



ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

Results for the Financial Year Ended
31 December 2019

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 ended 31 December 2018, the Company is required by the Exchange 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 Singapore Exchange Securities Trading Limited ("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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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

	12 months ended		
	31-12-19	31-12-18	Increase/
	("FY2019")	("FY2018")	(Decrease)
(US\$'000)	(Unaudited)	(Audited)	%
Revenue	76,518	58,801	30.1
Cost of services	(58,955)	(43,453)	35.7
Gross profit	17,563	15,348	14.4
Other items of income			
Finance income	6	5	20.0
Other income	247	319	(22.6)
Other items of expense			
Marketing and distribution expenses	(291)	(735)	(60.4)
General and administrative expenses	(5,526)	(5,672)	(2.6)
Finance costs	(6,711)	(7,699)	(12.8)
Loss on fair value changes in derivatives	-	(614)	N.M.
Other expenses	(502)	(16,857)	(97.0)
Share of results of a joint venture*	92	631	(85.4)
Loss on disposal of a joint operation	(589)	-	N.M.
Withholding tax expense**	(1,885)	(1,642)	14.8
Profit/(loss) before tax	2,404	(16,916)	N.M.
Income tax expense	(2)	-	N.M.
Profit/(loss) for the year, attributable to owners of the Company	2,402	(16,916)	N.M.
Adjusted EBITDA*** for the year	19,782	16,255	

* During the year, the operations of the joint venture had ceased and formal completion agreement is expected to be signed off by end 1Q FY2020.

** Previously disclosed as income tax expense and now presented as withholding tax expense in view of the nature of the tax expenditure.

*** Adjusted EBITDA is computed based on profit/(loss) before tax, finance costs, depreciation and amortisation, impairment loss on property, vessels and equipment, loss on fair value changes in derivatives and adjusted for net loss on disposal of vessels and a joint operation.

Statement of comprehensive income

	12 months ended		
	31-12-19	31-12-18	Increase/
	("FY2019")	("FY2018")	(Decrease)
(US\$'000)			%
Profit/(loss) for the year	2,402	(16,916)	N.M.
Items that may be reclassified subsequently to profit or loss			
Net fair value changes on cash flow hedges#	(721)	-	N.M.
Other comprehensive income for the year, net of tax	(721)	-	N.M.
Total comprehensive income for the year, attributable to owners of the company	1,681	(16,916)	N.M.

Due to the Group's application of hedge accounting, the effective portion of loss on fair value changes in derivatives is recognised directly in other comprehensive income.

- 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.

