



Atlantic Navigation
Holdings (Singapore) Limited

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

Condensed Interim Consolidated Financial Statements for the Financial Period Ended 30 June 2023

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.

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

	Note	The Group		
		6 months ended 30 June 2023 ("6M2023") US\$'000	6 months ended 30 June 2022 ("6M2022") US\$'000	Increase/ (Decrease) %
Revenue	4	43,569	29,439	48.0
Cost of services ¹		(27,095)	(19,714)	37.4
Gross profit		16,474	9,725	69.4
Other items of income				
Other income		80	-	N.M.
Other items of expense				
Marketing and distribution expenses		(60)	(46)	30.4
Administrative expenses ²		(3,458)	(3,165)	9.3
Finance costs		(2,412)	(1,816)	32.8
Other expenses		-	(209)	N.M.
Withholding tax expense		(165)	(142)	16.2
Profit before tax	6	10,459	4,347	>100
Income tax expense		-	-	N.M.
Profit for the period, attributable to owners of the Company		10,459	4,347	>100
EBITDA for the period³		17,867	11,405	56.7

(1) Cost of services include depreciation of US\$4,906,000 in 6M2023 (6M2022: US\$4,951,000) relating to vessels as disclosed in Note 6.1.

(2) Administrative expenses include depreciation and amortisation of US\$90,000 in 6M2023 (6M2022: US\$82,000) relating to office equipment and other assets respectively as disclosed in Note 6.1.

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

Consolidated statement of comprehensive income

Profit for the period	10,459	4,347	>100
<u>Items that may be reclassified subsequently to profit or loss</u>			
Net fair value changes on cash flow hedges	125	712	(82.4)
Other comprehensive income for the period, net of tax	125	712	(82.4)
Total comprehensive income for the period, attributable to owners of the Company	10,584	5,059	>100

**Profit per share for the period attributable to the owners of
the Company during the financial period:**

Basic (US\$ in cent)	2.00	0.83
Diluted (US\$ in cent)	2.00	0.83

N.M.: not meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		Unaudited	Audited	Unaudited	Audited
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Property, vessels and equipment	8	142,004	128,851	-	-
Right-of-use assets		290	328	-	-
Intangible assets		6	6	-	-
Investment in subsidiaries		-	-	67,770	67,770
Advances, deposits and other receivables		-	-	11,965	11,965
Derivatives	12	218	93	-	-
		<u>142,518</u>	<u>129,278</u>	<u>79,735</u>	<u>79,735</u>
Current assets					
Inventories		532	510	-	-
Trade receivables	9	21,615	17,954	1,038	519
Advances, deposits and other receivables		3,197	2,157	294	6,320
Prepayments		824	338	10	4
Cash and bank balances		2,010	2,417	148	255
Restricted cash		3,417	50	-	-
		<u>31,595</u>	<u>23,426</u>	<u>1,490</u>	<u>7,098</u>
Total assets		174,113	152,704	81,225	86,833
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		12,211	11,132	-	-
Accruals and other payables		6,440	4,251	170	259
Other non-financial liabilities		545	403	-	-
Amount due to shareholders	11	1,500	2,284	750	750
Lease liabilities		67	67	-	-
Loans and borrowings	10	13,556	17,179	-	6,000
		<u>34,319</u>	<u>35,316</u>	<u>920</u>	<u>7,009</u>
Net current (liabilities)/assets		(2,724)	(11,890)	570	89
Non-current liabilities					
Provisions		992	961	-	-
Amount due to shareholders	11	11,645	11,219	11,645	11,219
Lease liabilities		237	269	-	-
Loans and borrowings	10	34,503	23,106	-	-
		<u>47,377</u>	<u>35,555</u>	<u>11,645</u>	<u>11,219</u>
Total liabilities		81,696	70,871	12,565	18,228
Net assets	7	92,417	81,833	68,660	68,605
Equity attributable to owners of the Company					
Share capital	13	38,307	38,307	111,471	111,471
Other reserves		7,468	7,343	6,807	6,807
Retained earnings/(accumulated losses)		46,642	36,183	(49,618)	(49,673)
Total equity		92,417	81,833	68,660	68,605
Total equity and liabilities		174,113	152,704	81,225	86,833

