

**NauticAWT Limited**  
**(Company Registration No: 201108075C)**

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## **UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2015 ("1H2015")**

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

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### **Overview of NauticAWT Limited**

NauticAWT Limited is a Singapore headquartered firm offering subsurface, subsea and surface facilities engineering services and contracting solutions to the oil and gas industry. The Group (being the Company and its subsidiaries) is engaged in field exploration, field development and field refurbishments including design life extensions and production enhancement for ageing and mature assets for its clients. It was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 23 July 2015. The Company issued 28,000,000 new shares at S\$0.20 each increasing its share capital from US\$3.2 million to US\$7.0 million.

With a global reach of 11 offices across Southeast Asia, Australasia, Middle East, Latin America and India, NauticAWT Limited provides a comprehensive range of technical and commercial solutions to the oil and gas industry. Through its multi-disciplined offerings, the Group is able to deliver customised technical greenfield development services and brownfield enhancement and extension solutions, either stand-alone or as an integrated package. The Group also produces a unique range of UHPC and HPC materials for subsurface, subsea and surface applications, which is marketed under its NAX™ trademark.

**PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**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 immediately preceding year**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<b>Group</b>		
	<b>Unaudited 1H2015 US\$</b>	<b>Unaudited 1H2014 US\$</b>	<b>Increase/ (Decrease) %</b>
Revenue	13,955,510	8,906,301	56.7
Cost of sales	(10,141,548)	(4,493,636)	N/M
Gross profit	3,813,962	4,412,665	(13.6)
Distribution expenses	(490,277)	(459,114)	6.8
Administrative expenses <sup>(1)</sup>	(6,072,768)	(1,889,304)	N/M
Other income	325,149	17,225	N/M
Finance costs	(82,978)	(372,402)	(77.7)
<b>(Loss) Profit before tax</b>	<b>(2,506,912)</b>	<b>1,709,070</b>	<b>N/M</b>
Income tax credit (expense)	159,737	(860)	N/M
<b>(Loss) Profit for the period</b>	<b>(2,347,175)</b>	<b>1,708,210</b>	<b>N/M</b>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(33,319)	(5,974)	N/M
<b>Total other comprehensive income for the period</b>	<b>(33,319)</b>	<b>(5,974)</b>	<b>N/M</b>
<b>Total comprehensive income for the period</b>	<b>(2,380,494)</b>	<b>1,702,236</b>	<b>N/M</b>
<b>(Loss) Profit attributable to:</b>			
Owners of the Company	(1,847,092)	1,708,210	N/M
Non-controlling interests	(500,083)	-	N/M
	<b>(2,347,175)</b>	<b>1,708,210</b>	<b>N/M</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(1,807,579)	1,702,236	N/M
Non-controlling interests	(572,915)	-	N/M
	<b>(2,380,494)</b>	<b>1,702,236</b>	<b>N/M</b>

N/M: Not Meaningful

Note:

(1) Included one-off initial public offering ("IPO") expenses of approximately US\$1.1 million in 1H2015. Had such expenses been excluded, loss before tax and loss after tax in 1H2015 would have been approximately US\$1.4 million and US\$1.3 million respectively.

**1(a)(ii) The total comprehensive income include the following charges (credits):**

	<b>Group</b>		
	<b>Unaudited 1H2015 US\$</b>	<b>Unaudited 1H2014 US\$</b>	<b>Increase/ (Decrease) %</b>
Depreciation of plant and equipment	396,888	433,789	(8.5)
Amortisation of intangible assets	495	-	N/M
Finance costs	82,978	372,402	(77.7)
One-off professional fees incurred in relation to the IPO	1,090,438	-	N/M
Loss on disposal of plant and equipment	47,637	-	N/M
Net foreign exchange loss	428,052	81,560	N/M
Interest income	(13,190)	-	N/M
(Over) Under provision of tax in respect of prior years	(37,405)	860	N/M

