Atlantic Navigation
Holdings (Singapore) Limited

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

Results for the Financial Year Ended 31 December 2018

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 Capital Private Limited ("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.

The contact person for the Sponsor is Ms. Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

Atlantic Navigation Holdings (Singapore) Limited
(Company Registration No. 200411055E)

Full Year Financial Statement Announcement for the Financial Year Ended 31 December 2018

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

(US$'000)	12 months ended 31/12/2018 ("FY2018") (Unaudited)	31/12/2017 ("FY2017") (Audited)	Increase/ (Decrease) %
Revenue	58,801	33,874	73.6
Cost of services	(43,453)	(30,603)	42.0
Gross profit	15,348	3,271	369.2
Finance income	5	2	150.0
Other income	319	55	480.0
Other items of expense			
Marketing and distribution expenses	(735)	(236)	211.4
Administrative expenses	(5,672)	(6,318)	(10.2)
Finance costs	(7,699)	(8,522)	(9.7)
Loss on fair value changes in derivatives	(614)	-	N.M.
Other expense	(16,857)	(730)	N.M.
Share of results in a joint venture	631	77	719.5
Loss before tax	(15,274)	(12,401)	23.2
Income tax expense	(1,642)	(755)	117.5
Loss for the year attributable to owners of the Company	(16,916)	(13,156)	28.6

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.

(US$'000)	12 months ended 31/12/2018 ("FY2018")	31/12/2017 ("FY2017")	Increase/ (Decrease) %
Loss for the year is stated after (charging)/crediting:			
Depreciation of property, vessels and equipment	(8,626)	(7,317)	17.9
Impairment loss on property, vessels and equipment	(16,358)	-	N.M.
Provision for an arbitration case	(500)	-	N.M.
Allowance for doubtful trade debts	(154)	(1,285)	(88.0)
Net gain/(loss) on disposal of property, vessels and equipment	125	(721)	N.M.
Net loss on disposal of vessels held for sale	-	9	N.M.
Grant of equity-settled share options to employees	-	(5)	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 Sheet	**Group**		**Company**	
	Unaudited As at 31/12/2018	**Audited As at 31/12/2017**	**Unaudited As at 31/12/2018**	**Audited As at 31/12/2017**
(US$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	179,696	159,712	-	-
Intangible asset	141	141	141	141
Investment in subsidiaries	-	-	66,741	66,741
Investment in a joint venture	708	77	-	-
Prepayments	426	319	-	-
	180,971	160,249	66,882	66,882
Current assets				
Inventories	184	215	-	-
Trade and other receivables	15,110	16,329	72,767	72,507
Prepayments	917	803	7	205
Cash and bank balances	4,935	697	1,805	163
Bank deposits pledged	250	235	235	235
	21,396	18,279	74,814	73,110
Total assets	202,367	178,528	141,696	139,992
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	17,246	14,672	281	237
Other liabilities	9,331	5,483	1,079	1,434
Loans and borrowings	20,723	19,642	7,657	8,811
	47,300	39,797	9,017	10,482
Net current (liabilities)/assets	(25,904)	(21,518)	65,797	62,628
Non-current liabilities				
Provisions	538	570	-	-
Other payables	7,332	7,332	7,332	7,332
Derivatives	614	-	-	-
Loans and borrowings	62,312	55,234	25,523	47,734
	70,796	63,136	32,855	55,066
Total liabilities	118,096	102,933	41,872	65,548
Net assets	84,271	75,595	99,824	74,444
Equity attributable to owners of the Company				
Share capital	38,307	12,370	111,471	85,534
Other reserves	4,690	4,690	4,431	4,431
Retained earnings/(accumulated losses)	41,274	58,535	(16,078)	(15,521)
Total equity	84,271	75,595	99,824	74,444
Total equity and liabilities	202,367	178,528	141,696	139,992

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

(US$'000)	As at 31/12/2018		As at 31/12/2017	
	Secured	Unsecured	Secured	Unsecured
(a) **Amount repayable in one year or less, or on demand**	20,723	-	19,642	-
(b) **Amount repayable after one year**	62,312	-	55,234	-
Total borrowing and securities	83,035	-	74,876	-

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;

(v) Financial covenant which requires the Group to maintain Tangible Net Worth of at least US$50 million;

(vi) Financial covenant which requires the Group to maintain Tangible Net Worth of at least US$80 million as at 31 December 2016, with the level to improve by at least 5% on a year-on-year basis; [#1]

(vii) Adjusted leverage ratio to be maintained at 1.75:1 or below, to be improved to 1.5:1 for FY2018[#1] and 1.25:1 or below for FY2019 and onwards. 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 70% or below at all times.

