



ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

**Results for the Financial Period Ended
30 September 2017**

Unaudited Financial Statements and Dividend Announcement

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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



Third Quarter Financial Statement Announcement as on 30 September 2017

Part I - INFORMATION REQUIRED FOR QUARTERLY AND FULL YEAR ANNOUNCEMENTS

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

Consolidated Statement of Comprehensive Income

(US\$'000)	3 months ended			9 months ended		
	30/09/2017 ("3Q2017")	30/09/2016 ("3Q2016")	Increase/ (Decrease) %	30/09/2017 ("9M2017")	30/09/2016 ("9M2016")	Increase/ (Decrease) %
Revenue	8,840	7,713	14.6	23,533	23,454	0.3
Cost of services	(8,205)	(6,231)	31.7	(20,547)	(18,243)	12.6
Gross profit	635	1,482	(57.2)	2,986	5,211	(42.7)
Finance income	-	1	N.M.	1	10	(90.0)
Other income	5	30	(83.3)	16	98	(83.7)
Share of results of an associate	-	(15)	N.M.	-	193	N.M.
Other items of expense						
Marketing and distribution expenses	(40)	(30)	33.3	(129)	(125)	3.2
Administrative expenses	(1,197)	(1,315)	(9.0)	(3,696)	(4,106)	(10.0)
Finance costs	(1,612)	(587)	174.6	(3,052)	(1,490)	104.8
Other expense	(390)	-	N.M.	(801)	-	N.M.
Loss before tax	(2,599)	(434)	499.0	(4,675)	(209)	N.M.
Income tax expense	(191)	-	N.M.	(501)	-	N.M.
Loss for the period attributable to owners of the Company	(2,790)	(434)	543.0	(5,176)	(209)	N.M.

N.M. : not meaningful

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

(US\$'000)	3 months ended			9 months ended		
	30/09/2017 ("3Q2017")	30/09/2016 ("3Q2016")	Increase/ (Decrease) %	30/09/2017 ("9M2017")	30/09/2016 ("9M2016")	Increase/ (Decrease) %
(Loss)/profit for the period is stated after (charging)/crediting:						
Depreciation of property, vessels and equipment	(2,117)	(1,662)	27.4	(5,331)	(4,626)	15.2
Allowance for doubtful trade debts	(4)	-	N.M.	(4)	-	N.M.
Net (loss)/gain on disposal of property, vessels and equipment	(418)	30	N.M.	(829)	30	N.M.
Grant of equity-settled share options to employees	-	(3)	N.M.	(5)	(25)	(80.0)

N.M.: not meaningful

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

Balance Sheet

	Group		Company	
	Unaudited As at 30/09/2017	Audited As at 31/12/2016	Unaudited As at 30/09/2017	Audited As at 31/12/2016
(US\$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	161,737	165,248	-	-
Intangible asset	141	141	141	141
Investment in subsidiaries	-	-	66,741	66,741
Investment in an associate	-	-	-	-
Prepayments	363	299	-	-
	<u>162,241</u>	<u>165,688</u>	<u>66,882</u>	<u>66,882</u>
Current assets				
Inventories	401	281	-	-
Vessels held for sale	-	180	-	-
Trade and other receivables	15,289	10,887	73,288	72,526
Prepayments	1,226	843	212	205
Cash and cash equivalents	4,087	1,536	155	197
Bank deposits pledged	238	100	235	8
	<u>21,241</u>	<u>13,827</u>	<u>73,890</u>	<u>72,936</u>
Total assets	<u>183,482</u>	<u>179,515</u>	<u>140,772</u>	<u>139,818</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	22,024	14,782	7,734	2,414
Other liabilities	4,483	3,409	983	730
Loans and borrowings	18,434	35,349	7,657	31,897
	<u>44,941</u>	<u>53,540</u>	<u>16,374</u>	<u>35,041</u>
Net current (liabilities)/assets	<u>(23,700)</u>	<u>(39,713)</u>	<u>57,516</u>	<u>37,895</u>
Non-current liabilities				
Provisions	545	519	-	-
Loans and borrowings	58,111	40,400	49,897	30,044
	<u>58,656</u>	<u>40,919</u>	<u>49,897</u>	<u>30,044</u>
Total liabilities	<u>103,597</u>	<u>94,459</u>	<u>66,271</u>	<u>65,085</u>
Net assets	<u>79,885</u>	<u>85,056</u>	<u>74,501</u>	<u>74,733</u>
Equity attributable to owners of the Company				
Share capital	12,370	12,370	85,534	85,534
Other reserves	1,000	995	741	736
Retained earnings/(accumulated losses)	66,515	71,691	(11,774)	(11,537)
Total equity	<u>79,885</u>	<u>85,056</u>	<u>74,501</u>	<u>74,733</u>
Total equity and liabilities	<u>183,482</u>	<u>179,515</u>	<u>140,772</u>	<u>139,818</u>