**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.**

**Consolidated Statement of Financial Position**

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>30-Jun-15</b>	<b>31-Dec-14</b>	<b>30-Jun-15</b>	<b>31-Dec-14</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and bank balances	848,271	3,412,087	21,128	69,786
Trade receivables	9,337,173	7,353,925	200,212	127,452
Other receivables	2,050,290	2,381,285	1,883,741	1,211,918
Inventories	663,005	669,956	-	-
Work in progress	130,583	274,979	-	-
Total current assets	13,029,322	14,092,232	2,105,081	1,409,156
<b>Non-current assets</b>				
Plant and equipment	5,198,679	4,443,647	467,387	-
Intangible assets	56,305	56,800	7,668	8,164
Subsidiaries	-	-	291,100	291,100
Deferred tax assets	2,246,349	2,088,759	-	-
Other receivables	68,997	559,382	2,500,436	2,447,935
Total non-current assets	7,570,330	7,148,588	3,266,591	2,747,199
<b>Total assets</b>	<b>20,599,652</b>	<b>21,240,820</b>	<b>5,371,672</b>	<b>4,156,355</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	2,944,058	3,114,127	-	-
Other payables	3,911,794	2,673,684	3,022,544	208,358
Liabilities for trade bills discounted with recourse	279,449	346,211	-	-
Bank loan and advances	1,982,742	1,894,109	496,793	-
Loan from a director	673,073	204,022	692,660	223,609
Finance leases	76,850	102,064	-	-
Provision for taxation	199,648	443,675	5,581	8,476
Total current liabilities	10,067,614	8,777,892	4,217,578	440,443
<b>Non-current liabilities</b>				
Long-term bank loan	1,175,008	700,006	-	-
Finance leases	126,491	164,841	-	-
Other payables	598,624	614,756	-	-
Total non-current liabilities	1,900,123	1,479,603	-	-
<b>Total liabilities</b>	<b>11,967,737</b>	<b>10,257,495</b>	<b>4,217,578</b>	<b>440,443</b>

	Group		Company	
	Unaudited 30-Jun-15 US\$	Audited 31-Dec-14 US\$	Unaudited 30-Jun-15 US\$	Audited 31-Dec-14 US\$
<b>Capital and reserves</b>				
Share capital	3,208,578	3,208,578	3,208,578	3,208,578
Other capital reserve	703,453	703,453	703,453	703,453
Share-based payment reserve	35,277	6,193	-	-
Foreign currency translation reserve	(169,798)	(93,160)	-	-
Accumulated profits (losses)	3,956,286	5,687,227	(2,757,937)	(196,119)
Equity attributable to owners of the Company	7,733,796	9,512,291	1,154,094	3,715,912
Non-controlling interests	898,119	1,471,034	-	-
Total equity	8,631,915	10,983,325	1,154,094	3,715,912
<b>Total liabilities and equity</b>	20,599,652	21,240,820	5,371,672	4,156,355

**1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:**

**(A) the amount repayable in one year or less, or on demand;**

30-Jun-15		31-Dec-14	
Secured	Unsecured	Secured	Unsecured
US\$	US\$	US\$	US\$
2,339,041	673,073	2,342,384	204,022

**(B) the amount repayable after one year;**

30-Jun-15		31-Dec-14	
Secured	Unsecured	Secured	Unsecured
US\$	US\$	US\$	US\$
1,301,499	-	864,847	-

#### **Details of any collateral**

##### Finance leases

The Group's obligations under finance leases are secured by the lessors' title to the plant and equipment with carrying amount of US\$345,344 as at 30 June 2015 (31 December 2014: US\$374,277).

##### Bank borrowings

The Group's bank borrowings are secured by the following:

- (a) Assignment of an insurance policy;
- (b) A charge of US\$300,000 over all term deposit accounts of a subsidiary;
- (c) Fixed and floating charge over all assets of a subsidiary; and
- (d) A personal guarantee for an unlimited amount by a director of the Company.