Note:

#1 The Company had obtained a Deed of Waiver, Confirmation and Consent from its United Arab Emirates banker in relation to the Subscription Agreement as announced on 16 July 2018.

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.

Consolidated Statement of Cash Flows	**12 months ended**	
	31/12/2018 (Unaudited)	**31/12/2017 (Audited)**
(US$'000)		
Loss before tax	(15,274)	(12,401)
Adjustments for:		
Net (gain)/loss on disposal of property, vessels and equipment	(125)	721
Net loss on disposal of vessels held for sale	-	9
Interest income	(5)	(2)
Depreciation of property, vessels and equipment	8,626	7,317
Allowance for doubtful debts, net	154	1,285
Loss on fair value changes in derivatives	614	-
Share of results of a joint venture	(631)	(77)
Finance costs	7,699	8,522
Provisions	-	77
Provision for an arbitration case	500	-
Impairment loss on property, vessels and equipment	16,358	-
Grant of equity-settled share options to employees	-	5
Total adjustments	33,190	17,857
Operating cash flows before changes in working capital	**17,916**	**5,456**
Decrease in inventories	31	66
Increase/(decrease) in trade and other receivables	721	(7,161)
(Increase)/decrease in prepayments	(221)	20
Increase in trade and other payables	2,574	2,190
Decrease in provisions	(532)	(26)
Increase in other liabilities	3,120	703
Total changes in working capital	5,693	(4,208)
Cash generated from operations	**23,609**	**1,248**
Interest received	5	2
Interest paid	(6,973)	(3,241)
Income tax paid	(1,642)	(755)
Net cash flows generated from/(used in) operating activities	**14,999**	**(2,746)**
Investing activities		
Purchase of property, vessels and equipment	(45,522)	(2,326)
Proceeds from disposal of vessels held for sale	-	605
Proceeds from disposal of property, vessels and equipment	680	1,158
Net cash flows used in investing activities	**(44,842)**	**(563)**
Financing activities		
Proceeds from loan from a shareholder	-	5,032
Proceeds from shares subscription	26,000	-
Proceeds from loans and borrowings	38,320	7,500
Repayment of loans and borrowings	(29,687)	(9,806)
Increase in bank deposits pledged	(15)	(135)
Share issuance expenses	(63)	-
Net cash flows generated from financing activities	**34,555**	**2,591**
Increase/(decrease) in cash and cash equivalents	4,712	(718)
Net cash and cash equivalents at beginning of the year	223	941
Cash and cash equivalents at end of the year (Note A)	**4,935**	**223**
Note A: Cash and cash equivalents comprise the following at the end of the reporting period:		
Cash and bank balances	4,935	697
Bank overdrafts	-	(474)
Net balance	4,935	223

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.

<u>Consolidated Statement for Changes in Equity</u>

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2018	**75,595**	**12,370**	**4,690**	**58,535**
Adjustment due to first time adoption of SFRS(I) 9	(345)	-	-	(345)
Loss for the year, representing total comprehensive income for the year	(16,916)	-	-	(16,916)
Issuance of new ordinary shares in the share capital of the Company	26,000	26,000	-	-
Shares issuance expenses	(63)	(63)	-	-
Balance at 31 December 2018	**84,271**	**38,307**	**4,690**	**41,274**

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2017	**85,056**	**12,370**	**995**	**71,691**
Loss for the year, representing total comprehensive income for the year	(13,156)	-	-	(13,156)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees	5	-	5	-
Equity component of convertible loan instrument	3,690	-	3,690	-
Total contributions by and distributions to owners	3,695	-	3,695	-
Balance at 31 December 2017	**75,595**	**12,370**	**4,690**	**58,535**