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

	As at 30/09/2017		As at 31/12/2016	
	Secured	Unsecured	Secured	Unsecured
(US\$'000)				
(a) Amount repayable in one year or less, or on demand	18,434	-	35,349	-
(b) Amount repayable after one year	58,111	-	40,400	-
Total borrowing and securities	76,545	-	75,749	-

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

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

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

Consolidated Statement of Cash Flows	9 months ended	
	30/09/2017	30/09/2016
(US\$'000)		
Operating activities		
Loss before tax	(4,675)	(209)
Adjustments for:		
Net loss/(gain) on disposal of property, vessels and equipment	829	(30)
Interest income	(1)	(10)
Depreciation of property, vessels and equipment	5,331	4,626
Allowance for doubtful debts, net	4	-
Share of results of an associate	-	(193)
PIK interest accrual - Convertible Loan	1,000	-
Finance costs	3,052	1,490
Provisions	45	102
Grant of equity-settled share options to employees	5	25
Total adjustments	10,265	6,010
Operating cash flows before changes in working capital	5,590	5,801
Increase in inventories	(120)	(17)
(Increase)/decrease in trade and other receivables	(4,350)	986
Increase in prepayments	(447)	(807)
Increase in trade and other payables	2,110	5,122
Provisions	(19)	(41)
Increase in other liabilities	1,072	1,122
Total changes in working capital	(1,754)	6,365
Cash generated from operations	3,836	12,166
Interest received	1	10
Interest paid	(4,387)	(1,490)
Income tax paid	(501)	-
Net cash flows (used in)/generated from operating activities	(1,051)	10,686
Investing activities		
Purchase of property, vessels and equipment	(2,274)	(68,346)
Proceeds from disposal of vessels held for sale	125	-
Proceeds from disposal of property, vessels and equipment	960	90
Net cash flows used in investing activities	(1,189)	(68,256)
Financing activities		
Proceeds from loan from a shareholder	5,132	500
Proceeds from loans and borrowings	7,430	62,360
Repayment of loans and borrowings	(7,529)	(7,904)
Increase in bank deposits pledged	(138)	(50)
Net cash flows generated from financing activities	4,895	54,906
Net increase/(decrease) in cash and cash equivalents	2,655	(2,664)
Net cash and cash equivalents at beginning of the period	941	4,261
Cash and cash equivalents at end of the period (Note A)	3,596	1,597
Note A: Cash and cash equivalents comprise the following at the end of the reporting period:		
Cash and bank balances	4,087	2,142
Bank overdraft	(491)	(545)
Net balance	3,596	1,597

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

Consolidated Statement for Changes in Equity

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2017	85,056	12,370	995	71,691
Loss for the period, representing total comprehensive income for the period	(2,440)	-	-	(2,440)
Grant of equity-settled share options to employees	3	-	3	-
Balance at 31 March 2017	82,619	12,370	998	69,251
Profit for the period, representing total comprehensive income for the period	54	-	-	54
Grant of equity-settled share options to employees	2	-	2	-
Balance at 30 June 2017	82,675	12,370	1,000	69,305
Loss for the period, representing total comprehensive income for the period	(2,790)	-	-	(2,790)
Balance at 30 September 2017	79,885	12,370	1,000	66,515

Group	Equity, total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2016	96,087	12,370	599	83,118
Loss for the period, representing total comprehensive income for the period	(1,058)	-	-	(1,058)
Grant of equity-settled share options to employees	16	-	16	-
Balance at 31 March 2016	95,045	12,370	615	82,060
Profit for the period, representing total comprehensive income for the period	1,283	-	-	1,283
Grant of equity-settled share options to employees	6	-	6	-
Balance at 30 June 2016	96,334	12,370	621	83,343
Loss for the period, representing total comprehensive income for the period	(434)	-	-	(434)
Grant of equity-settled share options to employees	3	-	3	-
Balance at 30 September 2016	95,903	12,370	624	82,909

