



## **ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED**

(Company Registration No. 200411055E)

**Results for the Financial Period Ended  
31 March 2017**

### **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 ("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) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.*



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)	3 months ended		
	31/03/2017 ("1Q2017")	31/03/2016 ("1Q2016")	Increase/ (Decrease) %
<b>Revenue</b>	5,712	6,953	(17.8)
Cost of services	(5,895)	(5,767)	2.2
<b>Gross profit</b>	(183)	1,186	N.M.
Finance income	-*	5	N.M.
Other income	11	65	(83.1)
Share of results of an associate	-	100	N.M.
<b>Other items of expense</b>			
Marketing and distribution expenses	(18)	(51)	(64.7)
Administrative expenses	(1,231)	(1,359)	(9.4)
Finance costs	(511)	(1,004)	(49.1)
Other expenses	(411)	-	N.M.
<b>Loss before tax</b>	(2,343)	(1,058)	121.5
Income tax expense	(97)	-	N.M.
<b>Loss for the period attributable to owners of the Company, representing total comprehensive income for the period attributable to owners of the Company</b>	(2,440)	(1,058)	130.6

N.M.: not meaningful

\* Less than US\$1,000

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)	3 months ended		
	31/03/2017 ("1Q2017")	31/03/2016 ("1Q2016")	Increase/ (Decrease) %
<b>Loss for the period is stated after charging:</b>			
Depreciation of property, vessels and equipment	(1,523)	(1,421)	7.2
Net loss on disposal of property, vessels and equipment	(411)	-	N.M.
Grant of equity-settled share options to employees	(3)	(16)	(81.3)

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 31/03/2017	Audited As at 31/12/2016	Unaudited As at 31/03/2017	Audited As at 31/12/2016
<b>(US\$'000)</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, vessels and equipment	164,628	165,248	-	-
Intangible asset	141	141	141	141
Investment in subsidiaries	-	-	66,741	66,741
Investment in an associate	-	-	-	-
Prepayments	251	299	-	-
	<u>165,020</u>	<u>165,688</u>	<u>66,882</u>	<u>66,882</u>
<b>Current assets</b>				
Inventories	290	281	-	-
Vessels held for sale	-	180	-	-
Trade and other receivables	9,623	10,887	72,188	72,526
Prepayments	1,043	843	221	205
Cash and bank balances	1,356	1,536	196	197
Bank deposits pledged	508	100	8	8
	<u>12,820</u>	<u>13,827</u>	<u>72,613</u>	<u>72,936</u>
<b>Total assets</b>	<u>177,840</u>	<u>179,515</u>	<u>139,495</u>	<u>139,818</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	17,393	14,782	4,904	2,414
Other liabilities	3,051	3,409	674	730
Loans and borrowings	22,244	35,349	18,897	31,897
	<u>42,688</u>	<u>53,540</u>	<u>24,475</u>	<u>35,041</u>
<b>Net current (liabilities)/assets</b>	<u>(29,868)</u>	<u>(39,713)</u>	<u>48,138</u>	<u>37,895</u>
<b>Non-current liabilities</b>				
Provisions	532	519	-	-
Loans and borrowings	52,001	40,400	40,359	30,044
	<u>52,533</u>	<u>40,919</u>	<u>40,359</u>	<u>30,044</u>
<b>Total liabilities</b>	<u>95,221</u>	<u>94,459</u>	<u>64,834</u>	<u>65,085</u>
<b>Net assets</b>	<u>82,619</u>	<u>85,056</u>	<u>74,661</u>	<u>74,733</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	12,370	12,370	85,534	85,534
Other reserves	998	995	739	736
Retained earnings/(accumulated losses)	69,251	71,691	(11,612)	(11,537)
<b>Total equity</b>	<u>82,619</u>	<u>85,056</u>	<u>74,661</u>	<u>74,733</u>
<b>Total equity and liabilities</b>	<u>177,840</u>	<u>179,515</u>	<u>139,495</u>	<u>139,818</u>

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

	As at		As at	
	31/03/2017		31/12/2016	
(US\$'000)	Secured	Unsecured	Secured	Unsecured
(a) Amount repayable in one year or less, or on demand	22,244	-	35,349	-
(b) Amount repayable after one year	52,001	-	40,400	-
<b>Total borrowing and securities</b>	<b>74,245</b>	<b>-</b>	<b>75,749</b>	<b>-</b>

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\$30 million or 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.