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	Other reserves	Accumulated losses
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2018	**74,444**	**85,534**	**4,431**	**(15,521)**
Loss for the year, representing total comprehensive income for the year	(557)	-	-	(557)
Issuance of new ordinary shares in the share capital of the company	26,000	26,000	-	-
Shares issuance expenses	(63)	(63)	-	-
Balance at 31 December 2018	**99,824**	**111,471**	**4,431**	**(16,078)**

Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2017	**74,733**	**85,534**	**736**	**(11,537)**
Loss for the year, representing total comprehensive income for the year	(3,984)	-	-	(3,984)
Contribution by and distribution to owners				
Grant of equity-settled share options to employees	5	-	5	-
Equity component of convertible loan instrument	3,690	-	3,690	-
Total contribution by and distribution to owners	3,695	-	3,695	-
Balance at 31 December 2017	**74,444**	**85,534**	**4,431**	**(15,521)**

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 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 30 September 2018	260,593,750	85,534
As at 31 December 2018	523,512,144	111,471

On 11 December 2018, the Company issued 262,918,394 Subscription Shares to Saeed Investment Pte. Ltd., pursuant to the terms and conditions of the Subscription Agreement at the subscription price of US$0.09889 per Subscription Share, for an aggregate amount of US$26.0 million. Save for the above, there were no changes in the issued and paid-up share capital of the Company during the 3-month period ended 31 December 2018.

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 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. 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).

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).

As at 31 December 2018, the total numbers of share options outstanding were 4,800,000 (31 December 2017: 4,800,000).

Save as disclosed, there were no other outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2018 and 31 December 2017.

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	
	31/12/2018	**31/12/2017**
Total number of issued shares excluding treasury shares	523,512,144	260,593,750

There were no treasury shares as at 31 December 2018 and 31 December 2017.

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.

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 adopted the same accounting policies and method of computation in the financial statements for the current financial year as compared with the audited financial statements for the financial year ended 31 December 2017, except for the adoption of “SFRS (I) 9 – Financial Instruments” and “SFRS (I) 15 – Revenue from contracts with customers” that are effective as of 1 January 2018.

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 has adopted SFRS (I) 9 and SFRS (I) 15 on 1 January 2018

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempt the Group from applying SFRS(I) 9 to comparative information. Accordingly, the requirements of FRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017. There were no significant changes to the classification and measurement of the Group financial instruments.

With regard to impairment, SFRS (I) 9 requires the Group to assess expected credit losses on all of its relevant financial assets, either on a 12-month or lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on the relevant financial assets. As a result of the assessment, an impairment loss of receivables of US$345,000 was made to the beginning retained earnings on 1 January 2018 and a further impairment loss of US$154,000 was made for the year ended 31 December 2018.

SFRS (I) 15 – Revenue from Contracts with Customers SFRS (I) 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from the contracts and customers. Under SFRS (I) 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or service to a customer. The adoption of SFRS (I) 15 did not have a material impact to the Group’s financials.

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.

	12 months ended	
	31/12/2018	**31/12/2017**
Loss per ordinary share ("LPS") for the period based on net loss attributable to owners of the Company (US$ cents)		
Basic LPS	(6.15)	(5.05)
Diluted LPS	(6.15)	(5.05)
Weighted average number of ordinary shares on issue applicable to basic LPS	275,000,237	260,593,750
Weighted average number of ordinary shares on issue applicable to diluted LPS	275,000,237	260,593,750

The 4,800,000 share options granted to employees under the existing Atlantic 2008 ESOS and Atlantic 2015 ESOS have not been included in the calculation of diluted loss per share 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	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Net asset value per ordinary share (US$ cents)	16.10	29.01	19.07	28.57

The net asset value per ordinary share of the Company and the Group were calculated based on 523,512,144 shares (excluding treasury shares) and 260,593,750 issued shares (excluding treasury shares) as at 31 December 2018 and 31 December 2017 respectively.

