



Atlantic Navigation
Holdings (Singapore) Limited

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

Results for the Financial Year Ended 31 December 2020

Unaudited Financial Statements and Dividend Announcement

In view of an Emphasis of Matter relating to "material uncertainty related to going concern" highlighted by the Company's independent auditor, Ernst & Young LLP, on the audited financial statements of the Group for the financial year ended 31 December 2019, the Company is required by the Singapore Exchange Securities Trading Limited ("SGX-ST") to announce its quarterly financial statements pursuant to Rule 705 of the Catalist Rules.

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

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Full Year Financial Statements Announcement for the Financial Year ended 31 December 2020

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 year of the immediately preceding financial year.

Consolidated income statement

	Notes	12 months ended		
		31/12/2020 ("FY2020") (Unaudited)	31/12/2019 ("FY2019") (Audited)	Increase/ (Decrease) %
(US\$'000)				
Revenue		64,394	76,518	(15.8)
Cost of services	1	(50,329)	(58,955)	(14.6)
Gross profit		14,065	17,563	(19.9)
Other items of income				
Finance income		1	6	(83.3)
Other income		535	247	116.6
Other items of expense				
Marketing and distribution expenses		(9)	(291)	(96.9)
Administrative expenses	1	(7,764)	(5,526)	40.5
Finance costs		(4,851)	(6,711)	(27.7)
Other expenses		-	(502)	N.M.
Impairment loss on property, vessels and equipment		(5,780)	-	N.M.
Share of results of a joint venture	2	-	92	N.M.
Loss on disposal of a joint operation		-	(589)	N.M.
Withholding tax expense		(1,650)	(1,885)	(12.5)
(Loss)/profit before tax		(5,453)	2,404	N.M.
Income tax expense		-	(2)	N.M.
(Loss)/profit for the year, attributable to owners of the Company		(5,453)	2,402	N.M.
Adjusted EBITDA for the year	3	13,882	19,782	(29.8)

(1) Includes depreciation and amortisation as disclosed on page 3 of this announcement.

(2) The operations of the joint venture had ceased and with formal completion agreement executed in 4Q FY2019.

(3) Adjusted EBITDA is computed based on (loss)/profit before tax, finance costs, depreciation, amortisation, impairment loss on property, vessels and equipment, net gain/(loss) on disposal of property, vessels and equipment, loss on disposal of a joint operation.

Consolidated statement of comprehensive income

	12 months ended		
	31/12/2020 ("FY2020")	31/12/2019 ("FY2019")	Increase/ (Decrease) %
(US\$'000)			
(Loss)/profit for the year	(5,453)	2,402	N.M.
Items that may be reclassified subsequently to profit or loss			
Net fair value changes on cash flow hedges	(454)	(721)	(37.0)
Other comprehensive income for the year, net of tax	(454)	(721)	(37.0)
Total comprehensive income for the year, attributable to owners of the Company	(5,907)	1,681	N.M.

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 year reported on and the corresponding year of the immediately preceding financial year.

	12 months ended		
	31/12/2020 ("FY2020")	31/12/2019 ("FY2019")	Increase/ (Decrease)
			%
(US\$'000)			
(Loss)/profit for the year is stated after crediting/(charging):			
Depreciation of property, vessels and equipment (included in cost of services)	(8,635)	(9,477)	(8.9)
Depreciation and amortization (included in administrative expenses)	(35)	(34)	2.9
Depreciation of right-of-use asset (included in administrative expenses)	(65)	(65)	N.M.
Impairment loss on property, vessels and equipment	(5,780)	-	N.M.
Allowances for doubtful trade debts and other receivables, net	(2,056)	(257)	N.M.
Other receivables written off	(78)	(65)	20.0
Net gain/(loss) on disposal of property, vessels and equipment	31	(502)	N.M.