<b>Consolidated Statement of Cash Flows</b>	<b>3 months ended</b>	
	<b>31/03/2017</b>	<b>31/03/2016</b>
<b>(US\$'000)</b>		
<b>Operating activities</b>		
Loss before tax	(2,343)	(1,058)
<b>Adjustments for:</b>		
Net loss on disposal of property, vessels and equipment	411	-
Interest income	-*	(5)
Depreciation of property, vessels and equipment	1,523	1,421
Share of results of an associate	-	(100)
PIK interest accrual - convertible loan	314	-
Finance costs	511	1,004
Provisions	15	36
Grant of equity-settled share options to employees	3	16
Total adjustments	<u>2,777</u>	<u>2,372</u>
<b>Operating cash flows before changes in working capital</b>	<b>434</b>	<b>1,314</b>
(Increase) / decrease in inventories	(9)	8
Decrease in trade and other receivables	1,445	5,371
Increase in prepayments	(152)	(1,239)
Increase in trade and other payables	211	3,038
Decrease in provisions	(1)	(7)
(Decrease) / increase in other liabilities	(358)	835
Total changes in working capital	<u>1,136</u>	<u>8,006</u>
<b>Cash generated from operations</b>	<b>1,570</b>	<b>9,320</b>
Interest received	-*	5
Interest paid	(1,345)	(1,004)
Income tax paid	(97)	-
<b>Net cash flows generated from operating activities</b>	<b>128</b>	<b>8,321</b>
<b>Investing activities</b>		
Purchase of property, vessels and equipment	(1,180)	(62,540)
Proceeds from disposal of property, vessels and equipment	700	-
<b>Net cash flows used in investing activities</b>	<b>(480)</b>	<b>(62,540)</b>
<b>Financing activities</b>		
Proceeds from loan from a shareholder	2,400	-
Proceeds from loans and borrowings	2,000	62,360
Repayment of loans and borrowings	(3,713)	(1,795)
Decrease in overdraft	(105)	-
Increase in bank deposits pledged	(408)	(3,349)
<b>Net cash flows generated from financing activities</b>	<b>174</b>	<b>57,216</b>
Net (decrease) / increase in cash and cash equivalents	(180)	2,997
Cash and cash equivalents at beginning of the period	1,536	4,261
<b>Cash and cash equivalents at end of the period (Note A)</b>	<b>1,356</b>	<b>7,258</b>
<b>Note A: Cash and cash equivalents comprise the following at the end of the reporting period:</b>		
Cash and bank balances	1,356	7,258
Bank overdraft	(490)	-
Net balance	<u>866</u>	<u>7,258</u>

\* Less than US\$1,000

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

**Consolidated Statement for Changes in Equity**

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2017</b>	<b>85,056</b>	<b>12,370</b>	<b>995</b>	<b>71,691</b>
Loss for the period, representing total comprehensive income for the period	(2,440)	-	-	(2,440)
Grant of equity-settled share options to employees	3	-	3	-
<b>Balance at 31 March 2017</b>	<b>82,619</b>	<b>12,370</b>	<b>998</b>	<b>69,251</b>

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2016</b>	<b>96,087</b>	<b>12,370</b>	<b>599</b>	<b>83,118</b>
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	-
<b>Balance at 31 March 2016</b>	<b>95,045</b>	<b>12,370</b>	<b>615</b>	<b>82,060</b>