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) <u>Review of results of operations</u>

(i) Revenue by business segments

(US$'000)	12 months ended 31/12/2018 ("FY2018")	31/12/2017 ("FY2017")	Increase/ (Decrease) %
Marine logistics services ("MLS")	57,823	32,399	78.5
Ship repair, fabrication and other marine services ("SRM")	978	1,475	(33.7)
	58,801	33,874	73.6

The Group's revenue for the MLS segment for FY2018 increased by US$25.4 million or 78.5%, from US$32.4 million in FY2017 to US$57.8 million in FY2018. The increase in revenue was mainly attributable to the higher rate of utilization of owned vessels, coupled with the deployment of the Group's lift-boats, deployment of three (3) front runners and five (5) new vessels to support long-term contracts with a Middle Eastern National Oil Company ("MENOC"), and provision of vessels to support a joint venture project for the purchase and removal of decommissioned offshore and onshore facilities.

The Group's revenue for the SRM segment for FY2018 decreased by US$0.5 million or 33.7% compared to FY2017 mainly due to the lower level of repairs works undertaken on third party vessels. The segment was mainly involved in overhauling and repairing works of owned vessels engaged under time chartering.

(ii) Gross profit and gross profit margin

(US$'000) **<u>Gross profit</u>**	12 months ended 31/12/2018 ("FY2018")	31/12/2017 ("FY2017")	Increase/ (Decrease) %
MLS	14,647	2,274	544.0
SRM	702	997	(29.6)
	15,348	3,271	369.2

	12 months ended 31/12/2018 ("FY2018")	31/12/2017 ("FY2017")
MLS	25.3%	7.0%
SRM	71.8%	67.6%
Overall	26.1%	9.7%

The Group reported gross profit of US$14.6 million for the MLS segment during FY2018, compared to the gross profit of US$2.3 million in FY 2017. The increase in gross profit by US$12.4 million or 544.0% in FY2018 compared to FY2017 corresponded with the significant increase in revenue primarily as a result of a higher utilization of owned vessels, deployment of Group's lift-boats, deployment of three (3) front runners and five (5) new vessels, and higher daily charter rates for long-term contracts with a MENOC. As a result, the gross profit margin for the MLS segment improved by 18.3 percentage points in FY2018.

The Group reported gross profit of approximately US$702,000 for the SRM segment during FY 2018, compared with gross profit of US$997,000 in FY2017. The decrease in gross profit of US$295,000 or 29.6% in FY2018 was mainly due to the lower level of repairs works undertaken on third party vessels.

(iii) Other income

Other income for FY2018 increased by US$0.3 million as compared to FY2017 is due to reversal of provisions for material cost and services for 2017, recovery from insurance, gain on disposal of vessel, recovery of insurance claim related to a machine's failure and modification work performed for customer.

(iv) Marketing and distribution expenses

Marketing and distribution expenses in FY2018 increased by US$0.5 million mainly due to the fee for business feasibility analysis, consultancy fee for future business expansion plans, brokerage commission and increase in travel expenses.

(v) Administrative expenses

Administrative expenses for FY2018 decreased by US$0.6 million or 10.2% as compared to FY2017 due to cost control measures resulting in reduction in salaries, office maintenance and other administrative costs.

(vi) Finance costs

Finance costs decreased by US$0.8 million or 9.7% in FY2018 to US$7.7 million as compared to US$8.5 million in FY2017 which included US$3.6 million for loss on extinguishment of convertible loan instrument in FY2017. Setting aside the loss on extinguishment of convertible loan instrument in FY2017, the increase in finance charges in FY2018 was mainly a result of new bank borrowings of US$29.8 million and private borrowings of US$8.5 million for the acquisition of new seven (7) vessels which were all accepted for delivery in FY2018.

(vii) Loss on fair value changes in derivatives

The Group recorded a mark to market (MTM) loss of US$0.6 million on its interest rate swap derivative contract. The interest rate swap derivative contract pays fixed interest rates based on notional values and receives variable rates equal to 3 months USD LIBOR. The interest rate swap derivative contract is entered into to hedge the Group's interest rate risk arising from certain of its floating rate USD bank loans.

