



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

**Condensed Interim Consolidated Financial Statements
for the Financial Year Ended 31 December 2022**

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 2021, 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.

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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 31 December 2022 ("4Q2022")	3 months ended 31 December 2021 ("4Q2021")	Increase/ (Decrease) %	12 months ended 31 December 2022 ("FY2022")	12 months ended 31 December 2021 ("FY2021")	Increase/ (Decrease) %
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	4	18,867	13,439	40.4	64,858	43,814	48.0
Cost of services ¹		(11,472)	(10,425)	10.0	(42,096)	(37,843)	11.2
Gross profit		7,395	3,014	>100.0	22,762	5,971	>100.0
Other items of income							
Finance income		1	-	N.M.	1	-	N.M.
Other income		211	390	(45.9)	211	390	(45.9)
Other items of expense							
Marketing and distribution expenses		(34)	-	N.M.	(90)	(8)	>100.0
Administrative expenses ²		(2,314)	(1,557)	48.6	(7,446)	(6,085)	22.4
Finance costs		(858)	(935)	(8.2)	(3,707)	(4,100)	(9.6)
Other expenses		-	-	N.M.	(209)	(1,052)	(80.1)
Impairment loss on property, vessel and equipment		-	-	N.M.	-	(8,028)	N.M.
Withholding tax expense		(71)	(86)	(17.4)	(290)	(336)	(13.7)
Profit/(loss) before tax	6	4,330	826	>100.0	11,232	(13,248)	N.M.
Income tax expense		(24)	-	N.M.	(24)	-	N.M.
Profit/(loss) for the period/year, attributable to owners of the Company		4,306	826	>100.0	11,208	(13,248)	N.M.
Adjusted EBITDA for the period/year³		7,655	3,804	>100.0	25,113	8,523	>100.0

(1) Cost of services include depreciation of US\$2,417,000 in 4Q2022 (4Q2021: US\$2,016,000) and US\$9,784,000 in FY2022 (FY2021: US\$8,487,000) relating to vessels as disclosed in Note 6.1.

(2) Administrative expenses include depreciation and amortisation of US\$50,000 in 4Q2022 (4Q2021: US\$27,000) and US\$181,000 in FY2022 (FY2021: US\$104,000) relating to office equipment and other assets respectively as disclosed in Note 6.1.

(3) Adjusted EBITDA is computed based on the profit/(loss) before tax, finance costs, depreciation and amortisation, loss on disposal of property, vessels and equipment and impairment loss on property, vessel and equipment.

Consolidated statement of comprehensive income

Profit/(loss) for the period/year	4,306	826	>100.0	11,208	(13,248)	N.M.
Items that may be reclassified subsequently to profit or loss						
Net fair value changes on cash flow hedges	(77)	229	N.M.	852	600	42.0
Other comprehensive income for the period/year, net of tax	(77)	229	N.M.	852	600	42.0
Total comprehensive income for the period/year, attributable to owners of the Company	4,229	1,055	>100.0	12,060	(12,648)	N.M.

Profit/(loss) per share for the period/year attributable to the owners of the Company during the financial period/year:

Basic (US\$ in cent)	0.82	0.16		2.14	(2.53)	
Diluted (US\$ in cent)	0.82	0.16		2.14	(2.53)	

