Annual Report

2018

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**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 and the Sponsor 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 Ms Alicia Sun at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.

CHAIRMAN'S MESSAGE

Dear Valued Shareholders,

On behalf of the board of directors (the **"Board"** or the **"Directors"** of NauticAWT Limited (the "**Company**" and together with its subsidiaries, the **"Group"**), I am pleased to present to you the annual report for the financial year ended 31 December ("**FY**") 2018.

FY2018 saw a continued pressure on the Group and to balance the Group's overheads with the continued declining revenues of the Oil and Gas industry, the restructuring and rightsizing of the Group continued in 2018. This included further reduction in the employee headcounts in certain divisions, corporate overheads and closure and consolidation of certain sales and project offices.

During FY2018, we have rebranded the business and we are well into the journey of expanding our Ultra High-Performance Concrete and Composites ("**UHPC**") product-oriented business into multiple markets hedging our business against the collapse of a single market as we experienced first-hand during the Oil and Gas industry crisis in FY2015. Large investments have been made in clean and green energy and our efforts have taken us into this market supplying UHPC materials for the foundations of onshore and offshore wind turbines.

The supply of UHPC materials for land-based wind turbine foundations continued to grow in FY2018. The supplies have, in the past mainly been for Vestas wind turbines in the European continent but in FY2018 we have also supplied UHPC materials for onshore wind turbine parks in Vietnam, Thailand, China and Australia. We have recently supplied our UHPC materials to other wind turbine manufacturers and in particular, Goldwind from China which holds the biggest market share for onshore wind turbines in China. We have been awarded the first project in China and have recently shipped 500 metric tonnes of UHPC materials to China.

For the offshore wind turbine market, we started the material certification process in FY2017 and have obtained DNV type approval in FY2018, which is a pre-requisite for supplying our NaX™ Q140-E product to the offshore wind turbine market. Meanwhile, the material certification process for the NaX™ Q-110-E product is still in progress.

In terms of UHPC material consumption, offshore wind turbine foundations consume, depending on the type of foundation, from 80 to 120 metric tonnes which is significantly more than the 2 to 3 metric tonnes consumed by onshore wind turbine foundations. Hence, strong growth potential is expected as we are entering this market.

CHAIRMAN'S MESSAGE

There are vague signs of the upstream companies increasing their expenditure levels again as the Group has been experiencing an increased interest for our High-Performance Concrete and Composites ("**HPC**") based grouting installation services and our UHPC based ageing asset integrity services in FY2019 thus far. The Group had observed a reduction in investments in new facilities and maintenance of existing facilities since 2015 which indicate that operators might have to invest in new infrastructure and/or increase the maintenance of existing structures to maintain or increase their oil and gas production levels.

As such, we are cautiously optimistic that the demand for our HPC grouting installation and UHPC based asset integrity services will again increase as the upstream companies gain confidence in a market that seems to be stabilising.

In FY2018, we continued to mature our UHPC materials for commercialisation in the civil construction industry. This is an interesting emerging market for our Group which was driven by the industry's aim of reducing the emission of carbon dioxide from the civil construction. The use of ultra high strength concrete over ordinary concrete reduces the concrete consumptions and in turn the carbon dioxide foot print of buildings. We expect to secure our first sales for this emerging market in FY2019.

FY2018 was yet another year with challenges and severe pressure on the business. However, the Group demonstrated resilience, courage and ability to change in order to respond to the severe changes in market conditions. 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 Group, our gratitude to our dedicated management team and staff for their commitment and hard work. 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 Limited would not be where it is today without the support of our shareholders.

MR LIM HOW TECK
Chairman

BOARD OF DIRECTORS

MR LIM HOW TECK, Age 68

Chairman and Independent Director

Date of Appointment
29 June 2015

Date of Last Re-appointment
27 April 2018

Country of Principal Residence
Singapore

Board's Comments on the Appointment
Not applicable, Mr Lim How Teck is not subject to re-election

Board Committee Membership
Chairman of Audit Committee
Member of Remuneration Committee and Nominating Committee

Academic Qualification
Bachelor of Accountancy, University of Singapore
Corporate Financial Management Course and Advanced Management Programme, Harvard Graduate School of Business

Professional Qualification
Fellow Member of the Institute of Cost and Management Accountants
Fellow Member of the Institute of Singapore Chartered Accountants
Fellow Member of the Singapore Institute of Directors

Working Experience, Occupation and Principal Commitments Including Directorship

(a) Directorships	
Present	*Past*
Listed Companies	Listed Companies
ARA Trust Management (Cache) Limited Raffles Education Corporation Limited	Rickmers Trust Management Pte Ltd Swissco Holdings Limited ARA Asset Management Limited Eng Kong Holdings Pte Ltd Mewah International Inc. (Singapore Branch)
Non-Listed Companies Redwood International Pte Ltd Mizuho Securities (Singapore) Pte Ltd Heliconia Capital Management Pte Ltd Heliconia Holdings Pte Ltd Greenship Offshore Manager Pte Ltd Yang Kee Logistics (Singapore) Pte Ltd Singapore DTT Corporation Pte Ltd Nexusun International Pte Ltd PNG Sustainable Development Program Limited The Foundation for Development Cooperation The Foundation for Development Cooperation (Pacific) Ltd	

BOARD OF DIRECTORS

(a) Directorships (cont'd)	(b) Principal Commitments (other than Directorships)
Past Non-Listed Companies ACAL Holdings Pte Ltd ACAL Underwriting Services Pte Ltd Certis CISCO Security Pte Ltd Recall Total Information Management Pte Ltd Gold Prime Holdings Ltd Horsburgh Maritime International Pte Ltd Horsburgh Maritime Investments Pte Ltd Horsburgh Maritime Pte Ltd Public Utilities Board Jurong Port Pte Ltd Accuron Technologies Limited The Foundation for Development Cooperation (Singapore) Ltd Tuas Power Ltd Tuas Power Generation Pte Ltd ACAL Underwriting Ltd (UK) 33 Ventures Pte Ltd	*Present and Past* Corporate advisory services

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries
None

Conflict of Interest (including any competing business)
Nil

BOARD OF DIRECTORS

MR JOHN GRØNBECH, Age 50

Founder, Executive Director and Chief Executive Officer ("CEO")

Mr John Grønbech founded NauticAWT Limited in 2011, building on his vast experience within the upstream segment of the offshore oil and gas business. 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.

Date of Appointment
2 September 2011

Date of Last Re-appointment
27 April 2018

Country of Principal Residence
Singapore

Board's Comments on the Appointment
Not applicable, Mr John Grønbech is not subject to re-election

Board Committee Membership
Nil

Academic Qualification
Masters in Business Administration (Executive), Charles Sturt University, Australia
Masters in Civil Engineering, Aalborg University, Denmark

Professional Qualification
Nil

BOARD OF DIRECTORS

Working Experience, Occupation and Principal Commitments Including Directorship

(a) Directorships *Present* Non-Listed Companies Nautic Offshore Pte Ltd NauticAWT Energy Pte Ltd Nautic (P.A) Pte Ltd Nautic India Private Limited Nautic Materials Sdn Bhd Nautic (B) Sdn Bhd NauticAWT (Mauritius) Pte Ltd Nautic Australia Pty Ltd NauticAWT Engenharia E Consultoria Ltda Nautic Offshore Mexico S.A. de C.V. Nautic Middle East DMCC NVP Georgia LLC AWT International Pty Ltd	*Past* Non-Listed Company NauticAWT Engineering Pte Ltd Densit Asia Pacific Sdn Bhd **(b) Principal Commitments (other than Directorships)** *Present* Nil *Past* 2005 to 2011 - Densit Asia Pacific Sdn Bhd (Managing Director)

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries
None

Conflict of Interest (including any competing business)
Nil

BOARD OF DIRECTORS

MR TEO LEK HONG, Age 68

Independent Director

Date of Appointment
14 March 2017

Date of Last Re-appointment
27 April 2017

Country of Principal Residence
Singapore

Board's Comments on the Appointment
The re-election of Mr Teo Lek Hong as Independent Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Teo Lek Hong's contributions, performance, expertise and past experiences.

Board Committee Membership
Chairman of Remuneration Committee
Member of Nominating Committee and Audit Committee

Academic Qualification
Bachelor of Engineering (Mechanical), University of Singapore, Singapore

Professional Qualification
Nil

Working Experience, Occupation and Principal Commitments Including Directorship

(a) **Directorships**	(b) **Principal Commitments (other than Directorships)**
Present Nil *Past* Non-Listed Company Infineum Singapore Pte Ltd	*Present* Nil *Past* Infineum Singapore Pte Ltd (Project Director) Jinex Jinzhou Joint Venture (Managing Director)

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries
None

Conflict of Interest (including any competing business)
Nil

BOARD OF DIRECTORS

MR TAY KEE LIAT, Age 68

Independent Director

Date of Appointment
14 March 2017

Date of Last Re-appointment
27 April 2017

Country of Principal Residence
Singapore

Board's Comments on the Appointment
The re-election of Mr Tay Kee Liat as Independent Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Tay Kee Liat's contributions, performance, expertise and past experiences.

Board Committee Membership
Chairman of Nominating Committee
Member of Remuneration Committee and Audit Committee

Academic Qualification
Bachelor of Engineering (Mechanical), University of Singapore, Singapore

Professional Qualification
Nil

Working Experience, Occupation and Principal Commitments Including Directorship

(a) Directorships	(b) Principal Commitments (other than Directorships)
Present Nil *Past* Non-Listed Company Singapore Kobe Private Limited	*Present* Nil *Past* Singapore Kobe Private Limited (Deputy Managing Director)

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries
None

Conflict of Interest (including any competing business)
Nil

The shareholding interest of the Directors are set out in the section "Directors' Statement" of this annual report.

The Group had procured the undertaking in the format set out in Appendix 7H under Rule 720(1) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Directors.

All the Directors had responded negative to items (a) to (k) listed in Appendix 7F (Announcement of Appointment) of the Catalist Rules.

EXECUTIVE OFFICERS

CHERYL CHONG
*Chief Financial Officer ("**CFO**")*

Cheryl Chong is our CFO. She joined our Group as finance manager when it was founded in September 2011 and was promoted to Financial Controller in January 2014, where she assisted our CFO of that time with the finance related matters of our Group. On 29 August 2017, she was promoted to CFO and is responsible for overseeing the accounting, finance and commercial matters of the 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.

ELO YDE
*Chief Operating Officer ("**COO**")*

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. 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.

FINANCIAL HIGHLIGHTS

Key Financial Indicators	FY2018 US$ million	FY2017 US$ million
Continuing operations		
Revenue	**7.6**	9.0
Gross Profit	**3.8**	3.9
Loss for the year	**(2.2)**	(4.6)

Revenue

The Group's revenue for FY2018 decreased by 15.5% or US$1.4 million to US$7.6 million, from US$9.0 million for FY2017. This was mainly due to the decrease in revenue contribution by the Ports and Offshore segment of US$2.0 million. However, the decrease was partially offset by the increase in revenue contribution by the Renewables segment and Energy and Mining segment of US$0.3 million each. Energy & Mining segment mainly relates to provision of Ultra High Performance Concrete and Composites for well integrity and remediation of production wells.

Gross profit and gross profit margin

The Group's cost of sales for FY2018 decreased by 26.0% or US$1.3 million to US$3.8 million, from US$5.1 million for FY2017. The overall decrease in cost of sales was in line with the decrease in revenue. Furthermore, the decrease in cost of sales was due to decrease in staff costs as a result of reduced headcount, partially offset by the increase in loss on disposal of property, plant and equipment. The gross profit for FY2018 decreased by 1.8% or US$0.1 million to US$3.8 million, from US$3.9 million in FY2017. The Group's gross profit margin for FY2018 improved by 7.0 percentage points to 50.3% as compared to 43.3% for FY2017.

Distribution expenses

The Group's distribution expenses increased by US$0.1 million or 14.6%, from US$0.5 million in FY2017 to US$0.6 million in FY2018. The increase was mainly due to higher business development cost incurred in securing new order and projects.

Administrative expenses

The Group's administrative expenses decreased by US$2.6 million or 34.1%, from US$7.6 million in FY2017 to US$5.0 million in FY2018 primarily due to (i) reduction in allowance for doubtful debts of US$1.9 million, from US$2.8 million in FY2017 to US$0.9 million in FY2018 due to improved customer collection; (ii) reduction in staff costs of US$0.8 million due to decreased headcount; (iii) reduction in general office costs such as office rental of US$0.6 million, from US$0.8 million in FY2017 to US$0.2 million in FY2018; and (iv) an one-off NauticAWT Performance Share Plan ("**PSP**") cost in FY2018, pertaining to the grant of 21,367,632 shares to employees of the Group pursuant to NauticAWT PSP as announced on 19 March 2018.

Other income

The Group recorded other income of US$40,000 in FY2018 which comprised primarily the government grants and interest income as compared to US$70,000 in FY2017.

Finance costs

The Group's finance costs increased by US$0.2 million or 36.1%, from US$0.4 million in FY2017 to US$0.6 million in FY2018. The increase is mainly due to higher interest expenses arising primarily from bank facilities and loans and convertible notes.

Income tax credit (expense)

The Group recorded income tax credit of US$45,000 as compared to income tax expense of US$140,000 in FY2017. The prior year income tax expense and an under-provision of prior year taxation has been partially offset by the write back of deferred tax liabilities while the current year income tax credit relates mainly the write back of deferred tax liabilities.

Loss for the year

As a result of the above, the Group suffered a loss for the year from continuing operations of US$2.2 million in FY2018, an improvement of US$2.4 million as compared to the losses of US$4.6 million in FY2017.

FINANCIAL HIGHLIGHTS

Consolidated Statement of Financial Position	**31 December 2018** **US$ million**	31 December 2017 US$ million
Current assets	**3.5**	6.5
Non-current assets	**8.4**	8.9
Current liabilities	**8.1**	9.5
Non-current liabilities	**6.9**	5.1
Equity attributable to owners of the Company	**(3.1)**	0.8

<u>Non-current assets</u>
The Group's non-current assets decreased by US$0.5 million, from US$8.9 million as at 31 December 2017 to US$8.4 million as at 31 December 2018. It was mainly due to the decrease in property, plant and equipment of US$0.9 million as a result of the depreciation charge and disposal of property, plant and equipment, partially offset by purchase of property, plant and equipment during the year. The decrease in property, plant and equipment was partially offset by the capitalisation of the intangible assets of US$0.4 million in relation to material development.

<u>Current assets</u>
The Group's current assets decreased by US$3.0 million, from US$6.5 million as at 31 December 2017 to US$3.5 million as at 31 December 2018. The significant decrease was mainly due to the following:

i. decrease in trade and other receivables of US$0.6 million due to improved customer collection;
ii. a decrease in cash and bank balances of US$0.3 million; and
iii. significant decrease in assets classified as held for sale of US$2.5 million due to the impairment of a major asset of a wholly owned subsidiary held for sale.

The decrease was partially offset by the increase in inventories of US$0.2 million and contract assets of US$0.1 million.

<u>Non-current liabilities</u>
The Group's non-current liabilities increased by US$1.8 million, from US$5.1 million as at 31 December 2017 to US$6.9 million as at 31 December 2018. The increase was mainly due to the issuance of US$1.6 million convertible notes and the loan from directors and other payables causing from loan from staff of US$0.1 million and US$0.4 million respectively. The increase was partially offset by the decrease of long-term bank loan of US$0.2 million due to repayments during the year.

<u>Current liabilities</u>
The Group's current liabilities decreased by US$1.4 million, from US$9.5 million as at 31 December 2017 to US$8.1 million as at 31 December 2018. The decrease was mainly due to the following:

I. decrease in trade and other payables of US$0.3 million,
II. decrease in liabilities for trade bills discounted with recourse of US$0.1 million; and
III. decrease in bank loan and advances of US$1.2 million due to repayments during the year.

The decrease was partially offset by the increase of loan from director of US$0.1 million and an increase in liabilities directly associated with assets classified as held for sale of US$0.1 million.

FINANCIAL HIGHLIGHTS

Consolidated Statement of Cash Flows	**FY2018** **US$ million**	FY2017 US$ million
Net cash (used in) from operating activities	**(0.2)**	1.0
Net cash used in investing activities	**(0.7)**	(1.5)
Net cash from financing activities	**0.7**	0.6
Cash and cash equivalents at end of year	**(0.3)**	(0.1)

Operating activities

Net cash used in operating activities in FY2018 amounted to US$0.2 million taking into account the loss before tax of US$5.0 million, adjusted for working capital outflows of US$0.8 million. The working capital outflows was mainly due to increase in trade receivables of US$0.6 million, increase in contract assets of US$0.1 million, increase in inventories of US$0.2 million, decrease in trade payables of US$0.4 million, and decrease in trade bills discounted with recourse of US$0.1 million, partially offset by decrease in other receivables of US$0.2 million and increase in other payable of US$0.5 million. During FY2018, the Group received income tax refund of US$0.1 million and paid interest of US$0.4 million.

Investing activities

Net cash used in investing activities in FY2018 amounted to US$0.7 million mainly due to additions of intangible assets of US$0.2 million in relation to material development and purchase of property, plant and equipment of US$0.5 million, partially offset by proceeds from disposal of property, plant and equipment of US$30,000.

Financing activities

Net cash from financing activities for FY2018 amounted to US$0.7 million mainly due to proceeds from issuance of convertible notes due 2021 of US$1.9 million, loan from directors of US$0.1 million and release of restricted cash of US$0.1 million, which was partially offset by the repayment of bank borrowings and advances from bank of US$1.3 million and US$0.1 million respectively.

As a result of the above, the Group's cash and cash equivalents decreased by US$0.2 million, from a deficit of US$0.1 million as of 31 December 2017 to a deficit of US$0.3 million as of 31 December 2018, net of bank overdrafts.

CORPORATE GOVERNANCE REPORT

NauticAWT Limited (the "**Company**", and together with its subsidiaries, the "**Group**") 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 the financial year ended 31 December ("**FY**") 2018 with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**"). The revised Code of Corporate Governance was recently issued on 6 August 2018 (the "**2018 Code**"), with the aim to enhance board quality by strengthening board independence and diversity and encourage better engagement between companies and all stakeholders. The 2018 Code is effective for annual reports covering financial years commencing from 1 January 2019. In this regard, the Company will endeavor to comply with the 2018 Code once it is effective.

