



Atlantic Navigation
Holdings (Singapore) Limited

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

**Results for the Financial Year Ended
31 December 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 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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Full Year Financial Statement Announcement for the Financial Year Ended 31 December 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

(US\$'000)	12 months ended		
	31/12/2017 ("FY2017") (Unaudited)	31/12/2016 ("FY2016") (Audited)	Increase/ (Decrease) %
Revenue	33,874	29,806	13.6
Cost of services	(30,603)	(24,522)	24.8
Gross profit	3,271	5,284	(38.1)
Finance income	2	11	(81.8)
Other income	55	211	(73.9)
Other items of expense			
Marketing and distribution expenses	(236)	(138)	71.0
Administrative expenses	(6,318)	(6,732)	(6.1)
Finance costs	(8,522)	(1,812)	370.3
Other expenses	(730)	(8,173)	(91.1)
Share of results of an associate	-	2	N.M.
Loss before tax	(12,478)	(11,347)	10.0
Income tax expense	(755)	(80)	843.8
Loss for the year attributable to owners of the Company	(13,233)	(11,427)	15.8

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.

(US\$'000)	12 months ended		
	31/12/2017 ("FY2017")	31/12/2016 ("FY2016")	Increase/ (Decrease) %
Loss for the year is stated after (charging)/crediting:			
Depreciation of property, vessels and equipment	(7,317)	(6,170)	18.6
Allowance for doubtful trade debts	(1,285)	(1,303)	(1.4)
Bad debts written off	-	(11)	N.M.
Net (loss)/gain on disposal of property, vessels and equipment	(721)	57	N.M.
Net loss on disposal of vessel held for sale	(9)	-	N.M.
Write off of property, vessels and equipment	-	(5,340)	N.M.
Impairment loss on property, vessels and equipment	-	(2,269)	N.M.
Impairment loss on vessels held for sale	-	(20)	N.M.
Impairment loss on investment in associate	-	(544)	N.M.
Impairment loss on amount due from associate	-	(101)	N.M.
Grant of equity-settled share options to employees	(5)	(28)	(82.1)
Loss on extinguishment of convertible loan instrument	(3,627)	-	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 Sheet

	Group		Company	
	Unaudited As at 31/12/2017	Audited As at 31/12/2016	Unaudited As at 31/12/2017	Audited As at 31/12/2016
(US\$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	159,712	165,248	-	-
Intangible asset	141	141	141	141
Investment in subsidiaries	-	-	66,741	66,741
Investment in an associate	-	-	-	-
Prepayments	319	299	-	-
	<u>160,172</u>	<u>165,688</u>	<u>66,882</u>	<u>66,882</u>
Current assets				
Inventories	215	281	-	-
Vessels held for sale	-	180	-	-
Trade and other receivables	16,329	10,887	72,507	72,526
Prepayments	803	843	205	205
Cash and bank balances	697	1,536	163	197
Bank deposits pledged	235	100	235	8
	<u>18,279</u>	<u>13,827</u>	<u>73,110</u>	<u>72,936</u>
Total assets	<u>178,451</u>	<u>179,515</u>	<u>139,992</u>	<u>139,818</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	14,672	14,782	237	2,414
Other liabilities	5,483	3,409	1,434	730
Loans and borrowings	19,642	35,349	8,811	31,897
	<u>39,797</u>	<u>53,540</u>	<u>10,482</u>	<u>35,041</u>
Net current (liabilities)/assets	<u>(21,518)</u>	<u>(39,713)</u>	<u>62,628</u>	<u>37,895</u>
Non-current liabilities				
Provisions	570	519	-	-
Other payables	7,332	-	7,332	-
Loans and borrowings	55,234	40,400	47,734	30,044
	<u>63,136</u>	<u>40,919</u>	<u>55,066</u>	<u>30,044</u>
Total liabilities	<u>102,933</u>	<u>94,459</u>	<u>65,548</u>	<u>65,085</u>
Net assets	<u>75,518</u>	<u>85,056</u>	<u>74,444</u>	<u>74,733</u>
Equity attributable to owners of the Company				
Share capital	12,370	12,370	85,534	85,534
Other reserves	4,690	995	4,431	736
Retained earnings/(accumulated losses)	58,458	71,691	(15,521)	(11,537)
Total equity	<u>75,518</u>	<u>85,056</u>	<u>74,444</u>	<u>74,733</u>
Total equity and liabilities	<u>178,451</u>	<u>179,515</u>	<u>139,992</u>	<u>139,818</u>