N.M.: not meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		Unaudited 31 December 2022	Audited 31 December 2021	Unaudited 31 December 2022	Audited 31 December 2021
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Property, vessels and equipment	8	128,851	138,539	-	-
Right-of-use assets		328	20	-	-
Intangible assets		6	164	-	141
Investment in subsidiaries		-	-	67,770	67,770
Advances, deposits and other receivables		-	-	11,965	24,471
Derivatives	12	93	-	-	-
		<u>129,278</u>	<u>138,723</u>	<u>79,735</u>	<u>92,382</u>
Current assets					
Inventories		510	700	-	-
Trade receivables	9	17,954	11,171	519	1,976
Advances, deposits and other receivables		2,157	1,854	6,320	3,728
Prepayments		338	306	4	14
Cash and bank balances		2,417	520	255	37
Restricted cash		50	90	-	-
		<u>23,426</u>	<u>14,641</u>	<u>7,098</u>	<u>5,755</u>
Total assets		152,704	153,364	86,833	98,137
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		11,132	8,972	-	-
Accruals and other payables		4,251	5,574	259	292
Other non-financial liabilities		403	130	-	-
Amount due to shareholders	11	2,284	2,689	750	750
Lease liabilities		67	-	-	-
Loans and borrowings	10	17,179	52,682	6,000	18,004
		<u>35,316</u>	<u>70,047</u>	<u>7,009</u>	<u>19,046</u>
Net current (liabilities)/assets		(11,890)	(55,406)	89	(13,291)
Non-current liabilities					
Provisions		961	754	-	-
Amount due to shareholders	11	11,219	11,370	11,219	11,370
Lease liabilities		269	-	-	-
Derivatives	12	-	943	-	-
Loans and borrowings	10	23,106	1,248	-	-
		<u>35,555</u>	<u>14,315</u>	<u>11,219</u>	<u>11,370</u>
Total liabilities		70,871	84,362	18,228	30,416
Net assets	7	81,833	69,002	68,605	67,721
Equity attributable to owners of the Company					
Share capital	13	38,307	38,307	111,471	111,471
Other reserves		7,343	5,720	6,807	6,036
Retained earnings/(accumulated losses)		36,183	24,975	(49,673)	(49,786)
Total equity		81,833	69,002	68,605	67,721
Total equity and liabilities		152,704	153,364	86,833	98,137

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
2022				
Balance at 1 January 2022	69,002	38,307	5,720	24,975
Profit for the year	11,208	-	-	11,208
Other comprehensive income				
Net fair value changes on cash flow hedges	852	-	852	-
Other comprehensive income for the year, net of tax	852	-	852	-
Transaction with shareholders of the Company directly recognised in equity**	771	-	771	-
Balance at 31 December 2022	81,833	38,307	7,343	36,183
2021				
Balance at 1 January 2021	81,074	38,307	4,544	38,223
Loss for the year	(13,248)	-	-	(13,248)
Other comprehensive income				
Net fair value changes on cash flow hedges	600	-	600	-
Other comprehensive income for the year, net of tax	600	-	600	-
Transaction with shareholders of the Company directly recognised in equity*	576	-	576	-
Balance at 31 December 2021	69,002	38,307	5,720	24,975

The Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
2022				
Balance at 1 January 2022	67,721	111,471	6,036	(49,786)
Profit for the year, representing total comprehensive income for the year	113	-	-	113
Transaction with shareholders of the Company directly recognised in equity**	771	-	771	-
Balance at 31 December 2022	68,605	111,471	6,807	(49,673)
2021				
Balance at 1 January 2021	78,064	111,471	5,460	(38,867)
Loss for the year, representing total comprehensive income for the year	(10,919)	-	-	(10,919)
Transaction with shareholders of the Company directly recognised in equity*	576	-	576	-
Balance at 31 December 2021	67,721	111,471	6,036	(49,786)

* During FY2021, a fair value adjustment arising from change of interest rate from 6.0% per annum to 3.0% per annum, being the difference between the carrying amount of loans received from shareholders and the fair value of these loans, was recognised in capital reserve.

** During FY2022, the loans from shareholders had their maturity dates extended from 31 December 2023 to 30 September 2024. The fair value adjustment arising from the difference between the carrying value of the loans from shareholders and the net present value of the future payments discounted at the prevailing market rate for similar debt instruments was recognised in capital reserve.