The board of directors (the "**Board**" or the "**Directors**") of the Company confirms that, for FY2018, 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 affirms its commitment to sustainability with the publication of the Company's sustainability report. Whilst mindful of the Group's profit oriented objective, the Board is also committed to strike a balance between growth, profit, governance, environment, the development of its people and well-being of the communities to secure the long term future of the Group. As such, the Company is in compliance with Rule 711A of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**") to issue its sustainability report, which is set out on page 28 of this annual report.

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 Chief Executive Officer ("**CEO**")
Mr Teo Lek Hong	Independent Director
Mr Tay Kee Liat	Independent Director

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

- providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- reviewing management performance;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;
- setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

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.

All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

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. Pursuant to the amended Rule 406(3)(a) of the Catalist Rules, which was revised to be consistent with the 2018 Code, the Company will arrange the SGX-ST's prescribed training for directors with no prior experience as a director of a listed company on the SGX-ST on the roles and responsibilities of a director of a listed company.

In FY2018, no new directors were appointed to the Board.

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. During FY2018, the Directors were provided with updates on the developments in financial reporting and governance standards by the external and internal auditors, as well as updates on code of corporate governance by the regulators and Sponsor.

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 meetings are also regularly provided to the Board. The effectiveness of each Board Committee is also constantly monitored to ensure their continued relevance.

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

For FY2018, 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 Teo Lek Hong	2	2	1	1
Mr Tay Kee Liat	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 four 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

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 three out of four Directors being independent directors, there is a strong independent element on the Board and 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. Following the recent revision to the Code, the Catalist Rules has been amended accordingly. The revised Catalist Rules require the Independents Directors to make up at least one-third of the Board, which will take effect on 1 January 2022. Nonetheless, as the Chairman of the Board is independent, the Group is in compliance with the requirements of the Catalist Rules and the Code.

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. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

Following the recent revision to the Code, the Catalist Rules has been amended to be consistent with the 2018 Code. In relation to the assessment of the independence of the directors, specific tests of directors' independence have been hardcoded into the listing rules of the SGX-ST to clarify that these circumstances which deemed directors not to be independent should be applied without any exceptions.

Under Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules which takes effect on 1 January 2019, it stipulates that a director will not be independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer.

In this regard, each of the Independent Directors has confirmed that they and their respective associates do not have any employment relationships with the Company.

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 four 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.

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. Nonetheless, the independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to particularly rigorous review.

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 Tay Kee Liat	Chairman
Mr Lim How Teck	Member
Mr Teo Lek Hong	Member

The NC is governed by its written terms of reference. In accordance with 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 (such as attendance, participation, preparedness and candours) of the director seeking re-election including the following:

- the review of board succession plans for Directors, in particular the Chairman and the CEO;
- to ensure that all directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- to determine the independence of each director in accordance with the guidelines 2.3 and 2.4 of the Code on an annual basis and as and when circumstances require;
- 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
- to assess the effectiveness of the Board as a whole, its Board Committees 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. For FY2018, 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 will also ensure 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 appointments 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 the NC shall abstain from voting on any resolutions in respect of the assessment of his performance, independence or re-nomination as a Director or any other matters in which he has an interest.

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	27 April 2018
Mr John Grønbech	Executive Director and CEO	2 September 2011	27 April 2018
Mr Teo Lek Hong	Independent Director	14 March 2017	27 April 2017
Mr Tay Kee Liat	Independent Director	14 March 2017	27 April 2017

The key information regarding the Directors is set out on page 4 of this 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 Mr Teo Lek Hong and Mr Tay Kee Liat who will be retiring as directors at the forthcoming annual general meeting. Mr Teo Lek Hong and Mr Tay Kee Liat will be retiring via rotation pursuant to Article 89 of the Company's Constitution. The two directors have offered themselves for re-election. The re-election of Mr Teo Lek Hong and Mr Tay Kee Liat as Independent Directors of the Company was recommended by the NC and approved by the Board, after taking into consideration their contributions, performance, expertise and past experiences. 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. Negative disclosures were provided by the retiring Directors who are submitting themselves for re-election on each item as set out in Appendix 7F (a) to (k) of the Catalist Rules.

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 process for an annual evaluation, by way of questionnaire, of the Board's performance and effectiveness as a whole, its Board Committees and also individually, based on the contribution by each Director to the effectiveness of the Board. 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.

The Company does not have any alternate Directors.

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 will be 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 management will supply additional information that the Board requires in a timely manner.

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.

CORPORATE GOVERNANCE REPORT

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 Teo Lek Hong	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:

- 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;

- to determine specific remuneration packages for each Executive Director;

- 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;

- to determine the targets for any performance-related schemes in respect of the Executive Director(s), 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

- 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.

CORPORATE GOVERNANCE REPORT

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.

In connection with the Company's listing on the SGX-ST in July 2015 (the "**Listing**"), the service agreement between the Executive Director is valid for an initial period of three (3) years upon Listing and will be automatically extended on a yearly basis thereafter. Pursuant to which, 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 his 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 the 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 RC will also review the Company's obligations arising in the event of a termination of the Executive Director's and management's contracts of service, to ensure that the contracts of service contain fair and reasonable termination clauses which are not overly generous.

The remuneration bands of the Directors for FY2018 are set out below:

Remuneration Band and Name of Directors	Salary	Variable bonus	Directors fees	Other benefit*	Total
	(%)	(%)	(%)	(%)	(%)
Above or equal to S$500,000 to below S$750,000					
Mr John Grønbech	56	-	-	44	100
Below or equal to S$250,000					
Mr Lim How Teck	-	-	100	-	100
Mr Teo Lek Hong	-	-	100	-	100
Mr Tay Kee Liat	-	-	100	-	100

Note:
* Includes housing allowance, housing utilities, insurance, school fees and home passage.

The remuneration bands of the top five key management executives of the Group (who are not Directors or the CEO) in bands of S$250,000 for FY2018 are set out below:

Remuneration bands	Number of key executives
Above S$250,000 to below S$500,000	3
Below or equal to S$250,000	2

The total remuneration, in aggregate, paid to the top five key management executives of the Group (who are not Directors or the CEO) for FY2018 is S$1,378,155.

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 FY2018.

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 any confirmed employee of the Group (including any executive director of the Group) and directors of the Company. The aggregate number of shares to be delivered under both the NauticAWT ESOS and the NauticAWT PSP, or any other schemes implemented by the Company (if any), shall not exceed 15% of total issued share capital of the Company (excluding treasury shares and subsidiary holdings) 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 on 3 July 2015.

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 auditor's view will be sought.

The Management provides the Board with a continual flow of relevant information such as management accounts on a timely basis, and as the Board may require from time to time, in order to assist the Board in understanding the financial status and performance of the Group, 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 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 systems and internal controls framework, including financial, operational, compliance and information technology controls on an annual basis.

For FY2018, the CEO and the Chief Financial Officer ("**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 auditor, the review undertaken by the external auditor, 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 FY2018, 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 Teo Lek Hong	Member
Mr Tay Kee Liat	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:

- assist the Board in the discharge of its responsibilities on financial reporting matters;

- 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;

- 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;

- 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);

- review the independence and objectivity of the external auditor;

- review and discuss with the external auditor 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;

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

- review significant financial reporting issues and judgments with the CFO and the external auditor 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;

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

- review any potential conflicts of interest;

- review the suitability of the CFO and the adequacy of the finance team on an on-going basis;

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

- 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;

- 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;

- 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;

- 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;

- 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

- 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 auditor 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. For FY2018, the AC has met the external and internal auditors without the Management.

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 auditor, Deloitte & Touche LLP and its member firms ("**Deloitte**"). During FY2018, the AC has reviewed independence of the external auditor 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 32 to the financial statements of the Company, and is of the view that the independence and objectivity of the external auditor and other auditors have not been compromised.

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 auditor 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 auditor have 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 could 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 via letter or email 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. No such whistle-blowing letter or email was received in FY2018.

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 auditor's 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.

For FY2018, the AC has appointed Yang Lee and Associates as the internal auditor. 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 auditor is adequately resourced to perform its functions effectively, and is staffed by suitably qualified and experienced professionals with the relevant experience.

The internal auditor's primary line of reporting is to the chairman of the AC and has unfettered access to all the Company's documents, records, properties, and personnel, including access to the AC. Procedures are in place for the internal auditor 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 auditor. The hiring, evaluation and compensation of the internal auditor are subject to the approval of the AC.

COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER 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 on a timely basis as required by the Catalist Rules. 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 substantially separate 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, including the respective Chairman of the Board Committees, and the external auditor are present to address any queries or concerns from Shareholders on matters relating to the Group and its operations and the conduct of audit and preparation and content of the independent auditor's report.

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 and relevant 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 loss for FY2018, accordingly no dividend was paid for the period.

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

Except as disclosed in Note 5 and 6 (Related Party Transactions) of the notes to the financial statements and the Service Agreement between the Executive Director and the Company, there were no other material contracts of the Company and its subsidiaries involving the interests of the Group CEO or each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

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 FY2018. There were no interested person transactions of S$100,000 or more for FY2018.

NON-SPONSORSHIP FEES

There were no non-sponsor fees paid to SAC Capital Private Limited for FY2018.

SUSTAINABILITY REPORT

1. BOARD'S STATEMENT

The Board of Directors (the "**Board**") of NauticAWT Limited (the "**Company**" and together with our subsidiaries the "**Group**") affirm our commitment to sustainability with the publication of our sustainability report ("**Report**"). For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("**ESG**") factors and economic performance.

Whilst mindful of our profit oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure the long term future of our Group. This commitment is reflected in our sustainable business strategy and the material ESG factors which are shown in this Report.

A sustainability policy ("**SR Policy**") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been established and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organizational and external developments.

2. REPORTING FRAMEWORK

In preparing this Report, we are guided by the GRI Standards: Core option and this Report is published pursuant to 711(A) and 711(B) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). We have chosen to report using GRI Standards: Core option as it is an internationally recognised reporting framework.

3. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year from 1 January to 31 December 2018 ("**FY2018**"). A sustainability report will be published annually in accordance with our SR Policy.

This Report focuses on our renewables segment[1], which will be the focus of our Group going forward. This business segment contributed approximately 35% (FY2017: 26%) of the Group's total revenue for FY2018. Nonetheless, the Group believes that the renewables market is a market that we know well, and hold a strong and competitive position in. We plan to widen the coverage of our sustainability reporting in the future.

4. FEEDBACK

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: info@nautec.com

5. STAKEHOLDER ENGAGEMENT

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise customers, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by our operations.

We actively engage our key stakeholders through the following channels:

S/N	Key stakeholder	Engagement channel
1	Community	We focus on continuous community engagement through close monitoring of local developments through mass media and dialogues where practicable.
2	Customer	Customers are continuously engaged through multiple channels such as face-to-face meetings, visits, email communications, phone calls and teleconferences.
3	Employee	Senior management holds regular communication sessions with employees to obtain feedback and alignment of business goals across all levels of workforce. Such communication channels include emails, meetings or staff evaluation sessions where employees can pose questions in person.

[1] Relates to provision of Ultra High Performance Concrete and Composites ("**UHPC**") materials for the installation of onshore and offshore wind turbines.

SUSTAINABILITY REPORT

S/N	Key stakeholder	Engagement channel
4	Regulator	We participate in consultations, briefings or receiving regulatory updates from key regulatory bodies such as the Singapore Stock Exchange and relevant government agencies/ bodies so as to better understand the regulatory requirements and furnish feedback on proposed regulatory changes that impact our business.
5	Shareholder	We convey timely, full and credible information to shareholders through announcements on SGXNET, our website (https://www.nautec.com), investor relations email account info@nautec.com, annual general meetings, annual reports, and other channels such as business publications and investors' relation events.

Through the above channels, we seek to understand the views of our key stakeholders, communicate effectively with them and respond to their concerns.

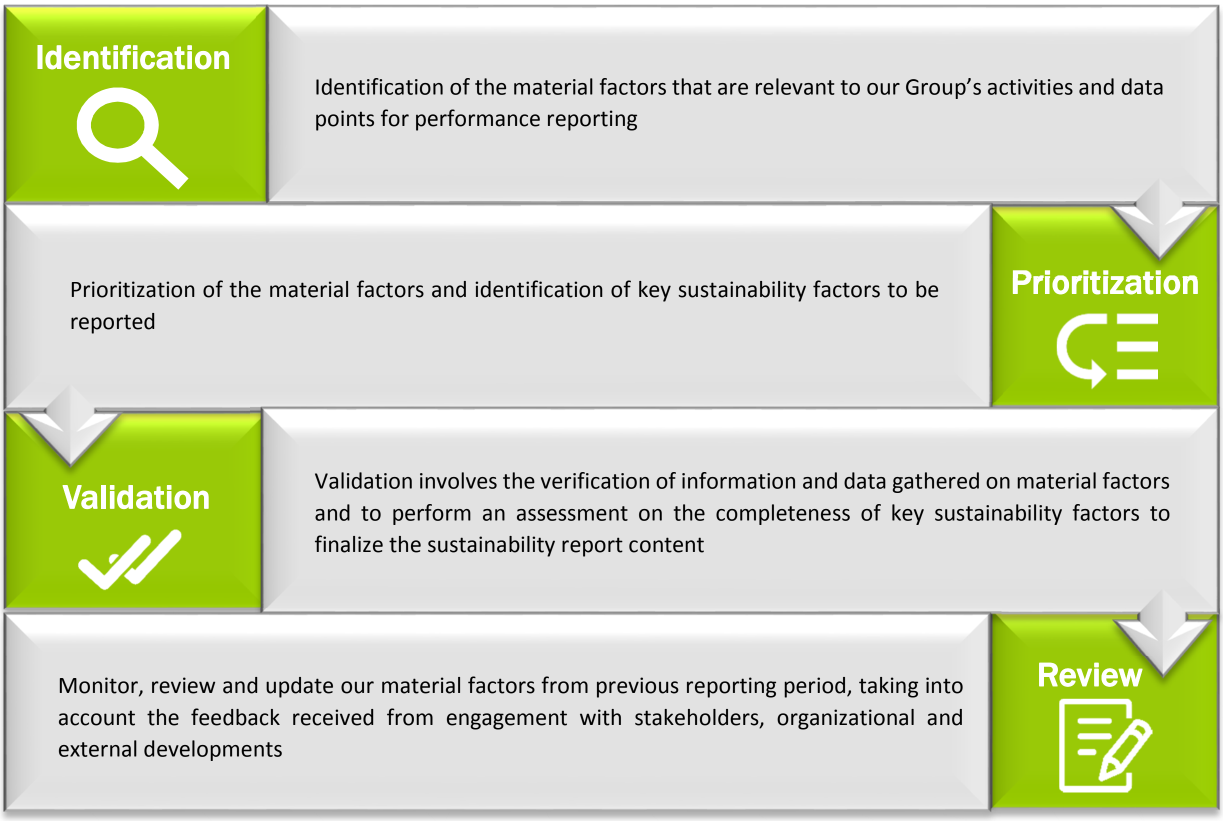
6. POLICY, PRATICE AND PERFORMANCE REPORTING

6.1 Reporting Structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board. Our senior management executives, led by our Chief Executive Officer, are tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

6.2 Sustainability Reporting Processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritized as material factors which are then validated. The end result of this process is a list of material factors disclosed in this Report. Processes involved are as shown in the chart below:



6.3 Materiality Assessment

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
I	High	Factors with high reporting priority are reported on in detail.
II	Medium	Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.
III	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material.

The reporting priority is supported by a material factor matrix which considers the level of concern to external stakeholders and potential impact on business.

7 MATERIAL FACTORS

Our materiality assessment performed for FY2018 involved our senior management executives and is led by our Chief Executive Officer in identifying sustainability factors deemed material to our businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainable value for our stakeholders. The material ESG factors identified in the previous sustainability report were also reviewed to ensure their continued relevance. Presented below are a list of material sustainability factors applicable to our Group:

S/N	Material factor	Key stakeholder	Reporting priority
Environmental			
1	Environmentally friendly products and product sustainability	Regulator, customer	I
2	Energy and water conservation	Community, shareholder	III
Social			
3	Equality and diversity in the workplace	Employee	I
4	Employee retention	Employee	II
5	Safe working environment	Employee	I
Economic			
6	Sustainable business performance	Shareholder	II
7	Proactive anti-corruption practices	Shareholder, regulator	II
Governance			
8	Robust corporate governance framework	Shareholder, regulator	II

We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each material sustainability factor are presented as follows:

7.1 Environmentally Friendly Products and Product Sustainability

We are committed to environmental preservation through limiting the use of hazardous substance in our products through strict compliance with leading regulations.

We are principally involved in the provision of UHPC materials to supply our customers that operate mainly in the port, off-shore, energy and mining and renewable energy industries. UHPC is more environmentally friendly when compared to conventional concrete as it possesses higher strength and ductility which allow for the construction of more material-efficient structures.

Our key initiatives in delivering quality and environmentally friendly products to our customers are as following:

- Our products are certified/ verified with leading market certifications on product quality such as CE Marking, Ü-sign or DNV.
- Our manufacturing facility and processes are certified under the DNV, ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 standards.

SUSTAINABILITY REPORT

- A robust quality control team is maintained to conduct stringent checks on product quality based on a set of standard operating procedures established.
- We have a research and development program to develop new products and enhance the quality of the existing products. During the reporting period, we collaborated with Enterprise Singapore on a program to jointly develop new products that will create revenue streams for our Group.

As at 31 December 2018, 2 (FY2017: 2) of our key products are certified/verified with CE Marking, Ü-sign or DNV whilst our manufacturing facility and processes are certified under the relevant DNV and ISO standards.

7.2 Energy and Water Conservation

We are committed to responsible usage of energy and water resources that helps to preserve the environment in which we operate in. As a Group, we operate from various office locations and an automated production facility in Malaysia. The facility is currently producing UHPC materials to supply our customers mainly in the oil and gas and renewable energy industries. Key statistics on energy and water consumption by the production facility during the reporting period are as follows:

Resource	Usage	Consumption	
		FY2018	FY2017
Electricity	Used for production equipment, lightings, office equipment and air-conditioning	143,042kWh	140,170kWh
Water	Used for cleaning machineries and equipment	2,576 m^3	1,102m^3

The significant increase in water consumption between FY2018 and FY2017 was largely due to a leakage in the underground piping at one of our operating premises. Upon detection, the necessary repair was carried out. We will continue to work towards reducing our energy and water consumption.

