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INNOVATE



INTEGRATE



ANNUAL REPORT 2015



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

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

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# CHAIRMAN'S MESSAGE



**“FY2015 was a year of significant milestones for the Group as we consolidated three businesses into one to create NauticAWT”**

Dear Valued Shareholders,

On behalf of the board of directors (“Board”) of NauticAWT Limited and its subsidiaries (“NauticAWT”, “Company” or the “Group”), I am pleased to present to you our annual report for the financial year ended 31 December 2015 (“FY2015”), our first as a public company.

FY2015 was a year of significant milestones for the Group as we consolidated three businesses into one to create NauticAWT and established a strong, integrated platform to take our business forward. In July, we debuted on the Singapore Stock Exchange during a period of high market volatility, however, we received strong support from both institutional and retail investors which is a positive validation of our unique offering.

Whilst the acquisition, consolidation and listing processes have impacted our FY2015 financial results, we have now established an international, listed group offering high-end engineering and contracting solutions to the oil and gas and renewable energy industries worldwide.

Our competitive strengths and resilient business model forms the bedrock that will allow us to pursue our sound growth strategy in a potentially challenging year ahead with subdued oil prices and a slowdown in the oil and gas sector.

### **We are sustained by a resilient, balanced strategy**

During the year we merged subsurface engineering consultants AWT International Pty Ltd with Nautic Group Pte Ltd and rebranded to form NauticAWT. Following which we acquired facilities engineering firm Marine Engineering Services Pty Ltd to establish a capability to provide a comprehensive range of technical and commercial solutions, delivering customised greenfield development services and brownfield enhancement and extension solutions.

The advantage of the newly merged group is that we can independently provide these offerings as stand-alone solutions or as an integrated package allowing us to build long term relationships with our clients through continuity of engagement. Nautic Group Pte Ltd had established an extensive global foot print and we believe opportunity exists to take our expanded NauticAWT offering to markets in that network building on existing relationships and establishing new ones.

During the year we were honored to be awarded a Capability Development Grant from SPRING Singapore to develop new generation oil well cementing materials. The grant will be used to establish a fully equipped laboratory in Singapore to develop these materials, using our existing nanotechnology, to American Petroleum Industry standards. If successful, the new generation materials will allow the company to further expand its offerings and advance its growth strategy in its Subsurface and Wells business segment particularly in the area of providing sustainable well plugging solutions.

To diversify our revenue base the Group entered the renewables energy sector in 2015 offering its ultra high performance cementitious ("UHPC") materials for the installation of onshore and offshore wind turbines. Our entry into this strictly regulated industry is a result of dedicated materials research and certification of the Group's materials and production technology. We view this business segment as a key driver for growth in the coming years.

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

### **We are guided by experienced key personnel**

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

I am honoured to have assumed the role of Independent Chairman in June 2015, in line with good corporate governance practices. Having sat on several boards, I look forward to contributing my experience in board matters at the helm of an internationally experienced Board. Founder and CEO Mr John Grønbech has in a very short time frame established a foundation from which we can grow. His vision has created the Company we have today and I look forward to working with him during the next phase of NauticAWT's development. Mr Tan Fuh Gih, who has been with the Company since 2011 and remains one of our largest shareholders, will continue to be instrumental in assisting to identifying business opportunities for the Group, given his long-standing relationships in the oil and gas industry and his in-depth understanding of the market. I would also like to welcome Mr Simon Cunningham and Mr Bjarne Strikert who have joined the Board this year. I believe our Board has the ideal combination of skills and experience to supplement our very capable senior management group.

### **We are supported by loyal stakeholders**

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

Last but not least NauticAWT would not be where it is today without the support of our loyal shareholders, both those who have been critical in establishing the Company over its formative years and those who joined us as part of our initial public offering. With NauticAWT at the cusp of a new stage of growth I welcome you to join us in this exciting phase.

**LIM HOW TECK**  
*Chairman*



Design of Offshore  
Topside Modules

Engineering  
Design of  
Structures  
and  
Pipelines

Conductor and  
Well Repair Services

Grouting Services for  
Installation of Subsea Structures

Pipeline Integrity  
Assessments and  
Interventions

Reassessment and  
Strengthening of Ageing  
Subsea Structures

Geoscience  
and Subsurface  
Engineering

Well Design and Drilling  
Management

# CORPORATE PROFILE

NauticaWT is a Singapore headquartered firm offering subsurface, subsea and surface facilities engineering services and contracting solutions for field exploration, field development and field refurbishment including design life extension and production enhancement for mature and ageing oil and gas assets.



**Our services include:**

- + Geoscience and Subsurface Engineering
- + Well Design and Drilling Management
- + Well Completions and Well Interventions
- + Production Optimisation
- + Engineering Design of Structures and Pipelines
- + Design of Offshore Topside Modules and Facilities
- + Reassessment and Strengthening of Ageing Subsea Structures
- + Conductor and Well Repair Services
- + Grouting Services for Installation of Subsea Structures
- + Pipeline Integrity Assessments and Interventions
- + Manufacturing of Ultra High Performance Cementitious (UHPC) and High Performance Cementitious (HPC) materials

We have a global reach of 12 offices across Southeast Asia, Australasia, India, the Middle East and Latin America and provide a complementary technical and commercial offering unique to the oil and gas industry. NauticAWT offers technology driven greenfield development services and brownfield enhancement and extension solutions. Our combined multi-disciplined capability allows the Group to undertake a wide range of technical consulting and contracting work streams in three main market segments being Subsurface and Wells, Subsea and Surface Facilities and Advanced Materials Solutions.

# VISION, MISSION & CORE VALUES

## VISION

To be the upstream technical expert of choice, creating innovative and optimised energy solutions that continuously set new benchmarks to maximise the potential of our clients' assets.

## MISSION

We bring together integrated technical expertise and the appropriate application of enabling technologies to provide innovative energy solutions to the toughest upstream challenges – onshore and offshore.

Our industry is a complex and rapidly evolving space. Each aspect of the asset development cycle is unique, and so are our solutions.

By bringing together extensive upstream consulting capabilities from inception to completion, and coupling that with specialised and robust operational expertise, we provide optimised energy solutions for complex problems. We innovate to solve challenges as the industry evolves.





## CORE VALUES

### **Safety in all we do**

regardless of location our people deserve to be safe and feel safe. We let nothing compromise our safety performance.

### **Respect the community and the environment**

wherever we operate, we respect the diverse communities and environments and strive to achieve sustainable outcomes for all.

### **Our strength is our people**

we value our people's ability and diversity and will nurture their existing talents and encourage the development of new ones. The way we care for, grow and support our people is a key part of the NauticAWT culture.

### **We seek innovative solutions**

we encourage our people to continually expand their knowledge and experience and challenge themselves to constantly strive for the best solution. We are committed to excellence and this fosters innovation.

### **We are open, honest and collaborative**

NauticAWT brings together people of multiple skill sets and backgrounds. We respect diversity and difference and are collaborative in our approach.

### **The client is our focus**

we develop trusting and open relationships with our clients and partners ensuring we meet their needs and exceed their expectations. By delivering outstanding results we build their business and our own.