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
2023				
Balance at 1 January 2023	81,833	38,307	7,343	36,183
Profit for the period	10,459	-	-	10,459
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	125	-	125	-
Other comprehensive income for the period, net of tax	125	-	125	-
Balance at 30 June 2023	92,417	38,307	7,468	46,642
2022				
Balance at 1 January 2022	69,002	38,307	5,720	24,975
Profit for the period	4,347	-	-	4,347
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	712	-	712	-
Other comprehensive income for the period, net of tax	712	-	712	-
Balance at 30 June 2022	74,061	38,307	6,432	29,322

The Company	Equity, total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
2023				
Balance at 1 January 2023	68,605	111,471	6,807	(49,673)
Profit for the period, representing total comprehensive income for the period	55	-	-	55
Balance at 30 June 2023	68,660	111,471	6,807	(49,618)
2022				
Balance at 1 January 2022	67,721	111,471	6,036	(49,786)
Profit for the period, representing total comprehensive income for the period	69	-	-	69
Balance at 30 June 2022	67,790	111,471	6,036	(49,717)

D. Condensed interim consolidated statement of cash flows

	The Group	
	6 months ended 30	6 months ended 30
	June 2023 US\$'000	June 2022 US\$'000
Operating activities		
Profit before tax	10,459	4,347
Adjustments for:		
Net loss on disposal of property, vessels and equipment	-	209
Depreciation of property, vessels and equipment	6 4,958	4,990
Amortisation of intangible assets	6 -	9
Depreciation of right-of-use assets	6 38	34
Bad debt written off	-	4
Finance costs	2,412	1,816
Provisions	93	217
Total adjustments	7,501	7,279
Operating cash flows before changes in working capital	17,960	11,626
(Increase)/decrease in inventories	(22)	255
Increase in trade receivables	(3,661)	(3,584)
Increase in advances, deposits and other receivables	(1,040)	(425)
Increase in prepayments	(486)	(127)
Increase in trade payables	1,079	257
Increase in accruals and other payables	1,968	246
Decrease in provisions	(62)	(62)
Increase in other non-financial liabilities	142	238
Total changes in working capital	(2,082)	(3,202)
Cash generated from operations	15,878	8,424
Interest paid	(1,765)	(1,565)
Net cash flows generated from operating activities	14,113	6,859
Investing activities		
Purchase of property, vessels and equipment	(18,111)	(1,343)
Proceeds from disposal of property, vessels and equipment	-	1,000
Net cash flows used in investing activities	(18,111)	(343)
Financing activities		
Repayment of shareholders' advance	(784)	(126)
Proceeds from loans and borrowings	20,000	3,630
Repayment of loans and borrowings	(12,226)	(4,480)
Repayment of principal portion of lease liabilities	(32)	(16)
(Increase)/decrease in bank deposits pledged and restricted cash	(3,367)	40
Net cash flows generated from/(used in) financing activities	3,591	(952)
Net (decrease)/increase in cash and cash equivalents	(407)	5,564
Cash and cash equivalents at beginning of the year	2,417	(1,942)
Cash and cash equivalents at end of the year	2,010	3,622

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 for the six months ended 30 June 2023 ("6M2023") 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 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial 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.

2.1. New and amended standards adopted by the Group

On 1 January 2023, the Group has adopted the new or amended SFRS(I)s and Interpretations of SFRS(I)s ("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 period.

2.2. Use of judgements and estimates

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

(a) Judgments made in applying accounting policies

(i) Proportionate consolidation of investment in 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. Given the loss of joint control, the Group had 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 balance sheet date.

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

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

The Group reviews the residual values and useful lives of vessels and machinery and equipment at the end of each reporting period. The cost of the vessels and machinery and equipment is depreciated on a straight-line basis over the vessels, 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.

The carrying amount of the Group's vessels, machinery and equipment as at 30 June 2023 was US\$141,893,000 (31 December 2022: US\$128,724,000). A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately US\$494,000 (6M2022: US\$499,000) variance in the Group's profit before tax for the period ended 30 June 2023.

(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\$10,592,000 (6M2022: US\$12,969,000) will be incurred for the period ended 30 June 2023.

(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 30 June 2023 was US\$21,615,000 (31 December 2022: US\$17,954,000).

3. Seasonal operations

The Group's businesses are not significantly affected by seasonal or cyclical factors during the financial year ended 30 June 2023.