N.M.: not meaningful

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

Balance Sheets

	Group		Company	
	Unaudited As at 31/12/2020	Audited As at 31/12/2019	Unaudited As at 31/12/2020	Audited As at 31/12/2019
(US\$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	155,232	168,330	-	-
Right-of-use asset	85	150	-	-
Intangible assets	183	150	141	141
Investment in subsidiaries	-	-	67,770	66,741
Advances, deposits and other receivables	-	-	35,050	39,999
Prepayments	382	465	-	-
	<u>155,882</u>	<u>169,095</u>	<u>102,961</u>	<u>106,881</u>
Current assets				
Inventories	288	611	-	-
Trade receivables	13,790	20,579	3,311	3,419
Advances, deposits and other receivables	1,826	2,749	5,449	11,595
Prepayments	767	714	-	-
Cash and bank balances	886	1,755	41	632
Bank deposits pledged	-	235	-	235
Restricted cash	94	363	-	-
	<u>17,651</u>	<u>27,006</u>	<u>8,801</u>	<u>15,881</u>
Total assets	<u>173,533</u>	<u>196,101</u>	<u>111,762</u>	<u>122,762</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	13,022	19,975	1,760	2,058
Accruals and other payables	5,810	6,694	490	509
Other non-financial liabilities	349	57	-	-
Amount due to shareholders	960	3,818	-	3,000
Lease liabilities	72	72	-	-
Loans and borrowings	55,387	16,342	20,087	7,657
	<u>75,600</u>	<u>46,958</u>	<u>22,337</u>	<u>13,224</u>
Net current (liabilities)/assets	<u>(57,949)</u>	<u>(19,952)</u>	<u>(13,536)</u>	<u>2,657</u>
Non-current liabilities				
Provisions	639	553	-	-
Amount due to shareholders	11,361	8,622	11,361	8,622
Lease liabilities	-	78	-	-
Derivatives	1,543	1,212	-	-
Loans and borrowings	3,316	52,726	-	17,866
	<u>16,859</u>	<u>63,191</u>	<u>11,361</u>	<u>26,488</u>
Total liabilities	<u>92,459</u>	<u>110,149</u>	<u>33,698</u>	<u>39,712</u>
Net assets	<u>81,074</u>	<u>85,952</u>	<u>78,064</u>	<u>83,050</u>
Equity attributable to owners of the Company				
Share capital	38,307	38,307	111,471	111,471
Other reserves	4,544	3,969	5,460	4,431
Retained earnings/(accumulated losses)	38,223	43,676	(38,867)	(32,852)
Total equity	<u>81,074</u>	<u>85,952</u>	<u>78,064</u>	<u>83,050</u>
Total equity and liabilities	<u>173,533</u>	<u>196,101</u>	<u>111,762</u>	<u>122,762</u>

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

	As at 31/12/2020		As at 31/12/2019	
	Secured	Unsecured	Secured	Unsecured
(US\$'000)				
(a) Amount repayable in one year or less, or on demand	55,387	-	16,342	-
(b) Amount repayable after one year	3,316	-	52,726	-
Total borrowings and securities	58,703	-	69,068	-

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 which requires the Group to maintain Adjusted Tangible Net Worth of at least US\$80 million (which includes loans and advances from shareholders in its determination);
- (vii) Adjusted leverage ratio as updated to be maintained at 1.75:1 or below. The ratio will be calculated as total liabilities (excluding cash margin and fixed deposits under lien i.e. cash encumbered for liabilities included in total liabilities) to Tangible Net Worth; and
- (viii) The Loan to Value ("LTV") to be 75%, 70% and 65% or below at all times as updated on respective loan facilities.

The amounts reflected at the table above do not include the loans and advances from shareholders of US\$11.3 million in aggregate which are unsecured as disclosed under Interested Person Transactions under Paragraph 13 of this announcement.

During 2H 2020, the Group did not meet certain obligations under its loan agreements and consequently US\$52.9 million relating to these loan agreements were classified as current liabilities in accordance with SFRS (I) 1-1 Presentation of financial statements, compared to what would have been US\$18.6 million and US\$34.3 million in current liabilities and non-current liabilities respectively based on the original repayment schedules under these loan agreements. The Group is in advanced discussions with its two principal bankers to re-schedule certain principal repayments ("Re-Scheduling") to ensure that the Group's operations continue to remain supported. Subject to final approvals, the Re-structuring is envisaged to result in approximately US\$14.1 million of principal repayments originally due in 2H2020 (US\$5.9 million) and FY2021 (US\$8.2 million) to be re-scheduled, and repayable from FY2022 to FY2025.