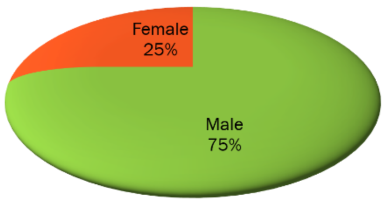
Conservation initiatives adopted by the Group include the following:

- A systematic maintenance program for operating equipment is in place to maintain energy and water efficiency.
- Energy and water consumption are regularly tracked and analysed. Corrective actions are taken when unusual consumption patterns are observed.

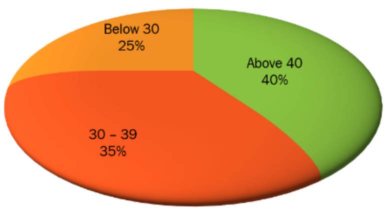
7.3 Equality and Diversity in the Workplace

We are committed to diversity and equal opportunity in employment to grow human capital. Accordingly, we strive to provide a work environment for employees that fosters fairness, equity and respect for social and cultural diversity, regardless of their gender, age or educational background. The total number of employees in the Group as at 31 December 2018 stood at 77 (FY2017: 74).

Gender diversity



Age diversity



During the reporting period, there were no significant changes in workforce diversity data with details as follows:

- On gender diversity, the percentage of female to total permanent employees as at 31 December 2018 was 25% (FY2017: 28%).
- On age diversity, matured workers are valued for their experience knowledge and skills. As at 31 December 2018, 40% (FY2017: 35%) of our workforce was at least 40 years old.

To promote equal opportunity, we have implemented various human resource measures as follows:

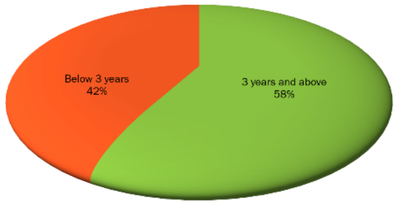
- Staff assessment is performed annually and upon probation for new staff to evaluate their performance and provides them with a sense of self-awareness on their work performance and also to identify training opportunities that will improve their skills and abilities.
- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirement.
- Employment terms in the employment letter are explained to staff when they join the Group.

7.4 Employee Retention

The continual success of our business relies on a team of professional, skilled and experienced staff and managers. Accordingly, we are committed to employee retention through the following efforts:

- Employee are engaged regularly via various channels such as the appraisal exercise which allows employees to gain feedback on their career progress.
- In-house and external training courses are organized regularly for employees to improve their professional skills.

Years of service



We believe that a low turnover improves the sustainability of operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 December 2018, 58% (FY2017: 49%) of our employees have 3 or more years of services with us. The decrease in employee retention is in line with restructuring and rightsizing of our Group's business.

7.5 Safe Working Environment

In our daily operations, our workers have to handle various machineries in manufacturing our products. Such machineries involve processes such as handling of operating equipment such as forklifts which expose our employees to risk of injuries or fatalities. Accordingly, we are committed to maintain a safety-conscious culture amongst our employees and a safe operating environment to minimise such risks.

The measures implemented to manage health and safety in our operating environment are as follows:

- A set of safety rules and regulations is in place.
- A safety committee is in place and safety inspections are performed regularly by safety officers and reported to senior managers.
- All new employees are briefed on safety procedures during orientation.
- Regularly track and monitor accidents at the workplace and corrective action plans are established to prevent recurrences of the accidents.

The Group recorded no workplace accident in FY2018 (FY2017: one non-fatal workplace injury). We will continuously work towards reducing both the occurrence and severity of workplace accidents.

7.6 Sustainable Business Performance

We believe in creating long-term economic value for shareholders as well as key stakeholders by adopting responsible business practices and growing business in a sustainable manner.

As disclosed in this annual report, we are continuing with our restructuring and rightsizing exercises. In the interim, the Board and Management appreciate shareholders' patience and understanding in its execution.

Details of the Group's economic performance can be found in the financial contents and audited financial statements of the annual report for FY2018.

7.7 Proactive Anti-corruption Practices

We are committed to carry out business with integrity by avoiding corruption in any form, including bribery, and complying with the Prevention of Corruption Act of Singapore.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2018, no serious offence was reported[2] (FY2017: nil).

[2] A serious offence is defined as one that involves fraud or dishonesty amounting to not less than SGD 100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company.

7.8 Robust Corporate Governance Framework

We are committed to high standards of corporate governance and believes a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximizing long-term shareholder's value.

We have in place a whistle-blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others.

Our overall Singapore Governance and Transparency Index ("**SGTI**") score assessed by National University of Singapore Business School was 45 for year 2018 (year 2017: 63). In line with our commitments to maintain a robust governance framework, we are keen to strengthen our governance practices through promoting transparency and accountability in our operations.

You may refer to Corporate Governance Report of the annual report for details for our corporate governance practices.

8. TARGET SETTING

For our material factors identified, we have set qualitative targets for FY2019 as follows:

S/N	Material factor	Target for FY2019
1	Environmentally friendly products and product sustainability	Deliver quality and environmentally friendly products
2	Energy and water conservation	Reduce energy and water consumption
3	Equality and diversity in the workplace	Move towards a more balanced gender and age ratio
4	Employee retention	Improve performance measures identified on staff retention
5	Safe working environment	Maintain zero workplace accident
6	Sustainable business performance	Improve our financial performance
7	Proactive anti-corruption practices	Maintain zero incident of serious offence
8	Robust corporate governance framework	Improve our SGTI score

FINANCIAL CONTENTS

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, 2018.

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 47 to 146 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, 2018, 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, subject to satisfying the conditions set out in Note 1 to the financial statements.

1 DIRECTORS

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

John Grønbech
Lim How Teck
Tay Kee Liat
Teo Lek Hong

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, Chapter 50 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, 2019**	**At beginning of year**	**At end of year**	**At January 21, 2019**
NauticAWT Limited (Ordinary shares)						
John Grønbech	82,088,000	82,088,000	82,088,000	-	-	-
Lim How Teck	150,600	150,600	150,600	-	-	-
Nautic Offshore Mexico S.A. de C.V. (Ordinary shares)						
John Grønbech	1 (1)	1 (1)	1 (1)	-	-	-

(1) The share is held in trust for the company.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr John Grønbech is deemed to have an interest in all the related corporations of the company.

4 SHARE PLANS AND SHARE OPTIONS

NauticAWT Performance Share Plan ("NauticAWT PSP")

The NauticAWT PSP was approved pursuant to a resolution passed by the shareholders of the company on July 3, 2015.

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

- Teo Lek Hong (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 shares are determined at the absolute discretion of the RC, which shall take into consideration, where applicable, factors such as the group employee or group non-executive directors ("**Participants**") rank, scope of responsibilities, performance, length of service, contribution to the success and development of the group, potential for future development of the Participant and/or the extent of effort of resourcefulness required to achieve the Performance Conditions within the Performance Period. The Performance Conditions and Performance Period are determined by the RC at its discretion.

On March 21, 2018, the company allotted and issued 21,367,632 new ordinary shares at S$0.03 per share amounting to US$485,702, pursuant to the vestment of awards under the NauticAWT PSP. The new ordinary shares rank pari passu in all respects with the existing shares of the company. Following the allotment and issuance of the new ordinary shares, the total number of issued shares of the company has increased from 190,965,893 shares to 212,333,525 shares.

The aggregate number of shares issued and/or issuable pursuant to the NauticAWT Employee Share Option Scheme ("**NauticAWT ESOS**"), the 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 and subsidiary holdings) in the capital of the company from time to time.

NauticAWT Employee Share Option Scheme ("NauticAWT ESOS")

(a) ***Options to take up unissued shares***

The NauticAWT ESOS was approved pursuant to a resolution passed by the shareholders of the company on July 3, 2015.

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

- Teo Lek Hong (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).

4 SHARE PLANS AND SHARE OPTIONS (cont'd)

This is provided that the aggregate number of shares issued and/or issuable pursuant to the NauticAWT ESOS, the 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 and subsidiary holdings) 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**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). 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, 2018.

Exercisable Period		Outstanding at January 1, 2018	Options granted during the year	Cancelled/ Lapsed	Outstanding at December 31, 2018	Exercise price per share S$ (US$)
From	**To**					
December 31, 2017	December 31, 2020	5,100,000	-	(1,900,000)	3,200,000	0.25 (0.19)
December 31, 2018	December 31, 2021	5,100,000	-	(1,900,000)	3,200,000	0.30 (0.22)
December 31, 2019	December 31, 2022	5,100,000	-	(1,900,000)	3,200,000	0.40 (0.30)
		15,300,000	-	(5,700,000)	9,600,000	

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 the Catalist Rules).

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 option exercised (lapsed) between the end of financial year and January 21, 2019	Aggregate options outstanding as at January 21, 2019
Elo Yde	2,850,000	2,850,000	-	-	-	2,850,000

There were no options granted during the financial year under review.

4 SHARE PLANS AND SHARE OPTIONS (cont'd)

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 option exercised (lapsed) between the end of financial year and January 21, 2019	Aggregate options outstanding as at January 21, 2019
Lim How Teck	2,100,000	2,100,000	-	-	-	2,100,000

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)
Tay Kee Liat	(Independent director)

The AC carried out its functions specified by Section 201B(5) of the Companies Act, the 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 auditor's 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 auditor's 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 auditor; and

(f) The re-appointment of the external auditor 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 auditor of the group at the forthcoming AGM of the company.

DIRECTORS' STATEMENT

6 AUDITOR

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

ON BEHALF OF THE DIRECTORS

....
Lim How Teck

....
John Grønbech

April 12, 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NAUTICAWT LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

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

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NAUTICAWT LIMITED

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>
<u>Revenue recognition</u>
The group offers engineering and contracting services for field exploration, field development and field refurbishments including design life extensions and production enhancement for offshore and marine infrastructures. The duration of these projects may range from short-term to mid-term and some of the projects may cross over the financial year reporting period end (Notes 11 and 27).
Due to the nature and timing of the engineering services rendered by the group, the group has entered into fixed price contracts with customers for the provision of engineering design works, installation services (including mobilisation of equipment), engineering labour hours or delivery of materials. Subsequent changes to original contracts are supported by variation orders agreed with and acknowledged by customers.
Contract revenue is recognised based on the stage of completion of the contract, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The group becomes entitled to invoice customers for work performed based on achieving a series of performance related milestones.
The stage of completion of the contracts are dependent upon the following key estimates or judgement areas:

total budgeted project costs, including total anticipated costs to complete the projects for projects outstanding at the end of the reporting period;
completeness of cost incurred for the projects to date;
changes to the budgeted costs as a result of variation orders with customers.

</td><td>
We evaluated the appropriateness of management's controls over the review and determination of the revenue to be recognised and the consequential contract assets.
We agreed total contracted revenue to the original signed customer contracts and approved variation orders.
We assessed the basis of revenue recognition for the group's significant contracts and corresponding stage of completion by examining the assumptions behind estimated costs to complete, challenging the reasonableness of these in light of supporting evidence. We recomputed the stage of completion assessed by management based on the actual costs incurred for project life over total budgeted costs.
We tested the actual cost incurred by agreeing to supplier invoices, engineer timesheets acknowledged by customers and other documentation and performed cutoff testing for project costs.
We performed a retrospective review of the budgeted costs against the actual costs for projects completed during the year.
We have also assessed and validated the adequacy and appropriateness of the disclosures in Note 3 to the financial statements under key sources of estimation uncertainty for revenue recognition.
</td></tr>
</table>

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NAUTICAWT LIMITED

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 12, 2019

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018

	Note	Group			Company		
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
		US$	US$	US$	US$	US$	US$
ASSETS							
Current assets							
Cash and bank balances	7	38,624	317,067	653,642	1,317	58,687	31,700
Trade receivables	8	1,530,842	1,796,337	10,075,611	9,849,410	10,481,787	7,655,463
Other receivables	9	903,574	1,210,542	2,856,214	265,287	1,922,018	2,897,734
Inventories	10	556,127	343,973	294,337	-	-	-
Contract assets	11	479,755	338,698	1,865,841	-	-	-
		3,508,922	4,006,617	15,745,645	10,116,014	12,462,492	10,584,897
Assets classified as held for sale	12	4,877	2,518,600	-	-	-	-
Total current assets		3,513,799	6,525,217	15,745,645	10,116,014	12,462,492	10,584,897
Non-current assets							
Property, plant and equipment	13	7,299,905	8,201,501	8,961,576	630,592	607,987	792,765
Goodwill	14	-	-	317,425	-	-	-
Intangible assets	15	1,109,606	680,871	401,281	1,060,970	632,235	352,645
Investment in subsidiaries	16	-	-	-	546,423	425,623	1,031,124
Investment in joint venture	17	-	-	11,871	-	-	-
Other receivables	9	-	-	-	2,867,936	2,762,936	2,657,936
Deferred tax assets	18	-	-	607,732	-	-	-
Total non-current assets		8,409,511	8,882,372	10,299,885	5,105,921	4,428,781	4,834,470
Total assets		11,923,310	15,407,589	26,045,530	15,221,935	16,891,273	15,419,367
LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)							
Current liabilities							
Trade payables	19	1,136,829	1,510,718	2,215,015	-	-	-
Other payables	20	5,456,053	5,431,390	7,654,860	15,929,959	14,550,510	7,194,886
Government grant received		355,130	355,130	355,130	355,130	355,130	355,130
Liabilities for trade bills discounted with recourse	21	137,272	214,054	2,065,487	-	-	-
Bank loans and advances	22	697,956	1,915,932	2,177,890	-	237,046	885,257
Loan from directors	6	136,078	-	326,000	136,078	-	326,000
Finance leases	23	-	-	62,639	-	-	-
Income tax payable		-	-	394,893	-	-	-
		7,919,318	9,427,224	15,251,914	16,421,167	15,142,686	8,761,273
Liabilities directly associated with assets classified as held for sale	12	219,142	120,786	-	-	-	-
Total current liabilities		8,138,460	9,548,010	15,251,914	16,421,167	15,142,686	8,761,273

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018

		Group			Company		
	Note	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
		US$	US$	US$	US$	US$	US$
Non-current liabilities							
Bank loans and advances	22	3,149,748	3,374,731	3,229,409	-	-	40,179
Finance leases	23	-	-	52,850	-	-	-
Loan from directors	6	624,459	500,099	-	624,459	500,099	-
Convertible notes and loans	24	2,639,143	1,016,061	-	2,639,143	1,016,061	-
Other payables	20	494,257	122,750	222,900	494,257	-	-
Deferred tax liabilities	18	-	52,589	98,774	-	-	-
Total non-current liabilities		6,907,607	5,066,230	3,603,933	3,757,859	1,516,160	40,179
Capital and reserves							
Share capital	25	7,733,885	7,248,183	7,248,183	7,733,885	7,248,183	7,248,183
Other capital reserve		1,166,251	723,125	718,247	1,166,251	723,125	718,247
Share options reserve	26	108,639	108,639	64,184	108,639	108,639	101,337
Foreign currency translation reserve		45,963	(92,478)	82,961	-	-	-
Accumulated losses		(12,177,495)	(7,194,120)	(339,208)	(13,965,866)	(7,847,520)	(1,449,852)
Equity attributable to owners of the company		(3,122,757)	793,349	7,774,367	(4,957,091)	232,427	6,617,915
Non-controlling interests	16	-	-	(584,684)	-	-	-
(Capital deficiency) Total equity		(3,122,757)	793,349	7,189,683	(4,957,091)	232,427	6,617,915
Total liabilities and equity (net of capital deficiency)		11,923,310	15,407,589	26,045,530	15,221,935	16,891,273	15,419,367

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2018

	Note	Group	
		2018	2017
		US$	US$
Continuing operations			
Revenue	27	7,565,952	8,953,151
Cost of sales		(3,761,120)	(5,080,212)
Gross profit		3,804,832	3,872,939
Distribution expenses		(550,412)	(480,197)
Administrative expenses		(4,979,482)	(7,559,669)
Other income	28	40,844	69,173
Finance costs	29	(555,600)	(408,169)
Loss before tax		(2,239,818)	(4,505,923)
Income tax credit (expense)	30	45,434	(140,879)
Loss for the year from continuing operations		(2,194,384)	(4,646,802)
Discontinued operations			
Loss for the year from discontinued operations	31	(2,788,991)	(1,623,426)
Loss for the year	32	(4,983,375)	(6,270,228)
Other comprehensive income (loss)			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		138,441	(175,439)
Total other comprehensive income (loss) for the year		138,441	(175,439)
Total comprehensive loss for the year		(4,844,934)	(6,445,667)
(Loss) Profit attributable to:			
Owners of the company		(4,983,375)	(6,854,912)
Non-controlling interests	16	-	584,684
		(4,983,375)	(6,270,228)
Total comprehensive (loss) income attributable to:			
Owners of the company		(4,844,934)	(7,030,351)
Non-controlling interests		-	584,684
		(4,844,934)	(6,445,667)
Loss per share			
From continuing and discontinued operations:			
Basic (cents)	34	(2.39)	(3.59)
Diluted (cents)	34	(2.39)	(3.59)
From continuing operations:			
Basic (cents)	34	(1.05)	(2.43)
Diluted (cents)	34	(1.05)	(2.43)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

