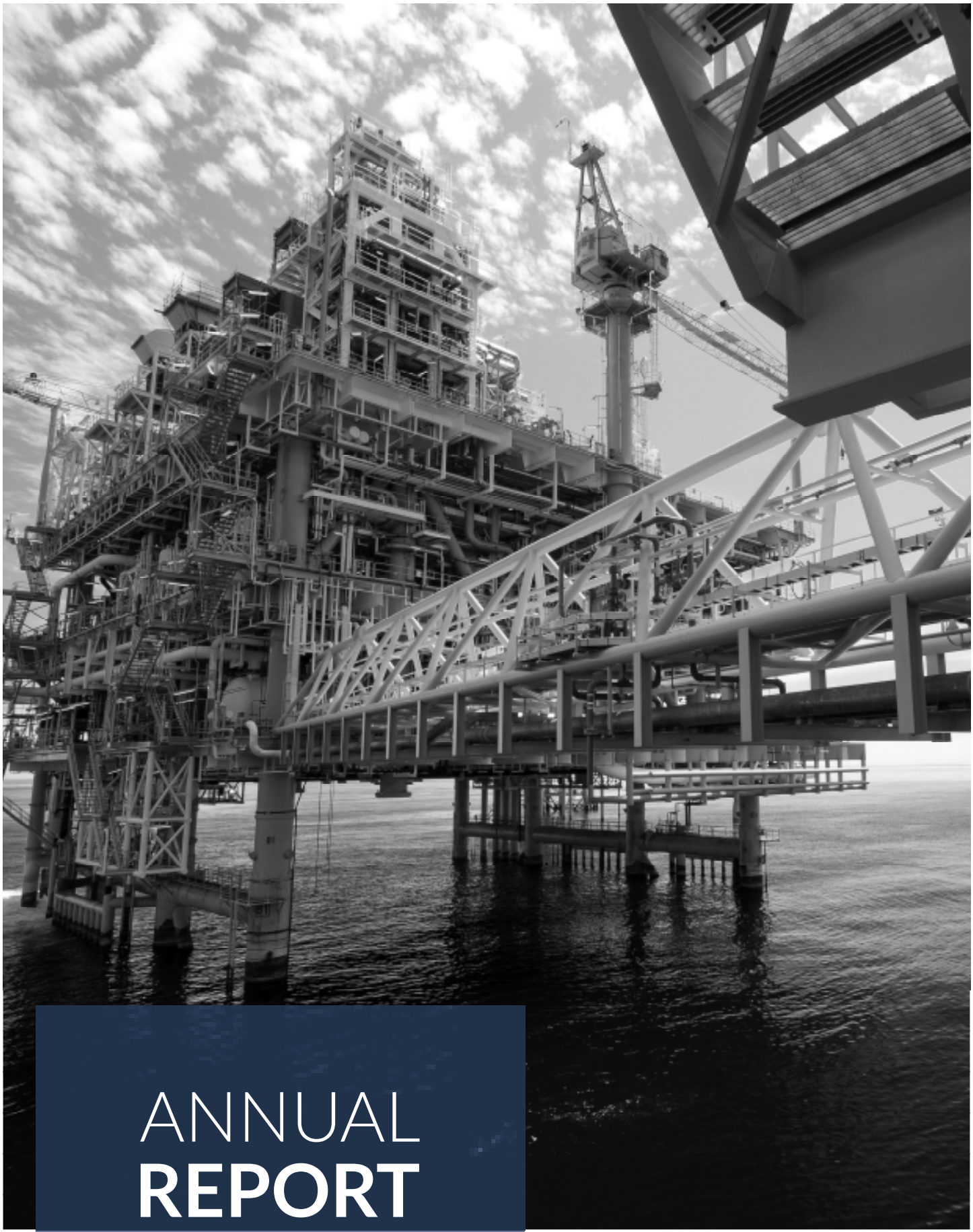


ANNUAL **REPORT**

FINANCIAL YEAR 2016

NAUTICAWT
ENERGY SOLUTIONS



NAUTICAWT
ENERGY SOLUTIONS









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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Advisors Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Sebastian Jones, Director, SAC Advisors Private Limited. at 1 Robinson Road #21-02 Singapore 048542, telephone (65) 6532 3829. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

CHAIRMAN'S MESSAGE



Dear Valued Shareholders,

On behalf of the board of directors ("**Board**") of NauticAWT Limited and its subsidiaries ("**NauticAWT**", the "**Company**" or the "**Group**"), I am pleased to present to you our annual report for the financial year ended 31 December 2016 ("**FY2016**"), a year in which the hard work of our personnel saw the Group return to profitability.

2015 was a year of significant milestones for the Group as we consolidated three businesses into one to create NauticAWT, established a strong, integrated platform to take our business forward and debuted on the Singapore Exchange in July 2015. FY2016 has seen us consolidate and build on those milestones, refine our business model further and enter into a long-term project in Georgia where we believe our multi-disciplined offering will add value for the Group and our new project partner, Vectra Petroleum Limited.

The Group's activities in 2015 allowed us to establish an international, listed group offering high-end engineering and contracting solutions to the oil and gas and renewable energy industries worldwide. This diversity both geographically and across service offerings has allowed us to deliver a small profit in FY2016 despite a subdued market performance. Our competitive strengths and resilient business model form the bedrock that will allow us to pursue our sound growth strategy in the challenging times ahead.

We have a resilient and balanced strategy

We have the capability to provide a comprehensive range of technical and commercial solutions, delivering customised greenfield development services and brownfield enhancement and extension solutions. Our advantage is that we can independently provide these offerings as stand-alone solutions or as an integrated package allowing us to build long-term relationships with our clients through continuity of engagement. With an extensive global footprint, we believe the opportunity exists to take our expanded NauticAWT offering to markets in our network by building on existing relationships and establishing new ones.

This has been evidenced by our recent entry into Block VIIB in West Georgia. We consider Block VIIB an ideal candidate for production enhancement, with petrophysical evaluation establishing additional hydrocarbon-bearing zones in existing producing and shut-in wells.

By leveraging NauticAWT's unique in-house technical capabilities, which integrate geoscience, subsurface engineering and innovative field development with life extension solutions, NauticAWT hopes to significantly increase oil production from the block.

With the continued funding support of SPRING Singapore, we have made progress in the development of new generation oil well cementing materials. We have established a fully equipped laboratory in Singapore to develop these materials, using our existing nanotechnology, to American Petroleum Industry standards. If successful, the new generation materials will allow the Group to further expand its offerings and advance its growth strategy in its Subsurface Engineering business segment, particularly in the area of providing sustainable well plugging solutions.

We diversified our revenue base by entering the renewables energy sector last year and further expanded this offering in 2016 by supplying ultra high performance cementitious ("**UHPC**") materials for the installation of onshore and offshore wind turbines. Our entry into this strictly regulated industry is a result of dedicated materials research and certification of the Group's materials and production technology. We view this business segment as a key source of growth in the coming years.

Our strategy remains to leverage our competitive strengths being our comprehensive range of technical and commercial solutions resulting from our extensive technical capability, our unique range of UHPC and high performance cementitious ("**HPC**") materials and our extensive global reach to build on our existing business. In parallel we will continue to pursue new applications for our capabilities, such as wind turbine installation and develop new products to complement our existing offerings.

We are guided by experienced key personnel

One of our core strengths is our deep and long-lasting relationships with major industry participants, which has allowed us to secure key projects and to satisfy our clients' needs. We develop trusting and open relationships with our clients and partners and strive to exceed their expectations. Our wide network of connections is a testament to the ability of our management team, led by experienced industry veterans with strong track records and astute business acumen.

Recently Mr Tan Fuh Gih retired from our Board, effective March 2017. He has been with the Company since 2011 and remains one of our largest shareholders. We are thankful for his significant contribution and his in-depth understanding of the market and we wish him well in his future endeavours. I would also like to welcome Mr Teo Lek Hong and Mr Tay Kee Liat who have joined the Board, both in March 2017. They bring significant technical knowledge and industry experience and I believe our Board has the ideal combination of skills and experience to supplement our very capable senior management group.

We are pleased to be supported by loyal stakeholders

I would like to take this opportunity to thank my fellow board members for their valuable contribution and insights to the Group. In addition, I would like to express, on behalf of the Board, our gratitude to our dedicated management team and staff for their commitment and hard work, which has contributed to the continued success of the Group. We are also grateful for our partners, suppliers, customers and business associates for their trust in us and we look forward to enjoying many more years of strong partnerships with them.

Last but not least NauticAWT would not be where it is today without the support of our shareholders. With the Company well positioned for a new stage of growth I look forward to updating you on our progress.

LIM HOW TECK
Chairman

BOARD OF DIRECTORS

LIM HOW TECK

Chairman and Independent Director

Lim How Teck is the Chairman of our Board and an Independent Director of our Company. He was appointed to our Board on 29 June 2015.

From 1976 to 1979, Mr Lim was a management accountant with Plessey Singapore, a multinational trading and manufacturing company. From 1979 to 2005, Mr Lim held various positions in Neptune Orient Lines Ltd and its group of companies, including group deputy CEO, COO and CFO. His past chairmanships include being Chairman of Certis Cisco Security Pte Ltd, Tuas Power Ltd, PSA Marine (Pte) Ltd, Singapore Commodity Exchange Limited and Neptune Ship Management (Pte) Ltd.

Mr Lim is currently an Independent Director of ARA Asset Management Limited, a company listed on the Main Board of the SGX-ST. He is also the Chairman and Non-Executive Director of ARA-CWT Trust Management (Cache) Limited, the manager of Cache Logistics Trust, a real estate investment trust listed on the Main Board of the SGX-ST, and the Lead Independent Director of Rickmers Trust Management Pte. Ltd., the trustee-manager of Rickmers Maritime, a business trust listed on the Main Board of the SGX-ST. Mr Lim is the Chairman of Heliconia Capital Management Pte. Ltd. and Redwood International Pte. Ltd. and is also a Governor of the Foundation for Development Cooperation.

Mr Lim holds a Bachelor of Accountancy degree from the University of Singapore. He also completed the Corporate Financial Management Course and Advanced Management Programme at the Harvard Graduate School of Business in 1983 and 1989 respectively. In addition, he is a fellow of the Institute of Cost and Management Accountants, a fellow of the Institute of Singapore Chartered Accountants and a fellow of the Singapore Institute of Directors. Mr Lim was awarded the Public Service Star (BBM) and the Public Service Medal (PBM) in 2014 and 1999 respectively.

JOHN GRØNBECH

Founder, Executive Director and CEO

John Grønbech founded NauticAWT Limited (formerly known as Nautic Group Pte Ltd) in 2011 building on his vast experience within the upstream segment of the offshore oil and gas business in Asia Pacific.

He holds a Master Degree in Civil Engineering from Aalborg University in Denmark. Through research and consultancy work during his employment at Danish Hydraulic Institute (Denmark) he has achieved a thorough understanding of hydrodynamic loads on structures and pipelines, wave statistics and wave kinematics, fluid, seabed and pipe interactions as well as the structural behaviour of offshore structures.

His experience includes setting up and managing Densit Asia Pacific Sdn Bhd ("**Densit**") from 2005 to 2011. Under his management, the company expanded its product oriented business to include fully engineered structural subsea and well integrity solutions and at the same time expanding the company's geographical reach to include Middle East, Africa, India, China and Australia.

Mr Grønbech has extensive experience with highly engineered solutions for the offshore and marine industries and a thorough understanding of critical business drivers in multiple cultural markets. He has established a strong relationship with the academic engineering society of Singapore through research and development activities with the National University of Singapore.

Mr Grønbech has authored 14 publications appearing in international journals as well as oil and gas conferences, workshops and seminars.

TEO LEK HONG

Independent Director

Teo Lek Hong is an Independent Director. He was appointed to our Board on 14 March 2017.

Mr Teo has a Bachelor of Engineering (Mechanical) with first class honours from the University of Singapore and has extensive mid-stream and downstream experience following an extensive career with Exxon Mobil where he held numerous senior management roles.

TAY KEE LIAT

Independent Director

Tay Kee Liat is an Independent Director. He was appointed to our Board on 14 March 2017.

Mr Tay has a Bachelor of Engineering (Mechanical) from the University of Singapore and has extensive heavy manufacturing experience following a long career with Kobe Steel Limited where he served as Deputy Managing Director for Singapore Kobe Private Limited for fourteen years.

BJARNE STRIKERT

Independent Director

Bjarne Strikert is an Independent Director. He was appointed to our Board on 29 June 2015.

Mr Strikert is an attorney-at-law and is the owner of STRIKERT lawfirm in Denmark. Previously he was a partner in two Danish lawfirms. His main area of practice is in company and contract law with a special focus on international contracts. He is a member of several Boards.

Mr Strikert graduated from the University of Aarhus, Denmark with a Master of Laws in 1979. He was admitted to the Danish Bar in 1982, the High Court of Denmark in 1984 and the Supreme Court of Denmark in 1999.

EXECUTIVE OFFICERS

SIMON CUNNINGHAM

Chief Financial Officer ("CFO")

Simon Cunningham is our Chief Financial Officer. He joined our Group in November 2014, when our Company acquired a majority stake in AWT. He is responsible for our Group's finance and management reporting, internal controls, strategic acquisitions, investor relations as well as corporate secretarial matters.

From 2000 to 2002, Mr Cunningham was an accounting manager with NRG Asia-Pacific Ltd. From 2002 to 2005, he was initially a senior financial accountant, and then a commercial services manager with Energy Developments Limited. From 2005 to 2006, he was a finance manager with Ausenco Limited and from 2006 to 2008, he was the CFO of Reverse Corp Limited. From 2008 to 2011, he was the CFO and Finance Director of Ascent Resources plc and from 2011 to 2012, he was the CFO of Acer Energy Limited. He joined AWT as the CFO in September 2013 and was appointed as the CEO in December 2013.

Mr Cunningham has extensive energy and resources experience having held senior finance positions with Acer Energy Limited and Ascent Resources plc, companies engaged in oil and gas exploration and production.

Mr Cunningham graduated from the Queensland University of Technology with a Bachelor of Business degree with a major in accounting in 1995. He is a certified accountant and is currently a member of CPA Australia.

ELO YDE

Chief Operating Officer ("COO") and Senior Vice President, Operations

Elo Yde is our COO. He joined our Group as general manager in January 2014 and was promoted to COO in January 2015. He is responsible for the overall operations, production, and research and development of our cementitious products.

Mr Yde began his career as a technical consultant with Aalborg Portland Cement Company Denmark in 1985 and was a laboratory manager from 1987 to 1992. From 1992 to 1997, he was a deputy head with PC Laboratory A/S Denmark, where he led European Union funded projects and was responsible for the testing of building materials and the budget. From 1997 to 2013, he held the following positions with BASF A/S, head of research and development laboratory (1997 to 1998), technical and quality manager (1998 to 2000), sales director (2000 to 2002), director for Construction Systems, Denmark (2002 to 2006) and director, Construction Systems Nordic, Denmark, Norway and Sweden (2006 to 2013). From 2007 to 2013, he was also a technical assessor with DANAK, the national accreditation body in Denmark, where his responsibilities included technical evaluation and approval of accredited laboratories.

Mr Yde graduated from the Aarhus University, Denmark with a Master of Science, Geology degree in 1983.

CHERYL CHONG

Financial Controller

Cheryl Chong is our Financial Controller. She joined our Group as finance manager when it was founded in September 2011 and was promoted to Financial Controller in January 2014. She assists our Chief Financial Officer with the finance related matters of our Group.

From 2002 to 2010, Ms Chong was an assistant manager with Esco Audio Visual Pte Ltd, where she assisted the CFO in various accounting and financial reporting matters. From 2010 to 2011, she was a finance manager with Densit.

Ms Chong graduated from the Oxford Brookes University with a Bachelor of Science (Honours) Applied Accounting degree in 2006. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

EDGAR LIM

Vice President, Subsea

Edgar Lim is our Vice President, Subsea. He joined our Group as head of technical services in November 2011 and was promoted to Vice President, Subsea in January 2015. He is responsible for the engineering and contracting services covering design of topside and surface modules and processes, repair and strengthening of structures and substructures of offshore jackets and pipelines stabilisation.

Mr Lim began his career as a project manager/engineer with Jasamuda Camber Marine Pte Ltd from 1989 to 1990. From 1990 to 2007, he was a senior professional officer with the National University of Singapore, where he was responsible for research and development of ultra high performance concrete, measurement uncertainty in testing and the development of data acquisition and control system. From 2007 to 2009, he was a principal research engineer with Keppel Offshore and Marine Technology Centre Pte Ltd and from 2009 to 2011, he was an engineering manager with Densit.

Mr Lim graduated from the National University of Singapore with a Bachelor of Engineering (Civil) degree in 1989 and a Masters of Engineering in 1995.

FINANCIAL HIGHLIGHTS

Key Financial Indicators (US$ million)	**FY2016**	FY2015
Revenue	**23.1**	25.7
Gross profit	**7.4**	5.0
Profit (Loss) for the year	**0.7**	(8.7)

The Group's revenue for FY2016 decreased by 9.8% or US$2.5 million to US$23.1 million, from US$25.7 million for FY2015. This was mainly due to a significant decrease in revenue contribution by the Subsurface and Wells business segment of US$6.2 million as it has reduced its operational footprint in areas of low activity, such as Australia and Papua New Guinea while remaining focussed on the Asia and the Middle East markets. The decrease was partially offset by revenue of US$1.8 million generated by NauticAWT Engineering Pte. Ltd. (formerly known as Marine Engineering Services Pte. Ltd.) which was acquired in the second half of FY2015 (the "**Acquired Subsidiary**") and the increase in revenue from Subsea segment of US$1.9 million.

The Group's gross profit for FY2016 increased by 48.0% or US$2.4 million to US$7.4 million, from US$5.0 million for FY2015. This was mainly due to the increase in revenue from Subsea segment which normally carries higher margins as compared to Subsurface and Wells and Facilities segments.

The Group's gross profit margin for FY2016 increased by 12.6 percentage points, from 19.6% for FY2015 to 32.1% for FY2016.

