



ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

**Results for the Financial Period
Ended 31 March 2016**

Unaudited Financial Statements and Dividend Announcement

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("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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Q1 Financial Statement Announcement as on 31 March 2016

Part I - INFORMATION REQUIRED FOR 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		
	31/03/2016 ("1Q2016")	31/3/2015 ("1Q2015")	Increase/ (Decrease) %
(US\$'000)			
Revenue	6,953	13,742	(49.4)
Cost of services	(5,767)	(7,601)	(24.1)
Gross profit	1,186	6,141	(80.7)
Other items of income			
Finance income	5	4	25.0
Other income	65	2	N.M.
Share of results of an associate	100	-	N.M.
Other items of expense			
Marketing and distribution expenses	(51)	(15)	240.0
Administrative expenses	(1,359)	(1,413)	(3.8)
Finance costs	(1,004)	(333)	201.5
(Loss)/profit before tax	(1,058)	4,386	N.M.
Income tax expense	-	-	-
(Loss)/profit for the period attributable to owners of the Company	(1,058)	4,386	N.M.
Total comprehensive income for the period attributable to owners of the Company	(1,058)	4,386	N.M.

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		
	31/03/2016 ("1Q2016")	31/3/2015 ("1Q2015")	Increase/ (Decrease) %
(US\$'000)			
Profit for the period is stated after charging:			
Depreciation of property, vessels and equipment	(1,421)	(1,272)	11.7
Grant of equity-settled share options to employees	(16)	(33)	(51.5)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance sheets

	Group		Company	
	Unaudited As at 31/03/2016	Audited As at 31/12/2015	Unaudited As at 31/03/2016	Audited As at 31/12/2015
(US\$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	169,761	108,642	-	-
Intangible assets	141	141	141	141
Investment in subsidiaries	-	-	66,741	66,741
Investment in an associate	642	542	643	542
Prepayments	474	145	-	-
	<u>171,018</u>	<u>109,470</u>	<u>67,525</u>	<u>67,424</u>
Current assets				
Inventories	109	117	-	-
Vessels held for sale	719	719	-	-
Trade and other receivables	10,312	15,682	74,589	27,543
Prepayments	1,129	219	103	27
Cash and cash equivalents	7,258	4,261	915	799
Bank deposits pledged	3,349	-	3,135	-
	<u>22,876</u>	<u>20,998</u>	<u>78,742</u>	<u>28,369</u>
Total assets	<u>193,894</u>	<u>130,468</u>	<u>146,267</u>	<u>95,793</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	9,896	6,858	209	136
Other liabilities	3,509	2,673	732	99
Loans and borrowings	35,349	13,677	32,992	12,820
	<u>48,754</u>	<u>23,208</u>	<u>33,933</u>	<u>13,055</u>
Net current (liabilities)/assets	<u>(25,878)</u>	<u>(2,210)</u>	<u>44,809</u>	<u>15,314</u>
Non-current liabilities				
Provisions	467	438	-	-
Loans and borrowings	49,628	10,735	37,129	7,522
	<u>50,095</u>	<u>11,173</u>	<u>37,129</u>	<u>7,522</u>
Total liabilities	<u>98,849</u>	<u>34,381</u>	<u>71,062</u>	<u>20,577</u>
Net assets	<u>95,045</u>	<u>96,087</u>	<u>75,205</u>	<u>75,216</u>
Equity attributable to owners of the Company				
Share capital	12,370	12,370	85,534	85,534
Other reserves	615	599	356	340
Retained earnings/(accumulated losses)	82,060	83,118	(10,685)	(10,658)
Total equity	<u>95,045</u>	<u>96,087</u>	<u>75,205</u>	<u>75,216</u>
Total equity and liabilities	<u>193,894</u>	<u>130,468</u>	<u>146,267</u>	<u>95,793</u>

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

	As at		As at	
	31/03/2016		31/12/2015	
(US\$'000)	Secured	Unsecured	Secured	Unsecured
(a) Amount repayable in one year or less, or on demand	35,349	-	13,677	-
(b) Amount repayable after one year	49,628	-	10,735	-
Total borrowing and securities	84,977	-	24,412	-