D. Condensed interim consolidated statement of cash flows

	The Group	
	12 months ended 31	12 months ended 31
	December 2022 US\$'000	December 2021 US\$'000
Operating activities		
Profit/(loss) before tax	11,232	(13,248)
Adjustments for:		
Net loss on disposal of property, vessels and equipment	209	1,052
Interest income	(1)	-
Depreciation of property, vessels and equipment	6 9,876	8,507
Amortisation of intangible assets	6 17	19
Depreciation of right-of-use assets	6 72	65
(Write-back)/provision of allowances for doubtful trade debts, net	(191)	188
Bad debt written off	6	-
Finance costs	3,707	4,100
Provisions	343	210
Impairment loss on property, vessel and equipment	-	8,028
Total adjustments	14,038	22,169
Operating cash flows before changes in working capital	25,270	8,921
Decrease/(increase) in inventories	190	(412)
(Increase)/decrease in trade receivables	(6,592)	2,431
Decrease/(increase) in advances, deposits and other receivables	283	(28)
Increase in prepayments	(32)	(130)
Increase/(decrease) in trade payables	2,160	(4,206)
Increase in accruals and other payables	419	283
Decrease in provisions	(136)	(95)
Increase/(decrease) in other non-financial liabilities	273	(219)
Total changes in working capital	(3,435)	(2,376)
Cash generated from operations	21,835	6,545
Interest received	1	-
Interest paid	(3,276)	(4,034)
Net cash flows generated from operating activities	18,560	2,511
Investing activities		
Purchase of property, vessels and equipment	(3,588)	(1,715)
Proceeds from disposal of property, vessels and equipment	1,000	-
Proceeds from disposal of vessels held for sale	-	1,950
Net cash flows (used in)/generated from investing activities	(2,588)	235
Financing activities		
Proceeds from shareholders' advance	-	1,729
Repayment of shareholders' advance	(405)	-
Proceeds from loans and borrowings	9,000	-
Repayment of loans and borrowings	(20,183)	(6,394)
Repayment of principal portion of lease liabilities	(65)	(72)
Decrease in bank deposits pledged and restricted cash	40	4
Net cash flows used in financing activities	(11,613)	(4,733)
Net increase/(decrease) in cash and cash equivalents	4,359	(1,987)
Cash and cash equivalents at beginning of the year	(1,942)	45
Cash and cash equivalents at end of the year (Note A)	2,417	(1,942)
Note A:		
Cash and cash equivalents comprise the following at the end of the reporting year:		
Cash and bank balances	2,417	520
Bank overdrafts	-	(2,462)
Net balance	2,417	(1,942)

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Atlantic Navigation Holdings (Singapore) Limited (the "Company", and together with its subsidiaries, the "Group") 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 immediate and ultimate holding company is Saeed Investment Pte. Ltd., which is incorporated in Singapore.

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 as at and for the full year ended 31 December 2022 ("FY2022") and for the fourth quarter ended 31 December 2022 ("4Q2022") have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated 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 2021.

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 assumption

As at 31 December 2022, the Group has reported a net current liabilities position of US\$11,890,000 (31 December 2021: US\$55,406,000) and net assets of US\$81,833,000 (31 December 2021: US\$69,002,000). The Company has reported a net current assets position of US\$89,000 (31 December 2021: net current liabilities position of US\$13,291,000) and net assets position of US\$68,605,000 (31 December 2021: US\$67,721,000) as at 31 December 2022.

The Group had vessels, including capitalised drydocking costs, with a carrying value of US\$126,869,000 as at 31 December 2022 (31 December 2021: US\$138,400,000) that have been pledged with the financial institutions to secure the Group's bank loans.

The Group has prepared the financial statements on a going concern basis in view of the expected cash flows from operations in the current offshore market in the Middle East.

2.1. New and amended standards adopted by the Group

On 1 January 2022, the Group has adopted the new or amended SFRS(I)s and Interpretations of SFRSs ("INT SFRS(I)s") that are mandatory for application for the financial year.

The adoption of these new or amended SFRS(I)s and INT SFRS(I)s did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current financial year.

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 period.

(a) Judgments made in applying accounting policies

(i) Proportionate consolidation of investment in a joint operation

The Group formed Atlantic Venture Inc. ("AVI") to acquire a vessel with 51% equity interests in late November 2014 as investment in joint operation. Based on the facts and circumstances including equal representation on the board of directors and unanimous consent required from both the Group and the third-party partner for all major operational decisions, management concluded that the Group had joint control over AVI and, therefore, recognised its share of the assets and the liabilities in respect of its interest in the joint operation in its financial statements.