The Group's administrative expenses decreased significantly by US$3.4 million or 29.8%, from US$11.4 million in FY2015 to US$8.0 million in FY2016 mainly due to the following:

i. US$2.9 million reduction in administrative expenses incurred as a result of the restructuring through reorganisation and implementation of certain cost cutting measures since 3Q2015;

ii. one-off IPO expenses of US$1.1 million incurred in FY2015; and

iii. an additional US$0.4 million of administrative expenses incurred by the Acquired Subsidiary.

Other income increased by US$0.3 million or 27.4%, from US$1.2 million in FY2015 to US$1.6 million in FY2016. In FY2015, other income comprised primarily the reversal of provision for deferred purchase consideration liability arising from the acquisition of AWT. In FY2016, other income comprised mainly the following:

i. insurance claim of US$0.1 million; and

ii. gain on disposal of a subsidiary of US$0.7 million.

The Group recorded an income tax credit of US$0.3 million in FY2016, mainly due to the recognition of deferred tax assets, arising from the unutilised tax losses and capital allowances. The increase is partially offset by the write-off of withholding tax. In FY2015, the Group impaired deferred tax asset of US$2.1 million associated with the tax losses of AWT.

As a result of the above, the Group recorded a profit for the year of US$0.7 million in FY2016 as compared to a loss for the year of US$8.7 million in FY2015.

FINANCIAL HIGHLIGHTS

Balance Sheet (US$ million)	As at 31 December 2016	2015
Current assets	**15.7**	12.9
Non-current assets	**10.3**	5.4
Current liabilities	**15.3**	11.0
Non-current liabilities	**3.6**	1.1
Equity attributable to owners of the Company	**7.8**	6.8
Non-controlling interests	**(0.6)**	(0.6)

The Group's current assets increased by US$2.8 million, from US$12.9 million as at 31 December 2015 to US$15.7 million as at 31 December 2016. The increase was mainly due to the following:

i. an increase in trade and other receivables of US$3.8 million;

ii. a decrease in cash and bank balances of US$0.3 million (please refer to the review of cash flows below); and

iii. a decrease in inventories of US$0.6 million.

The Group's non-current assets increased by US$4.9 million, from US$5.4 million as at 31 December 2015 to US$10.3 million as at 31 December 2016. The increase was mainly due to the following:

i. the acquisition of freehold land and production facility in Malaysia of US$4.1 million;

ii. an increase in intangibles of US$0.4 million and the acquisition of laboratory equipment of US$0.5 million in relation to the Company's Materials Development Project; and

iii. recognition of the deferred tax assets of US$0.6 million, arising from the unutilised tax losses and capital allowances.

The increase was partially offset by the depreciation charge of US$0.9 million of property, plant and equipment.

The Group's current liabilities increased by US$4.3 million, from US$11.0 million as at 31 December 2015 to US$15.3 million as at 31 December 2016. The increase was mainly due to the following:

i. an increase in trade and other payables of US$3.8 million;

ii. a receipt of government grant of US$0.2 million for the Company's Materials Development Project;

iii. an increase in liabilities for trade bills discounted with recourse of US$0.4 million as more projects are now funded under this credit facility arrangement; and

iv. a decrease in tax payables of US$0.4 million.

The Group's non-current liabilities increased by US$2.5 million, from US$1.1 million as at 31 December 2015 to US$3.6 million as at 31 December 2016. The increase was mainly due to two term loan draw downs in relation to the acquisition of freehold land and a production facility in Malaysia and equipment in addition to a 3-year interest bearing loan from a third party during the current financial year.

The Group reported a positive working capital of US$0.5 million as at 31 December 2016 as compared to US$1.9 million as at 31 December 2015.

FINANCIAL HIGHLIGHTS

Statement of Cash Flows (US$ million)	**FY2016**	FY2015
Net cash from (used in) operating activities	**1.7**	(4.0)
Net cash used in investing activities	**(4.7)**	(1.7)
Net cash from financing activities	**2.7**	2.7
Cash and cash equivalents at the beginning of the year	**0.1**	3.1
Cash and cash equivalents at the end of the year	**(0.3)**	0.1

Net cash generated from operating activities in FY2016 amounted to US$1.7 million. The Group had a net cash inflow of US$1.4 million from its operating activities before changes in working capital. Working capital movement included an increase in trade and other receivables of US$5.1 million, an increase in trade and other payables of US$4.7 million, an increase in trade bills discounted with recourse of US$0.4 million and a decrease in inventories of US$0.6 million.

Net cash used in investing activities in FY2016 amounted to US$4.7 million mainly due to the acquisition of freehold land and production facility in Malaysia of US$4.1 million.

Net cash from financing activities for FY2016 amounted to US$2.7 million mainly due to proceeds from bank borrowings and an interest bearing loan from a related company of US$4.0 million and US$0.3 million respectively 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$0.4 million, from US$63,000 as of 31 December 2015 to a deficit of US$0.3 million as of 31 December 2016, net of fixed deposit pledged and bank overdrafts.

CORPORATE GOVERNANCE REPORT

NauticAWT is committed to a high standard of corporate governance to ensure effective self-regulation practices are in place to enhance corporate performance and accountability.

This report sets out the corporate governance practices of the Company during FY2016 with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**"). The Board confirms that for FY2016, the Company has generally adhered to the principles and guidelines set out in the Code, where there are deviations from the Code, appropriate explanations are provided.

The Board is pleased to report compliance of the Company with the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the SGX-ST where applicable except where otherwise stated.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with the management to achieve this objective and the management remains accountable to the board.

As at the date of this report, the Board comprises the following members, all having the appropriate core competencies and diversity of experience to enable them to effectively contribute to the Group:

Mr Lim How Teck	Chairman and Independent Director	
Mr John Grønbech	Executive Director and CEO	
Mr Teo Lek Hong	Independent Director	(Appointed on 14 March 2017)
Mr Tay Kee Liat	Independent Director	(Appointed on 14 March 2017)
Mr Bjarne Strikert	Independent Director	

Besides carrying out its statutory responsibilities, the principal functions of the Board are as follows:

- overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions; and
- overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, fundraising proposals, major corporate policies on key areas of operations, the release of the Group's half-year and full-year results and interested person transactions.

For new appointments to the Board, the Company will provide a formal letter to such new director, setting out the director's duties and obligations. Such directors are given appropriate briefings when they are first appointed to the Board. Appropriate induction programmes are conducted for all new directors appointed to the Board to ensure that they are familiar with the Group's business, operations, governance practice and regulatory requirements. The induction programme will allow the new Director to get acquainted with the Company's management ("**Management**") which aims to facilitate interaction and ensures that all Directors have ongoing independent access to the Management.

The Directors are provided with continuing briefings from time to time and are kept updated on changing commercial risks and key changes in the relevant legal and regulatory requirements including directors' duties and responsibilities, corporate governance and developing trends, insider trading and accounting standards so as to enable them to properly discharge their duties as Board members. The Company is responsible for arranging and funding the training of the Directors.

To assist in the execution of its responsibilities, the Board has established three committees comprising the audit committee (the "**AC**"), the nominating committee (the "**NC**") and the remuneration committee (the "**RC**") (collectively, the "**Board Committees**"). These Board Committees function within clearly defined written terms of reference and operating procedures, which are reviewed on a regular basis. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by the Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or executive officer to attend their meetings. The Board Committees report its activities regularly to the Board and minutes of the Board Committees are also regularly provided to the Board. The effectiveness of each Board Committee is also constantly monitored to ensure their continued relevance.

CORPORATE GOVERNANCE REPORT

The Board meets regularly and ad-hoc Board meetings are convened when they are deemed necessary. The Company's constitution(1) ("**Constitution**") provides for meetings of the Board to be held by way of video and telephonic conference.

For FY2016, the number of Board and Board Committee meetings held and the attendance of each Board member at the meetings are as follows:

		Board Committees		
	Board	**Audit**	**Nominating**	**Remuneration**
Number of meetings held	2	2	1	1
Number of meetings attended				
Mr Lim How Teck	2	2	1	1
Mr John Grønbech	2	2*	1*	1
Mr Simon Cunningham (Resigned on 14 March 2017)	2	2*	1*	1
Mr Tan Fuh Gih (Resigned on 10 March 2017)	2	2	1	1
Mr Bjarne Strikert	2	2	1	1

Note:

* Attendance by invitation

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the board, which is able to exercise objective judgement on corporate affairs independently, in particular, from the management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.

As at the date of this report, the Board comprises five members, as follows:

Mr Lim How Teck	Chairman and Independent Director
Mr John Grønbech	Executive Director and CEO
Mr Teo Lek Hong	Independent Director
Mr Tay Kee Liat	Independent Director
Mr Bjarne Strikert	Independent Director

The criterion of independence is based on the definition set out in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers who could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. With four independent directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues. Therefore, there is no individual or small group of individuals who dominates the Board's decision making.

The independence of each director is reviewed annually by the NC in accordance with the Code's definition of independence. The Independent Directors do not have any relationships including immediate family relationships between the Directors, the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgement in the best interest of the Company. The NC is satisfied that all Independent Directors of the Company are independent.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The NC is of the view that the current Board size of five members is appropriate taking into account the nature and scope of the Group's operations.

The Board and the Board Committees have an appropriate balance and diversity of expertise and business experience and collectively possess the necessary core competence to lead and govern the Group effectively. Each director has been appointed on the strength of his calibre, experience and stature. Each director is expected to bring valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business.

(1) The memorandum and articles of association of the Company which were in force immediately before the Companies (Amendment) Act 2014 which took effect in phases on 1 July 2015 and 3 January 2016 respectively.

None of the Independent Directors has been appointed as a director to the Company's principal subsidiaries. The Board and the Management are of the view that the current board structure of the principal subsidiaries of the Company is well organised and constituted. The Board will from time to time make the appropriate corporate decisions to consider the appointment of the Independent Director to the Company's principal subsidiaries. The Board also confirms that none of the directors has served on the Board beyond nine years from the date of his first appointment.

The Independent Directors communicate without the presence of the Management as and when the need arises.

The profiles of the Directors are set out on page 4 of the annual report.

CHAIRMAN AND CEO

Principle 3: There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Independent Chairman and the CEO are separate individuals who are not related to each other.

The Chairman is Mr Lim How Teck. The Chairman has the responsibilities of setting the meeting agenda of the Board meetings, leading the other Board members, promoting high standards of corporate governance and maintaining effective communication with shareholders of the Company ("**Shareholders**").

The CEO is Mr John Grønbech. He is responsible for client management, strategic business development and oversees the overall management of the Group.

The Board collectively ensures the following:

- in consultation with Management, the scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- in consultation with Management, the preparation of the agenda for Board meetings;
- in consultation with Management, the exercise of control over the quantity, and timeliness of information between the Management and the Board; and
- in compliance with corporate governance best practices.

BOARD MEMBERSHIP AND BOARD PERFORMANCE

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

Principle 5: There should be a formal assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.

The NC comprises the following members:

Mr Bjarne Strikert	– Chairman
Mr Lim How Teck	– Member
Mr Tay Kee Liat	– Member

The NC is governed by its written terms of reference. In accordance with the definition in the Code, all members of the NC, including the chairman, is independent. The NC is responsible for making recommendations on all board appointments and re-nominations having regard to the contribution and performance of the director seeking re-election including the following:

(1) to ensure that all directors submit themselves for re-election at regular intervals and at least once every three years;

(2) to determine the independence of each director in accordance with the guidelines 2.3 and 2.4 of the Code on an annual basis;

(3) to evaluate whether a director is able to and has adequately carried out his duties as a director of the Company, in particular, where the director concerned has multiple board representations; and

(4) to assess the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC has considered and taken the view that it would not be appropriate to set a limit on the number of listed directorships that a Director may hold because directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities. The NC is satisfied that sufficient time and attention is being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations, and there is presently no need to implement internal guidelines to address the competing time commitments.

In assessing and selecting a new suitable director, if required, consideration will be given to the candidate's background, experience, industry knowledge and appropriate skills relevant to the Group's business (so as to enable the Board to make sound and well-considered decisions), and also whether there are any conflicts of interests with the Group. The Company does not have a formal process for the selection and appointment of new directors to the Board. However, if required, the Company has or is able to procure search services, contacts and recommendations for the purposes of identifying suitably qualified and experienced persons for appointments to the Board. The Board and the NC will endeavour to ensure that directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each director, with his contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Board appointments are made by way of a board resolution after the NC has, upon reviewing the resume of the proposed director and conducting appropriate interviews, recommended such appointment to the Board. Pursuant to the Company's Constitution, each director is required to retire at least once every three years by rotation and all newly appointed directors who are appointed by the Board are required to retire at the next annual general meeting of the Company following their appointment. The retiring directors are eligible to offer themselves for re-election. Each member of NC shall abstain from voting on any resolutions in respect of the assessment of his performance, independence or re-nomination as a Director.

The dates of initial appointment and re-election of the Directors are set out below:

Director	**Position**	**Date of initial appointment**	**Date of last re-election**
Mr Lim How Teck	Chairman and Independent Director	29 June 2015	28 April 2016
Mr John Grønbech	Executive Director and CEO	2 September 2011	28 April 2016
Mr Teo Lek Hong	Independent Director	14 March 2017	-
Mr Tay Kee Liat	Independent Director	14 March 2017	-
Mr Bjarne Strikert	Independent Director	29 June 2015	28 April 2016

The key information regarding the Directors is set out on page 4 of the annual report.

The NC in determining whether to recommend a director for re-election will take into consideration such director's performance and contribution to the Group which includes qualitative and quantitative factors such as performance of principal functions and fiduciary duties, level of participation at meetings, guidance provided to the Management and attendance record.

The NC has reviewed and recommended the re-election of Messrs Teo Lek Hong, Tay Kee Liat, Bjarne Strikert who will be retiring as directors at the forthcoming annual general meeting. Mr Bjarne Strikert will be retiring via rotation pursuant to Article 89 of the Company's Constitution. Mr Teo Lek Hong and Mr Tay Kee Liat will be retiring pursuant to Article 88 of the Company's Constitution. The three directors have offered themselves for re-election. The Board has accepted the recommendations of the NC. Mr Bjarne Strikert, Mr Teo Lek Hong and Mr Tay Kee Liat do not have any relationship, including immediate family relationship between themselves and the Directors, the Company or its 10% shareholders. Further information regarding the Directors is set out on page 4 of the annual report.

Board performance is linked to the overall performance of the Group. The Board complies with the applicable laws and members of the Board are required to act in good faith, with due diligence and care in the best interests of the Company and its Shareholders.

The NC has adopted a processes for an annual evaluation of the Board's performance and effectiveness as a whole or individually. The appraisal process includes a review of a Director's background, experience, industry knowledge and appropriate skills relevant to the Group's business and also whether there are any conflicts of interests with the Group. The appraisal process also focuses on the evaluation of factors such as the size and composition of the Board, the Board's access to information, the Board processes and accountability, communication with the senior Management and the Directors' standard of conduct.

CORPORATE GOVERNANCE REPORT

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are furnished with detailed information concerning the Group from time to time to support their decision-making process and to fulfil their responsibilities. Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary, including background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon. In respect of budgets, any material variance between the projections and actual results are disclosed and explained. Such Board papers are prepared for each Board and Board Committee meetings and are normally circulated in advance of each meeting so that the Directors can be adequately prepared for the Board and Board Committee meetings.

The Board (whether individually or as whole) has separate and independent access to the Management and the Company Secretary at all times. In the furtherance of their duties, the Board may seek independent professional advice from external professionals and such costs are to be borne by the Company.

The Company Secretary attends all Board meetings and ensures that all Board procedures and requirements of regulatory filings are complied with. The appointment and removal of the Company Secretary is a matter for consideration for the Board as a whole.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION AND DISCLOSURE OF REMUNERATION

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC comprises the following members:

Mr Bjarne Strikert	– Chairman
Mr Lim How Teck	– Member
Mr Tay Kee Liat	– Member

The RC makes recommendations to the Board on the framework of remuneration, and the remuneration packages for the Executive Director.

The RC is governed by its written terms of reference. All members of the RC, including the chairman, is independent. The duties and powers of the RC are, *inter alia*, as follows:

(1) to recommend to the Board a framework of remuneration for the Directors and the Management which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;

(2) to determine specific remuneration packages for each Executive Director;

(3) to recommend to the Board the remuneration of non-executive directors, which should be appropriate to the level of their respective contributions, taking into account factors such as effort and time spent, and the responsibilities of our non-executive directors;

(4) to determine the targets for any performance-related schemes in respect of the Executive Directors, and to review and recommend to the Board the terms of renewal of their service contracts to ensure that such contracts of service, if any, contain fair and reasonable termination clauses; and

(5) to administer the NauticAWT Employee Share Option Scheme and the NauticAWT Performance Share Plan.

Majority of the members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC has full authority to engage any external professional to advise on matters regarding executive compensation matters, if required.

The RC's recommendations will be submitted for endorsement by the Board. No director is involved in deciding his own remuneration.

In setting remuneration packages, the Company takes into account the pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of each individual employee.

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from the Executive Director and key management executives in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The RC, will consider, if required, whether there is a requirement to institute such contractual provisions to allow the Company to reclaim the incentive components of the remuneration of the Executive Directors and key management executives paid in prior years in such exceptional circumstances.

Our Independent and Non-Executive Directors receive directors' fees for their effort and time spent, responsibilities and contribution to the Board, which will be subjected to Shareholders' approval at the annual general meeting. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

The remuneration for the Executive Director comprises a basic salary component and a variable component, based on the performance of the Group as a whole and their individual performance. The Executive Director does not receive Directors' fees.

The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that full disclosure of the remuneration of the Directors and the Group's top five key management executives (who are not Directors or CEO) is not in the best interests of the Company. The Board has taken into account, *inter alia*, the sensitivity of the matter, the highly competitive business environment the Group operates in and the disadvantages that such disclosure may have on the Group.