The above credit facilities are secured by one or several of

- (i) Mortgage over certain vessels;
- (ii) Assignment of earnings/charter proceeds, insurances and requisition compensation of mortgaged vessels;
- (iii) Assignment of all rights, titles and interests of mortgaged vessels' charters;
- (iv) Bank deposits pledged in a retention account; and
- (v) Financial covenant which requires the Group to maintain Tangible Net Worth of at least US\$50 million.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Consolidated Cash Flow Statement</u>	3 months ended	
	31/03/2016	31/3/2015
(US\$'000)		
Operating activities		
(Loss) / profit before tax	(1,058)	4,386
<u>Adjustments for:</u>		
Interest income	(5)	(4)
Depreciation of property, vessels and equipment	1,421	1,272
Share of results of an associate	(100)	-
Finance costs	1,004	333
Provisions	36	33
Grant of equity-settled share options to employees	16	33
Operating cash flows before changes in working capital	1,314	6,053
Decrease / (increase) in inventories	8	(44)
Decrease / (increase) in trade and other receivables	5,371	(4,996)
Increase in prepayments	(1,239)	(409)
Increase in trade and other payables	3,031	2,833
Increase / (decrease) in other liabilities	835	(194)
Cash flows from operations	9,320	3,243
Interest received	5	4
Interest paid	(1,004)	(333)
Net cash flows from operating activities	8,321	2,914
Investing activities		
Purchase of property, vessels and equipment	(62,540)	(729)
Proceeds from disposal of property, vessels and equipment	-	38
Net cash flows used in investing activities	(62,540)	(691)
Financing activities		
Proceeds from loans and borrowings	62,360	-
Repayment of loans and borrowings	(1,795)	(1,751)
Increase in bank deposits pledged	(3,349)	(1)
Net cash flows generated from / (used in) financing activities	57,216	(1,752)
Net increase in cash and cash equivalents	2,997	471
Cash and cash equivalents at beginning of the period	4,261	6,054
Cash and cash equivalents at end of the period	7,258	6,525

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	Share option	Merger	Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2016	96,087	12,370	340	259	599	83,118
Loss for the period, representing total comprehensive income for the period	(1,058)	-	-	-	-	(1,058)
Grant of equity-settled share options to employees	16	-	16	-	16	-
Balance at 31 March 2016	95,045	12,370	356	259	615	82,060

Group	Equity, total Share capital		Other reserves			Retained earnings
	US\$'000	US\$'000	Share option	Merger	Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2015	83,481	12,370	217	259	476	70,635
Profit for the period, representing total comprehensive income for the period	4,386	-	-	-	-	4,386
Grant of equity-settled share options to employees	33	-	33	-	33	-
Balance at 31 March 2015	87,900	12,370	250	259	509	75,021

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

Statement of Changes in Equity

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

Company	Equity, total	Share capital	Share option reserve	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2015	75,085	85,534	217	(10,666)
Loss for the period, representing total comprehensive income for the period	(110)	-	-	(110)
Grant of equity-settled share options to employees	33	-	33	-
Balance at 31 March 2015	75,008	85,534	250	(10,776)

1 (d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Company	Number of ordinary shares	Share capital (US\$'000)
As at 31 December 2015	260,593,750	85,534
As at 31 March 2016	260,593,750	85,534

During the 3-month period ended 31 March 2016, there were no changes in the issued and paid-up share capital of the Company.

As at 31 March 2016, the total number of share options outstanding was 4,800,000 (31 March 2015: 4,050,000).

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

Under the Atlantic 2015 Employee Share Option Scheme, 750,000 share options were granted to a director of the Company. 375,000 share options are exercisable between 12 May 2016 and 11 May 2020, and the remaining 375,000 share options are exercisable between 12 May 2017 and 11 May 2020, at the exercise price of S\$0.43 if the vesting conditions are met. There are no cash settlement alternatives. These options do not entitle the holder to participate, by virtue of the options, in any share issue of any other corporation.

Save as disclosed, there were no other outstanding convertibles or treasury shares as at 31 March 2016 and 31 March 2015.

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

	As at	
	31/03/2016	31/12/2015
Total number of issued shares excluding treasury shares	260,593,750	260,593,750

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

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

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

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

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to item 4 above.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3 months ended	
	31/03/2016	31/3/2015
(Loss) / earnings per ordinary share ("EPS") for the period based on net (loss) / profit attributable to owners of the Company (US\$ cents)		
Basic EPS	(0.41)	1.68
Diluted EPS	(0.40)	1.66
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	265,393,750	264,643,750

For the purpose of calculating the diluted EPS, net (loss) / profit attributable to owners of the Company and the weighted average number of ordinary shares in issue are adjusted for the dilutive effects of potential ordinary share issues. The Company has one category of potential dilutive ordinary shares, which are the share options as at 31 March 2016 and 31 March 2015.

