



Atlantic Navigation  
Holdings (Singapore) Limited

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

(Company Registration No. 200411055E)

Results for the Financial Period Ended  
31 March 2019

### **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 2019

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

	3 months ended		
	31/03/2019 ("1Q2019") (Unaudited)	31/03/2018 ("1Q2018") (Unaudited)	Increase/ (Decrease) %
(US\$'000)			
<b>Revenue</b>	15,163	12,246	23.8
Cost of services	(11,893)	(10,254)	16.0
<b>Gross profit</b>	3,270	1,992	64.2
<b>Other items of income</b>			
Finance income	2	1	100
Other income	-	71	N.M.
<b>Other items of expense</b>			
Marketing and distribution expenses	(176)	(266)	(33.8)
Administrative expenses	(972)	(1,188)	(18.2)
Finance costs	(1,798)	(1,444)	24.5
Loss on fair value changes in derivatives	(340)	-	N.M.
Share of results in a joint venture	322	1,134	(71.6)
<b>Profit before tax</b>	308	300	2.7
Income tax expense	(368)	(363)	1.4
<b>Loss for the period, representing total comprehensive income for the period attributable to owners of the Company</b>	(60)	(63)	(4.8)

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		
	31/03/2019 ("1Q2019")	31/03/2018 ("1Q2018")	Increase/ (Decrease) %
(US\$'000)			
<b>Loss for the period is stated after charging:</b>			
Depreciation of property, vessels and equipment	(2,287)	(1,938)	18.0

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 31/03/2019	Audited As at 31/12/2018	Unaudited As at 31/03/2019	Audited As at 31/12/2018
<b>(US\$'000)</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, vessels and equipment	177,406	179,696	-	-
Right-of-use asset	218	-	-	-
Intangible asset	141	141	141	141
Investment in subsidiaries	-	-	66,741	66,741
Investment in a joint venture	232	708	-	-
Trade and other receivables	-	-	45,956	45,956
Prepayments	375	426	-	-
	<u>178,372</u>	<u>180,971</u>	<u>112,838</u>	<u>112,838</u>
<b>Current assets</b>				
Inventories	346	184	-	-
Vessel held for sale	150	-	-	-
Trade and other receivables	16,777	15,110	11,818	10,453
Prepayments	1,516	917	14	7
Cash and bank balances	3,710	4,935	1,576	1,805
Bank deposits pledged	235	250	235	235
	<u>22,734</u>	<u>21,396</u>	<u>13,643</u>	<u>12,500</u>
<b>Total assets</b>	<u>201,106</u>	<u>202,367</u>	<u>126,481</u>	<u>125,338</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	13,417	17,246	83	281
Other liabilities	11,846	9,331	3,143	1,079
Lease liabilities	69	-	-	-
Loans and borrowings	22,694	20,723	7,657	7,657
	<u>48,026</u>	<u>47,300</u>	<u>10,883</u>	<u>9,017</u>
<b>Net current (liabilities)/assets</b>	<u>(25,292)</u>	<u>(25,904)</u>	<u>2,760</u>	<u>3,483</u>
<b>Non-current liabilities</b>				
Provisions	541	538	-	-
Other payables	7,332	7,332	7,332	7,332
Lease liabilities	148	-	-	-
Derivatives	954	614	-	-
Loans and borrowings	59,894	62,312	24,885	25,523
	<u>68,869</u>	<u>70,796</u>	<u>32,217</u>	<u>32,855</u>
<b>Total liabilities</b>	<u>116,895</u>	<u>118,096</u>	<u>43,100</u>	<u>41,872</u>
<b>Net assets</b>	<u>84,211</u>	<u>84,271</u>	<u>83,381</u>	<u>83,466</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	38,307	38,307	111,471	111,471
Other reserves	4,690	4,690	4,431	4,431
Retained earnings/(accumulated losses)	41,214	41,274	(32,521)	(32,436)
<b>Total equity</b>	<u>84,211</u>	<u>84,271</u>	<u>83,381</u>	<u>83,466</u>
<b>Total equity and liabilities</b>	<u>201,106</u>	<u>202,367</u>	<u>126,481</u>	<u>125,338</u>