The remuneration bands of the Directors for FY2016 are set out below:

Remuneration Band and Name of Directors	Salary (%)	Variable bonus (%)	Directors' Fees (%)	Other benefits* (%)	Total (%)
Above or equal to S$500,000 to below S$750,000					
Mr John Grønbech	51	-	-	49	100
Above S$250,000 to below S$500,000					
Mr Simon Cunningham# (resigned 14 March 2017)	94	-	-	6	100
Below or equal to S$250,000					
Mr Lim How Teck	-	-	100	-	100
Mr Bjarne Strikert	-	-	100	-	100
Mr Tan Fuh Gih (resigned 10 March 2017)	-	-	100	-	100

Note:

* Includes housing allowance, housing utilities, insurance, school fees, home passage and pension payments

\# Upon resignation as the Director of the Company, Mr Simon Cunningham will remain with the Company as the Chief Financial Officer of the Group, and there will be no change to his day to day responsibilities.

The remuneration bands of the top five key management executives of the Group (who are not Directors or CEO) in bands of S$250,000 for FY2016 are set out below:

Remuneration bands	Number of key executives
Above S$250,000 to below S$500,000	4
Below or equal to S$250,000	1

The total remuneration, in aggregate, paid to the top five key management executives of the Group for FY2016 is S$1,355,206.

None of the full-time employees are related to the Directors and/or substantial Shareholders. The Company does not have any employee who is an immediate family member of a Director or CEO, and whose remuneration exceeds S$50,000 during FY2016.

The Company has adopted an employee share option scheme known as the "NauticAWT Employee Share Option Scheme" ("**NauticAWT ESOS**") and a performance share plan known as the "NauticAWT Performance Share Plan" ("**NauticAWT PSP**") in conjunction with the Listing, which were approved by its Shareholders at an extraordinary general meeting held on 3 July 2015. Both the NauticAWT PSP and the NauticAWT ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. They form an integral and important component of the compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and the Group.

The RC oversees the administration of the NauticAWT ESOS and the NauticAWT PSP.

Persons eligible to participate in the NauticAWT ESOS and the NauticAWT PSP include present and future employees and directors (both executive and non-executive). The aggregate number of shares to be delivered under both the NauticAWT ESOS and the NauticAWT PSP shall not exceed 15% of total issued share capital of the Company (excluding treasury shares) on the day immediately before the date of grant or award. Exercise price of options granted under the NauticAWT ESOS will be at the discretion of the RC. However, it cannot be at a discount of greater than 20% to the market price (being the average of the last dealt prices for a share for the five consecutive trading days preceding the relevant date of grant). The NauticAWT ESOS and NauticAWT PSP shall continue to be in force at the discretion of the RC, subject to maximum period of 10 years, commencing on the date on which the NauticAWT ESOS and the NauticAWT PSP are adopted by Shareholders in a general meeting.

The Company has implemented a formal short-term incentive bonus scheme during FY2016 to specify the link between remuneration and performance for key personal and associated performance conditions.

ACCOUNTABILITY AND AUDIT

Principle 10: The board should present a balanced and understandable assessment of the company's performance, position and prospects.

In presenting the half-year and full year financial statements to Shareholders, the Board aims to provide Shareholders with a detailed and balanced analysis and explanation of the Group's financial position and prospects. Financial results are reviewed by the AC before it is recommended for adoption by the Board. The financial results announcement is reviewed carefully by the Board and the AC before being released. If required, the Group's external auditors' view will be sought.

The Management provides the Board with a continual flow of relevant information on a timely basis in order to assist the Board in understanding the financial status and performance of the Group, in order for the Board to effectively discharge its duties.

The Board ensures that all relevant regulatory compliances and updates will be highlighted from time to time to ensure adequate compliances with the regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROLS, AND AUDIT COMMITTEE

Principle 11: The board is responsible for the governance of risk. The board should ensure that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

Principle 12: The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

Risk management forms part of the responsibilities of the AC.

The Board, assisted by the AC, has oversight of the risk management system in the Group. The practice of risk management is undertaken by the Executive Director and the senior Management under the purview of the AC and the Board. The Group has put in place appropriate risk management processes to evaluate the operating, investment and financial risks of the Group. The Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

The Board reviews the adequacy and effectiveness of the Group's risk management and internal controls framework, including financial, operational, compliance and information technology controls.

For FY2016, the CEO and the CFO have provided their assurance to the Board that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are effective.

Based on the work carried out by the internal auditors, the review undertaken by the external auditors, the existing internal controls in place and the assurance received from the CEO and the CFO, the Board, with the concurrence of the AC, is of the opinion that, for FY2016, the internal controls in place in the Group to address risks relating to financial, operational, compliance, information technology controls and risk management systems are adequate and effective.

The Board acknowledges that risk is inherent in business and there are commercial risks to be taken in the course of generating a return on business activities. The Board's policy is that risks should be managed within the Group's overall risk tolerance.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, frauds or other irregularities.

The AC comprises the following members:

Mr Lim How Teck – Chairman
Mr Bjarne Strikert – Member
Mr Teo Lek Hong – Member

The members of the AC are appropriately qualified and possess the relevant accounting or related financial management expertise or experience to discharge their responsibilities.

The AC is governed by its written terms of reference. All members of the AC, including the chairman, is independent. The duties and powers of the AC are, inter alia, as follows:

(1) assist the Board in the discharge of its responsibilities on financial reporting matters;

(2) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits compiled by the internal and external auditors;

(3) review the interim and annual consolidated financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;

(4) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, information technology controls and risk management systems and ensure co-ordination between the internal and external auditors, and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(5) review the independence and objectivity of the external auditors;

(6) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(7) make recommendations to the Board on the proposals to Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(8) review significant financial reporting issues and judgments with the Finance Director and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;

(9) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

(10) review any potential conflicts of interest;

(11) review the suitability of the Finance Director and the adequacy of the finance team on an on -going basis;

(12) review and approve all hedging policies and instruments (if any) to be implemented by the Group;

(13) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(14) review the financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

(15) review and establish procedures for receipt, retention and treatment of complaints received by the Group, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

(16) review the Group's compliance with such functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;

(17) review arrangements by which the staff may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters, and to ensure that those arrangements are in place for independent investigations of such matters and for appropriate follow-up; and

(18) generally to undertake such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has full authority to investigate any matter within its terms of reference, full access to and co-operation from the Management and full discretion to invite any director, executive officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC also meets regularly with the Management, the Chief Financial Officer and external auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements. At least once a year and as and when required, the AC meets with the external and internal auditors without the presence of the Management, to review any matters that might be raised privately.

The AC reviews the scope and results of the audit work, the cost effectiveness of the audit and the independence and objectivity of the external auditors, Deloitte & Touche LLP and its member firms ("**Deloitte**"). During FY2016, the AC has reviewed independence of the external auditors including the nature of non-audit services provided by Deloitte. The AC has reviewed the nature and amount of non-audit fees paid to Deloitte, as disclosed in Note 29 to the financial statements of the Company, and is of the view that the independence and objectivity of the external auditors and other auditors have not been compromised. Non-audit fees primarily related to the Company's Listing.

No former partner or director of the Company's current auditing firm or auditing corporation is a member of the AC.

The AC has recommended to the Board the re-appointment of Deloitte as the Group's external auditors and the Board has accepted the AC's recommendation and the re-appointment will be tabled in the forthcoming annual general meeting.

The Company's external auditors also briefed the AC on the changes in the financial reporting standards that will take effect in the following years. This ensures that the AC is kept abreast with the changes in financial reporting standards which have a direct impact on the Group's financial statements.

The Group has appointed different auditors for its overseas subsidiaries. The Board and the AC are satisfied that the appointment of different auditing firms would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rules 712 and 716 of the Catalist Rules.

The Company has put in place a whistle-blowing policy where the staff of the Company and third parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. The AC will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Anonymous disclosures will be accepted and anonymity honoured. No such whistle-blowing letter was received in FY2016.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board supports the need for an internal audit function where its primary objective is to maintain a system of internal controls and processes to safeguard Shareholders' investment and the Group's assets. The internal auditors' primary role is to assist the Board and the Management to review the effectiveness of the key internal controls, including financial, operational, compliance, information technology controls, and risk management systems on an ongoing basis and to provide an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes.

The AC has appointed Yang Lee and Associates as the internal auditors. The internal auditor carried out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC is satisfied that the internal auditors are adequately resourced to perform its functions effectively, and is staffed by suitably qualified and experienced professionals with the relevant experience.

The internal auditors' primary line of reporting is to the chairman of the AC. Procedures are in place for internal auditors to report independently their findings and recommendations to the AC. The AC will review the adequacy and effectiveness of the Group's internal audit function on an annual basis.

To ensure the adequacy of the internal audit function, the AC reviews and approves the internal audit plan, scope and findings of internal audit procedures on an annual basis. The AC will also assess the effectiveness of the internal audit, on an annual basis, by examining the scope of the internal audit work and its independence, the internal auditor's report and its relationship with the external auditors.

COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDERS' MEETINGS

Principle 14: Companies should treat all Shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of Shareholders' rights and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their Shareholders and put in place an investor relations policy to promote regular, effective and fair communication with Shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of Shareholders and allow Shareholders the opportunity to communicate their views on various matters affecting the company.

The Company does not practice selective disclosure. Price sensitive information is released on SGXNET before or after trading hours. Financial results and annual reports are announced or issued within the mandatory periods. The release of such timely and relevant information is crucial to good corporate governance and enables Shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are encouraged to attend the annual general meeting to ensure a greater level of Shareholder participation and for them to be kept up-to-date as to the strategies and goals of the Group. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and key management personnel, and to interact with them. All Shareholders will receive the annual report and notice of annual general meeting. To facilitate participation by Shareholders, the Company's Constitution allows Shareholders to attend and vote at general meetings of the Company by proxies. A Shareholder may appoint up to 2 proxies to attend and vote on his behalf at a general meeting through proxy form deposited 48 hours before the meeting. However the Company allows Shareholders who are relevant intermediaries (as defined in Section 181(6) of the Companies Act, Chapter 50 of Singapore) to appoint more than 2 proxies to attend and vote at the same general meeting. Notices of meetings are also advertised in newspapers and available on SGXNET.

Every matter requiring Shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The Directors and the External Auditor are present to address any queries or concerns from Shareholders on matters relating to the Group and its operations.

The Company will put all resolutions to vote by poll and detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced on SGXNET.

The Company Secretary prepares minutes of Shareholders' meetings, which incorporates substantial comments and responses from the Board and the Management. These minutes are made available to Shareholders upon their requests.

DIVIDEND POLICY

The Company currently does not have a formal dividend policy. The form, frequency and amount of future dividends on our shares will depend on our cash and retained earnings, expected and actual future earnings, working capital requirements, general financing conditions, projected levels of capital expenditure and other investment plans, restrictions on payments of dividends imposed on the Company by the financial arrangements (if any) as well as general business conditions and other factors as the Directors may, in their absolute discretion, deem appropriate. The Company recorded a profit for FY2016, however no dividend was paid for the period.

CORPORATE GOVERNANCE REPORT

DEALINGS IN SECURITIES

The Company has adopted a policy which prohibits dealings in the securities of the Company by the Directors and employees of the Group while in possession of price-sensitive information. Under this policy, the Company, the Directors and employees of the Group are not permitted to deal with the securities of the Company during the period commencing one month before the announcement of the Company's half-year and full year results, and ending on the date of the announcement.

In addition, the Directors and employees are also discouraged from dealing in the Company's securities on short-term considerations and are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. The Board is kept informed when a Director trades in the Company's securities.

DISCLOSURE OF MATERIAL CONTRACTS

Save for the service agreements entered into between the Executive Director and the Company and a loan from John Grønbech ("**Director Loan**"), there was no material contract entered into by the Company and its subsidiaries involving the interests of any Director or controlling Shareholder either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of FY2015.

The Director Loan is interest-free, unsecured and repayable on demand and the outstanding Director Loan as at 31 December 2016 was US$326,000. The Director Loan was not conducted on an arm's length basis as John Grønbech did not receive any consideration from the Group.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. All interested person transactions are subject to review by the AC to ensure compliance with established procedures.

No general mandate has been obtained from Shareholders in respect of interested person transactions for FY2016. There were no interested person transactions of S$100,000 or more for FY2016.

NON-SPONSORSHIP FEES

There were no non-sponsor fees paid to SAC Advisors Private Limited ("**SAC**") for FY2016.

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DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2016.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 29 to 82 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2016, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

John Grønbech	
Lim How Teck	
Bjarne Strikert	
Tan Fuh Gih	(Resigned on March 10, 2017)
Simon Cunningham	(Resigned on March 14, 2017)
Tay Kee Liat	(Appointed on March 14, 2017)
Teo Lek Hong	(Appointed on March 14, 2017)

2 ARRANGEMENTS TO ENABLE THE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 4 of the Directors' statement.

3 DIRECTOR'S INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director			Shareholdings in which directors are deemed to have an interest		
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At January 21, 2017**	**At beginning of year**	**At end of year**	**At January 21, 2017**
NauticAWT Limited (Ordinary shares)						
John Grønbech	82,088,000	82,088,000	82,088,000	-	-	-
Simon Cunningham	1,116,000[(1)]	1,116,000[(1)]	1,116,000[(1)]	-	-	-
Tan Fuh Gih	-	-	-	48,360,000	48,360,000	48,360,000
Lim How Teck	-	150,600	150,600	-	-	-
Nautic Offshore Mexico S.A. de C.V. (Ordinary shares)						
John Grønbech	1 [(2)]	1 [(2)]	1 [(2)]	-	-	-

[(1)] In his capacity as a trustee (jointly with his wife) of Grassmere Superannuation Fund of which he and his wife are also beneficiaries.
[(2)] The share is held in trust for the Company.

By virtue of section 7 of the Singapore Companies Act, Mr John Grønbech is deemed to have an interest in all the related corporations of the Company.

4 SHARE OPTIONS

(a) Options to take up unissued shares

NauticAWT Employee Share Option Scheme ("**NauticAWT ESOS**")

The NauticAWT ESOS was approved pursuant to a resolution passed by the shareholders on Annual General Meeting on April 27, 2016.

The NauticAWT ESOS is administered by the Remuneration Committee (the "**RC**") whose members are:

- Bjarne Strikert (Chairman of the RC and Independent and Non-executive Director)
- Lim How Teck (Independent and Non-executive Director)
- Tay Kee Liat (Independent and Non-executive Director)

The grant of options to each controlling shareholder or associates of controlling shareholders shall be subject to specific approval by the shareholders in a general meeting.

The Directors are authorised and empowered to grant options in accordance with the NauticAWT ESOS and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the NauticAWT ESOS (including but not limited to allotment and issuance of shares in the capital of the Company at any time, whether during the continuance of this authority or thereafter, pursuant to options made or granted by the Company whether granted during the subsistence of this authority or otherwise).

This is provided that the aggregate number of shares issued and/or issuable pursuant to the NauticAWT ESOS, the NauticAWT Performance Share Plan ("**NauticAWT PSP**") and any other share-based incentive schemes of the Company do not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Offers for the grant of options may be made at any time from time to time at the discretion of the RC, in accordance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Catalist Listing Manual. The options are exercisable within 3 years from the commencement of the exercise period.

(b) Unissued shares under option and options exercised

On June 27, 2016, the Company granted 23,550,000 options, in 3 equal tranches of 7,850,000 options each, to the Group's directors and employees under the NauticAWT ESOS. The table below summarises the number of outstanding options under the NauticAWT ESOS as at December 31, 2016.

Exercisable Period		Outstanding at	Options granted	Cancelled/	Outstanding at December 31,	Exercise price per share
From	To	January 1, 2016	on June 27, 2016	Lapsed	2016	S$ (US$)
December 31, 2017	December 31, 2020	-	7,850,000	(700,000)	7,150,000	0.25 (0.19)
December 31, 2018	December 31, 2021	-	7,850,000	(700,000)	7,150,000	0.30 (0.22)
December 31, 2019	December 31, 2022	-	7,850,000	(700,000))	7,150,000	0.40 (0.30)
		-	23,550,000	(2,100,000)	21,450,000	

During the year, the options were granted at a premium to the market price on the grant date.

There were no options granted to any of the Company's controlling shareholders or their associates (as defined in SGX-ST Catalist Listing Manual).

4 SHARE OPTIONS (CONT'D)

Holders of the above share options have no right to participate in any share issues of any other company. No employee or employee of related corporations has received 5% or more of the total options available under the NauticAWT ESOS, except as follows:

Name of employee	Options granted on June 27, 2016	Aggregate options granted since commencement of the NauticAWT ESOS to the end of financial year	Aggregate options exercised since commencement of the NauticAWT ESOS to the end of financial year	Aggregate option lapsed since commencement of the NauticAWT ESOS to the end of financial year	Aggregate options outstanding as at the end of financial year and January 21, 2017
Elo Yde	2,850,000	2,850,000	-	-	2,850,000

The information on directors of the Company participating in the NauticAWT ESOS is as follows:

Name of director	Options granted on June 27, 2016	Aggregate options granted since commencement of the NauticAWT ESOS to the end of financial year	Aggregate options exercised since commencement of the NauticAWT ESOS to the end of financial year	Aggregate option lapsed since commencement of the NauticAWT ESOS to the end of financial year	Aggregate options outstanding as at the end of financial year and January 21, 2017
Lim How Teck	2,100,000	2,100,000	-	-	2,100,000
Bjarne Strikert	1,350,000	1,350,000	-	-	1,350,000
Simon Cunningham	2,850,000	2,850,000	-	-	2,850,000
	6,300,000	6,300,000	-	-	6,300,000

AWT Pty Ltd Employee Share Option Scheme ("**AWT ESOS**")

As at the end of the financial year, there were 43,959 options of a subsidiary, AWT International Pty Ltd under the AWT ESOS granted to its employees and a director of the subsidiary. The number of outstanding share options under the AWT ESOS as at December 31, 2016 are as follows:

Date of grant	Balance at January 1, 2016	Cancelled/ Lapsed	Outstanding at December 31, 2016	Exercise price per share (US$)	Exercisable period
March 21, 2014	88,460	(44,501)	43,959	4.19	October 1, 2015 to October 14, 2017

Holders of the above share options have no right to participate in any share issues of any other company.

There were no options granted to any of the Company's controlling shareholders or their associates (as defined in SGX-ST Catalist Listing Manual).