4. Segment and revenue information

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

4.1. Reportable segments

	6 months ended 30 June 2023			
	MLS	SRM	Elimination	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	42,350	2,629	(1,410)	43,569
Segment results	15,400	1,154	-	16,554
Marketing and distribution expenses	(60)	-	-	(60)
Administrative expenses	(2,627)	(579)	-	(3,206)
Finance expenses	(2,412)	-	-	(2,412)
Withholding tax	(165)	-	-	(165)
Segment profit/(loss)	10,136	575	-	10,711
Unallocated expenses:				
Administrative expenses				(252)
Profit before tax				10,459
Income tax expense				-
Profit for the period				10,459
Material non-cash items:				
Depreciation of property, vessels and equipment	(4,943)	(15)	-	(4,958)
Depreciation of right-of-use assets	(38)	-	-	(38)

	6 months ended 30 June 2022			
	MLS	SRM	Elimination	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	27,814	2,193	(568)	29,439
Segment results	8,568	902	-	9,470
Administrative expenses	(2,444)	(556)	-	(3,000)
Finance costs	(1,816)	-	-	(1,816)
Withholding tax	(142)	-	-	(142)
Segment profit/(loss)	4,166	346	-	4,512
Unallocated expenses:				
Administrative expenses				(165)
Profit before tax				4,347
Income tax expense				-
Profit for the period				4,347
Material non-cash items:				
Loss on disposal of vessels	(209)	-	-	(209)
Depreciation of property, vessels and equipment	(4,973)	(17)	-	(4,990)
Depreciation of right-of-use assets	(34)	-	-	(34)
Amortisation of intangible assets	(9)	-	-	(9)

4.2. Disaggregation of revenue

	The Group		
	6 months ended 30 June 2023		
	MLS	SRM	Total
	US\$'000	US\$'000	US\$'000
Types of goods or services:			
Time charter - lease revenue	26,915	-	26,915
Other ancillary time charter revenue	15,435	-	15,435
Ship repair, fabrication and other related marine services	-	1,219	1,219
Total revenue	42,350	1,219	43,569
Geographical information:			
Saudi Arabia	13,185	-	13,185
Qatar	18,904	-	18,904
Oman	8,587	-	8,587
Singapore	251	25	276
United Arab Emirates ("UAE")	174	850	1,024
Sudan	1,086	-	1,086
Others	163	344	507
Total revenue	42,350	1,219	43,569

	The Group		
	6 months ended 30 June 2022		
	MLS	SRM	Total
	US\$'000	US\$'000	US\$'000
Types of goods or services:			
Time charter - lease revenue	17,236	-	17,236
Other ancillary time charter revenue	10,578	-	10,578
Ship repair, fabrication and other related marine services	-	1,625	1,625
Total revenue	27,814	1,625	29,439
Geographical information:			
Saudi Arabia	13,589	7	13,596
Qatar	1,673	-	1,673
Oman	5,433	594	6,027
Singapore	618	364	982
UAE	5,455	373	5,828
Sudan	1,036	-	1,036
Others	10	287	297
Total revenue	27,814	1,625	29,439

The Group's non-current assets are mainly located in Saudi Arabia, Qatar, and Oman.

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

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Financial Assets				
Trade receivables	21,615	17,954	1,038	519
Advances, deposits and other receivables	2,150	1,167	12,259	18,285
Cash and bank balances	2,010	2,417	148	255
Restricted cash	3,417	50	-	-
Derivatives	218	93	-	-
	<u>29,410</u>	<u>21,681</u>	<u>13,445</u>	<u>19,059</u>
Financial Liabilities				
Trade payables	12,211	11,132	-	-
Accruals and other payables	6,440	4,251	170	259
Amount due to shareholders	13,145	13,503	12,395	11,969
Lease liabilities	304	336	-	-
Loans and borrowings	48,059	40,285	-	6,000
	<u>80,159</u>	<u>69,507</u>	<u>12,565</u>	<u>18,228</u>

6. Profit before tax

6.1. Significant items

	The Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	US\$'000	US\$'000
Expenses		
Depreciation of property, vessels and equipment (included in cost of services)	(4,906)	(4,951)
Depreciation of property, vessels and equipment (included in administrative expenses)	(52)	(39)
Amortisation of intangible assets (included in administrative expenses)	-	(9)
Depreciation of right-of-use assets (included in administrative expenses)	(38)	(34)
Loss on disposal of vessels	-	(209)