(viii) Other expense

Other expense in FY2018 relates to provision set aside of US$0.5 million for the arbitration case with Guangxin Shipbuilding & Heavy Industry Co. Ltd. arising from alleged damages resulting from the rescission of a ship building contract as previously announced and impairment losses of certain vessels in aggregate of US$16.4 million, representing the write down of vessels compared to their respective recoverable amount. Other expense in FY2017 relates mainly to the loss on sale of vessels.

(ix) Share of results in a joint venture

The Group recorded profit of US$0.6 million from its 40% interest in joint venture during FY2018.

(x) Loss before tax

The Group recorded a loss before tax of US$15.3 million in FY2018 as compared to a loss before tax of US$12.4 million in FY2017 mainly due impairment losses on certain vessels, provision set aside for arbitration case with Guangxin Shipbuilding & Heavy Industry Co. Ltd., loss on fair value changes in derivatives, higher marketing and distribution expenses and partially offset by increase in gross profit, share of profit in a joint venture, absence of loss on extinguishment of convertible loan instrument, lower finance cost and lower administrative expense.

(b) Review of financial position

(i) Non-current assets

Non-current assets increased by US$20.8 million from US$160.2 million as at 31 December 2017 to US$181.0 million as at 31 December 2018 mainly due to additional investment of US$45.5 million in seven (7) new vessels, capitalization of borrowing cost of $0.5 million, and an increase in investment in a joint venture of US$0.6 million, partially offset by aggregate impairment losses of US$16.4 million, disposal of a vessel of US$0.8 million and depreciation charge of US$8.6 million.

(ii) Current assets

Current assets increased by US$3.1 million from US$18.3 million as at 31 December 2017 to US$21.4 million as at 31 December 2018. This was mainly due to an increase in cash and bank balances of US$4.2 million, partially offset by decrease in trade and other payables of US$1.2 million.

(iii) Non-current liabilities

Non-current liabilities increased by US$7.7 million, from US$63.1 million as at 31 December 2017 to US$70.8 million as at 31 December 2018. This was mainly due to increases in the non-current portion of new borrowings in aggregate of US$24.3 million and loss on fair value changes in derivatives of US$0.6 million, partially offset by the repayment of term loans (including the SCF Convertible Loan) of US$17.2 million.

(iv) Current liabilities

Current liabilities increased by US$7.5 million from US$39.8 million as at 31 December 2017 to US$47.3 million as at 31 December 2018, primarily due to (i) an increase in trade payables and other payables of US$2.6 million, (ii) an increase in other liabilities of US$3.8 million comprising mainly of provisions for operating expenses of US$1.7 million, finance costs of US$0.7 million, and provision for an arbitration case of US$0.5 million, and (iii) net increase in current portion of bank borrowings of US$1.1 million.

(v) Net current liabilities

Net current liabilities increased by US$4.4 million from US$21.5 million as at 31 December 2017 to US$25.9 million as at 31 December 2018, primarily due to increase in current liabilities of US$7.5 million, partially offset by increase in current assets of US$3.1 million.

In the opinion of the Directors, 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 is expected to be able to generate sufficient cash flows from its operations with an enlarged fleet as well as securing the support from its principal bankers and other stakeholders.

The deployment of certain vessels during the year has, and is expected to continue to contribute positively to the operating cash flows of the Group. The Group has also taken certain steps to strengthen its balance sheet with the completion of the share subscription pursuant to the Subscription Agreement with Saeed Investment Pte. Ltd. (the "Subscriber") pursuant to which the Company has issued and allotted an aggregate of 262,918,394 Subscription Shares to the Subscriber. The proceeds had been utilized to repay the SCF Convertible Loan and support the working capital of the Group.

(c) Liquidity and capital resources

(i) Net cash flow generated from operating activities

Net cash flows generated from operating activities amounted to US$15.0 million in FY2018. This was mainly due to operating cash flows before changes in working capital of US$17.9 million, changes in working capital of US$5.7 million, partially offset by interest paid of US$7.0 million and income tax paid of US$1.6 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities amounted to US$44.8 million in FY2018 as a result of investment in new vessels of US$45.5 million, partially offset by proceeds received from the disposal of vessels of US$0.7 million.