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

	As at 31/03/2019		As at 31/12/2018	
	Secured	Unsecured	Secured	Unsecured
<b>(US\$'000)</b>				
(a) <b>Amount repayable in one year or less, or on demand</b>	22,694	-	20,723	-
(b) <b>Amount repayable after one year</b>	59,894	-	62,312	-
<b>Total borrowings and securities</b>	<b>82,588</b>	<b>-</b>	<b>83,035</b>	<b>-</b>

The above credit facilities 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 as updated which requires the Group to maintain Adjusted Tangible Net Worth of at least US\$80 million;
- (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 70% or below at all times.

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><u>Consolidated Cash Flows Statement</u></b>	<b>3 months ended</b>	
	<b>31/03/2019</b>	<b>31/03/2018</b>
<b>(US\$'000)</b>		
Profit before tax	308	300
<b><u>Adjustments for:</u></b>		
Net loss on disposal of property, vessels and equipment	.*	.*
Interest income	(2)	(1)
Depreciation of property, vessels and equipment	2,287	1,938
Depreciation of right-of-use asset	18	-
Finance costs	1,798	1,444
Share of results of a joint venture	(322)	(1,134)
Provisions	11	32
Loss on fair value changes in derivatives	340	-
Total adjustments	4,130	2,279
<b>Operating cash flows before changes in working capital</b>	<b>4,438</b>	<b>2,579</b>
(Increase)/decrease in inventories	(162)	46
Increase in vessel held for sale	(150)	-
Increase in trade and other receivables	(1,667)	(190)
Increase in prepayments	(548)	(784)
(Decrease)/increase in trade and other payables	(3,829)	4,261
Decrease in provisions	(8)	(3)
Increase in other liabilities	1,069	2,188
Total changes in working capital	(5,295)	5,518
<b>Cash (used in) / generated from operations</b>	<b>(857)</b>	<b>8,097</b>
Interest received	2	1
Interest paid	(1,849)	(982)
Income tax paid	(368)	(363)
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(3,072)</b>	<b>6,753</b>
<b>Investing activities</b>		
Purchase of property, vessels and equipment	-	(1,424)
Distribution from joint venture	798	-
Proceeds from disposal of property, vessels and equipment	2	.*
<b>Net cash flows generated from / (used in) investing activities</b>	<b>800</b>	<b>(1,424)</b>
<b>Financing activities</b>		
Proceeds from shareholder advance	1,500	33
Proceeds from loans and borrowings	1,590	-
Repayment of loans and borrowings	(3,043)	(4,760)
Repayment of lease liabilities	(21)	-
Increase in bank deposits pledged	15	-
<b>Net cash flows generated from / (used in) financing activities</b>	<b>41</b>	<b>(4,727)</b>
(Decrease)/increase in cash and cash equivalents	(2,231)	602
Net cash and cash equivalents at beginning of the period	4,935	223
<b>Cash and cash equivalents at end of the period (Note A)</b>	<b>2,704</b>	<b>825</b>
<b>Note A: Cash and cash equivalents comprise the following at the end of the reporting period:</b>		
Cash and bank balances	3,710	1,664
Bank overdrafts	(1,006)	(839)
Net balance	2,704	825

\* Less than US1,000

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 2019</b>	<b>84,271</b>	<b>38,307</b>	<b>4,690</b>	<b>41,274</b>
Loss for the period, representing total comprehensive income for the period	(60)	-	-	(60)
<b>Balance at 31 March 2019</b>	<b>84,211</b>	<b>38,307</b>	<b>4,690</b>	<b>41,214</b>

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>

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 2019</b>	<b>83,466</b>	<b>111,471</b>	<b>4,431</b>	<b>(32,436)</b>
Loss for the period, representing total comprehensive income for the period	(85)	-	-	(85)
<b>Balance at 31 March 2019</b>	<b>83,381</b>	<b>111,471</b>	<b>4,431</b>	<b>(32,521)</b>

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>

**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 2018	523,512,144	111,471
As at 31 March 2019	523,512,144	111,471

During the 3-month period ended 31 March 2019, 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 were exercisable between 30 January 2015 and 29 January 2019, and the remaining 2,025,000 share options were exercisable between 30 January 2016 and 29 January 2019, at the exercise price of S\$0.34 if the vesting conditions were met. These share options had since expired on 29 January 2019. 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 2019, the total numbers of share options outstanding were 750,000 (31 March 2018: 4,800,000).