	Share capital	Other capital reserve	Share options reserve	Foreign currency translation reserve	Accumulated losses	Attributable to owners of the company	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Group								
Balance at January 1, 2017	**7,248,183**	**718,247**	**64,184**	**82,961**	**(339,208)**	**7,774,367**	**(584,684)**	**7,189,683**
Total comprehensive (loss) income for the year								
(Loss) Profit for the year	-	-	-	-	(6,854,912)	(6,854,912)	584,684	(6,270,228)
Other comprehensive loss for the year	-	-	-	(175,439)	-	(175,439)	-	(175,439)
Total	-	-	-	(175,439)	(6,854,912)	(7,030,351)	584,684	(6,445,667)
Transaction with owners recognised directly in equity								
Recognition of share-based payment (Note 26)	-	-	44,455	-	-	44,455	-	44,455
Issuance of convertible notes (Note 24)	-	4,878	-	-	-	4,878	-	4,878
Total	-	4,878	44,455	-	-	49,333	-	49,333
Balance at December 31, 2017	**7,248,183**	**723,125**	**108,639**	**(92,478)**	**(7,194,120)**	**793,349**	**-**	**793,349**
Total comprehensive (loss) income for the year								
Loss for the year	-	-	-	-	(4,983,375)	(4,983,375)	-	(4,983,375)
Other comprehensive income for the year	-	-	-	138,441	-	138,441	-	138,441
Total	-	-	-	138,441	(4,983,375)	(4,844,934)	-	(4,844,934)
Transaction with owners recognised directly in equity								
Issuance of shares pursuant to NauticAWT PSP (Note 25)	485,702	-	-	-	-	485,702	-	485,702
Issuance of convertible loans (Note 24)	-	443,126	-	-	-	443,126	-	443,126
Total	485,702	443,126	-	-	-	928,828	-	928,828
Balance at December 31, 2018	**7,733,885**	**1,166,251**	**108,639**	**45,963**	**(12,177,495)**	**(3,122,757)**	**-**	**(3,122,757)**

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

	Share capital	Other capital reserve	Share options reserve	Accumulated losses	Total
	US$	**US$**	**US$**	**US$**	**US$**
Company					
Balance at January 1, 2017	**7,248,183**	**718,247**	**101,337**	**(1,449,852)**	**6,617,915**
Loss for the year, representing total comprehensive loss for the year	-	-	-	(6,397,668)	(6,397,668)
Transaction with owners recognised directly in equity					
Recognition of share-based payment (Note 26)	-	-	7,302	-	7,302
Issuance of convertible notes (Note 24)	-	4,878	-	-	4,878
Total	-	4,878	7,302	-	12,180
Balance at December 31, 2017	**7,248,183**	**723,125**	**108,639**	**(7,847,520)**	**232,427**
Loss for the year, representing total comprehensive loss for the year	-	-	-	(6,118,346)	(6,118,346)
Transaction with owners recognised directly in equity					
Issuance of shares pursuant to NauticAWT PSP (Note 25)	485,702	-	-	-	485,702
Issuance of convertible loans (Note 24)	-	443,126	-	-	443,126
Total	485,702	443,126	-	-	928,828
Balance at December 31, 2018	**7,733,885**	**1,166,251**	**108,639**	**(13,965,866)**	**(4,957,091)**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	Note	Group 2018 US$	Group 2017 US$
Operating activities			
Loss before income tax	(A)	(5,028,809)	(5,492,721)
Adjustments for:			
Depreciation of property, plant and equipment		731,226	860,229
Amortisation of intangible assets		30,193	30,300
Share of profit of joint venture		-	(13,000)
Gain on disposal from discontinued operations		-	(1,905,159)
Allowance for doubtful debts		915,026	3,755,899
Impairment losses on assets held for sale		2,718,338	-
Write off of property, plant and equipment		26,391	125,526
Loss on disposal of property, plant and equipment		182,426	41,822
Write back of provision for leave entitlement		(16,986)	-
(Write-back) Write off of obsolete inventories		(14,523)	77,374
Interest expense		623,213	545,161
Interest income		(17,163)	(726)
Net foreign exchange (gain) loss		174,828	(71,095)
NauticAWT PSP expense		485,702	-
Share-based payment		-	44,455
Operating cash flows before movements in working capital		809,862	(2,001,935)
Trade receivables		(632,286)	2,580,162
Contract assets		(141,057)	1,527,144
Other receivables		247,358	(311,018)
Inventories		(197,632)	(127,010)
Trade payables		(373,889)	2,161,931
Other payables		502,333	(501,940)
Trade bills discounted with recourse		(76,782)	(1,851,353)
Cash generated from operations		137,907	1,475,981
Income tax refund (paid)		87,138	(45,367)
Interest received		-	726
Interest paid		(379,627)	(469,622)
Net cash (used in) from operating activities		(154,582)	961,718
Investing activities			
Purchase of property, plant and equipment	(B)	(511,146)	(161,940)
Addition of intangible assets	(C)	(224,266)	(255,188)
Investment in joint venture		-	(1,200,000)
Proceeds from disposal of property, plant and equipment		32,137	122,340
Net cash used in investing activities		(703,275)	(1,494,788)

CONSOLIDATED
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018	2017
	US$	US$
Financing activities		
Loan from director	72,701	247,350
Proceeds from bank loans	-	1,445,400
Release of restricted cash	74,630	-
(Repayment of advances to) Advances from bank	(79,878)	(220,311)
Repayment of finance lease payables	-	(67,529)
Repayments of bank loans	(1,288,039)	(1,493,522)
Issuance of convertible notes	1,900,000	735,000
Net cash from financing activities	679,414	646,388
Net (decrease) increase in cash and cash equivalents	(178,443)	113,318
Cash and cash equivalents at beginning of year	(139,495)	(302,711)
Effects of exchange rate changes on balance of cash held in foreign currencies	(5,893)	49,898
Cash and cash equivalents at end of year (Note 7)	(323,831)	(139,495)

Notes

(A) The amount reflected as loss before tax in the consolidated statement of cash flows is derived from the aggregate of loss before tax from discontinued operations of US$2,788,991 (2017 : US$986,798) and loss before tax from continuing operations of US$2,239,818 (2017 : US$4,505,923).

(B) The group acquired property, plant and equipment at an aggregate cost of US$188,534 (2017 : US$165,695) of which cash payment of US$33,833 (2017 : US$161,940) were paid during the year. As at December 31, 2018, US$154,701 (2017 : US$477,313) remains unpaid and was recorded under "other payables".

(C) The group capitalised intangible assets at an aggregate cost of US$458,928 (2017 : US$309,890) of which cash payment of US$224,266 (2017 : US$255,188) were paid during the year. The remaining amounts of US$31,808 (2017 : US$54,702) and US$202,854 (2017 : US$Nil) pertains to the capitalisation of depreciation charge of laboratory equipment and supplier invoices which remains unpaid and was recorded under "other payables" respectively.

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

1 GENERAL

The company (Registration Number 201108075C) is incorporated in the Republic of Singapore with its principal place of business at 12 Tai Seng Link #05-01A, Singapore 534233. 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 Notes 16 and 17 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, 2018 were authorised for issue by the Board of Directors on April 12, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("**FRSs**"). These financial statements for the year ended December 31, 2018 are the first set that the group and the company have prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). Details of first-time adoption of SFRS(I) are included in Note 41.

<u>Material Uncertainty Related to Going Concern</u>

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

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

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

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

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

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

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

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

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 (International) ("**SFRS(I)s**").

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 SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *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.

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.

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 separate 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 SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *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 SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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 SFRS(I).

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 instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets (From January 1, 2018)

All financial assets are recognised and de-recognised 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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "other income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "administrative expenses" line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the "other income" or "administrative expenses" line item;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "administrative expenses" line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations, namely the oil and gas and renewables industry.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory or economic environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are past due for more than 90 days, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the group considers the changes in the risk that the specified debtor will default on the contract.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 180 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 1-17 *Leases*.

Credit-impaired financial assets

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the group's trade and other receivables are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 months ECL at the current reporting date.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Compound instruments

The component parts of compound instruments (convertible notes and loans) issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible notes, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the group, and commitments issued by the group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating income" and "other operating expenses" line item in profit or loss respectively for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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.

Financial Assets (Before January 1, 2018)

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.

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.

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 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.

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.

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 straight line 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.

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 to 10 years
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.

NON-CURRENT ASSETS HELD FOR SALE - Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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.

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 SFRS(I) 5. 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 SFRS(I) 9 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 SFRS(I) 1-36 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 SFRS(I) 1-36 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 SFRS(I) 9. 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.

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 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 26. 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.

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, fair value of convertible notes 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.

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 - The group recognises revenue from the following sources:

- Sale of goods
- Rendering of services
- Interest income
- Dividend income
- Licensing income

Revenue is measured based on the consideration specified in a contract with customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods

Revenue from the sale of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Rendering of services

The group offers 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. Revenue from these offshore engineering and consultancy projects undertaken is recognised based on the stage of completion of the contract, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

The group becomes entitled to invoice customers for the work performed based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work and an invoice for the related milestone payment. The group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost–to–cost method then the group recognises a contract liability for the difference. There is not considered to be a significant financing component in offshore engineering and consultancy projects with customers as the period between the recognition of revenue under the cost–to–cost method and the milestone payment is always less than one year.

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.

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 countries 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.

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.

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 have the most significant effect on the amounts recognised in the financial statements:

- Use of going concern assumption (Note 1)

Key sources of estimation uncertainty

Revenue recognition

The group offers 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 is recognised based on the stage of completion of the contract, based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, and when the group has enforceable rights to payment for performance completed to date. The group becomes entitled to to invoice customers based on achieving a series of performance related milestones.

At each reporting period end, management estimates the stage of completion of each contract. In determining the stage of completion of the contract, the group relies upon the following key estimates or judgement areas:

- total anticipated costs to complete the project;
- completeness of incurred costs recognised for the project to date; and
- 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 SFRS(I) 15 *Revenue from Contracts with Customers* for the recognition of revenue from rendering of services for contract revenue. For sale of goods, management assesses if the group had transferred to the buyer the control of the goods.

Details of contract assets and revenue are disclosed in Note 11 and Note 27 to the financial statements.

Recoverable amount of trade and other receivables

When measuring ECL, the group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amount of trade and other receivables are disclosed 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 13 to the financial statements.

Impairment of property, plant and equipment and intangible assets

The carrying amount of the property, plant and equipment and intangible assets is reviewed at the end of each reporting period to determine whether there is any indication that those property, plant and equipment and intangible assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated. The carrying amount is reduced to the estimated recoverable amount, if lower.

The estimation of recoverable amount involves projection of future cash flows and the use of an appropriate discount rate to discount the projected cash flows to net present value. These projections and discount rates are significant accounting estimates which can cause significant change in the carrying amount in the future should the estimates change. The group has experienced the effects of challenging economic conditions in the oil and gas industry. Management has made significant estimates on the probability of the economic conditions improving in their projected cash flows. Any unfavourable change in these estimates could result in potential impairment charges to be recognised on the assets held by the group.

The carrying amounts of property, plant and equipment and intangible assets are disclosed in Note 13 and 15 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group			Company		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Financial assets						
Financial assets at amortised cost	1,784,661	3,684,994	11,077,916	12,767,696	14,948,527	12,892,825
Financial liabilities						
Financial liabilities at amortised cost	14,384,755	13,966,949	17,613,531	19,823,896	16,303,685	8,446,258

(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 40% (2017 : 44%) of total trade receivables as at December 31, 2018.

The group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

For trade receivables and contract assets, the group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The group determines the expected credit losses on these items through estimation, based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Notes 8, 9 and 11 include further details on the loss allowance for these assets respectively.

The group has assessed the other receivables are in the performing category with low risk of default.

The company's credit risk is concentrated wholly with its subsidiaries. The carrying value of the receivables as at December 31, 2018 have been deemed by management to be collectable.

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 company'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, 20, 21, 22 and 23 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.

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		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	US$	US$	US$	US$	US$	US$
Singapore dollars	80,587	287,384	675,830	4,182,317	5,308,625	2,985,351
Australian dollars	63,801	82,627	244,459	459,360	51,235	1,875,965
Euro	10,619	124,316	32,119	22,654	5,238	28,717
Brunei dollars	182,671	129,904	169,384	292,293	298,568	741,742
Malaysian ringgit	437,747	358,678	395,923	4,385,730	4,896,474	4,719,311

The following table shows the sensitivity of the group's 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		
	2018	2017	2016
	US$	US$	US$
Profit or loss before income tax - increase (decrease)			
Singapore dollars			
- strengthened by 5%	(205,086)	(251,062)	(155,476)
- weakened by 5%	205,086	251,062	155,476
Australian dollars			
- strengthened by 5%	(19,778)	1,570	(81,575)
- weakened by 5%	19,778	(1,570)	81,575
Euro			
- strengthened by 5%	(602)	5,954	170
- weakened by 5%	602	(5,954)	(170)
Brunei dollars			
- strengthened by 5%	(5,481)	(8,433)	(28,618)
- weakened by 5%	5,481	8,433	28,618
Malaysian ringgit			
- strengthened by 5%	(197,399)	(226,890)	(216,169)
- weakened by 5%	197,399	226,890	216,169

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.

Group	**Weighted average effective interest rate**	**Within 1 year**	**Between 2 to 5 years**	**Adjustment**	**Total**
	%	**US$**	**US$**	**US$**	**US$**
December 31, 2018					
Financial assets					
Non-interest bearing	-	1,784,661	-	-	1,784,661
Total		1,784,661	-	-	1,784,661
December 31, 2017					
Financial assets					
Non-interest bearing	-	3,610,364	-	-	3,610,364
Fixed interest rate	0.20	74,642	-	(12)	74,630
Total		3,685,006	-	(12)	3,684,994

Group	Weighted average effective interest rate	Within 1 year	Between 2 to 5 years	Adjustment	Total
	%	US$	US$	US$	US$
January 1, 2017					
Financial assets					
Non-interest bearing	-	10,708,776	-	-	10,708,776
Fixed interest rate	0.20	69,278	-	(138)	69,140
Fixed interest rate	0.16	300,480	-	(480)	300,000
		11,078,534	-	(618)	11,077,916

Company	Weighted average effective interest rate	Within 1 year	Between 2 to 5 years	Adjustment	Total
	%	US$	US$	US$	US$
December 31, 2018					
Financial assets					
Non-interest bearing	-	10,372,261	-	-	10,372,261
Fixed interest rate	8.30	-	2,605,036	(209,601)	2,395,435
Total		10,372,261	2,605,036	(209,601)	12,767,696
December 31, 2017					
Financial assets					
Non-interest bearing	-	10,685,591	-	-	10,685,591
Fixed interest rate	9.26	-	3,206,387	(443,451)	2,762,936
Fixed interest rate	10.00	1,650,000	-	(150,000)	1,500,000
Total		12,335,591	3,206,387	(593,451)	14,948,527
January 1, 2017					
Financial assets					
Non-interest bearing	-	10,234,889	-	-	10,234,889
Fixed interest rate	10.70	-	2,942,336	(284,400)	2,657,936
Total		10,234,889	2,942,336	(284,400)	12,892,825

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.

Group	**Weighted average effective interest rate**	**Within 1 year**	**Between 2 to 5 years**	**More than 5 years**	**Adjustment**	**Total**
	%	**US$**	**US$**	**US$**	**US$**	**US$**
December 31, 2018						
Financial liabilities						
Non-interest bearing	-	6,033,432	-	-	-	6,033,432
Fixed interest rate	6.25	385,050	-	-	(22,650)	362,400
Fixed interest rate	5.00	88,622	67,802	-	(7,449)	148,975
Floating interest rate	6.77	228,108	-	-	(22,911)	205,197
Floating interest rate	7.40	342,713	1,475,948	3,566,816	(2,105,427)	3,280,050
Floating interest rate	8.40	392,901	-	-	(30,446)	362,455
Fixed interest rate	5.50	144,822	-	-	(7,550)	137,272
Fixed interest rate	5.00	117,904	518,970	-	(44,433)	592,441
Fixed interest rate	5.00	72,701	255,350	-	(8,001)	320,050
Fixed interest rate	5.00	63,377	388,122	-	(11,012)	440,487
Fixed interest rate	10.00	-	1,177,561	-	(182,439)	995,122
Fixed interest rate	12.00	-	1,181,930	-	(293,261)	888,669
Fixed interest rate	14.00	-	856,214	-	(238,009)	618,205
Total		7,869,630	5,921,897	3,566,816	(2,973,588)	14,384,755
December 31, 2017						
Financial liabilities						
Non-interest bearing	-	6,577,822	-	-	-	6,577,822
Fixed interest rate	6.25	391,181	-	-	(22,931)	368,250
Floating interest rate	6.73	1,341,424	-	-	(79,793)	1,261,631
Floating interest rate	5.20	40,442	-	-	(263)	40,179
Fixed interest rate	5.50	29,394	-	-	(134)	29,260
Floating interest rate	7.40	374,943	1,499,773	4,014,372	(2,391,305)	3,497,783
Floating interest rate	8.40	81,555	-	-	(1,677)	79,878
Floating interest rate	5.84	404,223	-	-	(22,291)	381,932
Fixed interest rate	5.50	30,022	-	-	(407)	29,615
Floating interest rate	5.20	186,835	-	-	(2,396)	184,439
Fixed interest rate	10.00	-	575,114	-	(75,015)	500,099
Fixed interest rate	10.00	-	1,199,394	-	(183,333)	1,016,061
Total		9,457,841	3,274,281	4,014,372	(2,779,545)	13,966,949

	Weighted average effective interest rate	Within 1 year	Between 2 to 5 years	More than 5 years	Adjustment	Total
	%	US$	US$	US$	US$	US$
<u>January 1, 2017</u>						
Financial liabilities						
Non-interest bearing	-	9,690,905	-	-	-	9,690,905
Fixed interest rate	2.28	22,186	49,724	-	(3,596)	68,314
Fixed interest rate	7.50	50,713	-	-	(3,538)	47,175
Fixed interest rate	6.25	132,347	243,797	-	(41,794)	334,350
Floating interest rate	4.75	332,719	-	-	(7,719)	325,000
Floating interest rate	4.80	239,250	-	-	(10,083)	229,167
Floating interest rate	4.55	168,031	40,637	-	(7,770)	200,898
Fixed interest rate	5.50	336,471	27,232	-	(11,306)	352,397
Floating interest rate	7.15	340,428	1,361,708	3,971,582	(2,407,765)	3,265,953
Floating interest rate	4.55	148,017	-	-	(1,534)	146,483
Floating interest rate	5.93	304,636	-	-	(4,447)	300,189
Floating interest rate	6.80	627,143	-	-	(39,930)	587,213
Fixed interest rate	5.50	177,971	-	-	(812)	177,159
Floating interest rate	4.30	1,524,388	-	-	(16,213)	1,508,175
Floating interest rate	5.75	385,618	-	-	(5,465)	380,153
Total		14,480,823	1,723,098	3,971,582	(2,561,972)	17,613,531

Company	Weighted average effective interest rate	Within 1 year	Between 2 to 5 years	More than 5 years	Adjustment	Total
	%	US$	US$	US$	US$	US$
December 31, 2018						
Financial liabilities						
Non-interest bearing	-	15,819,947	-	-	-	15,819,947
Fixed interest rate	5.00	88,622	67,802	-	(7,449)	148,975
Fixed interest rate	5.00	117,904	518,970	-	(44,433)	592,441
Fixed interest rate	5.00	72,701	255,350		(8,001)	320,050
Fixed interest rate	10.00	63,377	388,122	-	(11,012)	440,487
Fixed interest rate	10.00	-	1,177,561	-	(182,439)	995,122
Fixed interest rate	12.00	-	1,181,930	-	(293,261)	888.669
Fixed interest rate	14.00	-	856,214	-	(238,009)	618,205
Total		16,162,551	4,445,949	-	(784,604)	19,823,896
December 31, 2017						
Financial liabilities						
Non-interest bearing	-	14,550,479	-	-	-	14,550,479
Floating interest rate	5.20	40,442	-	-	(263)	40,179
Floating interest rate	5.84	208,357	-	-	(11,490)	196,867
Fixed interest rate	10.00	-	575,114	-	(75,015)	500,099
Fixed interest rate	10.00	-	1,199,394	-	(183,333)	1,016,061
Total		14,799,278	1,774,508	-	(270,101)	16,303,685
January 1, 2017						
Financial liabilities						
Non-interest bearing	-	7,520,822	-	-	-	7,520,822
Floating interest rate	4.80	239,250	-	-	(10,083)	229,167
Floating interest rate	4.55	168,031	40,637	-	(7,770)	200,898
Floating interest rate	6.80	529,058	-	-	(33,687)	495,371
Total		8,457,161	40,637	-	(51,540)	8,446,258

(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.