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

	As at		As at	
	31/12/2017		31/12/2016	
(US\$'000)	Secured	Unsecured	Secured	Unsecured
(a) Amount repayable in one year or less, or on demand	19,642	-	35,349	-
(b) Amount repayable after one year	55,234	-	40,400	-
Total borrowing and securities	74,876	-	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	12 months ended	
	31/12/2017	31/12/2016
(US\$'000)		
Operating activities		
Loss before tax	(12,478)	(11,347)
Adjustments for:		
Net loss/(gain) on disposal of property, vessels and equipment	721	(57)
Net loss on disposal of vessel held for sale	9	-
Interest income	(2)	(11)
Depreciation of property, vessels and equipment	7,317	6,170
Allowance for doubtful trade debts, net	1,285	1,303
Impairment loss on amount due from associate	-	101
Bad debts written off	-	11
Share of results of an associate	-	(2)
Finance costs	8,522	1,812
Provisions	77	137
Write off of property, vessels and equipment	-	5,340
Impairment loss on property, vessels and equipment	-	2,269
Impairment loss on vessels held for sale	-	20
Grant of equity-settled share options to employees	5	28
Impairment of investment in associate	-	544
Total adjustments	17,934	17,665
Operating cash flows before changes in working capital	5,456	6,318
Decrease/(increase) in inventories	66	(164)
(Increase)/decrease in trade and other receivables	(6,682)	3,380
Decrease/(increase) in prepayments	21	(778)
Increase in trade and other payables	2,191	5,624
Decrease in provisions	(26)	(56)
Increase in other liabilities	702	736
Total changes in working capital	(3,728)	8,742
Cash generated from operations	1,728	15,060
Interest received	2	11
Interest paid	(3,241)	(4,427)
Income tax paid	(755)	(80)
Net cash flows (used in)/generated from operating activities	(2,266)	10,564
Investing activities		
Purchase of property, vessels and equipment	(2,325)	(66,952)
Proceeds from disposal of vessels held for sale	125	-
Proceeds from disposal of property, vessels and equipment	1,158	126
Net cash flows used in investing activities	(1,042)	(66,826)
Financing activities		
Proceeds from loan from a shareholder	5,032	2,300
Proceeds from loans and borrowings	7,500	62,360
Repayment of loans and borrowings	(9,807)	(11,618)
Increase in bank deposits pledged	(135)	(100)
Net cash flows generated from financing activities	2,590	52,942
Net decrease in cash and cash equivalents	(718)	(3,320)
Net cash and cash equivalents at 1 January	941	4,261
Cash and cash equivalents as at 31 December (Note A)	223	941

Note A: Cash and cash equivalents comprise the following at the end of the financial year:

Cash and bank balances	697	1,536
Bank overdraft	<u>(474)</u>	<u>(595)</u>
Net balance	<u>223</u>	<u>941</u>

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 year, representing total comprehensive income for the year	(13,233)	-	-	(13,233)
Equity component of convertible loan instrument	3,690	-	3,690	-
Grant of equity-settled share options to employees	5	-	5	-
Balance at 31 December 2017	75,518	12,370	4,690	58,458

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 year, representing total comprehensive income for the year	(11,427)	-	-	(11,427)
Equity component of convertible loan instrument	368	-	368	-
Grant of equity-settled share options to employees	28	-	28	-
Balance at 31 December 2016	85,056	12,370	995	71,691

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
Balance at 1 January 2017	74,733	85,534	736	(11,537)
Loss for the year, representing total comprehensive income for the year	(3,984)	-	-	(3,984)
Equity component of convertible loan instrument	3,690	-	3,690	-
Grant of equity-settled share options to employees	5	-	5	-
Balance at 31 December 2017	74,444	85,534	4,431	(15,521)

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 year, representing total comprehensive income for the year	(879)	-	-	(879)
Equity component of convertible loan instrument	368	-	368	-
Grant of equity-settled share options to employees	28	-	28	-
Balance at 31 December 2016	74,733	85,534	736	(11,537)

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 30 September 2017	260,593,750	85,534
As at 31 December 2017	260,593,750	85,534

During the 3-month period ended 31 December 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 31 December 2017, the total numbers of share options outstanding were 4,800,000 (31 December 2016: 4,800,000).

