



ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

Results for the Financial Period Ended

30 June 2017

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 Advisors 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.

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The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.



Second Quarter Financial Statement Announcement as on 30 June 2017

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			6 months ended		
	30/06/2017 ("2Q2017")	30/06/2016 ("2Q2016")	Increase/ (Decrease) %	30/06/2017 ("HY2017")	30/06/2016 ("HY2016")	Increase/ (Decrease) %
(US\$'000)						
Revenue	8,980	8,789	2.2	14,692	15,742	(6.7)
Cost of services	(6,447)	(6,245)	3.2	(12,342)	(12,013)	2.7
Gross profit	2,533	2,544	(0.4)	2,350	3,729	(37.0)
Finance income	1	4	(75.0)	1	9	(88.9)
Other income	-	3	N.M.	11	68	(83.8)
Share of results of an associate	-	107	N.M.	-	207	N.M.
Other items of expense						
Marketing and distribution expenses	(71)	(44)	61.4	(89)	(94)	(5.3)
Administrative expenses	(1,267)	(1,432)	(11.5)	(2,498)	(2,791)	(10.5)
Finance costs	(930)	101	N.M.	(1,440)	(903)	59.5
Other expenses	-	-	-	(411)	-	N.M.
Profit/(loss) before tax	266	1,283	(79.3)	(2,076)	225	N.M.
Income tax expense	(212)	-	N.M.	(309)	-	N.M.
Profit/(loss) for the period attributable to owners of the Company, representing total comprehensive income for the period attributable to owners of the Company	54	1,283	(95.8)	(2,385)	225	N.M.

N.M.: not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

	3 months ended			6 months ended		
	30/06/2017 ("2Q2017")	30/06/2016 ("2Q2016")	Increase/ (Decrease) %	30/06/2017 ("HY2017")	30/06/2016 ("HY2016")	Increase/ (Decrease) %
(US\$'000)						
Profit/(loss) for the period is stated after (charging)/crediting:						
Allowance for doubtful trade debts, net	4	-	N.M.	4	-	N.M.
Depreciation of property, vessels and equipment	(1,691)	(1,543)	9.6	(3,214)	(2,964)	8.4
Net loss on disposal of property, vessels and equipment	-	-	-	(411)	-	N.M.
Grant of equity-settled share options to employees	(2)	(6)	(66.7)	(5)	(22)	(77.3)

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 Sheet

	Group		Company	
	Unaudited As at 30/06/2017	Audited As at 31/12/2016	Unaudited As at 30/06/2017	Audited As at 31/12/2016
(US\$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	164,245	165,248	-	-
Intangible asset	141	141	141	141
Investment in subsidiaries	-	-	66,741	66,741
Investment in an associate	-	-	-	-
Prepayments	406	299	-	-
	<u>164,792</u>	<u>165,688</u>	<u>66,882</u>	<u>66,882</u>
Current assets				
Inventories	244	281	-	-
Vessels held for sale	-	180	-	-
Trade and other receivables	12,903	10,887	72,848	72,526
Prepayments	1,651	843	214	205
Cash and bank balances	987	1,536	179	197
Bank deposits pledged	235	100	235	8
	<u>16,020</u>	<u>13,827</u>	<u>73,476</u>	<u>72,936</u>
Total assets	180,812	179,515	140,358	139,818
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	21,531	14,782	6,972	2,414
Other liabilities	3,297	3,409	484	730
Loans and borrowings	13,172	35,349	7,657	31,897
	<u>38,000</u>	<u>53,540</u>	<u>15,113</u>	<u>35,041</u>
Net current (liabilities)/assets	(21,980)	(39,713)	58,363	37,895
Non-current liabilities				
Provisions	550	519	-	-
Loans and borrowings	59,587	40,400	50,659	30,044
	<u>60,137</u>	<u>40,919</u>	<u>50,659</u>	<u>30,044</u>
Total liabilities	98,137	94,459	65,772	65,085
Net assets	82,675	85,056	74,586	74,733
Equity attributable to owners of the Company				
Share capital	12,370	12,370	85,534	85,534
Other reserves	1,000	995	741	736
Retained earnings/(accumulated losses)	69,305	71,691	(11,689)	(11,537)
Total equity	82,675	85,056	74,586	74,733
Total equity and liabilities	180,812	179,515	140,358	139,818