The group and the company had no financial assets or liabilities carried at fair value as at December 31, 2018 and 2017, and January 1, 2017.

(d) Capital 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 NauticAWT Limited's (the "**holding company**") 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	
	2018	**2017**
	US$	**US$**
Management fees charged to subsidiaries	3,527,169	3,797,428
Franchise fees charged to a subsidiary	62,437	49,054

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 directors, are unsecured, interest-free and repayable on demand unless otherwise stated.

	Group			Company		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Loan from directors						
Current						
- John Grønbech[(i)]	63,377	-	326,000	63,377	-	326,000
- Lim How Teck	72,701	-	-	72,701	-	-
	136,078	-	326,000	136,078	-	326,000
Non-current[(i)]						
- John Grønbech	377,110	250,050	-	377,110	250,050	-
- Lim How Teck	247,349	250,049	-	247,349	250,049	-
	624,459	500,099	-	624,459	500,099	-

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	US$	US$	US$	US$	US$	US$
Convertible notes issued to directors(ii)						
Principal amount subscribed	175,000	175,000	-	175,000	175,000	-
Loan from employees(iii)						
Current	197,500	-	-	197,500	-	-
Non-current	394,491	-	-	394,491	-	-
Interest expenses arising from						
Loan from directors	42,484	40,430	-	42,484	40,430	-
Loan from employees	33,832	-	-	33,832	-	-
Convertible notes issued to directors	17,500	3,664	-	17,500	3,664	-
	93,816	44,094	-	93,816	44,094	-
Licensing income from a key management personnel	-	46,690	46,622	-	-	-

(i) Loan from directors are unsecured and bears interest at 5.00% (2017 : 5.00%) per annum. It is denominated in Singapore Dollars and is repayable on December 31, 2020.

(ii) Convertible notes issued to directors effective interest rate of 10.24% per annum (2017 : 10.24%) to the liability component on the date the respective notes were issued.

(iii) Loan from employees are unsecured and bears interest at 5.00% per annum. It is denominated in Singapore Dollars and is repayable over monthly instalments commencing from July 31, 2019.

Compensation of director and key management personnel

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

	Group	
	2018	2017
	US$	US$
Salaries, bonuses and other short-term benefits	1,716,402	1,352,534

7 CASH AND BANK BALANCES

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	US$	US$	US$	US$	US$	US$
Cash on hand	1,796	3,806	6,693	263	75	597
Cash at bank	36,828	238,631	277,809	1,054	58,612	31,103
Fixed deposits	-	74,630	369,140	-	-	-
Total	38,624	317,067	653,642	1,317	58,687	31,700
Less: Restricted cash	-	(74,630)	(369,140)	-	-	-
Less: Bank overdrafts (Note 22)	(362,455)	(381,932)	(587,213)	-	(196,867)	(495,371)
Cash and cash equivalents as shown in the statement of cash flows	(323,831)	(139,495)	(302,711)	1,317	(138,180)	(463,671)

Fixed deposits placed with banks bear interest at average effective interest of Nil (December 31, 2017 : 0.20%, January 1, 2017: 0.18%) per annum. The fixed deposit have an average maturity period of Nil (December 31, 2017 : 1 month, January 1, 2017: 4 months) from the end of the financial year ended December 31, 2018.

Restricted cash is pledged as a security for banking facilities as disclosed in Note 22 to the financial statements. The remaining restricted cash was released by the bank during the financial year.

8 TRADE RECEIVABLES

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 1, 2017	January 1, 2017
	US$	US$	US$	US$	US$	US$
Outside parties	6,621,157	5,971,626	10,495,001	6,688	6,385	-
Subsidiaries	-	-	-	14,516,200	11,043,601	7,655,463
Less: Allowance for doubtful debts	(5,090,315)	(4,175,289)	(419,390)	(4,673,478)	(568,199)	-
	1,530,842	1,796,337	10,075,611	9,849,410	10,481,787	7,655,463

The average credit period on revenue from outside parties and subsidiaries is 30 days (December 31, 2017 : 30 days, January 1, 2017: 30 days). No interest is charged on overdue trade receivables.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The group starts recognising loss allowance for all receivables over 180 days past due, and a 100% loss allowance is recognised for all receivables aged over 2 years because historical experience has indicated that these receivables are generally not recoverable.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL – not credit-impaired			
Group	**Collectively assessed**	**Individually assessed**	**Lifetime ECL – credit-impaired**	**Total**
	US$	**US$**	**US$**	**US$**
Balance as at January 1, 2018	-	-	4,175,289	4,175,289
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	-	-	915,026	915,026
Balance as at December 31, 2018	-	-	5,090,315	5,090,315
Company				
Balance as at January 1, 2018	-	-	568,199	568,199
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	-	-	4,105,279	4,105,279
Balance as at December 31, 2018	-	-	4,673,478	4,673,478

Previous accounting policy for impairment of trade receivables

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there are no further credit allowances required in excess of the allowance for doubtful receivables.

Included in the allowance for doubtful receivables are specific trade receivables with a balance of US$4,175,289 (January 1, 2017 : US$419,390) which has been assessed to be irrecoverable as either the receivables are long overdue or these trade debtors have not indicated any intention to settle the outstanding amounts, or there has been a deterioration noted in the creditworthiness of the trade debtors.

The table below is an analysis of trade receivables as at the end of the relevant period:

	Group		**Company**	
	December 31, 2017	**January 1, 2017**	**December 31, 2017**	**January 1, 2017**
	US$	**US$**	**US$**	**US$**
Not past due and not impaired	438,516	6,459,068	4,161,170	7,206,846
Past due but not impaired [i]	1,357,821	3,616,543	6,320,617	448,617
	1,796,337	10,075,611	10,481,787	7,655,463
Impaired receivables – individually assessed [ii]	4,175,289	419,390	568,199	-
Less: Allowance for doubtful receivables	(4,175,289)	(419,390)	(568,199)	-
	-	-	-	-
Total trade receivables, net	1,796,337	10,075,611	10,481,787	7,655,463

[i] Aging of trade receivables that are past due but not impaired is as follows:

	Group		**Company**	
	December 31, 2017	**January 1, 2017**	**December 31, 2017**	**January 1, 2017**
	US$	**US$**	**US$**	**US$**
< 3 months	530,859	1,628,618	33,473	150,064
more than 3 months	826,962	1,987,925	6,287,144	298,553
	1,357,821	3,616,543	6,320,617	448,617

(ii) These amounts are stated before any deduction for impairment losses.

Movement in the allowance for doubtful receivables:

	Group	Company
	December 31, 2017	December 31, 2017
	US$	US$
Balance at beginning of the year	419,390	-
Allowance during the year	3,755,899	568,199
Balance at end of the year	4,175,289	568,199

9 OTHER RECEIVABLES

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	US$	US$	US$	US$	US$	US$
Current						
Deposits	104,193	152,087	205,462	36,071	33,416	118,352
Goods and services tax receivable	312,194	286,018	306,351	25,360	19,399	17,531
Prepayments	53,338	211,145	128,910	98,529	174,242	29,484
Withholding tax receivable	2,054	85,865	1,124,052	-	-	234,136
Amount receivable from subsidiaries(2)	-	-	-	3,206,491	3,074,160	2,429,374
Advances	321,270	436,582	948,238	92,364	83,260	68,857
Others	110,525	38,845	143,201	4,340	26,034	-
Less: Allowance for doubtful debts from subsidiaries	-	-	-	(3,197,868)	(1,488,493)	-
Total	903,574	1,210,542	2,856,214	265,287	1,922,018	2,897,734
Non-current						
Loan receivable from a subsidiary (1)	-	-	-	2,867,936	2,762,936	2,657,936

(1) The loan to a subsidiary is unsecured, repayable on July 1, 2021 (December 31, 2017 : July 1, 2019, January 1, 2017 : July 1, 2019) and has an effective interest rate of 8.30% (December 31, 2017: 9.26%, January 1, 2017 : 10.70%) per annum.

(2) Included in the company's amount receivable from subsidiaries is a loan to a subsidiary amounting to US$1,500,000 (December 31, 2017 : US$1,500,000, January 1, 2017 : US$Nil) which is unsecured, repayable on December 31, 2018 and has an effective interest rate of 10% (December 31, 2017 : 10%, January 1, 2017: Nil) per annum which was fully provided for in the current year.

Amount receivable from subsidiaries are unsecured and are repayable on demand unless otherwise stated.

For the purpose of impairment assessment, the other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

As at December 31, 2018, the Company has recognised a loss allowance of US$1,709,375 (2017 : US$1,488,493) for amounts due from subsidiaries as these subsidiaries continued to make losses during the year.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for deferred consideration and other receivables.

Previous accounting policy for impairment of other receivables

In determining the recoverability of other receivables, the group and the company consider any change in the credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period.

Movement in the allowance for doubtful debts from subsidiaries:

	Company
	December 31, 2017
	US$
Balance at beginning of the year	-
Allowance during the year	1,488,493
Balance at end of the year	1,488,493

10 INVENTORIES

	Group		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**
	US$	**US$**	**US$**
At cost:			
Raw material	327,298	245,258	205,241
Work in progress	62,754	35,604	18,142
Finished goods	166,075	63,111	70,954
	556,127	343,973	294,337

The cost of inventories recognised as an expense includes US$14,523 in respect of write back of obsolete inventories (December 31, 2017 : write off of US$77,374, January 1, 2017 : write off of US$51,223).

11 CONTRACT ASSETS

	Group		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**
	US$	**US$**	**US$**
Sales contracts	479,755	338,698	1,865,841

Management estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

As there was no historical credit loss experience by the group, no provision for loss allowance has been made.

12 ASSETS CLASSIFIED AS HELD FOR SALE

As at December 31, 2017, the Company had been in negotiations with a third party to dispose a wholly owned subsidiary, NauticAWT Energy Pte Ltd ("**NauticAWT Energy**") which in turn holds the investment in the joint venture, NVP Georgia LLC. The assets and liabilities attributable to NauticAWT Energy, which are expected to be sold within twelve months, had been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position. The operations of NauticAWT Energy had been reclassified under discontinued operations and were included in the group's Subsurface and Wells segment for segment reporting purposes (Note 38). The proceeds of disposal were expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss was recognised on the classification of the relevant assets as held for sale in 2017. However, the term sheet with the buyer has lapsed on February 12, 2019.

Subsequently, on February 18, 2019, management has entered into a new share sale agreement with another potential buyer, to dispose the disposal group for a total consideration of US$1. Accordingly, the carrying amount of the disposal group has been written down to its recoverable amount. This share sale transaction was approved by the shareholders of the company on April 1, 2019 and management are in the midst of finalising this transaction. See further details in Note 35.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	2018	**2017**
	US$	**US$**
Investment in joint venture	-	1,213,000
Cash and bank balances	-	1,638
Trade receivables	-	703,452
Advances	477	600,510
Other receivables	4,400	-
Total assets classified as held for sale	4,877	2,518,600
Trade and other payables, and total for liabilities directly associated with assets classified as held for sale	(219,142)	(120,786)
Net (liabilities) assets of disposal group	(214,265)	2,397,814

13 PROPERTY, PLANT AND EQUIPMENT

Group	Machinery US$	Computer equipment US$	Administrative equipment US$	Laboratory equipment US$	Motor vehicle US$	Leased assets US$	Freehold Land US$	Building US$	Total US$
Cost:									
At January 1, 2017	5,422,608	1,291,605	1,424,798	597,540	277,637	582,704	1,181,370	2,949,859	13,728,121
Additions	55,553	6,257	94,038	9,847	-	-	-	-	165,695
Disposal of subsidiaries (Note 33)	-	(1,398,376)	(746,345)	-	-	(582,704)	-	-	(2,727,425)
Write off	(5,300)	-	(293,514)	-	-	-	-	-	(298,814)
Disposal	-	(1,165)	-	-	(226,095)	-	-	-	(227,260)
Exchange differences	121,568	212,324	40,644	7,296	(133)	-	119,780	318,368	819,847
At December 31, 2017	5,594,429	110,645	519,621	614,683	51,409	-	1,301,150	3,268,227	11,460,164
Additions	16,958	147,581	5,701	5,584	12,710	-	-	-	188,534
Write-off	-	(790)	(43,301)	(46,942)	-	-	-	-	(91,033)
Disposal	(253,648)	-	-	-	(51,523)	-	-	-	(305,171)
Exchange differences	(26,900)	(729)	(4,707)	(1,416)	114	-	(20,670)	(51,919)	(106,227)
At December 31, 2018	5,330,839	256,707	477,314	571,909	12,710	-	1,280,480	3,216,308	11,146,267
Accumulated depreciation:									
At January 1, 2017	2,022,476	1,210,463	835,934	100,576	54,689	527,658	-	14,749	4,766,545
Depreciation	562,084	38,369	151,370	17,995	28,379	-	-	62,032	860,229
Depreciation capitalised to intangible assets (Note 15)	-	-	-	54,702	-	-	-	-	54,702
Disposal of subsidiaries (Note 33)	-	(1,220,259)	(555,318)	-	-	(527,658)	-	-	(2,303,235)
Write off	(839)	-	(172,449)	-	-	-	-	-	(173,288)
Disposal	-	(1,165)	-	-	(71,597)	-	-	-	(72,762)
Exchange differences	32,814	72,869	11,070	4,820	(26)	-	-	4,925	126,472
At December 31, 2017	2,616,535	100,277	270,607	178,093	11,445	-	-	81,706	3,258,663

	Machinery	Computer equipment	Administrative equipment	Laboratory equipment	Motor vehicle	Leased assets	Freehold Land	Building	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$
Depreciation	535,968	7,193	79,676	36,512	5,847	-	-	66,030	731,226
Depreciation capitalised to intangible assets (Note 15)	-	-	-	31,808	-	-	-	-	31,808
Write off	-	-	(41,152)	(23,490)	-	-	-	-	(64,642)
Disposal	(74,051)	-	-	-	(16,557)	-	-	-	(90,608)
Exchange differences	(11,746)	(653)	(3,373)	(1,317)	6	-	-	(3,002)	(20,085)
At December 31, 2018	3,066,706	106,817	305,758	221,606	741	-	-	144,734	3,846,362
Carrying amount:									
At December 31, 2018	2,264,133	149,890	171,556	350,303	11,969	-	1,280,480	3,071,574	7,299,905
At December 31, 2017	2,977,894	10,368	249,014	436,590	39,964	-	1,301,150	3,186,521	8,201,501
At January 1, 2017	3,400,132	81,142	588,864	496,964	222,948	55,046	1,181,370	2,935,110	8,961,576

As at December 31, 2018, motor vehicles with carrying amount of US$Nil (December 31, 2017 : US$Nil, January 1, 2017 : US$175,224) and leased assets with the carrying amount of US$Nil (December 31, 2017 : US$Nil, January 1, 2017 : US$55,046) which are under finance lease arrangements disclosed in Note 23 to the financial statements. All property, plant and equipment of two subsidiaries (December 31, 2017 : three, January 1, 2017 : three), amounted to US$5,209,011 (December 31, 2017 : US$7,590,693, January 1, 2017 : US$7,610,399) are pledged as security for banking facilities disclosed in Note 22 to the financial statements. The finance lease on a motor vehicle was guaranteed by a director.

During the year, the group carried out a review of the recoverable amount of certain property, plant and equipment with indicators of impairment based on value-in-use computation. No impairment is required based on the assessment. The discount rate used in measuring value-in-use was 13% (2017: 10%).

	Machinery	Computer equipment	Administrative equipment	Laboratory equipment	Total
	US$	US$	US$	US$	US$
Company					
Cost:					
At January 1, 2017	6,165	46,430	494,595	497,576	1,044,766
Additions	-	3,911	90,611	-	94,522
Written-off	(5,300)	-	(291,288)	-	(296,588)
At December 31, 2017	865	50,341	293,918	497,576	842,700
Additions	-	146,791	3,551	1,996	152,338
Written-off	-	-	-	(46,942)	(46,942)
At December 31, 2018	865	197,132	297,469	452,630	948,096
Accumulated amortisation:					
At January 1, 2017	964	29,703	186,577	34,757	252,001
Depreciation	174	13,435	82,440	-	96,049
Depreciation capitalised to intangible assets (Note 15)	-	-	-	54,702	54,702
Written-off	(618)	-	(167,421)	-	(168,039)
At December 31, 2017	520	43,138	101,596	89,459	234,713
Depreciation	172	5,039	46,492	22,770	74,473
Depreciation capitalised to intangible assets (Note 15)	-	-	-	31,808	31,808
Written-off	-	-	-	(23,490)	(23,490)
At December 31, 2018	692	48,177	148,088	120,547	317,504
Carrying amount:					
At December 31, 2018	173	148,955	149,381	332,083	630,592
At December 31, 2017	345	7,203	192,322	408,117	607,987
At January 1, 2017	5,201	16,727	308,018	462,819	792,765

14 GOODWILL

	Group
	US$
Cost:	
At January 1, 2017	317,425
Impairment:	
Impairment loss recognised in the year ended December 31, 2017	(317,425)
Carrying amount:	
At December 31, 2018	-
At December 31, 2017	-
At January 1, 2017	317,425

On October 12, 2015, the company acquired 100% equity interest in NauticAWT Engineering Pte Ltd ("**NEPL**") 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 that are expected to benefit from that business combination.