# GLOBAL OFFICES



MEXICO

Mexico City

Puerto de Seybaplaya

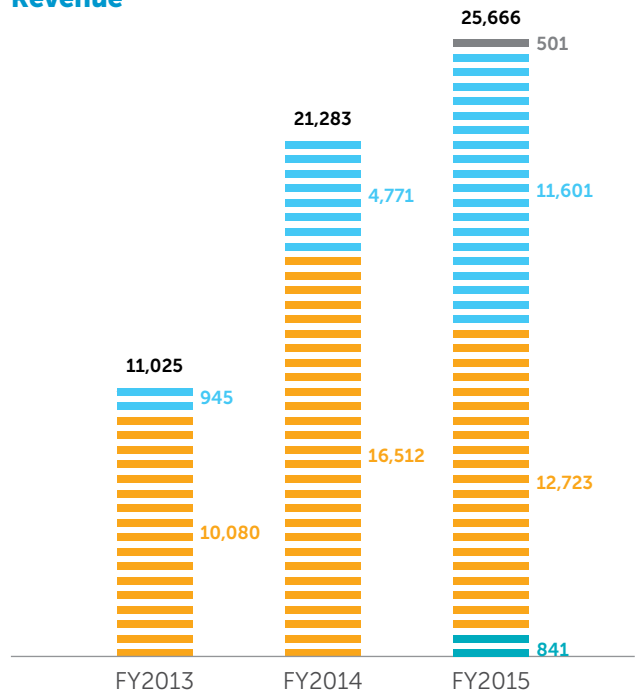
UAE

Dubai

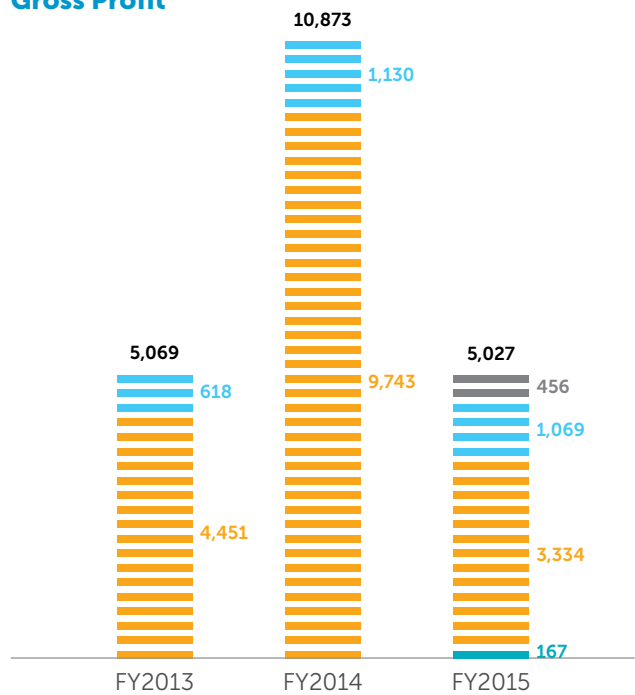
# KEY HIGHLIGHTS



## Revenue



## Gross Profit



- Renewables
- Sursurface and Wells
- Subsea
- Facilities



# SERVICES PORTFOLIO

**SUBSURFACE AND WELLS**

**SUBSEA AND SURFACE FACILITIES**

**ADVANCED MATERIALS SOLUTIONS**



**NauticAWT offers subsurface, subsea and surface facilities engineering services and contracting solutions to the oil and gas industry. We are engaged in field exploration, field development and field refurbishments including design life extensions and production enhancement for ageing and mature assets for our clients. NauticAWT has an extensive track record for delivering cost effective innovative solutions on budget and on schedule.**



We have a global reach of 12 offices across Southeast Asia, Australasia, India, the Middle East and Latin America and provide a complementary technical and commercial offering unique to the oil and gas industry. NauticAWT offers technology driven greenfield development services and brownfield enhancement and extension solutions. Our combined multi-disciplined capability allows the Group to undertake a wide range of technical consulting and contracting work streams in three main market segments being Subsurface and Wells, Subsea and Surface Facilities and Advanced Material Solutions.

The NauticAWT advantage is that we independently provide these offerings as stand-alone solutions or as an integrated package. This gives us the ability to build long term relationships with our clients through continuity of engagement across multiple disciplines. In particular, we are able to execute production enhancement and decommissioning work programs where multiple technical skill sets and the appropriate application of enabling technologies are required to seamlessly integrate to maximise the clients' outcomes.

## SUBSURFACE AND WELLS

**We provide integrated geosciences, engineering and project management services to our clients on a wide range of international oil and gas assets**

Our offerings in the Subsurface and Wells segment include:

- Geology, Geophysics and Reservoir Analysis
- Drilling and Completions
- Well Testing, Well Services and Interventions
- Production Optimisation





## SUBSEA AND SURFACE FACILITIES

**We provide engineering and contracting services for greenfield and brownfield offshore and marine infrastructure projects**

Our offering in the Subsea and Surface Facilities segment includes:

- Structural and Pipeling Engineering
- Offshore Topside Modules and Facilities Engineering
- Strengthening and Repair of Subsea Structures
- Conductor and Well Repair Services
- Grouting Services for Installation of Subsea Structures
- Pipeline Integrity Assessments and Intervention

## ADVANCED MATERIALS SOLUTIONS

**We develop and manufacture Ultra High Performance Cementitious (UHPC) materials, High Performance Cementitious (HPC) materials, Ultra Lightweight Cementitious Composite (ULCC) materials for subsea and subsurface applications primarily within the oil and gas and renewable energy industries worldwide**

Our Advanced Materials portfolio includes:

- NaX™ Q140 and NaX™ B190, primarily used for subsea strengthening and repair of jackets and well strings
- NaX™ Q80 and NaX™ Q110 primarily used for pile-sleeve and pile-leg grouting for installation of jackets structures, monopods, tripods and PLEMs
- NaX™ C50 for construction of corrosion resistant floating structures intervention



# BOARD OF DIRECTORS



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- 1 LIM HOW TECK
- 2 JOHN GRØNBECH
- 3 SIMON CUNNINGHAM
- 4 TAN FUH GIH
- 5 BJARNE STRIKERT

## LIM HOW TECK

*Chairman and Independent Director*

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

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

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

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

## JOHN GRØNBECH

*Founder, Executive Director and CEO*

John Grønbech founded NauticAWT (formerly known as Nautic Group Pte Ltd) in 2011 building on his vast experience within the upstream

segment of the offshore oil and gas business in Asia Pacific.

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

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

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

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

### **SIMON CUNNINGHAM** *Finance Director*

Simon Cunningham is our Finance Director, he joined our Group in November 2014, when our

Company acquired a majority stake in AWT. He was subsequently appointed to our Board on 29 June 2015. He is responsible for our Group's finance and management reporting, internal controls, strategic acquisitions, investor relations as well as corporate secretarial matters.

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

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

### **TAN FUH GIH** *Non-Executive Director*

Tan Fuh Gih is our Non-Executive Non-Independent Director. He was appointed to the Board on 2 January 2013.

From 1978 to 2008, he was with the KS Energy group and was instrumental in the KS Energy group's expansion into the oil and

gas industry in the 1980s. He was also the founder of the projects division of the KS Energy group which handles all the projects based procurement and supply to major players in the oil and gas industry. He is currently the Senior Executive Director of Swissco Holdings Limited, a company listed on the Main Board of the SGX-ST. He was also a Non-Executive Director of Viva Industrial Trust Management Pte. Ltd., the manager of Viva Industrial Real Estate Investment Trust, which is part of a stapled group, Viva Industrial Trust, that is listed on Main Board of the SGX-ST. In addition, he is a director of Kim Seng Holdings Pte Ltd and China Enterprises Limited.

Mr Tan graduated from Nanyang University with a Bachelor of Commerce (Honours) degree in 1978 and from the National University of Singapore with a Master of Business Administration in 1998.

### **BJARNE STRIKERT** *Independent Director*

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

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

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

# EXECUTIVE OFFICERS

## **ELO YDE**

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

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

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

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

## **CHERYL CHONG**

*Financial Controller*

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

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

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

## **EDGAR LIM**

*Vice President, Subsea*

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

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

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

## **ANDREW FOOKS**

*Executive Director and General Manager, Southeast Asia, Subsurface and Wells*

Andrew Fooks is our Executive Director and General Manager, Southeast Asia, Subsurface and Wells. He joined our Group in November 2014 as a Country Manager Malaysia, when our Company acquired a majority stake in AWT. He was promoted to Executive Director and General Manager, Southeast Asia, Subsurface and Wells in April 2015. He is responsible for the operations of our Subsurface and Wells business segment in Southeast Asia.

Mr Fooks began his career as a petroleum engineer with AWT in 2003 and has been with AWT since. Over the years, he has held various positions with AWT, being promoted to senior petroleum engineer and thereafter country manager for Malaysia.

Mr Fooks graduated from the Curtin University of Technology – Western Australian School of Mines with a Bachelor of Engineering, Minerals Engineering degree in 2003 and from the Curtin University of Technology with a Masters of Petroleum Engineering in 2007.

# FINANCIAL HIGHLIGHTS

Key Financial Indicators (US\$ million)	FY2015	FY2014
Revenue	25.7	21.3
Gross profit	5.0	10.9
(Loss) Profit for the year	(8.7)	4.5

The Group's revenue for FY2015 increased by 20.6% or US\$4.4 million to US\$25.7 million, from US\$21.3 million for FY2014. This was mainly due to:

- i. 12-month revenue contribution of US\$11.6 million from AWT International Pty Ltd and its subsidiaries ("**AWT Group**") in FY2015 as compared to 2-month revenue contribution of US\$2.7 million from AWT Group in FY2014;
- ii. 3-month revenue contribution of US\$0.9 million from Marine Engineering Services Pte. Ltd. ("**MESPL**") in FY2015; and partially offset by
- iii. a decrease in revenue from the Group (excluding AWT Group and MESPL, collectively the "**Acquired Group**") of US\$5.4 million due to reduced activities in Mexico as the country's oil and gas industry undergoes restructuring and in Middle East as field activities were postponed pending oil price stability.

