Atlantic Navigation
Holdings (Singapore) Limited

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

Condensed Interim Consolidated Financial Statements for the Financial Period Ended 30 September 2022

In view of an Emphasis of Matter relating to "material uncertainty related to going concern" highlighted by the Company's independent auditor, Ernst & Young LLP, on the audited financial statements of the Group for the financial year ended 31 December 2021, the Company is required by the Singapore Exchange Securities Trading Limited ("SGX-ST") to announce its quarterly financial statements pursuant to Rule 705 of the Catalist Rules.

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

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Atlantic Navigation Holdings (Singapore) Limited

(Company Registration No. 200411055E)

Atlantic Navigation Holdings (Singapore) Limited

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group			The Group		
		3 months ended 30 September 2022 ("3Q2022")	3 months ended 30 September 2021 ("3Q2021")	Increase/ (Decrease)	9 months ended 30 September 2022 ("9M2022")	9 months ended 30 September 2021 ("9M2021")	Increase/ (Decrease)
		US$'000	US$'000	%	US$'000	US$'000	%
Revenue	4	**16,552**	**11,526**	**43.6**	**45,991**	**30,375**	**51.4**
Cost of services[1]		(10,910)	(9,191)	18.7	(30,624)	(27,418)	11.7
Gross profit		**5,642**	**2,335**	**>100.0**	**15,367**	**2,957**	**>100.0**
Other items of expense							
Marketing and distribution expenses		(10)	-	N.M.	(56)	(8)	>100.0
Administrative expenses[2]		(1,967)	(1,473)	33.5	(5,132)	(4,528)	13.3
Finance costs		(1,033)	(1,005)	2.8	(2,849)	(3,165)	(10.0)
Other expenses		-	-	N.M.	(209)	-	N.M.
Impairment loss on property, vessel and equipment		-	(1,052)	N.M.	-	(9,080)	N.M.
Withholding tax expense		(77)	(88)	(12.5)	(219)	(250)	(12.4)
Profit/(loss) before tax	6	**2,555**	**(1,283)**	**N.M.**	**6,902**	**(14,074)**	**N.M.**
Income tax expense		-	-	N.M.	-	-	N.M.
Profit/(loss) for the period, attributable to owners of the Company		**2,555**	**(1,283)**	**N.M.**	**6,902**	**(14,074)**	**N.M.**
EBITDA for the period[3]		6,053	2,889	>100.0	17,458	4,719	>100.0

(1) Cost of services include depreciation of US$2,416,000 in 3Q2022 (3Q2021: US$2,090,000) and US$7,367,000 in 9M2022 (9M2021: US$6,471,000) relating to vessels as disclosed in Note 6.1.

(2) Administrative expenses include depreciation and amortisation of US$49,000 in 3Q2022 (3Q2021: US$25,000) and US$131,000 in 9M2022 (9M2021: US$77,000) relating to office equipment and other assets respectively as disclosed in Note 6.1.

(3) EBITDA is computed based on the profit/(loss) before tax, finance costs, depreciation and amortisation, loss on disposal of property, vessels and equipment and impairment loss on property, vessel and equipment.

Consolidated statement of comprehensive income

Profit/(loss) for the period	2,555	(1,283)	N.M.	6,902	(14,074)	N.M.
Items that may be reclassified subsequently to profit or loss						
Net fair value changes on cash flow hedges	217	132	64.4	929	371	>100.0
Other comprehensive income for the period, net of tax	217	132	64.4	929	371	>100.0
Total comprehensive income for the period, attributable to owners of the Company	**2,772**	**(1,151)**	**N.M.**	**7,831**	**(13,703)**	**N.M.**
Profit/(loss) per share for the period attributable to the owners of the Company during the financial period:						
Basic (US$ in cent)	0.49	(0.25)		1.32	(2.69)	
Diluted (US$ in cent)	0.49	(0.25)		1.32	(2.69)	

N.M.: not meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		Unaudited 30 September 2022	Audited 31 December 2021	Unaudited 30 September 2022	Audited 31 December 2021
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Non-current assets					
Property, vessels and equipment	8	131,893	138,539	-	-
Right-of-use assets		347	20	-	-
Intangible assets		10	164	-	141
Investment in subsidiaries		-	-	67,770	67,770
Advances, deposits and other receivables		-	-	11,833	24,471
		132,250	138,723	79,603	92,382
Current assets					
Inventories		671	700	-	-
Advances, deposits and other receivables		1,912	1,854	7,871	3,728
Prepayments		463	306	10	14
Trade receivables	9	17,842	11,171	498	1,976
Cash and bank balances		679	520	84	37
Restricted cash		50	90	-	-
		21,617	14,641	8,463	5,755
Total assets		**153,867**	153,364	**88,066**	**98,137**
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	10	18,826	52,682	7,500	18,004
Trade payables		11,374	8,972	-	-
Accruals and other payables		5,119	5,574	200	292
Other non-financial liabilities		422	130	-	-
Amount due to shareholders	11	2,585	2,689	750	750
Lease liabilities		66	-	-	-
		38,392	70,047	8,450	19,046
Net current liabilities		(16,775)	(55,406)	13	(13,291)
Non-current liabilities					
Provisions		924	754	-	-
Amount due to shareholders	11	11,833	11,370	11,833	11,370
Lease liabilities		286	-	-	-
Derivatives	12	14	943	-	-
Loans and borrowings	10	25,585	1,248	-	-
		38,642	14,315	11,833	11,370
Total liabilities		**77,034**	**84,362**	**20,283**	**30,416**
Net assets	7	76,833	69,002	67,783	67,721
Equity attributable to owners of the Company					
Share capital	13	38,307	38,307	111,471	111,471
Other reserves		6,649	5,720	6,036	6,036
Retained earnings/(accumulated losses)		31,877	24,975	(49,724)	(49,786)
Total equity		**76,833**	**69,002**	**67,783**	**67,721**
Total equity and liabilities		153,867	153,364	88,066	98,137

