



ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED
(Company Registration No. 200411055E)

**Condensed Interim Consolidated Financial Statements
for the Financial Period Ended 30 June 2021**

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 2020, 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, including the condensed Interim consolidated financial statements, 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.

The contact person for the Sponsor is Ms. Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group			The Group		
		3 months ended 30 June 2021	3 months ended 30 June 2020	Increase/ (Decrease)	6 months ended 30 June 2021	6 months ended 30 June 2020	Increase/ (Decrease)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	4	10,106	16,283	(37.9)	18,849	35,563	(47.0)
Cost of services ¹		(8,932)	(11,617)	(23.1)	(18,227)	(25,867)	(29.5)
Gross profit		1,174	4,666	(74.8)	622	9,696	(93.6)
Other items of income							
Finance income		-	1	N.M.	-	1	N.M.
Other income		-	230	N.M.	-	231	N.M.
Other items of expense							
Marketing and distribution expenses		(8)	(2)	>100.0	(8)	(7)	14.3
Administrative expenses ¹		(1,566)	(1,403)	11.6	(3,055)	(2,654)	15.1
Finance costs		(1,051)	(1,280)	(17.9)	(2,160)	(2,709)	(20.3)
Impairment loss on property, vessels and equipment		(8,028)	(5,780)	38.9	(8,028)	(5,780)	38.9
Withholding tax expense		(90)	(504)	(82.1)	(162)	(985)	(83.6)
Loss before tax	6	(9,569)	(4,072)	>100.0	(12,791)	(2,207)	>100.0
Income tax expense		-	-	N.M.	-	-	N.M.
Loss for the period, attributable to owners of the Company		(9,569)	(4,072)	>100.0	(12,791)	(2,207)	>100.0
Adjusted EBITDA for the period²		1,759	5,224	(66.3)	1,830	10,739	(83.0)

(1) Includes depreciation and amortisation as disclosed on Note 6.1.

(2) Adjusted EBITDA is computed based on loss before tax, finance costs, depreciation, amortisation, impairment loss on property, vessels and equipment, net gain on disposal of property, vessels and equipment.

Consolidated statement of comprehensive income

Loss for the period	(9,569)	(4,072)	>100.0	(12,791)	(2,207)	>100.0
Items that may be reclassified subsequently to profit or loss						
Net fair value changes on cash flow hedges	(10)	(93)	(89.2)	239	(669)	N.M.
Other comprehensive income for the period, net of tax	(10)	(93)	(89.2)	239	(669)	N.M.
Total comprehensive income for the period, attributable to owners of the Company	(9,579)	(4,165)	>100.0	(12,552)	(2,876)	>100.0

**Loss per share for loss for the period attributable to the
owners of the Company during the period:**

Basic (US\$ in cent)	(1.83)	(0.78)	(2.44)	(0.42)
Diluted (US\$ in cent)	(1.83)	(0.78)	(2.44)	(0.42)

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 Note 13.

N.M.: not meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		Unaudited 30 June 2021	Audited 31 December 2020	Unaudited 30 June 2021	Audited 31 December 2020
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Property, vessels and equipment	8	145,112	155,232	-	-
Right-of-use assets		53	85	-	-
Intangible assets		173	183	141	141
Investment in subsidiaries		-	-	67,770	67,770
Advances, deposits and other receivables		-	-	25,523	35,050
Prepayments		-	382	-	-
		<u>145,338</u>	<u>155,882</u>	<u>93,434</u>	<u>102,961</u>
Current assets					
Inventories		322	288	-	-
Advances, deposits and other receivables		2,405	1,826	5,469	5,449
Prepayments		720	767	8	-
Trade receivables	9	8,612	13,790	2,084	3,311
Cash and bank balances		568	886	19	41
Restricted cash		90	94	-	-
		<u>12,717</u>	<u>17,651</u>	<u>7,580</u>	<u>8,801</u>
Total assets		158,055	173,533	101,014	111,762
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	10	56,138	55,387	19,779	20,087
Trade payables		10,344	13,022	61	1,760
Accruals and other payables		5,281	5,810	437	490
Other non-financial liabilities		79	349	-	-
Amount due to shareholders	11	2,263	960	750	-
Lease liabilities		54	72	-	-
		<u>74,159</u>	<u>75,600</u>	<u>21,027</u>	<u>22,337</u>
Net current liabilities		(61,442)	(57,949)	(13,447)	(13,536)
Non-current liabilities					
Provisions		681	639	-	-
Amount due to shareholders	11	11,073	11,361	11,073	11,361
Derivatives	12	1,304	1,543	-	-
Loans and borrowings	10	1,740	3,316	-	-
		<u>14,798</u>	<u>16,859</u>	<u>11,073</u>	<u>11,361</u>
Total liabilities		88,957	92,459	32,100	33,698
Net assets	7	69,098	81,074	68,914	78,064
Equity attributable to owners of the Company					
Share capital	13	38,307	38,307	111,471	111,471
Other reserves		5,359	4,544	6,036	5,460
Retained earnings/(accumulated losses)		25,432	38,223	(48,593)	(38,867)
Total equity		69,098	81,074	68,914	78,064
Total equity and liabilities		158,055	173,533	101,014	111,762