	12 months ended		
	31-12-19	31-12-18	Increase/
	("FY2019")	("FY2018")	(Decrease)
(US\$'000)			%
Profit/(loss) for the year is stated after crediting/(charging):			
Depreciation of property, vessels and equipment	(9,511)	(8,626)	10.3
Depreciation of right-of-use asset	(65)	-	N.M.
Impairment loss on property, vessels and equipment	-	(16,357)	N.M.
Provision for an arbitration case	-	(500)	N.M.
Allowance for doubtful trade debts	(12)	(154)	(92.2)
Written off of other receivables	(65)	-	N.M.
Net (loss)/gain on disposal of property, vessels and equipment	(502)	125	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	Audited	Unaudited	Audited
	As at 31/12/2019	As at 31-12-18	As at 31/12/2019	As at 31-12-18
(US\$'000)				
ASSETS				
Non-current assets				
Property, vessels and equipment	168,330	179,696	-	-
Right-of-use asset	150	-	-	-
Intangible asset	150	141	141	141
Investment in subsidiaries	-	-	66,741	66,741
Investment in a joint venture	-	708	-	-
Trade and other receivables	-	-	39,999	45,956
Prepayments	465	426	-	-
	<u>169,095</u>	<u>180,971</u>	<u>106,881</u>	<u>112,838</u>
Current assets*				
Inventories	611	184	-	-
Trade receivables	20,579	11,913	3,419	10,453
Advances, deposits and other receivables	2,749	3,197	11,595	-
Prepayments	714	917	-	7
Cash and bank balances	2,118	4,935	632	1,805
Bank deposits pledged	235	250	235	235
	<u>27,006</u>	<u>21,396</u>	<u>15,881</u>	<u>12,500</u>
Total assets	<u>196,101</u>	<u>202,367</u>	<u>122,762</u>	<u>125,338</u>
EQUITY AND LIABILITIES				
Current liabilities**				
Trade payables	19,975	16,386	2,058	1,360
Accruals and other payables	6,694	9,501	509	-
Other non-financial liabilities	57	690	-	-
Amount due to shareholders	3,818	-	3,000	-
Lease liabilities	72	-	-	-
Loans and borrowings	16,342	20,723	7,657	7,657
	<u>46,958</u>	<u>47,300</u>	<u>13,224</u>	<u>9,017</u>
Net current (liabilities)/assets	<u>(19,952)</u>	<u>(25,904)</u>	<u>2,657</u>	<u>3,483</u>
Non-current liabilities				
Provisions	553	538	-	-
Other payables	8,622	7,332	8,622	7,332
Lease liabilities	78	-	-	-
Derivatives	1,212	614	-	-
Loans and borrowings	52,726	62,312	17,866	25,523
	<u>63,191</u>	<u>70,796</u>	<u>26,488</u>	<u>32,855</u>
Total liabilities	<u>110,149</u>	<u>118,096</u>	<u>39,712</u>	<u>41,872</u>
Net assets	<u>85,952</u>	<u>84,271</u>	<u>83,050</u>	<u>83,466</u>
Equity attributable to owners of the Company				
Share capital	38,307	38,307	111,471	111,471
Other reserves	3,969	4,690	4,431	4,431
Retained earnings/(accumulated losses)	43,676	41,274	(32,852)	(32,436)
Total equity	<u>85,952</u>	<u>84,271</u>	<u>83,050</u>	<u>83,466</u>
Total equity and liabilities	<u>196,101</u>	<u>202,367</u>	<u>122,762</u>	<u>125,338</u>

* Previously disclosed "Trade and other receivables" now being presented separately as "Trade receivables" and "Advances, deposits and other receivables" for presentation and clarity, in line with the nature of the relevant current assets

** Previously disclosed "Trade and other payables" and "Other liabilities" now being re-grouped as "Trade payables", "Accruals and other payables", "Other non-financial liabilities" and "Amount due to shareholders" for presentation and clarity, in line with the nature of the relevant current liabilities

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

	As at 31/12/2019		As at 31/12/2018	
	Secured	Unsecured	Secured	Unsecured
(US\$'000)				
(a) Amount repayable in one year or less, or on demand	16,342	-	20,723	-
(b) Amount repayable after one year	52,726	-	62,312	-
Total borrowings and securities	69,068	-	83,035	-

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 as updated which requires the Group to maintain Adjusted Tangible Net Worth of at least US\$80 million;
- (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.

In October 2019, the Group had successfully concluded a re-profiling of 2 previous loan facilities comprising of a Short Term Revolving Loan of US\$5.0 million with maturity in July 2020 and a Medium Term Loan of US\$4.5 million with maturity in October 2021 with one of its principal bankers. These 2 loan facilities had been amalgamated to a new Medium Term Loan facility of US\$9.5 million (the "New MTL").

Although there were no new proceeds being released, the previous loan facilities had been termed-out with the maturity for the New MTL being April 2025. The interest rate on the New MTL secured against the same vessels at similar LTV financial covenants has also been lowered marginally compared to the previous interest rate on a weighted average basis with respect to the previous loan facilities.