The information on directors of the Company participating in the AWT ESOS is as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the AWT ESOS to the end of financial year	Aggregate options exercised since commencement of the AWT ESOS to the end of financial year	Aggregate option lapsed since commencement of the AWT ESOS to the end of financial year	Aggregate options outstanding as at the end of financial year and January 21, 2017
Simon Cunningham	-	29,848	-	(29,848)	-

5 AUDIT COMMITTEE

The members of the Audit Committee (the "**AC**"), consisting all non-executive directors, at the date of this report are as follows:

Lim How Teck	(Chairman of AC and independent director)
Teo Lek Hong	(Independent director)
Bjarne Strikert	(Independent director)

The AC carried out its functions specified by Section 201B(5) of the Companies Act, the SGX-ST Catalist Rules and the Code of Corporate Governance. Among other functions, the AC has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) The audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) The Group's financial and operating results and accounting policies;

(c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) The half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) The co-operation and assistance given by the management to the Group's external auditors; and

(f) The re-appointment of the external auditors of the Group.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has recommended to the directors the nomination of Deloitte & Touche LLP for the re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

.....
Lim How Teck

.....
John Grønbech

March 31, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NAUTICAWT LIMITED AND ITS SUBSIDIARIES

REPORT 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, 2016, 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 29 to 82.

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 Financial Reporting Standards in Singapore ("**FRSs**") 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, 2016 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.

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.

Key audit matter	How the matter was addressed in the audit
Revenue recognition and work in progress The Group offers subsurface, subsea and surface facilities engineering services and contracting solutions for field exploration, field development and field refurbishments including design life extensions and production enhancement for ageing and mature oil and gas fields. 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. 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.	We evaluated the appropriateness of management's controls over the review and determination of the revenue to be recognised and the corresponding work in progress. 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 percentage of completion by determining if the services have been rendered to the end customer either by way of surveyor reports or customer acknowledged timesheets or project closing out report. We evaluated the accounting in the context of the accounting policies and contract terms. We tested the actual cost incurred by agreeing to supplier invoices, engineer timesheets and other documentation and performed cutoff testing for project costs.

KEY AUDIT MATTERS (CONT'D)

Key audit matter	How the matter was addressed in the audit
Contract revenue recognised is calculated by reference to the stage of completion of the contract which is measured by the proportion of contract costs incurred for work performed to date relative to the estimated total budgeted contract costs, except where this would not be representative of the stage of completion. Stage of completion of the contract is based on management's estimation of budgeted costs to complete each in progress contract as at period end. The percentage of completion is dependent upon the following key estimates or judgement areas: • total anticipated costs to complete the project (including estimated labour hours to completion); • completeness of incurred costs recognised for the project to date; • changes to the budgeted costs as a result of variation orders with customers.	For significant uncompleted contracts, we examined the assumptions behind estimated costs to complete, challenging the reasonableness of these in light of supporting evidence such as purchase orders for material or subcontractor costs and engineering estimates for labour hours. We recomputed the percentage of completion assessed by management based on the actual costs incurred for project life over budgeted costs. We performed a retrospective review of the budgeted costs against the actual costs for projects during the year. On a sample basis, we tested year end sales invoices and corresponding delivery orders and assessed the appropriateness of the revenue recognition in accordance with the Group's accounting policy. We have also assessed and validated the adequacy and appropriateness of the disclosures in the financial statements Note 3 under Key sources of estimation uncertainty for Revenue and Work in Progress.

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 auditors' 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 .

RESPONSIBILITES 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 FRSs, 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.

AUDITORS' 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.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NAUTICAWT LIMITED AND ITS SUBSIDIARIES

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 Gill Kuldip Kaur.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore
March 31, 2017

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31 2016

	Note	Group		Company	
		2016	2015	**2016**	2015
		US$	US$	**US$**	US$
ASSETS					
Current assets					
Cash and bank balances	7	**653,642**	928,804	**31,700**	26,506
Trade receivables	8	**11,941,452**	9,005,350	**7,655,463**	3,537,731
Other receivables	9	**2,856,214**	2,023,350	**2,897,734**	2,883,911
Inventories	10	**276,195**	913,757	**-**	-
Work in progress	11	**18,142**	54,534	**-**	-
Total current assets		**15,745,645**	12,925,795	**10,584,897**	6,448,148
Non-current assets					
Property, plant and equipment	12	**8,961,576**	5,021,821	**792,765**	431,778
Goodwill	13	**317,425**	317,425	**-**	-
Intangible assets	14	**401,281**	55,810	**352,645**	7,174
Investment in subsidiaries	15	**-**	-	**1,031,124**	907,600
Investment in joint venture	16	**11,871**	-	**-**	-
Other receivables	9	**-**	-	**2,657,936**	2,552,936
Deferred tax assets	17	**607,732**	-	**-**	-
Total non-current assets		**10,299,885**	5,395,056	**4,834,470**	3,899,488
Total assets		**26,045,530**	18,320,851	**15,419,367**	10,347,636
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	18	**2,215,015**	2,245,954	**-**	-
Other payables	19	**7,654,860**	3,799,941	**7,194,886**	2,385,287
Government grant received		**355,130**	140,132	**355,130**	140,132
Liabilities for trade bills discounted with recourse	20	**2,065,487**	1,656,326	**-**	-
Bank loan and advances	21	**2,177,890**	2,014,511	**885,257**	745,099
Loan from a director	6	**326,000**	326,000	**326,000**	326,000
Finance leases	22	**62,639**	63,485	**-**	-
Income tax payable		**394,893**	745,014	**-**	14,696
Total current liabilities		**15,251,914**	10,991,363	**8,761,273**	3,611,214
Non-current liabilities					
Long-term bank loan	21	**3,229,409**	894,217	**40,179**	229,167
Finance leases	22	**52,850**	115,055	**-**	-
Deferred tax liabilities	17	**98,774**	99,844	**-**	-
Other payables	19	**222,900**	8,508	**-**	-
Total non-current liabilities		**3,603,933**	1,117,624	**40,179**	229,167
Capital and reserves					
Share capital	23	**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	24	**64,184**	7,604	**101,337**	-
Foreign currency translation reserve		**82,961**	(157,679)	**-**	-
Accumulated losses		**(339,208)**	(1,052,769)	**(1,449,852)**	(1,459,175)
Equity attributable to owners of the Company		**7,774,367**	6,763,586	**6,617,915**	6,507,255
Non-controlling interests	15	**(584,684)**	(551,722)	**-**	-
Total equity		**7,189,683**	6,211,864	**6,617,915**	6,507,255
Total liabilities and equity		**26,045,530**	18,320,851	**15,419,367**	10,347,636

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31 2016

	Note	Group 2016 US$	2015 US$
Revenue	25	**23,147,240**	25,666,309
Cost of sales		**(15,708,550)**	(20,639,784)
Gross profit		**7,438,690**	5,026,525
Distribution expenses		**(333,314)**	(1,077,300)
Administrative expenses		**(8,021,481)**	(11,426,711)
Other income	26	**1,569,492**	1,231,435
Finance costs	27	**(302,462)**	(171,895)
Profit (Loss) before income tax		**350,925**	(6,417,946)
Income tax credit (expense)	28	**299,820**	(2,232,367)
Profit (Loss) for the year	29	**650,745**	(8,650,313)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**270,494**	(176,958)
Total other comprehensive income for the year		**270,494**	(176,958)
Total comprehensive income for the year		**921,239**	(8,827,271)
Profit (Loss) attributable to:			
Owners of the Company		**713,561**	(6,739,996)
Non-controlling interests	15	**(62,816)**	(1,910,317)
		650,745	(8,650,313)
Total comprehensive income attributable to:			
Owners of the Company		**954,201**	(6,804,515)
Non-controlling interests		**(32,962)**	(2,022,756)
		921,239	(8,827,271)
Basic and diluted earnings (loss) per share			
Basic (cents)	30	**0.37**	(3.86)
Diluted (cents)	30	**0.37**	(3.86)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31 2016

Group	Share capital US$	Other capital reserve US$	Share options reserve US$	Foreign currency reserve US$	Accumulated profits (losses) US$	Attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Balance at January 1, 2015	3,208,578	703,453	6,193	(93,160)	5,687,227	9,512,290	1,471,034	10,983,325
Total comprehensive income for the year								
Loss for the year	-	-	-	-	(6,739,996)	(6,739,996)	(1,910,317)	(8,650,313)
Other comprehensive loss for the year	-	-	-	(64,519)	-	(64,519)	(112,439)	(176,958)
Total	-	-	-	(64,519)	(6,739,996)	(6,804,515)	(2,022,756)	(8,827,271)
Transaction with owners recognised directly in equity								
Recognition of share-based payment (Note 24)	-	-	1,411	-	-	1,411	-	1,411
Issuance of shares pursuant to Initial Public Offering ("**IPO**") (Note 23)	3,791,114	-	-	-	-	3,791,114	-	3,791,114
Issuance of shares pursuant to acquisition of a subsidiary (Notes 15 and 23)	248,491	14,794	-	-	-	263,285	-	263,285
Total	4,039,605	14,794	1,411	-	-	4,055,810	-	4,055,810
Balance at December 31, 2015	7,248,183	718,247	7,604	(157,679)	(1,052,769)	6,763,586	(551,722)	6,211,864
Total comprehensive income for the year								
Profit (Loss) for the year	-	-	-	-	713,561	713,561	(62,816)	650,745
Other comprehensive income for the year	-	-	-	240,640	-	240,640	29,854	270,494
Total	-	-	-	240,640	713,561	954,201	(32,962)	921,239
Transaction with owners recognised directly in equity								
Recognition of share-based payment (Note 24)	-	-	56,580	-	-	56,580	-	56,580
Total	-	-	56,580	-	-	56,580	-	56,580
Balance at December 31, 2016	**7,248,183**	**718,247**	**64,184**	**82,961**	**(339,208)**	**7,774,367**	**(584,684)**	**7,189,683**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31 2016

Company	Share capital US$	Other capital reserve US$	Share options reserve US$	Accumulated (losses) profits US$	Total US$
Balance at January 1, 2015	3,208,578	703,453	-	(196,119)	3,715,912
Total comprehensive income for the year					
Loss for the year	-	-	-	(1,263,056)	(1,263,056)
Total	-	-	-	(1,263,056)	(1,263,056)
Transaction with owners recognised directly in equity					
Issuance of shares pursuant to IPO (Note 23)	3,791,114	-	-	-	3,791,114
Issuance of shares pursuant to acquisition of a subsidiary (Notes 15 and 23)	248,491	14,794	-	-	263,285
Total	4,039,605	14,794	-	-	4,054,399
Balance at December 31, 2015	7,248,183	718,247	-	(1,459,175)	6,507,255
Total comprehensive income for the year					
Profit for the year	-	-	-	9,323	9,323
Total	-	-	-	9,323	9,323
Transaction with owners recognised directly in equity					
Recognition of share-based payment (Note 24)	-	-	101,337	-	101,337
Total	-	-	101,337	-	101,337
Balance at December 31, 2016	**7,248,183**	**718,247**	**101,337**	**(1,449,852)**	**6,617,915**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31 2016

	Note	Group 2016 US$	2015 US$
Operating activities			
Profit (Loss) before income tax		**350,925**	(6,417,946)
Adjustments for:			
Depreciation of property, plant and equipment	(D)	**916,213**	817,807
Amortisation of intangible assets		**10,186**	990
Reversal of provision for deferred purchase consideration		**-**	(807,801)
Provision for/Write off of bad debts		**419,390**	549,095
Gain on disposal of a subsidiary		**(747,100)**	-
Write back of provision for employee entitlement		**(295,206)**	-
Write off of unbilled work undertaken		**-**	302,315
Write off of property, plant and equipment		**211**	45,635
Write off of obsolete inventories		**51,233**	279,078
Interest expense		**302,462**	171,895
Interest income		**(113)**	(15,108)
Share-based payment		**56,580**	1,411
Operating cash flows before movements in working capital		**1,064,781**	(5,072,629)
Trade receivables		**(3,355,492)**	(1,450,442)
Other receivables		**(1,723,299)**	1,072,323
Inventories		**586,329**	(522,879)
Trade payables		**486,077**	(1,005,509)
Other payables		**4,548,914**	2,047,278
Trade bills discounted with recourse		**409,161**	1,303,907
Work in progress		**36,392**	(81,870)
Cash generated from (used in) operations		**2,052,863**	(3,709,821)
Income tax paid		**(94,206)**	(166,566)
Interest received		**113**	15,108
Interest paid		**(302,462)**	(171,895)
Net cash generated from (used in) operating activities		**1,656,308**	(4,033,174)
Investing activities			
Purchase of property, plant and equipment	(A)	**(4,409,867)**	(1,363,805)
Addition of intangible assets	(D)	**(320,901)**	-
Investment in joint venture		**(11,871)**	-
Acquisition of a subsidiary	(B)	**-**	(352,215)
Net cash used in investing activities		**(4,742,639)**	(1,716,020)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31 2016

	Note	Group 2016 US$	2015 US$
Financing activities			
Loan from director		**-**	121,978
Proceeds from bank loans		**3,620,357**	1,510,912
Restricted cash		**-**	(70,751)
Government grant received		**214,998**	140,132
Loan from a third party		**334,350**	-
Advances from (Repayment of advances to) bank		**273,398**	(217,322)
Repayment of finance lease payables		**(63,052)**	(107,550)
Repayments of bank loans		**(1,487,299)**	(1,474,076)
Proceeds from IPO		**-**	4,161,403
IPO share issue costs recognised in share capital		**-**	(370,289)
Expenses incurred in connection with the IPO	(C)	**(182,531)**	(1,005,575)
Net cash from financing activities		**2,710,221**	2,688,862
Net decrease in cash and cash equivalents		**(376,110)**	(3,060,332)
Cash and cash equivalents at beginning of year		**62,954**	3,112,087
Effects of exchange rate changes on balance of cash held in foreign currencies		**10,445**	11,199
Cash and cash equivalents at end of year (Note 7)		**(302,711)**	62,954

Notes

(A) The Group acquired property, plant and equipment at an aggregate cost of US$4,890,935 (2015 : US$1,363,805) of which cash payment of US$4,409,867 (2015 : US$1,363,805) were paid during the year. US$481,068 (2015 : US$Nil) remains unpaid as at 31 December 2016 and was recorded under "Other Payables".

(B) In 2015, the Company acquired a subsidiary for a total consideration of US$615,500 which is made up of (i) issuance of 1,765,893 new shares in the capital of the Company amounting to US$263,285 and (ii) cash payment of US$352,215.

(C) The Company incurred total IPO share issue expenses of US$1,450,471 in FY2015 and FY2014 of which US$1,196,422 had been paid as at 31 December 2015. During the year, US$182,531 was paid and US$71,518 (2015: US$254,049) remains unpaid as at 31 December 2016 and was recorded under "Other Payables".

(D) The Group capitalised intangible assets at an aggregate cost of US$355,657 (2015 : US$8,246) of which cash payment of US$320,901 (2015 : Nil) were paid during the year. The remaining US$34,756 (2015 : US$Nil) was pertaining to capitalisation of depreciation charge of laboratory equipment.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration Number 201108075C) is incorporated in the Republic of Singapore with its principal place of business at 300 Beach Road, #13-02, The Concourse, Singapore 199555. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited. The financial statements are presented in United States dollars which is the Company's functional currency.

The principal activity of the Company is that of an engineering company providing offshore and marine engineering services and investment holding.

The principal activities of the subsidiaries and joint venture are disclosed in Note 15 and 16 to the financial statements respectively.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2016 were authorised for issue by the Board of Directors on March 31, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("**FRS**").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2016, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("**INT FRS**") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[2]
- FRS 116 *Leases*[3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[1]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*[1]
- Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*[2]

[1] Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

[2] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

[3] Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates based on preliminary assessment that the initial application of the new FRS 115 will result in changes to the accounting policies relating to revenue and work in progress and accrued revenue are expected to be impacted. Additional disclosures will also be made with respect of revenue, work in progress and accrued revenue, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessees and lessors. The identification of lease, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Signification changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Upon adoption of FRS 116, all non-cancellable lease obligations other than those which fall within the above exceptions, will be recognised as liabilities concurrently within the recognition of right of use of assets. Note 32 provides information on the non-cancellable lease obligations existing at December 31, 2016. Management anticipates based on preliminary assessment that the initial application of the new FRS 116 will result in changes to the accounting policies relating to leases. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the financial statements in the period of initial application as management has yet to complete its detailed assessment.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) general hedge accounting, and (iii) impairment requirements for financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). With some exceptions, financial liabilities are generally subsequently measured at amortised costs.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management anticipates based on preliminary assessment that the initial application of the new FRS 109 will result in changes to the accounting policies relating to impairment provisions of financial assets as a result of the change to the expected credit loss model. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the financial statements in the period of initial application as management has yet to complete its detailed assessment.

IFRS Convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange (SGX) will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending December 31, 2018, with retrospective application to the comparative financial year ending December 31, 2017 and the opening statement of financial position as at January 1, 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect any material changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/ revised IFRSs, and the election of certain transition options available under IFRS 1. The preliminary assessment may be subject to change arising from the detailed analysis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Interest income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities comprising amount due to trade and other payables and loan from director are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans, bank overdrafts and advances from bank are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set -off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are chargeable to profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefits derived from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out basis. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

WORK IN PROGRESS - Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

PROPERTY, PLANT and EQUIPMENT – Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Depreciation is charged so as to write off the cost of assets, except for freehold land over their estimated useful lives, using the straight-line method, on the following bases:

Freehold building	50 years
Machinery	5 years to 10 years
Computer equipment	3 years
Administrative equipment	3 years to 10 years
Laboratory equipment	5 years to 10 years
Motor vehicle	10 years
Leased assets	1 year to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straightline basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Amortisation is charged so as to write off the cost over their estimated useful lives, using the straight-line method, on the following bases:

Proprietary material development information	5 years to indefinite
Trademark	10 years

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash- generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

JOINT VENTURE - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105.

Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

INTERESTS IN JOINT OPERATIONS - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS - The Group issues equity-settled and cash-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 24. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

OTHER CAPITAL RESERVE

The other capital reserve represents:

(i) Share conversion reserve as a result of the equity component of convertible debt instruments; and

(ii) Other capital reserve which is the excess over the share capital for the conversion of convertible debt instrument in prior years and acquisition of subsidiary.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- Servicing fees, included in the price of products sold, are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Revenue from work-in-progress contracts is recognised in accordance with the Group's accounting policy on work -in-progress contracts (see above).