C. Condensed interim statements of changes in equity

The Group	Equity, total	Share capital	Other reserves	Retained earnings
	US$'000	US$'000	US$'000	US$'000
2022				
Balance at 1 January 2022	**69,002**	**38,307**	**5,720**	**24,975**
Profit for the period	6,902	-	-	6,902
Other comprehensive income				
Net fair value changes on cash flow hedges	929	-	929	-
Other comprehensive income for the period, net of tax	929	-	929	-
Balance at 30 September 2022	**76,833**	**38,307**	**6,649**	**31,877**
2021				
Balance at 1 January 2021	**81,074**	**38,307**	**4,544**	**38,223**
Loss for the period	(14,074)	-	-	(14,074)
Other comprehensive income				
Net fair value changes on cash flow hedges	371	-	371	-
Other comprehensive income for the period, net of tax	371	-	371	-
Transaction with shareholders of the Company directly recognised in equity*	576	-	576	-
Balance at 30 September 2021	**67,947**	**38,307**	**5,491**	**24,149**

The Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US$'000	US$'000	US$'000	US$'000
2022				
Balance at 1 January 2022	**67,721**	**111,471**	**6,036**	**(49,786)**
Profit for the period, representing total comprehensive income for the period	62	-	-	62
Balance at 30 September 2022	**67,783**	**111,471**	**6,036**	**(49,724)**
2021				
Balance at 1 January 2021	**78,064**	**111,471**	**5,460**	**(38,867)**
Loss for the period, representing total comprehensive income for the period	(10,839)	-	-	(10,839)
Transaction with shareholders of the Company directly recognised in equity*	576	-	576	-
Balance at 30 September 2021	**67,801**	**111,471**	**6,036**	**(49,706)**

* During 9M2021, a fair value adjustment arising from change of interest rate from 6.0% per annum to 3.0% per annum, being the difference between the carrying amount of loans received from shareholders and the fair value of these loans, was recognised in capital reserve.

D. Condensed interim consolidated statement of cash flows

	Note	The Group 9 months ended 30 September 2022 US$'000	9 months ended 30 September 2021 US$'000
Operating activities			
Profit/(loss) before tax		6,902	(14,074)
Adjustments for:			
Net loss on disposal of property, vessels and equipment		209	-
Depreciation of property, vessels and equipment	6	7,432	6,486
Amortisation of intangible assets	6	13	14
Depreciation of right-of-use assets	6	53	48
Bad debt written off		4	-
Finance costs		2,849	3,165
Provisions		304	176
Impairment loss on property, vessel and equipment		-	8,028
Impairment loss on reclassification of vessels as held for sale		-	1,052
Total adjustments		10,864	18,969
Operating cash flows before changes in working capital		**17,766**	**4,895**
Decrease/(increase) in inventories		29	(365)
(Increase)/decrease in trade receivables		(6,671)	3,993
Increase in advances, deposits and other receivables		(107)	(377)
Increase in prepayments		(157)	(309)
Increase/(decrease) in trade payables		2,402	(2,777)
(Decrease)/increase in accruals and other payables		(266)	95
Decrease in provisions		(134)	(89)
Increase/(decrease) in other non-financial liabilities		292	(252)
Total changes in working capital		(4,612)	(81)
Cash generated from operations		**13,154**	**4,814**
Interest paid		(2,422)	(3,055)
Net cash flows generated from operating activities		**10,732**	**1,759**
Investing activities			
Purchase of property, vessels and equipment		(1,950)	(1,404)
Proceeds from disposal of property, vessels and equipment		1,000	-
Deposit received in relation to disposal of vessels classified as held for sale		-	195
Net cash flows used in investing activities		**(950)**	**(1,209)**
Financing activities			
(Repayment of)/proceeds from shareholders' advance		(104)	1,412
Proceeds from loans and borrowings		9,000	4,614
Repayment of loans and borrowings		(16,193)	(8,402)
Repayment of principal portion of lease liabilities		(40)	(62)
Decrease in bank deposits pledged and restricted cash		40	4
Net cash flows used in financing activities		**(7,297)**	**(2,434)**
Net increase/(decrease) in cash and cash equivalents		2,485	(1,884)
Cash and cash equivalents at beginning of the period		(1,942)	45
Cash and cash equivalents at end of the period (Note A)		**543**	**(1,839)**

Note A:
Cash and cash equivalents comprise the following at the end of the reporting period:

Cash and bank balances	679	767
Bank overdrafts	(136)	(2,606)
Net balance	**543**	**(1,839)**

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Atlantic Navigation Holdings (Singapore) Limited (the "Company", and together with its subsidiaries, the "Group") is a limited liability company incorporated in Singapore and is listed on the Catalist board of Singapore Exchange Securities Trading Limited (the "SGX-ST").