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 (US\$ '000)

	12 months ended	
	Unaudited 31/12/2019	Audited 31/12/2018
Operating activities		
Profit/(loss) before tax	2,404	(16,916)
Adjustments for:		
Net loss/(gain) on disposal of property, vessels and equipment	502	(125)
Interest income	(6)	(5)
Depreciation of property, vessels and equipment	9,511	8,626
Depreciation of right-of-use asset	65	-
Written off of other receivables	65	-
Allowance for doubtful trade debts, net	12	154
Loss on fair value changes in derivatives	-	614
Share of results of a joint venture	(92)	(631)
Finance costs	6,711	7,699
Provisions	97	150
Provision for an arbitration case	-	500
Impairment loss on property, vessels and equipment	-	16,357
Loss on disposal of joint operation	589	-
Total adjustments	17,454	33,339
Operating cash flows before changes in working capital	19,858	16,423
(Increase)/decrease in inventories	(427)	31
(Increase)/decrease in trade receivables	(8,893)	1,387
Decrease/(increase) in advances, deposits and other receivables	448	(667)
Decrease/(increase) in prepayments	164	(221)
Increase in trade payables	3,493	5,348
Decrease in accruals and other payables	(434)	(57)
Decrease in provisions	(82)	(681)
(Decrease)/increase in other non-financial liabilities	(633)	404
Total changes in working capital	(6,364)	5,544
Cash generated from operations	13,494	21,967
Interest received	6	5
Interest paid	(8,245)	(6,973)
Net cash flows generated from operating activities	5,255	14,999
Investing activities		
Purchase of property, vessels and equipment	(1,266)	(45,522)
Distribution from a joint venture	896	-
Proceeds from disposal of property, vessels and equipment	1,282	680
Proceeds from disposal of a joint operation	900	-
Addition to intangible assets	(11)	-
Net cash flows generated from / (used in) investing activities	1,801	(44,842)
Financing activities		
Proceeds from shareholder advances	3,785	-
Proceeds from shares subscription	-	26,000
Proceeds from loans and borrowings	17,279	38,320
Repayment of loans and borrowings	(31,198)	(29,687)
Repayment of lease liabilities	(84)	-
Decrease/(increase) in bank deposits pledged	15	(15)
Share issuance expenses	-	(63)
Net cash flows (used in) / generated from financing activities	(10,203)	34,555
Net (decrease)/increase in cash and cash equivalents	(3,147)	4,712
Cash and cash equivalents at beginning of the period	4,935	223
Cash and cash equivalents at end of the period (Note A)	1,788	4,935
<u>Note A: Cash and cash equivalents comprise the following at the end of the reporting period:</u>		
Cash and bank balances	2,118	4,935
Bank overdrafts	(330)	-
Net balance	1,788	4,935

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 2019	84,271	38,307	4,690	41,274
Profit for the year	2,402	-	-	2,402
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	(721)	-	(721)	-
Other comprehensive income for the year, net of tax	(721)	-	(721)	-
Balance at 31 December 2019	85,952	38,307	3,969	43,676

Group	Equity total	Share capital	Other reserves	Retained earnings
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2018	75,595	12,370	4,690	58,535
Adjustment due to first time adoption of SFRS(I) 9	(345)	-	-	(345)
Loss for the year, representing total comprehensive income for the year	(16,916)	-	-	(16,916)
Issuance of new ordinary shares in the share capital of the company	26,000	26,000	-	-
Shares issuance expenses	(63)	(63)	-	-
Balance at 31 December 2018	84,271	38,307	4,690	41,274

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 for Changes in Equity

Company	Equity total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2019	83,466	111,471	4,431	(32,436)
Loss for the year, representing total comprehensive income for the year	(416)	-	-	(416)
Balance at 31 December 2019	83,050	111,471	4,431	(32,852)

Company	Equity total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2018	74,444	85,534	4,431	(15,521)
Loss for the year representing total comprehensive income for the year	(16,915)	-	-	(16,915)
Issuance of new ordinary shares in the share capital of the company	26,000	26,000	-	-
Shares issuance expenses	(63)	(63)	-	-
Balance at 31 December 2018	83,466	111,471	4,431	(32,436)

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 30 September 2019	523,512,144	111,471
As at 31 December 2019	523,512,144	111,471

During the 3-month period ended 31 December 2019, 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\$56,000).

As at 31 December 2019, the total number of shares options outstanding were 750,000 (31 December 2018: 4,800,000).