**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**

	<b>Group</b>	
	<b>Unaudited 1H2015 US\$</b>	<b>Unaudited 1H2014 US\$</b>
<b>Operating activities</b>		
(Loss) profit before tax	(2,506,912)	1,709,070
Adjustments for:		
Depreciation of plant and equipment	396,888	433,789
Amortisation of intangible assets	495	-
Loss on disposal of plant and equipment	47,637	-
Interest expense	82,978	703,315
Interest income	(13,190)	-
Share based payment	29,084	-
Operating cash flows before movements in working capital	(1,963,020)	2,846,174
Trade receivables	(1,983,248)	(2,081,025)
Other receivables	969,142	853,609
Inventories	6,951	(8,894)
Trade payables	(170,072)	398,172
Other payables	801,913	(190,996)
Trade bills discounted with recourse	(66,762)	(161,903)
Work in progress	144,396	(665,149)
Cash (used in) generated from operations	(2,260,700)	989,988
Income tax paid	(2,894)	(21,084)
Interest received	13,190	-
Interest paid	(82,978)	(432,402)
Net cash (used in) from operating activities	(2,333,382)	536,502
<b>Investing activities</b>		
Purchase of plant and equipment	(1,199,557)	(1,286,996)
Net cash used in investing activities	(1,199,557)	(1,286,996)
<b>Financing activities</b>		
Loan from (repayment of loan to) director	469,051	(120,133)
Bank loans raised	1,300,000	1,000,000
Loan receipts from a related party	-	1,500,000
Repayment of loan to a related party	-	(1,500,000)
Dividend paid	-	(950,000)
Advances (repayment of advances) from (to) bank	241,841	(589,077)
Repayment of finance lease payables	(63,564)	-
Repayments of bank loans	(1,474,998)	(50,000)
Proceeds from issuance of ordinary shares	-	131,250
Net cash from (used in) financing activities	472,330	(577,960)
<b>Net decrease in cash and cash equivalents</b>	<b>(3,060,609)</b>	<b>(1,328,454)</b>
Cash and cash equivalents at beginning of period	3,112,087	1,567,472
<b>Cash and cash equivalents at end of period (see note below)</b>	<b>51,478</b>	<b>239,018</b>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial period:

Cash and bank balances	848,271	539,018
Less: Bank overdraft	(496,793)	-
Less: Restricted cash	(300,000)	(300,000)
<b>Cash and cash equivalents</b>	<b>51,478</b>	<b>239,018</b>

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 comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital US\$	Share conversion reserve US\$	Other capital reserve US\$	Share-based payment reserve US\$	Foreign currency translation reserve US\$	Accumulated profits US\$	Attributable to owners of the Company US\$	Non-controlling interests US\$	Total US\$
<b>Balance at 1 January 2015</b>	3,208,578	-	703,453	6,193	(93,160)	5,687,227	9,512,291	1,471,034	10,983,325
<i>Total comprehensive income for the period</i>									
Loss for the period	-	-	-	-	-	(1,847,092)	(1,847,092)	(500,083)	(2,347,175)
Other comprehensive income for the period	-	-	-	-	(76,638)	116,151	39,513	(72,832)	(33,319)
<b>Total</b>	<b>3,208,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(76,638)</b>	<b>(1,730,941)</b>	<b>(1,807,579)</b>	<b>(572,915)</b>	<b>(2,380,494)</b>
<i>Transaction with owners recognised directly in equity</i>									
Recognition of share-based payment	-	-	-	29,084	-	-	29,084	-	29,084
<b>Balance at 30 June 2015 (unaudited)</b>	<b>3,208,578</b>	<b>-</b>	<b>703,453</b>	<b>35,277</b>	<b>(169,798)</b>	<b>3,956,286</b>	<b>7,733,796</b>	<b>898,119</b>	<b>8,631,915</b>
<b>Balance at 1 January 2014</b>	<b>77,328</b>	<b>223,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,361,446</b>	<b>1,662,227</b>	<b>-</b>	<b>1,662,227</b>
<i>Total comprehensive income for the period</i>									
Profit for the period	-	-	-	-	-	1,708,210	1,708,210	-	1,708,210
Other comprehensive income for the period	-	-	-	-	(5,974)	-	(5,974)	-	(5,974)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,974)</b>	<b>1,708,210</b>	<b>1,702,236</b>	<b>-</b>	<b>1,702,236</b>
<i>Transaction with owners recognised directly in equity</i>									
Conversion of convertible bond	3,000,000	(223,453)	703,453	-	-	-	3,480,000	-	3,480,000
Issuance of ordinary shares	131,250	-	-	-	-	-	131,250	-	131,250
<b>Total</b>	<b>3,131,250</b>	<b>(223,453)</b>	<b>703,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,611,250</b>	<b>-</b>	<b>3,611,250</b>
<b>Balance at 30 June 2014 (unaudited)</b>	<b>3,208,578</b>	<b>-</b>	<b>703,453</b>	<b>-</b>	<b>(5,974)</b>	<b>3,069,656</b>	<b>6,975,713</b>	<b>-</b>	<b>6,975,713</b>

