

NauticAWT Limited
(Company Registration No: 201108075C)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2017 (“1H2017”)

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Advisors Private Limited (“**Sponsor**”), 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.*

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 correctness of any of the statements or opinions made or reports contained in this announcement.

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SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

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 and renewable energy industries. 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.

With a global reach of 12 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

	Group		
	Unaudited 1H2017 US\$	Unaudited 1H2016 US\$	Increase/ (Decrease) %
Revenue	8,196,771	10,732,206	(23.6)
Cost of sales	(5,990,986)	(8,015,851)	(25.3)
Gross profit	2,205,785	2,716,355	(18.8)
Distribution expenses	(206,596)	(329,317)	(37.3)
Administrative expenses	(3,207,448)	(3,664,708)	(12.5)
Other income	98,341	488,508	(79.9)
Finance costs	(291,899)	(110,263)	N/M
Loss before tax	(1,401,817)	(899,425)	55.9
Income tax credit	-	74,315	(100.0)
Loss for the period	(1,401,817)	(825,110)	69.9
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(37,078)	(80,915)	(54.2)
Total other comprehensive loss for the period	(37,078)	(80,915)	(54.2)
Total comprehensive loss for the period	(1,438,895)	(906,025)	58.8
Loss attributable to:			
Owners of the Company	(1,375,503)	(573,834)	N/M
Non-controlling interests	(26,314)	(251,276)	(89.5)
	(1,401,817)	(825,110)	69.9
Total comprehensive loss attributable to:			
Owners of the Company	(1,409,264)	(638,563)	N/M
Non-controlling interests	(29,631)	(267,462)	(88.9)
	(1,438,895)	(906,025)	58.8

N/M: Not Meaningful

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

	Group		
	Unaudited 1H2017 US\$	Unaudited 1H2016 US\$	Increase/ (Decrease) %
Depreciation of property, plant and equipment	441,424	464,602	(5.0)
Amortisation of intangible assets	15,108	495	N/M
Finance costs	291,899	110,263	N/M
Write-off of bad debts	-	3,818	(100.0)
Write-off of obsolete inventories	9,838	63,140	(84.4)
Loss on disposal of plant and equipment	1,615	-	N/M
Net foreign exchange gain	(134,213)	(97,720)	37.3
Interest income	(79)	(71)	11.3

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
	US\$	US\$	US\$	US\$
<u>ASSETS</u>				
Current assets				
Cash and bank balances	682,406	653,642	4,890	31,700
Trade receivables	9,773,344	11,941,452	7,700,790	7,655,463
Other receivables	3,266,351	2,856,214	3,888,897	2,897,734
Inventories	399,387	276,195	-	-
Work in progress	5,998	18,142	-	-
Total current assets	14,127,486	15,745,645	11,594,577	10,584,897
Non-current assets				
Property, plant and equipment	8,863,388	8,961,576	713,460	792,765
Goodwill	317,425	317,425	-	-
Intangible assets	547,027	401,281	498,391	352,645
Investment in subsidiaries	-	-	1,041,124	1,031,124
Investment in joint ventures	581,871	11,871	-	-
Deferred tax assets	638,232	607,732	-	-
Other receivables	-	-	2,710,436	2,657,936
Total non-current assets	10,947,943	10,299,885	4,963,411	4,834,470
Total assets	25,075,429	26,045,530	16,557,988	15,419,367
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	3,380,744	2,215,015	-	-
Other payables	7,499,907	7,654,860	9,606,450	7,194,886
Government grant received	355,130	355,130	355,130	355,130
Liabilities for trade bills discounted with recourse	978,173	2,065,487	-	-
Bank loan and advances	1,692,865	2,177,890	771,636	885,257
Loan from directors	523,350	326,000	523,350	326,000
Finance leases	67,508	62,639	-	-
Income tax payable	316,088	394,893	-	-
Total current liabilities	14,813,765	15,251,914	11,256,566	8,761,273
Non-current liabilities				
Long-term bank loan	3,261,646	3,229,409	-	40,179
Finance leases	41,910	52,850	-	-
Deferred tax liabilities	101,091	98,774	-	-
Other payables	1,116,400	222,900	1,000,000	-
Total non-current liabilities	4,521,047	3,603,933	1,000,000	40,179
Total liabilities	19,334,812	18,855,847	12,256,566	8,801,452
Capital and reserves				
Share capital	7,248,183	7,248,183	7,248,183	7,248,183
Other capital reserve	718,247	718,247	718,247	718,247
Share options reserve	54,013	64,184	101,337	101,337
Foreign currency translation reserve	49,200	82,961	-	-
Accumulated losses	(1,714,711)	(339,208)	(3,766,345)	(1,449,852)
Equity attributable to owners of the Company	6,354,932	7,774,367	4,301,422	6,617,915
Non-controlling interests	(614,315)	(584,684)	-	-
Total equity	5,740,617	7,189,683	4,301,422	6,617,915
Total liabilities and equity	25,075,429	26,045,530	16,557,988	15,419,367