Save as disclosed, there were no other outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2019 and 31 December 2018.

On 11 December 2018, the Company issued 262,918,394 Subscription Shares to Saeed Investment Pte. Ltd., pursuant to the terms and conditions of the Subscription Agreement, with the shares being held at HSBC (Singapore) Nominees Pte Ltd.

Mr Kum Soh Har, Michael and Madam Ong Bee Yong, Lynda are deemed interested in 262,918,394 shares in the capital of the Company which are held by Saeed Investment Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore.

Mr Wong Siew Cheong is deemed to be interested in 33,375,000 shares in the capital of the Company which are held by his spouse, Madam Chong Mee Chin.

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	
	31-12-19	31-12-18
Total number of issued shares excluding treasury shares	523,512,144	523,512,144

There were no treasury shares as at 31 December 2019 and 31 December 2018.

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.

The Group has adopted the same accounting policies and method 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 2018, except for the adoption of Singapore Financial Reporting Standards ("SFRS") (I) 16 – Leases which came into effect on 1 January 2019 while hedge accounting under SFRS (I) 9 – Financial Instruments for an interest rate hedging relationship was applied from FY2019.

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.

The Group has adopted SFRS (I) 16 – Leases which came into effect on 1 January 2019. The Group has applied a transition approach and will not be restating comparative amounts. SFRS (I) 16 introduced changes to lessee accounting where all leases (except for exemption under short term leases and leases of low value asset) are recognised in the statement of financial position as lease liabilities with the corresponding recognition of the right-of-use assets. On adoption of SFRS (I) 16, the Group has recognised a right-of-use asset of US\$0.2 million and the corresponding lease liabilities of US\$0.2 million relates to a long-term land lease. The right-of-use asset is depreciated over the term of the land lease.

With regard to SFRS (I) 9 – Financial Instruments, the Group had interest rate swap derivative contracts in place which pay fixed interest rates based on notional values and receive variable rates equal to 3 months USD LIBOR for hedging purposes as at 31 December 2019. The Group has applied hedge accounting on this interest rate hedging relationship which qualifies for cash flow hedge accounting under SFRS (I) 9 – Financial Instruments. The effective portion of the gain or loss on interest rate swap is recognised directly in other comprehensive income within other reserves, while any ineffective portion is recognised in profit or loss. The reasons for the change are that this application provides for better alignment of intention of entering into the derivatives contracts (i.e. for hedging purposes) as well as the profit and loss in the consolidated income statement being more reflective of the operational performance 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.

	12 months ended	
	31-12-19	31-12-18
Earnings / (loss) per ordinary share ("EPS / (LPS)") for the period based on net profit / (loss) attributable to owners of the Company (US\$ cents).		
Basic EPS / (LPS)	0.46	(6.15)
Diluted EPS / (LPS)	0.46	(6.15)
Weighted average number of ordinary shares on issue applicable to basic EPS / (LPS)	523,512,144	275,000,237
Weighted average number of ordinary shares on issue applicable to diluted EPS / (LPS)	523,512,144	275,000,237

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 EPS / (LPS) 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	
	31-12-19	31-12-18	31-12-19	31-12-18
Net asset value per ordinary share (US\$ cents).	16.42	16.10	15.86	15.94

The net asset value per ordinary share of the Company and the Group as at 31 December 2019 and 31 December 2018 were calculated based on 523,512,144 shares (excluding treasury shares) as at 31 December 2019 and 31 December 2018.

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

	12 months ended		
	31-12-19 ("FY2019")	31-12-18 ("FY2018")	Increase/ (Decrease) %
(US\$'000)			
Marine logistics services ("MLS")	75,491	57,823	30.6
Ship repair, fabrication and other marine services ("SRM")	1,027	978	5.0
	<u>76,518</u>	<u>58,801</u>	<u>30.1</u>

The Group's revenue for the MLS segment for FY2019 increased by US\$17.7 million or 30.6%, from US\$57.8 million in FY2018 to US\$75.5 million in FY2019. The increase in revenue was mainly attributable to increase in higher utilisation of owned vessels including all 7 new-vessels being delivered and deployed in FY2019 and cross charter-in of vessels from third parties.

