant of equity-settled share options to employees	6	-	6	-	6	-
Balance at 30 June 2016	96,334	12,370	362	259	621	83,343

Group	Equity, total Share capital		Other reserves			Retained earnings
	US\$'000	US\$'000	Share option	Merger	Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2015	83,481	12,370	217	259	476	70,635
Profit for the period, representing total comprehensive income for the period	4,386	-	-	-	-	4,386
Grant of equity-settled share options to employees	33	-	33	-	33	-
Balance at 31 March 2015	87,900	12,370	250	259	509	75,021
Profit for the period, representing total comprehensive income for the period	3,343	-	-	-	-	3,343
Dividends on ordinary shares	(1,570)	-	-	-	-	(1,570)
Grant of equity-settled share options to employees	21	-	21	-	21	-
Balance at 30 June 2015	89,694	12,370	271	259	530	76,794

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 immediately preceding financial year.

Statement of Changes in Equity

Company	Equity, total	Share capital	Share option reserve	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2016	75,216	85,534	340	(10,658)
Loss for the period, representing total comprehensive income for the period	(27)	-	-	(27)
Grant of equity-settled share options to employees	16	-	16	-
Balance at 31 March 2016	75,205	85,534	356	(10,685)
Profit for the period, representing total comprehensive income for the period	22	-	-	22
Dividends on ordinary shares	-	-	-	-
Grant of equity-settled share options to employees	6	-	6	-
Balance at 30 June 2016	75,233	85,534	362	(10,663)

Company	Equity, total	Share capital	Share option reserve	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2015	75,085	85,534	217	(10,666)
Loss for the period, representing total comprehensive income for the period	(110)	-	-	(110)
Grant of equity-settled share options to employees	33	-	33	-
Balance at 31 March 2015	75,008	85,534	250	(10,776)
Loss for the period, representing total comprehensive income for the period	(86)	-	-	(86)
Dividends on ordinary shares	(1,570)	-	-	(1,570)
Grant of equity-settled share options to employees	21	-	21	-
Balance at 30 June 2015	73,373	85,534	271	(12,432)

1 (d)(ii) Details of any changes in the 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 the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Company	Number of ordinary shares	Share capital (US\$'000)
As at 31 March 2016	260,593,750	85,534
As at 30 June 2016	260,593,750	85,534

During the 3-month period ended 30 June 2016, there were no changes in the issued and paid-up share capital of the Company.

As at 30 June 2016, the total numbers of share options outstanding were 4,800,000 (30 June 2015: 4,050,000).

Under Atlantic 2008 ESOS, 4,050,000 share options were granted to certain employees of the Group and directors of the Company. 2,025,000 share options are exercisable between 30 January 2015 and 29 January 2019, and the remaining 2,025,000 share options are exercisable between 30 January 2016 and 29 January 2019, at the exercise price of S\$0.34 if the vesting conditions are met. There are no cash settlement alternatives. These options do not entitle the holder to participate, by virtue of the options, in any share issue of any other corporation.

Under the Atlantic 2015 Employee Share Option Scheme, 750,000 share options were granted to a director of the Company. 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. There are no cash settlement alternatives. These options do not entitle the holder to participate, by virtue of the options, in any share issue of any other corporation.

Save as disclosed, there were no other outstanding convertibles or treasury shares as at 30 June 2016 and 30 June 2015.

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	
	30/06/2016	31/12/2015
Total number of issued shares excluding treasury shares	260,593,750	260,593,750

There were no treasury shares as at 30 June 2016 and 31 December 2015.

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

Not applicable.

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.

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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the year ended 31 December 2015, as well as the applicable Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2016. The adoption of these new and revised FRSs has no material effect on the results announcement for the current financial period.

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.

Please refer to item 4 above.

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		6 months ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Earnings per ordinary share ("EPS") for the period based on net profit attributable to owners of the Company (US\$ cents)				
Basic EPS	0.49	1.28	0.09	2.97
Diluted EPS	0.48	1.26	0.08	2.92
Weighted average number of ordinary shares on issue applicable to basic EPS				
	260,593,750	260,593,750	260,593,750	260,593,750
Weighted average number of ordinary shares on issue applicable to diluted EPS				
	265,393,750	264,643,750	265,393,750	264,643,750

For the purpose of calculating the diluted EPS, net profit attributable to owners of the Company and the weighted average number of ordinary shares in issue are adjusted for the dilutive effects of potential ordinary share issues. The Company has one category of potential dilutive ordinary shares, which are the share options as at 30 June 2016 and 30 June 2015.

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	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Net asset value per ordinary share (US\$ cents)	36.97	36.87	28.87	28.86

The net asset values per ordinary share of the Company and the Group as at 30 June 2016 and 31 December 2015 were calculated based on 260,593,750 issued shares (excluding treasury shares) as at 30 June 2016 and 31 December 2015.