AVI was placed under winding up order, with liquidators appointed on 11 November 2022. The Group has derecognised the assets and liabilities of the former joint operation and recognised the amounts owed by and the investment retained in AVI at their fair values on the date when the joint control was lost.

(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 years covered by the option to extend the lease if it is reasonably certain to be exercised, or any years 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 year 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, machinery and equipment's estimated useful lives. Management estimates the useful lives of the vessels to be within 9 to 25 years and machinery and equipment to be within 3 to 10 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. Please see Note 8 for changes in FY2022.

The carrying amount of the Group's vessels, machinery and equipment as at 31 December 2022 was US\$128,724,000 (31 December 2021: US\$138,430,000). A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately US\$988,000 (FY2021: US\$849,000) variance in the Group's profit before tax for the year ended 31 December 2022.

(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. If the fair value less costs of disposal decrease by 10% from the fair value based on valuation reports, the impairment charges of US\$12,422,000 (FY2021: US\$11,235,000) will be incurred for the year ended 31 December 2022.

(iii) 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 31 December 2022 was US\$17,954,000 (31 December 2021: US\$11,171,000).

3. Seasonal operations

The Group's businesses are not significantly affected by seasonal or cyclical factors during the financial year ended 31 December 2022.

4.2. Disaggregation of revenue

	The Group			The Group		
	3 months ended 31 December 2022			12 months ended 31 December 2022		
	MLS	SRM	Total	MLS	SRM	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Types of goods or services:						
Time charter - lease revenue	11,733	-	11,733	38,627	-	38,627
Other ancillary time charter revenue	6,354	-	6,354	23,072	-	23,072
Ship repair, fabrication and other related marine services	-	780	780	-	3,159	3,159
Total revenue	18,087	780	18,867	61,699	3,159	64,858
Geographical information:						
Saudi Arabia	6,939	-	7,203	26,707	7	26,714
Qatar	7,658	-	7,894	15,483	125	15,608
Oman	2,576	-	2,061	9,899	593	10,492
Singapore	202	36	268	1,159	394	1,553
United Arab Emirates ("UAE")	142	630	735	6,276	1,602	7,878
Sudan	522	-	521	2,079	-	2,079
Others	48	114	185	96	438	534
Total revenue	18,087	780	18,867	61,699	3,159	64,858

	The Group			The Group		
	3 months ended 31 December 2021			12 months ended 31 December 2021		
	MLS	SRM	Total	MLS	SRM	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Types of goods or services:						
Time charter - lease revenue	7,425	-	7,425	22,354	-	22,354
Other ancillary time charter revenue	5,588	-	5,588	19,558	-	19,558
Ship repair, fabrication and other related marine services	-	426	426	-	1,902	1,902
Total revenue	13,013	426	13,439	41,912	1,902	43,814
Geographical information:						
Saudi Arabia	5,946	12	5,958	18,680	64	18,744
Qatar	4,004	-	4,004	10,544	-	10,544
Oman	829	-	829	4,072	-	4,072
Singapore	431	10	441	2,898	92	2,990
UAE	1,256	310	1,566	2,842	1,343	4,185
Sudan	529	-	529	1,510	-	1,510
Malta	-	-	-	1,243	-	1,243
Others	18	94	112	123	403	526
Total revenue	13,013	426	13,439	41,912	1,902	43,814

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 31 December 2022 and 31 December 2021:

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Financial Assets				
Trade receivables (See Note 9 for further breakdown)	17,954	11,171	519	1,976
Advances, deposits and other receivables	1,167	1,319	18,285	28,199
Cash and bank balances	2,417	520	255	37
Restricted cash	50	90	-	-
Derivatives	93	-	-	-
	<u>21,681</u>	<u>13,100</u>	<u>19,059</u>	<u>30,212</u>
Financial Liabilities				
Trade payables	11,132	8,972	-	-
Accruals and other payables	4,251	5,574	259	292
Amount due to shareholders	13,503	14,059	11,969	12,120
Lease liabilities	336	-	-	-
Loans and borrowings	40,285	53,930	6,000	18,004
Derivatives	-	943	-	-
	<u>69,507</u>	<u>83,478</u>	<u>18,228</u>	<u>30,416</u>

