NauticAWT Limited

(Company Registration Number: 201108075C)
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

Pursuant to Rule 704(4) of the Listing Rules (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), the board of directors (the "**Board**" or the "**Directors**") of NauticAWT Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditor, Deloitte & Touche LLP, had without modifying their opinion, included a Material Uncertainty Related to Going Concern in its report (the "**Independent Auditor's Report**") on the consolidated financial statements of the Group for the financial year ended 31 December 2018 ("**FY2018**") (the "**Audited Financial Statements**"). A copy of the Independent Auditor's report, and the extract of the relevant note 1 to the Audited Financial Statements are annexed to this announcement as Appendix I and Appendix II respectively.

The validity of the going concern assumption of the Group is contingent upon:

(a) the Group's negotiations with third parties to secure additional funding for operations through the placement of new shares of the Company;

(b) the Group continuing to receive support from its existing banks; and

(c) the Group is able to generate sufficient cash flows from its operations based on management's ability to secure new contracts from customers.

Notwithstanding the above, the Board is satisfied that the use of the going concern assumption in the preparation and presentation of the financial statements is appropriate as the management of the Company is currently in negotiations for the above and believes that the above will take place.

Additionally, the Board (i) is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for the trading of the Company's shares to continue.

The Independent Auditor's Report and a complete set of the Group's Audited Financial Statements will form part of the Company's annual report for FY2018 ("**FY2018 Annual Report**") which will be released on SGXNET and sent to the shareholders of the Company in due course. Shareholders of the Company are advised to read this announcement in conjunction with the FY2018 Annual Report.

By Order of the Board

John Grønbech
Executive Director and CEO
12 April 2019

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

The contact person for the Sponsor is Ms Alicia Sun, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.

Extracted from the Independent Auditor's Report to the Audited Financial Statements of NauticAWT Limited for the financial year ended 31 December 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NAUTICAWT LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of NauticAWT Limited (the "**company**") and its subsidiaries (the "**group**") which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at December 31, 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 146.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at December 31, 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Extracted from the Independent Auditor's Report to the Audited Financial Statements of NauticAWT Limited for the financial year ended 31 December 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the accompanying financial statements which indicates that as at December 31, 2018, the group's current liabilities exceeded its current assets by US$4,624,661 and the group recorded a loss of US$4,983,375 for the financial year then ended. In addition, the group was in a capital deficiency position of US$3,122,757 and breached its financial covenants on bank loans of US$205,197 as at December 31, 2018.

The going concern assumption of the group is dependent on the group being able to secure additional funding through a placement exercise for new shares of the company, obtain continued support from its existing banks, and secure new contracts from customers.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the group's and the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

APPENDIX I

Extracted from the Independent Auditor's Report to the Audited Financial Statements of NauticAWT Limited for the financial year ended 31 December 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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Key audit matter	How the matter was addressed in the audit
Revenue recognition The group offers engineering and contracting services for field exploration, field development and field refurbishments including design life extensions and production enhancement for offshore and marine infrastructures. The duration of these projects may range from short-term to mid-term and some of the projects may cross over the financial year reporting period end (Notes 11 and 27). Due to the nature and timing of the engineering services rendered by the group, the group has entered into fixed price contracts with customers for the provision of engineering design works, installation services (including mobilisation of equipment), engineering labour hours or delivery of materials. Subsequent changes to original contracts are supported by variation orders agreed with and acknowledged by customers. Contract revenue is recognised based on the stage of completion of the contract, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The group becomes entitled to invoice customers for work performed based on achieving a series of performance related milestones. The stage of completion of the contracts are dependent upon the following key estimates or judgement areas: • total budgeted project costs, including total anticipated costs to complete the projects for projects outstanding at the end of the reporting period; • completeness of cost incurred for the projects to date; • changes to the budgeted costs as a result of variation orders with customers.	We evaluated the appropriateness of management's controls over the review and determination of the revenue to be recognised and the consequential contract assets. We agreed total contracted revenue to the original signed customer contracts and approved variation orders. We assessed the basis of revenue recognition for the group's significant contracts and corresponding stage of completion by examining the assumptions behind estimated costs to complete, challenging the reasonableness of these in light of supporting evidence. We recomputed the stage of completion assessed by management based on the actual costs incurred for project life over total budgeted costs. We tested the actual cost incurred by agreeing to supplier invoices, engineer timesheets acknowledged by customers and other documentation and performed cutoff testing for project costs. We performed a retrospective review of the budgeted costs against the actual costs for projects completed during the year. We have also assessed and validated the adequacy and appropriateness of the disclosures in Note 3 to the financial statements under key sources of estimation uncertainty for revenue recognition.