The Group's gross profit for FY2015 decreased by 53.8% or US\$5.8 million to US\$5.0 million, from US\$10.9 million for FY2014. This was mainly due to a decrease of US\$6.8 million in gross profit from the Group (excluding the Acquired Group), partially offset by the increase in gross profit contribution of US\$0.9 million from the Acquired Group in FY2015 as compared to FY2014.

The Group's gross profit margin decreased by 31.5 percentage points, from 51.1% for FY2014 to 19.6% for FY2015, primarily due to more than proportionate increase in cost of sales as compared to revenue and margin dilution caused by the Acquired Group as the Acquired Group had historically provided predominantly consulting services which carries lower profit margins as compared to other business activities of the Group, such as contracting services.

The Group's administrative expenses increased significantly by US\$6.0 million, from US\$5.4 million in FY2014 to US\$11.4 million in FY2015 mainly due to the following:

- i. Increase in expenses incurred by the Acquired Group of US\$3.7 million as AWT Group was acquired in November 2014 and MESPL was acquired in October 2015;
- ii. One-off listing expenses of US\$1.1 million in FY2015 as compared to US\$0.4 million in FY2014;
- iii. Increase in office-related expenses of the Group (excluding the Acquired Group) as a result of higher rental and increased operational activities;
- iv. Restructuring costs of US\$0.4 million; and
- v. Bad debts expense of US\$0.5 million.

Other income increased by US\$0.9 million from US\$0.3 million in FY2014 to US\$1.2 million in FY2015. The increase was mainly due to the discharge of deferred purchase consideration liability arising from the acquisition of AWT Group.

The Group recorded a loss for the year of US\$8.7 million in FY2015 as compared to a profit for the year of US\$4.5 million in FY2014. US\$6.7 million of the loss is attributable to owners of the Company and US\$1.9 million is attributable to non-controlling interests.

For illustrative purposes, the loss for the year:

- (1) Included write off of unbilled work undertaken and obsolete stock associated with projects that did not proceed due to weakening market conditions amounted to US\$0.6 million;
- (2) Included one-off listing expenses, bad debts and restructuring costs amounted to US\$2.0 million;
- (3) Included the discharge of deferred purchase consideration liability of US\$0.8 million arising from the acquisition of AWT Group; and
- (4) Included the impairment of AWT Group's tax assets of US\$2.1 million due to no longer recognising the asset associated with the tax losses of AWT Group.

# FINANCIAL HIGHLIGHTS

If items (1) to (4) above were excluded, loss for the year would have been US\$4.8 million in FY2015.

Balance Sheet (US\$ million)	As at 31 December	
	2015	2014
Current assets	12.9	14.1
Non-current assets	5.4	7.1
Current liabilities	11.0	8.8
Non-current liabilities	1.1	1.5
Equity attributable to owners of the Company	6.8	9.5
Non-controlling interests	(0.6)	1.5

The Group's current assets decreased by US\$1.2 million, from US\$14.1 million as at 31 December 2014 to US\$12.9 million as at 31 December 2015. The decrease was mainly due to the following:

- i. a decrease in cash and bank balances of US\$2.5 million and partially offset by
- ii. an increase in trade and other receivables of US\$1.3 million; and
- iii. an increase in inventories of US\$0.2 million.

The Group's non-current assets decreased by US\$1.8 million, from US\$7.1 million as at 31 December 2014 to US\$5.4 million as at 31 December 2015. The decrease was mainly due to the following:

- i. a decrease in other receivables of US\$0.6 million due to refund of the security deposit by a landlord pertaining to the rental of office premise;
- ii. impairment of AWT Group's deferred tax assets of US\$2.1 million due to no longer recognising the asset associated with the tax losses of AWT Group; and partially offset by
- iii. an increase in plant and equipment of US\$0.6 million, mainly due to acquisition of factory equipment for the production facility in Malaysia and renovation costs for Singapore's new head office premise; and
- iv. goodwill of US\$0.3 million arising from the acquisition of MESPL.

The Group's current liabilities increased by US\$2.2 million, from US\$8.8 million as at 31 December 2014 to US\$11.0 million as at 31 December 2015. The increase was mainly due to the following:

- i. an increase in liabilities for trade bills discounted with recourse of US\$1.3 million as more customers are now under this credit facility arrangement;
- ii. an increase in trade and other payables of US\$0.3 million; and
- iii. an increase in provision for taxation of US\$0.3 million.

The Group's non-current liabilities decreased by US\$0.4 million, from US\$1.5 million as at 31 December 2014 to US\$1.1 million as at 31 December 2015. The decrease was mainly due to a reduction in other payables of US\$0.6 million.

The Group reported a positive working capital of US\$1.9 million as at 31 December 2015 as compared to US\$5.3 million as at 31 December 2014.

Cashflow Statement (US\$ million)	FY2015	FY2014
Net cash (used in) from operating activities	(4.0)	3.4
Net cash used in investing activities	(1.7)	(2.5)
Net cash from financing activities	2.7	0.7
Cash and cash equivalents at the beginning of the year	3.1	1.6
Cash and cash equivalents at the end of the year	0.1	3.1

# FINANCIAL HIGHLIGHTS

Net cash used in operating activities in FY2015 amounted to US\$4.0 million. The Group had a net cash outflow of US\$5.1 million from its operating activities before changes in working capital. Working capital movement included an increase in trade and other receivables of US\$0.4 million, an increase in trade and other payables of US\$1.0 million, an increase in trade bills discounted with recourse of US\$1.3 million and an increase in inventories and work in progress of US\$0.5 million and US\$0.1 million respectively.

Net cash used in investing activities in FY2015 amounted to US\$1.7 million due to additions of plant and equipment which mainly attributed to the acquisition of factory equipment for the production facility in Malaysia and renovation costs for Singapore's new head office premise in addition to the acquisition of MESPL.

Net cash from financing activities for FY2015 amounted to US\$2.7 million mainly due to net proceeds from the Company's initial public offering and bank borrowings of US\$2.8 million and US\$1.5 million respectively which were partially offset by the repayment of bank borrowings of US\$1.5 million.

As a result of the above, the Group's cash and cash equivalents decreased by US\$3.1 million, from US\$3.1 million as of 31 December 2014 to US\$63,000 as of 31 December 2015, net of fixed deposit pledged and bank overdraft.

# CORPORATE GOVERNANCE REPORT

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

This report sets out the corporate governance practices of the Company during FY2015 with specific reference to the principles of the Code of Corporate Governance 2012 (the “Code”). The Board confirms that for FY2015, the Company has generally adhered to the principles and guidelines set out in the Code, where there are deviations from the Code, appropriate explanations are provided.

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

## THE BOARD'S CONDUCT OF AFFAIRS

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

The Board comprises the following members, all having the right core competencies and diversity of experience, which enable them to effectively contribute to the Group.

Mr Lim How Teck	Chairman and Independent Director
Mr John Grønbech	Executive Director and CEO
Mr Simon Cunningham	Finance Director
Mr Tan Fuh Gih	Non-Executive Non-Independent Director
Mr Bjarne Strikert	Independent Director

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

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

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

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

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

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 to attend their meetings. The Board Committees report its activities regularly to the Board and minutes of the Board Committees are also regularly provided to the Board. The effectiveness of each Board Committee is also constantly monitored to ensure their continued relevance.

# CORPORATE GOVERNANCE REPORT

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

For FY2015, the number of Board and Board Committee meetings held and the attendance of each Board member at the meetings are as follows:

	Board	Audit	Board Committees Nominating	Remuneration
<b>Number of meetings held</b>	1	1	NA	NA
		<b>Number of meetings attended</b>		
Mr Lim How Teck	1	1	NA	NA
Mr John Grønbech	1	1*	NA	NA
Mr Simon Cunningham	1	1*	NA	NA
Mr Tan Fuh Gih	1	1	NA	NA
Mr Bjarne Strikert	1	1	NA	NA

**Note:**

\* Attendance by invitation

As the Company was listed on Catalist in July 2015 (the "Listing"), there were no NC and RC meetings held during FY2015. Subsequent to FY2015, a NC meeting and RC meeting were held on 23 February 2016 to, among others, evaluate and assess the performance of the Board and the proposed Directors' fees for the financial year ending 31 December 2016 ("FY2016").