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

Consolidated Statement of Cash Flows (US\$'000)

	12 months ended	
	31/12/2020	31/12/2019
	(Unaudited)	(Audited)
Operating activities		
(Loss)/profit before tax	(5,453)	2,404
Adjustments for:		
Net (gain)/loss on disposal of property, vessels and equipment	(31)	502
Interest income	(1)	(6)
Depreciation of property, vessels and equipment	8,651	9,509
Amortisation of intangible asset	19	2
Depreciation of right-of-use asset	65	65
Allowances for doubtful trade debts and other receivables, net	2,056	257
Other receivables written off	78	65
Share of results of a joint venture	-	(92)
Finance costs	4,851	6,711
Provisions	144	97
Impairment loss on property, vessels and equipment	5,780	-
Loss on disposal of a joint operation	-	589
Total adjustments	21,612	17,699
Operating cash flows before changes in working capital	16,159	20,103
Decrease/(increase) in inventories	323	(427)
Decrease/(increase) in trade receivables	6,324	(9,138)
(Increase)/decrease in advances, deposits and other receivables	(746)	448
Increase in prepayments	30	164
(Decrease)/increase in trade payables	(6,953)	3,493
Decrease in accruals and other payables	(536)	(467)
Decrease in provisions	(58)	(82)
Increase/(decrease) in other non-financial liabilities	292	(633)
Total changes in working capital	(1,324)	(6,642)
Cash generated from operations	14,835	13,461
Interest received	1	6
Interest paid	(4,554)	(7,867)
Net cash flows generated from operating activities	10,282	5,600
Investing activities		
Purchase of property, vessels and equipment	(1,354)	(1,266)
Distribution from a joint venture	-	896
Proceeds from disposal of property, vessels and equipment	52	1,282
Proceeds from disposal of a joint operation	-	900
Addition to intangible assets	(52)	(11)
Net cash flows (used in)/generated from investing activities	(1,354)	1,801
Financing activities		
Proceeds from shareholder advance	142	3,818
Proceeds from loans and borrowings	81	17,279
Repayment of loans and borrowings	(10,957)	(31,576)
Repayment of lease liabilities	(78)	(84)
Decrease/(increase) in bank deposits pledged and restricted cash	504	(348)
Net cash flows (used in) financing activities	(10,308)	(10,911)
Net (decrease) in cash and cash equivalents	(1,380)	(3,510)
Cash and cash equivalents at beginning of the year	1,425	4,935
Cash and cash equivalents at end of the year (Note A)	45	1,425
Note A: Cash and cash equivalents comprise the following at the end of the reporting year:		
Cash and bank balances	886	1,755
Bank overdrafts	(841)	(330)
Net balance	45	1,425

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding year 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
Balance at 1 January 2020	85,952	38,307	3,969	43,676
Loss for the year	(5,453)	-	-	(5,453)
Interest on shareholder loan waived off*	1,029	-	1,029	-
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	(454)	-	(454)	-
Other comprehensive income for the year, net of tax	(454)	-	(454)	-
Balance at 31 December 2020	81,074	38,307	4,544	38,223

* 50% of cumulative interest as at 31 December 2020 on shareholder loan waived off by shareholders as disclosed under Interested Person Transactions under Paragraph 13 of this announcement.

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2019	84,271	38,307	4,690	41,274
Profit for the year	2,402	-	-	2,402
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	(721)	-	(721)	-
Other comprehensive income for the year, net of tax	(721)	-	(721)	-
Balance at 31 December 2019	85,952	38,307	3,969	43,676

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding year 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
Balance at 1 January 2020	83,050	111,471	4,431	(32,852)
Loss for the year, representing total comprehensive income for the year	(6,015)	-	-	(6,015)
Interest on shareholder loan waived off*	1,029	-	1,029	-
Balance at 31 December 2020	78,064	111,471	5,460	(38,867)

* 50% of cumulative interest as at 31 December 2020 on shareholder loan waived off by shareholders as disclosed under Interested Person Transactions under Paragraph 13 of this announcement.