6. Profit/(loss) before tax

6.1. Significant items

	The Group		The Group	
	3 months ended 31 December 2022	3 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Income				
Accounts payable written off	211	330	211	330
Expenses				
Depreciation of property, vessels and equipment (included in cost of services)	(2,417)	(2,016)	(9,784)	(8,487)
Depreciation of property, vessels and equipment (included in administrative expenses)	(27)	(5)	(92)	(20)
Amortisation of intangible assets (included in administrative expenses)	(4)	(5)	(17)	(19)
Depreciation of right-of-use assets (included in administrative expenses)	(19)	(17)	(72)	(65)
Impairment loss on property, vessel and equipment	-	-	-	(8,028)
Loss on disposal of vessels	-	(1,052)	(209)	(1,052)
Write-back/(provision) of allowances for doubtful trade debts, net	191	(188)	191	(188)
Bad debt written off	(2)	-	(6)	-

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 year:

	Group	
	12 months ended 31 December 2022	12 months ended 31 December 2021
	US\$'000	US\$'000
Income		
Ship management services rendered to ultimate holding company	654	-
Expenses		
Employment visa agency and administrative services rendered by a director-related company	65	65
Interest expense on shareholder's loans and advances	314	314

6.2. Related party transactions (continued)

(b) Compensation of key management personnel

	Group	
	12 months ended 31 December 2022	12 months ended 31 December 2021
	US\$'000	US\$'000
Short-term employee benefits	1,477	1,210
Others	512	429
	1,989	1,639
Comprises amounts paid to:		
Directors of the Company	828	599
Other key management personnel	1,161	1,040
	1,989	1,639

7. Net asset value

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	US\$ cent	US\$ cent	US\$ cent	US\$ cent
Net asset value per ordinary share	15.63	13.18	13.10	12.94

The net asset value per ordinary share of the Company and the Group were calculated based on 523,512,144 shares (excluding treasury shares) as at 31 December 2022 and 31 December 2021.

8. Property, vessels and equipment

During FY2022, the Group acquired a vessel with consideration of US\$1,505,000 (FY2021: Nil), purchased machinery, equipment and vehicle in aggregate of US\$430,000 (FY2021: Nil) and capitalised drydocking expense on certain vessels amounting to US\$1,653,000 (FY2021: US\$1,715,000). These were offset by the disposal of a vessel with net book value of US\$1,164,000 (FY2021: Nil) and the de-recognition of a vessel on loss of joint control in a joint operation of US\$2,236,000 (FY2021: Nil).

During the current financial year, the Group changed the useful life for certain vessels from between 15 and 25 years to between 9 and 20 years to better reflect the remaining expected usage period taking into consideration the individual condition of the vessels and the market circumstance. As a result, depreciation expenses for the current year have increased by US\$1,954,000. Annual depreciation in the future is expected to increase by US\$1,668,000.

9. Trade receivables

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables				
Trade receivables	15,276	9,910	519	1,976
Retention receivables	1,642	1,223	-	-
Unbilled receivables	1,036	38	-	-
Total trade receivables	17,954	11,171	519	1,976

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 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 of the debtor from the Saudi Arabian tax authorities generally within 12 months from the close of the financial year end.

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		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable within one year or on demand				
Secured	17,179	52,682	6,000	18,004
Unsecured	-	-	-	-
Amount repayable after one year				
Secured	23,106	1,248	-	-
Unsecured	-	-	-	-
Total borrowings and securities	40,285	53,930	6,000	18,004

The above credit facilities including overdraft 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\$73 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 in the table above do not include the loans and advances from shareholders of US\$13,503,000 as at 31 December 2022 (31 December 2021: US\$14,059,000) which are unsecured as disclosed in Note 11.

11. Amount due to shareholders

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Current:				
Short term loans due to shareholders ⁽¹⁾	2,284	2,689	750	750
	2,284	2,689	750	750
Non-current:				
Loans due to a shareholder ⁽²⁾	6,785	6,923	6,785	6,923
Accrued interest on loans due to a shareholder ⁽²⁾	1,315	1,284	1,315	1,284
Advances from a shareholder ⁽³⁾	2,776	2,833	2,776	2,833
Accrued interest on advances from a shareholder ⁽³⁾	343	330	343	330
	11,219	11,370	11,219	11,370

(1) Short term loans due to shareholders are unsecured, non-interest bearing and are to be settled in cash.