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-17		31-Dec-16	
Secured	Unsecured	Secured	Unsecured
US\$	US\$	US\$	US\$
2,738,546	756,150	4,306,015	437,450

(B) the amount repayable after one year;

30-Jun-17		31-Dec-16	
Secured	Unsecured	Secured	Unsecured
US\$	US\$	US\$	US\$
3,303,556	1,116,400	3,282,259	222,900

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\$163,919 as at 30 June 2017 (31 December 2016: US\$230,265) and the finance lease on a motor vehicle is guaranteed by a director.

Bank borrowings

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

- (a) Assignment of an insurance policy;
- (b) A charge of US\$372,610 (31 December 2016: US\$369,140) over all term deposit accounts of two subsidiaries (31 December 2016: two subsidiaries);
- (c) Fixed charge over all assets of three subsidiaries (31 December 2016: three subsidiaries);
- (d) Fixed and floating charge over all assets of a subsidiary (31 December 2016: a subsidiary); and
- (e) A charge over the property of a subsidiary (31 December 2016: a subsidiary).

As at 30 June 2017, the Group has breached certain bank covenants in relation to loans from its principal bankers since the Group did not fulfil the minimum tangible net worth requirement. However, this is expected to be rectified in 2H2017 based on the Group's internal budget. Nevertheless, the Group has managed to obtain an agreement from the bank to waive the breach of this covenant. At the date of the announcement, the bank has not requested any repayment of any loans.

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

	Group	
	Unaudited 1H2017 US\$	Unaudited 1H2016 US\$
Operating activities		
Loss before tax	(1,401,817)	(899,425)
Adjustments for:		
Depreciation of property, plant and equipment	(A) 414,149	464,602
Amortisation of intangible assets	15,108	495
Loss on disposal of plant and equipment	1,615	-
Write-off of bad debts	-	3,818
Write-off of obsolete inventories	9,838	63,140
Interest expense	291,899	110,263
Interest income	(79)	(71)
Share based payment	(10,171)	(28,647)
Operating cash flows before movements in working capital	(679,458)	(285,825)
Trade receivables	2,168,108	(280,188)
Other receivables	(410,137)	(1,162,769)
Inventories	(133,030)	306,553
Trade payables	1,165,729	2,752,672
Other payables	1,021,858	(542,678)
Liabilities for trade bills discounted with recourse	(1,087,314)	(311,565)
Work in progress	12,144	(208,299)
Cash generated from operations	2,057,900	267,901
Interest received	79	71
Interest paid	(291,899)	(110,263)
Net cash from operating activities	1,766,080	157,709
Investing activities		
Purchase of property, plant and equipment	(B) (772,228)	(600,596)
Addition of intangible assets	(A) (133,579)	-
Investment in joint venture	(570,000)	-
Prepayment in relation to the acquisition of freehold land and production facility	-	(2,527,412)
Net cash used in investing activities	(1,475,807)	(3,128,008)
Financing activities		
Loan from directors	197,350	100,000
Proceeds from bank loans	-	2,808,669
Loan receipts from a related party	-	372,900
Government grant received	-	214,998
Advances (Repayment of advances) from (to) bank	46,164	(27,382)
Repayment of finance lease payables	(6,071)	(46,231)
Repayments of bank loans	(638,460)	(648,419)
Expenses incurred in connection with the IPO	(C) -	(87,676)
Net cash (used in) from financing activities	(401,017)	2,686,859
Net decrease in cash and cash equivalents	(110,744)	(283,440)
Cash and cash equivalents at beginning of period	(302,711)	62,954
Effects of exchange rate changes on balance of cash held in foreign currencies	(3,470)	(3,378)
Cash and cash equivalents at end of period (see note below)	(416,925)	(223,864)

Notes:

- (A) The Group capitalised intangible assets at an aggregate cost of US\$160,854 (2016: US\$Nil) of which cash payment of US\$133,579 (1H2016: US\$Nil) were paid during 1H2017. The remaining US\$27,275 (1H2016: US\$Nil) was pertaining to capitalisation of depreciation charge of laboratory equipment.
- (B) In the financial year ended 31 December ("FY") 2016, the Group acquired property, plant and equipment at an aggregate cost of US\$4,890,935 of which cash payment of US\$4,409,867 were paid during the year. US\$481,068 remains unpaid as at 31 December 2016 and was recorded under "Other Payables". During 1H2017, the Group paid US\$459,751 and US\$21,317 remains unpaid as at 30 June 2017.
- In 1H2017, the Group acquired property, plant and equipment at an aggregate cost of US\$344,852 of which cash payment of US\$312,477 were paid during the period. US\$32,375 remains unpaid as at 30 June 2017 and was recorded under "Other Payables".
- (C) The Company incurred total IPO share issue expenses of US\$1,450,471 in FY2015 and FY2014 of which US\$1,196,422 and US\$182,531 had been paid during FY2015 and FY2016 respectively. During 1H2017, no cash payment was made in respect of the Company's IPO and US\$71,518 (31 December 2016: US\$71,518) remains unpaid as at 30 June 2017 and was recorded under "Other Payables".

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

	Group	
	Unaudited 1H2017 US\$	Unaudited 1H2016 US\$
Cash and bank balances	682,406	644,348
Less: Bank overdraft	(726,721)	(494,082)
Less: Restricted cash	(372,610)	(374,130)
Cash and cash equivalents	(416,925)	(223,864)

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\$	Other capital reserve US\$	Share options reserve US\$	Foreign currency translation reserve US\$	Accumulated losses US\$	Attributable to owners of the Company US\$	Non- controlling interests US\$	Total US\$
Balance at 1 January 2017	7,248,183	718,247	64,184	82,961	(339,208)	7,774,367	(584,684)	7,189,683
<i>Total comprehensive loss for the period</i>								
Loss for the period	-	-	-	-	(1,375,503)	(1,375,503)	(26,314)	(1,401,817)
Other comprehensive loss for the period	-	-	-	(33,761)	-	(33,761)	(3,317)	(37,078)
Total	-	-	-	(33,761)	(1,375,503)	(1,409,264)	(29,631)	(1,438,895)
<i>Transaction with owners recognised directly in equity</i>								
Recognition of share-based payment	-	-	(10,171)	-	-	(10,171)	-	(10,171)
Balance at 30 June 2017 (unaudited)	7,248,183	718,247	54,013	49,200	(1,714,711)	6,354,932	(614,315)	5,740,617
Balance at 1 January 2016	7,248,183	718,247	7,604	(157,679)	(1,052,769)	6,763,586	(551,722)	6,211,864
<i>Total comprehensive loss for the period</i>								
Loss for the period	-	-	-	-	(573,834)	(573,834)	(251,276)	(825,110)
Other comprehensive loss for the period	-	-	-	(64,729)	-	(64,729)	(16,186)	(80,915)
Total	-	-	-	(64,729)	(573,834)	(638,563)	(267,462)	(906,025)
<i>Transaction with owners recognised directly in equity</i>								
Recognition of share-based payment	-	-	(28,647)	-	-	(28,647)	-	(28,647)
Balance at 30 June 2016 (unaudited)	7,248,183	718,247	(21,043)	(222,408)	(1,626,603)	6,096,376	(819,184)	5,277,192

Company	Share capital US\$	Other capital reserve US\$	Share options reserve US\$	Accumulated losses US\$	Total US\$
Balance at 1 January 2017	7,248,183	718,247	101,337	(1,449,852)	6,617,915
<i>Total comprehensive loss for the period</i>					
Loss for the period	-	-	-	(2,316,493)	(2,316,493)
	-	-	-	(2,316,493)	(2,316,493)
Balance at 30 June 2017 (unaudited)	7,248,183	718,247	101,337	(3,766,345)	4,301,422
Balance at 1 January 2016	7,248,183	718,247	-	(1,459,175)	6,507,255
<i>Total comprehensive loss for the period</i>					
Loss for the period	-	-	-	(2,056,320)	(2,056,320)
Total	-	-	-	(2,056,320)	(2,056,320)
Balance at 30 June 2016 (unaudited)	7,248,183	718,247	-	(3,515,495)	4,450,935

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 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.

There was no change in the Company's issued and paid-up share capital from 1 January 2017 to 30 June 2017.