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Licensing income

Licensing income is recognised on an accrual basis in accordance with the substance of the relevant agreement. Licensing income determined on a time basis are recognised on a straight-line basis over the period of the agreement. Licensing arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BORROWING COST - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countires where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination. In the case of a business combination the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities, and contingent liabilities over cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in United States dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity, under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill arising on the acquisition of a foreign operation is treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash at bank and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Recognition of deferred tax assets in subsidiary

The Group had recognised deferred tax assets relating to carried forward tax losses and unabsorbed capital allowances in relation to a subsidiary, to the extent that there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and against which the unused tax losses can be utilised based on the assumption that there will be sufficient future taxable deductions available to utilise the deferred tax asset raised at the end of the reporting period.

In determining the amount of deferred tax assets to be recognised, management prepared and reviewed an analysis of estimated future results which supports the future realisation of the deferred tax assets in the subsidiary.

The Group has recognised in the current financial year a deferred tax asset in relation to the unutilised tax losses and capital allowances of US$675,515 (Note 17) which is supported by a budget prepared by management for the years ending December 31, 2017 to 2021. In 2015, the Group reversed deferred tax asset of US$2,188,603 for AWT International Pty Ltd and its subsidiaries as the management was of the opinion that the Group would not be able to utilise the deferred tax asset due to the unpredictability of the future profit streams (Note 17) as a result of restructuring of the Group.

Key sources of estimation uncertainty

Revenue recognition and work in progress

The Group offers subsurface, subsea and surface facilities engineering services and contracting solutions for field exploration, field development and field refurbishments including design life extensions and production enhancement for ageing and mature oil and gas fields. 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.

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 recognised is calculated by reference to the stage of completion of the contract which is measured by the proportion of contract costs incurred for work performed to date relative to the estimated total budgeted contract costs, except where this would not be representative of the stage of completion.

At each reporting period end, management estimates the stage of completion of each contract in progress using the actual costs over the projected budgeted costs to complete. The percentage of completion is dependent upon the following key estimates or judgement areas:

- total anticipated costs to complete the project (including estimated labour hours to completion);
- completeness of incurred costs recognised for the project to date;
- changes to the budgeted costs as a result of variation orders with customers.

In making its judgement, management considered the detailed criteria as set out in FRS 18 *Revenue* for the recognition of revenue from rendering of services for contract revenue. For sales of goods, management assesses if the Group had transferred to the buyer the significant risks and rewards of the ownership of the goods.

The carrying amount of the work in progress is disclosed in Note 11 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Recoverable amount of trade and other receivables

Management assesses at the end of each reporting period whether there is any objective evidence that trade and other receivables are impaired. In making this assessment, management takes into consideration the age of debts, results of collective efforts and any significant change in credit quality of the receivables. If there is objective evidence that an impairment loss on trade and other receivables has incurred, the amount of loss recognised in the profit or loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows.

The carrying amount of trade and other receivables are stated in Notes 8 and 9 respectively.

Useful lives of property, plant and equipment

As described in Note 2, the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Changes in the expected level and future usage can impact the economic useful lives of these assets with consequential impact on the future depreciation charge.

The carrying amounts of property, plant and equipment are disclosed in Note 12 to the financial statements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit ("CGU") to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill is disclosed in Note 13 to the financial statements.

Capitalisation and recoverability of intangible assets

As described in Note 14, the Group has recognised an internally generated intangible asset arising from a material development project according to the Group's accounting policy of internally generated intangible assets. As at December 31, 2016, this project continues to progress as planned and management anticipates revenues from the project based on its use. Management has assessed the recoverability of the asset based on future projections and progress to date. This situation will be closely monitored, and adjustments will be made in future periods, if future market activity indicates that such adjustments are appropriate.

The carrying amount of intangible assets is stated in Note 14.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016 US$	2015 US$	**2016 US$**	2015 US$
Financial assets				
Loans and receivables (including cash and cash equivalents)	**12,943,757**	10,266,220	**12,892,825**	8,559,890
Financial liabilities				
Amortised cost	**17,613,531**	11,123,997	**8,446,258**	3,685,553

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The Group's operating activities expose it to a variety of financial risks: credit risk, interest rate risk, foreign currency risk and liquidity risk. The Group does not have formal risk management policies and guidelines, and generally adopts conservative strategies on its risk management and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade receivables, other receivables and cash and bank balances.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management annually.

As the Group does not hold any collateral, the maximum exposure to credit risk is the carrying amount of the related financial assets represented on the statement of financial position.

Trade receivables and other receivables are monitored on an ongoing basis and whether the receivables are recoverable are estimated by the Group's management based on prior experience and current economic environment. A significant portion of the Group's sales are to several key customers. Top 3 external debtors accounted for approximately 28% (2015 : 23%) of total trade receivables as at December 31, 2016.

The Company's credit risk is concentrated wholly with its subsidiaries. These amounts have been deemed by management to be collectible.

Cash and bank balances are placed with reputable banks and financial institutions which are regulated with no history of default.

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The primary source of the Group's interest rate risk relates to interest-bearing bank deposit, loans and advances and finance leases. The interest rates on fixed deposits, loans and advances and finance leases are disclosed in Notes 7, 19, 20, 21 and 22 to the financial statements respectively.

(iii) Foreign currency risk management

The Group has transactional currency exposures arising from revenue and expenses, and also currency exposure to funding that are denominated in non-functional currencies. The Group's foreign currency exposure is mainly from the exchange rate movements of the Singapore dollars, Australian dollars, Euro, Brunei dollars and Malaysian ringgit against the United States dollars. The Group does not use derivative financial instruments to hedge the exposure. Instead, management constantly monitors the fluctuations of foreign currency exchange rates so as to ensure that the Group's exposure to foreign currency risk is kept to a minimum.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of each group entity at the end of the reporting period are as follows:

	Group			
	Assets		Liabilities	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Singapore dollars	**675,830**	279,792	**2,985,351**	1,190,109
Australian dollars	**244,459**	891,178	**1,875,965**	1,265,155
Euro	**32,119**	208,382	**28,717**	-
Brunei dollars	**169,384**	292,039	**741,742**	917,329
Malaysian ringgit	**395,923**	17,136	**4,719,311**	355,362

The following table shows the sensitivity of the Group's profit (2015 : loss) before income tax to a reasonably possible change in the relevant currency against the functional currency of each group entity, with all other variables held constant.

	Group	
	2016	2015
	US$	US$
Profit before income tax - increase (decrease) (2015 : Loss before income tax – (increase) decrease)		
Singapore dollars		
- strengthened by 5%	**(115,476)**	45,516
- weakened by 5%	**115,476**	(45,516)
Australian dollars		
- strengthened by 5%	**(81,575)**	18,699
- weakened by 5%	**81,575**	(18,699)
Euro		
- strengthened by 5%	**170**	(10,419)
- weakened by 5%	**(170)**	10,419
Brunei dollars		
- strengthened by 5%	**(28,618)**	31,265
- weakened by 5%	**28,618**	(31,265)
Malaysian ringgit		
- strengthened by 5%	**(216,169)**	16,911
- weakened by 5%	**216,169**	(16,911)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

(iv) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Weighted average effective interest rate %	Within 1 year US$	Between 2 to 5 years US$	Adjustment US$	Total US$
Group					
2016					
Financial assets					
Non-interest bearing	-	12,574,617	-	-	12,574,617
Fixed interest rate	0.200	69,278	-	(138)	69,140
Fixed interest rate	0.160	300,480	-	(480)	300,000
Total		12,944,375	-	(618)	12,943,757
2015					
Financial assets					
Non-interest bearing	-	9,895,469	-	-	9,895,469
Fixed interest rate	0.200	70,893	-	(142)	70,751
Fixed interest rate	0.063	300,188	-	(188)	300,000
Total		10,266,550	-	(330)	10,266,220

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT(CONT'D)

	Weighted average effective interest rate %	Within 1 year US$	Between 2 to 5 years US$	Adjustment US$	Total US$
Company					
2016					
Financial assets					
Non-interest bearing	-	10,234,889	-	-	10,234,889
Fixed interest rate	10.700	-	2,942,336	(284,400)	2,657,936
Total		10,234,889	2,942,336	(284,400)	12,892,825
2015					
Financial assets					
Non-interest bearing	-	6,006,954	-	-	6,006,954
Fixed interest rate	10.700	-	3,235,847	(682,911)	2,552,936
Total		6,006,954	3,235,847	(682,911)	8,559,890

Non-derivative financial liabilities

The following table details the expected maturity for non-derivative liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be earned on those assets and liabilities except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset and liability on the statement of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

	Weighted average effective interest rate %	Within 1 year US$	Between 2 to 5 years US$	More than 5 years US$	Adjustment US$	Total US$
Group						
2016						
Financial liabilities						
Non-interest bearing	-	9,690,905	-	-	-	9,690,905
Fixed interest rate	2.280	22,186	49,724	-	(3,596)	68,314
Fixed interest rate	7.500	50,713	-	-	(3,538)	47,175
Fixed interest rate	6.250	132,347	243,797	-	(41,794)	334,350
Floating interest rate	4.750	332,719	-	-	(7,719)	325,000
Floating interest rate	4.800	239,250	-	-	(10,083)	229,167
Floating interest rate`	4.550	168,031	40,637	-	(7,770)	200,898
Fixed interest rate	5.500	336,471	27,232	-	(11,306)	352,397
Floating interest rate	7.150	340,428	1,361,708	3,971,582	(2,407,765)	3,265,953
Floating interest rate	4.550	148,017	-	-	(1,534)	146,483
Floating interest rate	5.925	304,636	-	-	(4,447)	300,189
Floating interest rate	6.800	627,143	-	-	(39,930)	587,213
Fixed interest rate	5.500	177,971	-	-	(812)	177,159
Floating interest rate	4.300	1,524,388	-	-	(16,213)	1,508,175
Floating interest rate	5.750	385,618	-	-	(5,465)	380,153
Total		14,511,343	1,723,098	3,971,582	(2,561,972)	17,613,531
2015						
Financial liabilities						
Non-interest bearing	-	6,380,402	-	-	-	6,380,402
Fixed interest rate	2.280	20,130	72,693	-	(4,315)	88,508
Fixed interest rate	3.250	7,499	-	-	(236)	7,263
Fixed interest rate	7.500	39,281	50,562	-	(7,074)	82,769
Floating interest rate	4.640	77,610	-	-	(2,610)	75,000
Floating interest rate	4.140	676,910	331,728	-	(33,638)	975,000
Floating interest rate	4.390	260,975	238,389	-	(20,197)	479,167
Floating interest rate	4.140	151,345	-	-	(1,345)	150,000
Fixed interest rate	5.500	387,840	358,754	-	(38,922)	707,672
Floating interest rate	3.890	27,052	-	-	(261)	26,791
Fixed interest rate	5.500	565,936	-	-	(7,676)	558,260
Floating interest rate	3.890	1,057,908	-	-	(10,189)	1,047,719
Floating interest rate	6.500	51,165	-	-	(818)	50,347
Floating interest rate	4.500	517,378	-	-	(22,279)	495,099
Total		10,221,431	1,052,126	-	(149,560)	11,123,997

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

	Weighted average effective interest rate %	Within 1 year US$	Between 2 to 5 years US$	More than 5 years US$	Adjustment US$	Total US$
Company						
2016						
Financial liabilities						
Non-interest bearing	-	7,520,822	-	-	-	7,520,822
Floating interest rate	4.800	239,250	-	-	(10,083)	229,167
Floating interest rate	4.550	168,031	40,637	-	(7,770)	200,898
Floating interest rate	6.800	529,058	-	-	(33,687)	495,371
Total		8,457,161	40,637	-	(51,540)	8,446,258
2015						
Financial liabilities						
Non-interest bearing	-	2,711,287	-	-	-	2,711,287
Floating interest rate	4.390	260,975	238,389	-	(20,197)	479,167
Floating interest rate	4.500	517,378	-	-	(22,279)	495,099
Total		3,489,640	238,389	-	(42,476)	3,685,553

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments or they are entered into near end of the financial year except for interest-bearing loans, bank overdrafts, advances from banks and loan from third party. Management is of the opinion that the carrying amount of the interest bearing bank loans, bank overdrafts, advances from banks and loan from third party approximate their fair value due to market interest rates charged, except for fixed interest loans where the effect of discounting is immaterial.

The Group had no financial assets or liabilities carried at fair value as at December 31, 2016 and 2015.

(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the group consists of equity attributable to the shareholders, comprising issued capital provided by shareholders and accumulated losses.

Management reviews the capital structure at least on an annual basis. As part of this review, management considers the cost of capital and the risks associated with each type of capital. The Company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from prior year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Company entered into the following transactions with related companies:

	Company	
	2016	2015
	US$	US$
Management fees charged to subsidiaries	**4,529,281**	3,805,031
Franchise fees charged to a subsidiary	**279,513**	415,396

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effects of these on the bases determined between the parties are reflected in these financial statements. The balances, which includes loan from a director, are unsecured, interest-free and repayable on demand unless otherwise stated.

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Loan from a director	**326,000**	326,000	**326,000**	326,000
Licensing income from a key management personnel	**46,622**	-	**-**	-

Compensation of director and key management personnel

Compensation of directors and key management personnel during the year was as follows:

	Group	
	2016	2015
	US$	US$
Salaries, bonuses and other short-term benefits	**1,831,741**	2,027,510

7 CASH AND BANK BALANCES

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Cash at bank	**6,693**	546,398	**597**	24,295
Cash on hand	**277,809**	11,655	**31,103**	2,211
Fixed deposits	**369,140**	370,751	**-**	-
Total	**653,642**	928,804	**31,700**	26,506
Less: Restricted cash (Note 21)	**(369,140)**	(370,751)	**-**	-
Less: Bank overdrafts (Note 21)	**(587,213)**	(495,099)	**(495,371)**	(495,099)
Cash and cash equivalents as shown in the statement of cash flows	**(302,711)**	62,954	**(463,671)**	(468,593)

Fixed deposits placed with banks bear interest at average effective interest of 0.180% (2015 : 0.131%) per annum. The fixed deposits have an average maturity period of 4 (2015 : 5) months from the end of the financial year ended December 31, 2016.

Restricted cash is pledged as a security for banking facilities as disclosed in Note 21 to the financial statements.

8 TRADE RECEIVABLES

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Outside parties	**12,360,842**	9,016,534	**-**	-
Less: Allowance for doubtful debts	**(419,390)**	(11,184)	**-**	-
Subsidiaries (Note 6)	**-**	-	**7,655,463**	3,537,731
	11,941,452	9,005,350	**7,655,463**	3,537,731

The average credit period on revenue from outside parties and subsidiaries is 30 days (2015 : 30 days). No interest is charged on overdue trade receivables. The Group and Company makes specific allowance on a case-by-case basis for its receivables. 70% (2015 : 68%) of the Group's trade receivables are neither past due nor impaired and relate to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management.

Movement in the allowance for doubtful debts:

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Balance at beginning of the financial year	**11,814**	63,020	-	-
Allowance written off	**(11,814)**	(51,836)	-	-
Allowance during the year	**419,390**	-	-	-
Balance at end of the financial year	**419,390**	11,184	-	-

8 TRADE RECEIVABLES (CONT'D)

The table below is an analysis of trade receivables as at the end of each financial year:

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Not past due and not impaired	**8,324,909**	6,110,164	**7,206,846**	3,487,943
Past due but not impaired [(1)]	**3,616,543**	2,895,186	**448,617**	49,788
Total	**11,941,452**	9,005,350	**7,655,463**	3,537,731

(1) Aging of receivables that are past due but not impaired:

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
< 3 months	**1,628,618**	1,979,140	**150,064**	49,788
more than 3 months	**1,987,925**	916,046	**298,553**	-
	3,616,543	2,895,186	**448,617**	49,788

The above past due receivables are not impaired as there has not been a significant change in the credit quality and the amounts are still considered recoverable.

Included in trade receivables are US$2,065,487 (2015 : US$1,656,326) which have been securitised to the bank as trade bills discounted with recourse (Note 20).

9 OTHER RECEIVABLES

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Current				
Deposits	**205,462**	325,393	**118,352**	113,570
Goods and services tax receivable	**306,351**	221,190	**17,531**	19,893
Prepayments	**128,910**	435,400	**29,484**	108,296
Withholding tax receivable	**1,124,052**	649,623	**234,136**	192,923
Amount receivable from subsidiaries	**-**	-	**2,429,374**	2,329,147
Advances	**948,238**	385,071	**68,857**	120,082
Others	**143,201**	6,673	**-**	-
Total	**2,856,214**	2,023,350	**2,897,734**	2,883,911
Non-current				
Loan receivable from a subsidiary [(1)]	**-**	-	**2,657,936**	2,552,936

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date that credit was initially granted up to the reporting date. Accordingly, management believes that no allowance for doubtful debts is required.

(1) The loan to a subsidiary is unsecured, repayable on July 1, 2018 (2015 : July 1, 2018) and has an effective interest rate of 10.7% (2015 : 10.7%) per annum.

Amount receivable from subsidiaries are unsecured and are repayable on demand.

10 INVENTORIES

	Group		Company	
	2016 US$	2015 US$	**2016 US$**	2015 US$
Raw material, at cost	**205,241**	352,893	**-**	-
Finished goods, at cost	**70,954**	560,864	**-**	-
Total inventories, at cost	**276,195**	913,757	**-**	-

The cost of inventories recognised as an expense includes US$51,233 (2015 : US$279,078) in respect of write off of obsolete inventories.

11 WORK IN PROGRESS

	Group		Company	
	2016 US$	2015 US$	**2016 US$**	2015 US$
Contracts in progress at end of the reporting period:				
Amounts due from contract customers included in trade receivables (Note 8)	**928,802**	1,322,589	**-**	-
Amounts due to contract customers included in trade payables (Note 18)	**(910,661)**	(1,268,055)	**-**	-
	18,142	54,534	**-**	-
Contract costs incurred plus recognised profits	**4,860,800**	8,594,467	**-**	-
Less: Progress billing	**(4,842,658)**	(8,539,933)	**-**	-
	18,142	54,534	**-**	-

Included in work in progress is the retention sums of US$219,780 (2015 : US$185,422) as at December 31, 2016.