C. Condensed interim statements of changes in equity

The Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
2021				
Balance at 1 January 2021	81,074	38,307	4,544	38,223
Loss for the period	(12,791)	-	-	(12,791)
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	239	-	239	-
Other comprehensive income for the period, net of tax	239	-	239	-
Transaction with owners of the company directly recognised in equity*	576	-	576	-
Balance at 30 June 2021	69,098	38,307	5,359	25,432
2020				
Balance at 1 January 2020	85,952	38,307	3,969	43,676
Loss for the period	(2,207)	-	-	(2,207)
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	(669)	-	(669)	-
Other comprehensive income for the period, net of tax	(669)	-	(669)	-
Balance at 30 June 2020	83,076	38,307	3,300	41,469

The Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
2021				
Balance at 1 January 2021	78,064	111,471	5,460	(38,867)
Loss for the period, representing total comprehensive income for the period	(9,726)	-	-	(9,726)
Transaction with owners of the company directly recognised in equity*	576	-	576	-
Balance at 30 June 2021	68,914	111,471	6,036	(48,593)
2020				
Balance at 1 January 2020	83,050	111,471	4,431	(32,852)
Loss for the period, representing total comprehensive income for the period	(5,886)	-	-	(5,886)
Balance at 30 June 2020	77,164	111,471	4,431	(38,738)

* During 1Q2021, a fair value adjustment emanating from change of interest rate from 6.0% per annum to 3.0% per annum, being the difference between the loans received from shareholders and the fair value of these loans, was recognised in capital reserve.

D. Condensed interim consolidated statement of cash flows

	The Group	
	6 months ended 30 June 2021 US\$'000	6 months ended 30 June 2020 US\$'000
	Note	
Operating activities		
Loss before tax	(12,791)	(2,207)
Adjustments for:		
Net gain on disposal of property, vessels and equipment	6	(31)
Interest income	-	(1)
Depreciation of property, vessels and equipment	6	4,447
Amortisation of intangible assets	6	9
Depreciation of right-of-use asset	6	32
Reversal of allowance for doubtful debts, net	6	(199)
Finance costs	2,160	2,709
Provisions	115	62
Impairment loss on property, vessels and equipment	6	5,780
Total adjustments	<u>14,736</u>	<u>12,808</u>
Operating cash flows before changes in working capital	1,945	10,601
(Increase)/decrease in inventories	(34)	250
Decrease in trade receivables	5,178	8,459
Increase in advances, deposits and other receivables	(579)	(747)
Increase in prepayments	(544)	(723)
Decrease in trade payables	(2,678)	(7,873)
Decrease in accruals and other payables	(93)	(374)
Decrease in provisions	(73)	(25)
(Decrease)/increase in other non-financial liabilities	(270)	79
Total changes in working capital	<u>907</u>	<u>(954)</u>
Cash generated from operations	2,852	9,647
Interest received	-	1
Interest paid	(2,306)	(2,973)
Net cash flows generated from operating activities	546	6,675
Investing activities		
Purchase of property, vessels and equipment	(1,326)	(582)
Proceeds from disposal of property, vessels and equipment	-	52
Net cash flows used in investing activities	(1,326)	(530)
Financing activities		
Proceeds from shareholder's advance	1,303	-
Proceeds from loans and borrowings	3,155	81
Repayment of loans and borrowings	(5,783)	(7,300)
Repayment of principal portion of lease liabilities	(20)	(36)
Decrease/(increase) in bank deposits pledged and restricted cash	4	(217)
Net cash flows used in financing activities	(1,341)	(7,472)
Net decrease in cash and cash equivalents	(2,121)	(1,327)
Cash and cash equivalents at beginning of the period	45	1,425
Cash and cash equivalents at end of the period (Note A)	(2,076)	98

Note A: Cash and cash equivalents comprise the following at the end of the reporting period:

Cash and bank balances	568	1,567
Bank overdrafts	(2,644)	(1,469)
Net balance	(2,076)	98

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Atlantic Navigation Holdings (Singapore) Limited (the "Company") is a limited liability company incorporated in Singapore and is listed on the Catalist board of Singapore Exchange Securities Trading Limited (the "SGX-ST"). The former name of the Company is Fastube Limited, and upon the completion of a reverse acquisition on 31 July 2012, the Company's name has changed to Atlantic Navigation Holdings (Singapore) Limited.