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

	As at 30/06/2017		As at 31/12/2016	
	Secured	Unsecured	Secured	Unsecured
(US\$'000)				
(a) Amount repayable in one year or less, or on demand	13,172	-	35,349	-
(b) Amount repayable after one year	59,587	-	40,400	-
Total borrowing and securities	72,759	-	75,749	-

The above credit facilities are secured by one or several of:

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

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

Consolidated Statement of Cash Flows	6 months ended	
	30/06/2017	30/06/2016
(US\$'000)		
Operating activities		
(Loss) / Profit before tax	(2,076)	225
Adjustments for:		
Net loss on disposal of property, vessels and equipment	411	-
Interest income	(1)	(9)
Depreciation of property, vessels and equipment	3,214	2,964
Allowance for doubtful trade debts, net	4	-
Share of results of an associate	-	(207)
Finance costs	1,440	903
Provisions	42	74
Grant of equity-settled share options to employees	5	22
Total adjustments	5,115	3,747
Operating cash flows before changes in working capital	3,039	3,972
Decrease / (increase) in inventories	37	(78)
(Increase) / decrease in trade and other receivables	(1,840)	1,421
Increase in prepayments	(914)	(956)
Increase in trade and other payables	2,349	4,953
Decrease in provisions	(12)	(22)
(Decrease) / increase in other liabilities	(114)	1,064
Total changes in working capital	(494)	6,382
Cash generated from operations	2,545	10,354
Interest received	1	9
Interest paid	(2,776)	(903)
Income tax paid	(309)	-
Net cash flows (used in)/generated from operating activities	(539)	9,460
Investing activities		
Purchase of property, vessels and equipment	(1,335)	(67,326)
Proceeds from disposal of property, vessels and equipment	700	-
Net cash flows used in investing activities	(635)	(67,326)
Financing activities		
Proceeds from loan from a shareholder	4,400	-
Proceeds from loans and borrowings	2,000	62,360
Repayment of loans and borrowings	(5,704)	(3,091)
Increase in bank deposits pledged	(135)	(2,667)
Net cash flows generated from financing activities	561	56,602
Net decrease in cash and cash equivalents	(613)	(1,264)
Net cash and cash equivalents at beginning of the period	941	4,261
Cash and cash equivalents at end of the period (Note A)	328	2,997
Note A: Cash and cash equivalents comprise the following at the end of the reporting period:		
Cash and bank balances	987	2,997
Bank overdraft	(659)	-
Net balance	328	2,997

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
Balance at 1 January 2017	85,056	12,370	995	71,691
Loss for the period, representing total comprehensive income for the period	(2,440)	-	-	(2,440)
Grant of equity-settled share options to employees	3	-	3	-
Balance at 31 March 2017	82,619	12,370	998	69,251
Profit for the period, representing total comprehensive income for the period	54	-	-	54
Grant of equity-settled share options to employees	2	-	2	-
Balance at 30 June 2017	82,675	12,370	1,000	69,305

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2016	96,087	12,370	599	83,118
Loss for the period, representing total comprehensive income for the period	(1,058)	-	-	(1,058)
Grant of equity-settled share options to employees	16	-	16	-
Balance at 31 March 2016	95,045	12,370	615	82,060
Profit for the period, representing total comprehensive income for the period	1,283	-	-	1,283
Grant of equity-settled share options to employees	6	-	6	-
Balance at 30 June 2016	96,334	12,370	621	83,343

1d(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
Balance at 1 January 2017	74,733	85,534	736	(11,537)
Loss for the period, representing total comprehensive income for the period	(75)	-	-	(75)
Grant of equity-settled share options to employees	3	-	3	-
Balance at 31 March 2017	74,661	85,534	739	(11,612)
Loss for the period, representing total comprehensive income for the period	(77)	-	-	(77)
Grant of equity-settled share options to employees	2	-	2	-
Balance at 30 June 2017	74,586	85,534	741	(11,689)

Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2016	75,216	85,534	340	(10,658)
Loss for the period, representing total comprehensive income for the period	(27)	-	-	(27)
Grant of equity-settled share options to employees	16	-	16	-
Balance at 31 March 2016	75,205	85,534	356	(10,685)
Profit for the period, representing total comprehensive income for the period	22	-	-	22
Grant of equity-settled share options to employees	6	-	6	-
Balance at 30 June 2016	75,233	85,534	362	(10,663)

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 March 2017	260,593,750	85,534
As at 30 June 2017	260,593,750	85,534

During the 3-month period ended 30 June 2017, 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 30 June 2017, the total numbers of share options outstanding were 4,800,000 (30 June 2016: 4,800,000).

