NauticAWT Limited

(Company Registration Number: 201108075C)

(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST")

The Board of Directors (the "**Board**" or "**Directors**") of NauticAWT Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the following in response to the queries raised by the SGX-ST in relation to, the announcement released by the Company on 15 April 2020 on material variances between unaudited financial results announcement and the audited financial statements for the financial year ended 31 December 2019 (the "**Announcement**").

Unless otherwise defined, capitalized terms used herein shall bear the same meaning ascribed to them as in the Announcement.

SGX Query 1:

How and why did the material variances occur?

SGX Query 2:

Other Income was understated by US$2.0 million. What constitutes "Other Income"? How and why did this discrepancy occur?

Response:

The key material variance which led to the increase of Other Income by approximately US$2.05 million arose from the Debt Restructuring exercise which was completed as announced on 13 December 2019. This was made up of the gain on share issuance for debt restructuring of approximately US$1.95 million and gain on present value of non-current debt restructuring payables of approximately US$0.09 million.

The Debt Restructuring exercise involved multiple Settlement Agreements entered into on 24 September 2019 consisting of various terms towards different group of creditors including Bond A and Bond B Bondholders, and Other Creditors comprises former and current directors, employees and other creditors. In addition, certain amounts were settled in a combination of shares and cash payable in accordance with a payment instalment plan. The Settlement Agreements were conditional upon completion of Proposed Subscription entered into as announced on 10 July 2019.

In the unaudited results announced on 27 February 2020, the Company had accounted for the Settlement Shares at the issue price of US$0.02675, which was the issue price set out in the Settlement Agreement and which management believes reflects the fair value of the Settlement Shares issued. Subsequent to the release of the unaudited results, management had discussed with the auditors and concurred that the market price of the Company as at the Completion date of the Debt Restructuring of US$0.00739 would be a better approximation of the fair value of the Settlement Shares as such shares were only issued then. This change led to the gain which was recognised as Other Income in the audited financial statements.

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SGX Query 3:

What are the Audit Committee and Sponsor's views on adequacy of the finance function?

SGX Query 4:

What are the current controls in place with regards its financial reporting process and what are the Company's plans moving forward to improve this process?

Response:

The Audit Committee and Sponsor note that the current key financial personnel have been with the Company for many years and are experienced and qualified finance and accounting personnel. From review and enquires made with the auditors, there were no financial reporting issues noted in the past nor had any concerns been raised by the auditors on the adequacy or competency of the finance team. It is recognised that the material variance between the audited and unaudited results arose from the Debt Restructuring exercise, which is a one-off complex transaction with tight timelines and such transactions are not expected to be recurring. Nonetheless, the Sponsor has advised the Company to consult the auditors or other professionals on a timely basis should there be future transactions involving more complex accounting estimates or judgement and the Company has accepted this recommendation.

The financial reports are reviewed and approved by management and subsequently presented to the Audit Committee and then the Board for approval. The Audit Committee notes that the material variance did not arise as a result of any weaknesses of reporting process or internal controls and that neither the external nor internal auditors had highlighted any issues over the controls over financial report, and as such considers the current controls adequate. However, the Audit Committee will continually assess the adequacy of the controls and finance team in response to future developments in the Group business and environment.

By Order of the Board
John Grønbech
Executive Director and CEO
17 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 (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**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.

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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.