## 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.**

The Board comprises five members, as follows:

Mr Lim How Teck	Chairman and Independent Director
Mr John Grønbech	Executive Director and CEO
Mr Simon Cunningham	Finance Director
Mr Tan Fuh Gih	Non-Executive Non-Independent Director
Mr Bjarne Strikert	Independent Director

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

The Independent Directors and Non-Executive Director communicate without the presence of the Management as and when the need arises.

The profiles of the Directors are set out on pages 14 and 15 of the annual report.

### **Principle 3: 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 the Management, the preparation of the agenda for Board meetings;
- in consultation with the Management, the exercise of control over the quality, quantity and timeliness of information between the Management and the Board; and
- in compliance with corporate governance best practices.

### **BOARD MEMBERSHIP AND BOARD PERFORMANCE**

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

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

The NC comprises the following members:

Mr Bjarne Strikert – Chairman  
Mr Lim How Teck – Member  
Mr Tan Fuh Gih – Member

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

- (1) to ensure that all directors submit themselves for re-election at regular intervals and at least once every three years;
- (2) to determine the independence of each director in accordance with the guidelines 2.3 and 2.4 of the Code on an annual basis;
- (3) to evaluate whether a director is able to and has adequately carried out his duties as a director of the Company, in particular, where the director concerned has multiple board representations; and
- (4) to assess the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

# CORPORATE GOVERNANCE REPORT

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

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

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

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

Director	Position	Date of initial appointment	Date of last re-election
Mr Lim How Teck	Chairman and Independent Director	29 June 2015	-
Mr John Grønbech	Executive Director and CEO	2 September 2011	-
Mr Simon Cunningham	Finance Director	29 June 2015	-
Mr Tan Fuh Gih	Non-Executive Non-Independent Director	2 January 2013	-
Mr Bjarne Strikert	Independent Director	29 June 2015	-

The key information regarding the Directors is set out in pages 14 and 15 of the annual report.

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

The NC has reviewed and recommended the re-election of Messrs Lim How Teck, John Grønbech, Simon Cunningham and Bjarne Strikert who will be retiring as directors at the forthcoming annual general meeting. Mr John Grønbech will be retiring via rotation pursuant to Article 89 of the Company's Constitution. Mr Lim How Teck, Mr Simon Cunningham and Mr Bjarne Strikert will be retiring pursuant to Article 88 of the Company's Constitution. The four directors have offered themselves for re-election. The Board has accepted the recommendations of the NC.

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 will adopt processes for an annual evaluation of the Board's performance and effectiveness as a whole or individually. The appraisal process includes a review of a Director's background, experience, industry knowledge and appropriate skills relevant to the Group's business and also whether there are any conflicts of interests with the Group. The appraisal process will also focus 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. As the Company was listed on Catalist in July 2015, there was no NC meeting held during FY2015 and accordingly no Board evaluation was conducted. Subsequently, a NC meeting was held on 23 February 2016 to, among others, evaluate and assess the performance of the Board.

# CORPORATE GOVERNANCE REPORT

## ACCESS TO INFORMATION

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

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

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

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

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

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

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

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

The RC comprises the following members:

Mr Bjarne Strikert – Chairman  
Mr Lim How Teck – Member  
Mr Tan Fuh Gih – Member

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

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

- (1) to recommend to the Board a framework of remuneration for the Directors and the Management which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
- (2) to determine specific remuneration packages for each Executive Director;
- (3) to recommend to the Board the remuneration of non-executive directors, which should be appropriate to the level of their respective contributions, taking into account factors such as effort and time spent, and the responsibilities of our non-executive directors;
- (4) to determine the targets for any performance-related schemes in respect of the Executive Directors, and to review and recommend to the Board the terms of renewal of their service contracts to ensure that such contracts of service, if any, contain fair and reasonable termination clauses; and
- (5) to administer the NauticAWT Employee Share Option Scheme and the NauticAWT Performance Share Plan.

# CORPORATE GOVERNANCE REPORT

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 pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual employee.

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

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

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

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

The remuneration bands of the Directors for FY2015 are set out below:

Remuneration Band and Name of Directors	Salary (%)	Variable bonus (%)	Directors' Fees (%)	Other benefits*	Total (%)
<b>Above or equal to S\$500,000 to below S\$750,000</b>					
Mr John Grønbech	59	-	-	41	100
<b>Above S\$250,000 to below S\$500,000</b>					
Mr Simon Cunningham	91	-	-	9	100
<b>Below or equal to S\$250,000</b>					
Mr Lim How Teck	-	-	100	-	100
Mr Bjarne Strikert	-	-	100	-	100
Mr Tan Fuh Gih	-	-	100	-	100

**Note:**

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

The remuneration bands of the top five key management executives of the Group (who are not Directors or CEO) in bands of S\$250,000 for FY2015 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 for FY2015 is S\$1,250,255.

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 FY2015.

# CORPORATE GOVERNANCE REPORT

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.

As at the date of this annual report, no options or awards have been granted under the NauticAWT ESOS and the NauticAWT PSP respectively.

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

The Company did not have a formal short-term incentive bonus scheme during FY2015. The Company intends to implement such a scheme in FY2016 which will specify the link between remuneration and performance for key personal and associated performance conditions.

## ACCOUNTABILITY AND AUDIT

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

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

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

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

## RISK MANAGEMENT AND INTERNAL CONTROLS, AND AUDIT COMMITTEE

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

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

Risk management forms part of the responsibilities of the AC.

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

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

For FY2015, the CEO and the Finance Director 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.

# CORPORATE GOVERNANCE REPORT

Based on the work carried out by the internal auditors, the review undertaken by the external auditors, the existing internal controls in place and the assurance received from the CEO and the Finance Director, the Board, with the concurrence of the AC, is of the opinion that, for FY2015, the internal controls in place in the Group to address risks relating to financial, operational, compliance, information technology controls and risk management systems are adequate and effective.

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

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

The AC comprises the following members:

Mr Lim How Teck – Chairman  
Mr Bjarne Strikert – Member  
Mr Tan Fuh Gih – 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. The majority of the AC, including the chairman, is independent. The duties and powers of the AC are, *inter alia*, as follows:

- (1) assist the Board in the discharge of its responsibilities on financial reporting matters;
- (2) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits compiled by the internal and external auditors;
- (3) review the interim and annual consolidated financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- (4) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, information technology controls and risk management systems and ensure co-ordination between the internal and external auditors, and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);
- (5) review the independence and objectivity of the external auditors;
- (6) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (7) make recommendations to the Board on the proposals to Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (8) review significant financial reporting issues and judgments with the Finance Director and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- (9) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (10) review any potential conflicts of interest;
- (11) review the suitability of the Finance Director and the adequacy of the finance team on an on-going basis;
- (12) review and approve all hedging policies and instruments (if any) to be implemented by the Group;
- (13) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

# CORPORATE GOVERNANCE REPORT

- (14) review the financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- (15) review and establish procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;
- (16) review the Group's compliance with such functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;
- (17) review arrangements by which the staff may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters, and to ensure that those arrangements are in place for independent investigations of such matters and for appropriate follow-up; and
- (18) generally to undertake such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

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

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

The AC reviews the scope and results of the audit work, the cost effectiveness of the audit and the independence and objectivity of the external auditors, Deloitte & Touche LLP and its member firms ("**Deloitte**"). During FY2015, the AC has reviewed independence of the external auditors including the nature of non-audit services provided by Deloitte. The AC has reviewed the nature and amount of non-audit fees paid to Deloitte, as disclosed in Note 27 to the financial statements of the Company, and is of the view that the independence and objectivity of the external auditors and other auditors have not been compromised. Non-audit fees primarily related to the Company's Listing.

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

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

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

The Company has put in place a whistle-blowing policy where the staff of the Company and third parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. The AC will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Anonymous disclosures will be accepted and anonymity honoured. No such whistle-blowing letter was received in FY2015.

## INTERNAL AUDIT

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

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

# CORPORATE GOVERNANCE REPORT

Prior to the Listing, the Company engaged KPMG Services Pte Ltd (“KPMG”) to conduct an internal control review of key business processes of the Group. KPMG has confirmed that all the significant internal control weaknesses highlighted in the internal control reports have been duly addressed and resolved.

Subsequently the AC has appointed Yang Lee and Associates as the internal auditors. The AC is satisfied that the internal auditors are adequately resourced to perform its functions effectively, and is staffed by suitably qualified and experienced professionals with the relevant experience.

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

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

## COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDERS’ MEETINGS

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

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

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

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

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

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

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

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

## DIVIDEND POLICY

The Company currently does not have a formal dividend policy. The form, frequency and amount of future dividends on our shares will depend on our cash and retained earnings, expected and actual future earnings, working capital requirements, general financing conditions, projected levels of capital expenditure and other investment plans, restrictions on payments of dividends imposed on the Company by the financial arrangements (if any) as well as general business conditions and other factors as the Directors may, in their absolute discretion, deem appropriate. The Company recorded a loss for FY2015, accordingly no dividend was paid for the period.