6.2. Related party transactions

(a) Sale and purchase of goods and services

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

	Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	US\$'000	US\$'000
Income		
Ship management services rendered to ultimate holding company	251	252
Expenses		
Employment visa agency and administrative services rendered by a director-related company	33	33
Interest expense on shareholder's loans and advances	156	156
(b) Compensation of key management personnel		
Short-term employee benefits	622	602
Others	294	231
	<u>916</u>	<u>833</u>
Comprises amounts paid to:		
Directors of the Company	302	301
Other key management personnel	614	532
	<u>916</u>	<u>833</u>

7. Net asset value

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	US\$ cent	US\$ cent	US\$ cent	US\$ cent
Net asset value per ordinary share	17.65	15.63	13.12	13.10

The net asset value per ordinary share of the Company and the Group were calculated based on 523,512,144 shares (excluding treasury shares) as at 30 June 2023 and 31 December 2022.

8. Property, vessels and equipment

During 6M2023, the Group acquired vessels with consideration of US\$16,184,000 (6M2022: Nil) and capitalised drydocking expense on certain vessels amounting to US\$1,927,000 (6M2022: US\$919,000). There was no addition to machinery, equipment, and vehicle (6M2022: US\$424,000) during the current financial period.

The Group disposed of a vessel with net book value of US\$1,164,000 during 6M2022. No disposal was made in the current financial period.

9. Trade receivables

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables				
Trade receivables	17,514	15,276	1,038	519
Retention receivables	1,032	1,642	-	-
Unbilled receivables	3,069	1,036	-	-
Total trade receivables	21,615	17,954	1,038	519

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 6 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 balance sheet date.

10. Borrowings

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	13,556	17,179	-	6,000
Unsecured	-	-	-	-
<u>Amount repayable after one year</u>				
Secured	34,503	23,106	-	-
Unsecured	-	-	-	-
Total borrowings and securities	48,059	40,285	-	6,000

As of 30 June 2023, the above credit facilities including overdraft, if any 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;

10. Borrowings (continued)

- (v) 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);
- (vi) 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
- (vii) The Loan to Value ("LTV") to be 70% and 65% or below at all times on respective loan facilities amounts.

The amounts reflected in the table above do not include the loans and advances from shareholders of US\$13,145,000 as at 30 June 2023 (31 December 2022: US\$13,503,000) which are unsecured as disclosed in Note 11.

11. Amount due to shareholders

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Current:				
Short term loans due to shareholders ⁽¹⁾	1,500	2,284	750	750
	1,500	2,284	750	750
Non-current:				
Loans due to a shareholder ⁽²⁾	6,977	6,785	6,977	6,785
Accrued interest on loans due to a shareholder ⁽²⁾	1,425	1,315	1,425	1,315
Advances from a shareholder ⁽²⁾	2,855	2,776	2,855	2,776
Accrued interest on advances from a shareholder ⁽²⁾	388	343	388	343
	11,645	11,219	11,645	11,219

(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 and advances from a shareholder are unsecured and to be settled in cash.

During the financial year ended 31 December 2022, the maturity date of the loans due to a shareholder and advances from a shareholder were extended from 31 December 2023 to 30 September 2024 with the interest rate unchanged at 3.0% per annum. As at the date of extension, the loans due to a shareholder and advances from a shareholder were 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			
	30 June 2023	30 June 2023	31 December 2022	31 December 2022
	Contract/ Notional Amount	Fair Value - Assets	Contract/ Notional Amount	Fair Value - Liabilities
	US\$'000	US\$'000	US\$'000	US\$'000
Interest rate swap	9,976	218	11,972	93

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% (2022: 3.50%) per annum and receives floating interest at 3-month SOFR 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 daily non-cumulative compounded SOFR.

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 2023 and 30 June 2023	523,512	38,307	523,512	111,471

During the 6-month period ended 30 June 2023, 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 30 June 2023, 31 December 2022 and 30 June 2022.

There were no sales, transfers, cancellation and/or use of treasury shares or subsidiary holdings during 6M2023.

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 30 June 2023 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 period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2. Review of performance of the Group

(a) Review of results of operations

(i) Revenue by business segments

	6 months ended		Increase/ (Decrease)
	30 June 2023	30 June 2022	
	US\$'000	US\$'000	%
MLS	42,350	27,814	52.3
SRM	2,629	2,193	19.9
Inter-segment revenue	(1,410)	(568)	>100
Group revenue	43,569	29,439	48.0

The Group's revenue for the MLS segment for 6M2023 increased by US\$14.5 million or 52.3% compared to 6M2022 mainly due to increase in revenue from its own vessels due to general increase in daily charter rates, revenue from one spot project work in May 2023 relating to the recovery of offshore heavy equipment for an existing client and increase in cross charter revenue in 6M2023 as compared to 6M2022, partially offset by lower utilisation of certain vessels due to planned drydocking.