Company	Equity, total	Share Capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2019	83,466	111,471	4,431	(32,436)
Loss for the year, representing total comprehensive income for the year	(416)	-	-	(416)
Balance at 31 December 2019	83,050	111,471	4,431	(32,852)

1 (d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 year 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 year reported on and as at the end of the corresponding year 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 year reported on and as at the end of the corresponding year of the immediately preceding financial year.

Company	Number of ordinary shares	Share capital (US\$'000)
As at 30 September 2020	523,512,144	111,471
As at 31 December 2020	523,512,144	111,471

During the 3-month period ended 31 December 2020, 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 2020, and the remaining 2,025,000 share options were exercisable between 30 January 2016 and 29 January 2020, at the exercise price of S\$0.34 if the vesting conditions were 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). These share options had since expired on 29 January 2020.

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). These share options had since expired on 11 May 2020.

Save as disclosed, there were no other outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2020 and 31 December 2019.

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

	As at	
	31/12/2020	31/12/2019
Total number of issued shares excluding treasury shares	523,512,144	523,512,144

There were no treasury shares as at 31 December 2020 and 31 December 2019.

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 year 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 year 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 modifications or emphasis of matter).

Not applicable.

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

- a) Updates on the efforts taken to resolve each outstanding audit issue.
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Not applicable.

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

Save as disclosed in Paragraph 5, the Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the audited financial statements for the financial year ended 31 December 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.

New and Amendments to Singapore Financial Reporting Standards (International) ("SFRS(I)s")

During the financial year, the Group has considered the following new and amendments to SFRS(I)s which took effect from financial year beginning 1 January 2020:

- Amendments to SFRS(I) 3: Definition of a Business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform
- Various: Amendments to References to the Conceptual Framework in SFRS(I) Standards

The above new and amendments to the SFRS(I)s do not have any material effect on the financial statements of the Group.

Assessment of impairment on property, vessels and equipment

The Group carries its vessels as non-current assets, measured at cost less accumulated depreciation and impairment losses which are assessed including obtaining valuation reports from independent professional valuers at the end of each financial reporting year, i.e. on an annual basis. In view of the uncertainties due to the rapidly evolving COVID-19 pandemic as well as the volatility of oil prices and their impacts, the Group shall perform an impairment assessment on its vessels on a semi-annual basis for more timely assessment of carrying values of vessels commencing from the quarter ended 30 June 2020.

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

	12 months ended	
	31/12/2020	31/12/2019
(Loss)/earnings per ordinary share ("LPS)/EPS") for the year based on net (loss)/profit attributable to owners of the Company (US\$ cents)		
Basic (LPS)/EPS	(1.04)	0.46
Diluted (LPS)/EPS	(1.04)	0.46
Weighted average number of ordinary shares on issue applicable to basic (LPS)/EPS	523,512,144	523,512,144
Weighted average number of ordinary shares on issue applicable to diluted (LPS)/EPS	523,512,144	523,512,144

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. All options have expired since 29 January 2020 and 11 May 2020 as disclosed in Paragraph 1(d)(ii) of this announcement.

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 year reported on and (b) immediately preceding financial year.

	Group as at		Company as at	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net asset value per ordinary share (US\$ cents)	15.49	16.42	14.91	15.86

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 December 2020 and 31 December 2019.

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 year 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 year reported on.

Review of results of operations

(i) Revenue by business segments

	12 months ended		
	31/12/2020 ("FY2020")	31/12/2019 ("FY2019")	Increase/ (Decrease)
(US\$'000)			%
Marine logistics services ("MLS")	62,915	75,491	(16.7)
Ship repair, fabrication and other marine services ("SRM")	1,479	1,027	44.0
	64,394	76,518	(15.8)

The Group's revenue for the MLS segment for FY2020 decreased by US\$12.6 million or 16.7% compared to FY2019. The decrease in revenue was mainly due to the largely non-deployment of its two lift-boats and lower revenue contribution from cross charter vessels in FY2020 as a result of the current adverse macro-economic environment, including the ongoing COVID-19 pandemic and the competitive environment, partially offset by increase in revenue of its owned offshore support vessel ("OSV") fleet.

The Group's revenue for the SRM segment for FY2020 increased by US\$0.5 million compared to FY2019 mainly due to the higher level of repair works undertaken on third party vessels.

