



ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

Results for the Financial Period Ended
March 31, 2014

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 ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd., 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.

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The contact person for the Sponsor is Ms Karen Soh, Managing Director, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.



Q1 Financial Statement Announcement as on 31 March 2014

Part I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR 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.

	3 Months ended		
	31/3/2014 ("1Q2014")	31/3/2013 ("1Q2013")	Increase/ (Decrease) %
(US\$'000)			
Revenue	11,227	10,240	9.6%
Cost of services	(6,622)	(7,017)	(5.6)%
Gross profit	4,605	3,223	42.9%
Finance income	2	-	N.M.
Other income	2	8	(75.0)%
Other items of expense			
Marketing and distribution expenses	(33)	(13)	153.8%
Administrative expenses	(1,191)	(1,059)	12.5%
Finance costs	(352)	(275)	28.0%
Profit before tax	3,033	1,884	61.0%
Income tax expense	-	-	-
Profit for the period attributable to owners of the Company	3,033	1,884	61.0%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Gain on fair value changes in derivatives	50	66	(24.2)%
Total comprehensive income for the period attributable to owners of the Company	3,083	1,950	58.1%

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		
	31/3/2014 ("1Q2014")	31/3/2013 ("1Q2013")	Increase/ (Decrease) %
(US\$'000)			
Profit for the period is stated after (charging)/crediting:			
Depreciation of property, vessels and equipment	(1,120)	(1,026)	9.2%
Gain on disposal of property, vessels and equipment	-	7	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.

Statements of Financial Position

	Group		Company	
	Unaudited As at 31/3/2014	Audited As at 31/12/2013	Unaudited As at 31/3/2014	Audited As at 31/12/2013
(US\$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	80,222	75,348	-	-
Investment in subsidiaries	-	-	66,741	66,741
Prepayments	188	212	-	-
	<u>80,410</u>	<u>75,560</u>	<u>66,741</u>	<u>66,741</u>
Current assets				
Inventories	79	226	-	-
Trade and other receivables	13,113	13,958	9,526	7,622
Prepayments	525	242	-	-
Bank deposits pledged	1,673	2,941	-	-
Cash and cash equivalents	5,402	7,285	646	680
	<u>20,792</u>	<u>24,652</u>	<u>10,172</u>	<u>8,302</u>
Total assets	<u>101,202</u>	<u>100,212</u>	<u>76,913</u>	<u>75,043</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	5,083	3,745	103	127
Other liabilities	3,146	3,245	22	60
Derivatives	110	157	-	-
Loans and borrowings	8,284	8,284	-	-
	<u>16,623</u>	<u>15,431</u>	<u>125</u>	<u>187</u>
Net current assets	<u>4,169</u>	<u>9,221</u>	<u>10,047</u>	<u>8,115</u>
Non-current liabilities				
Provisions	262	247	-	-
Derivatives	46	49	-	-
Loans and borrowings	10,057	13,354	-	-
	<u>10,365</u>	<u>13,650</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>26,988</u>	<u>29,081</u>	<u>125</u>	<u>187</u>
Net assets	<u>74,214</u>	<u>71,131</u>	<u>76,788</u>	<u>74,856</u>
Equity attributable to owners of the Company				
Share capital	12,370	12,370	85,534	85,534
Other reserves	103	53	-	-
Retained earnings/(accumulated losses)	61,741	58,708	(8,746)	(10,678)
Total equity	<u>74,214</u>	<u>71,131</u>	<u>76,788</u>	<u>74,856</u>
Total equity and liabilities	<u>101,202</u>	<u>100,212</u>	<u>76,913</u>	<u>75,043</u>

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

	As at		As at	
	31/3/2014		31/12/2013	
(US\$'000)	Secured	Unsecured	Secured	Unsecured
(a) Amount repayable in one year or less, or on demand	8,284	-	8,284	-
(b) Amount repayable after one year	10,057	-	13,354	-
Total borrowing and securities	18,341	-	21,638	-

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) Corporate guarantee by a director-related company;
- (v) Pledge of all shares of certain director-related companies; and
- (vi) Bank deposits pledged in a retention account.