The immediate and ultimate holding company is Saeed Investment Pte. Ltd., which is incorporated in Singapore.

The registered office of the Company is at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712. The principal place of business of the Group is located at Plot No. HD-02, P. O. Box 6653, Hamriyah Free Zone, Sharjah, United Arab Emirates.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are ship owner, commercial and administrative manager of the Group's marine logistics services business and provider of ship repair, fabrication and other marine services and ship management.

2. Basis of preparation

The condensed interim consolidated financial statements for the nine months ended 30 September 2022 ("9M2022") have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Reporting Standards (International) ("SFRS(I)s"), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in United States Dollars ("USD" or "US$") and all values are rounded to the nearest thousand (US$'000), except when otherwise indicated.

Going concern uncertainty

As at 30 September 2022, the Group has reported a net current liabilities position of US$16,775,000 (31 December 2021: US$55,406,000) and net assets of US$76,833,000 (31 December 2021: US$69,002,000). The Company has reported a net current assets position of US$13,000 (31 December 2021: net current liabilities position of US$13,291,000) and net assets position of US$67,783,000 (31 December 2021: US$67,721,000) as at 30 September 2022.

The Group had vessels, including capitalised drydocking costs, with a carrying value of US$131,408,000 as at 30 September 2022 (31 December 2021: US$138,400,000) that have been pledged with the financial institutions to secure the Group's bank loans.

As disclosed previously, the Group had entered into binding agreements in relation to the Refinancing and Re-profiling with its Primary Bank and Relevant Bank respectively, with the documentation now been completed.

The Group had prepared the financial statements on a going concern basis in view of the following main supporting factors:

(i) the expected cash flows from operations in an improving offshore market condition in the Middle East; and
(ii) the Group is contemplating to sell certain vessel(s), if required, to complement its cash flows.

2.1. New and amended standards adopted by the Group

On 1 January 2022, the Group has adopted the new or amended SFRS(I)s and Interpretations of SFRSs ("INT SFRS(I)s") that are mandatory for application for the financial period.

The adoption of these new or amended SFRS(I)s and INT SFRS(I)s did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current financial period.

2.2. Use of judgements and estimates

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgments made in applying accounting policies

(i) Proportionate consolidation of investment in a joint operation

The Group formed Atlantic Venture Inc. ("AVI''), to acquire a vessel and provide charter services with 51% equity interests. The Group has equal representation on the board of directors and unanimous consent is required from both the Group and the third-party partner for all major operational decisions. Both the Group and the third-party partner, in accordance with their respective participating equity interests, would have the rights to the assets and obligations to the liabilities of AVI. Based on these facts and circumstances, management concluded that the Group has joint control over AVI and, therefore, recognised its share of the assets and the liabilities in respect of its interest in the joint operation in its financial statements.

(ii) Leases – Determining the lease term of contracts with renewal and termination options

The application of SFRS(I) 16 requires the Group to make judgements that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include determining contracts in scope of SFRS(I) 16 and determining the contract term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by the option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Residual values and useful lives of vessels and machinery and equipment

The Group reviews the residual values and useful lives of vessels and machinery and equipment at the end of each reporting period. The cost of the vessels and machinery and equipment is depreciated on a straight-line basis over the vessels, machinery and equipment's estimated useful lives. Management estimates the useful lives of the vessels to be within 11 to 25 years and machinery and equipment to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of the vessels and machinery and equipment; therefore, future depreciation charges could be revised. Please see Note 8 for changes in 9M2022.

The carrying amount of the Group's vessels, machinery and equipment as at 30 September 2022 was US$131,758,000 (31 December 2021: US$138,430,000). A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately US$743,000 (9M2021: US$439,000) variance in the Group's profit before tax for the period ended 30 September 2022.

(ii) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. At least at each year end, the Group assesses whether there is any indication that its vessels may be impaired. If such indicator exists, the Group estimates the recoverable amount of the vessel. The Group engages independent professional valuation expert to perform valuations of the recoverable amount of its vessels based on fair value less costs of disposal. If the fair value less costs of disposal decrease by 10% from the fair value based on valuation reports, the impairment charges of US$10,668,000 (9M2021: US$8,279,000) will be incurred for the period ended 30 September 2022.

(iii) Allowance for expected credit losses ("ECLs") on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The carrying amount of trade receivables as at 30 September 2022 was US$17,842,000 (31 December 2021: US$11,171,000).

3. Seasonal operations

The Group's businesses are not significantly affected by seasonal or cyclical factors during the financial period ended 30 September 2022.