(ii) Gross profit and gross profit margin

	12 months ended		
	31/12/2020 ("FY2020")	31/12/2019 ("FY2019")	Increase/ (Decrease)
(US\$'000)			%
<u>Gross profit</u>			
MLS	13,127	16,642	(21.1)
SRM	938	921	1.8
	14,065	17,563	(19.9)

	12 months ended	
	31/12/2020 ("FY2020")	31/12/2019 ("FY2019")
<u>Gross profit margin</u>		
MLS	20.9%	22.0%
SRM	63.4%	89.7%
	21.8%	23.0%

The Group reported gross profit of US\$13.1 million for the MLS segment during FY2020, compared to a gross profit of US\$16.6 million in FY2019. The decrease in gross profit by US\$3.5 million or 21.1% with lower gross profit margin by 1.1 percentage points from 22.0% in FY2019 to 20.9% in FY2020 was mainly due to aggregate losses resulted from non-deployment of the two lift-boats and expenditures incurred while being off-chartered. The decrease in gross profit was partially offset by the compensation receivable due to early termination of 5 long-term charter contracts, reimbursement of certain charter-hire contractual costs in view of challenging environment due to COVID-19 pandemic, and overall increase in gross profit from its owned OSV fleet.

While the gross profit for the SRM segment remains stable at US\$0.9 million in FY2020 and FY2019, the gross profit margin decreased by 26.3 percentage points from 89.7% to 63.4% mainly due to competitive environment impacting contract pricing and higher proportion of sub-contracting costs for specific segments of work required for contract fulfilment in FY2020.

(iii) Other income

Other income for FY2020 was mainly due to insurance claim in relation to vessels and write back of old payables.

(iv) Marketing and distribution expenses

Marketing and distribution expenses in FY2020 decreased by US\$0.3 million or 96.9% as compared to FY2019 due to lower business travel expenses in view of the traveling restrictions during the COVID-19 outbreak period.

(v) Administrative expenses

Administrative expenses for FY2020 increased by US\$2.2 million or 40.5% as compared to FY2019 mainly due to increase in allowances for doubtful debts including US\$1.6 million net due from joint operation (see reference below in 8(b)(vi) "Other disclosures") and increase in staff and related costs.

(vi) Finance costs

Finance costs decreased by US\$1.8 million or 27.7% to US\$4.9 million in FY2020 as compared to US\$6.7 million in FY2019 correspond to the lower amount of bank borrowings compared to the comparative year.

(vii) Other expenses

Other expenses in FY2020 is nil while that of FY2019 was in relation to loss on disposal of a vessel.

(viii) Withholding tax expense

The withholding tax expenses relate to withholding tax on foreign charter income.

(ix) (Loss)/profit before tax

The Group recorded a loss before tax of US\$5.5 million in FY2020 compared to profit before tax of US\$2.4 million in FY2019 mainly due to the decrease in gross profit, increase in administrative expenses and impairment losses of 6 vessels, partially offset by decrease in finance costs, other expenses and withholding tax expense.

(x) Income tax expense

There is no income tax expense for FY2020 as the Group's significant subsidiaries are incorporated in jurisdictions where such taxes are either exempted or not applicable.

(b) Review of financial position

(i) Non-current assets

Non-current assets decreased by US\$13.2 million from US\$169.1 million as at 31 December 2019 to US\$155.9 million as at 31 December 2020. This was mainly due to impairment of certain vessels of US\$5.8 million and depreciation charges of US\$8.7 million, partially offset by dry dock expense capitalised of US\$1.3 million.

(ii) Current assets

Current assets decreased by US\$9.4 million from US\$27.0 million as at 31 December 2019 to US\$17.6 million as at 31 December 2020. This was mainly due to decrease in trade receivables of US\$6.8 million after the repayment of contractual retention, decrease in advances, deposits and other receivables of US\$0.9 million, decrease in inventory of US\$0.3 million, decrease in cash and bank balances of US\$0.9 million and decrease in bank deposits pledged and restricted cash of US\$0.5 million, partially offset by increase in prepayment of US\$0.1 million.