# CORPORATE GOVERNANCE REPORT

## DEALINGS IN SECURITIES

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

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

## DISCLOSURE OF MATERIAL CONTRACTS

Save for the service agreements entered into between the Executive Directors and the Company and a loan from John Grønbech ("**Director Loan**"), there was no material contract entered into by the Company and its subsidiaries involving the interests of any Director or controlling Shareholder either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of FY2014.

The Director Loan is interest-free, unsecured and repayable on demand and the outstanding Director Loan as at 31 December 2015 was US\$326,000. The Director Loan was not conducted on an arm's length basis as John Grønbech did not receive any consideration from the Group.

## INTERESTED PERSON TRANSACTIONS

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

No general mandate has been obtained from Shareholders in respect of interested person transactions for FY2015. There were no interested person transactions of S\$100,000 or more for FY2015.

## USE OF IPO PROCEEDS

Use of net proceeds	Allocation of net proceeds (as disclosed in the offer document dated 14 July 2015) S\$'000	Net proceeds utilised as at 28 February 2016 S\$'000	Balance of net proceeds as at 28 February 2016 S\$'000
Invest in capital equipment to further strengthen contracting services	1,300	892	408
Expansion of business scope via investments, acquisitions and joint ventures	400	400	-
General corporate and working capital purposes	1,129	1,100	29
<b>Total</b>	<b>2,829</b>	<b>2,392</b>	<b>437</b>

General corporate and working capital of S\$1,100,000 utilised for purchases of supplies and materials for the Group's operations.

## NON-SPONSORSHIP FEES

Save for the non-sponsorship fees of approximately S\$0.5 million paid to Canaccord Genuity Singapore Pte. Ltd. ("**CGS**") in its capacity as Issue Manager and Sponsor, Underwriter and Placement Agent pursuant to the Listing, there were no non-sponsor fees paid to CGS for FY2015.

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# DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2015.

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 36 to 87 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, 2015, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

## 1 DIRECTORS

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

John Grønbech	
Tan Fuh Gih	
Lim How Teck	(Appointed on June 29, 2015)
Simon Cunningham	(Appointed on June 29, 2015)
Bjarne Strikert	(Appointed on June 29, 2015)

## 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.

## 3 DIRECTOR'S INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and companies in which interests are held	Shareholdings registered in name of director			Shareholdings in which directors are deemed to have an interest		
	At beginning of year or date of appointment, if later	At end of year	At January 21, 2016	At beginning of year or date of appointment, if later	At end of year	At January 21, 2016

### Interest in the Company

#### NauticAWT Limited

##### (Ordinary shares)

John Grønbech	2,808	82,088,000	82,088,000	-	-	-
Simon Cunningham	-	1,116,000 <sup>(1)</sup>	1,116,000 <sup>(1)</sup>	-	-	-
Tan Fuh Gih	-	-	-	2,080	48,360,000	48,360,000

### Interest in subsidiary

#### Nautic Offshore

##### Mexico S.A. de C.V.

##### (Ordinary shares)

John Grønbech	1 <sup>(2)</sup>	1 <sup>(2)</sup>	1 <sup>(2)</sup>	-	-	-
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(1) In his capacity as a trustee (jointly with his wife) of Grassmere Superannuation Fund of which he and his wife are also beneficiaries.

(2) The share is held in trust for the Company.

# DIRECTORS' STATEMENT

## 4 SHARE OPTIONS

(a) *Option to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) *Option exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were 88,460 ordinary shares of a subsidiary, AWT International Pty Ltd under its Share Option Scheme ("**Scheme**") granted to its employees and a director of the subsidiary. The number of outstanding share options under the Scheme are as follows:

Number of options to subscribe for ordinary shares of AWT International Pty Ltd:

Date of grant	Balance at January 1, 2015	Cancelled/ Lapsed	Outstanding at December 31, 2015	Exercise price per share (US\$)	Exercisable period
March 21, 2014	104,115	(15,655)	88,460	4.19	October 1, 2015 to October 14, 2017

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

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual).

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

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate option lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year and January 21, 2016
Simon Cunningham	-	29,848	-	-	29,848

# DIRECTORS' STATEMENT

## 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)
Tan Fuh Gih	(Non-independent director)
Bjarne Strikert	(Independent director)

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

- (a) The audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- (b) The Group's financial and operating results and accounting policies;
- (c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;
- (d) The half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) The co-operation and assistance given by the management to the Group's external auditors; and
- (f) The re-appointment of the external auditors of the Group.

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

## 6 AUDITORS

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

On behalf of the directors

**Lim How Teck**

**John Grønbech**

March 28, 2016

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

NAUTICAWT LIMITED (FORMERLY KNOWN AS NAUTICAWT PTE. LTD.)  
AND ITS SUBSIDIARIES

## REPORT ON THE FINANCIAL STATEMENTS

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, 2015, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 87.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at December 31, 2015 and of the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date.

## 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.

**Deloitte & Touche LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

March 28, 2016

# STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015

	Note	Group		Company	
		2015 US\$	2014 US\$	2015 US\$	2014 US\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	6	928,804	3,412,087	26,506	69,786
Trade receivables	7	9,005,350	7,353,925	3,537,731	127,452
Other receivables	8	2,023,350	2,381,285	2,883,911	1,211,918
Inventories	9	913,757	669,956	-	-
Work in progress	10	54,534	274,979	-	-
<b>Total current assets</b>		<b>12,925,795</b>	<b>14,092,232</b>	<b>6,448,148</b>	<b>1,409,156</b>
<b>Non-current assets</b>					
Plant and equipment	11	5,021,821	4,443,647	431,778	-
Goodwill	12	317,425	-	-	-
Intangible assets	13	55,810	56,800	7,174	8,164
Subsidiaries	14	-	-	907,600	291,100
Other receivables	8	-	559,382	2,552,936	2,447,935
Deferred tax assets	15	-	2,088,759	-	-
<b>Total non-current assets</b>		<b>5,395,056</b>	<b>7,148,588</b>	<b>3,899,488</b>	<b>2,747,199</b>
<b>Total assets</b>		<b>18,320,851</b>	<b>21,240,820</b>	<b>10,347,636</b>	<b>4,156,355</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade payables	16	2,245,954	3,114,127	-	-
Other payables	17	3,799,941	2,673,684	2,385,287	208,358
Government grant received		140,132	-	140,132	-
Liabilities for trade bills discounted with recourse	18	1,656,326	346,211	-	-
Bank loan and advances	19	2,014,511	1,894,109	745,099	-
Loan from a director	5	326,000	204,022	326,000	223,609
Finance leases	20	63,485	102,064	-	-
Income tax payable		745,014	443,675	14,696	8,476
<b>Total current liabilities</b>		<b>10,991,363</b>	<b>8,777,892</b>	<b>3,611,214</b>	<b>440,443</b>
<b>Non-current liabilities</b>					
Long-term bank loan	19	894,217	700,006	229,167	-
Finance leases	20	115,055	164,841	-	-
Deferred tax liabilities	15	99,844	-	-	-
Other payables	17	8,508	614,756	-	-
<b>Total non-current liabilities</b>		<b>1,117,624</b>	<b>1,479,603</b>	<b>229,167</b>	<b>-</b>
<b>Capital and reserves</b>					
Share capital	22	7,248,183	3,208,578	7,248,183	3,208,578
Other capital reserve		718,247	703,453	718,247	703,453
Share-based payment reserve	22	7,604	6,193	-	-
Foreign currency translation reserve		(157,679)	(93,160)	-	-
Accumulated (losses) profits		(1,052,769)	5,687,227	(1,459,175)	(196,119)
Equity attributable to owners of the company		<b>6,763,586</b>	<b>9,512,291</b>	<b>6,507,255</b>	<b>3,715,912</b>
Non-controlling interests		(551,722)	1,471,034	-	-
<b>Total equity</b>		<b>6,211,864</b>	<b>10,983,325</b>	<b>6,507,255</b>	<b>3,715,912</b>
<b>Total liabilities and equity</b>		<b>18,320,851</b>	<b>21,240,820</b>	<b>10,347,636</b>	<b>4,156,355</b>