4. Segment and revenue information

The Group is organised into the following main business segments: (i) Marine logistics services ("MLS") and (ii) Ship repair, fabrication and other marine services ("SRM"). These operating segments are reported in a manner consistent with internal reporting provided to chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

4.1. Reportable segments

	3 months ended 30 September 2022				9 months ended 30 September 2022			
	MLS	SRM	Elimination	Consolidated	MLS	SRM	Elimination	Consolidated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	15,798	1,160	(406)	16,552	43,612	3,353	(974)	45,991
Segment results	**5,198**	**434**	**-**	**5,632**	**13,766**	**1,336**	**-**	**15,102**
Administrative expenses	(1,499)	(304)	-	(1,803)	(3,943)	(860)	-	(4,803)
Finance costs	(1,033)	-	-	(1,033)	(2,849)	-	-	(2,849)
Withholding tax	(77)	-	-	(77)	(219)	-	-	(219)
Segment profit	**2,589**	**130**	**-**	**2,719**	**6,755**	**476**	**-**	**7,231**
Unallocated expenses:								
Administrative expenses				(164)				(329)
Profit before tax				**2,555**				**6,902**
Income tax expense				-				-
Profit for the period				**2,555**				**6,902**
Material non-cash items:								
Loss on disposal of vessel	-	-	-	-	(209)	-	-	(209)
Depreciation of property, vessels and equipment	(2,434)	(8)	-	(2,442)	(7,407)	(25)	-	(7,432)
Depreciation of right-of-use assets	(19)	-	-	(19)	(53)	-	-	(53)
Amortisation of intangible assets	(4)	-	-	(4)	(13)	-	-	(13)

	3 months ended 30 September 2021				9 months ended 30 September 2021			
	MLS	SRM	Elimination	Consolidated	MLS	SRM	Elimination	Consolidated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	11,036	739	(249)	11,526	28,899	2,540	(1,064)	30,375
Segment results	**1,019**	**264**	**-**	**1,283**	**(7,009)**	**878**	**-**	**(6,131)**
Administrative expenses	(1,154)	(242)	-	(1,396)	(3,620)	(603)	-	(4,223)
Finance costs	(1,005)	-	-	(1,005)	(3,165)	-	-	(3,165)
Withholding tax	(88)	-	-	(88)	(250)	-	-	(250)
Segment (loss)/profit	**(1,228)**	**22**	**-**	**(1,206)**	**(14,044)**	**275**	**-**	**(13,769)**
Unallocated expenses:								
Administrative expenses				(77)				(305)
Loss before tax				**(1,283)**				**(14,074)**
Income tax expense				-				-
Loss for the period				**(1,283)**				**(14,074)**
Material non-cash items:								
Impairment of property, vessel and equipment	-	-	-	-	(8,028)	-	-	(8,028)
Impairment on reclassification of vessels as held for sale	(1,052)	-	-	(1,052)	(1,052)	-	-	(1,052)
Depreciation of property, vessels and equipment	(2,095)	-	-	(2,095)	(6,486)	-	-	(6,486)
Depreciation of right-of-use assets	(16)	-	-	(16)	(48)	-	-	(48)
Amortisation of intangible assets	(4)	-	-	(4)	(14)	-	-	(14)

4.2. Disaggregation of revenue

	The Group			The Group		
	3 months ended 30 September 2022			9 months ended 30 September 2022		
	MLS	SRM	Total	MLS	SRM	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Types of goods or services:						
Time charter - lease revenue	9,658	-	9,658	26,894	-	26,894
Other ancillary time charter revenue	6,140	-	6,140	16,718	-	16,718
Ship repair, fabrication and other related marine services	-	754	754	-	2,379	2,379
Total revenue	15,798	754	16,552	43,612	2,379	45,991
Geographical information:						
Saudi Arabia	5,915	-	5,915	19,504	7	19,511
Qatar	5,941	100	6,041	7,614	100	7,714
Oman	2,405	-	2,405	7,838	594	8,432
Singapore	298	5	303	916	369	1,285
United Arab Emirates ("UAE")	678	636	1,314	6,133	1,009	7,142
Sudan	522	-	522	1,558	-	1,558
Others	39	13	52	49	300	349
Total revenue	15,798	754	16,552	43,612	2,379	45,991

	The Group			The Group		
	3 months ended 30 September 2021			9 months ended 30 September 2021		
	MLS	SRM	Total	MLS	SRM	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Types of goods or services:						
Time charter - lease revenue	6,011	-	6,011	14,928	-	14,928
Other ancillary time charter revenue	5,025	-	5,025	13,971	-	13,971
Ship repair, fabrication and other related marine services	-	490	490	-	1,476	1,476
Total revenue	11,036	490	11,526	28,899	1,476	30,375
Geographical information:						
Saudi Arabia	5,287	18	5,305	12,647	44	12,691
Qatar	2,925	-	2,925	6,625	-	6,625
Oman	872	-	872	3,244	-	3,244
Singapore	549	1	550	2,467	82	2,549
UAE	827	275	1,102	1,587	1,031	2,618
Sudan	533	-	533	982	-	982
Malta	-	-	-	1,245	-	1,245
Others	43	196	239	102	319	421
Total revenue	11,036	490	11,526	28,899	1,476	30,375

The Group's non-current assets are located in the UAE.