Extracted from the Independent Auditor's Report to the Audited Financial Statements of NauticAWT Limited for the financial year ended 31 December 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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Key audit matter	How the matter was addressed in the audit
Impairment assessment of property, plant and equipment and intangible assets	
The property, plant and equipment ("**PPE**") and intangible assets are quantitatively significant items on the consolidated statement of financial position with a carrying amount as at December 31, 2018 of US$7,299,905 and US$1,109,606 respectively (Note 13 and Note 15). The PPE primarily comprise of freehold land and building, and other equipment and machinery that supports the group's operations. The intangible assets mainly pertain to capitalisation of costs for the development of proprietory material. The group has recorded a loss of US$4,983,375 for the year ended December 31, 2018. Management is required to carry out an impairment assessment of PPE and intangible assets where there are indicators of impairment. Where there are indicators of impairment, significant judgement and estimation is required in determining the recoverable amount of these PPE and intangible assets. The recoverable value is the higher of fair value less cost to sell and value-in-use ("**VIU**"). The impairment assessment involved significant judgement and estimates such as growth rates, gross profit margin and discount rates to determine the VIU.	We evaluated the appropriateness of management's controls over the assessment of impairment of PPE and intangible assets. Where there are indicators of impairment, we assessed and evaluated the estimation of future cash flows, and challenged management's underlying assumptions, such as growth rates, gross profit margin and discount rates used in estimating and discounting the future cash flow projections by benchmarking against historical data/trend, market outlook and our knowledge of the business operations. We performed a comparison of the estimation of future cash flow projections in the previous year to the actual cash flow achieved to support the reliability and reasonableness of management's assumptions and estimates used in the future cash flow projections in the prior year. The disclosure of the above significant estimates is provided in Note 3 to the financial statements, and further information related to the PPE and intangible assets are provided in Notes 13 and 15 to the financial statements respectively.

Extracted from the Independent Auditor's Report to the Audited Financial Statements of NauticAWT Limited for the financial year ended 31 December 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NAUTICAWT LIMITED

Information Other than the Financial Statements and Auditor's Report Theron

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

APPENDIX I

Extracted from the Independent Auditor's Report to the Audited Financial Statements of NauticAWT Limited for the financial year ended 31 December 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Extracted from the Independent Auditor's Report to the Audited Financial Statements of NauticAWT Limited for the financial year ended 31 December 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Panjabi Sanjay Gordhan.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 12, 2019

APPENDIX II

Extracted from Note 1 to the Audited Financial Statements of NauticAWT Limited for the financial year ended 31 December 2018

Material Uncertainty Related to Going Concern

As at December 31, 2018, the group's current liabilities exceeded its current assets by US$4,624,661 (December 31, 2017 : US$3,022,793) and the group recorded a loss of US$4,983,375 (2017 : US$6,270,228) for the financial year then ended. In addition, the group is in a capital deficiency position of US$3,122,757 as at December 31, 2018 (December 31, 2017 : total equity of US$793,349). The group's current liabilities of US$8,138,460 (December 31, 2017 : US$9,548,010) include bank loans and advances amounting to US$697,956 (December 31, 2017 : US$1,915,932). The group breached its financial covenants on bank loans amounting to US$205,197 (December 31, 2017 : US$1,301,810) as the group did not fulfil the minimum tangible net worth requirement as at December 31, 2018. The loans have been classified as current in the financial statements as they are repayable on demand due to the breach of loan covenants.

At the date of these financial statements, the validity of the going concern assumption of the group is contingent upon:

(a) the group's negotiations with third parties to secure additional funding for operations through the placement of new shares of the company as disclosed in Note 40;

(b) the group continuing to receive support from its existing banks; and

(c) the group is able to generate sufficient cash flows from its operations based on management's ability to secure new contracts from customers.

The above matters indicate that a material uncertainty exists, that may cast significant doubt on the group's and the company's ability to continue as a going concern, and therefore may be unable to realise their assets and discharge their liabilities in the normal course of the business. Nevertheless, management believes that the above negotiations with third parties will be concluded successfully and that the strategies put in place to improve the operating performance and financial position of the group and the company will allow the group and the company to continue in operational existence for at least the next 12 months from the date of these financial statements. Hence, management has continued to adopt the going concern assumption in the preparation of these financial statements.

Should the group be unable to complete the negotiations and successfully secure the additional funding to repay these loans and other current liabilities, the group and the company may not have sufficient funds to fulfil its financial obligations as and when they fall due, affecting its ability to continue as a going concern.

If the going concern assumption is no longer applicable, adjustments may have to be made to reflect the condition that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts which they are currently recorded in the statements of financial position. In addition, the group and the company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. No adjustments have been made in these financial statements in this respect.