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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Material Uncertainty related to Going Concern on the Audited Financial Statements for the Financial Year Ended 31 December 2019

Pursuant to Rule 704(4) of Section B of the Singapore Exchange Securities Trading Limited ("**SGXST**") Listing Manual ("**Catalist Rules**"), the Board of Directors (the "**Board**") of NauticAWT Limited (the "Company", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's Independent Auditors, Foo Kon Tan LLP (the "**Auditors**") has, without modifying its opinion, included a material uncertainty relating to going concern in respect of the Group's and Company's ability to continue as a going concern in its report (the "**Independent Auditors' Report**") on the audited financial statements of the Group for the financial year ended 31 December 2019 (the "**Audited Financial Statements**").

The Board is of the opinion that the Company will be able to operate as a going concern on the basis as set out in Note 2(a) to the Audited Financial Statements and that the continuing use of the going concern assumption in the preparation of the financial information is appropriate on the following bases:

(i) the Group has continuous support from the existing bankers; and

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

A copy of the Independent Auditors' Report and an extract of Note 2(a) to the Audited Financial Statements are attached to this announcement for information.

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 trading of the Company's shares to continue. Shareholders of the Company are advised to read the Audited Financial Statements in its annual report for financial year ended 31 December 2019, which will be published on 15 April 2020 and dispatched in due course.

By Order of the Board

John Grønbech

Executive Director and CEO

15 April 2020

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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, UOB Kay Hian Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Independent auditor's report to the members of NauticAWT Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the 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 31 December 2019, and 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 for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the statement of financial position 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 of the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the financial statements, which indicates that as at 31 December 2019, the Group's current liabilities exceeded its current assets by US$342,821 (2018 - US$4,624,661) and the Group recorded a loss of US$213,942 (2018 - US$4,983,375) for the financial year then ended. As stated in Note 2(a), these events or conditions, along with other matters as set forth in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Group and Company were unable 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.

Independent auditor's report to the members of NauticAWT Limited (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the Key Audit Matter
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 8 and 21). 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 cut-off testing for project costs. The disclosure of the above significant estimates is provided in Note 2(d) to the financial statements, and further information related to the revenue are provided in Notes 21 and 34, respectively, to the financial statements.

Independent auditor's report to the members of NauticAWT Limited (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the Key Audit Matter
Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets The property, plant and equipment ("PPE"), right-of-use assets and intangible assets are quantitatively significant items on the consolidated statement of financial position with a carrying amount as at 31 December 2019 of US$5,361,325 (2018 – US$7,299,905), US$117,345 (2018 – US$Nil) and US$1,124,332 (2018 – US$1,109,606), respectively (Note 3, Note 4 and Note 5). The PPE primarily comprise of freehold land and building, and other equipment and machinery that supports the Group's operations. The right-of-use assets arise from lease of office premises. The intangible assets mainly pertain to capitalisation of costs for the development of proprietary material. The Group has recorded a loss of US$213,942 for the year ended 31 December 2019. Management is required to carry out an impairment assessment of PPE, right-of-use assets 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, right-of-use assets and intangible assets. The recoverable amount 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, which is higher than the fair value less cost to sell.	We evaluated the appropriateness of management's controls over the assessment of impairment of PPE, right-of-use assets 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 2(d) to the financial statements, and further information related to the PPE, right-of-use assets and intangible assets are provided in Notes 3, 4 and 5, respectively, to the financial statements.

Independent auditor's report to the members of NauticAWT Limited (Cont'd)

Other Information

Management is responsible for the other information. The other information comprises the Directors' statement but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

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 and the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's and the Company'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.

Independent auditor's report to the members of NauticAWT Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- 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.

- 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.

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

- 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 and the Company'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 and the Company to cease to continue as a going concern.

- 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.

- 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.

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 period 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.

Independent auditor's report to the members of NauticAWT Limited (Cont'd)

Other matter

The financial statements for the year ended 31 December 2018 were audited by another firm of auditors whose report dated 12 April 2019 expressed an unmodified opinion on those financial statements.

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 Ang Soh Mui.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore
15 April 2020

Extracted from Note 2(a) to the Audited Financial Statements of NauticAWT Limited and its subsidiaries for the financial year ended 31 December 2019

2(a) Basis of preparation

Material Uncertainty Related to Going Concern

As at 31 December 2019, the Group's current liabilities exceeded its current assets by US$342,821 (2018 - US$4,624,661) and the Group recorded a loss of US$213,942 (2018 - US$4,983,375) for the financial year then ended. The Group's current liabilities of US$6,369,255 (2018 - US$7,919,318) include bank loans and advances amounting to US$582,229 (2018 - US$697,956).

The cash flow projection for the next 12 months including the offsetting of any current liabilities from the reporting date prepared by management resulted in a positive net cash balance. The ability of the Group to continue as a going concern is dependent on the generation of sufficient revenue. The directors believe that the Group will have sufficient cash resources to satisfy its working capital requirements within the next 12 months after the financial year ended 31 December 2019 to enable it to continue operations and meet its liabilities as and when they fall due. Accordingly, the Group and Company continue to adopt the going concern basis in preparing its financial statements. These financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.