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

	Note	Group	
		2015 US\$	2014 US\$
<b>Revenue</b>	23	<b>25,666,309</b>	21,282,898
<b>Cost of sales</b>		<b>(20,639,784)</b>	(10,409,549)
<b>Gross profit</b>		<b>5,026,525</b>	10,873,349
Distribution expenses		(1,077,300)	(759,630)
Administrative expenses		(11,426,711)	(5,440,441)
Other income	24	1,231,435	325,315
Finance costs	25	(171,895)	(423,847)
<b>(Loss) Profit before income tax</b>		<b>(6,417,946)</b>	4,574,746
Income tax expense	26	(2,232,367)	(75,681)
<b>(Loss) Profit for the year</b>	27	<b>(8,650,313)</b>	4,499,065
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Share-based payment reserve		-	6,193
Exchange differences on translation of foreign operations		(176,958)	(153,546)
<b>Total other comprehensive income for the year</b>		<b>(176,958)</b>	(147,353)
<b>Total comprehensive income for the year</b>		<b>(8,827,271)</b>	4,351,712
<b>(Loss) Profit attributable to:</b>			
Owners of the company		(6,739,996)	4,325,781
Non-controlling interests		(1,910,317)	173,284
		<b>(8,650,313)</b>	4,499,065
<b>Total comprehensive income attributable to:</b>			
Owners of the company		(6,804,515)	4,238,814
Non-controlling interests		(2,022,756)	112,898
		<b>(8,827,271)</b>	4,351,712
<b>Basic and diluted (loss) earnings per share</b>			
Basic (cents)	28	<b>(3.86)</b>	2.68
Diluted (cents)	28	<b>(3.86)</b>	2.68

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2015

	Share capital US\$	Share conversion reserve US\$	Other capital reserve US\$	Share options reserve US\$	Foreign currency translation reserve US\$	Accumulated profits (losses) US\$	Attributable to owners of the company US\$	Non- controlling interests US\$	Total US\$
<b>Group</b>									
<b>Balance at January 1, 2014</b>	77,328	223,453	-	-	-	1,361,446	1,662,227	-	1,662,227
<i>Total comprehensive income for the year</i>									
Profit for the year	-	-	-	-	-	4,325,781	4,325,781	173,284	4,499,065
Other comprehensive income for the year	-	-	-	6,193	(93,160)	-	(86,967)	(60,386)	(147,353)
<b>Total</b>	-	-	-	6,193	(93,160)	4,325,781	4,238,814	112,898	4,351,712
<i>Transaction with owners recognised directly in equity</i>									
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	1,358,136	1,358,136
Conversion of convertible bond (Note 21)	3,000,000	(223,453)	703,453	-	-	-	3,480,000	-	3,480,000
Issuance of shares (Note 22)	131,250	-	-	-	-	-	131,250	-	131,250
<b>Total</b>	3,131,250	(223,453)	703,453	-	-	-	3,611,250	1,358,136	4,969,386
<b>Balance at December 31, 2014</b>	3,208,578	-	703,453	6,193	(93,160)	5,687,227	9,512,291	1,471,034	10,983,325
<i>Total comprehensive income for the year</i>									
Loss for the year	-	-	-	-	-	(6,739,996)	(6,739,996)	(1,910,317)	(8,650,313)
Other comprehensive loss for the year	-	-	-	-	(64,519)	-	(64,519)	(112,439)	(176,958)
<b>Total</b>	-	-	-	-	(64,519)	(6,739,996)	(6,804,515)	(2,022,756)	(8,827,271)
<i>Transaction with owners recognised directly in equity</i>									
Recognition of share- based payment	-	-	-	1,411	-	-	1,411	-	1,411
Issuance of shares pursuant to Initial Public Offering ("IPO") (Note 22)	3,791,114	-	-	-	-	-	3,791,114	-	3,791,114
Issuance of shares pursuant to acquisition of a subsidiary (Notes 14 and 22)	248,491	-	14,794	-	-	-	263,285	-	263,285
<b>Total</b>	4,039,605	-	14,794	1,411	-	-	4,055,810	-	4,055,810
<b>Balance at December 31, 2015</b>	7,248,183	-	718,247	7,604	(157,679)	(1,052,769)	6,763,586	(551,722)	6,211,864

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2015

	Share capital US\$	Share conversion reserve US\$	Other capital reserve US\$	Accumulated profits (losses) US\$	Total US\$
<b>Company</b>					
<b>Balance at January 1, 2014</b>	77,328	223,453	-	18,432	319,213
<i>Total comprehensive income for the year</i>					
Loss for the year	-	-	-	(214,551)	(214,551)
Total	-	-	-	(214,551)	(214,551)
<i>Transaction with owners recognised directly in equity</i>					
Conversion of convertible bond (Note 21)	3,000,000	(223,453)	703,453	-	3,480,000
Issuance of shares (Note 22)	131,250	-	-	-	131,250
Total	3,131,250	(223,453)	703,453	-	3,611,250
<b>Balance at December 31, 2014</b>	3,208,578	-	703,453	(196,119)	3,715,912
<i>Total comprehensive income for the year</i>					
Loss for the year	-	-	-	(1,263,056)	(1,263,056)
Total	-	-	-	(1,263,056)	(1,263,056)
<i>Transaction with owners recognised directly in equity</i>					
Issuance of shares pursuant to IPO (Note 22)	3,791,114	-	-	-	3,791,114
Issuance of shares pursuant to acquisition of a subsidiary (Notes 14 and 22)	248,491	-	14,794	-	263,285
Total	4,039,605	-	14,794	-	4,054,399
<b>Balance at December 31, 2015</b>	7,248,183	-	718,247	(1,459,175)	6,507,255

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	Note	Group	
		2015	2014
		US\$	US\$
<b>Operating activities</b>			
(Loss) Profit before income tax		(6,417,946)	4,574,746
Adjustments for:			
Depreciation of plant and equipment		817,807	547,992
Amortisation of intangible assets		990	82
Negative goodwill arising from acquisition of a subsidiary		-	(249,990)
Reversal of provision for deferred purchase consideration		(807,801)	-
Write off of/Allowance for bad debts		549,095	63,020
Write off of unbilled work undertaken		302,315	-
Write off of plant and equipment		45,635	1,980
Write off of obsolete inventories		279,078	-
Interest expense		171,895	423,847
Interest income		(15,108)	(410)
Share-based payment		1,411	6,193
Operating cash flows before movements in working capital		(5,072,629)	5,367,460
Trade receivables		(1,450,442)	414,694
Other receivables		1,072,323	113,068
Inventories		(522,879)	(368,991)
Trade payables		(1,005,509)	(616,203)
Other payables		2,047,278	329,776
Trade bills discounted with recourse		1,303,907	(1,067,641)
Work in progress		(81,870)	(614,862)
Cash (used in) generated from operations		(3,709,821)	3,557,301
Income tax paid		(166,566)	(21,052)
Interest received		15,108	410
Interest paid		(171,895)	(152,934)
Net cash (used in) from operating activities		(4,033,174)	3,383,725
<b>Investing activities</b>			
Purchase of plant and equipment	(A)	(1,363,805)	(1,820,300)
Investment in intangible assets		-	(8,246)
Acquisition of a subsidiary	(B)	(352,215)	(708,103)
Net cash used in investing activities		(1,716,020)	(2,536,649)

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	Note	Group	
		2015 US\$	2014 US\$
<b>Financing activities</b>			
Loan from (Repayment of loan to) director		121,978	(189,720)
Proceeds from bank loans		1,510,912	2,300,000
Restricted cash		(70,751)	-
Government grant received		140,132	-
Loan receipts from a related party		-	1,500,000
Repayment of loan to a related party		-	(1,500,000)
Dividend paid		-	(950,000)
Repayment of advances to bank		(217,322)	(344,964)
Repayment of finance lease payables		(107,550)	(6,333)
Repayments of bank loans		(1,474,076)	(224,998)
Proceeds from issuance of ordinary shares		-	131,250
Proceeds from IPO		4,161,403	-
IPO share issue costs recognised in share capital		(370,289)	-
Expenses incurred in connection with the IPO	(C)	(1,005,575)	-
Net cash from financing activities		2,688,862	715,235
<b>Net (decrease) increase in cash and cash equivalents</b>			
		(3,060,332)	1,562,311
Cash and cash equivalents at beginning of year		3,112,087	1,567,472
Effects of exchange rate changes on balance of cash held in foreign currencies		11,199	(17,696)
<b>Cash and cash equivalents at end of year (Note 6)</b>		<b>62,954</b>	<b>3,112,087</b>

## Notes

(A) In 2014, the group acquired plant and equipment at an aggregate cost of US\$1,934,649 of which US\$114,349 were acquired under finance leases (Note 20). Cash payment of US\$1,820,300 were made to purchase plant and equipment.