Company	Share capital US\$	Share conversion reserve US\$	Other capital reserve US\$	Accumulated (losses) profits US\$	Total US\$
<b>Balance at 1 January 2015</b>	3,208,578	-	703,453	(196,119)	3,715,912
<i>Total comprehensive income for the period</i>					
Loss for the period	-	-	-	(2,561,818)	(2,561,818)
<b>Balance at 30 June 2015 (unaudited)</b>	<b>3,208,578</b>	<b>-</b>	<b>703,453</b>	<b>(2,757,937)</b>	<b>1,154,094</b>
<b>Balance at 1 January 2014</b>	77,328	223,453	-	18,432	319,213
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	200,874	200,876
<i>Transaction with owners recognised directly in equity</i>					
Conversion of convertible bond	3,000,000	(223,453)	703,453	-	3,480,000
Issuance of ordinary shares	131,250	-	-	-	131,250
Total	3,131,250	(223,453)	703,453	-	3,611,250
<b>Balance at 30 June 2014 (unaudited)</b>	<b>3,208,578</b>	<b>-</b>	<b>703,453</b>	<b>219,306</b>	<b>4,131,337</b>

**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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

There was no change in the Company's issued and paid-up share capital from 1 January 2015 to 30 June 2015.

Subsequent to 30 June 2015, on 3 July 2015, the then-shareholders of the Company approved the sub-division of every one (1) ordinary share ("Share") into 31,000 Shares ("Sub-Division"), whereupon the number of Shares was increased from 5,200 to 161,200,000 Shares. On 21 July 2015, 28,000,000 Shares were issued and allotted pursuant to the Company's listing on Catalist.

As at 30 June 2015, the total number of share options outstanding was 91,391 (30 June 2014: 104,115) which was granted by a subsidiary to employees.

The Company did not have any treasury shares as at 30 June 2015 and 30 June 2014.

**1(d)(iii) 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.**

	30-Jun-15	31-Dec-14
Total number of Shares (excluding treasury shares)	5,200	5,200

The Company did not have any treasury shares as at 30 June 2015 and 31 December 2014.

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

Not applicable as the Company did not have any treasury shares as at 30 June 2015.

**2. Please state whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.**

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

**3. If the figures have been audited or reviewed, please provide a statement on whether there are any qualifications or emphasis of matter.**

Not applicable.

**4. Please state whether the same accounting policies and method of computation as in the issuer's most recently audited financial statements have been followed.**

The financial information has been prepared in accordance with the same accounting policies and methods of computation as adopted in the audited financial statements of the financial year ended 31 December 2014, except as disclosed under Note 5 below and the adoption of the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which have become effective for the current financial year.