The immediate and ultimate holding company is Saeed Investment Pte. Ltd., which is incorporated in Singapore. The change in control took place when the Company issued new shares to Saeed Investment Pte. Ltd. resulting in approximately 50.2% stake in the Company pursuant to the cash-for-equity subscription agreement which was completed in December 2018.

The registered office of the Company is at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712. The principal place of business of the Group is located at Plot No. HD-02, P. O. Box 6653, Hamriyah Free Zone, Sharjah, United Arab Emirates.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are ship owner, commercial and administrative manager of the Group's marine logistics services business and provider of ship repair, fabrication and other marine services and ship management.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June ("1H") 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Reporting Standards (International) ("SFRS(I)s"), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in United States Dollars ("USD" or "US\$") and all values are rounded to the nearest thousand (US\$'000), except when otherwise indicated.

Going concern uncertainty

For 1H2021, the Group incurred a net loss of US\$12,791,000 (1H2020: net loss of US\$2,207,000) which includes impairment charges recognised on vessels of US\$8,028,000 (1H2020: US\$5,780,000). As at 30 June 2021, the Group has reported a net current liabilities position of US\$61,442,000 (31 December 2020: US\$57,949,000) and net assets of US\$69,098,000 (31 December 2020: US\$81,074,000). As at 30 June 2021, the Company has reported a net current liabilities position of US\$13,447,000 (31 December 2020: US\$13,536,000) and net assets of US\$68,914,000 (31 December 2020: US\$78,064,000).

The Group had vessels with a carrying value of US\$139,123,000 as at 30 June 2021 (31 December 2020: US\$150,712,000) that have been pledged with the financial institutions to secure the Group's bank loans. The Group's financial performance for the financial year ended 31 December 2020 was adversely affected by the challenging conditions affecting the offshore oil and gas industry and during the financial year, the Group and Company were unable to fulfil certain scheduled principal repayments to its principal bankers. The Group had by end May 2021 completed the re-profiling of the secured loan obligations with its two principal bankers which in summary would result in US\$14.1 million in aggregate of principal repayments originally due in 2H2020 and FY2021 to be re-scheduled, and repayable from FY2022 to FY2025 ("Loans Re-profiling"). The Group continues to be in discussion in its fulfilment of certain commercial requirements in the Loans Re-profiling with one of its principal bankers. Consequently, the loans continued to be classified as current liabilities as at 30 June 2021 as disclosed in Note 10.

The Group has prepared the financial statements on a going-concern basis in view of the following:-

- The Group's and Company's net current liabilities position is mainly due to the classification of loans and borrowings of US\$56,138,000 (31 December 2020: US\$55,387,000) and US\$19,779,000 (31 December 2020: US\$20,087,000) respectively. As mentioned above, the support of its principal bankers as evident by the completion of the Loans Re-profiling is expected to alleviate its cash flow situation to meet its obligations as and when they fall due in the next 12 months.
- Apart from securing contracts to generate cash flow from chartering operations, as previously disclosed, the Group is exploring asset sales which if conducted, will improve the cash flow position of the Group.

2.1. New and amended standards adopted by the Group

During 1H2021, the Group has considered the following new and amendments to SFRS(I)s which took effect from financial year beginning 1 January 2021:

- Amendments to SFRS(I) 16 Leases: COVID-19 Related Rent Concessions
- Amendments to SFRS(I) 9 Financial Instruments
- Amendments to SFRS(I) 1-39 Financial Instruments: Recognition and Measurement
- Amendments to SFRS(I) 7 Financial Instruments: Disclosures
- Amendments to SFRS(I) 4 Insurance Contracts
- Amendments to SFRS(I) 16 Leases: Interest Rate Benchmark Reform – Phase 2

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

2.2. Use of judgements and estimates

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgments made in applying accounting policies

- (i) Proportionate consolidation of investment in joint operations

The Group formed Atlantic Venture Inc. ("AVI"), to acquire a vessel and provide charter services with 51% equity interests. The Group has equal representation on the board of directors and unanimous consent is required from both the Group and the third party partner for all major operational decisions. Both the Group and the third party partner, in accordance with their respective participating equity interests, would have the rights to the assets and obligations to the liabilities of AVI. Based on these facts and circumstances, management concluded that the Group has joint control over AVI and, therefore, recognised its share of each of the assets and the liabilities in respect of its interest in the respective joint operation in its financial statements.

