



Atlantic Navigation
Holdings (Singapore) Limited

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

Results for the Financial Period Ended 31 March 2021

Unaudited Financial Statements and Dividend Announcement

In view of an Emphasis of Matter relating to "material uncertainty related to going concern" highlighted by the Company's independent auditor, Ernst & Young LLP, on the audited financial statements of the Group for the financial year ended 31 December 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 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.

First Quarter Financial Statement Announcement as on 31 March 2021

Part I - INFORMATION REQUIRED FOR QUARTERLY AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated income statement

	Notes	3 months ended		
		31/03/2021 ("1Q2021")	31/03/2020 ("1Q2020")	Increase/ (Decrease) %
(US\$'000)				
Revenue		8,743	19,280	(54.7)
Cost of services	1	(9,295)	(14,250)	(34.8)
Gross (loss)/profit		(552)	5,030	(111.0)
Other items of income				
Other income		-	1	N.M.
Other items of expense				
Marketing and distribution expenses		-	(5)	N.M.
Administrative expenses	1	(1,489)	(1,251)	19.0
Finance costs		(1,109)	(1,429)	(22.4)
Withholding tax expense		(72)	(481)	(85.0)
(Loss)/profit before tax		(3,222)	1,865	N.M.
Income tax expense		-	-	N.M.
(Loss)/profit for the period, attributable to owners of the Company		(3,222)	1,865	N.M.
EBITDA for the period	2	71	5,515	(98.7)

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

(2) EBITDA is computed based on (loss)/profit before tax, finance costs, depreciation and amortisation.

Consolidated statement of comprehensive income

	3 months ended		
	31/03/2021 ("1Q2021")	31/03/2020 ("1Q2020")	Increase/ (Decrease) %
(US\$'000)			
(Loss)/profit for the period	(3,222)	1,865	N.M.
Items that may be reclassified subsequently to profit or loss			
Net fair value changes on cash flow hedges	249	(576)	N.M.
Other comprehensive income for the period, net of tax	249	(576)	N.M.
Total comprehensive income for the period, attributable to owners of the Company	(2,973)	1,289	N.M.

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

	3 months ended		
	31/03/2021 ("1Q2021")	31/03/2020 ("1Q2020")	Increase/ (Decrease) %
(US\$'000)			
(Loss)/profit for the period is stated after charging:			
Depreciation of property, vessels and equipment (included in cost of services)	(2,158)	(2,205)	(2.1)
Depreciation of property, vessels and equipment (included in administrative expenses)	(5)	-	N.M.
Amortisation of intangible asset (included in administrative expenses)	(5)	-	N.M.
Depreciation of right-of-use assets (included in administrative expenses)	(16)	(16)	N.M.

N.M.: not meaningful

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

Balance Sheets

	Group		Company	
	Unaudited As at 31/03/2021	Audited As at 31/12/2020	Unaudited As at 31/03/2021	Audited As at 31/12/2020
(US\$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	154,586	155,232	-	-
Right-of-use assets	69	85	-	-
Intangible assets	178	183	141	141
Investment in subsidiaries	-	-	67,770	67,770
Advances, deposits and other receivables	-	-	35,050	35,050
Prepayments	-	382	-	-
	<u>154,833</u>	<u>155,882</u>	<u>102,961</u>	<u>102,961</u>
Current assets				
Inventories	297	288	-	-
Advances, deposits and other receivables	2,490	1,826	4,408	5,449
Prepayments	575	767	3	-
Trade receivables	11,282	13,790	5,134	3,311
Cash and bank balances	662	886	15	41
Restricted cash	90	94	-	-
	<u>15,396</u>	<u>17,651</u>	<u>9,560</u>	<u>8,801</u>
Total assets	<u>170,229</u>	<u>173,533</u>	<u>112,521</u>	<u>111,762</u>
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	57,002	55,387	19,887	20,087
Trade payables	13,411	13,022	2,479	1,760
Accruals and other payables	5,331	5,810	779	490
Other non-financial liabilities	386	349	-	-
Amount due to shareholders	859	960	-	-
Lease liabilities	52	72	-	-
	<u>77,041</u>	<u>75,600</u>	<u>23,145</u>	<u>22,337</u>
Net current liabilities	<u>(61,645)</u>	<u>(57,949)</u>	<u>(13,585)</u>	<u>(13,536)</u>
Non-current liabilities				
Provisions	655	639	-	-
Amount due to shareholders	10,929	11,361	10,929	11,361
Derivatives	1,294	1,543	-	-
Loans and borrowings	1,633	3,316	-	-
	<u>14,511</u>	<u>16,859</u>	<u>10,929</u>	<u>11,361</u>
Total liabilities	<u>91,552</u>	<u>92,459</u>	<u>34,074</u>	<u>33,698</u>
Net assets	<u>78,677</u>	<u>81,074</u>	<u>78,447</u>	<u>78,064</u>
Equity attributable to owners of the Company				
Share capital	38,307	38,307	111,471	111,471
Other reserves	5,369	4,544	6,036	5,460
Retained earnings/(accumulated losses)	35,001	38,223	(39,060)	(38,867)
Total equity	<u>78,677</u>	<u>81,074</u>	<u>78,447</u>	<u>78,064</u>
Total equity and liabilities	<u>170,229</u>	<u>173,533</u>	<u>112,521</u>	<u>111,762</u>