The Group's revenue for the SRM segment for FY2019 increased by approximately US\$49,000 or 5.0% compared to FY2018 mainly due to the higher level of repairs works undertaken on third party vessels. The segment was mainly involved in maintenance, repairs and overhaul works for its owned vessels.

(ii) Gross profit and gross profit margin

(US\$'000)	12 months ended		
	31-12-19 ("FY2019")	31-12-18 ("FY2018")	Increase/ (Decrease) %
Gross profit			
MLS	16,642	14,646	13.6
SRM	921	702	31.2
	17,563	15,348	14.4

Gross profit margin	12 months ended	
	31-12-19 ("FY2019")	31-12-18 ("FY2018")
MLS	22.0%	25.3%
SRM	89.7%	71.8%
	23.0%	26.1%

The Group reported gross profit of US\$16.6 million for the MLS segment during FY2019, compared to a gross profit of US\$ 14.6 million in FY2018. However, MLS segment recorded a lower gross profit margin of 22.0% in FY2019 compared to 25.3% in FY2018 mainly due to lower contribution and margin contributed from cross charter vessels, expenditure incurred during scheduled dry docking and repairs as well as preparation for new charters secured.

The Group reported gross profit of US\$0.9 million for the SRM segment during FY2019, compared to gross profit of US\$0.7 million in FY2018. The increase in gross profit of US\$0.2 million in FY2019 was mainly due to higher level of repair works undertaken on third party vessels.

(iii) Other income

Other income for FY2019 was mainly due to reversals of excess provision and sales of scrap.

(iv) Marketing and distribution expenses

Marketing and distribution expenses in FY2019 decreased by US\$0.4 million or 60.4% as compared to FY2018 because of higher exhibition and consultancy expenses in FY2018.

(v) General and administrative expenses

General and administrative expenses for FY2019 decreased by US\$0.1 million or 2.6% as compared to FY2018 because of decrease in salaries and other benefits and reversal of bonus provision offset by increase in visa and recruitment expenses and depreciation of right of use of an asset in FY2019.

(vi) Finance costs

Finance costs decreased by US\$1.0 million or 12.8% to US\$6.7 million in FY2019 as compared to US\$7.7 million in FY2018 corresponding to lower amount of bank borrowings due to repayments made during the year.

(vii) Other expenses

Other expenses in FY2019 related to net loss on sale of vessels. Other expenses in FY2018 relates mainly to the impairment losses on certain vessels.

(viii) Withholding tax expense

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

(ix) Profit/(loss) before tax

The Group recorded a profit before tax of US\$2.4 million in FY2019 compared to a loss before tax of US\$16.9 million in FY2018 (which included impairment loss of vessels at US\$16.4million) mainly due to an increase in gross profit, lower finance costs and lower marketing expenses, partially offset by decrease in share of results of a joint venture, loss on disposal of joint operation and higher withholding tax.

(x) Income tax expense

There is minimal income tax expense for these periods as the Group's operations are predominantly conducted through subsidiaries which are incorporated in jurisdictions where such taxes are either exempted or not applicable.

(b) Review of financial position

(i) Non-current assets

Non-current assets decreased by US\$11.9 million from US\$181.0 million as at 31 December 2018 to US\$169.1 million as at 31 December 2019 mainly due to depreciation charges of US\$9.5 million, disposal of vessels of US\$1.7 million, reduction of asset value from disposal of a joint operation of US\$1.5 million, disposal of investment in a joint venture of US\$0.7 million, partially offset by dry docking expenses of US\$1.3 million and right-of-use asset for a long-term lease of land of US\$0.2 million.

(ii) Current assets

Current assets increased by US\$5.6 million from US\$21.4 million as at 31 December 2018 to US\$27.0 million as at 31 December 2019. This was mainly due to increase in trade receivables of US\$8.7 million mainly due to delay in payments from end charterers and contractual retention amounts accumulated for the year from an end charterer which is expected to be paid in first quarter of FY2020, increase in inventories of US\$0.4 million, partially offset by decreases mainly in cash and bank balances of US\$2.8 million as well as advances, deposits and other receivables of US\$0.4 million.