The Group accounts for the lease of vessels and time charter under SFRS(I) 16 *Leases* as lease revenue. Time charter comprises of lease of vessels and provision of other ancillary services. Other ancillary services include provision of crew and other services under the time charter contracts. The Group separates the lease and non-lease components of time charter by allocating the transaction price based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on cost plus approach where management determined the cost for the leases of vessels and services and apply a margin based on the Group's business pricing strategies and practices.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2022 and 31 December 2021:

	Group		Company	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	US$'000	US$'000	US$'000	US$'000
Financial Assets				
Trade receivables (See Note 9 for further breakdown)	17,842	11,171	498	1,976
Advances, deposits and other receivables	1,130	1,319	19,704	28,199
Cash and bank balances	679	520	84	37
Restricted cash	50	90	-	-
	19,701	13,100	20,286	30,212
Financial Liabilities				
Trade payables	11,374	8,972	-	-
Accruals and other payables	5,119	5,574	200	292
Amount due to shareholders	14,418	14,059	12,583	12,120
Lease liabilities	352	-	-	-
Loans and borrowings	44,411	53,930	7,500	18,004
Derivatives	14	943	-	-
	75,688	83,478	20,283	30,416

6. Profit/(loss) before tax

6.1. Significant items

	The Group		The Group	
	3 months ended 30 September 2022	3 months ended 30 September 2021	9 months ended 30 September 2022	9 months ended 30 September 2021
	US$'000	US$'000	US$'000	US$'000
Expenses				
Depreciation of property, vessels and equipment (included in cost of services)	(2,416)	(2,090)	(7,367)	(6,471)
Depreciation of property, vessels and equipment (included in administrative expenses)	(26)	(5)	(65)	(15)
Amortisation of intangible assets (included in administrative expenses)	(4)	(4)	(13)	(14)
Depreciation of right-of-use assets (included in administrative expenses)	(19)	(16)	(53)	(48)
Impairment loss on property, vessel and equipment	-	-	-	(8,028)
Impairment on reclassification of vessels as held for sale	-	(1,052)	-	(1,052)
Loss on disposal of vessels	-	-	(209)	-

6.2. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial period:

	Group	
	9 months ended 30 September 2022	9 months ended 30 September 2021
	US$'000	US$'000
Amount due from the Group		
Amount due to director-related company for agency and administrative services rendered	49	49
Interest on shareholder's loans and advances	235	235
Amount due to the Group		
Amount due from the ultimate holding company for ship management services rendered	452	-

6.2. Related party transactions (continued)

(b) Compensation of key management personnel

	Group	
	9 months ended 30 September 2022	9 months ended 30 September 2021
	US$'000	US$'000
Short-term employee benefits	942	906
Others	375	321
	1,317	1,227
Comprises amounts paid to:		
Directors of the Company	451	450
Other key management personnel	866	777
	1,317	1,227

7. Net asset value

	Group		Company	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	US$ cent	US$ cent	US$ cent	US$ cent
Net asset value per ordinary share	14.68	13.18	12.95	12.94

The net asset value per ordinary share of the Company and the Group were calculated based on 523,512,144 shares (excluding treasury shares) as at 30 September 2022 and 31 December 2021.

8. Property, vessels and equipment

During 9M2022, the Group capitalised drydocking expense on certain vessels amounting to US$1,527,000 (9M2021: US$1,404,000), additions to machinery, equipment, and vehicle in aggregate of US$423,000 (9M2021: Nil) and disposal of a vessel with net book value of US$1,164,000 (9M2021: Nil). During the current financial period, there was a change in assessment of remaining useful lives and residual values of certain vessels taking into consideration their respective ages and usage which resulted in higher depreciation of US$1,106,000 for 9M2022 compared to the previous assessments.

9. Trade receivables

	Group		Company	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	US$'000	US$'000	US$'000	US$'000
Trade receivables				
Trade receivables	13,532	9,910	498	1,976
Retention receivables	1,356	1,223	-	-
Unbilled receivables	2,954	38	-	-
Total trade receivables	**17,842**	**11,171**	**498**	**1,976**

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Retention receivables

Retention receivables represent the retention of 10% of the invoice amounts from one of the debtors. The amount is repayable in cash to the Group upon tax clearance of the debtor from the Saudi Arabian tax authorities generally within 12 months from the close of the financial year end.

Unbilled receivables

Unbilled trade receivables relate to the Group's right to consideration for charter hire earned but not yet billed at the reporting date.

