



Atlantic Navigation  
Holdings (Singapore) Limited

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

(Company Registration No. 200411055E)

Results for the Financial Period Ended  
31 March 2018

### Unaudited Financial Statements and Dividend Announcement

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

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Q1 Financial Statement Announcement as on 31 March 2018

Part I - INFORMATION REQUIRED FOR QUARTERLY AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Comprehensive Income**

(US\$'000)	3 months ended		
	31/03/2018 ("1Q2018")	31/03/2017 ("1Q2017")	Increase/ (Decrease) %
<b>Revenue</b>	12,246	5,712	114.4
Cost of services	(10,254)	(5,895)	73.9
<b>Gross profit</b>	1,992	(183)	N.M.
Finance income	1	-*	N.M.
Other income	71	11	545.5
<b>Other items of expense</b>			
Marketing and distribution expenses	(266)	(18)	1377.8
Administrative expenses	(1,188)	(1,231)	(3.5)
Finance costs	(1,444)	(511)	182.6
Other expense	-	(411)	N.M.
Share of results of a joint venture	1,134	-	N.M.
<b>Profit/(Loss) before tax</b>	300	(2,343)	N.M.
Income tax expense	(363)	(97)	274.2
<b>Loss for the period attributable to owners of the Company</b>	(63)	(2,440)	(97.4)

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		
	31/03/2018 ("1Q2018")	31/03/2017 ("1Q2017")	Increase/ (Decrease) %
<b>Loss for the period is stated after (charging)/crediting:</b>			
Depreciation of property, vessels and equipment	(1,938)	(1,523)	27.2
Net loss on disposal of property, vessels and equipment	-	(411)	N.M.
Grant of equity-settled share options to employees	-	(3)	N.M.

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 31/03/2018	Audited As at 31/12/2017	Unaudited As at 31/03/2018	Audited As at 31/12/2017
(US\$'000)				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, vessels and equipment	159,199	159,712	-	-
Intangible asset	141	141	141	141
Investment in subsidiaries	-	-	66,741	66,741
Investment in a joint venture	1,211	77	-	-
Prepayments	304	319	-	-
	<u>160,855</u>	<u>160,249</u>	<u>66,882</u>	<u>66,882</u>
<b>Current assets</b>				
Inventories	169	215	-	-
Trade and other receivables	16,519	16,329	70,496	72,507
Prepayments	1,601	803	222	205
Cash and bank balances	1,664	697	165	163
Bank deposits pledged	235	235	235	235
	<u>20,188</u>	<u>18,279</u>	<u>71,118</u>	<u>73,110</u>
<b>Total assets</b>	<u>181,043</u>	<u>178,528</u>	<u>138,000</u>	<u>139,992</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	18,967	14,672	226	237
Other liabilities	7,774	5,483	1,583	1,434
Loans and borrowings	32,788	19,642	23,199	8,811
	<u>59,529</u>	<u>39,797</u>	<u>25,008</u>	<u>10,482</u>
<b>Net current (liabilities)/assets</b>	<u>(39,341)</u>	<u>(21,518)</u>	<u>46,110</u>	<u>62,628</u>
<b>Non-current liabilities</b>				
Provisions	599	570	-	-
Other payables	7,332	7,332	7,332	7,332
Loans and borrowings	38,051	55,234	31,266	47,734
	<u>45,982</u>	<u>63,136</u>	<u>38,598</u>	<u>55,066</u>
<b>Total liabilities</b>	<u>105,511</u>	<u>102,933</u>	<u>63,606</u>	<u>65,548</u>
<b>Net assets</b>	<u>75,532</u>	<u>75,595</u>	<u>74,394</u>	<u>74,444</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	12,370	12,370	85,534	85,534
Other reserves	4,690	4,690	4,431	4,431
Retained earnings/(accumulated losses)	58,472	58,535	(15,571)	(15,521)
<b>Total equity</b>	<u>75,532</u>	<u>75,595</u>	<u>74,394</u>	<u>74,444</u>
<b>Total equity and liabilities</b>	<u>181,043</u>	<u>178,528</u>	<u>138,000</u>	<u>139,992</u>

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

	As at 31/03/2018		As at 31/12/2017	
	Secured	Unsecured	Secured	Unsecured
(US\$'000)				
(a) Amount repayable in one year or less, or on demand	32,788	-	19,642	-
(b) Amount repayable after one year	38,051	-	55,234	-
<b>Total borrowing and securities</b>	<b>70,839</b>	<b>-</b>	<b>74,876</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) Corporate guarantee by a director-related company;
- (v) Pledge over the shares of director-related company owning the vessel(s) mortgaged;
- (vi) Bank deposits pledged in a retention account;
- (vii) Financial covenant which requires the Group to maintain Tangible Net Worth of at least US\$50 million; and
- (viii) Financial covenant which requires the Group to maintain aggregate financing outstanding under existing facilities with the bank to below 75% of the aggregate value of the vessels under the loan.