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
<b>Balance at 1 January 2017</b>	<b>74,733</b>	<b>85,534</b>	<b>736</b>	<b>(11,537)</b>
Loss for the period, representing total comprehensive income for the period	(75)	-	-	(75)
Grant of equity-settled share options to employees	3	-	3	-
<b>Balance at 31 March 2017</b>	<b>74,661</b>	<b>85,534</b>	<b>739</b>	<b>(11,612)</b>

Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2016</b>	<b>75,216</b>	<b>85,534</b>	<b>340</b>	<b>(10,658)</b>
Loss for the period, representing total comprehensive income for the period	(27)	-	-	(27)
Grant of equity-settled share options to employees	16	-	16	-
<b>Balance at 31 March 2016</b>	<b>75,205</b>	<b>85,534</b>	<b>356</b>	<b>(10,685)</b>

**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 31 December 2016	260,593,750	85,534
As at 31 March 2017	260,593,750	85,534

During the 3-month period ended 31 March 2017, there were no changes in the issued and paid-up share capital of the Company.

On 30 January 2014, the Company granted 4,050,000 share options under the Atlantic 2008 Employee Share Option Scheme ("Atlantic 2008 ESOS"). 2,025,000 share options 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 March 2017, the total numbers of share options outstanding were 4,800,000 (31 March 2016: 4,800,000).

Save as disclosed, there were no other outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 2017 and 31 March 2016.

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

	As at	
	31/03/2017	31/12/2016
Total number of issued shares excluding treasury shares	260,593,750	260,593,750

There were no treasury shares as at 31 March 2017 and 31 December 2016.

**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 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 applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 31 December 2016, as well as the applicable Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2017. 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 paragraph 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	
	31/03/2017	31/03/2016
Loss per ordinary share ("LPS") for the period based on net loss attributable to owners of the Company (US\$ cents)		
Basic LPS	(0.94)	(0.41)
Diluted LPS	(0.92)	(0.40)
Weighted average number of ordinary shares on issue applicable to basic LPS	260,593,750	260,593,750
Weighted average number of ordinary shares on issue applicable to diluted LPS	265,393,750	265,393,750

For the purpose of calculating the diluted LPS, net loss 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 31 March 2017 and 31 March 2016.

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

	Group as at		Company as at	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Net asset value per ordinary share (US\$ cents)	31.70	32.64	28.65	28.68

The net asset values per ordinary share of the Company and the Group as at 31 March 2017 and 31 December 2016 were calculated based on 260,593,750 issued shares (excluding treasury shares) as at 31 March 2017 and 31 December 2016.

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		
	31/03/2017 ("1Q2017")	31/03/2016 ("1Q2016")	Increase/ (Decrease) %
<b>(US\$'000)</b>			
Marine logistics services ("MLS")	5,321	6,619	(19.6)
Ship repair, fabrication and other marine services ("SRM")	391	334	17.1
	5,712	6,953	(17.8)

The Group's revenue for MLS business for 1Q2017 decreased by US\$1.3 million or 19.6%, from US\$6.6 million in 1Q2016 to US\$5.3 million in 1Q2017 owing to lower revenue contribution from owned vessels due to lower utilization of the vessels during 1Q2017.

The Group's revenue for the SRM business for 1Q2017 increased by approximately US\$57,000 or 17.1% compared to 1Q2016 mainly due to higher level of repairs works undertaken on third party vessels.

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

	3 months ended		
	31/03/2017 ("1Q2017")	31/03/2016 ("1Q2016")	Increase/ (Decrease) %
<b>(US\$'000)</b>			
<b>Gross profit</b>			
MLS	(361)	1,047	N.M.
SRM	178	139	28.1
	(183)	1,186	N.M.

	3 months ended	
	31/03/2017 ("1Q2017")	31/03/2016 ("1Q2016")
<b>Gross profit margin</b>		
MLS	(6.8%)	15.8%
SRM	45.5%	41.6%
	(3.2%)	17.1%

The Group reported a negative gross profit of US\$0.4 million for the MLS business during 1Q2017, compared with gross profit of US\$1.0 million in 1Q2016. The decrease in gross profit of US\$1.4 million was primarily as a result of lower revenue and operating cost for vessels out of charter due to lower utilization rate for the period. Gross profit margin for MLS business was negative 6.8% in 1Q2017, compared with gross profit margin of 15.8% in 1Q2016.