10. Borrowings

	Group		Company	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	US$'000	US$'000	US$'000	US$'000
Amount repayable within one year or on demand				
Secured	18,826	52,682	7,500	18,004
Unsecured	-	-	-	-
Amount repayable after one year				
Secured	25,585	1,248	-	-
Unsecured	-	-	-	-
Total borrowings and securities	**44,411**	**53,930**	**7,500**	**18,004**

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

(i) Mortgage over certain vessels, as well as corporate guarantees and pledges over the shares of the respective companies owning the vessels mortgaged;

(ii) Assignment of earnings/charter proceeds, insurances and requisition compensation of mortgaged vessels;

(iii) Assignment of all rights, titles and interests of mortgaged vessels' charters;

(iv) Bank deposits pledged in a retention account;

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

(vi) Financial covenant which requires the Group to maintain Adjusted Tangible Net Worth of at least US$73 million (which includes loans and advances from shareholders in its determination);

(vii) Adjusted leverage ratio as updated to be maintained at 1.75:1 or below. The ratio will be calculated as total liabilities (excluding cash margin and fixed deposits under lien i.e. cash encumbered for liabilities included in total liabilities) to Tangible Net Worth; and

(viii) The Loan to Value ("LTV") to be 75%, 70% and 65% or below at all times as updated on respective loan facilities amounts.

The amounts reflected in the table above do not include the loans and advances from shareholders of US$14,418,000 as at 30 September 2022 (31 December 2021: US$14,059,000) which are unsecured as disclosed in Note 11.

11. Amount due to shareholders

	Group		Company	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	US$'000	US$'000	US$'000	US$'000
Current:				
Short term loans due to shareholders[1]	2,585	2,689	750	750
	2,585	2,689	750	750
Non-current:				
Loans due to a shareholder[2]	7,277	6,923	7,277	6,923
Accrued interest on loans due to a shareholder[2]	1,258	1,284	1,258	1,284
Advances from a shareholder[3]	2,978	2,833	2,978	2,833
Accrued interest on advances from a shareholder[3]	320	330	320	330
	11,833	11,370	11,833	11,370

(1) Short term loans due to shareholders are unsecured, non-interest bearing and are to be settled in cash.

(2) Loans due to a shareholder is unsecured and to be settled in cash. During the FY2021, there was a change in interest rate on the loans due to a shareholder from 6.0% per annum to 3.0% per annum. As at the date of change in interest rate, the loans due to a shareholder was recalculated to the net present value of the future payments discounted at a market rate of interest for a similar debt instrument assessed to be at 6.0% per annum. The loans due to a shareholder together with accrued interest mature on 31 December 2023.

(3) Advances from a shareholder is unsecured and to be settled in cash. During the FY2021, there was a change in interest rate on the advances from a shareholder from 6.0% per annum to 3.0% per annum. As at the date of change in interest rate, the advances from a shareholder was recalculated to the net present value of the future payments discounted at a market rate of interest for a similar debt instrument assessed to be at 6.0% per annum. Advances from a shareholder together with accrued interest mature on 31 December 2023.

12. Derivatives

	Group			
	30 September 2022 Contract/ Notional Amount	30 September 2022 Fair Value - Liabilities	31 December 2021 Contract/ Notional Amount	31 December 2021 Fair Value - Liabilities
	US$'000	US$'000	US$'000	US$'000
Interest rate swap	12,978	(14)	15,973	(943)

The fair value of interest rate swaps as shown above is determined with reference to marked-to-market values provided by counterparties.

Hedge accounting has been applied for interest rate swaps that are assessed by the Group to be highly effective hedges.

The Group determines the economic relationship between the loans and borrowings and the derivative by matching the critical terms of the hedging instrument with the terms of the hedged item. The hedge ratio (the ratio between notional amount of the derivative financial instrument to the amount of the loans and borrowings being hedged) is determined to be 1:1.

Under the terms of the interest rate swaps, the Group pays a fixed rate interest of 3.50% (2021: 3.50%) per annum and receives floating interest at 3-month LIBOR plus margin. The interest rate swaps mature on 3 October 2025. The Group uses the interest rate swaps to hedge against the exposure to variability in cash flows from related borrowings which are pegged to US Dollar LIBOR.

The hedge is classified as cash flow hedges and the fair value changes of the interest rate swaps are recognised in other comprehensive income.

13. Share capital

	Group		Company	
	Number of shares	Amount	Number of shares	Amount
	'000	US$'000	'000	US$'000
As at 1 January 2022 and 30 September 2022	523,512	38,307	523,512	111,471

During the 3-month period ended 30 September 2022, there were no changes in the issued and paid-up share capital of the Company.

There were no outstanding convertibles, treasury shares and subsidiary holdings as at 30 September 2022, 31 December 2021 and 30 September 2021.

There were no sales, transfers, cancellation and/or use of treasury shares or subsidiary holdings during 9M2022.

14. Subsequent Events

On 31st October 2022, the Group had entered into a binding agreement with a third-party seller, i.e. unrelated to the Group and its Directors, for the acquisition a multi-purpose, shallow-draft vessel for US$1.5 million expected for completion and taking delivery in end November 2022. Subsequent reactivation costs including repair, maintenance and upgrading are expected to be in aggregate of about US$1.0 million and to be completed by December 2022 ready for deployment from early January 2023. The acquisition is funded by internal resources and is not expected to have a material impact for FY2022.