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>31/03/2018</b>	<b>31/03/2017</b>
<b>(US\$'000)</b>		
<b>Operating activities</b>		
Profit/(loss) before tax	300	(2,343)
<b>Adjustments for:</b>		
Net loss on disposal of property, vessels and equipment	-*	411
Interest income	(1)	-*
Depreciation of property, vessels and equipment	1,938	1,523
Share of results of a joint venture	(1,134)	-
PIK interest accrual – convertible loan	-	314
Finance costs	1,444	511
Provisions	32	15
Grant of equity-settled share options to employees	-	3
Total adjustments	2,279	2,777
<b>Operating cash flows before changes in working capital</b>	<b>2,579</b>	<b>434</b>
Decrease/(increase) in inventories	46	(9)
(Increase)/decrease in trade and other receivables	(190)	1,445
Increase in prepayments	(784)	(152)
Increase in trade and other payables	4,261	211
Decrease in provisions	(3)	(1)
Increase/(decrease) in other liabilities	2,188	(358)
Total changes in working capital	5,518	1,136
<b>Cash generated from operations</b>	<b>8,097</b>	<b>1,570</b>
Interest received	1	-*
Interest paid	(982)	(1,345)
Income tax paid	(363)	(97)
<b>Net cash flows generated from operating activities</b>	<b>6,753</b>	<b>128</b>
<b>Investing activities</b>		
Purchase of property, vessels and equipment	(1,424)	(1,180)
Proceeds from disposal of property, vessels and equipment	-*	700
<b>Net cash flows used in investing activities</b>	<b>(1,424)</b>	<b>(480)</b>
<b>Financing activities</b>		
Proceeds from loan from a shareholder	33	2,400
Proceeds from loans and borrowings	-	2,000
Repayment of loans and borrowings	(4,385)	(3,713)
Decrease in overdraft	(375)	(105)
Increase in bank deposits pledged	-	(408)
<b>Net cash flows (used in) / generated from financing activities</b>	<b>(4,727)</b>	<b>174</b>
Net increase/(decrease) in cash and cash equivalents	602	(180)
Net cash and cash equivalents at the beginning of the period	223	1,536
<b>Cash and cash equivalents at end of the period (Note A)</b>	<b>825</b>	<b>1,356</b>
Note A: Cash and cash equivalents comprise the following at the end of the reporting period:		
Cash and bank balances	1,664	1,356
Bank overdraft	(839)	(490)
<b>Net balance</b>	<b>825</b>	<b>866</b>

\* 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 2018</b>	<b>75,595</b>	<b>12,370</b>	<b>4,690</b>	<b>58,535</b>
Loss for the period, representing total comprehensive income for the period	(63)	-	-	(63)
<b>Balance at 31 March 2018</b>	<b>75,532</b>	<b>12,370</b>	<b>4,690</b>	<b>58,472</b>

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)
Contribution by and distribution to owners				
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>

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 2018</b>	<b>74,444</b>	<b>85,534</b>	<b>4,431</b>	<b>(15,521)</b>
Loss for the period, representing total comprehensive income for the period	(50)	-	-	(50)
<b>Balance at 31 March 2018</b>	<b>74,394</b>	<b>85,534</b>	<b>4,431</b>	<b>(15,571)</b>

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)
<u>Contribution by and distribution to owners</u>				
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>

**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 2017	260,593,750	85,534
As at 31 March 2018	260,593,750	85,534

During the 3-month period ended 31 March 2018, 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 2018, the total numbers of share options outstanding were 4,800,000 (31 March 2017: 4,800,000).

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

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

	As at	
	31/03/2018	31/12/2017
Total number of issued shares excluding treasury shares	260,593,750	260,593,750

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

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

Not applicable. The Company does not have any treasury shares.