On November 22, 2017 (the "**Date of Liquidation**"), NEPL has been placed under creditors' voluntary liquidation (the "**Liquidation**"). Hence, the goodwill has been fully impaired (Note 33). This goodwill has been included as part of the Facilities segment which was discontinued in the previous financial year.

15 INTANGIBLE ASSETS

	Material development	Trademarks	Total
	US$	US$	US$
Group			
Cost:			
At January 1, 2017	404,293	8,246	412,539
Additions during the year	309,890[1]	-	309,890
At December 31, 2017	714,183	8,246	722,429
Additions during the year	458,928[1]	-	458,928
At December 31, 2018	1,173,111	8,246	1,181,357
Accumulated amortisation:			
At January 1, 2017	9,196	2,062	11,258
Amortisation	29,308	992	30,300
At December 31, 2017	38,504	3,054	41,558
Amortisation	29,202	991	30,193
At December 31, 2018	67,706	4,045	71,751
Carrying amount:			
At December 31, 2018	1,105,405	4,201	1,109,606

	Material development	Trademarks	Total
	US$	US$	US$
At December 31, 2017	675,679	5,192	680,871
At January 1, 2017	395,097	6,184	401,281

Company

	Material development	Trademarks	Total
	US$	US$	US$
Cost:			
At January 1, 2017	355,657	8,246	363,903
Additions during the year	309,890[(1)]	-	309,890
At December 31, 2017	665,547	8,246	673,793
Additions during the year	458,928[(1)]	-	458,928
At December 31, 2018	1,124,475	8,246	1,132,721
Accumulated amortisation:			
At January 1, 2017	9,196	2,062	11,258
Amortisation	29,308	992	30,300
At December 31, 2017	38,504	3,054	41,558
Amortisation	29,202	991	30,193
At December 31, 2018	67,706	4,045	71,751
Carrying amount:			
At December 31, 2018	1,056,769	4,201	1,060,970
At December 31, 2017	627,043	5,192	632,235
At January 1, 2017	346,461	6,184	352,645

(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$380,505 (2017 : US$309,890). US$31,808 (2017 : US$54,702) 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, 2018.

The remaining costs of US$78,423 (2017 : US$Nil) pertains to the certification costs capitalised during the year.

16 INVESTMENT IN SUBSIDIARIES

	Company		
	December 31, 2018	December 31, 2017	January 1, 2017
	US$	US$	US$
Unquoted equity shares, at cost	546,423	425,623	1,031,124

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

Name of subsidiary	Country of incorporation and operations	Effective equity interest			Principal activities
		December 31, 2018	December 31, 2017	January 1, 2017	
		%	%	%	
Held by the company:					
Nautec Pte. Ltd. [(1)] (formerly known as Nautic Offshore Pte. Ltd.)	Singapore	100	100	100	Offshore engineering
NauticAWT Energy Pte. Ltd. [(1)]	Singapore	100	100	100	Engineering consultancy
Nautec Materials Sdn. Bhd. [(2)] (formerly known as Nautic Materials Sdn. Bhd.)	Malaysia	100	100	100	Engineering and manufacturing works
Nautic India Private Limited [(3)]	India	99.99 [(4)]	99.99 [(4)]	99.99 [(4)]	Offshore engineering
Nautic (B) Sdn. Bhd. [(5)]	Brunei	- [(6)]	- [(6)]	- [(6)]	Offshore engineering
Nautic Australia Pty Ltd [(7)(12)]	Australia	100	100	100	Offshore engineering
NauticAWT (Mauritius) Pte. Ltd. [(7)]	Mauritius	100	100	100	Dormant
NauticAWT Engineering Pte Ltd. [(1)]	Singapore	- [(13)]	- [(13)]	100	Engineering consultancy
NauticAWT Engenharia E Consultoria Ltda. [(7)(16)]	Brazil	100	100	-	Dormant

Name of subsidiary	Country of incorporation and operations	Effective equity interest			Principal activities
		December 31, 2018	December 31, 2017	January 1, 2017	
		%	%	%	
Held by the Nautic Australia Pty Ltd:					
AWT International Pty Ltd [7]	Australia	- [14]	- [14]	60.75	Engineering consultancy
Held by Nautic Offshore Pte. Ltd.:					
Nautic Offshore Mexico S.A de C.V. [7]	Mexico	96 [8]	96 [8]	96 [8]	Offshore engineering
Nautic Middle East DMCC [9]	United Arab Emirates	100	100	100	Offshore engineering
Held by NauticAWT Energy Pte. Ltd.:					
Nautic (P.A) Pte. Ltd. [15]	Singapore	100	100	-	Dormant
Held by AWT International Pty Ltd:					
Advanced Well Technologies (Malaysia) Pty Ltd [7]	Australia	- [14]	- [14]	100	Engineering consultancy
Advanced Well Technologies (India) Pty Ltd [7]	Australia	- [14]	- [14]	80	Dormant
Energy Asset Innovation (EAI) Pty Ltd [7]	Australia	- [14]	- [14]	100	Dormant
AWT (India) Pty Ltd [7]	Australia	- [14]	- [14]	100	Dormant
AWT International (Asia) Sdn. Bhd. [10]	Malaysia	- [14]	- [14]	100	Engineering consultancy

Name of subsidiary	Country of incorporation and operations	Effective equity interest			Principal activities
		December 31, 2018	December 31, 2017	January 1, 2017	
		%	%	%	
Held by AWT International (Asia) Sdn. Bhd.:					
HMS Energy Sdn. Bhd. [(10)]	Malaysia	- [(14)]	- [(14)]	49 [(11)]	Dormant
AWT International (Decommissioning) Sdn. Bhd. [(10)]	Malaysia	- [(14)]	- [(14)]	100	Dormant
AWT International (Tanzania) Limited [(7)]	Tanzania	- [(14)]	- [(14)]	100	Engineering consultancy

(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 SFRS(I) 10 *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) On November 22, 2017, NEPL has been placed under Liquidation and control over this entity was lost. Hence, the company has deconsolidated NEPL on the date of Liquidation in accordance with the definition of control under SFRS(I) 10 *Consolidated Financial Statements*. As at the date of these financial statements, the Liquidation is still ongoing.

(14) On May 15, 2017, AWT International Pty Ltd ("**AWTI**") has been placed under voluntary administration (the "Administration") and control over AWTI and its subsidiaries (collectively, "**AWT Group**") was lost. Hence, the company has deconsolidated AWT Group on the same date in accordance with the definition of control under SFRS(I) 10 *Consolidated Financial Statements*. A Deed of Variation to Deed of Company Arrangement was effectuated on February 21, 2019.

(15) Nautic (P.A) Pte. Ltd. was incorporated on August 31, 2017. As at the date of these financial statements, management are in the midst of striking off this company.

(16) NauticAWT Engenharia E Consultoria Ltda. was incorporated on March 22, 2017.

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			Profit (Loss) allocated to non-controlling interests			Accumulated non-controlling interests		
		December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
		%	**%**	**%**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
AWT International Pty Ltd	Australia	-	-	39.25	-	584,684	(62,816)	-	-	(584,684)

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

	AWT Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	US$	US$	US$
Current assets	-	-	3,389,353
Non-current assets	-	-	290,714
Current liabilities	-	-	(5,169,708)
Non-current liabilities	-	-	-
Deficit attributable to owners	-	-	(904,957)
Non-controlling interests	-	-	(584,684)
Revenue	-	1,278,519	6,124,540
Cost of sales	-	(690,452)	(5,449,646)
Gross profit	-	588,067	674,894
Other income	-	68,627	797,422
Expenses	-	(740,834)	(1,632,355)
Loss before tax	-	(84,140)	(160,039)
Tax expense	-	-	-
Loss for the year	-	(84,140)	(160,039)
Other comprehensive income for the year attributable to:			
- Owner of the company	-	-	46,206
- Non-controlling interests	-	-	29,854
Total comprehensive income for the year attributable to:			
- Owner of the company	-	(51,115)	(51,017)
- Non-controlling interests	-	(33,025)	(32,962)
Net cash outflow from operating activities	-	(206,072)	(15,446)
Net cash outflow from investing activities	-	(31,786)	(40,256)
Net cash inflow (outflow) from financing activities	-	1,403	(36,212)

Following the Administration on May 15, 2017, the company has lost its control over AWT Group. Hence, the financial statements of AWT Group has been deconsolidated. The financial results as shown above represent the results for the financial period from January 1, 2017 to the Date of Administration.

The carrying amount of the assets and liabilities of AWT Group at the Date of Administration are disclosed in Note 33 to the financial statements.

17 INVESTMENT IN JOINT VENTURE

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	US$	US$	US$
Unquoted equity shares, at cost	-	-	11,871

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

Name of joint venture	Country of incorporation and operations	Effective equity interest			Principal activities
		December 31, 2018	December 31, 2017	January 1, 2017	
		%	%	%	
Held by AWT International (Asia) Sdn. Bhd.:					
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 was accounted for using the equity method in these consolidated financial statements. It was not operational since its incorporation. The joint venture has been disposed of following the Administration of AWTI on May 15, 2017.

18 DEFERRED TAX (LIABILITIES) ASSETS

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	US$	US$	US$
Deferred tax assets	-	-	607,732
Deferred tax liabilities	-	(52,589)	(98,774)
	-	(52,589)	508,958

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**	**Total**
	US$	**US$**	**US$**
Balance at January 1, 2017	(98,774)	607,732	508,958
Exchange difference	(2,197)	28,896	26,699
Credit (Debit) to profit or loss for the year	48,382	(636,628)	(588,246)
Balance at December 31, 2017	(52,589)	-	(52,589)
Credit (Debit) to profit or loss for the year	52,589	-	52,589
Balance at December 31, 2018	-	-	-

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$28,762 (December 31, 2017 : US$92,828, January 1, 2017 : US$651,573). 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.

Subject to the agreement by the tax authorities, at the end of the reporting period, the group has remaining unutilised tax losses of US$3,576,708 (December 31, 2017 : US$1,798,828, January 1, 2017 : US$6,717,877) 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.

During the financial year ended December 31, 2017, the group has reversed deferred tax assets of US$636,628 in relation to the unutilised tax losses and capital allowances for a subsidiary which has been placed under creditors' voluntary liquidation. Hence, the entire deferred tax asset has been fully reversed.

19 TRADE PAYABLES

Trade payables are due to outside parties and the average credit period on purchase of goods and services from outside parties is 30 days (December 31, 2017 : 30 days, January 1, 2017: 30 days). No interest is charged on overdue trade payables.

20 OTHER PAYABLES

	Group			Company		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Current						
Accrued expenses	606,778	527,628	826,816	401,697	243,233	338,615
Other payables due to subsidiaries	-	-	-	12,397,315	11,553,758	5,329,076
Advances from customer	-	50,000	80,517	-	-	-
Other payables	1,971,366	1,314,054	3,654,327	1,224,723	958,356	991,717
Accrued project costs	32,659	526,169	1,030,355	-	-	-
Goods and services tax payable	306,181	189,572	313,002	90	31	64
Provision for employee entitlement	1,929,510	2,578,467	1,638,393	1,658,975	1,795,132	535,414
Loan from third parties (1)	412,059	245,500	111,450	49,659	-	-
Loan from employees (2)	197,500	-	-	197,500	-	-
	5,456,053	5,431,390	7,654,860	15,929,959	14,550,510	7,194,886
Non-current						
Loan from third parties (1)	99,316	122,750	222,900	99,316	-	-
Loan from employees (2)	394,941	-	-	394,941	-	-
	494,257	122,750	222,900	494,257	-	-

(1) The loan from third parties are unsecured. Loans amounting to US$362,400 bears interest at 6.25% (December 31, 2017 : 6.25%, January 1, 2017 : 6.25%) and the remaining loans of US$148,975 bears interest at 5.00% (December 31, 2017 : Nil, January 1, 2017 : Nil) per annum. These loans are denominated in Malaysian Ringgit and Australian dollars, and are repayable over 3 yearly instalments commencing from April 4, 2016 and over monthly instalments commencing from July 31, 2019, respectively.

(2) The loan from employees are unsecured and bears interest at 5.00% per annum. It is denominated in Singapore Dollars and is repayable over monthly instalments commencing from July 31, 2019.

21 LIABILITIES FOR TRADE BILLS DISCOUNTED WITH RECOURSE

The following were the financial assets of the group at the end of the reporting period 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		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**
	US$	**US$**	**US$**
Carrying amount of transferred assets	137,272	214,054	2,065,487
Carrying amount of associated liabilities	(137,272)	(214,054)	(2,065,487)
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 5.50% (December 31, 2017 : 5.35%, January 1, 2017: 5.18%) per annum.

22 BANK LOANS AND ADVANCES

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	US$	US$	US$	US$	US$	US$
Current						
Trade advances	-	79,878	300,189	-	-	-
Bank overdrafts (Note 7)	362,455	381,932	587,213	-	196,867	495,371
Bank loan 1	205,197	1,261,631	-	-	-	-
Bank loan 2	-	-	325,000	-	-	-
Bank loan 3	-	-	229,167	-	-	229,167
Bank loan 4	-	40,179	160,719	-	40,179	160,719
Bank loan 5	-	29,260	325,289	-	-	-
Bank loan 6	130,304	123,052	103,830	-	-	-
Bank loan 7	-	-	146,483	-	-	-
	697,956	1,915,932	2,177,890	-	237,046	885,257
Non-current						
Bank loan 4	-	-	40,179	-	-	40,179
Bank loan 5	-	-	27,107	-	-	-
Bank loan 6	3,149,748	3,374,731	3,162,123	-	-	-
	3,149,748	3,374,731	3,229,409	-	-	40,179

The bank loans are secured by the following:

a) Assignment of an insurance policy;

b) A charge of US$Nil (2017 : US$74,630) over all term deposit accounts of a subsidiary (2017 : a subsidiary) (Note 7);

c) Fixed charge over all assets of two subsidiaries (2017 : two subsidiaries, 2016 : two subsidiaries) (Note 13);

d) Fixed and floating charge over all assets of a subsidiary (2017 : a subsidiary, 2016 : a subsidiary);

e) A charge over the property of a subsidiary (2017 : a subsidiary, 2016 : a subsidiary);

f) A charge over the Project Account of a subsidiary (2017 : a subsidiary, 2016 : N/A); and

g) Assignment of an offshore agreement by a subsidiary (2017 : a subsidiary, 2016 : N/A).

Trade advances

Trade advances carry different interest rates based on the currencies of the advances. The effective interest rate for the trade advances is Nil (2017 : 8.40%) per annum.

Bank overdrafts

Bank overdrafts carry different interest rates, depending on the banks. The effective interest rate for the bank overdrafts is 8.40% (2017 : 5.84%) per annum.

Bank loan 1

The interest rate is at 5% per annum above the Singapore Interbank Offered Rate ("**SIBOR**"). Bank loan 1 was originally repayable in eight equal quarterly instalments, commencing from July 11, 2017 to July 10, 2019. The effective interest rate was 6.77% (2017 : 6.73%) per annum.

For the financial years ended December 31, 2018 and December 31, 2017, the group breached its financial covenants with a bank as the group did not fulfil the minimum tangible net worth requirements. The group had received a waiver of the breach of loan covenants from the bank, which was effective till August 31, 2017. However, the group did not receive any further waiver of the breach of covenants as at December 31, 2018 and December 31, 2017, and the bank has also not called upon the loans as at the date of the financial statements. Total bank loans owing to the bank amounting to US$205,197 (December 31, 2017 : US$1,301,810) have been classified as current in the financial statements as they are repayable on demand due to the breach of loan covenants. The amount has been repaid on February 27, 2019.

Bank loan 2

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

Bank loan 3

The interest rate was at 3.75% per annum above the bank's United States dollars 3-month London Interbank Offered rate ("**LIBOR**"). Bank loan 3 was repayable over 24 monthly instalments commencing from December 28, 2015 to December 27, 2017. It was fully repaid in the previous financial year. The effective interest rate was Nil (2017 : 4.80%) 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 was originally repayable over 24 monthly instalments commencing from April 1, 2016 to March 31, 2018. However, it is repayable on demand due to the breach of bank covenant as at December 31, 2018. It was fully repaid during the year. The effective interest rate is Nil (2017 : 5.20%) 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. It was fully repaid during the year. The effective interest rate is Nil (2017 : 5.50%) 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 7.40% (2017 : 7.40%) per annum.

Bank loan 7

The interest rate was at 3.5% per annum above the bank's prevailing United States dollars 3-month LIBOR. The bank revolving loan was fully repaid on the maturity date in the previous financial year. The effective interest rate was Nil (2017 : 4.55%) per annum.

23 FINANCE LEASES

	Group					
	Minimum lease payments			**Present value of minimum lease payments**		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Amounts payable under finance leases:						
Within one year	-	-	66,130	-	-	62,639
In the second to fifth years inclusive	-	-	57,479	-	-	52,850
	-	-	123,609	-	-	115,489
Less: Future finance charges	-	-	(8,120)	N/A	N/A	N/A
Present value of lease obligations	-	-	115,489	-	-	115,489
Less: Amount due for settlement within 12 months (shown under current liabilities)				-	-	(62,639)
Amount due for settlement after 12 months				-	-	52,850

In 2016, the lease terms ranged from 1 to 3 years. The group had 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%. Interest rates were fixed at the contract date, and thus exposed the group to fair value interest rate risk. All leases were on a fixed repayment basis and no arrangements were entered into for contingent rental payments.