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

Statement of Changes in Equity

Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2017	74,733	85,534	736	(11,537)
Loss for the period, representing total comprehensive income for the period	(75)	-	-	(75)
Grant of equity-settled share options to employees	3	-	3	-
Balance at 31 March 2017	74,661	85,534	739	(11,612)
Loss for the period, representing total comprehensive income for the period	(77)	-	-	(77)
Grant of equity-settled share options to employees	2	-	2	-
Balance at 30 June 2017	74,586	85,534	741	(11,689)
Loss for the period, representing total comprehensive income for the period	(85)	-	-	(85)
Balance at 30 September 2017	74,501	85,534	741	(11,774)

Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2016	75,216	85,534	340	(10,658)
Loss for the period, representing total comprehensive income for the period	(27)	-	-	(27)
Grant of equity-settled share options to employees	16	-	16	-
Balance at 31 March 2016	75,205	85,534	356	(10,685)
Profit for the period, representing total comprehensive income for the period	22	-	-	22
Grant of equity-settled share options to employees	6	-	6	-
Balance at 30 June 2016	75,233	85,534	362	(10,663)
Loss for the period, representing total comprehensive income for the period	(100)	-	-	(100)
Grant of equity-settled share options to employees	3	-	3	-
Balance at 30 September 2016	75,136	85,534	365	(10,763)

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

Company	Number of ordinary shares	Share capital (US\$'000)
As at 30 June 2017	260,593,750	85,534
As at 30 September 2017	260,593,750	85,534

During the 3-month period ended 30 September 2017, there were no changes in the issued and paid-up share capital of the Company.

On 30 January 2014, the Company granted 4,050,000 share options under the Atlantic 2008 Employee Share Option Scheme ("Atlantic 2008 ESOS"). 2,025,000 share options are exercisable between 30 January 2015 and 29 January 2019, and the remaining 2,025,000 share options are exercisable between 30 January 2016 and 29 January 2019, at the exercise price of S\$0.34 if the vesting conditions are met. The estimated fair value of the options granted is approximately S\$405,000 (equivalent to approximately US\$319,000). The Atlantic 2008 ESOS has been terminated on 29 April 2015. The termination of the Atlantic 2008 ESOS shall not affect the outstanding share options granted and accepted but remain unexercised (whether fully or partially).

On 12 May 2015, the Company granted 750,000 share options under the Atlantic 2015 Employee Share Option Scheme ("Atlantic 2015 ESOS") to Mr. Wong Siew Cheong. 375,000 share options are exercisable between 12 May 2016 and 11 May 2020, and the remaining 375,000 share options are exercisable between 12 May 2017 and 11 May 2020, at the exercise price of S\$0.43 if the vesting conditions are met. The estimated fair value of the options granted is approximately S\$76,000 (equivalent to approximately US\$54,000).

As at 30 September 2017, the total numbers of share options outstanding were 4,800,000 (30 September 2016: 4,800,000).

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

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

	As at	
	30/09/2017	31/12/2016
Total number of issued shares excluding treasury shares	260,593,750	260,593,750

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

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

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the year ended 31 December 2016, as well as the applicable Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2017. The adoption of these new and revised FRSs has no material effect on the results announcement for the current financial period.

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

Please refer to paragraph 4 above.

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

	3 months ended		9 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Loss per ordinary share ("LPS") for the period based on net loss attributable to owners of the Company (US\$ cents)				
Basic LPS	(1.07)	(0.17)	(1.99)	(0.08)
Diluted LPS	(1.07)	(0.17)	(1.99)	(0.08)
Weighted average number of ordinary shares on issue applicable to basic LPS	260,593,750	260,593,750	260,593,750	260,593,750
Weighted average number of ordinary shares on issue applicable to diluted LPS	260,593,750	260,593,750	260,593,750	260,593,750

The 4,800,000 share options granted to employees under the existing Atlantic 2008 ESOS and Atlantic 2015 ESOS have not been included in the calculation of diluted loss per share because they are anti-dilutive.

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

	Group as at		Company as at	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset value per ordinary share (US\$ cents)	30.65	32.64	28.59	28.68

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

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

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

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

(i) Revenue by business segments

	3 months ended			9 months ended		
	30/09/2017 ("3Q2017")	30/09/2016 ("3Q2016")	Increase/ (Decrease)	30/09/2017 ("9M2017")	30/09/2016 ("9M2016")	Increase/ (Decrease)
(US\$'000)			%			%
Marine logistics services ("MLS")	8,638	6,894	25.3	22,334	20,892	6.9
Ship repair, fabrication and other marine services ("SRM")	202	819	(75.3)	1,199	2,562	(53.2)
	<u>8,840</u>	<u>7,713</u>	<u>14.6</u>	<u>23,533</u>	<u>23,454</u>	<u>0.3</u>

The MLS segment of the Group recorded a turnover of US\$8.6 million in 3Q2017, an increase of US\$1.7 million or 25.3%, compared to US\$6.9 million in 3Q2016. The increase in revenue was mainly attributable to the Group's lift-boat being put on hire with a Middle Easter National Oil Company ("NOC"), marginally higher revenue for the Company's owned fleet and also cross-charter vessels for the financial period.