Gross profit for the SRM business for 1Q2017 increased by approximately US\$39,000 or 28.1% compared to 1Q2016 as a result of higher margin work performed on offshore supply vessels. Gross profit margin increased to 45.5% in 1Q2017 from 41.6% in 1Q2016.

(iii) **Other income**

Other income for 1Q2017 is the gain from the disposal of vessel held for sale.

(iv) **Marketing and distribution expenses**

Marketing and distribution expenses in 1Q2017 comprised mainly travel, exhibition and consultancy expenses.

#### **(v) Administrative expenses**

Administrative expenses for 1Q2017 decreased by US\$0.1 million or 9.4% as compared to 1Q2016 due to reduction in fuel and vehicle maintenance cost, utility expenses and office maintenance expenses.

#### **(vi) Finance costs**

Finance costs in 1Q2017 decreased by US\$0.5 million or 49.1% from US\$1.0 million in 1Q2016 to US\$0.5 million in 1Q2017 due to capitalization of borrowing cost in respect of a vessel under construction. Finance costs for 1Q2016 comprised of higher level of borrowings cost for relating to the acquisition of two new vessels, the major portion of which was recognized later as capitalized interest cost.

#### **(vii) Other expenses**

Other expenses in 1Q2017 relates to the loss on sale of vessel.

#### **(viii) Loss before tax**

The Group recorded a net loss before tax of US\$2.3 million in 1Q2017 as compared to net loss before tax of US\$1.1 million in 1Q2016 due mainly to the impact of challenging market conditions on the revenue and gross profit margin.

### **(b) Review of financial position**

#### **(i) Non-current assets**

Non-current assets decreased by US\$0.7 million, from US\$165.7 million as at 31 December 2016 to US\$165.0 million as at 31 March 2017 due to depreciation charge of US\$1.5 million and sale of vessel of US\$1.1 million, partially offset by capitalization of finance cost of US\$0.8 million and upgrading cost of vessel under construction of US\$1.1 million.

#### **(ii) Current assets**

Current assets decreased by US\$1.0 million, from US\$13.8 million as at 31 December 2016 to US\$12.8 million as at 31 March 2017. This was mainly due to a decrease in trade and other receivables of US\$1.3 million, a decrease in cash and bank balances of US\$0.2 million and a decrease in vessels held for sale of US\$0.2 million, partially offset by an increase in prepayments of US\$0.2 million and an increase in bank deposits pledged of US\$0.4 million.

#### **(iii) Non-current liabilities**

Non-current liabilities increased by US\$11.6 million, from US\$40.9 million as at 31 December 2016 to US\$52.5 million as at 31 March 2017. This was mainly due to borrowings of US\$2.0 million for upgrading of new vessel, reclassification of convertible loan of US\$13.0 million from current liability to non-current liability and PIK interest accruals of US\$0.3 million in respect of convertible loan, partially offset by repayment of loans and borrowings of US\$3.7 million.

#### **(iv) Current liabilities**

Current liabilities decreased by US\$10.8 million, from US\$53.5 million as at 31 December 2016 to US\$42.7 million as at 31 March 2017, primarily due to reclassification of convertible loan of US\$13.0 million to non-current liability, decrease in other liabilities of US\$0.3 million and decrease in overdraft of US\$0.1 million, partially offset by an increase in trade and other payables of US\$2.6 million.

#### **(v) Net current liabilities**

The Group's net current liabilities decreased by US\$9.8 million from US\$39.7 million as at 31 December 2016 to US\$29.9 million as at 31 March 2017 as a result of a decrease in current liabilities of US\$10.8 million, partially offset by a decrease in current assets of US\$1.0 million.