12 PROPERTY, PLANT AND EQUIPMENT

	Machinery US$	Computer equipment US$	Administrative equipment US$	Laboratory equipment US$	Motor vehicle US$	Leased assets US$	Freehold land US$	Building US$	Total US$
Group									
Cost:									
At January 1, 2015	4,357,220	524,323	983,857	101,125	226,095	660,778	-	-	6,853,398
Additions	847,163	44,834	462,363	9,445	-	-	-	-	1,363,805
Acquisition of a subsidiary	-	846,390	227,562	-	-	-	-	-	1,073,952
Disposals	-	-	(108,928)	-	-	-	-	-	(108,928)
Exchange differences	87,655	(50,974)	(75,132)	(13,600)	-	(72,526)	-	-	(124,577)
At December 31, 2015	5,292,038	1,364,573	1,489,722	96,970	226,095	588,252	-	-	9,057,650
Additions	172,932	16,929	14,751	503,552	51,542	-	1,181,370	2,949,859	4,890,935
Write off	-	-	-	211	-	-	-	-	211
Exchange differences	(42,362)	(89,897)	(79,675)	(3,193)	-	(5,548)	-	-	(220,675)
At December 31, 2016	5,422,608	1,291,605	1,424,798	597,540	277,637	582,704	1,181,370	2,949,859	13,728,121
Accumulated depreciation:									
At January 1, 2015	980,554	421,602	460,391	34,608	5,652	506,944	-	-	2,409,751
Depreciation	512,966	50,066	174,391	17,802	22,610	39,972	-	-	817,807
Acquisition of a subsidiary	-	830,345	211,137	-	-	-	-	-	1,041,482
Disposals	-	-	(63,293)	-	-	-	-	-	(63,293)
Exchange differences	(4,634)	(64,797)	(41,014)	(2,919)	-	(56,554)	-	-	(169,918)
At December 31, 2015	1,488,886	1,237,216	741,612	49,491	28,262	490,362	-	-	4,035,829
Depreciation	551,053	36,411	218,485	53,674	26,427	48,941	-	15,973	950,969
Exchange differences	(17,463)	(63,164)	(124,163)	(2,589)	-	(11,645)	-	(1,224)	(220,248)
At December 31, 2016	2,022,476	1,210,463	835,934	100,576	54,689	527,658	-	14,749	4,766,545
Carrying amount:									
At December 31, 2016	3,400,132	81,142	588,864	496,964	222,948	55,046	1,181,370	2,935,110	8,961,576
At December 31, 2015	3,803,152	127,357	748,110	47,479	197,833	97,890	-	-	5,021,821

As at December 31, 2016, motor vehicle with carrying amount of US$175,224 (2015 : US$197,833) and leased assets with carrying amount of US$55,046 (2015 : US$97,890) are under finance lease arrangements disclosed in Note 22 to the financial statements. All property, plant and equipment of three subsidiaries (2015 : two), amounted to US$7,610,399 (2015 : US$3,507,560) are pledged as security for banking facilities disclosed in Note 21 to the financial statements. The finance lease on a motor vehicle is guaranteed by a director.

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Machinery US$	Computer equipment US$	Administrative equipment US$	Laboratory equipment US$	Total US$
Company					
Cost:					
At January 1, 2015	-	-	-	-	-
Additions	6,165	43,708	488,595	-	538,468
At December 31, 2015	6,165	43,708	488,595	-	538,468
Additions	-	2,722	6,000	497,576	506,298
At December 31, 2016	6,165	46,430	494,595	497,576	1,044,766
Accumulated amortisation:					
At January 1, 2015	-	-	-	-	-
Depreciation	261	14,182	92,247	-	106,690
At December 31, 2015	261	14,182	92,247	-	106,690
Depreciation	703	15,521	94,330	34,757	145,311
At December 31, 2016	964	29,703	186,577	34,757	252,001
Carrying amount:					
At December 31, 2016	5,201	16,727	308,018	462,819	792,765
At December 31, 2015	5,904	29,526	396,348	-	431,778

13 GOODWILL

	Group 2015 US$
Cost:	
At January 1, 2015	-
Arising on acquisition of a subsidiary (Note 15)	317,425
At December 31, 2015, January 1, 2016 and December 31, 2016	317,425
Carrying amount:	
At December 31, 2015 and December 31, 2016	317,425

On October 12, 2015, the Company acquired 100% equity interest in NauticAWT Engineering Pte Ltd (formerly known as Marine Engineering Services Pte Ltd) ("**MESPL**") for a total consideration of US$615,500 and resulted a goodwill of US$317,425. Accordingly, goodwill acquired was allocated to the cash generating unit ("**CGU**") that are expected to benefit from that business combination.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Board, for the next five years with an estimated growth based on work pending contracts with end customers.

As at December 31, 2016, any reasonably possible change in the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amount of the CGU.

14 INTANGIBLE ASSETS

	Material Development US$	Trademarks US$	Total US$
Group			
Cost:			
At January 1, 2015	48,636	-	48,636
Additions during the year	-	8,246	8,246
At December 31, 2015	48,636	8,246	56,882
Additions during the year	355,657[(1)]	-	355,657
At December 31, 2016	404,293	8,246	412,539
Accumulated amortisation:			
At January 1, 2015	-	82	82
Amortisation	-	990	990
At December 31, 2015	-	1,072	1,072
Amortisation	9,196	990	10,186
At December 31, 2016	9,196	2,062	11,258
Carrying amount:			
At December 31, 2016	395,097	6,184	401,281
At December 31, 2015	48,636	7,174	55,810
Company			
Cost:			
At January 1, 2015	-	-	-
Additions during the year	-	8,246	8,246
At December 31, 2015	-	8,246	8,246
Additions during the year	355,657[(1)]	-	355,657
At December 31, 2016	355,657	8,246	363,903
Accumulated amortisation:			
At January 1, 2015	-	82	82
Amortisation	-	990	990
At December 31, 2015	-	1,072	1,072
Amortisation	9,196	990	10,186
At December 31, 2016	9,196	2,062	11,258
Carrying amount:			
At December 31, 2016	346,461	6,184	352,645
At December 31, 2015	-	7,174	7,174

(1) Included in addition of material development are costs for the development stage of proprietary material development information used in a type of material amounting to US$263,692. Of the US$243,692, US$34,756 (2015: NA) pertains to capitalisation of the depreciation of laboratory equipment used in the development process. Amortisation has yet to commence as the project is still ongoing as at December 31, 2016.

15 INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	US$	US$
Unquoted equity shares, at cost	**1,031,124**	907,600

The details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operations	Effective equity interest		Principal activities
		2016	2015	
		%	%	
Held by the Company:				
Nautic Offshore Pte. Ltd. (1)	Singapore	**100**	100	Offshore engineering
NauticAWT Energy Pte. Ltd. (1) (formerly known as Nautic Marine Pte. Ltd.)	Singapore	**100**	100	Offshore engineering
Nautic Materials Sdn. Bhd. (2)	Malaysia	**100**	100	Engineering and manufacturing works
Nautic India Private Limited (3)	India	**99.99(4)**	99.99(4)	Offshore engineering
Nautic (B) Sdn. Bhd. (5)	Brunei	**-(6)**	-(6)	Offshore engineering
Nautic Australia Pty Ltd (7)	Australia	**100**	100	Investment holdings
NauticAWT (Mautitius) Pte. Ltd. (7)	Mauritius	**100**	100	Dormant
NauticAWT Engineering Pte. Ltd. (1) (formerly known as Marine Engineering Services Pte Ltd ("**MESPL**"))	Singapore	**100**	100	Engineering consultancy
Held by Nautic Australia Pty Ltd:				
AWT International Pty Ltd (7)(12)	Australia	**60.75**	60.75	Engineering consultancy
Held by Nautic Offshore Pte. Ltd.:				
Nautic Offshore Mexico S.A de C.V. (7)(12)	Mexico	**96(8)**	96(8)	Offshore engineering
Nautic Middle East DMCC (9)(12)	U.A.E	**100**	100	Offshore engineering
Held by AWT International Pty Ltd:				
Advanced Well Technologies (Malaysia) Pty Ltd (7)	Australia	**100**	100	Engineering consultancy
Advanced Well Technologies (India) Pty Ltd (7)	Australia	**80**	80	Dormant
Energy Asset Innovation (EAI) Pty Ltd (7)	Australia	**100**	100	Dormant
AWT (India) Pty Ltd (7)	Australia	**100**	100	Dormant
AWT International (Asia) Sdn. Bhd. (10)(12)	Malaysia	**100**	100	Engineering consultancy
Held by AWT International (Asia) Sdn. Bhd.:				
HMS Energy Sdn. Bhd. (10)	Malaysia	**49(11)**	49(11)	Dormant
AWT International (Decommissioning) Sdn. Bhd. (10)	Malaysia	**100**	100	Dormant
AWT International (PNG) Sdn. Bhd.	Malaysia	**-(13)**	100	Engineering consultancy
AWT International (Tanzania) Limited (7)(12)	Tanzania	**100**	100	Engineering consultancy

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by overseas practices of Deloitte & Touche.

(3) Audited by Nangia & Co. Chartered Accountant, India.

(4) The remaining share is held by an employee for the Company.

(5) Audited by Lee Corporatehouse Associates, Brunei.

(6) Nautic (B) Sdn. Bhd. is a locally owned entity but controlled by NauticAWT Limited through a franchising and management agreement. Based on the management agreement, the Company has consolidated Nautic (B) Sdn. Bhd. in accordance with the definition of control under FRS 110 Consolidated Financial Statements.

(7) These subsidiaries are exempt from audit.

(8) The remaining share is held by a director, an employee and a nominee for the Company.

(9) Audited by Talal Abu-Ghazaleh & Co. International, United Arab Emirates.

(10) Audited by BDO Malaysia.

(11) The 49% equity interest in HMS Energy Sdn Bhd is via a shareholders' agreement with HMS Oil and Gas Sdn Bhd.

(12) Audited by Deloitte & Touche LLP, Singapore for Group consolidation purposes.

(13) This subsidiary was disposed on December 29, 2016 for a consideration of US$0.22 and a gain on disposal of US$747,100 was recognised.

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group are disclosed below.

Name of subsidiary	Country of incorporation and operations	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		December 31, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015
		%	%	**US$**	US$	**US$**	US$
AWT International Pty Ltd	Australia	**39.25%**	39.25%	**(62,816)**	(1,910,317)	**(584,684)**	(551,722)

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	AWT International Pty Ltd and its subsidiaries ("AWT Group")	
	December 31, 2016	December 31, 2015
	US$	US$
Current assets	**3,389,353**	1,704,964
Non-current assets	**290,714**	365,462
Current liabilities	**5,169,708**	3,421,352
Non-current liabilities	**-**	54,737
Deficit attributable to owners	**(904,957)**	(853,941)
Non-controlling interests	**(584,684)**	(551,722)
Revenue	**6,124,540**	11,600,577
Cost of sales	**(5,449,646)**	(10,532,059)
Gross profit	**674,894**	1,068,518
Other income	**797,422**	354,575
Expenses	**(1,632,355)**	(4,028,254)
Loss before tax	**(160,039)**	(2,605,161)
Tax expense	**-**	(2,261,889)
Loss for the year	**(160,039)**	(4,867,050)
Other comprehensive income for the year attributable to:		
- Owner of the company	**46,206**	(174,029)
- Non-controlling interests	**29,854**	(112,439)
Total comprehensive income for the year attributable to:		
- Owner of the company	**(51,017)**	(3,130,762)
- Non-controlling interests	**(32,962)**	(2,022,756)
Net cash outflow from operating activities	**(15,446)**	(2,190,356)
Net cash outflow from investing activities	**(40,256)**	(92,146)
Net cash (outflow) inflow from financing activities	**(36,212)**	706,926

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

2015

Acquisition of MESPL

On October 12, 2015, the Company acquired 100% equity interest in MESPL for a total consideration of US$615,500 which is made up by the following:

	US$
Cash paid	352,215
Issuance of new shares in the capital of the Company	263,285
Total	615,500

Acquisition-related costs amounting to US$35,937 have been excluded from the consideration transferred and have been recognised as an expense in the financial year ended December 31, 2015, within the 'Administrative Expenses' line item in the statement of profit or loss and other comprehensive income.

Assets acquired and liabilities translated at the date of acquisition

	US$
Current assets	567,251
Trade receivables	138,957
Other receivables	706,208
Total current assets	
Non-current assets	32,470
Property, plant and equipment (Note 12)	32,470
Total non-current assets	
Total assets	738,678
Current liabilities	
Trade payables	39,028
Other payables	392,672
Finance leases	8,903
Total current liabilities, representing total liabilities	440,603
Net assets acquired and liabilities assumed	298,075

Goodwill arising on acquisition

	US$
Total consideration	615,500
Less: Fair value of identifiable net assets acquired	(298,075)
Goodwill arising on acquisition (Note 13)	317,425

Net cash outflow on acquisition of MESPL	**US$**
Consideration paid in cash	352,215

Balance of the consideration of US$263,285 was by way of issuance of 1,765,893 new shares in the capital of the Company.

Goodwill arose in the acquisition of MESPL because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Impact of acquisitions on the results of the Group

Included in the loss for the year ended December 31, 2015 is US$333,638 attributable to the additional business generated by MESPL. Revenue for the period from MESPL amounted US$841,354. Had the business combination during the year been effected at January 1, 2015, the revenue of the Group from continuing operations would have been US$26,428,073, and the loss for the year from continuing operations would have been US$3,131,120.

16 INVESTMENT IN JOINT VENTURE

	Group	
	2016	2015
	US$	US$
Unquoted equity shares, at cost	**11,871**	-

The details of the Group's joint venture are as follows:

Held by AWT International (Asia) Sdn. Bhd.:

Name of joint venture	Country of incorporation and operations	Effective equity interest		Principal activities
		2016	2015	
		%	%	
ENRA NauticAWT Sdn Bhd	Malaysia	**49**[(1)]	-	Dormant

(1) ENRA NauticAWT Sdn Bhd was incorporated on July 18, 2016. The 49% equity interest in ENRA NauticAWT Sdn Bhd is via a shareholders agreement with ENRA Oil & Gas Services Sdn Bhd.

The above joint venture is accounted for using the equity method in these consolidated financial statements and it is not operational during the financial year.

17 DEFERRED TAX ASSETS (LIABILITIES)

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Deferred tax assets (liabilities), net	**508,958**	(99,844)	**-**	-

The following are the major deferred tax (liabilities) assets recognised by the Group and the movements thereon, during the financial year:

	Accelerated tax depreciation	Unutilised tax losses and capital allowances	Employee benefits	Accrued revenue	Accruals	Provisions	Total
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Balance at January 1, 2015	(269,336)	2,167,157	107,114	(35,234)	41,029	78,029	2,088,759
Credit (Charge) to profit or loss for the year	169,492	(2,167,157)	(107,114)	35,234	(41,029)	(78,029)	(2,188,603)
Balance at December 31, 2015	(99,844)	-	-	-	-	-	(99,844)
Exchange difference	1,070	(67,783)	-	-	-	-	(66,713)
Credit to profit or loss for the year	-	675,515	-	-	-	-	675,515
Balance at December 31, 2016	(98,774)	607,732	-	-	-	-	508,958

17 DEFERRED TAX ASSETS (LIABILITIES) (CONT'D)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$651,573 (2015 : US$358,739). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Temporary differences arising in connection with jointly controlled entity are insignificant.

The Group has recognised in the current financial year a deferred tax asset in relation to the unutilised tax losses and capital allowances of US$675,515 for a subsidiary which is supported by a budget prepared by management for the years ending December 31, 2017 to 2021. Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has remaining unutilised tax losses of US$6,717,877 (2015: US$7,077,392) available for offset against future profits which has not been recognised due to the unpredictability of future profit streams of these subsidiaries. Other losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders and similar business test rules as defined.

In 2015, the Group reversed deferred tax asset of US$2,188,603 for AWT International Pty Ltd and its subsidiaries as the management was of the opinion that the Group would not be able to utilise the deferred tax asset due to the unpredictability of the future profit streams as a result of restructuring of the Group.

18 TRADE PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Outside parties	**2,215,015**	2,245,954	**-**	-

The average credit period on purchase of goods and services from outside parties is 30 days (2015 : 30 days). No interest is charged on overdue trade payables.

19 OTHER PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Current				
Accrued expenses	**826,816**	722,485	**338,615**	108,362
Other payables due to subsidiaries	**-**	-	**5,329,076**	1,450,054
Advances from customer	**80,517**	-	**-**	-
Other payables	**3,654,327**	1,019,051	**991,717**	597,045
Accrued project costs	**1,030,355**	893,739	**-**	-
Goods and service tax payable	**313,002**	141,762	**64**	-
Provision for employee entitlement	**1,638,393**	1,022,904	**535,414**	229,826
Loan from a third party [(1)]	**111,450**	-	**-**	-
Total	**7,654,860**	3,799,941	**7,194,886**	2,385,287
Non-current				
Provision for employee entitlement	**-**	8,508	**-**	-
Loan from a third party [(1)]	**222,900**	-	**-**	-
Total	**222,900**	8,508	**-**	-

(1) The loan is unsecured and bears interest at 6.25% (2015 : N/A) per annum. It is denominated in Malaysian Ringgit and is repayable over 3 yearly instalments commencing from April 4, 2016.

20 LIABILITIES FOR TRADE BILLS DISCOUNTED WITH RECOURSE

The following were the financial assets of the Group as at December 31, 2016 that were securitised to bank by discounting those receivables on full recourse basis. As the Group had not transferred the risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables in the statement of financial position (Note 8). These financial assets are carried at amortised cost in the Group's financial statements and associated liability has been recognised and included under liabilities for trade bills discounted with recourse.