(iii) Non-current liabilities

Non-current liabilities reduced by US\$46.3 million from US\$63.2 million as at 31 December 2019 to US\$16.9 million as at 31 December 2020. This was mainly due to decrease in loans and borrowings of US\$49.4 million due to reclassification of bank loans to current liabilities, partially offset by reclassification of amount due to shareholders net of interest waiver of US\$2.7 million to non-current liabilities, and the loss on fair value changes in derivatives of US\$0.3 million.

(iv) Current liabilities

Current liabilities increased by US\$28.6 million from US\$47.0 million as at 31 December 2019 to US\$75.6 million as at 31 December 2020, mainly due to increase from the reclassification of non-current to current portion of loans and borrowings net of repayments of US\$39.0 million, increase in other non-financial liabilities of US\$0.3 million, partially offset by decrease in trade payables of US\$6.9 million mainly due to increase in payments to suppliers, decrease in accruals and other payables of US\$0.9 million and reclassification of amount due to shareholders of US\$2.9 million to non-current liabilities.

(v) Net current liabilities

Net current liabilities increased by US\$38.0 million from US\$20.0 million as at 31 December 2019 to US\$58.0 million as at 31 December 2020, mainly due to increase in current liabilities of US\$28.6 million and decrease in current assets of US\$9.4 million.

The Group is expected to be able to operate as a going concern subject to the finalisation of the Re-scheduling with its principal bankers as disclosed in Paragraph 1(b)(ii) on Page 5 of this announcement). The Group is also exploring other options including potential sale of vessels to augment its cash flows.

(vi) Other disclosures

The Company has held indirectly 51% interest in its joint operation, i.e. Atlantic Venture Inc. ("AVI") with the main asset being a vessel which is used to secure against a loan with principal outstanding of US\$0.84 million as at 31 December 2020. The Company as a co-guarantor to the loan had commenced legal proceedings against the other co-guarantors, i.e. the 49% shareholder of AVI as well as a related party to the 49% shareholder ("Related Party") for certain sums paid by the Company to meet the loan obligations. The Related Party meanwhile had submitted an application in February 2021 to wind up AVI. The Group continues to seek legal advice on these matters while allowances had been made (see 8(a)(v) above).

(c) Liquidity and capital resources

(i) Net cash flows generated from operating activities

Net cash flows generated from operating activities amounted to US\$10.3 million in FY2020. This was mainly due to operating cash flows before changes in working capital of US\$16.2 million, partially offset by negative changes in working capital of US\$1.3 million and interest paid of US\$4.6 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities of US\$1.4 million in FY2020 was mainly due to dry dock expense of US\$1.3 million, purchase of a vehicle of US\$0.1 million and addition to intangible assets of US\$0.1 million, partially offset by proceeds from disposal of machinery and vehicle of US\$0.1 million.

(iii) Net cash flows used in financing activities

Net cash flows used in financing activities of US\$10.3 million in FY2020 was mainly due to principal repayment of bank loans of US\$11.0 million, partially offset by proceeds from borrowings of US\$0.1 million and decrease in bank deposit pledged and restricted cash of US\$0.5 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. No forecast or prospect statement disclosed to shareholders previously.

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 year and the next 12 months.

With the uncertainties emanating from the COVID-19 pandemic, the market is expected to remain challenging. As at 31 December 2020, the Group achieved utilisation rate of vessels of 71.1% in Q4 FY2020 compared with Q3 FY2020 of 79.5% and Q4 FY2019 of 92.2%.

Global oil prices continue to remain volatile and currently at about US\$60 per barrel for international Brent crude¹ comparable to price at the start of 2020. The Group will continue to work to mitigate these impacts with focuses on vessel utilisation and to work closely with its stakeholders to manage its cash flow requirements.

11 Dividend

a) Current Financial Year Reported on

Any dividend recommended for the current financial year reported on?

Nil.

(b) Corresponding year of the immediately Preceding Financial Year

Any dividend declared for the corresponding year 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.