Save as disclosed, there were no other outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2017 and 31 December 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	
	31/12/2017	31/12/2016
Total number of issued shares excluding treasury shares	260,593,750	260,593,750

There were no treasury shares as at 31 December 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 year 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 year.

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.

	12 months ended	
	31/12/2017	31/12/2016
Loss per ordinary share ("LPS") for the year based on net loss attributable to owners of the Company (US\$ cents)		
Basic LPS	(5.08)	(4.38)
Diluted LPS	(5.08)	(4.38)
Weighted average number of ordinary shares on issue applicable to basic LPS	260,593,750	260,593,750
Weighted average number of ordinary shares on issue applicable to diluted LPS	260,593,750	260,593,750

The 4,800,000 share options granted to employees under the existing Atlantic 2008 ESOS and Atlantic 2015 ESOS have not been included in the calculation of diluted 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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset value per ordinary share (US\$ cents)	28.98	32.64	28.57	28.68

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

	12 months ended		
	31/12/2017 ("FY2017")	31/12/2016 ("FY2016")	Increase/ (Decrease) %
(US\$'000)			
Marine logistics services ("MLS")	32,399	26,811	20.8
Ship repair, fabrication and other marine services ("SRM")	1,475	2,995	(50.8)
	33,874	29,806	13.6

The MLS segment of the Group recorded a turnover of US\$32.4 million in FY2017, an increase of US\$5.6 million or 20.8%, compared to US\$26.8 million in FY2016. The increase in revenue was mainly attributable to the deployment of Group's lift-boat and a cross-chartered vessel on time charter with a Middle Eastern National Oil Company ("NOC").

The Group's revenue for the SRM segment for FY2017 decreased by US\$1.5 million or 50.8% compared to FY2016 mainly due to the lower level of repairs works undertaken on third party vessels as a result of the slowdown in the marine and offshore industry.

(ii) Gross profit and gross profit margin

	12 months ended		
	31/12/2017 ("FY2017")	31/12/2016 ("FY2016")	Increase/ (Decrease) %
(US\$'000)			
<u>Gross profit</u>			
MLS	2,274	3,311	(31.3)
SRM	997	1,973	(49.5)
	3,271	5,284	(38.1)
<u>Gross profit margin</u>			
MLS	7.0%	12.3%	
SRM	67.6%	65.9%	
	9.7%	17.7%	

The Group reported gross profit of US\$2.3 million for the MLS segment during FY2017, compared to gross profit of US\$3.3 million in FY2016. The decrease in gross profit by 31.3% in FY2017 as compared to FY2016 was primarily as a result of a lower charter hire rates due to competitive pressure and an increase in depreciation attributed to the newly purchased lift boat. Accordingly, gross profit margin for the MLS segment decreased to 7.0% in FY2017, from gross profit margin of 12.3% in FY2016.

The Group reported gross profit of US\$1.0 million for the SRM segment during FY2017, compared with gross profit of US\$2.0 million in FY2016. The decrease in gross profit was primarily as a result of lower level of repairs works undertaken for third party vessels. Gross profit margin for SRM segment increased to 67.6% in FY2017, from gross profit margin of 65.9% in FY2016, due to decrease in cost of services.

(iii) Other income

Other income for FY2017 is in relation to the proceeds from the disposal of vessel and write back of unclaimed payable.

(iv) Marketing and distribution expenses

Marketing and distribution expenses in FY2017 comprised mainly of travel and consultancy expenses.

(v) Administrative expenses

Administrative expenses for FY2017 decreased by US\$0.4 million or 6.1% as compared to FY2016 due to cost control measures resulting in reduction in salaries, office maintenance and other administrative costs.