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>Statement of Cash Flows</u>	3 Months ended	
	31/3/2014	31/3/2013
(US\$'000)		
Operating activities		
Profit before tax	3,033	1,884
<u>Adjustments for:</u>		
Net gain on disposal of property, vessels and equipment	-	(7)
Interest income	(2)	-
Depreciation of property, vessels and equipment	1,120	1,026
Finance costs	352	275
Provisions	15	44
Operating cash flows before changes in working capital	4,518	3,222
Decrease in inventories	147	138
Decrease / (increase) in trade and other receivables	845	(3,033)
Increase in prepayments	(259)	(228)
Increase / (decrease) trade and other payables	1,338	(2,760)
Decrease in other liabilities	(99)	(222)
Cash flows generated from / (used in) operations	6,490	(2,883)
Interest received	2	-
Interest paid	(352)	(275)
Net cash flows generated from / (used in) operating activities	6,140	(3,158)
Investing activities		
Purchase of property, vessels and equipment	(5,994)	(2,613)
Proceeds from disposal of property, vessels and equipment	-	12
Net cash flows used in investing activities	(5,994)	(2,601)
Financing activities		
Proceeds from loans and borrowings	-	1,942
Repayment of loans and borrowings	(3,297)	(2,452)
Decrease in bank deposits pledged	1,268	121
Net cash flows used in financing activities	(2,029)	(389)
Net decrease in cash and cash equivalents	(1,883)	(6,148)
Cash and cash equivalents at beginning of the period	7,285	7,493
Cash and cash equivalents at end of the period	5,402	1,345

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

Group	Equity, total		Other reserves			Retained earnings
	US\$'000	US\$'000	Hedging	Merger	Total	
			US\$'000	US\$'000	US\$'000	
Balance at 1 January 2014	71,131	12,370	(206)	259	53	58,708
Profit for the period	3,033	-	-	-	-	3,033
Gain on fair value changes in derivatives	50	-	50	-	50	-
Total comprehensive income for the period	3,083	-	50	-	50	3,033
Balance at 31 March 2014	74,214	12,370	(156)	259	103	61,741

Group	Equity, total		Other reserves			Retained earnings
	US\$'000	US\$'000	Hedging	Merger	Total	
			US\$'000	US\$'000	US\$'000	
Balance at 1 January 2013	58,064	12,370	(300)	259	(41)	45,735
Profit for the period	1,884	-	-	-	-	1,884
Gain on fair value changes in derivatives	66	-	66	-	66	-
Total comprehensive income for the period	1,950	-	66	-	66	1,884
Balance at 31 March 2013	60,014	12,370	(234)	259	25	47,619

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	Accumulated losses
	US\$'000	US\$'000	US\$'000
Balance at 1 January 2014	74,856	85,534	(10,678)
Profit for the period, representing total comprehensive income for the period	1,932	-	1,932
Balance at 31 March 2014	76,788	85,534	(8,746)

Company	Equity, total	Share capital	Accumulated losses
	US\$'000	US\$'000	US\$'000
Balance at 1 January 2013	75,241	85,534	(10,293)
Loss for the period, representing total comprehensive income for the period	(46)	-	(46)
Balance at 31 March 2013	75,195	85,534	(10,339)

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.

On 30 January 2014, the Company granted 4,050,000 share options under the Atlantic 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 US\$319,000). As at 31 March 2014, 4,050,000 share options remained outstanding. Save as disclosed, there were no other outstanding convertibles or treasury shares as at 31 March 2014 and 31 March 2013.

During the 3-month period ended 31 March 2014, there has been no increase in the issued and paid-up share capital of the Company.

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	
	31/3/2014	31/12/2013
Total number of issued shares excluding treasury shares	260,593,750	260,593,750

There were no treasury shares as at 31 March 2014 and 31 March 2013.