**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 adoption of the revised FRS and INT FRS as discussed in Note 4 above is not expected to result in any significant changes to the Group's accounting policies and methods of computation for the half year ended 30 June 2015.

**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.**

	1H2015	1H2014
(Loss) Earnings per ordinary share (US cents) based on:		
a. weighted average number of ordinary shares on issue	(1.15)*	1.06*
b. a fully diluted basis	(1.15)*	1.06*
Weighted average ordinary shares for calculation of:		
a. weighted average number of ordinary shares on issue	161,200,000*	161,200,000*
b. a fully diluted basis	161,200,000*	161,200,000*

\* Assuming the Sub-Division had taken place on 1 January 2014.



**7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	Group		Company	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
Net asset value per ordinary share (US cents)	4.80	5.90	0.72	2.31

The Group and Company's net asset value per ordinary share as at 30 June 2015 and 31 December 2014 are calculated based on 161,200,000 Shares (assuming the Sub-Division had taken place on 31 December 2014).

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

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

#### Review of results of operations

The Company acquired a group of subsidiaries under AWT International Pty Ltd (the "**Acquired Group**") in November 2014. A breakdown of the revenue, gross profit and gross profit margin of the Group, the Acquired Group and the Group (excluding the Acquired Group) is set out as follows:

	Revenue		Gross Profit		Gross Profit Margin*	
	1H2015 US\$ million	1H2014 US\$ million	1H2015 US\$ million	1H2014 US\$ million	1H2015 %	1H2014 %
The Group, excluding the Acquired Group	7.0	8.9	3.2	4.4	45.7	49.4
The Acquired Group	6.9	-	0.6	-	8.7	-
<b>The Group</b>	<b>13.9</b>	<b>8.9</b>	<b>3.8</b>	<b>4.4</b>	<b>27.3</b>	<b>49.4</b>

\* Gross profit margin is computed based on the actual figures

#### Revenue

The Group's revenue for 1H2015 increased by 56.7% or US\$5.0 million to US\$13.9 million, from US\$8.9 million for 1H2014. This was mainly due to revenue contribution by the Acquired Group of US\$6.9 million, partially offset by a decrease in revenue from the Group (excluding the Acquired Group) of US\$1.7 million due to reduced activities in Mexico as the country's oil and gas industry undergoes restructuring.

#### Gross profit and gross profit margin

The Group's gross profit for 1H2015 decreased by 13.6% or US\$0.6 million to US\$3.8 million, from US\$4.4 million for 1H2014. This was mainly due to a decrease of US\$1.2 million in gross profit from the Group (excluding the Acquired Group), partially offset by gross profit contribution of US\$0.6 million from the Acquired Group in 1H2015 as compared to 1H2014.

The Group's gross profit margin decreased by 22.1 percentage points, from 49.4% for 1H2014 to 27.3% for 1H2015, primarily due to margin dilution caused by the Acquired Group. Excluding the Acquired Group, the Group's gross profit margin declined by 3.7 percentage points, from 49.4% in 1H2014 to 45.7% in 1H2015 primarily due to increased engineering costs. The gross profit margin of the Acquired Group in 1H2015 was 8.7%. Historically, the Acquired Group had provided consulting services in the Subsurface and Wells business segment which carries lower profit margin as compared to other business activities of the Group, such as contracting services.

#### Distribution expenses

The Group's distribution expenses remained relatively stable at US\$0.5 million for 1H2015 and 1H2014. Distribution expenses include business development expenses, marketing costs, advertising costs and travelling expenses incurred by sales personnel.