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

	As at 31/03/2021		As at 31/12/2020	
	Secured	Unsecured	Secured	Unsecured
(US\$'000)				
(a) Amount repayable in one year or less, or on demand	57,002	-	55,387	-
(b) Amount repayable after one year	1,633	-	3,316	-
Total borrowings and securities	58,635	-	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.

The amounts reflected at the table above do not include the loans and advances from shareholders of US\$11.2 million in aggregate which are unsecured as disclosed under Interested Person Transactions under Paragraph 13 of this announcement.

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 re-profiling of certain principal repayments with both of its principal bankers was completed by end May 2021. The table above continues to reflect such re-profiled loans to be amount repayable in one year or less, or on demand, as at 31 March 2021.

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

<u>Consolidated Statement of Cash Flows (US\$'000)</u>	3 months ended	
	31/03/2021	31/03/2020
Operating activities		
(Loss)/profit before tax	(3,222)	1,865
<u>Adjustments for:</u>		
Depreciation of property, vessels and equipment	2,163	2,205
Amortisation of intangible asset	5	-
Depreciation of right-of-use asset	16	16
Finance costs	1,109	1,429
Provisions	74	27
Total adjustments	3,367	3,677
Operating cash flows before changes in working capital	145	5,542
(Increase)/decrease in inventories	(9)	267
Decrease in trade receivables	2,508	5,585
Increase in advances, deposits and other receivables	(664)	(630)
Increase in prepayments	(399)	(260)
Increase/(decrease) in trade payables	389	(4,074)
Decrease in accruals and other payables	(188)	(424)
Decrease in provisions	(58)	(5)
Increase in other non-financial liabilities	37	101
Total changes in working capital	1,616	560
Cash generated from operations	1,761	6,102
Interest paid	(1,256)	(1,795)
Net cash flows generated from operating activities	505	4,307
Investing activities		
Purchase of property, vessels and equipment	(544)	-
Net cash flows used in investing activities	(544)	-
Financing activities		
Repayment of shareholder advance	(101)	-
Proceeds from loans and borrowings	1,194	-
Repayment of loans and borrowings	(2,894)	(4,610)
Repayment of lease liabilities	(20)	(17)
Decrease/(increase) in bank deposits pledged and restricted cash	4	(356)
Net cash flows used in financing activities	(1,817)	(4,983)
Net (decrease) in cash and cash equivalents	(1,856)	(676)
Cash and cash equivalents at beginning of the period	45	1,425
Cash and cash equivalents at end of the period (Note A)	(1,811)	749
Note A: Cash and cash equivalents comprise the following at the end of the reporting period:		
Cash and bank balances	662	749
Bank overdrafts	(2,473)	-
Net balance	(1,811)	749

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement for Changes in Equity

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2021	81,074	38,307	4,544	38,223
Loss for the period	(3,222)	-	-	(3,222)
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	249	-	249	-
Other comprehensive income for the period, net of tax	249	-	249	-
Transaction with owners of the Company directly recognised in equity*	576	-	576	-
Balance at 31 March 2021	78,677	38,307	5,369	35,001

* During the current financial period, 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.

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2020	85,952	38,307	3,969	43,676
Profit for the period	1,865	-	-	1,865
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	(576)	-	(576)	-
Other comprehensive income for the period, net of tax	(576)	-	(576)	-
Balance at 31 March 2020	87,241	38,307	3,393	45,541

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2021	78,064	111,471	5,460	(38,867)
Loss for the period, representing total comprehensive income for the period	(193)	-	-	(193)
Transaction with owners of the Company directly recognised in equity*	576	-	576	-
Balance at 31 March 2021	78,447	111,471	6,036	(39,060)

* During the current financial period, 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.

Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2020	83,050	111,471	4,431	(32,852)
Loss for the period, representing total comprehensive income for the period	(39)	-	-	(39)
Balance at 31 March 2020	83,011	111,471	4,431	(32,891)

1 (d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Company	Number of ordinary shares	Share capital (US\$'000)
As at 31 December 2020	523,512,144	111,471
As at 31 March 2021	523,512,144	111,471

During the 3-month period ended 31 March 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 above, there were no other outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 2021 and 31 March 2020.