(iii) Net cash flows generated from financing activities

Net cash flows used in financing activities of US$34.6 million in FY2018 was mainly a result of new borrowings of US$38.3 million, proceeds received from shares subscription of US$26.0 million, partially offset mainly by repayment of term loans of US$29.7 million.

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

The actual results of FY2018 were broadly in line with the general prospect commentary of improving performance of the Group from the third quarter of 2018 onwards on a quarter-on-quarter basis, save for the impairment losses of certain vessels as well as the provisions set aside for the arbitration case and the mark to market value losses on hedging derivative contract as disclosed in this announcement.

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.

Given the continuing uncertainties in the oil and gas sector caused by the subdued and volatility in oil prices, the Group continues to exercise management prudence in its operations. The Group is expected to continue to focus on improving its operational efficiencies while maintaining or reducing its cost of operations as it pursues new contracts with its established pool of existing and new clients.

The Group expects continuing competitive pressure on charter rates due to the influx of excess tonnages from other more adversely affected regions into the Middle East. While we expect charter rates in this region to remain competitive, our fleet utilization has improved mainly due to the full deployment of seven (7) new vessels to support the long-term contracts secured by the Group.

The Group continues to focus on maintaining and protecting the high level of utilization of its existing fleet and securing employment for its owned vessels at competitive market rates. Given the established track record and entrenched market presence in the Middle East, the Group will continue to explore opportunities for cross chartering-in of third party vessels backed by secured contracts to complement its fleet and service offering to generate positive cash flows and profits for the Group.

As previously announced, the share subscription by the Subscriber was completed in December 2018, pursuant to which US$26.0 million were raised through an aggregate of 262,918,394 Subscription Shares being allotted and issued to the Subscriber which is now a majority shareholder with approximately 50.2% stake in the Company. Apart from strengthening the equity base of the Group, a significant portion of the proceeds had been utilized to fully redeem the principal and interests under the SCF Convertible Loan Agreement which had resulted in significant decrease in the use of leverage within the Group.

Set up solely for the purpose of undertaking the Proposed Subscription, the Subscriber is a company incorporated in Singapore which is controlled by Mr. Kum Soh Har Michael ("Mr. Kum"). Mr. Kum has since been appointed as the Non-Executive Chairman of the Company in December 2018. As an industry veteran with more than 40 years of experience in the offshore oil and gas sector and in particular being an early entrant to the Middle East market, the appointment of Mr. Kum is expected to enhance the bench of experience and expertise of the Group. The Management team is expected to benefit from Mr. Kum's strategic advice with respect to the expansion plans and financial strategy of the Group and vast industry contacts. Mr. Wong Siew Cheong continues to be the Chief Executive Officer and Executive Director while retaining significant ownership of slightly under 40% of the Company so that the Group continues to benefit from his in-depth experience and leadership of the Group.

Currently, the trading of the Company's shares is suspended due to the free-float of shares (i.e. shares held by public shareholders) being below the compliance level of 10%. The Company is currently evaluating on measures to rectify this technical breach shortly in due course.

Barring unforeseen circumstances, the Group expects its performance to improve for the next 12 months mainly due to the increase in number of owned vessels and sustained utilization rates across the enlarged fleet.

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 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 Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of Catalist Rules (excluding transactions less than S$100,000)
Wong Siew Cheong - Interest on shareholder loan (1)	US$446,000 (Approximately S$606,300)	-

Note:

(1) As at 31 December 2018, Mr. Wong Siew Cheong, the Executive Director and CEO had provided an aggregate of US$7.3 million loan (the "Loan") to the Group. The Loan is unsecured, interest-bearing at interest rate of 6% per annum, and is to be settled in cash.

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

14 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 Board of Directors confirms that they have 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.