#### Administrative expenses

A breakdown of the administrative expenses of the Group, the Acquired Group and the Group (excluding the Acquired Group) is set out as follows:

	<b>1H2015 US\$ million</b>	<b>1H2014 US\$ million</b>
The Group (excluding the Acquired Group)	2.6	1.9
The Acquired Group	2.4	-
One-off expenses incurred in relation to the IPO completed in July 2015 ("IPO Expenses")	1.1	-
<b>The Group</b>	<b>6.1</b>	<b>1.9</b>

The Group's administrative expenses increased significantly by US\$4.2 million, from US\$1.9 million in 1H2014 to US\$6.1 million in 1H2015 mainly due to the following additional expenses in 1H2015:

- i. US\$2.4 million of administrative expenses incurred by the Acquired Group. The Group is in the midst of restructuring such expenses and has implemented certain cost cutting measures (please refer to note 10 below);
- ii. US\$1.1 million of one-off IPO Expenses;
- iii. US\$0.2 million of staff costs and related expenses arising from increased headcount to meet the operational requirements of the Group; US\$0.2 million of office-related expenses as a result of higher rental and increased operational activities; and
- iv. US\$0.2 million of foreign exchange losses arising mainly due to depreciation of the Malaysian ringgit against the United States dollar.

#### Other income

Other income increased by US\$0.3 million, from US\$17,000 in 1H2014 to US\$0.3 million in 1H2015. The increase was mainly due to the rental income of US\$0.3 million arising from the sub-lease of a subsidiary's office premise.

#### Finance costs

Finance costs decreased by US\$0.3 million or 77.7%, from US\$0.4 million in 1H2014 to US\$0.1 million in 1H2015. This was mainly due to the conversion of the convertible bond into 2,080 Shares on 30 June 2014.

#### Income tax credit (expense)

The Group recorded an income tax credit of US\$160,000 in 1H2015, as compared to an income tax expense of US\$860 in 1H2014. The income tax credit was due to the recognition of deferred tax assets arising from a loss making subsidiary within the Acquired Group.

#### (Loss) Profit after tax

As a result of the above, the Group recorded a loss after tax of US\$2.3 million in 1H2015 as compared to a profit after tax of US\$1.7 million in 1H2014.

For illustrative purposes, if the results of the Acquired Group and the one-off IPO Expenses of US\$1.3 million and US\$1.1 million respectively were excluded, the Group would have recorded a profit after tax of US\$17,000 in 1H2015 as compared to a profit after tax of US\$1.7 million in 1H2014.

## **Review of Consolidated Statement of Financial Position**

### **Non-current assets**

The Group's non-current assets increased by US\$0.4 million, from US\$7.2 million as at 31 December 2014 to US\$7.6 million as at 30 June 2015. The increase was mainly due to the following:

- i. an increase in plant and equipment of US\$0.7 million, mainly due to acquisition of factory equipment for the production facility in Malaysia and renovation costs for Singapore's new head office premise;
- ii. an increase in deferred tax assets of US\$0.2 million arising from a subsidiary within the Acquired Group due to its operating tax losses; and
- iii. a decrease in other receivables of US\$0.5 million due to refund of the security deposit by a landlord pertaining to the rental of office premise.

### **Current assets**

The Group's current assets decreased by US\$1.1 million, from US\$14.1 million as at 31 December 2014 to US\$13.0 million as at 30 June 2015. The decrease was mainly due to the following:

- i. a decrease in cash and bank balances of US\$2.6 million (please refer to the review of cash flows below);
- ii. a decrease in other receivables of US\$0.3 million arising from the utilisation of withholding taxes to offset against tax liabilities;
- iii. a decrease in work in progress of US\$0.2 million; and
- iv. an increase in trade receivables of US\$2.0 million mainly attributed to revenue recognised towards the end of 1H2015.

### **Non-current liabilities**

The Group's non-current liabilities increased by US\$0.4 million, from US\$1.5 million as at 31 December 2014 to US\$1.9 million as at 30 June 2015. The increase was mainly due to the non-current portion of a 24-month term loan drawdown in June 2015.