- (ii) Leases – Determining the lease term of contracts with renewal and termination options

The application of SFRS(I) 16 requires the Group to make judgements that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include: determining contracts in scope of SFRS(I) 16 and determining the contract term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by the option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- (i) Residual values and useful lives of vessels and machinery and equipment

The Group reviews the residual values and useful lives of vessels and machinery and equipment at the end of each reporting period. The cost of the vessels and machinery and equipment is depreciated on a straight-line basis over the vessels and machinery and equipment's estimated useful lives. Management estimates the useful lives of the vessels to be within 10 to 25 years and machinery and equipment to be within 3 to 5 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of the vessels and machinery and equipment; therefore future depreciation charges could be revised. The carrying amount of the Group's vessels, machinery and equipment as at 30 June 2021 was US\$139,155,000 (31 December 2020: US\$150,745,000). A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately US\$356,000 (2020: US\$747,000) variance in the Group's loss before tax for the period ended 30 June 2021.

- (ii) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. At least at each year end, the Group assesses whether there is any indication that its vessels may be impaired. If such indicator exists, the Group estimates the recoverable amount of the vessel. The Group engages independent professional valuation expert to perform valuations of the recoverable amount of its vessels based on fair value less costs of disposal. The impairment charge for 1H2021 was US\$8,028,000 (2020: US\$5,780,000). If the fair value less costs of disposal decrease by 10% from the fair value based on valuation reports, the impairment charges will increase by US\$8,028,000 (2020: US\$9,393,000) for the period ended 30 June 2021.

- (iii) Provision allowance for expected credit losses ("ECLs") on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The carrying amount of trade receivables as at 30 June 2021 was US\$8,612,000 (31 December 2020: US\$13,790,000).

3. Seasonal operations

The Group's businesses are not significantly affected by seasonal or cyclical factors during 1H2021.

4. Segment and revenue information

The Group is organised into the following main business segments: (i) Marine logistics services ("MLS") and (ii) Ship repair, fabrication and other marine services ("SRM"). These operating segments are reported in a manner consistent with internal reporting provided to chief operating decision maker who are responsible for allocating resources and assessing performance of the operating segments.

4.1. Reportable segments

	3 months ended 30 June 2021				6 months ended 30 June 2021			
	MLS	SRM	Elimination	Consolidated	MLS	SRM	Elimination	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	9,436	1,033	(363)	10,106	17,863	1,801	(815)	18,849
Segment results*	(7,189)	327	-	(6,862)	(8,028)	614	-	(7,414)
Administrative expenses	(1,349)	(197)	-	(1,546)	(2,466)	(361)	-	(2,827)
Finance costs	(1,051)	-	-	(1,051)	(2,160)	-	-	(2,160)
Withholding tax	(90)	-	-	(90)	(162)	-	-	(162)
Segment (loss)/profit	(9,679)	130	-	(9,549)	(12,816)	253	-	(12,563)
Unallocated expenses:								
Administrative expenses	-	-	-	(20)	-	-	-	(228)
(Loss)/profit before tax	(9,679)	130	-	(9,569)	(12,816)	253	-	(12,791)
Income tax expense				-				-
Loss for the period				(9,569)				(12,791)
Material non-cash items*:								
Impairment of property, vessels and equipment	(8,028)	-	-	(8,028)	(8,028)	-	-	(8,028)
Depreciation of property, vessels and equipment	(2,228)	-	-	(2,228)	(4,391)	-	-	(4,391)
Depreciation of right of use asset	(16)	-	-	(16)	(32)	-	-	(32)
Amortisation of intangible asset	(5)	-	-	(5)	(10)	-	-	(10)
	3 months ended 30 June 2020				6 months ended 30 June 2020			
	MLS	SRM	Elimination	Consolidated	MLS	SRM	Elimination	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	15,939	614	(270)	16,283	34,940	1,095	(472)	35,563
Segment results*	(1,168)	282	-	(886)	3,689	451	-	4,140
Finance income	1	-	-	1	1	-	-	1
Administrative expenses	(1,127)	(191)	-	(1,318)	(2,191)	(323)	-	(2,514)
Finance costs	(1,280)	-	-	(1,280)	(2,709)	-	-	(2,709)
Withholding tax	(504)	-	-	(504)	(985)	-	-	(985)
Segment (loss)/profit	(4,078)	91	-	(3,987)	(2,195)	128	-	(2,067)
Unallocated expenses:								
Administrative expenses	-	-	-	(85)	-	-	-	(140)
(Loss)/profit before tax	(4,078)	91	-	(4,072)	(2,195)	128	-	(2,207)
Income tax expense				-				-
Loss for the period				(4,072)				(2,207)
Material non-cash items*:								
Impairment of property, vessels and equipment*	(5,780)	-	-	(5,780)	(5,780)	-	-	(5,780)
Depreciation of property, vessels and equipment	(2,243)	-	-	(2,243)	(4,447)	-	-	(4,447)
Depreciation of right of use asset	(16)	-	-	(16)	(32)	-	-	(32)
Amortisation of intangible asset	(8)	-	-	(8)	(9)	-	-	(9)