¹ <https://oilprice.com/oil-price-charts/>

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 Audit Committee of the Company ("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(1)(a) 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 ⁽¹⁾	US\$447,236 (Approximately S\$592,140)*	-
Kum Soh Har ⁽²⁾	US\$183,000 (Approximately S\$242,292)**	-

* Excluding cumulative 50% interest on Loan waived off or US\$868,619 in December 2020

** Excluding cumulative 50% interest on Advance waived off or US\$160,375 in December 2020

Notes:

- As at 31 December 2020, Mr. Wong Siew Cheong, the Executive Director and CEO, had provided an aggregate of US\$7.3 million loan to the Group (the "Loan") where the Loan is unsecured, interest-bearing at interest rate of 6.0% per annum, and advances of US\$1.0 million which is unsecured, non-interest bearing, both sums to be settled in cash. As at 31 December 2020, 50% of total accrued interest of US\$0.9 million has been waived off and the interest rate has been revised to 3.0% from 1 January 2021.
- As at 31 December 2020, Mr. Kum Soh Har, Michael, the Non-Executive Non-Independent Chairman, had provided an aggregate of US\$3.0 million shareholder advance (the "Advance") through Saeed Investment Pte. Ltd., the Controlling Shareholder of the Company, to the Group where the Advance is unsecured, interest-bearing at interest rate of 6.0% per annum, and is to be settled in cash. As at 31 December 2020, 50% of total accrued interest of US\$0.2 million has been waived off and the interest rate has been revised to 3.0% from 1 January 2021.

14 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUCEMENT

15 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Segments	FY2020				FY2019				Increase/ (Decrease)
	MLS	SRM	Elimination	Total	MLS	SRM	Elimination	Total	
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	%
Revenue	62,915	2,616	(1,137)	64,394	75,491	1,907	(880)	76,518	(15.8)
Cost of services	(49,788)	(1,678)	1,137	(50,329)	(58,849)	(986)	880	(58,955)	(14.6)
Segment Gross Profit	13,127	938	-	14,065	16,642	921	-	17,563	(19.9)
Finance income	1	-	-	1	1	-	-	1	N.M.
Other income	535	-	-	535	245	2	-	247	116.6
Marketing and distribution expenses	(7)	(2)	-	(9)	(287)	(4)	-	(291)	(96.9)
Administrative expenses	(6,709)	(754)	-	(7,463)	(4,581)	(509)	-	(5,090)	46.6
Finance costs	(4,851)	-	-	(4,851)	(6,711)	-	-	(6,711)	(27.7)
Other expenses	-	410	(410)	-	(502)	-	-	(502)	N.M.
Impairment of property, vessel and equipment	(5,780)	-	-	(5,780)	-	-	-	-	N.M.
Withholding tax expense	(1,650)	-	-	(1,650)	(1,885)	-	-	(1,885)	(12.5)
Segment (Loss)/Profit	(5,334)	592	(410)	(5,152)	2,922	410	-	3,332	N.M.
Unallocated Income & Expenses									
Finance income	-	-	-	-	-	-	-	5	N.M.
Administrative expenses	-	-	-	(301)	-	-	-	(436)	(31.0)
Share of result of joint venture	-	-	-	-	-	-	-	92	N.M.
Loss on disposal of joint operation	-	-	-	-	-	-	-	(589)	N.M.
(Loss)/profit before tax	(5,334)	592	(410)	(5,453)	2,922	410	-	2,404	N.M.
Income tax expense	-	-	-	-	(2)	-	-	(2)	N.M.
(Loss)/profit for the year	(5,334)	592	(410)	(5,453)	2,920	410	-	2,402	N.M.

16 In the view of the performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Refer to Paragraph 8 (i) & (ii) above.

17 A breakdown of sales as follows:

Particulars	FY2020	FY2019	Increase/ (Decrease)
(a) Sales reported for first half year	35,563	33,282	7%.
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(2,207)	409	N.M.
(c) Sales reported for second half year	28,831	43,236	(33%)
(d) Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year	(3,246)	1,993	N.M.

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. No dividend proposed for FY2020 and FY2019.

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalist Rules in the format below. If there are no such persons, the issuer must make an appropriate statement.

Name	Age	Family relationship with director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Nil	NA	NA	NA	NA

BY ORDER OF THE BOARD
Wong Siew Cheong
Executive Director and Chief Executive Officer
31 March 2021