### **Current liabilities**

The Group's current liabilities increased by US\$1.3 million, from US\$8.8 million as at 31 December 2014 to US\$10.1 million as at 30 June 2015. The increase was mainly due to the following:

- i. an increase in other payables of US\$1.0 million mainly pertaining to the IPO and office-related costs;
- ii. an increase in loan from a director of US\$0.5 million which was used for the Group's working capital; and
- iii. a decrease in trade payables of US\$0.2 million.

### **Working capital**

The Group reported a positive working capital of US\$3.0 million as at 30 June 2015 as compared to US\$5.3 million as at 31 December 2014.

## **Review of cash flows**

### **Operating activities**

Net cash used in operating activities in 1H2015 amounted to US\$2.3 million of which US\$1.3 million deficit was attributed by the Acquired Group and US\$1.1 million was the one-off IPO Expenses. The Group had a net cash outflow of US\$2.0 million from its operating activities before changes in working capital. Working capital movement included an increase in trade and other receivables of US\$1.0 million, an increase in trade and other payables of US\$0.6 million and a decrease in work in progress of US\$0.1 million.

### **Investing activities**

Net cash used in investing activities in 1H2015 amounted to US\$1.2 million due to additions of plant and equipment which mainly attributed to the acquisition of factory equipment for the production facility in Malaysia and renovation costs for Singapore's new head office premise.

### **Financing activities**

Net cash from financing activities for 1H2015 amounted to US\$0.5 million mainly due to a loan from a director of US\$0.5 million and proceeds from bank borrowings of US\$1.5 million, which were partially offset by the repayment of bank borrowings of US\$1.5 million.

As a result of the above, the Group's cash and cash equivalents decreased by US\$3.0 million, from US\$3.1 million as of 31 December 2014 to US\$51,000 as of 30 June 2015, net of fixed deposit pledged and bank overdraft.

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

The unaudited financial results for 1H2015 set out in this announcement are in line with the profit guidance announcement released by the Company on 4 September 2015.

**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.**

Oil price volatility continues to impact the sector as field activities are postponed pending pricing stability. Since the listing of the Company in July 2015, there had been unexpected and rapid deterioration in the business prospects for the oil and gas industry, with many oil majors and operators undertaken extensive restructuring with numerous activities deferred. This has affected the Group, particularly the Acquired Group which specialises in the Subsurface and Wells business segment.

In response to prevailing challenging market conditions, we have commenced restructuring of the Acquired Group in 2H2015 through reorganisation and implementation of certain cost cutting measures. The Acquired Group will reduce its operational footprint in the Subsurface and Wells business segment in Australia due to significant reduction in activity in this market, and focus on the Asia and the Middle East markets. Our intention is to streamline certain support functions to be centrally managed by our Singapore headquarters, and this is expected to result in an estimated annual savings of approximately US\$480,000 (excluding one-off restructuring cost).

Our business outlook is expected to remain very challenging. In conjunction with our continued efforts to manage costs, we will implement our growth strategy of marketing our expanded portfolio of services to existing clients and new markets as well as strengthening our offering of contracting services. Furthermore, we will actively increase our marketing activities to diversify our revenue base especially in the area of mature field production enhancement solutions, sustainable field abandonment and the renewable energy sector.

**11. If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

None.

**(b)(i) Amount per share**

Not applicable.

**(b)(ii) Previous corresponding period**

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

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

No dividend has been declared or recommended for the current financial period reported on.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii). There was no interested person transaction of more than S\$100,000 under Rule 920(1)(a)(ii) for the half year ended 30 June 2015.

**14. Negative confirmation by the Board pursuant to Rule 705(5)**

On behalf of the board of directors ("Board") of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board which may render the unaudited financial statements and dividend announcement for the half year ended 30 June 2015 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

Lim How Teck  
Chairman and Independent Director

John Grønbech  
Executive Director and CEO

**BY ORDER OF THE BOARD**

**John Grønbech**  
Executive Director and CEO  
11 September 2015