The Group's revenue for the SRM segment for 6M2023 increased by US\$0.4 million as compared to 6M2022 mainly due to the higher level of repair works undertaken in 6M2023 on the Group's vessels including those undergoing drydocking.

(ii) Gross profit and gross profit margin

	6 months ended		Increase/ (Decrease)
	30 June 2023	30 June 2022	
	US\$'000	US\$'000	%
MLS	15,320	8,823	73.6
SRM	1,154	902	27.9
Gross profit	16,474	9,725	69.4

	6 months ended	
	30 June 2023	30 June 2022
MLS	36.2%	31.7%
SRM	43.9%	41.1%
Gross profit margin	37.8%	33.0%

The Group reported gross profit of US\$15.3 million for the MLS segment during 6M2023, compared to a gross profit of US\$8.8 million in 6M2022. The MLS segment recorded a gross profit margin of 36.2% in 6M2023 as compared to a gross profit margin of 31.7% in 6M2022. The increase in gross profit and gross profit margin of the MLS segment were mainly due to overall higher contribution margins from its owned vessels, cross charters as well as the spot project in May 2023.

The Group's gross profit and gross profit margin of SRM segment for 6M2023 increased by US\$0.3 million and 2.8 percentage points respectively as compared to 6M2022 mainly due to repair jobs undertaken with higher margins.

(iii) Other income

Other income for 6M2023 was due to insurance claim in relation to a vessel.

(iv) Administrative expenses

Administrative expenses for 6M2023 increased by US\$0.3 million or 9.3% as compared to 6M2022 mainly due to increases in professional, consulting and audit fees.

(v) Finance costs

The increase in finance cost for 6M2023 by US\$0.6 million was mainly due to higher loan reference interest rates as compared to 6M2022.

(vi) Withholding tax expense

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

(vii) Profit before tax

As a result of above, the Group recorded a higher profit before tax of US\$10.5 million in 6M2023 compared to profit before tax of US\$4.3 million in 6M2022.

(viii) Income tax expense

There is no income tax expense assessed for both 6M2023 and 6M2022 as the Group's significant subsidiaries are incorporated in jurisdictions where such taxes were either considered exempted or not applicable.

With the introduction of UAE Corporate Income Tax being substantively enacted with effect from 1 July 2023, the corporate tax of the Group in the UAE will be payable, if any, for financial years beginning from 1 January 2024 taxable at the nominal rate of 9.0%, subject to relevant provisions including entities being incorporated or operating in free trade zone, or activities related to those of a ship manager, for assessment being tax-exempted.

(b) Review of financial position

(i) Non-current assets

Non-current assets increased by US\$13.2 million from US\$129.3 million as at 31 December 2022 to US\$142.5 million as at 30 June 2023. This was mainly due to the addition of vessels aggregating to US\$16.2 million, capitalisation of drydocking expenses of US\$1.9 million, and increase in derivatives of US\$0.1 million, partially offset by depreciation charges of US\$5.0 million.

(ii) Current assets

Current assets increased by US\$8.2 million from US\$23.4 million as at 31 December 2022 to US\$31.6 million as at 30 June 2023. This was mainly due to increase in trade receivables of US\$3.7 million, increase in advances, deposits and other receivables of US\$1.0 million, increase in prepayment of US\$0.5 million and increase in restricted cash of US\$3.4 million, partially offset by decrease in cash and bank balances of US\$0.4 million.

(iii) Non-current liabilities

Non-current liabilities increased by US\$11.8 million from US\$35.6 million as at 31 December 2022 to US\$47.4 million as at 30 June 2023. This was mainly due to an increase in loans and borrowings of US\$11.4 million and increase in amount due to shareholders of US\$0.4 million.

(iv) Current liabilities

Current liabilities decreased by US\$1.0 million from US\$35.3 million as at 31 December 2022 to US\$34.3 million as at 30 June 2023, mainly due to decrease in the current portion of the loans and borrowings of US\$3.6 million and decrease in amount due to shareholders of US\$0.8 million, partially offset by increase in trade payables of US\$1.1 million, increase in accruals and other payables of US\$2.2 million and increase in other non-financial liabilities of US\$0.1 million.