Save as disclosed, there were no other outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 2019 and 31 March 2018.

**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	
	31/03/2019	31/12/2018
Total number of issued shares excluding treasury shares	523,512,144	523,512,144

There were no treasury shares as at 31 March 2019 and 31 December 2018.

**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 adopted the same accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2018, except for the adoption of "SFRS (I) 16 – Leases" which came into effect on 1 January 2019.

**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.**

The Group has adopted Singapore Financial Reporting Standards ("SFRS") (I) 16 – Leases which came into effect on 1 January 2019. The Group has applied a transition approach and will not be restating comparative amounts.

The standards SFRS (I) 16 introduced changes to lessee accounting where all leases (except for exemption under short term leases and leases of low value asset) are recognised in the statement of financial position as lease liabilities with the corresponding recognition of the right-of-use assets.

On adoption of SFRS (I) 16, the Group has recognised the long-term land lease, a right-of-use asset of US\$0.2 million and the corresponding lease liabilities of US\$0.2 million. The right-of-use asset is depreciated over the term of the land lease.

**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	
	31/03/2019	31/03/2018
Loss per ordinary share ("LPS") for the period based on net loss attributable to owners of the Company (US\$ cents).		
Basic LPS	(0.01)	(0.02)
Diluted LPS	(0.01)	(0.02)
Weighted average number of ordinary shares on issue applicable to basic LPS	523,512,144	260,593,750
Weighted average number of ordinary shares on issue applicable to diluted LPS	523,512,144	260,593,750

The share options granted to employees under the existing Atlantic 2008 ESOS and Atlantic 2015 ESOS have not been included in the calculation of diluted loss per share 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	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Net asset value per ordinary share (US\$ cents)	16.09	16.10	15.93	15.94

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 31 March 2019 and 31 December 2018.

**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**

(US\$'000)	3 months ended		
	31/03/2019 ("1Q2019")	31/03/2018 ("1Q2018")	Increase/ (Decrease) %
Marine logistics services ("MLS")	15,075	11,940	26.3
Ship repair, fabrication and other marine services ("SRM")	88	306	(71.2)
	15,163	12,246	23.8

The Group's revenue for the MLS segment for 1Q2019 increased by US\$3.2 million or 26.3%, from US\$11.9 million in 1Q2018 to US\$15.1 million in 1Q2019. The increase in revenue was mainly attributable to the higher rate of utilisation of owned vessels, coupled with the deployment of the Group's seven (7) new vessels to support long-term charter contracts with a Middle Eastern National Oil Company ("MENOC").

The Group's revenue for the SRM segment for 1Q2019 decreased by US\$0.2 million or 71.2% compared to 1Q2018 mainly due to the lower level of repairs works undertaken on third party vessels. The SRM segment was mainly occupied with the overhauling and repairing works of the Group's owned vessels engaged under time chartering during 1Q2019.

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

(US\$'000)	3 months ended		
	31/03/2019 ("1Q2019")	31/03/2018 ("1Q2018")	Increase/ (Decrease) %
<b>Gross profit</b>			
MLS	3,246	1,841	76.3
SRM	24	151	(84.1)
	3,270	1,992	64.2

  

	3 months ended	
	31/03/2019 ("1Q2019")	31/03/2018 ("1Q2018")
<b>Gross profit margin</b>		
MLS	21.5%	15.4%
SRM	27.3%	49.3%
Overall	21.6%	16.3%

The Group reported gross profit of US\$3.2 million for the MLS segment during 1Q2019, compared to a gross profit of US\$1.8 million in 1Q2018. The increase in gross profit by US\$1.4 million or 76.3% in 1Q2019 compared to 1Q2018 corresponded with the increase in revenue primarily as a result of a higher utilisation of owned vessels coupled with the deployment of seven (7) new vessels to support long-term charter contracts with a MENOC. As a result, gross profit from MLS increased by 6.1 percentage points with higher gross profit to meet direct overheads such as depreciation and crew costs.