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 2013, as well as the applicable Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2014. The adoption of these new and revised FRSs has no material effect on the 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	
	31/3/2014	31/3/2013
Earnings per ordinary share for the period based on net profit attributable to owners of the Company (US\$ cents)		
Basic earnings per share	1.16	0.72
Diluted earnings per share	1.15	0.72
Weighted average number of ordinary shares on issue applicable to basic EPS	260,593,750	260,593,750
Weighted average number of ordinary shares on issue applicable to diluted EPS	263,338,750	260,593,750

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	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
Net asset value per ordinary share (US\$ cents)	28.5	27.3	29.5	28.7

The net assets value per ordinary shares as at 31 March 2014 and 31 December 2013 were calculated based on 260,593,750 issued shares (excluding treasury shares) as at 31 March 2014 and 31 December 2013.

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		
	31/3/2014 ("1Q2014")	31/3/2013 ("1Q2013")	Increase/ (Decrease) %
(US\$'000)			
Marine logistics services	10,542	9,690	8.8%
Ship repair, fabrication and other marine services	685	550	24.5%
	11,227	10,240	9.6%

The Group's revenue for marine logistics services business for 1Q2014 increased by US\$0.9 million or 8.8% compared to 1Q2013 mainly due to an increase in capacity arising from the jack-up accommodation barge acquired at the end of FY2012 which was deployed since end January 2013, a vessel acquired in January 2014, and higher utilisation of the Group's owned fleet. As a result, revenue from the Group's owned fleet increased by US\$2.0 million for 1Q2014 as compared to 1Q2013, while revenue from cross charter decreased by US\$ 1.1 million due to completion of charters for 2 vessels that were deployed in 1Q2013.

The Group's revenue for the ship repair, fabrication and other marine services business for 1Q2014 is marginally higher by approximately US\$0.1 million or 24.5% compared to 1Q2013 mainly due to higher level of business.

(ii) Gross profit and gross profit margin

	3 Months ended		
	31/3/2014 ("1Q2014")	31/3/2013 ("1Q2013")	Increase/ (Decrease) %
(US\$'000)			
Gross profit			
Marine logistics services	4,435	2,966	49.5%
Ship repair, fabrication and other marine services	170	257	(33.9)%
	4,605	3,223	42.9%

	3 Months ended	
	31/3/2014 ("1Q2014")	31/3/2013 ("1Q2013")
(US\$'000)		
Gross profit margin		
Marine logistics services	42.1%	30.6%
Ship repair, fabrication and other marine services	24.8%	46.7%
	41.0%	31.5%

Gross profit of marine logistics services business for 1Q2014 increased by US\$1.5 million or 49.5% compared to 1Q2013 mainly due to the increase in revenue, and lower cost of services incurred in 1Q2014 as compared to 1Q2013. Gross profit margin improved by 11.5 percentage points from 30.6% to 42.1% mainly due to higher charter rates secured on certain of the Group's new vessels and lower cost of services.

Gross profit of ship repair, fabrication and other marine services business for 1Q2014 decreased by approximately US\$0.1 million or 33.9% compared to 1Q2013 due to overall lower pricing level resulting from increased competition. Gross profit margin deteriorated by 21.9 percentage points from 46.7% to 24.8% due to overall lower prices for services rendered.

(iii) Other income

Other income for 1Q2014 comprised mainly of proceeds from sale of scrap material.

(iv) Marketing and distribution expenses

Marketing and distribution expenses in 1Q2014 comprised mainly travel expenses. The increase was due to the higher level of business development activities undertaken by the Group in 1Q2014.

(v) Administrative expenses

Administrative expenses was marginally higher by US\$0.1 million in 1Q2014 compared to 1Q2013 mainly due to the increase in payroll costs.

(vi) Finance costs

The increase in finance costs in 1Q2014 compared to 1Q2013 was mainly due to higher interest expenses on higher level of borrowing, with the Group having undertaken a new loan in May 2013 to partially finance the purchase of the jack-up accommodation barge.