* Segment results include the impact of the material non-cash items

4.2. Disaggregation of revenue

	The Group			The Group		
	3 months ended 30 June 2021			6 months ended 30 June 2021		
	MLS	SRM	Total	MLS	SRM	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Types of goods or service:						
Time charter - lease revenue	5,104	-	5,104	8,917	-	8,917
Other ancillary time charter revenue	4,332	-	4,332	8,946	-	8,946
Ship repair, fabrication and other related marine services	-	670	670	-	986	986
Total revenue	9,436	670	10,106	17,863	986	18,849
Geographical information:						
United Arab Emirates	603	593	1,196	760	756	1,516
Singapore	945	16	961	1,918	81	1,999
Other GCC countries	7,433	29	7,462	13,432	34	13,466
Others	455	32	487	1,753	115	1,868
Total revenue:	9,436	670	10,106	17,863	986	18,849

	The Group			The Group		
	3 months ended 30 June 2020			6 months ended 30 June 2020		
	MLS	SRM	Total	MLS	SRM	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Types of services:						
Time charter - lease revenue	12,181	-	12,181	25,714	-	25,714
Other ancillary time charter revenue	3,758	-	3,758	9,226	-	9,226
Ship repair, fabrication and other related marine services	-	344	344	-	623	623
Total revenue	15,939	344	16,283	34,940	623	35,563
Geographical information:						
United Arab Emirates	992	29	1,021	3,269	232	3,501
Singapore	432	314	746	920	325	1,245
Other GCC countries	14,497	-	14,497	30,576	-	30,576
Others	18	1	19	175	66	241
Total revenue:	15,939	344	16,283	34,940	623	35,563

Other GCC countries include Kingdom of Saudi Arabia, Sultanate of Oman, Kingdom of Bahrain and Qatar.

The Group's non-current assets are located in the UAE.

The Group accounts for the lease of vessels and time charter under SFRS(I) 16 Leases as lease revenue. Time charter comprises of lease of vessels and provision of other ancillary services. Other ancillary services include provision of crew and other services under the time charter contracts. The Group separates the lease and non-lease components of time charter by allocating the transaction price based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on cost plus approach where management determined the cost for the leases of vessels and services and apply a margin based on the Group's business pricing strategies and practices.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Financial Assets				
Trade receivables	8,612	13,790	2,084	3,311
Advances, deposits and other receivables	2,405	1,826	30,992	40,499
Cash and bank balances	568	886	19	41
Restricted cash	90	94	-	-
	<u>11,675</u>	<u>16,596</u>	<u>33,095</u>	<u>43,851</u>
Financial Liabilities				
Trade payables	10,344	13,022	61	1,760
Accruals and other payables	5,281	5,810	437	490
Amount due to shareholders	13,336	12,321	11,823	11,361
Lease liabilities	54	72	-	-
Loans and borrowings	57,878	58,703	19,779	20,087
Derivatives	1,304	1,543	-	-
	<u>88,197</u>	<u>91,471</u>	<u>32,100</u>	<u>33,698</u>

6. Loss before tax

6.1. Significant items

	The Group		The Group	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Income				
Net gain on disposal of property, vessels and equipment	-	31	-	31
Reversal of allowance for doubtful debts, net	-	199	-	199
Expenses				
Depreciation of property, vessels and equipment (included in cost of service)	(2,223)	(2,241)	(4,381)	(4,442)
Depreciation of property, vessels and equipment (included in administrative expenses)	(5)	(2)	(10)	(5)
Amortisation of intangible asset (included in administrative expenses)	(5)	(8)	(10)	(9)
Depreciation of right of use asset (included in administrative expenses)	(16)	(16)	(32)	(32)
Impairment loss on property, vessels and equipment	(8,028)	(5,780)	(8,028)	(5,780)

6.2. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial period:

	Group	
	6 months ended	6 months ended
	30 June 2021	30 June 2020
	US\$'000	US\$'000
Payment to director-related company for services rendered	34	33
Interests on shareholders loans	157	313

6.2. Related party transactions (continued)

(b) Compensation of key management personnel

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	US\$'000	US\$'000
Short-term employee benefits	603	492
Others	211	166
	<u>814</u>	<u>658</u>
Comprises amounts paid to:		
Directors of the Company	299	301
Other key management personnel	515	357
	<u>814</u>	<u>658</u>

7. Net asset value

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	US\$ cent	US\$ cent	US\$ cent	US\$ cent
Net asset value per ordinary share	13.20	15.49	13.16	14.91

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 30 June 2021 and 31 December 2020.

8. Property, vessels and equipment

During 1H2021, the Group capitalised dry-dock expense on certain vessels amounting to US\$1,326,000 (1H2020: US\$582,000) and disposed of assets amounting to US\$ Nil (1H2020: US\$21,000).