**1 (d)(v) A statement showing all the sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company does not have any subsidiary holdings.

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

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

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

Not applicable.

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

The Group has 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 2017, except for the adoption of Singapore Financial Reporting Framework (International) ("**SFRS(I)**"), a new financial reporting framework identical to the International Financial Reporting Standards. The Group adopted SFRS(I) on 1 January 2018, including improvements to SFRS(I) and Interpretations of SFRS(I) that are mandatory for financial years beginning on or after 1 January 2018, and in the first quarter ended 31 March 2018, where applicable. The adoption of these new and revised standards and interpretations did not result in significant change to the Group's accounting policies and did not have a material impact on the Group's results 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	
	31/03/2018	31/03/2017
Loss per ordinary share ("LPS") for the period based on net loss attributable to owners of the Company (US\$ cents)		
Basic LPS	(0.02)	(0.94)
Diluted LPS	(0.02)	(0.94)
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	260,593,750	260,593,750

The 4,800,000 share options granted to employees under the existing Atlantic 2008 ESOS and Atlantic 2015 ESOS have not been included in the calculation of diluted LPS because they are anti-dilutive.

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

	Group as at		Company as at	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
Net asset value per ordinary share (US\$ cents)	28.98	29.01	28.55	28.57

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

**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.

## Review of results of operations

### (i) Revenue by business segments

	3 months ended		
	31/03/2018 ("1Q2018")	31/03/2017 ("1Q2017")	Increase/ (Decrease) %
(US\$'000)			
Marine logistics services ("MLS")	11,940	5,321	124.4
Ship repair, fabrication and other marine services ("SRM")	306	391	(21.7)
	12,246	5,712	114.4

The MLS segment of the Group recorded a turnover of US\$11.9 million in 1Q2018, an increase of US\$6.6 million or 124.4%, compared to US\$5.3 million in 1Q2017. The increase in revenue was mainly attributable to the higher rate of utilisation of owned vessels, coupled with deployment of the Group's lift-boats, deployment of three (3) front-runners, including a cross chartered vessel to support a long-term contract with a Middle Eastern National Oil Company ("NOC"), and provision of vessels to support a joint venture project for the purchase and removal of decommissioned offshore and onshore facilities.

The Group's revenue for the SRM segment for 1Q2018 decreased by US\$0.1 million or 21.7% compared to 1Q2017 mainly due to the lower level of repairs works undertaken on third party vessels as a result of the slowdown in the marine and offshore industry. This segment was mainly occupied with the overhauling and repairing works of four owned vessels engaged under time chartering during 1Q2018.

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

	3 months ended		
	31/03/2018 ("1Q2018")	31/03/2017 ("1Q2017")	Increase/ (Decrease) %
(US\$'000)			
<u>Gross profit</u>			
MLS	1,841	(361)	N.M.
SRM	151	178	(15.2)
	1,992	(183)	N.M.

  

	3 months ended	
	31/03/2018 ("1Q2018")	31/03/2017 ("1Q2017")
<u>Gross profit margin</u>		
MLS	15.4%	(6.8%)
SRM	49.3%	45.5%
	16.3%	(3.2%)

The Group reported gross profit of US\$1.8 million for the MLS segment during 1Q2018, compared to the gross loss of US\$0.4 million in 1Q2017. The increase in gross profit by US\$2.2 million in 1Q2018 compared to 1Q2017 was primarily as a result of a higher utilisation of owned vessels and comparatively higher charter hire rates for long term contracts with a Middle Eastern NOC. The Group recorded gross profit margin for the MLS segment in 1Q2018 as compared to gross loss margin in 1Q2017 due to higher utilisation of vessels from its owned fleet and higher daily charter rates for front runners deployed in 1Q2018 to support a long-term contract with a Middle Eastern NOC.

The Group reported slight decrease in gross profit of approximately US\$27,000 for the SRM segment during 1Q2018 as a result of lower level of repairs works undertaken for third party vessels. Gross profit margin for SRM segment increased slightly to 49.3% in 1Q2018 from gross profit margin of 45.5% in 1Q2017 due to decrease in cost of services.

### (iii) Other income

Other income for 1Q2018 is in relation to the income from reimbursement of consumable, refund of insurance premium, receipt of credit notes and reversal of provisions for material cost of services for 1Q2017.