On 27 June 2016, the Company granted 23,550,000 options, in 3 equal tranches of 7,850,000 options each, under the NauticAWT Employee Share Option Scheme (the "Scheme"). As at 30 June 2017, 20,625,000 options to subscribe for 20,625,000 shares remained outstanding (30 June 2016: 23,550,000). Details of the outstanding options as at 30 June 2017 are as follows:

Outstanding Options as at 30 June 2017	Exercise Price (S\$)	Exercisable Period	
		From	To
6,875,000	0.25	31 December 2017	31 December 2020
6,875,000	0.30	31 December 2018	31 December 2021
6,875,000	0.35	31 December 2019	31 December 2022
20,625,000			

The Company did not have any treasury shares or subsidiary holdings as at 30 June 2017 and 30 June 2016.

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-17	31-Dec-16
Total number of shares (excluding treasury shares)	190,965,893	190,965,893

The Company did not have any treasury shares or subsidiary holdings as at 30 June 2017 and 31 December 2016.

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 2017.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not have any subsidiary holdings as at 30 June 2017.

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 2016, 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 financial year ending 31 December 2017.

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 2017.

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.

	1H2017	1H2016
Loss per ordinary share (US cents) based on:		
a. weighted average number of ordinary shares on issue	(0.72)	(0.30)
b. a fully diluted basis	(0.72)	(0.30)
Weighted average ordinary shares for calculation of:		
a. weighted average number of ordinary shares on issue	190,965,893	190,965,893
b. a fully diluted basis	190,965,893	190,965,893

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-17	31-Dec-16	30-Jun-17	31-Dec-16
Net asset value per share (US cents)	3.33	4.07	2.25	3.47
Number of issued shares	190,965,893	190,965,893	190,965,893	190,965,893

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

Revenue

The Group's revenue for 1H2017 decreased by 23.6% or US\$2.5 million to US\$8.2 million, from US\$10.7 million for 1H2016. This was mainly due to a significant decrease in total revenue contribution by the Subsea, Subsurface and Wells and Facilities business segments of US\$3.3 million. The decrease was partially offset by the increase in revenue from Renewables segment of US\$0.8 million.

Gross profit and gross profit margin

The Group's gross profit for 1H2017 decreased by 18.8% or US\$0.5 million to US\$2.2 million, from US\$2.7 million for 1H2016. This was consistent with the overall decrease in revenue.

The Group's gross profit margin remained relatively stable, increasing slightly by 1.6 percentage points, from 25.3% for 1H2016 to 26.9% for 1H2017.

Distribution expenses

The Group's distribution expenses decreased by US\$0.1 million or 37.3%, from US\$0.3 million in 1H2016 to US\$0.2 million in 1H2017. The decrease was mainly due to lower business development expenses and marketing costs incurred as a result of reduced business activities in selective geographical markets.

Administrative expenses

The Group's administrative expenses decreased by US\$0.5 million or 12.5%, from US\$3.7 million in 1H2016 to US\$3.2 million in 1H2017 mainly due to the reduction in overhead costs, particularly salaries and office related expenses as a result of the continued restructuring through reorganisation and implementation of certain cost cutting measures.

Other income

Other income decreased by US\$0.4 million or 79.9%, from US\$0.5 million in 1H2016 to US\$0.1 million in 1H2017. The decrease was mainly due to a one-off write back of the FY2015 bonus provision in 1H2016.

Finance costs

Finance costs increased by US\$0.2 million from US\$0.1 million in 1H2016 to US\$0.3 million in 1H2017. The significant increase in finance costs was mainly due to the interest arising from the drawdown of a term loan in 2H2016 in relation to the acquisition of freehold land and a production facility in Malaysia.

Income tax credit

The Group recorded an income tax credit of US\$74,000 in 1H2016 due to the tax refund, as compared to Nil 1H2017.

Loss after tax

As a result of the above, the Group recorded a loss after tax of US\$1.4 million in 1H2017, an increase of 69.9% or US\$0.6 million as compared to a loss after tax of US\$0.8 million in 1H2016.

Review of Consolidated Statement of Financial Position

Non-current assets

The Group's non-current assets increased by US\$0.6 million, from US\$10.3 million as at 31 December 2016 to US\$10.9 million as at 30 June 2017. The increase was mainly due to the investment in joint venture of US\$0.6 million pertaining to the production enhancement project in Block VIIB, West Georgia.

Current assets

The Group's current assets decreased by US\$1.6 million, from US\$15.7 million as at 31 December 2016 to US\$14.1 million as at 30 June 2017. The decrease was mainly due to the following:

- i. a decrease in trade and other receivables of US\$1.8 million due to the improved debt collection from project customers; and
- ii. an increase in inventories of US\$0.1 million.