Since the beginning of 2017, the Group has taken certain steps to strengthen its balance sheet and improve its cash flow position, including, *inter alia*, the following:

- The Group had on 4 January 2017 executed a second supplemental agreement relating to a convertible loan of US\$13.0 million secured on 6 January 2016 (the "Convertible Loan") and had rescheduled the repayment of the Convertible Loan to 3 January 2019, in the event that no conversion notice has been issued prior to such date.
- On 20 February 2017, the Group entered into a loan agreement with its Saudi Arabian representative for a loan of US\$2.0 million repayable in 454 days.
- On 19 March 2017, the Group has entered into a memorandum of agreement ("MOA") with a buyer to sell one of its vessels for a consideration of US\$190,000 and this disposal has been completed in March 2017.
- On 26 March 2017, the Group has entered into a MOA with a buyer to sell one of its vessels for a consideration of US\$700,000 and this disposal has been completed in March 2017.
- The Group has in April 2017 received an additional US\$0.9 million loan from a shareholder, in addition to US\$2.4 million loan received in 1Q2017.
- As announced on 29 April 2017, the Group had executed agreements to revise the repayment and to extend the tenure of term loans and revolving credit facilities with Maybank Singapore and this resulted in a reduction in the Group's loan principal repayment by an aggregate of US\$9 million over the next three (3) years.

In addition to the above, the Group is currently working with various potential lenders to support its short-term working capital requirements for the vessel deliveries in the 3<sup>rd</sup> quarter of 2017. The Group expects finalization of the funding arrangements in the near future. The Group is also exploring opportunities for private fund raising activities. These options, if materialize, may, in addition to addressing its existing net current liabilities position, 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 generated from operating activities amounted to US\$0.1 million in 1Q2017. This was mainly due to operating cash flows before changes in working capital of US\$0.4 million, changes in working capital of US\$1.2 million, partially offset by interest paid during the 1Q2017 of US\$1.3 million and the income tax paid of US\$0.1 million.

**(ii) Net cash flows used in investing activities**

Net cash flows used in investing activities amounted to US\$0.5 million in 1Q2017. This was mainly due to investment in new vessels of US\$0.7 million and capitalization of dry docking cost of US\$0.5 million, partially offset by disposal of vessel of US\$0.7 million.

**(iii) Net cash flows generated from financing activities**

Net cash flows generated from financing activities of US\$0.2 million in 1Q2017 was a result of private borrowings of US\$2.0 million for upgrading of new vessel, borrowings from a shareholder of US\$2.4 million, partially offset by repayment of term loans of US\$3.7 million, an increase in bank deposits pledge of US\$0.4 million and a decrease in bank overdraft of US\$0.1 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. 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.

The Group is anticipating improvement in utilisation of vessels from 2<sup>nd</sup> quarter of 2017 onwards. Further having secured long-term contracts for ten (10) 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 ("Contract I"), the Group has on 14 March 2017 announced that it has secured from the NOC a US\$44 million one-year charter contract with two one-year extension options for its lift boat, AOS Maintainer I ("Contract II"). In addition, the Group has on 25 April 2017 announced that it has, together with its Korean consortium partner, secured from another NOC a US\$45.2 million project for the purchase and removal of decommissioned offshore and onshore facilities, including provision of the marine spread of about seven (7) existing vessels to support the offshore phase of the project ("Contract III"). Accordingly, the Group expects substantial growth in charter revenue upon deploying (i) AOS Maintainer I under Contract II in May 2017; (i) the remaining seven (7) newly built vessels under Contract I during 3<sup>rd</sup> quarter of 2017; and (iii) the seven (7) existing vessels under Contract III in second half of 2017.

The Group has taken certain steps and is exploring certain options to strengthen its balance sheet and improve its cash flow position. Please refer to paragraph 8(b)(v) above for further details.

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) offsetting rate reduction through controls of operational and manning costs.

**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.**

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 more than S\$100,000 during 1Q2017.

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

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

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 2017 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 undertaking from all the Company's 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

15 May 2017