### (iv) Marketing and distribution expenses

Marketing and distribution expenses increased by US\$0.3 million in 1Q2018 due mainly to the fee for business feasibility analysis, consultancy fee relating to the implementation of In Country Value-add requirement by NOC in two of the Groups key markets, brokerage commission and travel expenses.

### (v) Administrative expenses

Administrative expenses decreased marginally during 1Q2018 by approximately 3.5% as compared to 1Q2017 due to cost control measures that has abetted in reducing the office maintenance and other administrative costs.

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

Finance costs incurred in 1Q2018 amounted to US\$1.4 million as compared to US\$0.5 million in 1Q2017. The increase in finance charges of US\$0.9 million or 182.6% in 1Q2018 as compared to 1Q2017 was primarily due to an increase in finance charges for the convertible loan of US\$0.5 million and bank borrowings of US\$0.4 million.

#### **(vii) Other expense**

Other expense in 1Q2017 relates to the loss on sale of vessels. There is not such expense incurred in 1Q2018.

#### **(viii) Share of results of a joint venture**

The Group, together with a Korean consortium partner, has secured a US\$45.2 million strategic business contract on 19 April 2017 for the purchase and removal of decommissioned offshore and onshore facilities (the "Project") from a NOC in United Arab Emirates and through one of its subsidiaries, the Group has recognised its 49% interest in this joint venture as an investment and accounted for this investment using the equity method. However, with effective from 1 March 2018, the existing partners have admitted another associate partner on 20% interest in the remaining portion of the incomplete works to contribute and support to the operations. The associate partner will continue its interest in the Project till the completion of the Project. As such, the Group's interest in the joint venture and the remaining portion of the incomplete works decreased to 40% from 1 March 2018 onwards.

During 1Q2018, the Group's share of results from this joint venture amounted to US\$1.1 million.

#### **(ix) Profit / (Loss) before tax**

The Group recorded a profit before tax of US\$0.3 million in 1Q2018 as compared to loss before tax of US\$2.3 million in 1Q2017, mainly due to an increase in gross margin driven by higher utilisation of owned vessels, higher charter rates, and share of results of a joint venture, and decrease in other expense as compared to 1Q2017, partially offset by higher finance costs and increase in marketing and distribution expenses.

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

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

Non-current assets increased by US\$0.6 million from US\$160.3 million as at 31 December 2017 to US\$160.9 million as at 31 March 2018 due to additional investment of US\$1.4 million in vessel upgrade, increase in investment in a joint venture of US\$1.1 million, partially offset by a depreciation charge of US\$1.9 million.

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

Current assets increased by US\$1.9 million from US\$18.3 million as at 31 December 2017 to US\$20.2 million as at 31 March 2018. This was mainly due to increases in cash and bank balances of US\$1.0 million, prepayments of US\$0.8 million and trade and other receivables of US\$0.2 million.

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

Non-current liabilities decreased by US\$17.1 million from US\$63.1 million as at 31 December 2017 to US\$46.0 million as at 31 March 2018. This was mainly due to reclassification of US\$13.0 million convertible loan and PIK interest of US\$1.5 million associated with convertible loan and principal in arrears of US\$0.6 million from non-current liabilities to current liabilities and repayment of non-current portion of term loan of US\$2.0 million.

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

Current liabilities increased by US\$19.7 million from US\$39.8 million as at 31 December 2017 to US\$59.5 million as at 31 March 2018, primarily due to reclassification of US\$13.0 million convertible loan, PIK interest of US\$1.5 million associated with convertible loan and principal in arrears of US\$0.6 million from non-current liabilities to current liabilities, increase in PIK interest of US\$0.4 million, increase in overdraft of US\$0.4 million, increase in trade and other payable of US\$4.3 million mainly due to costs incurred in taking delivery of the five (5) new vessels, increase in other liabilities of US\$2.3 million mainly contributed by provision for contractual deductions for late delivery of seven (7) new vessels supporting long-term contracts awarded by a Middle Eastern NOC, partially offset by repayment of term loan of US\$2.8 million.

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

Net current liabilities increased by US\$17.8 million from US\$21.5 million as at 31 December 2017 to US\$39.3 million as at 31 March 2018, primarily due to an increase in current liabilities of US\$19.7 million, as a result of reclassifying borrowings from non-current liabilities to current liabilities and a decrease in current assets of US\$1.9 million.