Impairment of assets

During 1H2021, the Group recognised impairment loss of US\$8,028,000 (1H2020: on 6 vessels of US\$5,780,000) on 3 vessels considering the main factors of age and uncertainty in visibility of utilisation of these vessels, with valuation reports being obtained from the independent professional valuers.

9. Trade receivables

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables				
Trade receivables	6,518	8,379	2,084	3,311
Retention receivables	1,963	5,135	-	-
Unbilled receivables	131	276	-	-
Total trade receivables	8,612	13,790	2,084	3,311

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Retention receivables

Retention receivables represent the retention of 10% of the invoice amounts from one of the debtors. The amount is repayable in cash to the Group upon tax clearance from the Saudi Arabian tax authorities generally within 12 months.

Unbilled receivables

Unbilled trade receivables relate to the Group's right to consideration for charter hire earned but not yet billed at the reporting date.

10. Borrowings

	Group	
	30 June 2021 US\$'000	31 December 2020 US\$'000
Amount repayable within one year or on demand		
Secured	56,138	55,387
Unsecured	-	-
Amount repayable after one year		
Secured	1,740	3,316
Unsecured	-	-
Total borrowings and securities	57,878	58,703

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 amounts

The amounts reflected at the table above do not include the loans and advances from shareholders of US\$13,336,000 (31 December 2020: US\$12,321,000) as at 30 June 2021 which are unsecured as disclosed under Note 11.

As announced on 31 March 2021, during second half of FY2020 ("2H2020"), 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. As updated on 3 June 2021, the Loans Re-profiling of certain principal repayments with its two principal bankers was completed by end May 2021. As the Group continues to be in discussion to fulfil certain commercial requirements in the Loans Re-profiling with one of its principal bankers, the table above continues to reflect the re-profiled loans to be amount repayable in one year or less, or on demand, as at 30 June 2021.

11. Amount due to shareholders

	Group		Company	
	30 June 2021 US\$'000	30 December 2020 US\$'000	30 June 2021 US\$'000	31 December 2020 US\$'000
Current:				
Short term loans due to shareholders ⁽¹⁾	2,263	960	750	-
	2,263	960	750	-
Non-current:				
Loans due to a shareholder ⁽²⁾	6,923	7,332	6,923	7,332
Accrued interest on loans due to a shareholder ⁽²⁾	1,073	869	1,073	869
Advances from a shareholder ⁽³⁾	2,833	3,000	2,833	3,000
Accrued interest on advances from a shareholder ⁽³⁾	244	160	244	160
	11,073	11,361	11,073	11,361

11. Amount due to shareholders (continued)

- (1) Short term loans due to shareholders are unsecured and non-interest bearing and are to be settled in cash.
- (2) Loans due to a shareholder is unsecured, interest-bearing at interest rate of 3.0% per annum and is to be settled in cash. The loans due to a shareholder together with accrued interest mature on 31 December 2022. During the period the loan due to shareholder is adjusted at fair value resulted from change in interest rate from 6% per annum to 3% per annum.
- (3) Advances from a shareholder is unsecured, interest-bearing at interest rate of 3.0% per annum, and is to be settled in cash. The shareholder advances together with accrued interest mature on 31 December 2022. During the period advances from shareholder is adjusted at fair value resulted from change in interest rate from 6% per annum to 3% per annum.

12. Derivatives

	Group			
	30 June 2021	30 June 2021	31 December 2020	31 December 2020
	Contract/ Notional Amount	Fair value - liabilities	Contract/ Notional Amount	Fair value - liabilities
	US\$'000	US\$'000	US\$'000	US\$'000
Interest rate swap	17,970	(1,304)	19,966	(1,543)

The fair value of interest rate swap as shown above is determined with reference to marked-to-market values provided by counterparties.

Hedge accounting has been applied for interest rate swap that is assessed by the Group to be highly effective hedges.

The Group determines the economic relationship between the loans and borrowings and the derivative by matching the critical terms of the hedging instrument with the terms of the hedged item. The hedge ratio (the ratio between notional amount of the derivative financial instrument to the amount of the loans and borrowings being hedged) is determined to be 1:1.

Under the terms of the interest rate swap, the Group pays a fixed rate interest of 3.50% (2020: 2.95% - 3.50%) per annum and receives floating interest at 3-month LIBOR plus margin. The interest rate swap matures on 3 October 2025. The Group uses the interest rate swap to hedge against the exposure to variability in cash flows from related borrowings which are pegged to US Dollar LIBOR.

The hedge is classified as cash flow hedges and the fair value changes of the interest rate swap is recognised in in other comprehensive income.

13. Share capital

	Group		Company	
	30 June 2021		30 June 2021	
	Number of shares	Amount	Number of shares	Amount
	'000	US\$'000	'000	US\$'000
As at 1 January 2021, 31 March 2021 and 30 June 2021	523,512	38,307	523,512	111,471

During the 3-month period ended 30 June 2021, 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 30 June 2021 and 30 June 2020.