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**

	3 months ended			6 months ended		
	30/06/2016 ("2Q2016")	30/06/2015 ("2Q2015")	Increase/ (Decrease) %	30/06/2016 ("HY2016")	30/06/2015 ("HY2015")	Increase/ (Decrease) %
(US\$'000)						
Marine logistics services ("MLS")	7,380	11,518	(35.9)	13,998	24,355	(42.5)
Ship repair, fabrication and other marine services ("SRM")	1,409	444	217.3	1,744	1,349	29.3
	8,789	11,962	(26.5)	15,742	25,704	(38.8)

The Group's revenue for the MLS business decreased by US\$4.1 million or 35.9%, from US\$11.5 million in 2Q2015 to US\$7.4 million in 2Q2016. The decrease in the revenue is primarily due to a liftboat being idle on completion of a previous contract coupled with lower day charter rate ("DCR") for offshore supply vessels due to the competitive environment. Although it has taken longer to secure new charters when vessels have completed prior contract, the Group was able to achieve utilization rate^{#1} of 83.9% in 2Q2016.

The Group has succeeded in securing long-term contracts for ten offshore supply vessels on a firm five-year charter, with a two-year extension option, of a combined value of approximately US\$236 million from a Middle Eastern National Oil Company ("NOC") to support the NOC's operations in the Arabian Gulf. The charters will commence progressively, with three vessels to be handed over to the NOC starting from May 2016 and the remaining seven new builds, to be deployed in 2017 following delivery.

The Group's revenue for the SRM business increased by US\$1.0 million or 217.3%, from US\$0.4 million in 2Q2015 to US\$1.4 million in 2Q2016, mainly due to higher level of repair works undertaken on third party vessels.

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

	3 months ended			6 months ended		
	30/06/2016 ("2Q2016")	30/06/2015 ("2Q2015")	Increase/ (Decrease) %	30/06/2016 ("HY2016")	30/06/2015 ("HY2015")	Increase/ (Decrease) %
(US\$'000)						
Gross profit						
MLS	1,592	5,085	(68.7)	2,638	10,776	(75.5)
SRM	952	278	242.4	1,091	728	49.9
	2,544	5,363	(52.6)	3,729	11,504	(67.6)

	3 months ended		6 months ended	
	30/06/2016 ("2Q2016")	30/06/2015 ("2Q2015")	30/06/2016 ("HY2016")	30/06/2015 ("HY2015")
Gross profit margin				
MLS	21.6%	44.1%	18.8%	44.2%
SRM	67.6%	62.6%	62.6%	54.0%
	28.9%	44.8%	23.7%	44.8%

Gross profit for the MLS business decreased by US\$3.5 million or 68.7%, from US\$5.1 million in 2Q2015 to US\$1.6 million in 2Q2016, mainly due lower charter rates and lower utilization of the vessels caused by recession in oil and gas industry and radically altered economic conditions. As a result, gross profit margin decreased to 21.6% in 2Q2016 as compared to 44.1% in 2Q2015.

Gross profit for the SRM business increased by US\$0.7 million or 242.4%, from US\$0.3 million in 2Q2015 to US\$1.0 million in 2Q2016, as a result of higher margin work in the services performed on third party offshore supply vessels. As a result, gross profit margin increased to 67.6% in 2Q2016 as compared to 62.6% in 2Q2015.

^{#1} Based on 315 available days per annum for each vessel, excluding assets held for sales.

(iii) **Share of results of an associate**

This relates to share of results of Astra Offshore Sdn. Bhd. which has turned profitable since the fourth quarter of 2015.

(iv) **Marketing and distribution expenses**

Marketing and distribution expenses in 2Q2016 comprised mainly of travel and consultancy expenses.

(v) Administrative expenses

Administrative expenses increased by US\$0.1 million or 9.4%, from US\$1.3 million in 2Q2015 to US\$1.4 million in 2Q2016. The increase was mainly due to an increase in the number of operational staff to support the Group's operations, and administrative expenses relating to a new project that was awarded to the Company.

(vi) Finance costs

Finance costs increased by US\$140,000 or 44.3% from US\$316,000 in 2Q2015 to US\$456,000 in 2Q2016 due to higher level of borrowings for acquiring new vessels. The credit of US\$101,000 reported for 2Q2016 was due to capitalization of US\$557,000 of borrowing cost which was expensed in 1Q2015.

(vii) Profit before tax

Profit before tax decreased by US\$2.1 million or 61.6%, from US\$3.3 million in 2Q2015 to US\$1.3 million in 2Q2016 mainly due to challenging market conditions, decrease in gross profit, higher finance costs and administrative expenses. The decrease was partially offset by capitalization of borrowing cost and a non-recurring other expense in relation to provision for unauthorized withdrawal of funds recorded in 2Q2015.

(b) Review of financial position

(i) Non-current assets

Non-current assets increased by US\$64.8 million, from US\$109.5 million as at 31 December 2015 to US\$174.3 million as at 30 June 2016. This was primarily due to (a) additions of US\$67.3 million of new assets comprising vessels, capital-work-progress relating to new vessels, upgrading of existing vessel and non-current portion of dry-docking expenses, (b) an increase in the share of results of an associate of US\$0.2 million and (c) an increase in the non-current portion of prepayments of US\$0.3 million, partially offset by depreciation charge of US\$3.0 million.