The Group reported gross profit of US\$24,000 for the SRM segment during 1Q2019, compared to gross profit of US\$151,000 in 1Q2018. The decrease in gross profit of US\$127,000 or 84.1% in 1Q2019 was mainly due to the lower level of repairs works undertaken on third party vessels. As a result gross profit decreased by 22.0 percentage points due to lower contribution to direct overheads such as labour costs.

(iii) **Other income**

Other income for 1Q2019 is nil while that of 1Q2018 was 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.

**(iv) Marketing and distribution expenses**

Marketing and distribution expenses in 1Q2019 decreased by US\$0.1 million or 33.8% as compared to 1Q2018 because of lower consultancy fee and travel expenses.

**(v) Administrative expenses**

Administrative expenses for 1Q2019 decreased by US\$0.2 million or 18.2% as compared to 1Q2018 due to cost control measures resulting in reduction in salaries, office maintenance and other administrative costs.

**(vi) Finance costs**

Finance costs increased by US\$0.4 million or 24.5% in 1Q2019 to US\$1.8 million as compared to US\$1.4 million in 1Q2018 mainly as a result of new bank borrowings of US\$29.8 million and private borrowings of US\$8.5 million for the acquisition of new seven (7) vessels which were all accepted for delivery in FY2018.

**(vii) Loss on fair value changes in derivatives**

The Group recorded a mark to market ("MTM") loss of US\$0.3 million on its interest rate swap hedging derivative contract. The interest rate swap hedging derivative contract pays fixed interest rates based on notional values and receives variable rates equal to 3 months USD LIBOR. The interest rate swap hedging derivative contract is entered into to hedge the Group's interest rate risk arising from certain of its floating rate USD bank loans.

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

The Group recorded profit of US\$0.3 million from its 40% interest in a joint venture during 1Q2019. Physical aspect of the execution work has concluded in 1Q2019 and closure of the project is currently expected to be fully completed by end of 2Q2019.

**(ix) Profit before tax**

Comparable to that of 1Q2018, the Group recorded a profit before tax of US\$0.3 million in 1Q2019 which was mainly due to increase in gross profit, lower marketing and distribution and administrative expenses, and partially offset by decrease in share of profit in a joint venture, loss on fair value changes in derivatives and higher finance costs.

**(x) Income tax expense**

The income tax expenses for 1Q2019 and 1Q2018 were in relation to withholding tax on foreign charter income.

**(b) Review of financial position**

**(i) Non-current assets**

Non-current assets decreased by US\$2.6 million from US\$181.0 million as at 31 December 2018 to US\$178.4 million as at 31 March 2019 mainly due to depreciation charges of US\$2.3 million and decrease in investment in joint venture of US\$0.5 million, partially offset by the right-of-use asset for a long-term lease of land of US\$0.2 million.

**(ii) Current assets**

Current assets increased by US\$1.3 million from US\$21.4 million as at 31 December 2018 to US\$22.7 million as at 31 March 2019. This was mainly due to increase in trade and other receivables of US\$1.7 million due to delay in payments from charterers, increase of prepayment of US\$0.6 million related to vessel insurance premium, increases in inventories and vessel held for sale in aggregate of US\$0.3 million, partially offset by a decrease in cash and bank balances of US\$1.2 million.

**(iii) Non-current liabilities**

Non-current liabilities reduced by US\$1.9 million from US\$70.8 million as at 31 December 2018 to US\$68.9 million as at 31 March 2019. This was mainly due to repayment of non-current portion of the term loans of US\$2.3 million, partially offset by the increase in the loss on fair value changes in derivatives of US\$0.3 million and lease liabilities related to a long term land lease of US\$0.1 million.

**(iv) Current liabilities**

Current liabilities increased by US\$0.7 million from US\$47.3 million as at 31 December 2018 to US\$48.0 million as at 31 March 2019, primarily due to increase in other liabilities of US\$2.5 million comprising of US\$1.5 million shareholder advance by Saeed Investment Pte. Ltd. and US\$1.0 million from provision for operating expenses and accrued costs, and net increase in the current portion of the loans and borrowings of US\$2.0 million, partially offset by decreases in trade and other payables of US\$3.8 million mainly due to increase in payments to suppliers.