	Group Bill receivables discounted to banks with full recourse	
	2016 **US$**	2015 US$
Carrying amount of transferred assets	**2,065,487**	1,656,326
Carrying amount of associated liabilities	**(2,065,487)**	(1,656,326)
Net position	**-**	-

The above liabilities for trade bills discounted with recourse are repayable within one year. The effective average interest rate for the trade bills discounted with recourse is 5.18% (2015 : 5.30%) per annum.

21 BANK LOAN AND ADVANCES

	Group		Company	
	2016 **US$**	2015 US$	**2016** **US$**	2015 US$
Current				
Trade advances	**300,189**	26,791	**-**	-
Bank overdrafts (Note 6)	**587,213**	495,099	**495,371**	495,099
Bank loan 1	**-**	75,000	**-**	-
Bank loan 2	**325,000**	650,000	**-**	-
Bank loan 3	**229,167**	250,000	**229,167**	250,000
Bank loan 4	**160,719**	-	**160,719**	-
Bank loan 5	**325,289**	367,621	**-**	-
Bank loan 6	**103,830**	-	**-**	-
Bank loan 7	**146,483**	150,000	**-**	-
	2,177,890	2,014,511	**885,257**	745,099
Non-current				
Bank loan 2	**-**	325,000	**-**	-
Bank loan 3	**-**	229,167	**-**	229,167
Bank loan 4	**40,179**	-	**40,179**	-
Bank loan 5	**27,107**	340,050	**-**	-
Bank loan 6	**3,162,123**	-	**-**	-
	3,229,409	894,217	**40,179**	229,167

The bank loans are secured by the following:

a) Assignment of an insurance policy;

b) A charge of US$369,140 (2015 : US$370,751) over all term deposit accounts of two subsidiaries (2015 : two) (Note 7);

c) Fixed charge over all assets of three subsidiaries (2015 : two) (Note 12);

d) Fixed and floating charge over all assets of a subsidiary (2015 : N/A); and

e) A charge over the property of a subsidiary.

21 BANK LOAN AND ADVANCES (CONT'D)

Trade advances

Trade advances carry different interest rates based on the currencies of the advances. The effective interest rate for the trade advances is 5.93% (2015 : 3.89%) per annum.

Bank overdrafts

Bank overdrafts carry different interest rates, depending on the banks. The effective interest rate for the bank overdrafts is 6.8% (2015 : 4.50%) per annum.

Bank loan 1

The interest rate was at 4% per annum above the bank's prevailing three-month Cost of Funds. Bank loan 1 was repayable over 36 monthly instalments commencing from October 11, 2013 to October 10, 2016. The effective interest rate was 4.34% (2015 : 4.64%) per annum and it was fully repaid during the year.

Bank loan 2

The interest rate is at 3.5% per annum above the bank's 3-month United States dollars Cost of Funds. Bank loan 2 is repayable over 24 monthly instalments commencing from July 2, 2015 to July 1, 2017. The effective interest rate is 4.75% (2015 : 4.14%) per annum.

Bank loan 3

The interest rate is at 3.75% per annum above the bank's United States dollars 3-month London Interbank Offered rate ("**LIBOR**"). Bank loan 3 is repayable over 24 monthly instalments commencing from December 28, 2015 to December 27, 2017. The effective interest rate is 4.8% (2015 : 4.39%) per annum.

Bank loan 4

The interest rate is at 3.5% per annum above the bank's United States dollars 3-month LIBOR. Bank loan 4 is repayable over 24 monthly instalments commencing from April 1, 2016 to March 31, 2018. The effective interest rate is 4.55% (2015 : N/A) per annum.

Bank loan 5

The interest rate is at the bank's Prime Lending Rate ("**PLR**") per annum. Bank loan 5 is repayable over 30 monthly instalments commencing from August 31, 2015 to February 28, 2018. The effective interest rate is 5.5% (2015 : 5.5%) per annum.

Bank loan 6

The interest rate is at 0.5% per annum above the bank's Base Lending Rate ("**BLR**"). Bank loan 6 is repayable over 204 monthly instalments commencing from August 1, 2016 to July 31, 2033. The effective interest rate is 7.15% (2015 : N/A) per annum.

Bank loan 7

The interest rate is at 3.5% per annum above the bank's prevailing United States dollars 3-month LIBOR. The bank revolving loan will mature on March 24, 2017 and is repayable in full upon maturity. The effective interest rate is 4.55% (2015 : 4.14%) per annum.

22 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Amounts payable under finance leases:				
Within one year	**66,130**	68,378	**62,639**	63,485
In the second to fifth years inclusive	**57,479**	121,856	**52,850**	115,055
	123,609	190,234	**115,489**	178,540
Less: Future finance charges	**(8,120)**	(11,695)	**-**	-
Present value of lease obligations	**115,489**	178,539	**115,489**	178,540
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(62,639)**	(63,485)
Amount due for settlement after12 months			**52,850**	115,055

The lease term ranges from 1 to 3 years (2015 : 1 to 4 years). The Group has the option to purchase the equipment for a nominal amount at the conclusion of the lease agreements. For the year ended December 31, 2016, the average effective borrowing rate was 5.9% (2015 : 5.6%). Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the property, plant and equipment (Note 12).

23 SHARE CAPITAL

	Group and Company			
	2016	2015	**2016**	2015
	Number of ordinary shares		**US$**	US$
Issued and paid up:				
At beginning of the year	**190,965,893**	5,200[(1)]	**7,248,183**	3,208,578
Sub-division	**-**	161,194,800[(1)]	**-**	**-**
Issued pursuant to the Company's IPO	**-**	28,000,000	**-**	3,791,114
Issued during the year (Note 15)	**-**	1,765,893	**-**	248,491
At end of the year	**190,965,893**	190,965,893	**7,248,183**	7,248,183

(1) The sub-division of 5,200 shares into 161,200,000 shares pursuant to the share split on July 3, 2015

The Company has one class of ordinary shares which have no par value, carry one vote per share and carry a right to dividend as and when declared by the Company.

24 SHARE OPTIONS RESERVE

NauticAWT ESOS

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2016		2015	
	Number of share options	Weighted average exercise price US$	Number of share options	Weighted average exercise price US$
Granted during the year	**23,550,000**	**0.22**	-	-
Forfeited during the year	**(2,100,000)**	**0.22**	-	-
At end of the year	**21,450,000**	**0.22**	-	-

The options outstanding at the end of the year have a weighted average remaining contractual life of 5.5 years (2015: N/A).

The options were granted on June 27, 2016. The estimated fair value of the options granted was $2.13 cents. The fair value for share options granted during the year were calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	2016	2015
Weighted average share price	**US$0.11**	-
Weighted average exercise price	**US$0.22**	-
Expected volatility	**39.20%**	-
Expected life	**5.5**	-
Risk free rate	**2.30%**	-
Expected dividend yield	**Nil**	-

The Company recognised total expenses of US$101,337 (2015 : N/A) related to the above equity-settled share-based payment transactions during the year.

AWT ESOS

Details of the share options outstanding during the year are as follows:

	Group			
	2016		2015	
	Number of share options	Weighted average exercise price US$	Number of share options	Weighted average exercise price US$
At beginning of the year	**88,460**	**4.19**	104,115	4.19
Forfeited during the year	**(44,501)**	**4.19**	(15,655)	4.19
At end of the year	**43,959**	**4.19**	88,460	4.19

The were no options exercised during the year (2015 : Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 0.46 years (2015 : 1.46 years). There were no share options granted in 2016 and 2015.

In 2014, the fair values for share options granted during the year were calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	2014
Weighted average share price	US$4.19
Weighted average exercise price	US$4.19
Expected volatility	66.0%
Expected life	3
Risk free rate	3.1%
Expected dividend yield	Nil

24 SHARE OPTIONS RESERVE (CONT'D)

Expected volatility was determined by calculating the historical volatility of the company's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of US$56,580 (2015 : US$1,411) related to all equity-settled share- based payment transactions of the Group during the year.

25 REVENUE

The Group's revenue for the year is as follows:

	Group	
	2016	2015
	US$	US$
Revenue from:		
Sales of goods	**514,033**	501,175
Rendering of services	**22,633,207**	25,165,134
	23,147,240	25,666,309

26 OTHER INCOME

The Group's other income for the year is as follows:

	Group	
	2016	2015
	US$	US$
Gain on disposal of a subsidiary	**747,100**	-
Rental income	**117,103**	349,756
Write back of provision for employee entitlement	**295,206**	-
Income arising from the forfeiture of Goodwill Commitment in relation to lapse of the Proposed Placement	**128,366**	-
Insurance claim	**134,889**	-
Licensing income	**46,622**	-
Others	**50,068**	6,576
Interest income	**113**	15,108
Government grants	**50,025**	52,194
Reversal of provision for deferred purchase consideration[(1)]	**-**	807,801
	1,569,492	1,231,435

(1) On November 12, 2014, the Company acquired 60.75% equity interest in AWT International Pty Ltd ("**AWT**") which comprises AWT and its subsidiaries ("**AWT Group**") for an initial consideration of US$1,044,290. The deferred purchase consideration depends on achieving a consolidated net profit before tax before charging interest expense, depreciation and amortisation of AWT ("**EBITDA**") for the financial years ended June 30, 2015 ("**First Earn-Out Target**") and June 30, 2016 and June 30, 2017 ("**Second Earn-Out Target**") respectively. Based on the projection as at December 31, 2014, management was of the view that the total estimated consideration approximated US$1,852,091 of which US$807,801 was the deferred purchase consideration which remained unpaid as at December 31, 2014. In 2015, based on the unaudited AWT Group's EBITDA for the financial year ended June 30, 2015, the First Earn-Out Target was not achieved. The budget as prepared by management for the years ended June 30, 2016 and June 30, 2017, for the AWT Group, shows that AWT Group will not be able to achieve the EBITDA as required for the Second Earn-Out Target. This was due to general slowdown of the industry. Thus, the deferred purchase consideration of US$807,801 was reversed to profit or loss in 2015.

27 FINANCE COSTS

	Group	
	2016	2015
	US$	US$
Interest on bank facilities and loans	**302,462**	171,895
	302,462	171,895

28 INCOME TAX (CREDIT) EXPENSE

	Group	
	2016	2015
	US$	US$
Current tax	**477,685**	-
Underprovision of prior year taxation	**(101,990)**	43,764
Deferred tax (Note 17)	**(675,515)**	2,188,603
	(299,820)	2,232,367

Domestic income tax is calculated at 17% of the estimated assessable profit (loss) for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Group	
	2016	2015
	US$	US$
Numerical reconciliation of income tax expense		
Profit (Loss) before income tax	**350,925**	(6,417,946)
Income tax expense calculated at 17%	**59,657**	(1,091,051)
Non-deductible items	**87,399**	446,268
Non-taxable income	**(231,528)**	(175,092)
Utilisation of deferred tax benefit	**(288,592)**	(115,197)
Effect of tax rates in foreign jurisdiction	**(241,335)**	(261,466)
Reversal of deferred tax asset previously recognised	**-**	2,188,603
Recognition of deferred tax asset	**(675,515)**	-
Deferred tax assets not recognised	**614,399**	1,221,504
Write off of withholding tax receivables	**477,685**	-
Statutory income tax exemption and rebates	**-**	(12,852)
Income taxed at concessionary rate	**-**	(12,114)
(Over) Underprovision of prior year taxation	**(101,990)**	43,764
Income tax (credit) expense recognised in profit or loss	**(299,820)**	2,232,367

29 PROFIT (LOSS) FOR THE YEAR

Profit (Loss) for the year was arrived at after charging (crediting):

	Group	
	2016	2015
	US$	US$
Employee benefit expense (including directors' remuneration):		
Defined contribution plans	**682,440**	655,537
Salaries, bonuses and related costs	**8,401,314**	12,462,613
Directors' remuneration	**920,280**	916,578
Total employee benefit expense	**10,004,034**	14,034,728
Cost of inventories included in cost of sales	**1,415,462**	572,026
Depreciation of property, plant and equipment	**950,969**	817,807
Amortisation of intangible assets	**10,186**	990
Provision for/Write off of bad debts	**419,390**	549,095
One-off professional fees incurred in relation to the IPO (including non-audit fees paid to auditors of the Company)	**-**	1,091,596
Audit fees:		
- paid to auditors of the Company	**67,066**	61,182
- paid to other auditors	**27,685**	59,824
Total audit fees	**94,751**	121,006
Non-audit fees:		
- paid to auditors of the Company	**16,594**	190,067
- paid to other auditors	**6,277**	2,506
Total non-audit fees	**22,871**	192,573
Restructuring costs	**141,168**	407,982
Write off of unbilled work undertaken	**-**	302,315
Write off of obsolete inventories	**51,233**	279,078
Net foreign exchange loss	**248,847**	672,062
Write off of property, plant and equipment	**211**	45,635

30 EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following:

	Group	
	2016	2015
	US$	US$
Earnings (Loss)		
Earnings (Loss) for the purposes of basic earnings (loss) per share and diluted earnings (loss) per share (Profit (Loss) for the year attributable to owners of the Company)	**713,561**	(6,739,996)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share and diluted earnings (loss) per share	**190,965,893**	174,462,950
Basic (cents)	**0.37**	(3.86)
Diluted (cents)	**0.37**	(3.86)

31 COMMITMENTS

The Company's wholly-owned subsidiary, NauticAWT Energy Pte. Ltd. ("**NauticAWT Energy**"), formerly known as Nautic Marine Pte. Ltd., has on December 15, 2016 entered into a farm-in agreement (the "**Agreement**") with Vectra Petroleum Ltd ("**Vectra**"), a company incorporated in Hong Kong, pursuant to which Vectra shall farm-out a 50% participating interest ("**Assigned Participating Interest**") in the Block VIIB, West Georgia production sharing contract (the "**PSC**") to NauticAWT Energy (the "**Proposed Transaction**").

	Group	
	2016	2015
	US$	US$
Commitments for the consideration of the Proposed Transaction	**5,000,000**	-

Completion of the Proposed Transaction shall be conditional on the following conditions having been fulfilled or waived in accordance with the Agreement:-

(a) Receipt of the approval from the Georgian Government for the Proposed Transaction;

(b) All requisite regulatory and shareholder approvals, consents, waivers, registrations or statements of no objection (as the case may be) required by the Company by law or any competent authorities (including the relevant rules and/or requirements of the Singapore Exchange Securities Trading Limited) having jurisdiction over the Company and the matters contemplated in the Agreement ("**Required Approvals**"), and if such Required Approvals are subject to conditions, such conditions being reasonably acceptable to the NauticAWT Energy and Vectra, and such approval remaining in full force and effect at completion;

(c) The finalisation and completion of the procurement by the Company of funds to satisfy the first committed payment of the consideration. For the avoidance of doubt, completion of such procurement of funds may be conditional on obtaining the Required Approvals; and

(d) Agreement between NauticAWT Energy and Vectra on a work program and budget relating to the Block VIIB PSC covering a period of two years.

Upon the transfer of the Assigned Participating Interest, NauticAWT Energy is committed to spend a minimum of US$10,000,000 in capital expenditure during the period of the first five years.

32 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2016	2015
	US$	US$
Minimum lease payments under operating leases recognised as an expense during the year	**1,440,342**	1,650,642

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	2016	2015
	US$	US$
Within one year	**1,134,321**	1,112,223
In the second to fifth year inclusive	**524,506**	1,241,550
Total	**1,658,827**	2,353,773

Operating lease payments represent rentals payable by the Group for its office premises and office equipment. Leases are negotiated and fixed for an average term of two (2015 : two) years. There are no restrictions placed upon the Group by entering into these leases.

32 OPERATING LEASE ARRANGEMENTS (CONT'D)

The Group as lessor

	Group	
	2016	2015
	US$	US$
Minimum lease receipts under operating leases recognised as an income during the year	**117,103**	349,756

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	2016	2015
	US$	US$
Within one year	**28,123**	110,104
In the second to fifth year inclusive	**-**	28,390
Total	**28,123**	138,494

Operating lease receipts represent rentals receivable by the Group for its sublease of office premises. Leases are negotiated and fixed for an average term of one (2015 : two) years. There are no restrictions placed upon the Group by entering into these leases.

33 SEGMENT INFORMATION

The Group determines its reportable segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("**CODM**") in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products and services, based on which information is prepared and reported to the Group's CODM for the purposes of resource allocation and assessment of performance.

The Group's reportable business segments under FRS 108 are consistent with prior year which are as follows:

(1) Renewables segment mainly relates to provision of Ultra High Performance Cementitious ("**UHPC**") materials for the installation of onshore and offshore wind turbines.

(2) Subsurface and Wells segment mainly relates to provision of integrated geosciences, engineering and project management services on a wide range of international oil and gas assets.

(3) Subsea segment mainly relates to provision of engineering and contracting services for greenfield and brownfield offshore and marine infrastructure projects.

(4) Facilities segment mainly relates to provision of integrated topside, offshore facilities and pipe line engineering and contracting services

The accounting policies of the operating segments are the same as the Group's accounting policies as described in Note 2 to the financial statements. Segment performance is evaluated by the CODM based on the segment results which represent the gross profit earned by each segment. Certain expenses, other income and income taxes are managed on a group basis and are not allocated to operating segments.

The allocation of costs cannot be done in a similar manner with reasonable accuracy as Group costs are general in nature and are pooled to serve all the customers. These costs comprise distribution expenses, administrative expenses, other operating expenses, finance costs and other charges. As CODM do not track the allocation of cost of sales and operating costs by geographical regions, any attempt to match these expenses to revenue in the various geographical regions is therefore not meaningful.

Inter-segment transfers are eliminated on consolidation.

Based on the management reporting to CODM, the segment assets and liabilities are not regularly provided for their review of the financial performance. Therefore, the segment assets and liabilities amounts are not disclosed in the segment information.

Segment information about the Group's reportable segment is presented next page.