Save as disclosed, there were no other outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2017 and 30 June 2016.

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	
	30/06/2017	31/12/2016
Total number of issued shares excluding treasury shares	260,593,750	260,593,750

There were no treasury shares as at 30 June 2017 and 31 December 2016.

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 2016, as well as the applicable Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2017. The adoption of these new and revised FRSs has no material effect on the results announcement for the current financial period.

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

Please refer to 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		6 months ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Earnings/(loss) per ordinary share ("EPS") for the period based on net profit/(loss) attributable to owners of the Company (US\$ cents)				
Basic EPS	0.02	0.49	(0.92)	0.09
Diluted EPS	0.02	0.48	(0.90)	0.08
Weighted average number of ordinary shares on issue applicable to basic EPS	260,593,750	260,593,750	260,593,750	260,593,750
Weighted average number of ordinary shares on issue applicable to diluted EPS	265,393,750	265,393,750	265,393,750	265,393,750

For the purpose of calculating the diluted EPS, net profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares in issue are adjusted for the dilutive effects of potential ordinary share issues. The Company has one category of potential dilutive ordinary shares, which are the share options as at 30 June 2017 and 30 June 2016.

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	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Net asset value per ordinary share (US\$ cents)	31.73	32.64	28.62	28.68

The net asset values per ordinary share of the Company and the Group as at 30 June 2017 and 31 December 2016 were calculated based on 260,593,750 issued shares (excluding treasury shares) as at 30 June 2017 and 31 December 2016.

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

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

(a) **Review of results of operations**

(i) Revenue by business segments

	3 months ended			6 months ended		
	30/06/2017 ("2Q2017")	30/06/2016 ("2Q2016")	Increase/ (Decrease) %	30/06/2017 ("HY2017")	30/06/2016 ("HY2016")	Increase/ (Decrease) %
(US\$'000)						
Marine logistics services ("MLS")	8,374	7,380	13.5	13,695	13,998	(2.2)
Ship repair, fabrication and other marine services ("SRM")	606	1,409	(57.0)	997	1,744	(42.8)
	<u>8,980</u>	<u>8,789</u>	<u>2.2</u>	<u>14,692</u>	<u>15,742</u>	<u>(6.7)</u>

The Group's turnover for MLS business for 2Q2017 increased by US\$1.0 million or 13.5%, from US\$7.4 million in 2Q2016 to US\$8.4 million in 2Q2017 due to (i) deployment of its lift boat, the AOS Maintainer I, with Middle Eastern National Oil Company ("NOC") on one-year firm charter contract with effect from 23 May 2017 and (ii) higher cross-charter revenue, which was partially offset by lower revenue for owned fleet offshore supply vessels ("OSV") due to lower daily charter rates ("DCR").

The Group's revenue for the SRM business for 2Q2017 decreased by US\$0.8 million or 57.0% compared to 2Q2016 mainly due to lower level of repairs works undertaken on third party vessels.

(ii) Gross profit and gross profit margin

	3 months ended			6 months ended		
	30/06/2017 ("2Q2017")	30/06/2016 ("2Q2016")	Increase/ (Decrease) %	30/06/2017 ("HY2017")	30/06/2016 ("HY2016")	Increase/ (Decrease) %
(US\$'000)						
Gross profit						
MLS	2,012	1,592	26.4	1,651	2,638	(37.4)
SRM	521	952	(45.3)	699	1,091	(35.9)
	<u>2,533</u>	<u>2,544</u>	<u>(0.4)</u>	<u>2,350</u>	<u>3,729</u>	<u>(37.0)</u>