(iii) Non-current liabilities

Non-current liabilities reduced by US\$7.6 million from US\$70.8 million as at 31 December 2018 to US\$63.2 million as at 31 December 2019. This was mainly due to repayment of term loans of US\$9.6 million partially offset by the increase in other payables of US\$1.3 million, increase in the loss on fair value changes in derivatives of US\$0.6 million and lease liabilities related to a long-term land lease of US\$0.1 million.

(iv) Current liabilities

Current liabilities decreased by US\$0.3 million from US\$47.3 million as at 31 December 2018 to US\$47.0 million as at 31 December 2019, primarily due to decrease in loans and borrowings of US\$4.4 million as disclosed on Paragraph 1(b)(ii) of this announcement, accruals and other payables of US\$2.8 million, and other non-financial liabilities of US\$0.6 million, partially offset by increases in trade payables of US\$3.6 million, amount due to shareholders of US\$3.8 million which are the shareholder advances of US\$3.0 million by Saeed Investment Pte. Ltd and US\$0.8 million by CEO as disclosed on Paragraph 13 of this announcement.

(v) Net current liabilities

Net current liabilities decreased by US\$6.0 million from US\$25.9 million as at 31 December 2018 to US\$20.0 million as at 31 December 2019, primarily due to increase in current assets of US\$5.6 million and decrease in current liabilities of US\$0.3 million.

The Group will be able to continue as a going concern as there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the Group continues to expect to be able to generate sufficient cash flows from its operations as well as securing the continued support from its principal bankers (as evidenced by the re-profiling of certain facilities as mentioned in Paragraph 1b(ii) of this announcement) and other stakeholders. Please refer to the Company's announcement dated 11 April 2019 for the details on factors taken into account by the Management and the Directors in arriving at the above opinion.

(c) Liquidity and capital resources

(i) Net cash flows generated from operating activities

Net cash flows generated from operating activities amounted to US\$5.3 million in FY2019. This was mainly due to operating cash flows before changes in working capital of US\$19.9 million, partially offset by negative changes in working capital of US\$6.4 million and interest paid of US\$8.2 million.

(ii) Net cash flows generated from investing activities

Net cash flows generated from investing activities of US\$1.8 million in FY2019 was mainly due to proceeds from disposal of a joint operation of US\$0.9 million, distribution from a joint venture of US\$0.9 million and net proceeds from the disposal of three (3) vessels of US\$1.3 million, but partially offset by capitalisation of dry-docking expenses of US\$1.3 million.

(iii) Net cash flows used in financing activities

Net cash flows used in financing activities of US\$10.2 million in FY2019 was mainly due to principal repayment of bank loans of US\$31.2 million and repayment of lease liabilities of US\$0.1 million, partially offset by proceeds from loans and borrowings of US\$17.3 million, shareholder advances of US\$3.0 million by Saeed Investment Pte. Ltd and US\$0.8 million by CEO.

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

The actual results of FY2019 were broadly in line with the general prospect commentary of improving performance of the Group for FY2019 as disclosed in the unaudited financial results of the Group released on 1 March 2019.

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.

Global oil prices continue to be subdued and volatile in FY2019. The Group expects continuing competitive pressure on charter rates due to the excess tonnages in the offshore market. The Group is closely monitoring the outbreak of COVID-19, and will continue take the appropriate measures to minimise infections and the impact on the Group operations.

In addition, the Group continues to monitor the recent developments in the Gulf region especially with the geo-political tensions in the region and will take the appropriate steps to minimise the impact to the Group.

While we expect charter rates in this region to remain competitive, our fleet utilisation has continued to sustain at enhanced level in 4Q2019 of 92% vs 3Q2019 of 81% as compared to 4Q2018 of 85% vs 3Q2018 of 75%, with the overall utilisation in FY2019 being 83% which is higher as compared to FY2018 of 70%.