(ii) Current assets

Current assets increased by US\$0.7 million, from US\$21.0 million as at 31 December 2015 to US\$21.7 million as at 30 June 2016. This was mainly due to (a) an increase in bank deposits pledged of US\$2.7 million, (b) an increase in current portion of prepayments of US\$0.7 million and (c) an increase in inventory of US\$78,000. The increase was partially offset by a decrease in cash and cash equivalent of US\$1.3 million and a decrease in trade and other receivables of US\$1.4 million.

(iii) Non-current liabilities

Non-current liabilities increased by US\$37.1 million, from US\$11.2 million as at 31 December 2015 to US\$48.3 million as at 30 June 2016. This was mainly due to allocation of US\$39.7 million as non-current portion from new borrowings of US\$62.4 million, partially offset by repayment of term loan of US\$2.6 million.

(iv) Current liabilities

Current liabilities increased by US\$28.2 million, from US\$23.2 million as at 31 December 2015 to US\$51.4 million as at 30 June 2016, primarily due to (a) an increase in current portion of loans and borrowings of US\$22.7 million, (b) an increase in trade and other payables of US\$5.0 million and (c) an increase in other liabilities by US\$1.0 million. The increase was partially offset by repayment of short term loan of US\$0.5 million. The trade and other payables include US\$3.0 million payable to the seller of the newly acquired vessel.

(v) Net current liabilities

The Group's net current liabilities increased by US\$27.5 million, from US\$2.2 million as at 31 December 2015 to US\$29.7 million as at 30 June 2016 due to an increase in current liabilities of US\$28.2 million which was offset by an increase in current assets of US\$0.7 million. Funding for the vessel purchases comprised of additional term loans of US\$49.4 million and a convertible loan of US\$13.0 million, of which US\$17.9 million (including the convertible loan), are classified as current liabilities. This has resulted in the Group showing a net current liabilities position of US\$29.7 million as at 30 June 2016.

The Group is reviewing certain proposals to strengthen its balance sheet that, in addition to addressing its existing net current liabilities position, will provide additional resources for new projects that the Group is working on.

(c) Liquidity and capital resources

(i) Net cash flow generated from operating activities

Net cash flows from operating activities amounted to US\$9.5 million in 2Q2016. This was mainly due to operating cash flows before changes in working capital of US\$4.0 million, an increase in trade and other payables of US\$4.9 million, a decrease in trade and other receivables of US\$1.4 million, an increase in other liabilities by US\$1.1 million, partially offset by an increase in prepayments of US\$1.0 million and interest paid during the period of US\$0.9 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities amounted to US\$67.3 million in 2Q2016. This was due to the purchase of vessels, capital-work-progress relating to new vessels, upgrading of existing vessel and capitalized dry-docking expenses.

(iii) Net cash flows used in financing activities

Net cash flows generated from financing activities of US\$56.6 million in 2Q2016 was a result of borrowings of US\$62.4 million for acquiring new vessels, partially offset by repayment of term loan of US\$3.1 million and an increase in bank deposits pledged of US\$2.7 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.

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 Group continues to be cautious with its fleet upgrade and expansion program given the continuing uncertainties in the oil and gas sector caused by the decline in oil price. Other than two self-propelled self-elevating lift boats, one committed under a shipbuilding agreement in FY2014, and the other delivered to the Group in January 2016, acquisitions of new operating assets are made on the back of securing firm long term charter(s) from its clients. The Group will continue to review specific opportunities within its core market in the Middle East where offshore energy and production levels are being maintained, as well as within the Group's targeted new markets, particularly in Malaysia.

One of the vessels to be provided under the contract to an NOC, which was previously announced in May, was mobilised in June 2016 and the charter to the NOC commenced in July 2016. The Group is expecting the delivery and deployment of another two vessels for the long term charter contracts with the NOC in the second half of 2016, with the remaining seven new builds to be delivered and deployed in the third quarter of 2017.

Due to the current oil price environment and depressed market conditions, the daily charter rate movements are more constrained. The Group's business risk management processes have been heightened to focus on (i) maintaining high vessel utilization level by leveraging strategic relationship with customers and (ii) recompense rate reduction through controls on operational and manning costs.

11 Dividend

Not applicable.

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

No dividend has been declared or recommended.

13 Interested Person Transactions

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(1)(a)) US\$' 000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) US\$' 000
N/A	-	-

There was no interested person transaction entered into by the Group with value of S\$100,000 or more during 2Q2016.

The Group has not obtained any interested person transaction general mandate from shareholders pursuant to Rule 920 of the Catalyst Rules.

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

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 30 June 2016 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).

The Board of Directors confirms that, they have procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

BY ORDER OF THE BOARD

Wong Siew Cheong

Executive Chairman and Chief Executive Officer

05 August 2016