The Group's revenue for the SRM segment for 3Q2017 decreased by US\$0.6 million or 75.3% compared to 3Q2016 mainly due to the lower level of repairs works undertaken on third party vessels.

(ii) Gross profit and gross profit margin

	3 months ended			9 months ended		
	30/09/2017 ("3Q2017")	30/09/2016 ("3Q2016")	Increase/ (Decrease)	30/09/2017 ("9M2017")	30/09/2016 ("9M2016")	Increase/ (Decrease)
(US\$'000)			%			%
Gross profit						
MLS	558	919	(39.3)	2,209	3,558	(37.9)
SRM	77	563	(86.3)	777	1,653	(53.0)
	<u>635</u>	<u>1,482</u>	<u>(57.1)</u>	<u>2,986</u>	<u>5,211</u>	<u>(42.7)</u>

	3 months ended		9 months ended	
	30/09/2017 ("3Q2017")	30/09/2016 ("3Q2016")	30/09/2017 ("9M2017")	30/09/2016 ("9M2016")
Gross profit margin				
MLS	6.5%	13.3%	9.9%	17.0%
SRM	38.6%	68.7%	64.8%	64.5%
	<u>7.2%</u>	<u>19.2%</u>	<u>12.7%</u>	<u>22.2%</u>

The Group reported gross profit of US\$0.6 million for the MLS business during 3Q2017, compared to gross profit of US\$0.9 million in 3Q2016. The decrease in gross profit in 3Q2017 was primarily due to a decrease in daily charter hire rates compared to 3Q2016. Gross profit margin for the MLS business decreased to 6.5% in 3Q2017, as compared with gross profit margin of 13.3% in 3Q2016.

The Group reported gross profit of US\$0.1 million for the SRM business during 3Q2017, compared with gross profit of US\$0.6 million in 3Q2016. The decrease in gross profit was primarily as a result of lower level of repairs works undertaken for third party vessels. Gross profit margin for SRM business decreased to 38.6% in 3Q2017, as compared with gross profit margin of 68.7% in 3Q2016.

(iii) Other income

The Group has not recorded any significant other income during 3Q2017.

(iv) Marketing and distribution expenses

Marketing and distribution expenses in 3Q2017 comprised mainly travel and consultancy expenses.

(v) Administrative expenses

Administrative expenses for 3Q2017 decreased by US\$0.1 million or 9.0% as compared to 3Q2016 due to reduction in directors and senior management remuneration, office maintenance expenses and other administrative costs.

(vi) Finance costs

The finance costs incurred in 3Q2017 was US\$1.6 million as compared to US\$0.6 million in 3Q2016. The increase in finance costs during 3Q2017 was primarily due to recording of interest expenses relating to loan drawdown for purchasing of a new vessel in profit or loss during 3Q2017 which was being capitalised in 2Q2017 as the vessel was in the construction phase.

(vii) Other Expense

Other expenses in 3Q2017 relates to the loss on sale of vessel.

(viii) Loss before tax

The Group recorded a loss before tax of US\$2.6 million in 3Q2017 as compared to loss before tax of US\$0.4 million in 3Q2016. The increase in loss before tax of US\$2.2 million or 499% in 3Q2017 as compared to 3Q2016 was mainly driven by the loss in disposal of an accommodation barge, decrease in revenue and higher finance costs.

(b) Review of financial position

(i) Non-current assets

Non-current assets decreased by US\$3.4 million from US\$165.7 million as at 31 December 2016 to US\$162.3 million as at 30 September 2017 due to a depreciation charge of US\$5.3 million and disposal of vessel of US\$ 1.8 million, partially offset by additional investment of US\$1.7 million in vessel construction, capitalisation of finance cost of US\$1.4 million and dry docking cost of US\$0.6 million.

(ii) Current assets

Current assets increased by US\$7.4 million from US\$13.8 million as at 31 December 2016 to US\$21.2 million as at 30 September 2017. This was mainly due to an increase in trade and other receivables of US\$4.4 million, an increase in prepayments of US\$0.4 million, an increase in cash and cash equivalent of US\$2.6 million, an increase in bank deposits pledged of US\$0.1 million and an increase in inventory of US\$0.1 million, partially offset by a decrease in vessels held for sale of US\$0.2 million which has been disposed during the period.