33 SEGMENT INFORMATION (CONT'D)

(a) Segment revenues and result

	Renewables		Subsurface and Wells		Subsea		Facilities		Total	
	2016 US$	2015 US$	**2016 US$**	2015 US$	**2016 US$**	2015 US$	**2016 US$**	2015 US$	**2016 US$**	2015 US$
Total Revenue	**514,033**	501,175	**5,352,458**	11,600,577	**14,613,228**	12,723,203	**2,667,521**	841,354	**23,147,240**	25,666,309
Segment results	**293,886**	456,497	**650,143**	1,068,518	**6,920,694**	3,334,250	**(426,033)**	167,260	**7,438,690**	5,026,525

Depreciation of property, plant and equipment (excluding machinery)	**(399,916)**	(304,849)
Amortisation of intangible assets	**(10,186)**	(990)
Write off of property, plant and equipment	**(211)**	(45,635)
Provision for/Write off of bad debts	**(419,390)**	(549,095)
Restructuring costs	**(141,168)**	(407,982)
Reversal of provision for deferred purchase consideration	**-**	807,801
One-off professional fees incurred in relation to the IPO	**-**	(1,091,596)
Interest income (Note 26)	**113**	15,108
Gain on disposal of a subsidiary	**747,100**	-
Income arising from the forfeiture of Goodwill Commitment in relation to lapse of the Proposed Placement	**128,366**	-
Insurance claim	**134,889**	-
Finance costs (Note 27)	**(302,462)**	(171,895)
Other unallocated expenses	**(6,824,900)**	(9,695,338)
Profit (Loss) before tax	**350,925**	(6,417,946)
Income tax credit (expense)	**299,820**	(2,232,367)
Profit (Loss) for the year	**650,745**	(8,650,313)

33 SEGMENT INFORMATION (CONT'D)

Geographical information

The Group operates in seven principal geographical areas – Asia (exclude Middle East and India), Australasia, India, Middle East and Africa, Americas and Europe.

The Group's revenue from external customers by geographical locations are detailed below:

	2016 **US$**	2015 US$
Revenue from external customers (based on location of customer)		
Asia (exclude Middle East and India)		
Brunei	**2,983,996**	4,295,418
Indonesia	**319,606**	2,841,129
Malaysia	**1,632,479**	628,782
Vietnam	**41,106**	-
Singapore	**1,889,398**	1,272,254
Myanmar	**356,631**	800,704
Bangladesh	**2,441,142**	202,582
Philippines	**-**	364,307
China	**50,049**	439,965
South Korea	**-**	887,933
Japan	**152,564**	-
	9,866,971	11,733,074
Australasia		
Australia	**1,799,880**	3,569,965
New Zealand	**162,255**	396,117
Papua New Guinea	**3,347**	4,514,198
	1,965,482	8,480,280
India	**4,719,499**	1,264,260
Middle East and Africa		
United Arab Emirates	**4,233,506**	3,160,221
Turkey	**1,802**	-
Saudi Arabia	**647,408**	-
Tanzania	**839,567**	214,868
	5,722,283	3,375,089
Americas		
Mexico	**78,953**	178,772
United States of America	**3,624**	-
	82,577	178,772
Europe		
Denmark	**464,648**	61,210
United Kingdom	**325,780**	573,624
	790,428	634,834
Total	**23,147,240**	25,666,309

33 SEGMENT INFORMATION (CONT'D)

Information about major customers

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	2016	2015
	US$	US$
Subsurface and Wells		
Customer A	**-**	4,426,630
Customer B	**2,441,142**	-
Subsea		
Customer C	**2,976,841**	4,147,516
Customer D	**-**	2,695,493

34 EVENTS AFTER THE REPORTING PERIOD

On March 17, 2017, the Company has entered into a subscription agreement (the "**Subscription Agreement**") with Kim Seng Holdings Pte Ltd ("**KSH**"), for a proposed issue of up to US$500,000 in aggregate principal amount of convertible notes which would be due in 2020 (the "**Notes**") ("**Proposed Issue**"). The Notes bear coupon interest at 10% per annum and are convertible into fully paid-up new ordinary shares of the Company at the conversion price S$0.15, at any time after the second anniversary of the issue date up to 14 business days after the maturity date. The Proposed Issue is subject to the conditions specific approval of Shareholders at an extraordinary general meeting.

On March 17, 2017, NauticAWT Energy Pte. Ltd. ("**NauticAWT Energy**") remitted the initial consideration amount of US$500,000 required under the Agreement to Vectra (Note 31). Accordingly, the Assigned Participating Interest was transferred from Vectra to NauticAWT Energy. Following the transfer of the Assigned Participating Interest, NauticAWT Energy committed to spend a minimum of US$10,000,000 in capital expenditure during the period of the first five years.

SHAREHOLDER INFORMATION

AS AT 16 MARCH 2017

SHARE CAPITAL

Issued and fully paid up-capital	:	S$10,194,806.75
Total number of issued shares	:	190,965,893
Number of treasury shares	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	41	20.00	37,400	0.02
1,001 - 10,000	69	33.66	327,600	0.17
10,001 - 1,000,000	81	39.51	21,032,000	11.01
1,000,001 and above	14	6.83	169,568,893	88.80
Total	**205**	**100.00**	**190,965,893**	**100.00**

TWENTY LARGEST SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

	No. of Shareholders	No. of Shares	% of Shares
1	JOHN GRØNBECH	82,088,000	42.99
2	KIM SENG HOLDINGS PTE LTD	48,360,000	25.32
3	KGI SECURITIES (SINGAPORE) PTE LTD	7,942,000	4.16
4	CITIBANK NOMINEES SINGAPORE PTE LTD	7,295,000	3.82
5	UOB KAY HIAN PTE LTD	4,166,000	2.18
6	TANG KHENG GUAN KELVIN (CHENQINGYUAN KELVIN)	4,030,000	2.11
7	WANG JIAJIAN	3,224,000	1.69
8	PHILLIP SECURITIES PTE LTD	3,015,893	1.58
9	CHU VOON THART	3,007,000	1.57
10	DBS NOMINEES PTE LTD	1,869,000	0.98
11	LOUREN DAVID WOOF	1,302,000	0.68
12	SIMON JOHN CUNNINGHAM & ANNE LOUISE CUNNINGHAM	1,116,000	0.58
13	LOW EE HWEE	1,100,000	0.58
14	JULIEN JEAN BERNARD FRACHISSE	1,054,000	0.55
15	ONG SENG CHYE	992,000	0.52
16	DEBARCHAN BISWAS	961,000	0.50
17	LIM CHOON TECK EDGAR SAMMY	837,000	0.44
18	HENG KHENG HONG	806,000	0.42
19	CHONG SUI PENG	775,000	0.41
20	LIEW CHIAP KONG	750,000	0.39
	Total	**174,689,893**	**91.47**

SHAREHOLDER INFORMATION
AS AT 16 MARCH 2017

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**No. of Shares**	**% of Issued Share Capital**	**No. of Shares**	**% of Issued Share Capital**
John Grønbech	82,088,000	42.99	–	–
Kim Seng Holdings Pte. Ltd. [(1)]	48,360,000	25.32	–	–
Tan Fuh Gih [(1)]	–	–	48,360,000	25.32
Tan Kim Seng [(1)]	–	–	48,360,000	25.32
Tan Hoo Lang [(1)]	–	–	48,360,000	25.32
Tan Wei Min [(1)]	–	–	48,360,000	25.32

Note:

(1) Kim Seng Holdings Pte. Ltd. is an investment holding company incorporated in Singapore. Tan Kim Seng, Tan Fuh Gih, Tan Hoo Lang and Tan Wei Min hold 24.0%, 22.0%, 22.0% and 20.0% of the issued and paid-up share capital of Kim Seng Holdings Pte. Ltd. respectively and are each deemed interested in the shares held by Kim Seng Holdings Pte. Ltd. The remaining shareholders of Kim Seng Holdings Pte. Ltd. are Tan Ah Ling (5.0%), Loh Sok Beng (5.0%) and Tan Ah Moy (2.0%). Tan Kim Seng, Tan Fuh Gih, Tan Hoo Lang, Tan Wei Min, Tan Ah Ling, Loh Sok Beng and Tan Ah Moy are siblings. Tan Kim Seng, Tan Fuh Gih and Tan Hoo Lang are directors of Kim Seng Holdings Pte. Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on information available to the Company as at 16 March 2017, approximately 29.13% of the shareholdings of the Company is held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

REGISTERED OFFICE

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Singapore 199555

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Email: contact@nauticawt.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**AGM**") of NauticAWT Limited (the "**Company**") will be held at 52 West Coast Ferry Road, Singapore 126887 on Thursday, 27 April 2017 at 11.00 a.m. for the following purposes: -

AS ORDINARY BUSINESS

1. To receive and adopt the directors' statement and the audited financial statements of the Company and the Group for the financial year ended 31 December 2016 ("**FY2016**") together with the auditors' report thereon. (Resolution 1)

2. To re-elect the following directors ("**Directors**") of the Company retiring pursuant to the constitution of the Company ("**Constitution**"):

   Mr Teo Lek Hong (Article 88) (Resolution 2a)

   [See Explanatory Note (i)]

   Mr Tay Kee Liat (Article 88) (Resolution 2b)

   [See Explanatory Note (ii)]

   Mr Bjarne Strikert (Article 89) (Resolution 2c)

   [See Explanatory Note (iii)]

3. To approve the payment of Directors' fees of S$250,326.07 for the financial year ending 31 December 2017, to be paid quarterly in arrears (FY2016: S$202,500). (Resolution 3)

4. To re-appoint Messrs Deloitte & Touche LLP as the independent auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 4)

5. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions, with or without modifications:

6. Authority to allot and issue shares in the capital of the Company (Resolution 5)

   "That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Company's Constitution and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limted (the "**SGX-ST**") (the "**Catalist Rules**"), the Directors be and are hereby authorised to:-

   (a) (i) allot and issue shares in the capital of the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force, provided that:-

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares (excluding treasury shares) shall be calculated based on the total number of issued Shares in the capital of the Company (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:-

(aa) new Shares arising from the conversion or exercise of convertible securities outstanding at the time this Resolution is passed;

(bb) (where applicable) new Shares arising from the exercise of options or vesting of awards outstanding or subsisting at the time this Resolution is passed, provided that the options or awards were granted in compliance with the Catalist Rules; and

(cc) any subsequent bonus issue, consolidation or sub-division of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution for the time being in force; and

(iv) unless revoked or varied by the Company in a general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier."

[See Explanatory Note (iv)]

7. Authority to grant options and to allot and issue Shares under the NauticAWT Employee Share Option Scheme (Resolution 6)

"That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to grant options in accordance with the provisions of the NauticAWT Employee Share Option Scheme (the "**ESOS**") and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the ESOS (including but not limited to allotment and issuance of Shares in the capital of the Company at any time, whether during the continuance of this authority or thereafter, pursuant to options made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided always that the aggregate number of Shares issued and/or issuable pursuant to the ESOS, the NauticAWT Performance Share Plan and any other share-based incentive schemes of the Company shall not exceed 15% of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier."

[See Explanatory Note (v)]

8. Authority to grant awards and to allot and issue Shares under the NauticAWT Performance Share Plan (Resolution 7)

"That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to grant awards in accordance with the provisions of the NauticAWT Performance Share Plan (the "**PSP**") and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the awards granted under the PSP (including but not limited to allotment and issuance of Shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to awards made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided always that the aggregate number of Shares issued and/or issuable pursuant to the PSP, the ESOS and any other share-based incentive schemes of the Company shall not exceed 15% of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier."

[See Explanatory Note (vi)]

By Order of the Board of NauticAWT Limited

Chua Kern
Company Secretary
Singapore, 12 April 2017

Explanatory Notes:

(i) Mr Teo Lek Hong will, if re-elected pursuant to ordinary resolution 2a proposed in item 2 above, remain as an Independent Non-Executive Director and a member of the Audit Committee. The Board considers Mr Teo Lek Hong to be independent pursuant to Rule 704(7) of the Catalist Rules. Detailed information on Mr Teo Lek Hong is found in the Company's annual report 2016.

(ii) Mr Tay Kee Liat will, if re-elected pursuant to ordinary resolution 2b proposed in item 2 above, remain as an Independent Non-Executive Director and a member of the Nominating Committee and Remuneration Committee. Detailed information on Mr Tay Kee Liat is found in the Company's annual report 2016.

(iii) Mr Bjarne Strikert will, if re-elected pursuant to ordinary resolution 2c proposed in item 2 above, remain as an Independent Non-Executive Director, the chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. The Board considers Mr Bjarne Strikert to be independent pursuant to Rule 704(7) of the Catalist Rules. Detailed information on Mr Bjarne Strikert is found in the Company's annual report 2016.

There are no relationships including immediate family relationships between Mr Teo Lek Hong, Mr Tay Kee Liat and Mr Bjarne Strikert and the other Director(s), the Company, its related corporations, its 10% shareholders or its officers.

(iv) The ordinary resolution 5 proposed in item 6 above, if passed, will empower the Directors to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro rata basis to shareholders of the Company.

(v) The ordinary resolution 6 proposed in item 7 above, if passed, will empower the Directors to grant options and allot and issue Shares pursuant to the exercise of such options in accordance with the provisions of the ESOS provided that the aggregate number of shares to be issued does not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(vi) The ordinary resolution 7 proposed in item 8 above, if passed, will empower the Directors to grant awards and allot and issue Shares pursuant to the grant of such awards in accordance with the provisions of the PSP provided that the aggregate number of shares to be issued does not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A member of the Company entitled to attend and vote at the AGM, and who is not a Relevant Intermediary (as defined below) is entitled to appoint no more than two (2) proxies to attend and vote on his/her/its behalf.

2. A member of the Company who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend and vote on his/her/its behalf, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act.

3. If a proxy is to be appointed, the instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #02-00 Singapore 068898, not less than 48 hours before the time appointed for holding the AGM.

Personal Data Privacy:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and/or representatives appointed for the AGM and/or any adjournment thereof and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM and/or any adjournment thereof, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where a member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

(Please see notes overleaf before completing this form)

IMPORTANT

1. An investor who holds Shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote may inform their SRS Approved Nominees to appoint the chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to this proxy form.

NAUTICAWT LIMITED
Singapore Company Registration No. 201108075C
(Incorporated in the Republic of Singapore)

*/We _____(Name)_____ (NRIC/Passport No.)

of _____ (Address)

being a *member/members of NauticAWT Limited (the "**Company**"), hereby appoint[2]:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares[5]	%
Address			

*and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares[5]	%
Address			

or failing the person (or failing either or both of the persons referred to above) the chairman of the annual general meeting of the Company (the "AGM"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at 52 West Coast Ferry Road, Singapore 126887 on Thursday, 27 April 2017 at 11:00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

If you wish to exercise all your votes "For" or "Against", please tick (ü) within the appropriate box provided. Otherwise, please indicate the number of votes as appropriate.

No.	Resolutions relating to:	By way of poll	
		For	Against
1.	Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2016		
2a.	Re-election of Mr Teo Lek Hong as a Director		
2b.	Re-election of Mr Tay Kee Liat as a Director		
2c.	Re-election of Mr Bjarne Strikert as a Director		
3.	Approval of Directors' fees amounting to S$250,326.07 for the financial year ending 31 December 2017, to be paid quarterly in arrears		
4.	Re-appointment of Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration		
5.	Authority to allot and issue shares		
6.	Authority to grant options, allot and issue shares under the NauticAWT Employee Share Option Scheme		
7.	Authority to grant awards, allot and issue shares under the NauticAWT Performance Share Plan		

Dated this _____ day of _____ 2017

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

_____
Signature(s) of Member(s) or,
Common Seal of Corporate Member[9]

* *Delete as appropriate*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES TO PROXY FORM

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the register of members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the register of members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the register of members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

2. Except for a member who is a relevant intermediary as defined in Section 181(6) of the Companies Act (Cap. 50) of Singapore ("**Companies Act**"), a member entitled to attend and vote at a Meeting of the Company is entitled to appoint no more than two (2) proxies to attend and vote at the Meeting of the Company. A proxy need not be a member of the Company.

3. A member who is a relevant intermediary (as defined in Section 181(6) of the Companies Act) and who is entitled to attend and vote at the AGM may appoint more than two (2) proxies to attend and vote on its behalf but each proxy must be appointed to exercise the rights attached to a different share or shares held by it (which number and class of shares shall be specified). In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

4. Relevant intermediary means:

   a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

   c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his/her/its Shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

6. Completion and return of this proxy form shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this proxy form to the AGM.

7. This proxy form must be deposited at the Company's share registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898, not less than 48 hours before the time appointed for the AGM (or at any adjournment thereof).

8. (i) This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing.

   (ii) Where this proxy form is executed by a corporation, it must be executed either under its seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.

   (iii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form.

9. A corporation which is a member may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.

GENERAL:

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 12 April 2017.

CORPORATE INFORMATION

BOARD OF DIRECTORS

LIM HOW TECK
Chairman and Independent Director

JOHN GRONBECH
Executive Director and CEO

TEO LEK HONG
Independent Director

TAY KEE LIAT
Independent Director

BJARNE STRIKERT
Independent Director

AUDIT COMMITTEE

LIM HOW TECK
Chairman

BJARNE STRIKERT

TEO LEK HONG

REMUNERATION COMMITTEE

BJARNE STRIKERT
Chaiman

LIM HOW TECK

TAY KEE LIAT

NOMINATING COMMITTEE

BJARNE STRIKERT
Chairman

LIM HOW TECK

TAY KEE LIAT

REGISTERED OFFICE

300 Beach Road
#13-02 The Concourse
Singapore 199555

COMPANY REGISTRATION NUMBER

201108075C

COMPANY SECRETARY

CHUA KERN (LLB (HONS))

SHARE REGISTRAR

TRICOR BARBINDER SHARE REGISTRATION SERVICES
(a division of Tricor Singapore Pte Ltd)
80 Robinson Road
#02-00
Singapore 068898

SPONSOR

SAC ADVISORS PRIVATE LIMITED
1 Robinson Road
#21-02
Singapore 048542

INDEPENDENT AUDITORS

DELOITTE & TOUCHE LLP
Partner - in-charge: Kuldip K Gill
(Public Accountants and Chartered Accountants Singapore)
Appointed 30th August 2012
6 Shenton Way
#33-00 OUE Downtown 2
Singapore

PRINCIPAL BANKER

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
21 Collyer Quay
HSBC Building
Singapore 049320



NAUTICAWT LTD
Singapore Company Registration No. 201108075C

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