(vii) Profit before tax

Profit before tax for 1Q2014 increased by approximately US\$1.1 million from approximately US\$1.9 million for 1Q2013 to US\$3.0 million for 1Q2014 mainly due to the increase in gross profit margin of US\$1.4 million offset by aggregate increase of US\$0.2 million in marketing and distribution expenses, administrative expenses and finance costs.

(b) Review of financial position

(i) Non-current assets

Non-current assets increased by US\$4.8 million from US\$75.6 million as at 31 December 2013 to US\$80.4 million as at 31 March 2014, mainly due to the addition of a vessel to the Group's fleet and advance payment on two new vessels under construction for a total amount of approximately US\$6.0 million, partially offset by depreciation charges for the period.

(ii) Current assets

Current assets decreased by US\$3.9 million from US\$24.7 million as at 31 December 2013 to US\$20.8 million as at 31 March 2014 mainly due to the decrease in cash and cash equivalents, bank deposits pledged, and trade and other receivables. Cash and cash equivalents decreased by US\$1.9 million from US\$7.3 million as at 31 December 2013 to US\$5.4 million as at 31 March 2014 due mainly to repayment of bank loans, with the US\$6.1 million generated from operating activities being applied substantially towards investment in new operating assets. Bank deposits pledged decreased by US\$1.2 million from US\$ 2.9 million as at 31 December 2013 to US\$1.7 million as at 31 March 2014 due to the repayment of term loan. The decrease in trade and other receivables of US\$0.8 million is due to timely collection of trade receivables.

(iii) Non-current liabilities

Non-current liabilities decreased by US\$3.3 million from US\$13.7 million as at 31 December 2013 to US\$10.4 million as at 31 March 2014 mainly due to repayment of term loan.

(iv) Current liabilities

Current liabilities increased by US\$1.2 million from US\$15.4 million as at 31 December 2013 to US\$16.6 million as at 31 March 2014 mainly due to an increase in trade and other payables. The increase in trade and other payables by US\$1.4 million from US\$3.7 million as at 31 December 2013 to US\$5.1 million as at 31 March 2014 was due to a higher level of purchases of material and services for the period under review.

(c) Liquidity and capital resources

(i) Net cash flows from operating activities

Net cash flows from operating activities amounted to US\$6.1 million mainly due to operating cash flows before changes in working capital of US\$4.5 million and an increase in trade and other payables and a decrease in trade and other receivables during the period under review.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities amounting to US\$6.0 million was mainly due to addition of an offshore supply vessel to the fleet in January 2014 and milestone payment for a new vessel under construction.

(iii) Net cash flows used in financing activities

Net cash flows used in financing activities of US\$2.0 million was a result of repayment of loans and borrowings of US\$3.3 million, partially offset by decrease in bank deposits pledged of US\$1.3 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 capitalise on opportunities within the Middle East where offshore energy and production investment remains high, and continues to provide a strong demand base for its business. Underpinned by this positive market environment, the Group will continue with its fleet upgrade and expansion program to grow its marine logistics services business in FY2014.

The Group has entered into contracts with shipbuilders for the construction of two new vessels (60.5 metres multipurpose offshore support vessel and 75 metres platform supply vessel) which are expected to be delivered during the second quarter of 2014 and 2015 respectively. Besides, the Group has acquired an additional offshore supply vessel in January 2014 which has been deployed under a 3-year charter from 20 March 2014, plus a 2-year extendable option. Barring any unforeseen circumstances, the addition of these vessels to the fleet is expected to have a positive impact on the Group's performance in FY2014.

Other than fleet expansion, the Group has started to develop strategic opportunities in new markets. However, the Group remains cautious of potential pressures on charter rates due to new capacity coming on-stream from other vessel owners, as well as a reduced take-up of projects for its ship repair, fabrication and marine services.

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 with value of more than S\$100,000 during 1Q2014.

The Group does not have any IPT general mandate from shareholders pursuant to Rule 920.

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 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Wong Siew Cheong

Executive Chairman and Chief Executive Officer

25 April 2014