(vi) Finance costs

The finance costs incurred in FY2017 were US\$8.5 million as compared to finance costs of US\$1.8 million in FY2016. The increase in finance charges of US\$6.7 million or 370.3% in FY2017 as compared to FY2016 was primarily due to loss on extinguishment of original convertible loan instrument with a supplemental convertible loan instrument during the year of US\$3.6 million, an increase in finance charges for the convertible loan of US\$0.9 million, loan from shareholder of US\$0.4 million, bank borrowing of US\$1.2 million and lesser capitalization of borrowing costs during the year.

(vii) Other expenses

Other expenses in FY2017 relates to the loss on sale of vessels and vessels held for sale.

(viii) Loss before tax

The Group recorded a loss before tax of US\$12.5 million in FY2017 as compared to loss before tax of US\$11.3 million in FY2016. The increase in loss before tax of US\$1.1 million or 10% in FY2017 as compared to FY2016 was mainly driven by loss on extinguishment of convertible loan instrument, decrease in gross profit, higher finance costs and increase in marketing and distribution expenses, partially offset by the decrease in loss from impairment of vessels, decrease in administrative costs and decrease in the loss from disposal of vessels.

(b) Review of financial position

(i) Non-current assets

Non-current assets decreased by US\$5.5 million from US\$165.7 million as at 31 December 2016 to US\$160.2 million as at 31 December 2017 due to a depreciation charge of US\$7.3 million and disposal of vessel of US\$1.9 million, partially offset by additional investment of US\$1.8 million in vessel upgrade, capitalisation of finance cost of US\$1.3 million and dry docking cost of US\$0.6 million.

(ii) Current assets

Current assets increased by US\$4.5 million from US\$13.8 million as at 31 December 2016 to US\$18.3 million as at 31 December 2017. This was mainly due to an increase in trade and other receivables of US\$5.4 million and an increase in bank deposits pledged of US\$0.1 million, partially offset by a decrease in cash and bank balances of US\$0.8 million and the disposal of vessels held for sale of US\$0.2 million.

(iii) Non-current liabilities

Non-current liabilities increased by US\$22.2 million, from US\$40.9 million as at 31 December 2016 to US\$63.1 million as at 31 December 2017. This was mainly due to reclassification of long term secured bank loan of US\$10.1 million from current liabilities to non-current liabilities resulting from a loan rescheduling exercise, reclassification of US\$13.0 million and US\$2.3 million of convertible loan instrument and other payables to non-current liabilities and additional interest accrued and drawdown of new long-term loans, partially offset by repayment of loans and borrowings of US\$9.8 million.

(iv) Current liabilities

Current liabilities decreased by US\$13.7 million from US\$53.5 million as at 31 December 2016 to US\$39.8 million as at 31 December 2017, primarily due to reclassification of the long term secured bank loan of US\$10.1 million from current liabilities to non-current liabilities resulting from a loan rescheduling exercise, reclassification of US\$13.0 million and US\$2.3 million of loan and other payables from current to non-current liabilities due to extension of the loan and change in terms of the other payables and a decrease in overdraft of US\$0.1 million, partially offset by an increase in new short term borrowings of US\$7.5 million and an increase in other liabilities of US\$2.1 million.

(v) Net current liabilities

The Group's net current liabilities decreased by US\$18.2 million from US\$39.7 million as at 31 December 2016 to US\$21.5 million as at 31 December 2017 as a result of a decrease in current liabilities of US\$13.7 million and an increase in current assets of US\$4.5 million.

The Group had secured a US\$8.5 million 5-year loan from its Saudi representative in March 2018 and executed a 7-year term loan facility agreement of up to US\$29.8 million with its United Arab Emirates banker. These loans will be used to partially finance the cost, including mobilization cost, of seven (7) brand new vessels to be deployed to support the long-term charter contracts of US\$236 million awarded by a Middle Eastern NOC. The Group had drawn down an aggregate of US\$28.9 million of these loans and had taken delivery and mobilized five (5) new vessels to the Middle East and the Group expects to take delivery of the remaining two (2) vessels from the shipyard in May 2018.

In addition to the above, the Group is currently working with various potential lenders to support partial funding of the balance cash take out and mobilization cost of the remaining two (2) vessels, and to support the long term working capital requirements of the Group. 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\$2.3 million in FY2017. This was mainly due to changes in working capital of US\$3.7 million, interest paid during the financial year of US\$3.2 million and income tax paid for the financial year of US\$0.8 million, partially offset by operating cash flows before changes in working capital of US\$5.5 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities amounted to US\$1.0 million in FY2017. This was mainly due to investment in new vessels of US\$1.8 million and capitalization of dry docking cost of US\$0.6 million, partially offset by proceeds received from the disposal of (a) vessels of US\$0.1 million; and (b) vessels held for sale of US\$1.2 million.