During the financial year, the group has the following non-cash transactions:

(B) The company acquired a subsidiary (Note 14) for a total consideration of US\$615,500 (2014 : US\$Nil) which is made up of :

- (i) issuance of 1,765,893 new shares in the capital of the company amounting to US\$263,285 (2014 : US\$Nil); and
- (ii) cash payment of US\$352,215 (2014 : US\$Nil).

(C) The company incurred IPO share issue expenses of US\$1,091,596 (2014 : US\$358,875) of which US\$1,005,575 (2014 : US\$190,847) were paid during the year. US\$254,049 remains unpaid as at December 31, 2015 and was recorded under "Other Payables".

See accompanying notes to financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 1 GENERAL

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

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

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

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, 2015 were authorised for issue by the Board of Directors on March 28, 2016.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**ADOPTION OF NEW AND REVISED STANDARDS** – On January 1, 2015, the group has adopted all the new and revised FRSs and Interpretations of FRS (“**INT FRS**”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

At the date of authorisation of these financial statements, the following new/revised FRSs, amendments to FRSs that are relevant to the group and company were issued but not effective:

- FRS 109 *Financial Instruments* <sup>(2)</sup>
- FRS 115 *Revenue from Contracts with Customers* <sup>(2)</sup>
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* <sup>(1)</sup>
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation* <sup>(1)</sup>
- Improvements to Financial Reporting Standards (November 2014) <sup>(1)</sup>

<sup>(1)</sup> Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

<sup>(2)</sup> Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs and amendments to FRSs in future periods will not have a material impact on the financial statements of the group and company in the period of their initial adoption except for the following:

### FRS 115 Revenue from Contracts with Customers

In November 2015, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

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

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

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115. Management is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the group in the period of application.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Basis of consolidation (cont'd)

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 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Business combinations (cont'd)

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 in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

**FINANCIAL INSTRUMENTS** – Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

### Effective interest method

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

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial assets

All financial assets are recognised and derecognised on a trade date 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.

### Cash and bank balances

Cash and cash equivalents in the consolidated statements of cash flows comprise cash at bank and on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### Loans and receivables

Trade 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 are initially measured at fair value and subsequently 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 impaired where 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.

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 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. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a 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.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial liabilities and equity instruments

#### Classification as debt or equity

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

#### Equity instruments

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

#### Financial liabilities

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

Interest-bearing bank loans and advances from bank are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

#### Derecognition of financial liabilities

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

#### Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company 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.

#### Convertible bond

Convertible bond is regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component 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.

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

#### The group as lessor

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

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

Work in progress is stated at budgeted cost less actual cost incurred. Budgeted cost of projects in progress is based on percentage of completion of the project.

**PLANT and EQUIPMENT** – 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 over their estimated useful lives, using the straight-line method, on the following bases:

Machinery	5 years to 10 years
Computer equipment	3 years
Administrative equipment	3 years to 10 years
Laboratory equipment	5 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 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.

The group reviews the estimated useful lives, residual value and depreciation method of plant and equipment at the end of each reporting period. During the current financial year, management determined that the useful life of certain items of machinery and administrative equipment should be lengthened to reflect its actual useful lives.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**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 –

#### 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.

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 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

### Interests in joint operations

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### OTHER CAPITAL RESERVE

The other capital reserve represents:

- (i) Share conversion reserve as a result of the equity component of convertible debt instruments (see Note 21); and
- (ii) Other capital reserve which is the excess over the share capital for the conversion of convertible debt instrument 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** – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

### Sale of goods

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

### Rendering of services

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

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

### Interest income

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

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Dividend income

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

**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.

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

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22. 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.

**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 statement of 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 company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted 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.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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).

**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 group entity, 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 (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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 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 management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Reversal of provision for deferred purchase consideration

On November 12, 2014, the company acquired 60.75% equity interest in AWT International Pty Ltd ("**AWT**") which comprises AWT and its subsidiaries ("**AWT Group**") for an initial consideration of US\$1,044,290. The deferred purchase consideration depends on achieving a consolidated net profit before tax before charging interest expense, depreciation and amortisation of AWT ("**EBITDA**") for the financial years ended June 30, 2015 ("**First Earn-Out Target**") and June 30, 2016 and June 30, 2017 ("**Second Earn-Out Target**") respectively. Based on the projection as at December 31, 2014, management was of the view that the total estimated consideration approximated US\$1,852,091 of which US\$807,801 was the deferred purchase consideration which remained unpaid as at December 31, 2014.

Based on the unaudited AWT Group's EBITDA for the financial year ending June 30, 2015, the First Earn-Out Target was not achieved. The budget as prepared by management for the years ending June 30, 2016 and June 30, 2017, for the AWT Group, shows that AWT Group will not be able to achieve the EBITDA as required for the Second Earn-Out target. This is due to general slowdown of the industry. Thus, the deferred purchase consideration of US\$807,801 was reversed to profit or loss in the current financial year (Note 17).

#### Reversal of deferred tax asset recognised from AWT International Pty Ltd and its subsidiaries ("**AWT Group**")

The group had recognised deferred tax assets relating to carried forward tax losses to the extent that there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised, and for those entities that did not have sufficient taxable temporary differences, that there will be sufficient future taxable deductions available to utilise the deferred tax asset raised at the end of the reporting period.

In determining the recoverability of the recognised deferred tax assets, management prepared and reviewed an analysis of estimated future results which support the future realisation of the deferred tax assets.

Based on the budget prepared by management for the year ending June 30, 2016, AWT Group would not be able to utilize the deferred tax asset due to the unpredictability of the future profit streams. The deferred tax asset in relation to AWT Group amounting to US\$2,188,603 (2014 : US\$Nil) has been fully reversed during the current financial year (Note 15).

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

### *Key sources of estimation uncertainty*

#### Revenue

Revenue is recognised by reference to the stage of completion of the contract, which is based on deliverables as agreed with the customer.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the rendering of services, set out in FRS 18 *Revenue* and, in particular whether the group had transferred to the buyer the significant risks and rewards of the ownership of the goods.

#### Work in progress

Work in progress represents accrued costs for projects in progress and is derived from comparing actual costs incurred against budgeted costs for the respective projects in progress. Significant judgement is required to estimate the total contract cost which includes an estimate of any additional costs to complete and an estimate of the expenses to be accrued by reference to the stage of completion of the contract.

The carrying amount of the work in progress is disclosed in Note 10 to the financial statements.

#### Provision for doubtful debts

At the end of each reporting period, management evaluates the collectability of trade and other receivables and records provisions for doubtful debts based on comparison of the relative age of trade receivables and its credit history. As at December 31, 2015, the allowance for doubtful debts is US\$11,184 (2014: US\$63,020).

Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade receivables and bad and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amount of trade and other receivables are stated in Notes 7 and 8 respectively.

#### Useful lives of plant and equipment

As described in Note 2, the group reviews the estimated useful lives of 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 plant and equipment are disclosed in Note 11 to the financial statements.

#### Impairment of goodwill

Management has acquired a subsidiary during the year resulting in a goodwill of US\$317,425 (Note 14). Based on the budget prepared for the year ending December 31, 2016 for the subsidiary, management concluded that there is no impairment of the goodwill.

The carrying amount of goodwill is disclosed in Note 12 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

### (a) *Categories of financial instruments*

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

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	<u>10,266,220</u>	11,857,284	<u>8,559,890</u>	3,702,373
<b>Financial liabilities</b>				
Amortised cost	<u>11,123,997</u>	9,237,764	<u>3,685,553</u>	431,966

### (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 company. 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 23% (2014 : 35%) of total trade receivables at December 31, 2015.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

### (c) *Financial risk management policies and objectives (cont'd)*

#### (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 deposit, loans and advances and finance leases are disclosed in Notes 6, 19 and 20 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, Indian rupee, Papua New Guinea ("PNG") kina 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 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	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
Singapore dollars	279,792	645,731	1,190,109	578,919
Australian dollars	891,178	3,986,026	1,265,155	3,202,758
Euro	208,382	231,859	-	2,961
Brunei dollars	292,039	617,129	917,329	159,165
Indian rupee	664	294,034	4,122	3,079
PNG kina	784	-	552,271	-
Malaysian ringgit	17,136	369,080	355,362	92,989