The group's obligations under finance leases were fully settled in the financial year ended December 31, 2017.

The group's obligations under finance leases were secured by the lessors' title to the property, plant and equipment (Note 13).

24 CONVERTIBLE NOTES AND LOANS

Convertible Notes 2017 (the "**2017 Notes**")

The US$1,000,000 convertible notes were issued on October 17, 2017 (the "**Issued Date**"), and are unsecured. The notes will mature three years from the Issued Date (the "**Maturity Date**"). The notes are convertible at the option of the note holder, at any time after the second anniversary of the Issued Date up to 14 business days after the Maturity Date. The number of shares to be converted (the "**Conversion Shares**") will be determined by dividing the principal amount of the notes, translated into Singapore dollars at the spot rate for the sale of Singapore dollars against the purchase of United States dollars on the day when the conversion right of the note holder is exercised, by the Conversion Price of S$0.15 per share.

If the notes are not converted, they will be redeemed on October 17, 2020 at par value. Interest of 10% per annum will be paid semi-annually until the settlement date.

Convertible Loans 2018 (the "**2018 Loans**")

The US$1,950,000 convertible loans were issued on August 7, 2018, and are unsecured. The loans will mature three years from the drawdown of the loans (the "**Maturity Date**"). The loans are convertible at the option of the loan holder, at anytime after the Drawdown date up till the Maturity Date. The number of shares to be converted (the "**Conversion Shares**") will be determined by dividing the principal amount of the loans, translated into Singapore dollars at the spot rate for the sale of Singapore dollars against the purchase of United State dollars on the day when the conversion right of the loan holder is exercised, by the Conversion Price of US$0.02675 per share.

If the loans are not converted, they will be redeemed on September 17, 2021 at par value. Interest of 12% and 14% per annum will be paid semi-annually until the settlement date.

The net proceeds received from the issue of the convertible loans have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the group, as follows:

	Group and Company					
	2017 Notes		2018 Loans		Total	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	US$	US$	US$	US$	US$	US$
Nominal value of Convertible notes issued	1,000,000	1,000,000	1,950,000	-	2,950,000	1,000,000
Equity component	(4,878)	(4,878)	(443,126)	-	(448,004)	(4,878)
Liability component at the Issued Date	995,122	995,122	1,506,874	-	2,501,996	995,122
Interest payable as at year end	70,939	20,939	66,208	-	137,147	20,939
Liability component at December 31, 2018	1,066,061	1,016,061	1,573,082	-	2,639,143	1,016,061

Movement in interest payable

	2017 Notes		2018 Loans		Total	
	2018	2017	2018	2017	2018	2017
	US$	US$	US$	US$	US$	US$
Interest payable as at January 1	20,939	-	-	-	20,939	-
Add: Interest expense for the year (Note 29)	100,000	20,939	66,208	-	166,208	20,939
Less: Interest paid during the year	(50,000)	-	-	-	(50,000)	-
Interest payable as at December 31	70,939	20,939	66,208	-	137,147	20,939

The interest charged for the year is calculated by applying an effective interest rate of 10.24% per annum (2017 : 10.24%) for the 2017 Notes and between 12.36% to 14.49% per annum (2017 : Nil) for the 2018 Loans to the liability component on the date the respective notes were issued.

The convertible notes and loans were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

25 SHARE CAPITAL

	Group and Company					
	December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
	Number of ordinary shares			**US$**	**US$**	**US$**
Issued and paid up:						
At beginning of the year	190,965,893	190,965,893	190,965,893	7,248,183	7,248,183	7,248,183
NauticAWT PSP issue	21,367,632	-	-	485,702	-	-
At the end of the year	212,333,525	190,965,893	190,965,893	7,733,885	7,248,183	7,248,183

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

26 SHARE OPTIONS RESERVE

NauticAWT PSP

On March 21, 2018, the company allotted and issued 21,367,632 new ordinary shares at a rate of S$0.03 per share amounting to US$485,702, pursuant to the vestment of awards under the NauticAWT PSP. The new ordinary shares rank pari passu in all respects with the existing shares of the company. Following the allotment and issuance of the new ordinary shares, the total number of issued shares of the company has increased from 190,965,893 shares to 212,333,525 shares.

No shares were granted under the NauticAWT PSP as of December 31, 2017 and January 1, 2017.

NauticAWT ESOS

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

	Group and Company			
	December 31, 2018		December 31, 2017	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		US$		US$
At beginning of the year	15,300,000	0.22	21,450,000	0.22
Granted during the year	-	-	-	-
Forfeited during the year	(5,700,000)	0.22	(6,150,000)	0.22
At end of the year	9,600,000	0.22	15,300,000	0.22

There were no share options exercised during the year (2017 : Nil, 2016 : Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 3 years (2017 : 4 years, 2016 : 5 years).

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
Weighted average share price	US$0.11
Weighted average exercise price	US$0.22
Expected volatility	39.2%
Expected life	5.5
Risk free rate	2.3%
Expected dividend yield	Nil

AWT ESOS

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

	Group			
	December 31, 2018		December 31, 2017	
	Number of Share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		US$		US$
Outstanding at the beginning of the year	-	-	43,959	4.19
Forfeited during the year	-	-	(43,959)	4.19
At end of the year	-	-	-	-

There were no share options exercised during the year (December 31, 2017 : Nil, January 1, 2017 : Nil). No options outstanding at the end of the year. As at December 31, 2016, the options outstanding have a weighted average remaining contractual life of 0.46 years. There were no share options granted in 2018, 2017 and 2016.

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

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$Nil (2017 : US$44,455) related to all equity-settled share-based payment transactions of the group during the year.

27 REVENUE

The group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 38).

A disaggregation of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

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

	Group	
	2018	**2017**
	US$	**US$**
Timing of revenue recognition:		
At a point in time:		
Renewables - Sale of goods	2,669,826	2,329,961
Over time:		
Energy and Mining – Rendering of services	313,131	-
Ports and Offshore - Rendering of services	4,582,995	6,623,190
	7,565,952	8,953,151

28 OTHER INCOME

	Group	
	2018	**2017**
	US$	**US$**
Other income	4,313	60,566
Interest income	17,163	726
Government grants	19,368	7,881
	40,844	69,173

29 FINANCE COSTS

	Group	
	2018	**2017**
	US$	**US$**
Interest on bank facilities and loans	389,392	387,230
Interest on convertible notes (Note 24)	166,208	20,939
	555,600	408,169

30 INCOME TAX (CREDIT) EXPENSE

	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
	US$	US$	US$	US$	US$	US$
Current tax	10,808	158,689	-	-	10,808	158,689
(Over) Underprovision of prior year taxation	(3,653)	30,572	-	-	(3,653)	30,572
Deferred tax (Note 18)	(52,589)	(48,382)	-	636,628	(52,589)	588,246
Income tax expense (credit) recognised in profit or loss	(45,434)	140,879	-	636,628	(45,434)	777,507

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable loss for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting loss as follows:

	Group	
	2018	2017
	US$	US$
Loss before tax		
Continuing operations	(2,239,818)	(4,505,923)
Discontinued operations	(2,788,991)	(986,798)
	(5,028,809)	(5,492,721)
Loss before income tax	(5,028,809)	(5,492,721)
Income tax calculated at 17%	(854,898)	(933,763)
Non-deductible items	610,684	606,626
Non-taxable income	(3,636)	(27,869)
Utilisation of deferred tax benefit	(52,589)	(48,382)
Effect of tax rates in foreign jurisdiction	(57,645)	(21,929)
Statutory tax exemption and rebates	3,255	-
Reversal of deferred tax asset previously recognised	-	636,628
Deferred tax assets not recognised	302,240	376,935
Write off of withholding tax receivables	10,808	158,689
(Over) Underprovision of prior year taxation	(3,653)	30,572
Income tax (credit) expense recognised in profit or loss	(45,434)	777,507

31 DISCONTINUED OPERATIONS

The discontinued operations include the following:

(i) The operations of NauticAWT Energy is classified as held for sale as at December 31, 2018 and 2017 (Note 12)

The group's plan to dispose NauticAWT Energy was effected in order to generate cash flow for the group's working capital.

The profit (loss) for the year from the discontinued operations is analysed as follows:

	Subsurface and Wells		Facilities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Loss for the year	(2,788,991)	(577,684)	-	(2,950,901)	(2,788,991)	(3,528,585)
Gain on disposal of discontinued operations	-	697,821		1,207,338	-	1,905,159
	(2,788,991)	120,137	-	(1,743,563)	(2,788,991)	(1,623,426)

The results of discontinued operations from the year are as follows:

	Subsurface and Wells		Facilities		Total	
	2018	2017	2018	2017	2018	2017
	US$	US$	US$	US$	US$	US$
Revenue	-	1,973,082	-	1,940,261	-	3,913,343
Cost of sales	-	(1,118,063)	-	(2,611,706)	-	(3,729,769)
Distribution expenses	-	(3,146)	-	-	-	(3,146)
Administrative expenses	-	(1,381,723)	-	(1,648,742)	-	(3,030,465)
Other expenses	(2,721,378)	-	-	-	(2,721,378)	-
Other income	-	81,627	-	13,446	-	95,073
Finance costs	(67,613)	(129,461)	-	(7,532)	(67,613)	(136,993)
Loss before tax	(2,788,991)	(577,684)	-	(2,314,273)	(2,788,991)	(2,891,957)
Income tax expense	-	-	-	(636,628)	-	(636,628)
Loss for the year	(2,788,991)	(577,684)	-	(2,950,901)	(2,788,991)	(3,528,585)
Loss for the year						
Owners of the company	(2,788,991)	(544,659)	-	(2,950,901)	(2,788,991)	(3,495,560)
Non-controlling interests	-	(33,025)	-	-	-	(33,025)
	(2,788,991)	(577,684)	-	(2,950,901)	(2,788,991)	(3,528,585)

During the year, the net cash inflows (outflows) attributable to the discontinued operations are as follows:

	2018	2017
	US$	US$
Operating activities	896,148	303,812
Investing activities	-	(1,231,786)
Financing activities	(897,786)	1,104,253

32 LOSS FOR THE YEAR

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

	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
	US$	US$	US$	US$	US$	US$
Employee benefit expense (including directors' remuneration):						
Defined contribution plans	198,919	315,536	-	197,279	198,919	512,815
Salaries, bonuses and related costs	3,311,117	3,763,716	-	1,278,188	3,311,117	5,041,904
Directors' remuneration	692,450	710,649	-	-	692,450	710,649
Total employee benefit expense	4,202,486	4,789,901	-	1,475,467	4,202,486	6,265,368
Cost of inventories included in cost of sales	1,036,334	1,307,567	-	-	1,036,334	1,307,567

	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
	US$	US$	US$	US$	US$	US$
Depreciation of property, plant and equipment	731,226	814,213	-	46,016	731,226	860,229
Amortisation of intangible assets	30,193	30,300	-	-	30,193	30,300
Allowance for doubtful debts	915,026	2,850,096	-	905,803	915,026	3,755,899
Impairment losses of assets held for sale	-	-	2,718,338	-	2,718,338	-
Audit fees:						
- paid to auditor of the company	73,567	82,882	-	4,318	73,567	87,200
- paid to other auditors	48,758	29,116	-	532	48,758	29,648
Total audit fees	122,325	111,998	-	4,850	122,325	116,848
Non-audit fees:						
- paid to auditor of the company	29,664	10,448	-	-	29,664	10,448
- paid to other auditors	26,938	20,407	-	-	26,938	20,407
Total non-audit fees	56,602	30,855	-	-	56,602	30,855
One-off NauticAWT PSP	485,702	-	-	-	485,702	-
(Write back) Write off of obsolete inventories	(14,523)	77,374	-	-	(14,523)	77,374
Net foreign exchange (gain) loss	214,843	(54,497)	(84)	(23,563)	214,759	(78,060)
Loss on disposal of property, plant and equipment	182,426	41,822	-	-	182,426	41,822
Write off of property, plant and equipment	26,391	125,526	-	-	26,479	125,526

33 DISPOSAL OF DISCONTINUED OPERATIONS

As referred to in Note 16 and 31 to the financial statements, the group deconsolidated AWT Group and NEPL at the Date of Administration and the Date of Liquidation respectively in 2017.

Details of AWT Group and NEPL as at the Date of Administration and the Date of Liquidation respectively are as follows:

	AWT Group	NEPL	Total
	US$	**US$**	**US$**
Current assets			
Cash and bank balances	225,110	17,507	242,617
Trade receivables	1,137,845	101,916	1,239,761
Other receivables	1,192,185	5,306	1,197,491
Total current assets	2,555,140	124,729	2,679,869
Non-current assets			
Property, plant and equipment	286,309	137,881	424,190
Joint venture	12,229	-	12,229
Total non-current assets	298,538	137,881	436,419
Current liabilities			
Trade payables	(1,715,589)	(980,262)	(2,695,851)
Other payables	(1,381,073)	(807,111)	(2,188,184)
Liabilities for trade bills discounted with recourse	(80)	-	(80)
Finance leases	(47,960)	-	(47,960)
Income tax payable	(406,797)	-	(406,797)
Total current liabilities	(3,551,499)	(1,787,373)	(5,338,872)
Attributable goodwill (Note 14)	-	317,425	317,425
Net liabilities derecognised	(697,821)	(1,207,338)	(1,905,159)
Consideration received	-	-	-
Gain on disposal of discontinued operations	697,821	1,207,338	1,905,159

The gain on disposal of the discontinued operations is recorded as part of loss for the year from discontinued operations in the consolidated statement of profit or loss and other comprehensive income for the financial year ended December 31, 2017.

	AWT Group	NEPL	Total
	US$	US$	US$
Net cash outflow arising on disposal			
Cash and bank balances transferred to administrator and liquidator	225,110	17,507	242,617

Upon disposal of discontinued operations, all cash and bank balances of AWT Group and NEPL have been transferred to the respective administrator and liquidator, as part of the administration and liquidation process.

The impact of discontinued operations on the group's results and cash flows in the current and prior period is disclosed in Note 31 to the financial statements.

34 LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the ordinary owners of the company is based on the following:

	Group	
	2018	2017
	US$	US$
From continuing and discontinued operations		
Loss for the year		
Loss for the purposes of basic loss per share and diluted loss per share (Loss for the year attributable to owners of the company)	(4,983,375)	(6,854,912)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share and diluted loss per share	208,231,944	190,965,893
Basic (cents)	(2.39)	(3.59)
Diluted (cents)	(2.39)	(3.59)

	Group 2018 US$	Group 2017 US$
From continuing operations		
(Loss) Earnings		
Loss for the purposes of basic loss per share and diluted loss per share (Loss for the year attributable to owners of the company)	(2,194,384)	(4,646,802)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share and diluted loss per share	208,231,944	190,965,893
Basic (cents)	(1.05)	(2.43)
Diluted (cents)	(1.05)	(2.43)
From discontinued operations		
Loss		
Loss for the purposes of basic loss per share and diluted loss per share (Loss for the year attributable to owners of the company)	(2,788,991)	(2,208,110)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share and diluted loss per share	208,231,944	190,965,893
Basic (cents)	(1.34)	(1.16)
Diluted (cents)	(1.34)	(1.16)

35 COMMITMENTS

NauticAWT Energy had 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 farm-outs a 50% participating interest ("**Assigned Participating Interest**") in the Block VIIB, West Georgia production sharing contract (the "**PSC**") to NauticAWT Energy (the "**Farm-in Transaction**"). The consideration (the "**Consideration**") of the Farm-in Transaction was US$5,000,000.

As at December 31, 2016, completion of the Farm-in Transaction was 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 Farm-in 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.

During the current financial year, the Farm-in Transaction was completed and NauticAWT Energy has entered into an addendum to the Agreement (the "**Addendum**") with Vectra. Pursuant to the Addendum, the Consideration for the Farm-in Transaction of US$5,000,000 has been revised and is to be paid as follows:

(a) US$500,000 on March 17, 2017 or earlier;

(b) US$500,000 on June 30, 2017 or earlier;

(c) US$200,000 on September 17, 2017 or earlier; and

(d) NauticAWT Energy to pay Vectra in cash an amount equivalent to 25% of its net profit from oil sales from Block VIIB ("**NauticAWT Energy's Net Profit Oil**"). Such payments shall commence from July 1, 2017 and are payable at quarterly intervals until June 30, 2037 or, if earlier, the termination of the Block VIIB PSC provided that such payments shall only be made upon receipt by NauticAWT Energy of NauticAWT Energy's Net Profit Oil.

In the financial year ended December 31, 2017, the company has paid US$1,200,000 as stated in the Addendum.

	Group	
	2018	2017
	US$	US$
Commitments for the consideration of the Farm-in Transaction	-	-*

Note:

* NauticAWT Energy to pay Vectra in cash an amount equivalent to 25% of its net profit from oil sales from Block VIIB ("**NauticAWT Energy's Net Profit Oil**"). Such payments shall commence from July 1, 2017 and are payable at quarterly intervals until June 30, 2037 or, if earlier, the termination of the Block VIIB PSC provided that such payments shall only be made upon receipt by NauticAWT Energy of NauticAWT Energy's Net Profit Oil.

As at December 31, 2016, NauticAWT Energy, pursuant to the Agreement, was committed to spend a minimum of US$10,000,000 in capital expenditure during the period of the first five years upon the transfer of the Assigned Paticipating Interest.

As at December 31, 2018 and December 31, 2017, NauticAWT Energy, pursuant to the Addendum, is committed to spend a maximum of US$10,000,000 in capital expenditure during the period of the first five years from the date when the Agreement was entered into.

Subsequently, on March 12, 2019, NauticAWT Energy entered into an agreement with Vectra to acquire the remaining 50% equity interest in NVP Georgia LLC for nil consideration but all rights and responsibilities, including the financial and non-financial obligations under the PSC will be assigned and transferred to NauticAWT Energy upon the completion of this transaction. This acquisition is to facilitate the disposal of 100% interest in the Block VIIB PSC to the buyer (Note 12).

On April 1, 2019, the shareholders of the company approved the sale of NauticAWT Energy (Note 12).