In the opinion of the Directors, the Group will be able to continue as a going concern as there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the Group will be able to generate sufficient cash flows from its operations as well as secure funding to support working capital and its committed capital expenditure in the near term.

The deployment of certain vessels early this year has and is expected to continue to contribute positively to the operating cash flows of the Group. The Group has also taken certain steps to strengthen its balance sheet and improve its cash flow position, including, the signing of loan agreements with a third party Saudi Arabian representative and one of its principal bankers in March 2018.

In addition to the above, the Group is currently working with various potential lenders to support its working capital requirements for the vessel deliveries in the second quarter of 2018. The Group expects the finalisation of the funding arrangements in the near future. The Group is also exploring opportunities for private fund-raising activities. These options, if materialise, may, in addition to addressing its existing net current liabilities position, provide additional resources for 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\$6.8 million in 1Q2018. This was mainly due to operating cash flows before changes in working capital of US\$2.6 million, changes in working capital of US\$5.5 million, partially offset by interest paid during the period of US\$1.0 million and income tax paid for the period of US\$0.4 million.

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

Net cash flows used in investing activities amounted to US\$1.4 million in 1Q2018 as a result of investment in new vessels.

**(iii) Net cash flows used in financing activities**

Net cash flows used in financing activities of US\$4.7 million in 1Q2018 was mainly as a result of repayment of term loan.

**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.**

While oil price had come off its low in 2015, overcapacity in the marine logistic services sector continues to keep charter rates depressed. Under this condition, the Group continues to be cautious with its fleet upgrade and expansion program. 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 signed shipbuilding agreements in June 2016 for seven (7) new vessels to support US\$236.0 million firm charters awarded to the Group by a Middle Eastern NOC to support the NOC's operations in the Arabian Gulf as announced in May 2016. The Group had taken delivery of five (5) of the seven (7) new vessels, two (2) of which had been accepted by the NOC and started work on the contract, and the other three (3) are pending pre-acceptance inspection. The Group expects to take delivery of the outstanding two (2) new vessels in June 2018.

The Group announced on 14 March 2017 that it had secured a US\$44.0 million firm one-year charter with two one-year extension options for its lift-boat, the AOS Maintainer I, with a Middle Eastern NOC. This vessel was deployed in May 2017. Upon completion of the firm one-year charter, the charter was extended to 31 December 2018.

The Group, together with its Korean consortium partner, had in February 2018, completed mobilisation, deployment of equipment, infrastructure setup and personnel for both the onshore and offshore phase of a US\$45.2 million project for removal of decommissioned offshore and onshore facilities. Operational work on the onshore phase of the project started in March 2018, and operational work on the offshore phase started in May 2018. The project is expected to be completed by the end of FY2018, subject to favorable weather condition.

With the increase in the oil price and Middle Eastern NOC's commitment to increase production levels, activity in the Middle East exploration and production sectors (our primary markets) is increasing and new field development programs which were on hold are starting up again. We expect charter rates in our region to remain competitive but we expect our fleet utilisation to improve due to the deployment of seven (7) new vessels to support contracts secured by the Group and a greater demand across the region in line with the increase in activity and stated growth and production strategies of the Middle Eastern NOCs. As a result, barring unforeseen circumstances, the Group expects its performance to improve from 3Q2018 onwards due to the planned deployment of the seven (7) new vessels and higher utilisation for the rest of the fleet in line with the expected increases in demand for vessels to support the Middle Eastern NOC's plan for higher production.

**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 for 1Q2018.

### 13 Interested Person Transactions

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

The aggregate value of interested person transactions entered into during 1Q2018 are is set out below:

Name of Interested Person	Aggregate value of all interested person transactions entered into (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a))	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Wong Siew Cheong - Interests on shareholder loan <sup>(1)</sup>	US\$110,000 (approximately S\$147,000)	-

**Note:**

(1) As at 31 March 2018, Mr Wong Siew Cheong, the Executive Chairman and CEO as well as a controlling shareholder of the Company, had provided an aggregate of US\$7.3 million loan (the "Loan") to the Group. The Loan is unsecured, interest-bearing at interest rate of 6.00% per annum, and is to be settled in cash.

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

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 2018 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) of the Catalist Rules.

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) of the Catalist Rules.

BY ORDER OF THE BOARD

Wong Siew Cheong

Executive Chairman and Chief Executive Officer

25 June 2018