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

	As at	
	31/03/2021	31/12/2020
Total number of issued shares excluding treasury shares	523,512,144	523,512,144

There were no treasury shares as at 31 March 2021 and 31 December 2020.

1 (d)(iv) A statement showing all the sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares.

1 (d)(v) A statement showing all the sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable.

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

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Not applicable.

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

Save as disclosed in Paragraph 5, the Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2020.

Assessment of impairment on property, vessels and equipment

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

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

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

During the financial period, 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.

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

	3 months ended	
	31/03/2021	31/03/2020
(Loss)/earnings per ordinary share ("LPS)/EPS" for the period based on net (loss)/profit attributable to owners of the Company (US\$ cents)		
Basic (LPS)/EPS	(0.62)	0.36
Diluted (LPS)/EPS	(0.62)	0.36
Weighted average number of ordinary shares on issue applicable to basic (LPS)/EPS	523,512,144	523,512,144
Weighted average number of ordinary shares on issue applicable to diluted (LPS)/EPS	523,512,144	523,512,144

The share options granted to employees under the existing Atlantic 2008 ESOS and Atlantic 2015 ESOS have not been included in the calculation of diluted loss per share because they are anti-dilutive. All options have expired since 29 January 2020 and 11 May 2020 as disclosed in Paragraph 1(d)(ii) of this announcement.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group as at		Company as at	
	31/03/2021	31/12/2020	31/03/2021	31/12/2020
Net asset value per ordinary share (US\$ cents)	15.03	15.49	14.98	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 31 March 2021 and 31 December 2020.

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

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

Review of results of operations

(i) Revenue by business segments

	3 months ended		
	31/03/2021 ("1Q2021")	31/03/2020 ("1Q2020")	Increase/ (Decrease) %
(US\$'000)			
Marine logistics services ("MLS")	8,427	19,001	(55.6)
Ship repair, fabrication and other marine services ("SRM")	768	481	59.7
Elimination	(452)	(202)	N.M.
	8,743	19,280	(54.7)

The Group's revenue for the MLS segment for 1Q2021 decreased by US\$10.6 million or 55.6% compared to 1Q2020. The decrease in revenue was mainly due to lower utilisation rate of owned vessels of 62.4% in 1Q2021 as compared to 86.3% utilisation rate in 1Q2020 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 1Q2021 increased by approximately US\$37,000 net of elimination compared to 1Q2020 mainly due to the higher level of repair works undertaken on third party vessels and on the MLS vessels.

(ii) Gross profit and gross profit margin

	3 months ended		
	31/03/2021 ("1Q2021")	31/03/2020 ("1Q2020")	Increase/ (Decrease) %
(US\$'000)			
Gross (loss)/profit			
MLS	(839)	4,859	N.M.
SRM	287	171	67.8
	(552)	5,030	N.M.

	3 months ended	
	31/03/2021 ("1Q2021")	31/03/2020 ("1Q2020")
Gross (loss)/profit margin		
MLS	(10.0)%	25.6%
SRM	37.4%	35.6%
Overall	(6.3)%	26.1%

The Group reported gross loss of US\$0.8 million for the MLS segment during 1Q2021, compared to a gross profit of US\$4.9 million in 1Q2020. The MLS segment recorded a gross loss margin of 10.0% in 1Q2021 as compared to a gross profit margin of 25.6% in 1Q2020. The gross loss and gross loss 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.

The Group reported gross profit of US\$0.3 million for the SRM segment during 1Q2021, compared to a gross profit of US\$0.2 million in 1Q2020, the increase in gross profit by US\$0.1 million with higher gross profit margin by 1.8 percentage points from 35.6% to 37.4% in 1Q2021 mainly due to higher margin made on external jobs.

(iii) Administrative expenses

Administrative expenses for 1Q2021 increased by US\$0.2 million or 19.0% as compared to 1Q2020 mainly due to increase in legal expenses, professional and consulting fees and increase in staff and related costs.

(iv) Finance costs

Finance costs decreased by US\$0.3 million or 22.4% to US\$1.1 million in 1Q2021 as compared to US\$1.4 million in 1Q2020 correspond to the lower amount of bank borrowings and the loan reference interest rates during the comparative periods.

(v) Withholding tax expense

The withholding tax expenses relate to withholding tax on foreign charter income. The decrease in 1Q2021 is in line with the overall decrease in revenue.

(vi) (Loss)/profit before tax

The Group recorded a loss before tax of US\$3.2 million in 1Q2021 compared to profit before tax of US\$1.9 million in 1Q2020 mainly due to the decrease in gross profit and increase in administrative expenses, partially offset by decrease in finance costs and withholding tax expense.

(vii) Income tax expense

There is no income tax expense for 1Q2021 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\$1.1 million from US\$155.9 million as at 31 December 2020 to US\$154.8 million as at 31 March 2021. This was mainly due to depreciation charges of US\$2.2 million and decrease in non-current portion of prepayments of US\$0.4 million, partially offset by capitalised dry dock expenses of US\$0.5 million and reclassification of engine overhauling costs of US\$1.0 million from prepayments to capitalised dry dock expenses.