(v) Net current liabilities

Net current liabilities decreased by US\$9.2 million from US\$11.9 million as at 31 December 2022 to US\$2.7 million as at 30 June 2023, mainly due to decrease in current liabilities of US\$1.0 million and increase in current assets of US\$8.2 million.

As at 30 June 2023, the Group has reported a net current liabilities position of US\$2,724,000 (31 December 2022: US\$11,890,000) and net assets of US\$92,417,000 (31 December 2022: US\$81,833,000). Barring unforeseen circumstances, the Group is expected to be able to operate as a going concern in view of the expected cash flows from operations in the current offshore market in the Middle East.

(vi) Other disclosures

As disclosed previously, AVI 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.

An entity of the Group, as the disponent owner (the "Claimant") of a vessel chartered from the vessel owner, commenced arbitration proceedings against its charterer based in the Middle East (the "Respondent") in May 2023 for the claim of outstanding charterhires for the period between January 2022 and April 2022 of approximately US\$700,000 (the "Claim Amount") (the "Arbitration"). The Respondent had denied the Claim Amount and counter-claimed for all sums purportedly owed to it as a result of the alleged Claimant's failure to deliver a suitable vessel as currently quantified indicatively at approximately US\$600,000 which excludes losses, damages, costs, and expenses which it intends to set out fully in due course, if any. The Claim Amount had been recognised as Accounts Receivable due from the Respondent with the corresponding Account Payables due to the vessel owner in the balance sheet of the Group since 30 June 2022. As the Claimant had been indemnified by the vessel owner, the Arbitration is not expected to have a material impact on the financial performance of the Group.

(c) Liquidity and capital resources

(i) Net cash flows generated from operating activities

Net cash flows generated from operating activities amounted to US\$14.1 million in 6M2023. This was mainly due to operating cash flows before changes in working capital of US\$18.0 million, negative changes in working capital of US\$2.1 million and interest paid of US\$1.8 million.

(ii) Net cash flows used in investing activities

Net cash flows used in investing activities of US\$18.1 million in 6M2023 was mainly due to additions to property, vessels and equipment consisting of the purchase of vessels aggregating to US\$16.2 million and drydocking expenses capitalised of US\$1.9 million.

(iii) Net cash flows generated from financing activities

Net cash flows generated from financing activities of US\$3.6 million in 6M2023 was mainly due to proceed from loan and borrowings of US\$20.0 million partially offset by principal repayment of loans and borrowings of US\$12.2 million, repayment of amount due to shareholders of US\$0.8 million and increase in bank deposits pledged and restricted cash of US\$3.4 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 vessel utilisation rate in 6M2023 of 89.4% as compared to 87.9% in 6M2022.

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 currently at above US\$80 per barrel based on international crude Brent.

However, the market environment is expected to be impacted by the continual volatility in oil prices and economic recovery facing headwinds including rising interest rates to rein in high inflation.

6. Dividend information

No dividend recommended or declared for 6M2023 (6M2022: Nil) in view of the operational and financial requirements of the Group.

7. 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\$110,587 (Approximately S\$149,791)	-
Saeed Investment Pte. Ltd., as interest on Advance due from the Group ⁽²⁾	US\$45,250 (Approximately S\$61,292)	-
Amount due to the Group		
Saeed Investment Pte. Ltd., for Ship Management Fees due to the Group ⁽³⁾	US\$250,517 (Approximately S\$339,328)	-

Notes:

- (1) As at 30 June 2023, 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\$0.8 million which is unsecured, non-interest bearing, both sums to be settled in cash.
- (2) As at 30 June 2023, 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 ("SMA") 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 SMA was terminated with effect from 1 May 2023 with the acquisition of the vessel by the Group pursuant to shareholders' approval on 25th April 2023.

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

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

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

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

The Board of Directors of the Company hereby confirms to the best of its knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim consolidated financial statements for 6M2023 to be false or misleading in any material aspect.

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

As announced by the Company on 5 June 2023, the Group has incorporated a new company, i.e. Energy Marine Services and Trading LLC ("EMST LLC"), in Qatar. EMST LLC is 49% owned by the Group. Please refer to the announcement dated 5 June 2023 for more details.

Save as disclosed above, 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 6M2023.

BY ORDER OF THE BOARD

Wong Siew Cheong
Executive Director and Chief Executive Officer

14 August 2023