There were no sales, transfers, cancellation and/or use of treasury shares or subsidiary holdings during 1H2021.

14. Subsequent events

The Group continues to be in discussion in its fulfilment of certain commercial requirements in the Loans Re-profiling with one of its principal bankers.

F. Other Information required by Catalyst Rule Appendix 7C

1. Review

The condensed interim statements of financial position of Atlantic Navigation Holdings (Singapore) Limited and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2. Review of performance of the Group

(a) Review of results of operations

(i) Revenue by business segments

	3 months ended			6 months ended		
	30 June 2021	30 June 2020	Increase/ (Decrease)	30 June 2021	30 June 2020	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
MLS	9,436	15,939	(40.8)	17,863	34,940	(48.9)
SRM	1,033	614	68.2	1,801	1,095	64.5
Inter – Segment revenue	(363)	(270)	34.4	(815)	(472)	72.7
Group revenue	10,106	16,283	(37.9)	18,849	35,563	(47.0)

The Group's revenue for the MLS segment for the three months ended 30 June ("2Q") 2021 decreased by US\$6.5 million or 40.8% compared to 2Q2020. The decrease in revenue was mainly due to lower revenue contribution from lower utilisation rate of owned vessels of 71.4% in 2Q2021 as compared to 85.8% utilisation rate in 2Q2020 as well as cross charter vessels due to the adverse macro-economic environment, including the ongoing COVID-19 pandemic and the competitive environment.

The Group's revenue for the SRM segment for 2Q2021 increased by US\$0.4 million compared to 2Q2020 mainly due to the higher level of repair works undertaken on third party vessels.

(ii) Gross profit and gross profit margin

	3 months ended			6 months ended		
	30 June 2021	30 June 2020	Increase/ (Decrease)	30 June 2021	30 June 2020	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
MLS	839	4,384	(80.9)	-	9,243	N.M.
SRM	335	282	18.8	622	453	37.3
Group gross profit	1,174	4,666	(74.8)	622	9,696	(93.6)

	3 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
MLS	8.9%	27.5%	0.0%	26.5%
SRM	32.4%	45.9%	34.5%	41.4%
Group gross profit margin	11.6%	28.7%	3.3%	27.3%

The Group reported gross profit of US\$0.8 million for the MLS segment during 2Q2021, compared to a gross profit of US\$4.4 million in 2Q2020. The MLS segment recorded a gross profit margin of 8.9% in 2Q2021 as compared to a gross profit margin of 27.5% in 2Q2020. The decrease in gross profit and gross profit margin of the MLS segment were mainly due to aggregate losses resulted from lower utilisation of owned vessels and expenditures incurred while certain vessels were being off-chartered.

While the Group reported gross profit of SRM segment remain stable at US\$0.3 million in 2Q2021 and 2Q2020, the decrease in gross profit margin by 13.5 percentage points from 45.9% to 32.4% in 2Q2021 mainly due to competitive environment impacting contract pricing and high proportion of sub-contracting cost for specific segment of work required for contract fulfilment.

(iii) Other income

There was no other income in 2Q2021 while other income in 2Q2020 was mainly contributed by reversal of allowance for doubtful debts.

(iv) Administrative expenses

Administrative expenses increased by US\$0.2 million or 11.6% to US\$1.6 million in 2Q2021 as compared to US\$1.4 million in 2Q2020 mainly due to provision for legal and professional expenses as well as staff and related costs.

(v) Finance costs

Finance cost decreased by US\$0.2 million or 17.9% to US\$1.1 million in 2Q2021 as compared to US\$1.3 million in 2Q2020 correspond to the lower amount of bank borrowings and loan reference interest rates during the comparative period.

(vi) Impairment on property, vessels and equipment

Impairment losses of US\$8.0 million in total on 3 vessels recognised in 2Q2021 as compared to US\$5.8 million in total on 6 vessels in 2Q2020, considering the main factors of age and uncertainty in visibility of utilisation of these vessels, with valuation reports being obtained from the independent professional valuers.

(vii) Withholding tax expense

The withholding tax expense relates to withholding tax on foreign charter income.

(viii) Loss before tax

The Group recorded a loss before tax of US\$9.6 million in 2Q2021 compared to loss before tax of US\$4.1 million in 2Q2020 mainly due to the decrease in gross profit, decrease in other income, increase in administrative expense and impairment losses on 3 vessels, partially offset by decrease in finance costs and withholding tax expense.

(ix) Income tax expense

There is no income tax expense for these periods 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\$10.6 million from US\$155.9 million as at 31 December 2020 to US\$145.3 million as at 30 June 2021. This was mainly due to impairment of certain vessels of US\$8.0 million and depreciation charges of US\$4.4 million, partially offset by capitalised dry dock expenses of US\$1.3 million and reclassification of prepaid costs of US\$0.6 million.