In relation to the Group's 51% interest in Atlantic Venture Inc. ("AVI"), as previously disclosed, the debt secured against a vessel with book value of US$4.35 million as at 30 September 2022 had been fully repaid. As an update to the previous quarterly results disclosures, the winding-up petition commenced by the Co-Guarantor on the basis of past contributions in aggregate of approximately US$0.95 million with the appointment of joint liquidators in BVI and in Singapore had been granted by the BVI High Court on 11 November 2022. The Group is evaluating the options available and will update the market when there are material developments.

F. Other Information required by Catalist Rules Appendix 7C

1. Review

The condensed interim statements of financial position of Atlantic Navigation Holdings (Singapore) Limited and its subsidiaries as at 30 September 2022 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed consolidated statement of cash flows for the financial period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2. Review of performance of the Group

(a) Review of results of operations

(i) Revenue by business segments

	3 months ended			9 months ended		
	30 September 2022	30 September 2021	Increase/ (Decrease)	30 September 2022	30 September 2021	Increase/ (Decrease)
	US$'000	US$'000	%	US$'000	US$'000	%
MLS	15,798	11,036	43.1	43,612	28,899	50.9
SRM	1,160	739	57.0	3,353	2,540	32.0
Inter-segment revenue	(406)	(249)	63.1	(974)	(1,064)	(8.5)
Group revenue	16,552	11,526	43.6	45,991	30,375	51.4

The Group's revenue for the MLS segment for 3Q2022 increased by US$4.8 million or 43.1% compared to 3Q2021 mainly due to increase in revenue from its lift-boats of US$4.7 million which were off hired in 3Q2021.

The Group's revenue for the SRM segment for 3Q2022 increased by US$0.4 million as compared to 3Q2021 mainly due to the higher level of repair works undertaken in 3Q2022.

(ii) Gross profit and gross profit margin

	3 months ended			9 months ended		
	30 September 2022	30 September 2021	Increase/ (Decrease)	30 September 2022	30 September 2021	Increase/ (Decrease)
	US$'000	US$'000	%	US$'000	US$'000	%
MLS	5,208	2,071	>100.0	14,031	2,071	>100
SRM	434	264	64.4	1,336	886	50.8
Gross profit	5,642	2,335	>100.0	15,367	2,957	>100.0

	3 months ended		9 months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
MLS	33.0%	18.8%	32.0%	7.2%
SRM	37.4%	35.7%	39.8%	34.9%
Gross profit margin	34.1%	20.3%	33.4%	9.7%

The Group reported gross profit of US$5.2 million for the MLS segment during 3Q2022, compared to a gross profit of US$2.1 million in 3Q2021. The MLS segment recorded a gross profit margin of 33.0% in 3Q2022 as compared to a gross profit margin of 18.8% in 3Q2021. The increase in gross profit and gross profit margin of the MLS segment were mainly due to overall higher contribution margins from its two lift-boats and higher utilisation and daily charter rate of its OSVs.

The Group's gross profit and gross profit margin of SRM segment for 3Q2022 increased by US$0.2 million and 1.7 percentage points respectively as compared to 3Q2021 mainly due to repair jobs undertaken with higher margins.

(iii) Administrative expenses

Administrative expenses for 3Q2022 increased by US$0.5 million or 33.5% as compared to 3Q2021 mainly due to increase in professional including legal expenses and provision as well as staff salaries and related costs.

(iv) Finance costs

Finance cost remained stable at US$1.0 million in 3Q2022 as compared to 3Q2021, although the amount of bank borrowings reduced in 3Q2022, offset by higher loan reference interest rates compared to the comparative periods.

(v) Withholding tax expense

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

(vi) Profit/(loss) before tax

As a result of above, the Group recorded a profit before tax of US$2.6 million in 3Q2022 compared to loss before tax of US$1.3 million in 3Q2021.

(vii) Income tax expense

There is no income tax expense assessed for both 3Q2022 and 3Q2021 as the Group's significant subsidiaries are incorporated in jurisdictions where such taxes are either exempted or currently not applicable.

(b) Review of financial position

(i) Non-current assets

Non-current assets decreased by US$6.5 million from US$138.7 million as at 31 December 2021 to US$132.2 million as at 30 September 2022. This was mainly due to depreciation charges of US$7.4 million, decrease in intangible assets of US$0.1 million and disposal of vessel with net book value of US$1.2 million, partially offset by capitalisation of drydocking expenses of US$1.5 million, increase in right-of-use assets of US$0.3 million and addition to machinery, equipment, and vehicles in aggregate of US$0.4 million.

(ii) Current assets

Current assets increased by US$7.0 million from US$14.6 million as at 31 December 2021 to US$21.6 million as at 30 September 2022. This was mainly due to increase in trade receivables of US$6.7 million, increase in prepayment of US$0.2 million and increase in cash and bank balance of US$0.1 million.

(iii) Non-current liabilities

Non-current liabilities increased by US$24.3 million from US$14.3 million as at 31 December 2021 to US$38.6 million as at 30 September 2022. This was mainly due to increase in loans and borrowings of US$24.3 million due to reclassification from current liabilities to non-current liabilities, increase in provisions of US$0.2 million, increase in lease liabilities of US$0.3 million and increase in amount due to shareholders of US$0.5 million, partially offset by decrease in derivatives liabilities of US$0.9 million.