(ii) Current assets

Current assets decreased by US\$2.3 million from US\$17.7 million as at 31 December 2020 to US\$15.4 million as at 31 March 2021. This was mainly due to decrease in trade receivables of US\$2.5 million after the repayment of contractual retention sums, decrease in prepayments of US\$0.2 million and decrease in cash and bank balances of US\$0.2 million, partially offset by increase in advances, deposits and other receivables of US\$0.7 million.

(iii) Non-current liabilities

Non-current liabilities decreased by US\$2.3 million from US\$16.9 million as at 31 December 2020 to US\$14.5 million as at 31 March 2021. This was mainly due to decrease in loans and borrowings of US\$1.7 million due to reclassification from non-current to current portion, decrease in amount due to shareholders of US\$0.4 million due to fair value adjustment, and gain on fair value changes in derivatives of US\$0.2 million.

(iv) Current liabilities

Current liabilities increased by US\$1.4 million from US\$75.6 million as at 31 December 2020 to US\$77.0 million as at 31 March 2021, mainly due to increase in loans and borrowings net of repayments of US\$1.6 million and increase in trade payables of US\$0.4 million, partially offset by decrease in accruals and other payables of US\$0.5 million and decrease in amount due to shareholders of US\$0.1 million.

(v) Net current liabilities

Net current liabilities increased by US\$3.7 million from US\$57.9 million as at 31 December 2020 to US\$61.6 million as at 31 March 2021, mainly due to decrease in current assets of US\$2.3 million partially offset by decrease in current liabilities of US\$1.4 million.

The Group is expected to be able to operate as a going concern mainly in view of the support from its principal bankers as evident by the completion of the re-profiling of loans by the end of May 2021 as announced on 3 June 2021. The Group is also exploring other options including potential sale of vessels to augment its cash flows.

(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 31 March 2021 was US\$0.41 million. As an update to the disclosure made in the Company's FY2020 financial results announcement dated 31 March 2021, the legal proceedings by the Company against the other co-guarantors are ongoing while the winding up petition on AVI as initiated by the Related Party has been dismissed on 7 June 2021 as advised by ANH Inc's counsels. 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 1Q2021. This was mainly due to operating cash flows before changes in working capital of US\$0.1 million and changes in working capital of US\$1.6 million, partially offset by interest paid of US\$1.3 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities of US\$0.5 million in 1Q2021 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\$1.8 million in 1Q2021 was mainly due to principal repayment of bank loans of US\$2.9 million, repayment of shareholders advances of US\$0.1 million, partially offset by proceeds from borrowings of US\$1.2 million.

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

Not applicable. No forecast or prospect statement disclosed to shareholders previously.

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

With the challenges emanating from the COVID-19 pandemic and volatilities of global oil prices, the offshore market is expected to remain challenging with uncertainties in its recovery. As at 31 March 2021, the Group achieved utilisation rate of vessels of 62.4% in 1Q2021 compared with 86.3% in 1Q2020. The Group will continue to focus on improving vessel utilisation and to work closely with its stakeholders to manage its cash flow requirements.

11 Dividend

(a) Current Financial period Reported on

Any dividend recommended for the current financial period reported on?

Nil.

(b) Corresponding period of the immediately Preceding Financial Year

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

Nil.

12 If no dividend has been declared/(recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended in view of the operational and financial requirements of the Group.

13 Interested Person Transactions

The Company has established review and approval procedures to ensure that interested person transactions entered into by the Group are conducted on normal terms and are not prejudicial to the interests of shareholders. In the event that a member of the Audit Committee of the Company ("AC") is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

The AC has reviewed the rationale for and terms of the Group's interested person transactions and is of the view that the interested person transactions are entered on normal terms and are not prejudicial to the interests of shareholders.

Name of Interested Person	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a) of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
Wong Siew Cheong ⁽¹⁾	US\$54,988 (Approximately S\$74,234)	-
Kum Soh Har ⁽²⁾	US\$22,500 (Approximately S\$30,375)	-

Notes:

- (1) As at 31 March 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\$0.9 million which is unsecured, non-interest bearing, both sums to be settled in cash.
- (2) As at 31 March 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 is to be settled in cash.

Although the amounts above are currently less than S\$100,000, the information is presented for completeness and in view of expected interests in the subsequent quarters of FY2021. The Group does not have any interested person transaction general mandate from shareholders pursuant to Rule 920 of the Catalist Rules.

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

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results for the financial period ended 31 March 2021 to be false or misleading in any material aspect.

15 Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD
Wong Siew Cheong
Executive Director and Chief Executive Officer
15 June 2021