(2) Loans due to a shareholder is unsecured and to be settled in cash. During the FY2022, the loans due to a shareholder had its maturity date extended from 31 December 2023 to 30 September 2024. As at the date of extension, the loans due to a shareholder was recalculated to the net present value of the future payments discounted at a market rate of interest for a similar debt instrument assessed to be at 9.0% per annum.

(3) Advances from a shareholder is unsecured and to be settled in cash. During the FY2022, the advances from a shareholder had its maturity date extended from 31 December 2023 to 30 September 2024. As at the date of extension, the advances from a shareholder was recalculated to the net present value of the future payments discounted at a market rate of interest for a similar debt instrument assessed to be at 9.0% per annum.

12. Derivatives

	Group			
	31 December 2022	31 December 2022	31 December 2021	31 December 2021
	Contract/ Notional Amount	Fair Value – Assets	Contract/ Notional Amount	Fair Value - Liabilities
	US\$'000	US\$'000	US\$'000	US\$'000
Interest rate swap	11,972	93	15,973	(943)

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

Hedge accounting has been applied for interest rate swaps that are 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 swaps, the Group pays a fixed rate interest of 3.50% (2021: 3.50%) per annum and receives floating interest at 3-month LIBOR plus margin. The interest rate swaps mature on 3 October 2025. The Group uses the interest rate swaps 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 swaps are recognised in other comprehensive income.

13. Share capital

	Group		Company	
	Number of shares	Amount	Number of shares	Amount
	'000	US\$'000	'000	US\$'000
As at 1 January 2022 and 31 December 2022	523,512	38,307	523,512	111,471

During the quarter and year ended 31 December 2022, there were no changes in the issued and paid-up share capital of the Company.

There were no outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2022 and 31 December 2021.

There were no sales, transfers, cancellation and/or use of treasury shares or subsidiary holdings during FY2022.

14. Subsequent Events

With reference to the announcements made by the Company dated 10 December 2022 and 16 February 2023, the Group had reached an amicable settlement on 14 February 2023 (the "Settlement") on outstanding amount owed to one of its trade creditors. The claim amount pursuant to the Settlement as previously disclosed, had been fully provided as liabilities in the balance sheet of the Group. The Settlement which will be satisfied by internal sources is not expected to have any material impact on the Group's operations.

F. Other Information required by Catalyst Rules Appendix 7C

1. Review

The condensed interim statements of financial position of Atlantic Navigation Holdings (Singapore) Limited and its subsidiaries as at 31 December 2022 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed consolidated statement of cash flows for the financial year 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			12 months ended		
	31 December 2022	31 December 2021	Increase/ (Decrease)	31 December 2022	31 December 2021	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
MLS	18,087	13,013	39.0	61,699	41,912	47.2
SRM	913	898	1.7	4,266	3,438	24.1
Inter-segment revenue	(133)	(472)	(71.8)	(1,107)	(1,536)	(27.9)
Group revenue	18,867	13,439	40.4	64,858	43,814	48.0

The Group's revenue for the MLS segment for FY2022 increased by US\$19.8 million or 47.2% compared to FY2021 mainly due to increase in revenue from its 2 lift-boats due to higher utilisation in FY2022 as compared to FY2021.

The Group's revenue for the SRM segment for FY2022 increased by US\$0.8 million as compared to FY2021 mainly due to the higher level of repair works undertaken in FY2022 on third party vessels.