(iv) Current liabilities

Current liabilities decreased by US$31.6 million from US$70.0 million as at 31 December 2021 to US$38.4 million as at 30 September 2022, mainly due to decrease in the current portion of the loans and borrowings of US$33.8 million due to repayment and reclassification from current portion to non-current portion, decrease in accruals and other payables of US$0.5 million and decrease in amount due to shareholders of US$0.1 million, partially offset by increase in trade payables of US$2.4 million, and increase in other non-financial liabilities of US$0.3 million.

(v) Net current liabilities

Net current liabilities decreased by US$38.6 million from US$55.4 million as at 31 December 2021 to US$16.8 million as at 30 September 2022, mainly due to decrease in current liabilities of US$31.7 million and increase in current assets of US$7.0 million.

Barring unforeseen circumstances, the Group is expected to be able to operate as a going concern after taking into consideration factors mentioned in Note 2 to the condensed interim consolidated financial statements.

(c) Liquidity and capital resources

(i) Net cash flows generated from operating activities

Net cash flows generated from operating activities amounted to US$10.7 million in 9M2022. This was mainly due to operating cash flows before changes in working capital of US$17.8 million, negative changes in working capital of US$4.6 million and interest paid of US$2.4 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities of US$1.0 million in 9M2022 was mainly due to capitalised drydocking expenses of US$1.5 million and addition to machinery, equipment, and vehicles in aggregate of US$0.4 million, offset by proceeds from disposal of vessel of US$1.0 million.

(iii) Net cash flows used in financing activities

Net cash flows used in financing activities of US$7.3 million in 9M2022 was mainly due to principal repayment of loans and borrowings of US$16.2 million and repayment of amount due to shareholders of US$0.1 million, partially offset by proceed from loans and borrowing of US$9.0 million.

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

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

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

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

Not applicable.

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

Not applicable. No forecast or prospect statement was disclosed to shareholders previously.

5. 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 operating year and the next 12 months

The Group achieved vessel utilisation rate in 3Q2022 of 95.0%, higher than that of 2Q2022 of 90.2%, and significantly higher than that of 3Q2021 of 76.7%.

The offshore industry in the Middle East region had shown signs of stabilisation at relatively higher base in terms of industry utilisation and daily charter rates corresponding to the global oil prices at elevated levels of about US$90 per barrel based on international crude brent, and the on-going recovery from COVID-19 pandemic.

However, the market environment could be impacted by the continual volatility in oil prices and economic recovery facing headwinds including rising interest rates to rein in high inflation as well as supply chain disruptions and export restrictions emanating from the Russia-Ukraine conflict and China.

6. Dividend information

No dividend recommended or declared for 9M2022 (9M2021: Nil) in view of the operational and financial requirements of the Group.

7. Interested person transactions

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

Name of Interested Person	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
Amount due from the Group		
Wong Siew Cheong, as loan interest due from the Group[(1)]	US$166,797 (Approximately S$239,656)	-
Saeed Investment Pte. Ltd., as interest on Advance due from the Group[(2)]	US$68,250 (Approximately S$98,062)	-
Amount due to the Group		
Saeed Investment Pte. Ltd., for Ship Management Fees due to the Group[(3)]	US$451,504 (Approximately S$648,725)	-

Notes:

(1) As at 30 September 2022, Mr. Wong Siew Cheong, the Executive Director and CEO, had provided an aggregate of US$7.3 million loan to the Group (the "Loan") where the Loan is unsecured, interest-bearing at an interest rate of 3.0% per annum, and advances of US$1.8 million which is unsecured, non-interest bearing, both sums to be settled in cash.

(2) As at 30 September 2022, Saeed Investment Pte. Ltd. ("Saeed"), the ultimate holding company controlled by Mr. Kum Soh Har, the Non-Executive Non-Independent Chairman, had provided an aggregate of US$3.0 million shareholder advance (the "Advance") to the Group where the Advance is unsecured, interest-bearing at an interest rate of 3.0% per annum, and further advance of US$0.8 million which is unsecured and non-interest bearing, both sums to be settled in cash.

7. Interested person transactions (continued)

(3) Pursuant to the Ship Management Agreement between Saeed and a wholly-owned ship manager subsidiary of the Group, i.e. Atlantic Maritime Group FZE ("AMG FZE") entered on 15 July 2022. Please see the 1Q2022 results announcement released by the Company on 15 July 2022 for further details.

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

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

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

The Board of Directors of the Company hereby confirms to the best of its knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim consolidated financial statements for the nine-month period ended 30 September 2022 to be false or misleading in any material aspect.

10. Disclosures on acquisitions and sale of shares pursuant to Rule 706A of the Catalist Rules

There were no acquisition or sale of shares in any of the Group's subsidiary or associated company nor incorporation or winding up or striking off of any subsidiary or associated company by the Company or any of the Group's entities during 3Q2022.

BY ORDER OF THE BOARD

Wong Siew Cheong
Executive Director and Chief Executive Officer

13 November 2022