	3 months ended		6 months ended	
	30/06/2017 ("2Q2017")	30/06/2016 ("2Q2016")	30/06/2017 ("HY2017")	30/06/2016 ("HY2016")
Gross profit margin				
MLS	24.0%	21.6%	12.1%	18.8%
SRM	86.0%	67.6%	70.1%	62.6%
	<u>28.2%</u>	<u>28.9%</u>	<u>16.0%</u>	<u>23.7%</u>

The Group reported gross profit of US\$2.0 million for the MLS business during 2Q2017, compared with gross profit of US\$1.6 million in 2Q2016. The increase in gross profit was primarily due to an increase in revenue as a result of deploying new lift boat and cross charters, partially offset by lower margins for OSVs due to lower DCR. Gross profit margin for MLS business improved to 24.0% in 2Q2017 as compared with gross profit margin of 21.6% in 2Q2016.

The Group reported gross profit of US\$0.5 million for the SRM business during 2Q2017, compared with gross profit of US\$1.0 million in 2Q2016. The decrease in gross profit was primarily due to lower level of repair works undertaken for third party vessels. Gross profit margin for SRM business improved to 86.0% in 2Q2017 as compared with gross profit margin of 67.6% in 2Q2016 due to lower material cost incurred in 2Q2017 than in 2Q2016.

(iii) Other income

The Group has not recorded any other income during 2Q2017.

(iv) Marketing and distribution expenses

Marketing and distribution expenses in 2Q2017 comprised mainly travel, exhibition and consultancy expenses.

(v) Administrative expenses

Administrative expenses for 2Q2017 decreased by US\$0.2 million or 11.5% as compared to 2Q2016 due to reduction in statutory expenses, vehicle maintenance cost, utility expenses, office maintenance expenses and other administrative costs.

(vi) Finance costs

The finance costs incurred in 2Q2017 was US\$0.9 million as compared to finance income of US\$0.1 million in 2Q2016. The credit of US\$0.1 million reported in 2Q2016 was due to capitalization of finance cost incurred during 1Q2016. The increase in finance costs during 2Q2017 was due to expensing of interest, which was previously charged to capital work-in-progress during the construction phase of new vessel, and higher interest rate under the revised convertible loan agreement.

(vii) Profit before tax

The Group recorded a profit before tax of US\$0.3 million in 2Q2017 as compared to a profit before tax of US\$1.3 million in 2Q2016. The decrease in profit before tax is due to cessation of capitalized interest for a vessel no longer under construction and higher finance cost for the US\$13.0 million convertible loan.

(b) Review of financial position

(i) Non-current assets

Non-current assets decreased by US\$0.9 million from US\$165.7 million as at 31 December 2016 to US\$164.8 million as at 30 June 2017 due to depreciation charge of US\$3.2 million and sale of vessels of US\$1.1 million, partially offset by additional investment in an existing vessel of US\$1.4 million, capitalization of finance cost of US\$1.4 million and dry docking cost of US\$0.6 million.

(ii) Current assets

Current assets increased by US\$2.2 million from US\$13.8 million as at 31 December 2016 to US\$16.0 million as at 30 June 2017. This was mainly due to an increase in trade and other receivables of US\$2.0 million, an increase in prepayments of US\$0.8 million and an increase in bank deposits pledge of US\$0.1 million, partially offset by a decrease in cash and cash equivalents of US\$0.5 million and a decrease in vessels held for sale of US\$0.2 million.

(iii) Non-current liabilities

Non-current liabilities increased by US\$19.2 million, from US\$40.9 million as at 31 December 2016 to US\$60.1 million as at 30 June 2017. This was mainly due to reclassification of the convertible loan of US\$13.0 million and the secured bank loan of US\$11.2 million from current liabilities to non-current liabilities and PIK accruals of US\$0.7 million in respect of the US\$13.0 million convertible loan, partially offset by repayment of loans and borrowings of US\$5.7 million.

(iv) Current liabilities

Current liabilities decreased by US\$15.5 million, from US\$53.5 million as at 31 December 2016 to US\$38.0 million as at 30 June 2017, primarily due to reclassification of the convertible loan of US\$13.0 million and the secured bank loan of US\$11.2 million from current liabilities to non-current liabilities and decrease in other liabilities of US\$0.1 million, partially offset by an increase in trade and other payables of US\$6.7 million, new borrowings of US\$2.0 million and an increase in overdraft of US\$0.1 million.