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

	Group as at		Company as at	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Net asset value per ordinary share (US\$ cents)	36.47	36.87	28.86	28.86

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

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) Review of results of operations

(i) Revenue by business segments

	3 months ended		
	31/03/2016 ("1Q2016")	31/3/2015 ("1Q2015")	Increase/ (Decrease) %
(US\$'000)			
Marine logistics services ("MLS")	6,619	12,837	(48.4)
Ship repair, fabrication and other marine services ("SRM")	334	905	(63.1)
	6,953	13,742	(49.4)

The Group's revenue for MLS business for 1Q2016 decreased by US\$6.2 million or 48.4% compared to 1Q2015 from US\$12.8 million in 1Q2015 to US\$6.6 million in 1Q2016. The steep decrease in the revenue is due to a confluence of factors including, *inter alia*, our jack-up barge, the Delta-22 and five offshore supply vessels ("OSV") completing their charter parties in 4Q2015 through 1Q2016 and the longer lead-time taken to secure new charters for these vessels due to the year-end season and increased competitions from vessels from other geographies seeking work in the Middle East, rate reductions offered to clients on contract extensions and new charters. Oil and gas support services, including the marine logistics services sector in which we operate in, continues to feel the effect of reduced spending, and cancellation and deferral of projects by National Oil Companies and oil majors in response to the low oil price environment. The Group is transitioning more of its charter parties to long-term charters to protect utilization and to pursue growth amid competitive and challenging market conditions which exist currently.

The Group's revenue for the SRM business for 1Q2016 decreased by US\$0.6 million or 63.1% compared to 1Q2015, mainly due to lower level of repairs undertaken on third party vessels.

(ii) Gross profit and gross profit margin

	3 months ended		
	31/03/2016 ("1Q2016")	31/3/2015 ("1Q2015")	Increase/ (Decrease) %
(US\$'000)			
<u>Gross profit</u>			
MLS	1,047	5,691	(81.6)
SRM	139	450	(69.1)
	1,186	6,141	(80.7)

	3 months ended	
	31/03/2016 ("1Q2016")	31/3/2015 ("1Q2015")
<u>Gross profit margin</u>		
MLS	15.8%	44.3%
SRM	41.6%	49.7%
	17.1%	44.7%

Gross profit for the MLS business for 1Q2016 decreased by US\$4.6 million or 81.6% from US\$5.7 million in 1Q2015 to US\$1.1 million in 1Q2016, mainly due to lower charter rates and lower utilization of the vessel caused by recession in oil and gas industry and radically altered economic conditions. As a result, gross profit margin also decreased to 15.8% for 1Q2016 as compared to 44.3% for 1Q2015.

Gross profit for the SRM business for 1Q2016 decreased by US\$0.3 million or 69.1% compared to 1Q2015 as a result of lower margin work in the services performed on third party vessels. As a result, gross profit margin also decreased to 41.6% for 1Q2016 as compared to 49.7% for 1Q2015.

(iii) Other income

Other income for 1Q2016 increased by approximately US\$63,000 due to receipt of no claim bonus from insurance company for FY2015.

(iv) Marketing and distribution expenses

Marketing and distribution expenses in 1Q2016 comprised mainly travel, consultancy and exhibition expenses.

(v) Administrative expenses

Administrative expenses for 1Q2016 decreased slightly by approximately US\$54,000 or 3.8% as compared to 1Q2015.

(vi) Finance costs

Finance costs for 1Q2016 increased by US\$0.7 million or 201.5% from US\$0.3 million in 1Q2015 to US\$1.0 million in 1Q2016 due to higher level of borrowings for acquiring new vessels.

(vii) Profit before tax

The Group recorded a net loss before tax of US\$1.1 million for 1Q2016 as compared to net profit before tax of US\$4.4 million for 1Q2015, as a result of challenging market conditions, decrease in gross profit and higher finance costs.

(b) Review of financial position

(i) Non-current assets

Non-current assets increased by US\$61.5 million, from US\$109.5 million as at 31 December 2015 to US\$171.0 million as at 31 March 2016. This was primarily due to (a) additions of US\$62.6 million of new assets comprising vessels, capital-work-progress relating to new vessels and non-current portion of dry-docking expenses, (b) an increase in the share of results of an associate of US\$0.1 million and (c) an increase in the non-current portion of prepayments of US\$0.3 million, partially offset by depreciation charge of US\$1.4 million.