Non-current liabilities

The Group's non-current liabilities increased by US\$0.9 million, from US\$3.6 million as at 31 December 2016 to US\$4.5 million as at 30 June 2017 mainly due to the increase in long term other payables of US\$0.9 million.

Current liabilities

The Group's current liabilities decreased by US\$0.4 million, from US\$15.3 million as at 31 December 2016 to US\$14.8 million as at 30 June 2017. The decrease was mainly due to the following:

- i. a decrease in liabilities for trade bills discounted with recourse of US\$1.1 million as less projects are now funded under this credit facility arrangement;
- ii. a decrease in bank loan and advances of US\$0.5 million;
- iii. an increase in trade and other payables of US\$1.0 million; and
- iv. an increase in loan from directors of US\$0.2 million.

Working capital

The Group reported a negative working capital of US\$0.7 million as at 30 June 2017, as compared to a positive working capital of US\$0.5 million as at 31 December 2016.

Based on the Group's internal budget and cash flow planning, the board of directors ("**Board**") of the Company believe that the Group will be able to meet its short-term obligations as and when they fall due. Barring unforeseen circumstances, the Board believes that the Group's negative working capital position will be overcome in the longer term as the Group realises the benefits from the investment in the production enhancement project in Block VIIB, West Georgia and the cessation of losses from the Group's subsidiary, AWT International Pty Ltd ("**AWT**"), following the appointment of an Administrator on 15 May 2017.

Review of cash flows

Operating activities

Net cash from operating activities in 1H2017 amounted to US\$1.8 million as compared to US\$0.2 million for 1H2016. The Group had a net cash outflow of US\$0.7 million from its operating activities before changes in working capital. Working capital movement included a decrease in trade and other receivables of US\$1.8 million, an increase in trade and other payables of US\$2.2 million, a decrease in trade bills discounted with recourse of US\$1.1 million and an increase in inventories of US\$0.1 million.

Investing activities

Net cash used in investing activities in 1H2017 amounted to US\$1.5 million due to additions of plant and equipment and intangible assets of US\$0.8 million and US\$0.1 million respectively. Furthermore, the Group invested US\$0.6 million in the joint venture pertaining to the production enhancement project in Block VIIB, West Georgia.

Financing activities

Net cash used in financing activities for 1H2017 amounted to US\$0.4 million mainly due to the repayment of bank borrowings of US\$0.6 million which was partially offset by the loan from directors of US\$0.2 million.

As a result of the above, the Group's cash and cash equivalents decreased by US\$0.1 million, from a deficit of US\$0.3 million as of 31 December 2016 to a deficit of US\$0.4 million as of 30 June 2017, net of fixed deposits pledged and bank overdrafts.

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

Not Applicable.

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 with many oil majors and operators undertaking extensive restructuring and numerous activities deferred. These have affected the Group, particularly the Subsurface and Wells and Facilities business segments. In May 2017 AWT, a 60.75% subsidiary of the Company, voluntarily appointed an administrator ("**Voluntary Administration**"). This reduces the possibility of future operating losses being recognised by the Group. In July 2017, the Company entered into a Deed of Company Arrangement to novate and settle certain obligations and receive certain assets of AWT. The Company does not expect any material impact on its operational performance and the consolidated net tangible assets per share and earnings per share of the Group for the current FY2017 as a result of the Voluntary Administration.

In response to prevailing challenging market conditions we restructured the Group through reorganisation and implementation of certain cost cutting measures. We have reduced our operational footprint in the Subsurface and Wells business segment, and focused on the Asia and Middle East markets. We have positively grown our revenue in the profitable Renewables segment by 350% from \$0.2m in 1H2016 to \$0.9m in 1H2017, being 11% of the Group's revenue (1H2016: 2%). We have successfully streamlined certain support functions to be centrally managed by our Singapore headquarters, and this has significantly reduced administrative expenses. We now have the business structure appropriate to current market conditions.

In December 2016, we successfully acquired a 50% participating interest in Block VIIB production sharing contract in West Georgia. The acquisition allows the Group to strategically secure longer duration contracting opportunities and complimentary service offerings. During 1H2017, the transfer of the participating interest was completed and we have commenced initial field activities. Barring any unforeseen circumstances, it is expected that this project will make a material contribution to the Group's revenue in FY2018.

Our business outlook is expected to remain challenging. In conjunction with our continued efforts to manage costs, we will continue to 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, the Company intends to 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 2017.

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

On behalf of the board of directors 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 2017 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

On behalf of the Board of Directors

John Grønbech
Executive Director and CEO

BY ORDER OF THE BOARD

John Grønbech
Executive Director and CEO
14 August 2017