(v) Net current liabilities

The Group's net current liabilities decreased by US\$17.7 million from US\$39.7 million as at 31 December 2016 to US\$22.0 million as at 30 June 2017 as a result of a decrease in current liabilities of US\$15.5 million and an increase in current assets of US\$2.2 million.

In April 2017, the Group has successfully revised and extended US\$58.2 million of its loans and borrowings, and consequently reclassified US\$24.2 million, comprising the convertible loan of US\$13.0 million and the secured bank loan of US\$11.2 million from current liabilities to non-current liabilities.

In addition to the above, the Group is currently working with various potential lenders to support its working capital requirements for new contracts start-up in the 2nd quarter and the vessel deliveries in the second half of 2017. The Group expects the finalization of the funding arrangements in the near future. The Group is also exploring opportunities for private fund-raising activities. These options, if materialize, may, in addition to addressing its existing net current liabilities position, provide additional resources for new projects that the Group is working on.

(c) Liquidity and capital resources

(i) Net cash flow used in operating activities

Net cash flows used in operating activities amounted to US\$0.5 million in 1H2017. This was mainly due to operating cash flows before changes in working capital of US\$3.0 million, partially offset by changes in working capital of US\$0.5 million, interest paid of US\$2.8 million and income tax paid of US\$0.3 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities amounted to US\$0.6 million in 1H2017. This was mainly due to investment in upgrade of existing vessels of US\$0.7 million, capitalization of dry docking cost of US\$0.6 million, partially offset by disposal of vessel of US\$0.7 million.

(iii) Net cash flows generated from financing activities

Net cash flows generated from financing activities of US\$0.6 million in 1H2017 was a result of private borrowings from its Saudi Arabian representative of US\$2.0 million for upgrading of a new vessel, borrowings from a shareholder of US\$4.4 million, partially offset by repayment of term loans of US\$5.7 million and an increase in bank deposits pledged of US\$0.1 million.

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

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group continues to be cautious with its fleet upgrade and expansion program given the continuing uncertainties in the oil and marine sector caused by the decline in oil price. 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 has deployed its lift boat, the AOS Maintainer I in May 2017 on a US\$44 million one-year firm contract period with the NOC. Fleet utilization^{#1} of the Group's operating vessels, excluding vessels held for sales, improved from 44% in 1st quarter of 2017 to 79% in 2nd quarter of 2017. The turnaround in fleet utilization has resulted in an increase of US\$3.3 million in revenue and US\$2.7 million in gross profit as compared to 1st quarter of 2017. Further, the Group is expecting to deploy the remaining seven (7) newly built vessels in second half of 2017 under secured long-term contracts announced on 13 May 2016 for ten (10) offshore supply vessels on a firm five-year charter with a two-year extension option of a combined value of approximately US\$236 million from the NOC to support the NOC's operations in the Arabian Gulf ("Contract I"). The Group, together with its Korean consortium partner expect to initiate the US\$45.2 million contract announced on 25 April 2017 for the purchase and removal of decommissioned offshore and onshore facilities, including provision of the marine spread of about seven (7) existing vessels to support the offshore phase of the project ("Contract II"). Thus, the Group is expecting substantial growth in charter revenue upon deploying (i) the remaining newly built vessels under Contract I and (ii) the vessels to support the offshore phase of Contract II, in the second half of 2017.

The Group has taken certain steps and is exploring certain options to strengthen its balance sheet and improve its cash flow position. Please refer to paragraph 8(b)(v) above for further details.

Due to the current oil price environment and depressed market conditions, the daily charter rate movements are more constrained. The Group's business risk management processes have been heightened to focus on (i) maintaining high vessel utilization level by leveraging strategic relationship with customers; and (ii) offsetting rate reduction through controls of operational and manning costs.

^{#1} Based on 365 days per annum, not taking into account off-hired days for dry docking, statutory inspections, weather delays, repair and maintenance, changeover time between charters for vessels on spot charters etc.

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.

13 Interested Person Transactions

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

There was no interested person transaction entered into by the Group with value of more than S\$100,000 during 2Q2017.

The Group does not have any interested person transaction general mandate from shareholders pursuant to Rule 920 of the Catalyst 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 30 June 2017 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

14 August 2017