(iii) Non-current liabilities

Non-current liabilities increased by US\$17.7 million, from US\$40.9 million as at 31 December 2016 to US\$58.6 million as at 30 September 2017. This was mainly due to reclassification of the convertible loan of US\$13.0 million and secured bank loan of US\$11.2 million from current liabilities to non-current liabilities due to the change of the terms and conditions of both the US\$13.0 million convertible loan and bank loan agreement, PIK interests accruals of US\$1.0 million in respect of the US\$13.0 million convertible loan, partially offset by repayment of loans and borrowings of US\$7.5 million.

(iv) Current liabilities

Current liabilities decreased by US\$8.6 million, from US\$53.5 million as at 31 December 2016 to US\$44.9 million as at 30 September 2017, primarily due to reclassification of the convertible loan of US\$13.0 million and the secured bank loan of US\$11.2 million from current liabilities to non-current liabilities due to the change of the terms and conditions of both the US\$13.0 million convertible loan and bank loan agreement, decrease in overdraft of US\$0.1 million, partially offset by new short term borrowings of US\$7.4 million, an increase in trade and other payables of US\$7.2 million which comprises of US\$5.1 million of shareholders' loan, and an increase in trade and other payables of US\$2.1 million.

(v) Net current liabilities

The Group's net current liabilities decreased by US\$16.0 million from US\$39.7 million as at 31 December 2016 to US\$23.7 million as at 30 September 2017 as a result of a decrease in current liabilities of US\$8.6 million and an increase in current assets of US\$7.4 million.

The Group has been offered, on a 90 months tenor, a term loan of US\$ 29.8 million to partially finance the cost of 7 brand new vessels to be deployed on 5 years firm long-term charter contract plus 2 years extension with NOC.

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

(c) Liquidity and capital resources

(i) Net cash flow used in operating activities

Net cash flows used in operating activities amounted to US\$1.1 million in 9M2017. This was mainly due to changes in working capital of US\$1.8 million, interest paid during the period of US\$4.4million and income tax paid for the period of US\$0.5 million, partially offset by operating cash flows before changes in working capital of US\$5.6 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities amounted to US\$1.2 million in 9M2017. This was mainly due to investment in new vessels of US\$1.7 million and capitalization of dry docking cost of US\$0.6 million partially offset by proceeds received from the disposal of vessel and vessel held for sale of US\$1.1 million

(iii) Net cash flows generated from financing activities

Net cash flows generated from financing activities of US\$4.9 million in 9M2017 was a result of short-term borrowings of US\$7.4 million and borrowings from shareholder of US\$5.1 million to meet the liquidity and funding requirements, partially offset by repayment of term loan of US\$7.5 million and an increase in bank deposits pledged of US\$0.1 million.

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

Not applicable.

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

The Group continues to be cautious with its fleet upgrade and expansion program given the continuing uncertainties in the oil and gas sector caused by the decline in oil price. The Group will continue to review specific opportunities within its core market in the Middle East where offshore energy and production levels are being maintained.

The Group together with its Korean consortium partner has commenced mobilization and deployment of equipment and personnel for the onshore phase of a US\$45.2 million project for removal of decommissioned offshore and onshore facilities. In order to support the offshore phase of the project, the Group has deployed one (1) AHT/Supply vessel in October 2017 and will be deploying two (2) AHTS/Supply and landing craft vessels in November 2017. The Group is also looking forward to deploying more vessels for the project as and when required. Thus, the Group is expecting growth in both charter and project revenue from the project.

In addition, the deployment of the remaining seven (7) vessels under the contract value of approximately US\$236 million with the NOC in September 2017 has been delayed by about 5 months, due to delay in the delivery of the vessels by the shipbuilder. The Group is working with the NOC to deploy front-runners to support the contracts until its newbuilds are delivered.

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

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

11 Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Nil.

(b) Corresponding period of the immediately Preceding Financial Year

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

Nil.

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

No dividend has been declared or recommended.

13 Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a)) US\$' 000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) US\$' 000
Wong Siew Cheong	108,131	-

There was no interested person transaction entered into by the Group with value of more than S\$100,000 during 3Q2017.

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

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

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results for the financial period ended 30 September 2017 to be false or misleading in any material aspect.

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

The Board of Directors confirms that, they have procured undertaking from all the Company's directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Wong Siew Cheong

Executive Chairman and Chief Executive Officer

13 November 2017