15 Utilization of proceeds from the share subscription

The Board wishes to provide an update on the utilization of the net proceeds from the share subscription by the Subscriber as at the date of this announcement as set out below:

US$'million	Original Amount Allocated	Amount Re-allocated	Amount Utilized	Balance
From the Deposit				
To satisfy the Company's payment obligations and accepting delivery for the Vessels, and the mobilization costs and operating expenses relating to the deployment of the Vessels	2.6	2.6(1)	2.6	-
General working capital, i.e. payment to suppliers	1.9	1.9(1)	1.9(2)	-
From the remaining sum excluding the Deposit				
To fully repay the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement	17.2	-	17.2	-
General working capital, i.e. payment to suppliers	4.1	-	4.1	-
To pay the expenses incurred in connection with the share subscription	0.2	-	0.2	-
Total	26.0	N.A.	26.0	-

Notes:

1. The re-allocation of use of the Deposit was communicated to and agreed by the Subscriber and announced on 25 October 2018.
2. US$0.5 million was used as part payment of outstanding to a shipyard and US$1.4 million was used to cover the operating expenses of the Company's fleet.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16 Segmented revenue and results for operating 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.

Segments	FY2018				FY2017				Increase/ (Decrease)
	MLS	SRM	Elimination	Total	MLS	SRM	Elimination	Total	
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	%
Revenue	57,823	1,674	(696)	58,801	32,399	2,185	(710)	33,874	73.6
Cost of services	(43,177)	(972)	696	(43,453)	(30,125)	(1,188)	710	(30,603)	42.0
Segment Gross Profit	**14,646**	**702**		**15,348**	**2,274**	**997**		**3,271**	**369.2**
Finance income	1	-		1	-	-		-	N.M.
Other income	319	-		319	55	-		55	480.0
Marketing & distribution expenses	(735)	-		(735)	(236)	-		(236)	211.4
Administrative expenses	(4,552)	(561)		(5,113)	(4,929)	(1,031)		(5,960)	(14.2)
Finance Cost	(7,699)	-		(7,699)	(8,522)	-		(8,522)	(9.7)
Loss on fair value changes in derivatives	(614)	-		(614)	-	-		-	N.M.
Other expense	(16,857)	-		(16,857)	(730)	-		(730)	N.M.
Segment (Loss)/Profit	**(15,491)**	**141**		**(15,350)**	**(12,088)**	**(34)**		**(12,122)**	**26.6**
Un allocated Income & Expenses									
Finance Income	-	-		4	-	-		2	100.0
Administrative expenses	-	-		(559)	-	-		(358)	56.1
Share of results in a joint venture	-	-		631	-	-		77	719.5
(Loss) before Tax	**(15,491)**	**141**		**(15,274)**	**(12,088)**	**(34)**		**(12,401)**	**23.2**
Income tax expense	(1,642)	-		(1,642)	(755)	-		(755)	117.5
(Loss) for the year	**(17,133)**	**141**		**(16,916)**	**(12,843)**	**(34)**		**(13,156)**	**28.6**

17 In the view of the performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Refer to Section 8 above.

18 A breakdown of sales as follows:

Particulars	FY2018	FY2017	Increase/ (Decrease)
(a) Sales reported for first half year	26,562	14,692	80.8%.
(b) Operating profit/(loss) after tax before deducting minority interests reported for first half year	(472)	(2,385)	(80.2)%
(c) Sales reported for second half year	32,239	19,182	68.1%
(d) Operating loss after tax before deducting minority interests reported for second half year	(16,444)	(10,771)	(52.7)%

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

Not applicable. No dividend proposed for FY2017 and FY2018.

20 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(10) of the Catalist Rules in the format below. If there are no such persons, the issuer must make an appropriate statement.

Name	Age	Family relationship with director and/or substantial shareholder	Current Position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Wong Sek Pun	48	Nephew of Wong Siew Cheong (Executive Director and Chief Executive Officer)	Commercial Director w.e.f. 2015 - Securing charters, negotiating terms and rates for the Group's owned and managed fleet - Business Development	No change

Mr. Wong Sek Pun had since resigned from his position on 5 September 2018 and hence there are currently no relevant persons to be disclosed pursuant to Rule 704(10) of the Catalist Rules.

BY ORDER OF THE BOARD
Wong Siew Cheong
Executive Director and Chief Executive Officer
01 March 2019