(ii) Gross profit and gross profit margin

	3 months ended			12 months ended		
	31 December 2022	31 December 2021	Increase/ (Decrease)	31 December 2022	31 December 2021	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
MLS	6,967	2,587	>100.0	20,998	4,658	>100.0
SRM	428	427	0.2	1,764	1,313	34.3
Gross profit	7,395	3,014	>100.0	22,762	5,971	>100.0

	3 months ended		12 months ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
MLS	38.5%	19.9%	34.0%	11.1%
SRM	46.9%	47.6%	41.4%	38.2%
Gross profit margin	39.2%	22.4%	35.1%	13.6%

The Group reported gross profit of US\$21.0 million for the MLS segment during FY2022, compared to a gross profit of US\$4.7 million in FY2021. The MLS segment recorded a gross profit margin of 34.0% in FY2022 as compared to a gross profit margin of 11.1% in FY2021. The increase in gross profit and gross profit margin of the MLS segment were mainly due to overall higher contribution margins from its two lift-boats and higher utilisation and daily charter rate of its OSVs.

The Group's gross profit and gross profit margin of SRM segment for FY2022 increased by US\$0.5 million and 3.2 percentage points respectively as compared to FY2021 mainly due to repair jobs undertaken with higher margins.

(iii) Other income

Other income for FY2022 was mainly attributed to old account payables written off during the year.

(iv) Administrative expenses

Administrative expenses for FY2022 increased by US\$1.4 million or 22.4% as compared to FY2021 mainly due to increase in professional fees including legal expenses and provision as well as staff salaries, bonus, and related costs.

(v) Finance costs

The decrease in finance cost for FY2022 by US\$0.4 million as compared to FY2021 corresponds to the lower amount of bank borrowings. This is partially offset by increases in the reference interest rates.

(vi) Withholding tax expense

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

(vii) Profit/(loss) before tax

As a result of above and the absence of impairment loss on property, vessel and equipment in FY2022 (FY2021: US\$8.1 million), the Group recorded a profit before tax of US\$11.2 million in FY2022 compared to loss before tax of US\$13.2 million in FY2021.

(viii) Income tax expense

There is minimal income tax expense for FY2022 as the Group's operations are predominantly conducted through subsidiaries which 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\$9.4 million from US\$138.7 million as at 31 December 2021 to US\$129.3 million as at 31 December 2022. This was mainly due to depreciation charges of US\$9.9 million, disposal of a vessel with net book value of US\$1.2 million and de-recognition of a vessel due to loss on joint control in a joint operation of US\$2.2 million, partially offset by addition of a vessel for US\$1.5 million and additions of machinery, equipment and vehicle for US\$0.4 million, capitalisation of drydocking expenses of US\$1.7 million, and increase in right-of-use assets of US\$0.3 million.

(ii) Current assets

Current assets increased by US\$8.8 million from US\$14.6 million as at 31 December 2021 to US\$23.4 million as at 31 December 2022. This was mainly due to increase in trade receivables of US\$6.8 million, increase in cash and bank balance of US\$1.9 million, and increase in advances, deposits and other receivables of US\$0.3 million, partially offset by decrease in inventories of US\$0.2 million.

(iii) Non-current liabilities

Non-current liabilities increased by US\$21.2 million from US\$14.3 million as at 31 December 2021 to US\$35.6 million as at 31 December 2022. This was mainly due to increase in loans and borrowings of US\$21.8 million due to reclassification from current liabilities to non-current liabilities increase in provisions of US\$0.2 million and increase in lease liabilities of US\$0.3 million, partially offset by decrease in derivatives liabilities of US\$0.9 million and decrease in amount due to shareholders of US\$0.2 million.

(iv) Current liabilities

Current liabilities decreased by US\$34.7 million from US\$70.0 million as at 31 December 2021 to US\$35.3 million as at 31 December 2022, mainly due to decrease in the current portion of the loans and borrowings of US\$35.5 million due to repayment and reclassification from current liabilities to non-current liabilities, decrease in accruals and other payables of US\$1.3 million and decrease in amount due to shareholders of US\$0.4 million, partially offset by increase in trade payables of US\$2.2 million and increase in other non-financial liabilities of US\$0.3 million.