With regard to order books, the Group's ship chartering revenue consists of mainly long-term contracts (i.e. more than one year firm excluding extension options) with NOC in the Middle East and supported by spot contracts in the Middle East region. Approximately 85% of ship chartering revenue for FY2019 was attributed to long-term charter. As at 31 December 2019, the Group had an outstanding chartering order book of US\$88.9 million with respect to firm contracts until September 2022 (and US\$161.1 million if including extension options).

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 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)
	US\$' 000	US\$' 000
Wong Siew Cheong	US\$446,014 (Approximately S\$601,691)	-
Kum Soh Har	US\$137,750 (Approximately S\$185,830)	-

Note:

- (1) As at 31 December 2019, Mr. Wong Siew Cheong, the Executive Director and CEO had provided an aggregate of US\$7.3 million loan (the "Loan") to the Group where the Loan is unsecured, interest-bearing at interest rate of 6% 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 31 December 2019, 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. to the Group where the Advance is unsecured, interest-bearing at interest rate of 6% per annum, and is to be settled in cash.

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

14 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUCEMENT

15 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Segments	FY2019				FY2018				Increase/ (Decrease)
	MLS	SRM	Elimination	Total	MLS	SRM	Elimination	Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	%
Revenue	75,491	1,907	(880)	76,518	57,823	1,674	(696)	58,801	30.1
Cost of services	(58,849)	(986)	880	(58,955)	(43,177)	(972)	696	(43,453)	35.7
Segment Gross Profit	16,642	921	-	17,563	14,646	702	-	15,348	14.4
Finance income	1	-	-	1	1	-	-	1	N.M.
Other income	245	2	-	247	319	-	-	319	N.M.
Marketing and distribution expenses	(287)	(4)	-	(291)	(735)	-	-	(735)	(60.4)
General and administrative expenses	(4,581)	(509)	-	(5,090)	(4,552)	(561)	-	(5,113)	(0.4)
Finance costs	(6,711)	-	-	(6,711)	(7,699)	-	-	(7,699)	(12.8)
Loss on fair value changes in derivatives	-	-	-	-	(614)	-	-	(614)	N.M.
Other expenses	(502)	-	-	(502)	(16,857)	-	-	(16,857)	(97.0)
Withholding tax expense	(1,885)	-	-	(1,885)	(1,642)	-	-	(1,642)	14.8
Segment Profit/(Loss)	2,922	410	-	3,332	(17,133)	141	-	(16,992)	N.M.
Unallocated Income & Expenses									
Finance income	-	-	-	5	-	-	-	4	25.0
General and administrative expenses	-	-	-	(436)	-	-	-	(559)	(22.0)
Share of results of a joint venture	-	-	-	92	-	-	-	631	(85.4)
Loss on disposal of a joint operation	-	-	-	(589)	-	-	-	-	N.M.
Profit/(Loss) before Tax	2,922	410	-	2,404	(17,133)	141	-	(16,916)	N.M.
Income tax expense	(2)	-	-	(2)	-	-	-	-	N.M.
Profit/(Loss) for the year	2,920	410	-	2,402	(17,133)	141	-	(16,916)	N.M.

16 In the view of the performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Refer to Section 8 (i) & (ii) above.

17 **A breakdown of sales as follows**

Particulars	FY2019	FY2018	Increase/ (Decrease)
(a) Sales reported for first half year	33,282	26,562	25%
(b) Operating profit/ (loss) reported for first half year	409	(472)	N.M.
(c) Sales reported for second half year	43,236	32,239	34%
(d) Operating profit / (loss) reported for second half year	1,993	(16,444)	N.M.

18 **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable. No dividend proposed for FY2018 and FY2019.

19 **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate statement.**

Name	Age	Family relationship with director and/or substantial shareholder	Current Position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Nil	NA	NA	NA	NA

BY ORDER OF THE BOARD

Wong Siew Cheong
 Executive Director and Chief Executive Officer
 28 February 2020