(iii) Net cash flows generated from financing activities

Net cash flows generated from financing activities of US\$2.6 million in FY2017 was a result of short-term borrowings of US\$7.5 million and borrowings from a shareholder of US\$5.0 million to meet the liquidity and funding requirements, partially offset by repayment of term loan of US\$9.8 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.

While oil price had come off its low in 2015, over capacity in the marine logistic services sector continues to keep charter rates depressed. Under this condition, the Group will be cautious with its fleet upgrade and expansion program. The Group will continue to review specific opportunities within its core market in the Middle East where offshore energy and production levels are being maintained. The Group's business risk management processes will remain 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.

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

The Group had taken delivery of and mobilized to the Middle East five (5) out the seven (7) new vessels under the long-term charter contracts of US\$236 million awarded by a Middle Eastern NOC. The remaining two (2) new vessels are expected to be ready for delivery in May 2018. To support the contracts until these seven (7) new builds are delivered to the NOC, the Group has deployed three (3) substitute vessels i.e. two (2) AHT vessels and one (1) work utility vessel to the NOC.

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.

11 Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Nil

(b) Corresponding period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

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

No dividend has been declared or recommended for FY2017.

13 Interested Person Transactions

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

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

Not required for full year results.

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 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

16 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	FY2017				FY2016				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	32,399	2,185	(710)	33,874	26,811	3,536	(541)	29,806	13.6
Cost of services	(30,125)	(1,188)	710	(30,603)	(23,500)	(1,563)	541	(24,522)	24.8
Segment Gross Profit	2,274	997		3,271	3,311	1,973		5,284	(38.1)
Finance income	-	-		-	4	-		4	N.M.
Other income	55	-*		55	184	27		211	(73.9)
Marketing & distribution expenses	(236)	-		(236)	(138)	-		(138)	71.0
Administrative expenses	(4,929)	(1,031)		(5,960)	(5,678)	(709)		(6,387)	(6.7)
Finance Cost	(8,522)	-		(8,522)	(1,812)	-		(1,812)	370.3
Other expense	(730)	-		(730)	(7,629)	-		(7,629)	(90.4)
Segment (Loss)/Profit	(12,088)	(34)		(12,122)	(11,758)	1,291		(10,467)	15.8
Un allocated Income & Expenses									
Finance Income	-	-		2	-	-		7	(71.4)
Share of results of an associate	-	-		-	-	-		2	N.M.
Administrative expenses	-	-		(358)	-	-		(345)	3.8
Other Expenses	-	-		-	-	-		(544)	N.M.
(Loss)/Profit before Tax	(12,088)	(34)		(12,478)	(11,758)	1,291		(11,347)	10.0
Income tax expense	(755)	-		(755)	(80)	-		(80)	843.8
(Loss)/Profit for the year	(12,843)	(34)		(13,233)	(11,838)	1,291		(11,427)	15.8

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

Refer Section 8 (i) & (ii) above.

18 A breakdown of sales as follows:

Particulars	FY2017 US\$ '000	FY2016 US\$ '000	Increase/ (Decrease)
(a) Sales reported for first half year	14,692	15,742	(6.7)%
(b) Operating (loss) / profit reported for first half year	(2,076)	225	N.M.
(c) Sales reported for second half year	19,182	14,064	36.4%
(d) Operating loss reported for second half year	(10,402)	(11,572)	(44.6)%

19 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 FY2016 and FY2017.

20 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 first held	Details of changes in duties and position held, if any, during the year
Wong Sek Pun	47	Nephew of Wong Siew Cheong (Executive Chairman and Chief Executive Officer)	Commercial Director w.e.f. 2015 - Securing charters, negotiating terms and rates for the Group's owned and managed fleet - Business Development	No change

BY ORDER OF THE BOARD
Wong Siew Cheong
Executive Chairman and Chief Executive Officer
23 April 2018