(v) Net current liabilities

Net current liabilities decreased by US\$43.5 million from US\$55.4 million as at 31 December 2021 to US\$11.9 million as at 31 December 2022, mainly due to decrease in current liabilities of US\$34.7 million and increase in current assets of US\$8.8 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

As disclosed previously, AVI, i.e. the Group's investment in joint operation with 51% equity interest, was placed under a winding up order, with liquidators appointed on 11 November 2022. The liquidation process is ongoing and the Group will make further announcement if 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\$18.6 million in FY2022. This was mainly due to operating cash flows before changes in working capital of US\$25.3 million, negative changes in working capital of US\$3.4 million and interest paid of US\$3.3 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities of US\$2.6 million in FY2022 was mainly due to additions to property, vessels and equipment consisting of the purchase of a vessel of US\$1.5 million, drydocking expenses capitalised of US\$1.7 million and purchase of machinery, equipment and vehicle in aggregate of US\$0.4 million, offset by proceeds from disposal of vessel of US\$1.0 million.

(iii) Net cash flows used in financing activities

Net cash flows used in financing activities of US\$11.6 million in FY2022 was mainly due to principal repayment of loans and borrowings of US\$20.2 million and repayment of amount due to shareholders of US\$0.4 million, partially offset by proceed from loans and borrowing of US\$9.0 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 was 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 year and the next 12 months

The Group achieved elevated vessel utilisation rate in 4Q2022 of 95.0% (4Q2021: 84.0%), similar that of 3Q2022 of 95.0%, which resulted in utilisation rate for FY2022 of 91.4% compared to 73.7% for FY2021.

The offshore industry in the Middle East region continues to remain buoyant at relatively high base in terms of industry utilisation and daily charter rates corresponding to the global oil prices at elevated levels of largely above US\$80 per barrel based on international crude brent, and the on-going recovery from COVID-19 pandemic.

However, the market environment could be impacted by the continual volatility in oil prices and economic recovery facing headwinds including rising interest rates to rein in high inflation as well as supply chain disruptions emanating from the Russia-Ukraine conflict and China.

6. Dividend information

No dividend recommended or declared for FY2022 (FY2021: Nil) in view of the operational and financial requirements of the Group.

7. Breakdown of sales

	Group		Increase/ (Decrease) %
	FY2022 US\$'000	FY2021 US\$'000	
Revenue for the first half year	29,439	18,849	56.2
Profit/(loss) after tax before deducting non-controlling interests for the first half year	4,347	(12,791)	N.M.
Revenue for the second half year	35,419	24,965	41.9
Profit/(loss) after tax before deducting non-controlling interests for the second half year	6,861	(457)	N.M.

8. Interested person transactions

The Audit Committee of the Company 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)
Amount due from the Group		
Wong Siew Cheong, as loan interest due from the Group ⁽¹⁾	US\$223,007 (Approximately S\$299,722)	-
Saeed Investment Pte. Ltd., as interest on Advance due from the Group ⁽²⁾	US\$91,250 (Approximately S\$122,640)	-
Amount due to the Group		
Saeed Investment Pte. Ltd., for Ship Management Fees due to the Group ⁽³⁾	US\$653,904 (Approximately S\$878,847)	-

Notes:

- (1) As at 31 December 2022, 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\$1.8 million which is unsecured, non-interest bearing, both sums to be settled in cash.
- (2) As at 31 December 2022, Saeed Investment Pte. Ltd. ("Saeed"), the ultimate holding company controlled by Mr. Kum Soh Har, the Non-Executive Non-Independent Chairman, had provided an aggregate of US\$3.0 million shareholder advance (the "Advance") 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.
- (3) Pursuant to the Ship Management Agreement between Saeed and a wholly-owned ship manager subsidiary of the Group, i.e. Atlantic Maritime Group FZE ("AMG FZE") entered on 15 July 2022. Please see the 1Q2022 results announcement released by the Company on 15 July 2022 for further details.

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

9. 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.

10. 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

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is also a relative of a Director or chief executive officer or substantial shareholder of the Company.

11. Disclosures on acquisitions and sale of shares pursuant to Rule 706A of the Catalist Rules

There were no acquisition or sale of shares in any of the Group's subsidiary or associated company nor incorporation or winding up or striking off of any subsidiary or associated company by the Company or any of the Group's entities during 4Q2022.

BY ORDER OF THE BOARD

Wong Siew Cheong
Executive Director and Chief Executive Officer

1 March 2023