**(v) Net current liabilities**

Net current liabilities decreased by US\$0.6 million from US\$25.9 million as at 31 December 2018 to US\$25.3 million as at 31 March 2019, primarily due to increase in current assets of US\$1.3 million, partially offset by increase in current liabilities of US\$0.7 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 continues to expect to be able to generate sufficient cash flows from its operations with an enlarged fleet as well as securing the support from its principal bankers and other stakeholders. Please refer to the Company's announcement dated 11 April 2019 for the details on factors taken into account by the Management and the Directors in arriving at the above opinion.

**(c) Liquidity and capital resources**

**(i) Net cash flow used in operating activities**

Net cash flows used in operating activities amounted to US\$3.1 million in 1Q2019. This was mainly due to negative changes in working capital of US\$5.3 million, interest paid of US\$1.8 million and income tax paid of US\$0.4 million, partially offset by positive operating cash flows before changes in working capital of US\$4.4 million.

**(ii) Net cash flows generated from investing activities**

Net cash flows generated from investing activities amounted to US\$0.8 million in 1Q2019 was mainly due to distribution from joint venture.

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

Net cash flows generated from financing activities of US\$41,000 in 1Q2019 was mainly due to shareholder advance of US\$1.5 million by Saeed Investment Pte. Ltd. and short-term loan drawdown from an existing bank facility of US\$1.6 million, partially offset by principal repayment of bank loans of US\$3.0 million.

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

The actual results of 1Q2019 were broadly in line with the general prospect commentary of improving performance of the Group for FY2019 as disclosed in the unaudited financial results of the Group released on 1 March 2019.

The Group had attained higher utilisation rate of owned fleet in 1Q2019 of 72% as compared to 1Q2018 of 51% leading to higher gross profit which was offset by a reduction in share of results of joint venture as the project execution reached its completion in 1Q2019 and the MTM loss of US\$0.3 million on derivative contract as disclosed in this announcement.

**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.**

Given the continuing subdued and volatility in oil prices, the Group continues to exercise management prudence in its operations. The Group is expected to continue to focus on improving its operational efficiencies while maintaining or reducing its cost of operations as it pursues new contracts with its established pool of existing and new clients.

While the general sentiments have improved with slight increase in enquiries for the Group's marine logistics services, the Group expects continuing competitive pressure on charter rates due to the influx of excess tonnages from other more adversely affected regions into the Middle East. While we expect charter rates in this region to remain competitive, our fleet utilisation has improved in 1Q2019 of 72% compared to 1Q2018 of 51% mainly due to the full deployment of seven (7) new vessels to support the long-term contracts as well as the spot contracts of other owned vessels secured by the Group.

The Group continues to focus on maintaining and protecting the high level of utilisation of its existing fleet and securing employment for its owned vessels at competitive market rates. Given the established track record and entrenched market presence in the Middle East, the Group will continue to explore opportunities for cross chartering-in of third party vessels backed by secured contracts to complement its fleet and service offering to generate positive cash flows and profits for the Group.

Barring unforeseen circumstances, the Group continues to expect that its performance to improve in FY2019 compared to FY2018 mainly due to the increase in number of owned vessels and sustained utilisation rates across the enlarged fleet.

**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 and the reason(s) for the decision.**

No dividend has been declared or recommended in view of the operational and financial requirements of the Group.

### 13 Interested Person Transactions

The Company has established review and approval procedures to ensure that interested person transactions entered into by the Group are conducted on normal terms and are not prejudicial to the interests of shareholders. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

The AC 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)
Wong Siew Cheong - Interest on shareholder loan <sup>(1)</sup>	US\$110,000 (Approximately S\$149,600)	-

**Note:**

(1) As at 31 March 2019, Mr. Wong Siew Cheong, the Executive Director and CEO 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% per annum, and is to be settled in cash.

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) 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 2019 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 Company confirms that it has procured undertakings from all its 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 Director and Chief Executive Officer  
14 May 2019