36 CONTINGENT LIABILITIES

The company is party to performance guarantees with external counterparties in respect of contract obligations to be carried out by a subsidiary. The maximum amount the company could be forced to settle under these performances guarantees, if the full guaranteed amount is claimed by the counterparty is US$94,090 (2017 : US$402,590). Based on expectations at the end of the reporting period, the group's management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that obligations as contractors under work contracts are not fulfilled by the subsidiary.

37 OPERATING LEASE ARRANGEMENTS

The group as lessee

	Group	
	2018	**2017**
	US$	**US$**
Minimum lease payments under operating leases recognised as an expense during the year	238,679	862,460

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

	2018	**2017**
	US$	**US$**
Within one year	168,914	197,073
In the second to fifth year inclusive	118,553	245,186
Total	287,467	442,259

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 one (2017 : one) year. There are no restrictions placed upon the group by entering into these leases.

38 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 SFRS(I) 8 are as follows:

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

2) Ports and Offshore segment mainly relates to provision of engineering and contracting services for greenfield and brownfield offshore and marine infrastructure projects.

3) Energy & Mining ("**Downhole**") segment mainly relates to provision of Ultra High Performance Concrete and Composites ("**UHPC**") for well integrity and remediation of production wells.

4) Civil Structures segment mainly relates to provision of Ultra High Performance Concrete and Composites ("**UHPC**") and High Performance Concrete and Composite ("**HPC**") materials for the civil structures, facades and claddings.

The group's following reportable business segments have been discontinued in prior year:

1) 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.

2) 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.

(a) Segment revenues and results

	Renewables		Ports and Offshore		Energy & Mining		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	US$	US$	US$	US$	US$	US$	US$	US$
Continuing operations								
Total Revenue	2,669,826	2,329,961	4,582,995	6,623,190	313,131	-	7,565,952	8,953,151
Segment results	1,209,540	1,002,453	2,404,048	2,870,486	191,244	-	3,804,832	3,872,939
Depreciation of property, plant and equipment (excluding machinery and factory)							(129,228)	(244,798)
Amortisation of intangible assets							(30,193)	(30,300)
Write off of property, plant and equipment							(26,391)	(125,526)
Loss on disposal of property, plant and equipment							(182,426)	(41,822)
Allowance for doubtful debts							(915,026)	(2,850,096)
One-off NauticAWT PSP cost							(485,702)	-
Interest income							17,163	726
Finance costs							(555,600)	(408,169)
Other unallocated expenses							(3,737,247)	(4,678,877)
Loss before tax							(2,239,818)	(4,505,923)
Income tax credit (expense)							45,434	(140,879)
Loss for the year from continuing operations							(2,194,384)	(4,646,802)

	Subsurface and Wells		Facilities		Ports and Offshore		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	US$	US$	US$	US$	US$	US$	US$	US$
Discontinued operations								
Total Revenue	-	1,973,082	-	1,940,261	-	-	-	3,913,343
Segment results	-	855,019	-	(671,445)	-	-	-	183,574
Depreciation of property, plant and equipment (excluding machinery)							-	(46,016)
Allowance for doubtful debts							-	(905,803)
Impairment losses of assets held for sale							(2,718,338)	-
One-off costs in relation to Administration and Liquidation							-	(256,433)
Gain on disposal of discontinued operations (Note 33)							-	1,905,159
Finance costs							(67,613)	(136,993)
Other unallocated expenses							(3,040)	(1,730,286)
Loss before tax							(2,788,991)	(986,798)
Income tax (expense) credit							-	(636,628)
Loss for the year from discontinued operations							(2,788,991)	(1,623,426)

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:

	2018	2017
	US$	US$
Revenue from external customers (based on location of customer)		
Continuing operations:		
Asia (exclude Middle East and India)		
Brunei	817,705	560,593
Indonesia	267,634	431,358
Malaysia	403,037	180,650
Vietnam	7,013	92,000
Singapore	(9,704)	167,578
Myanmar	371,283	266,338
China	186,506	108,036
Mongolia	-	54,996
Philippines	230,710	-
Russia	39,000	-
Thailand	323,310	-
	2,636,494	1,861,549
Australasia		
Australia	567,248	445,653
India		
India	1,554,309	3,686,893
Middle East and Africa		
United Arab Emirates	34,040	-
Turkey	197,523	820,223
Turkmenistan	31,670	152,685
Saudi Arabia	584,650	397,500
	847,883	1,370,408

	2018	2017
	US$	US$
Americas		
Mexico	199,634	118,518
United States of America	40,248	-
	239,882	118,518
Europe		
Denmark	1,709,469	1,461,620
United Kingdom	-	8,510
Netherland	10,667	-
	1,720,136	1,470,130
Total (Continuing operations)	7,565,952	8,953,151
Discontinued operations:		
Asia (exclude Middle East and India)		
Indonesia	-	150,821
Malaysia	-	186,774
Singapore	-	2,053,299
Japan	-	321,987
Bangladesh	-	298,405
Philippines	-	95,835
	-	3,107,121
Australasia		
Australia	-	149,623
Middle East and Africa		
United Arab Emirates	-	(234,283)
Europe		
Denmark	-	694,563
United Kingdom	-	196,319
	-	890,882
Total (Discontinued operations)	-	3,913,343

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:

	2018	2017
	US$	US$
Ports and Offshore		
Customer A	816,111	537,481
Customer B	857,834	1,302,104
Renewables		
Customer C	1,709,469	1,461,620
Facilities (discontinued in 2017)		
Customer D	-	1,982,885

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

39 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans and advances	Loan from directors	Finance leases	Convertible notes	Total
	US$	US$	US$	US$	US$
At January 1, 2017	4,820,086(ii)	326,000	115,489	-	5,261,575
Financing cash flows	(268,433)(i)	247,350	(67,529)	735,000	646,388
Non cash changes:					
- Liquidation of subsidiary	-	-	(47,960)	-	(47,960)
- Offset against loan from directors	-	-	-	50,000	50,000
- Offset against trade payables	-	-	-	150,000	150,000
- Offset against other payables	-	(50,000)		65,000	15,000
- Fair value of equity portion	-	-	-	(4,878)	(4,878)
- Interest payable	-	-	-	20,939	20,939
- Foreign exchange movement	357,078	(23,251)		-	333,827
At December 31, 2017	4,908,731(ii)	500,099	-	1,016,061	6,424,891

	Bank loans and advances	Loan from directors	Finance leases	Convertible notes	Total
	US$	US$	US$	US$	US$
Financing cash flows	(1,367,917) (i)	72,701	-	1,900,000	604,784
Non cash changes:					
- Offset against other payables	-	187,737	-	50,000	237,737
- Fair value of equity portion	-	-	-	(443,126)	(443,126)
- Interest payable	-	-	-	116,208	116,208
- Foreign exchange movement	(55,565)	-	-	-	(55,565)
At December 31, 2018	3,485,249 (ii)	760,537	-	2,639,143	6,884,929

(i) Financing cash flows for bank loan and advances during the year includes the proceeds from bank loans of US$Nil (2017 : US$1,445,400), less repayment of advances and bank loans of US$79,878 (2017 : US$220,311) and US$1,288,039 (2017 : US$1,493,522) respectively.

(ii) Consists all current and non-current bank loans and advances, excluding bank overdrafts of US$362,456 (December 31, 2017 : US$381,932, January 1, 2017 : US$587,213).

40 EVENTS AFTER THE REPORTING PERIOD

Other than as disclosed somewhere else in these financial statements, the group has the following significant events after the reporting period:

(a) On January 7, 2019, the company has entered into a non-binding memorandum of understanding (the "**MOU**") with all of the shareholders of four companies, namely Astral Nanotec Pte. Ltd., Bacten Pte. Ltd., Antimicrobial Engineering Sdn. Bhd, and One Mart Pte. Ltd. (collectively, the "**Target Companies**"). Pursuant to the MOU, the Company expects to enter into negotiations with the Vendors for the proposed acquisition of a majority stake in the issued share capital of the Target Companies (the "**Proposed Acquisition**"). As at the date of these financial statements, management are still in the process of negotiating these Proposed Acquisition and the acquisition process has yet to be completed.

(b) On January 22, 2019, the company has entered into placement agreements with Zhongtai International Securities (Singapore) Pte. Ltd. and Soochow CSSD Capital Markets (Asia) Pte. Ltd. (the "**Placement Agents**" and "**Placement Agreements**"). Pursuant to the Placement Agreements, the Company has agreed to offer, by way of placement, and the Placement Agents have agreed to, on a best effort basis, procure subscribers for an aggregate of up to 705,882,353 new shares (the "**Placement Shares**") in the capital of the Company at an issue price of S$0.017 (US$0.012) per Placement Share, which will amount to an aggregate consideration of up to S$12,000,000 (US$8,800,000). As at the date of these financial statements, the proposed placements are still ongoing and have yet to be finalised.

41 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The group and the company adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("**SFRS(I)**") for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the group and the company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the group's and the company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 and the election of certain transition options available under SFRS(I) 1.

Election of transition options available under SFRS(I) 1

The group has not applied SFRS(I) 3 to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before January 1, 2017. The FRS carrying amounts of assets and liabilities determined in that business combination, that are required to be recognised under SFRS(I), are the deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SFRS(I). Assets and liabilities that do not qualify for recognition under SFRS(I) are excluded from the opening SFRS(I) statement of financial position. The group did not recognise or exclude any previously recognised amounts as a result of SFRS(I) recognition requirements.

SFRS(I) 1 also requires that the FRS carrying amount of goodwill must be used in the opening SFRS(I) statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with SFRS(I) 1, the group has tested goodwill for impairment at the date of transition to SFRS(I). No goodwill impairment was deemed necessary at January 1, 2017.

SFRS(I) 9 *Financial Instruments*

The group has elected to apply the short-term exemption under SFRS(I) 1.E1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. At the same time, the group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

SFRS(I) 15 *Revenue From Contracts With Customers*

Under SFRS(I) 15, when contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as contract assets in the statement of financial position. This balance was previously recognised as amount due from customers as a part of trade receivables and has been reclassified accordingly. There was no impact on the statement of profit or loss as a result of these reclassifications.

The impact of reclassification of contract assets on the statement of financial position as at January 1, 2017 and December 31, 2017 upon the initial application of SFRS(I) 15 is presented below:

(A) Impact on the consolidated statement of financial position as at January 1, 2017 (date of transition to SFRS(I))

	As previously reported under FRS	**Initial application of SFRS(I) 15**	**As adjusted under SFRS(I)**
	US$	**US$**	**US$**
Trade receivables	11,941,452	(1,865,841)	10,075,611
Contract assets	-	1,865,841	1,865,841

(B) Impact on the consolidated statement of financial position as at December 31, 2017 (end of last period reported under FRS)

	As previously reported under FRS	**Initial application of SFRS(I) 15**	**As adjusted under SFRS(I)**
	US$	**US$**	**US$**
Trade receivables	2,135,035	(338,698)	1,796,337
Contract assets	-	338,698	338,698

42 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective:

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Financial Instruments: Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-19 *Employee Benefits: Plan Amendment, Curtailment or Settlement*
- Amendments to SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) 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:

SFRS(I) 16 *Leases*

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

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

As at December 31, 2018, the group has non-cancellable operating lease commitments of US$287,467 (2017 : US$442,259). SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 37 to the financial statements. Management has preliminary assessed that these arrangements may meet the definition of a lease under SFRS(I) 16, and hence the group may recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Whilst management does not expect the new requirement to recognise a right-of-use asset and a related lease liability to have a material impact on the amounts recognised in the group's financial statements, they are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the management completes the review. Management does not plan to early adopt SFRS(I) 16.

SHAREHOLDER INFORMATION

AS AT 21 MARCH 2019

SHARE CAPITAL

Issued and fully paid up-capital	: S$10,835,835.71
Total number of issued shares	: 212,333,525
Number of treasury shares	: Nil
Number of subsidiary holdings	: 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	38	16.89	34,400	0.02
1,001 - 10,000	65	28.89	300,600	0.14
10,001 - 1,000,000	99	44.00	22,057,328	10.39
1,000,001 and above	23	10.22	189,941,197	89.45
Total	**225**	**100.00**	**212,333,525**	**100.00**

TWENTY LARGEST SHAREHOLDERS

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

	Name of shareholders	No. of shares	% of shares
1	JOHN GRØNBECH	82,088,000	38.66
2	KIM SENG HOLDINGS PTE LTD	48,360,000	22.78
3	CHU VOON THART @ PETER CHU	8,516,020	4.01
4	CITIBANK NOMINEES SINGAPORE PTE LTD	8,494,900	4.00
5	RHB SECURITIES SINGAPORE PTE LTD	8,146,700	3.84
6	UOB KAY HIAN PTE LTD	3,816,000	1.80
7	WANG JIAJIAN	3,224,000	1.52
8	LOUREN DAVID WOOF	3,199,683	1.51
9	DBS NOMINEES PTE LTD	3,125,000	1.47
10	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,345,400	1.10
11	SIMON JOHN CUNNINGHAM & ANNE LOUISE CUNNINGHAM	2,305,098	1.09
12	DEBARCHAN BISWAS	2,240,706	1.06
13	PHILLIP SECURITIES PTE LTD	1,765,893	0.83
14	YDE ELO	1,696,571	0.80
15	TANG KHENG GUAN KELVIN (CHEN QINGYUAN KELVIN)	1,656,890	0.78
16	LAY KEVIN RAYMOND	1,282,500	0.60
17	ONG SOON HUAT	1,200,000	0.57
18	CHONG SIU PENG	1,188,808	0.56
19	CHIA KOK SENG	1,118,318	0.53
20	LOW EE HWEE	1,100,000	0.52
	Total	**186,870,487**	**88.03**

SHAREHOLDER INFORMATION

AS AT 21 MARCH 2019

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct interest		Deemed interest	
Name of substantial shareholders	**No. of shares**	**% of issued share capital**	**No. of shares**	**% of issued share capital**
John Grønbech	82,088,000	38.66	–	–
Kim Seng Holdings Pte Ltd (1)	48,360,000	22.78	–	–
Tan Fuh Gih (1)	857,751	0.40	48,360,000	22.78
Tan Kim Seng (1)	–	–	48,360,000	22.78
Tan Hoo Lang (1)	–	–	48,360,000	22.78

Note:

(1) Kim Seng Holdings Pte Ltd is an investment holding company incorporated in Singapore. Tan Kim Seng, Tan Fuh Gih and Tan Hoo Lang hold 24.0%, 22.0% and 22.0% 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 Wei Min (20%), 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 21 March 2019, approximately 27.16% 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

12 Tai Seng Link
#05-01A
Singapore 534233
Tel: +65 6298 2671
Fax: +65 6298 2673
Email: contact@nautec.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 12 Tai Seng Link #05-01A, Singapore 534233 on Monday, 29 April 2019 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 2018 ("**FY2018**") 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 89) (Resolution 2a)

   [See Explanatory Note (i)]

   Mr Tay Kee Liat (Article 89) (Resolution 2b)

   [See Explanatory Note (ii)]

3. To approve the payment of Directors' fees of S$192,000.00 for the financial year ending 31 December 2019, to be paid quarterly in arrears (FY2018: S$192,302.36). (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 of the Company.

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 Rules of the Singapore Exchange Securities Trading Limited (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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) shall be calculated based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) 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 (iii)]

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 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 (the "**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 and subsidiary holdings) 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 (iv)]

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 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 and subsidiary holdings) 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)]

By Order of the Board of Directors NauticAWT Limited

Chua Kern
Company Secretary
Singapore, 12 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Teo Lek Hong will, if re-elected pursuant to ordinary resolution 2a proposed in item 2 above, remain as Chairman of the Remuneration Committee and Independent Director of the Company, a member of the Audit Committee and Nominating Committee. The Board of Directors 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 2018.

There is no relationship (including immediate familial relationships) between Mr Teo Lek Hong and the other Director(s), the Company, its related corporations, its 10% shareholders or its officers.

(ii) Mr Tay Kee Liat will, if re-elected pursuant to ordinary resolution 2b proposed in item 2 above, remain as Chairman of the Nominating Committee and Independent Director of the Company, a member of the Audit Committee and Remuneration Committee. The Board of Directors considers Mr Tay Kee Liat to be independent pursuant to Rule 704(7) of the Catalist Rules. Detailed information on Mr Tay Kee Liat is found in the Company's annual report 2018.

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

(iii) 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 and subsidiary holdings) 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.

(iv) 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 and subsidiary holdings) in the capital of the Company from time to time.

(v) 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 and subsidiary holdings) 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 #11-02 Singapore 068898, not less than **48** hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

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.

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

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

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

PROXY FORM

(Please see notes overleaf before completing this form)

NAUTICAWT LIMITED

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

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.

*I/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 12 Tai Seng Link #05-01A, Singapore 534233 on Monday, 29 April 2019 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 (✓) within the appropriate box provided. Otherwise, please indicate the number of votes as appropriate.

		By way of poll	
No.	**Resolutions relating to:**	**For**	**Against**
1.	Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2018		
2a.	Re-election of Mr Teo Lek Hong as a Director of the Company		
2b.	Re-election of Mr Tay Kee Liat as a Director of the Company		
3.	Approval of Directors' fees amounting to S$192,000.00 for the financial year ending 31 December 2019, 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 in the capital of the Company		
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 _________________________ 2019

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 shall be 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, 2019.

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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

AUDIT COMMITTEE
LIM HOW TECK
Chairman

TEO LEK HONG

TAY KEE LIAT

REMUNERATION COMMITTEE
TEO LEK HONG
Chairman

LIM HOW TECK

TAY KEE LIAT

NOMINATING COMMITTEE
TAY KEE LIAT
Chairman

LIM HOW TECK

TEO LEK HONG

REGISTERED OFFICE
12 Tai Seng Link
#05-01A
Singapore 534233
Tel: +65 6298 2671
Fax: +65 6298 2673
Email: contact@nautec.com

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 CAPITAL PRIVATE LIMITED
1 Robinson Road
#21-00, AIA Tower
Singapore 048542

INDEPENDENT AUDITORS
DELOITTE & TOUCHE LLP
Public Accountants and Chartered Accountants
Singapore
Partner-in-charge: Panjabi Sanjay Gordhan
(Appointed since financial year ended 31 December 2017)
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

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

NauticAWT Limited
Company Registration No. 201108075C

12 Tai Seng Link
#05-01A
Singapore 534233

Tel: +65 6298 2671
www.nautec.com