(ii) Current assets

Current assets increased by US\$1.9 million, from US\$21.0 million as at 31 December 2015 to US\$22.9 million as at 31 March 2016. This was mainly due to increase in cash and cash equivalent of US\$3.0 million of which a major portion is secured as deposits against issue of bank guarantees, new bank deposits pledged of US\$3.4 million and increase in current portion of prepayments of US\$ 0.9 million, partially offset by decrease in trade and other receivables of US\$5.4 million. The decrease in trade and other receivables of US\$5.4 million was as a result of drop in the Group's revenue, due to the challenging market conditions.

(iii) Non-current liabilities

Non-current liabilities increased by US\$38.9 million, from US\$11.2 million as at 31 December 2015 to US\$50.1 million as at 31 March 2016. This was mainly due to allocation of US\$40.0 million as non-current portion from new borrowings of US\$62.4 million, partially offset by repayment of a term loan of US\$1.1 million.

(iv) Current liabilities

Current liabilities increased by US\$25.5 million, from US\$23.2 million as at 31 December 2015 to US\$48.7 million as at 31 March 2016, primarily due to an increase in current portion of loans and borrowings of US\$21.7 million, an increase in trade and other payables of US\$3.0 million and increase in other liabilities of US\$0.8 million. The trade and other payables include US\$3.0 million payable to the seller of a newly acquired vessel.

(v) Net current liabilities

The Group's net current liabilities increased by US\$23.7 million from US\$2.2 million as at 31 December 2015 to US\$25.9 million as at 31 March 2016 due to increased utilization of funds in acquiring new vessels from the banking facilities and a loan of US\$13.0 million from SCF-VIII, L.P., which entitled SCF-VIII, L.P. to exercise the right to convert the loan into conversion shares during the conversion period.

(c) Liquidity and capital resources

(i) Net cash flow generated from operating activities

Net cash flows from operating activities amounted to US\$8.3 million in 1Q2016. This was mainly due to operating cash flows before changes in working capital of US\$1.3 million, an increase in trade and other payables by US\$3.0 million, a decrease in trade and other receivables by US\$5.4 million, an increase in other liabilities by US\$0.8 million, partially offset by an increase in prepayments by US\$1.2 million and interest paid during the year of US\$1.0 million

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities amounted to US\$62.5 million in 1Q2016. This was mainly attributable to vessel purchases of US\$62.5 million. Funding for the vessel purchases comprised additional term loans of US\$49.4 million and a convertible loan of US\$13.0 million, of which US\$17.9 million (including the convertible loan), are classified as current liabilities. This has resulted in the Group showing a net current liabilities position of US\$25.9 million as at 31 March 2016.

The Group is reviewing certain proposals to strengthen its balance sheet that, in addition to addressing its existing net current liabilities position, is also targeted at increasing the Group's available resources for undertaking incremental projects that the Group continues to engage in.

(iii) Net cash flows generated from financing activities

Net cash flows generated from financing activities of US\$57.2 million in 1Q2016 was a result of borrowings of US\$62.4 million for acquiring new vessels, partially offset by repayment of a term loan of US\$1.8 million and new bank deposits pledged of US\$3.4 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 decline in oil price. Other than two committed shipbuilding agreements for a platform supply vessel in FY2013 and for a self-propelled self-elevating lift boat in FY2014, acquisitions of new operating assets are made on the back of securing firm long term charter(s) from its clients. The Group will continue to review specific opportunities within its core market in the Middle East where offshore energy and production levels are being maintained, as well as within the Group's targeted new markets, particularly in Malaysia.

Due to the current oil price environment, the Group expects charter rates in the market to become increasingly competitive. The Group's business risk management processes have been heightened to focus on (i) maintenance of high vessel utilization rates, and (ii) controlling and managing operational costs to mitigate against material deterioration in charter fees resulting from customer pricing pressure due to the low oil price environment.

11 Dividend

Not applicable.

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

No dividend has been declared or recommended.

13 Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a)) US\$' 000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) US\$' 000
N/A	-	-

There was no interested person transaction entered into by the Group with value of more than S\$100,000 during 1Q2016.

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 2016 to be false or misleading in any material aspect.

15 Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

The Board of Directors confirms that they have procured 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

13 May 2016