(ii) Current assets

Current assets decreased by US\$4.9 million from US\$17.6 million as at 31 December 2020 to US\$12.7 million as at 30 June 2021. This was mainly due to decrease in trade receivables of US\$5.2 million after the repayment of contractual retention and decrease in cash and bank balance and restricted cash of US\$0.3 million, partially offset by increase in advances, deposits and other receivables of US\$0.6 million.

(iii) Non-current liabilities

Non-current liabilities decreased by US\$2.1 million from US\$16.9 million as at 31 December 2020 to US\$14.8 million as at 30 June 2021. This was mainly due to decrease in loans and borrowings of US\$1.6 million, decrease in the loss on fair value changes in derivatives of US\$0.2 million and amount due to shareholders of US\$0.3 million.

(iv) Current liabilities

Current liabilities decreased by US\$1.4 million from US\$75.6 million as at 31 December 2020 to US\$74.2 million as at 30 June 2021, mainly due to decrease in trade payables of US\$2.7 million, decrease in accruals and other payables of US\$0.5 million and decrease in other non-financial liabilities of US\$0.3 million, partially offset by increase in the current portion of the loans and borrowings of US\$0.8 million and increase in amount due to shareholders of US\$1.3 million.

(v) Net current liabilities

Net current liabilities increased by US\$3.5 million from US\$57.9 million as at 31 December 2020 to US\$61.4 million as at 30 June 2021, mainly due to decrease in current assets of US\$4.9 million, partially offset by decrease in current liabilities of US\$1.4 million.

Barring unforeseen circumstances, the Group is expected to be able to operate as a going concern after taking into consideration factors mentioned in Note 2 to the condensed interim consolidated financial statements.

(vi) Other disclosures

In relation to the Company's 51% interest through Atlantic Navigation Holdings Inc. ("ANH Inc.") in its joint operation, i.e. Atlantic Venture Inc. ("AVI"), with the repayment of 51% share of loan to the bank by the Company in February 2021, the debt outstanding of AVI as at 30 June 2021 was US\$0.41 million. As an update to the disclosure made in the Company's 1Q2021 financial results announcement dated 15 June 2021, the Company had received favourable judgment in its claims of its contribution against the other co-guarantors on 29 June 2021 which the co-guarantors had subsequently filed their notice to appeal on the judgment on 23 July 2021. Separately, as announced on 15 June 2021, the winding up petition on AVI as initiated by the Related Party of the co-guarantors had been dismissed on 7 June 2021. The Group will continue to update the market when there are material developments.

(c) Liquidity and capital resources

(i) Net cash flows generated from operating activities

Net cash flows generated from operating activities amounted to US\$0.5 million in 1H2021. This was mainly due to operating cash flows before changes in working capital of US\$1.9 million and positive changes in working capital of US\$0.9 million, partially offset by interest paid of US\$2.3 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities of US\$1.3 million in 1H2021 was mainly due to capitalised dry dock expenses.

(iii) Net cash flows used in financing activities

Net cash flows used in financing activities of US\$1.3 million in 1H2021 was mainly due to principal repayment of loans and borrowings of US\$5.8 million, partially offset by proceeds from loans and borrowings of US\$3.2 million and proceeds from shareholders' advances of US\$1.3 million.

3. 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. 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.

5. 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 operating period and the next 12 months

With the challenges emanating from the COVID-19 pandemic and its evolving variants as well as volatilities of global oil prices, the offshore market is expected to remain challenging with uncertainties in its recovery. As at 30 June 2021, the Group achieved utilisation rate of vessels of 71.4% in 2Q2021 (1Q2021: 62.4%) compared with 85.8% in 2Q2020. The Group will continue to focus on improving vessel utilisation and to work closely with its stakeholders to manage its cash flow requirements.

6. Dividend information

No dividend recommended or declared for 1H2021 (1H2020: Nil) in view of the operational and financial requirements of the Group.

7. 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 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\$111,198 (Approximately S\$150,117)	-
Kum Soh Har ⁽²⁾	US\$45,500 (Approximately S\$61,428)	-

7. Interested person transactions (continued)

Notes:

- (1) As at 30 June 2021, 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 an interest rate of 3.0% per annum, and advances of US\$1.5 million which is unsecured, non-interest bearing, both sums to be settled in cash.
- (2) As at 30 June 2021, 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 an interest rate of 3.0% per annum, and further advance of US\$0.8 million which is unsecured and non-interest bearing, both sums to be settled in cash.

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

8. Confirmation that the issuer 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 has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

Confirmation by the Board

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

The Board of Directors of the Company hereby confirms to the best of its knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim consolidated financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Wong Siew Cheong
Executive Director and Chief Executive Officer

13 August 2021