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

### (c) *Financial risk management policies and objectives (cont'd)*

#### (iii) Foreign currency risk management (cont'd)

The following table shows the sensitivity of the group's loss (2014 : profit) 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	
	2015	2014
	US\$	US\$
<hr/>		
<u>Loss before income tax - increase (decrease)</u>		
<u>(2014 : Profit before income tax - increase (decrease))</u>		
Singapore dollars		
- strengthened by 5%	45,516	3,341
- weakened by 5%	<u>(45,516)</u>	<u>(3,341)</u>
Australian dollars		
- strengthened by 5%	18,699	39,163
- weakened by 5%	<u>(18,699)</u>	<u>(39,163)</u>
Euro		
- strengthened by 5%	(10,419)	11,445
- weakened by 5%	<u>10,419</u>	<u>(11,445)</u>
Brunei dollars		
- strengthened by 5%	31,265	22,898
- weakened by 5%	<u>(31,265)</u>	<u>(22,898)</u>
Indian rupee		
- strengthened by 5%	173	14,548
- weakened by 5%	<u>(173)</u>	<u>(14,548)</u>
PNG kina		
- strengthened by 5%	27,574	-
- weakened by 5%	<u>(27,574)</u>	<u>-</u>
Malaysian ringgit		
- strengthened by 5%	16,911	13,805
- weakened by 5%	<u>(16,911)</u>	<u>(13,805)</u>

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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

### (c) *Financial risk management policies and objectives (cont'd)*

#### (iv) Liquidity risk management

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

#### Non-derivative financial assets

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

	Weighted average effective interest rate %	Within 1 year US\$	Between 2 to 5 years US\$	Adjustment US\$	Total US\$
<b>Group</b>					
<b>2015</b>					
<b>Financial assets</b>					
Non-interest bearing	-	9,895,469	-	-	9,895,469
Fixed interest rate	0.200	70,893	-	(142)	70,751
Fixed interest rate	0.063	300,188	-	(188)	300,000
Total		10,266,550	-	(330)	10,266,220
<b>2014</b>					
<b>Financial assets</b>					
Non-interest bearing	-	9,069,310	-	-	9,069,310
Fixed interest rate	3.25	-	577,562	(18,180)	559,382
Fixed interest rate	0.063	300,190	-	(190)	300,000
Floating interest rate	0.01	1,928,784	-	(192)	1,928,592
Total		11,298,284	577,562	(18,562)	11,857,284
<b>Company</b>					
<b>2015</b>					
<b>Financial assets</b>					
Non-interest bearing	-	6,006,954	-	-	6,006,954
Fixed interest rate	10.70	-	3,235,847	(682,911)	2,552,936
Total		6,006,954	3,235,847	(682,911)	8,559,890
<b>2014</b>					
<b>Financial assets</b>					
Non-interest bearing	-	1,254,436	-	-	1,254,436
Fixed interest rate	10.70	-	2,605,437	(157,500)	2,447,937
Total		1,254,436	2,605,437	(157,500)	3,702,373

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

### (c) *Financial risk management policies and objectives (cont'd)*

#### (iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate %	Within 1 year US\$	Between 2 to 5 years US\$	Adjustment US\$	Total US\$
<b>Group</b>					
<b>2015</b>					
<b>Financial liabilities</b>					
Non-interest bearing	-	6,380,402	-	-	6,380,402
Fixed interest rate	2.280	20,130	72,693	(4,315)	88,508
Fixed interest rate	3.250	7,499	-	(236)	7,263
Fixed interest rate	7.500	39,281	50,562	(7,074)	82,769
Fixed interest rate	4.640	77,610	-	(2,610)	75,000
Fixed interest rate	4.140	676,910	331,728	(33,638)	975,000
Fixed interest rate	4.390	260,975	238,389	(20,197)	479,167
Fixed interest rate	4.140	151,345	-	(1,345)	150,000
Fixed interest rate	5.500	387,840	358,754	(38,922)	707,672
Fixed interest rate	3.890	27,052	-	(261)	26,791
Fixed interest rate	5.500	565,936	-	(7,676)	558,260
Fixed interest rate	3.890	1,057,908	-	(10,189)	1,047,719
Fixed interest rate	6.500	51,165	-	(818)	50,347
Fixed interest rate	4.500	517,378	-	(22,279)	495,099
Total		10,221,431	1,052,126	(149,560)	11,123,997
<b>2014</b>					
<b>Financial liabilities</b>					
Non-interest bearing	-	6,030,533	-	-	6,030,533
Fixed interest rate	2.28	24,284	95,009	(11,278)	108,015
Fixed interest rate	4.94	104,940	78,705	(8,645)	175,000
Fixed interest rate	4.04	260,096	688,132	(73,226)	875,002
Fixed interest rate	3.54	1,315,340	-	(15,340)	1,300,000
Fixed interest rate	3.79	245,655	-	(1,542)	244,113
Fixed interest rate	4.19	348,629	-	(2,418)	346,211
Fixed interest rate	7.50	96,229	92,637	(29,976)	158,890
Total		8,425,706	954,483	(142,425)	9,237,764
<b>Company</b>					
<b>2015</b>					
<b>Financial liabilities</b>					
Non-interest bearing	-	2,711,287	-	-	2,711,287
Fixed interest rate	4.390	260,975	238,389	(20,197)	479,167
Fixed interest rate	4.500	517,378	-	(22,279)	495,099
Total		3,489,640	238,389	(42,476)	3,685,553
<b>2014</b>					
<b>Financial liabilities</b>					
Non-interest bearing	-	431,966	-	-	431,966
Total		431,966	-	-	431,966

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

### (c) *Financial risk management policies and objectives (cont'd)*

#### (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. Management is of the opinion that the carrying amount of the interest bearing bank loans approximate their fair value due to market interest rate charged.

The group had no financial assets or liabilities carried at fair value as at December 31, 2015 and 2014, except as disclosed below.

Fair value hierarchy	Level	Group	
		2015 US\$	2014 US\$
<u>Financial liabilities</u>			
Deferred purchase consideration <sup>(1)</sup>	3	-	807,801

(1) In 2014, deferred purchase consideration for acquisition of a subsidiary was classified as level 3 in the fair value hierarchy. The cash flow method was used to capture the expected future economic benefits that will flow out of the group arising from the contingent consideration. No discount rate is adopted as the contingent consideration arrangement would mature in 3 years and the effect of discounting to present value would be immaterial. The amount was reversed during the year (Note 17).

### (d) *Capital risk management policies and objectives*

The group manages its capital to ensure that it 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) profits.

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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 5 RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Loan from a director	<b>326,000</b>	204,022	<b>326,000</b>	223,609

In addition to the information disclosed elsewhere in the financial statements, the group entered into the following significant transactions as follows:

	Group	
	2015 US\$	2014 US\$
Interest charged by a related party	-	50,417
Loan from a related party	-	1,500,000
Loan repayment to a related party	-	(1,500,000)

### *Compensation of director and key management personnel*

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

	Group	
	2015 US\$	2014 US\$
Salaries, bonuses and other short-term benefits	2,027,510	965,109

## 6 CASH AND BANK BALANCES

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Cash at bank	<b>546,398</b>	3,103,302	<b>24,295</b>	69,786
Cash on hand	<b>11,655</b>	8,785	<b>2,211</b>	-
Fixed deposits	<b>370,751</b>	300,000	-	-
Total	<b>928,804</b>	3,412,087	<b>26,506</b>	69,786
Less: Restricted cash (Note 19)	<b>(370,751)</b>	(300,000)	-	-
Less: Bank overdrafts (Note 19)	<b>(495,099)</b>	-	-	-
Cash and cash equivalents as shown in the statement of cash flows	<b>62,954</b>	3,112,087	<b>26,506</b>	69,786

Fixed deposits placed with banks bear interest at average effective interest of 0.131% (2014 : 0.063%) per annum. The fixed deposits have an average maturity period of 5 (2014 : 8) months from the end of the financial year ended December 31, 2015.

Restricted cash is pledged as a security for banking facilities as disclosed in Note 19 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 7 TRADE RECEIVABLES

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Outside parties	9,016,534	7,416,945	-	-
Less: Allowance for doubtful debts	(11,184)	(63,020)	-	-
Subsidiary (Note 5)	-	-	3,537,731	127,452
	<b>9,005,350</b>	<b>7,353,925</b>	<b>3,537,731</b>	<b>127,452</b>

The average credit period on revenue from outside parties and subsidiaries is 30 days (2014 : 30 days). No interest is charged on overdue trade receivables. The group and company makes specific allowance on a case-by-case basis for its receivables. 68% (2014 : 73%) of the group's trade receivables are neither past due nor impaired and relate to customers that the group has assessed to be creditworthy, based on the credit evaluation process performed by management.

*Movement in the allowance for doubtful debts:*

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Balance at beginning of the financial year	63,020	-	-	-
Allowance written off	(51,836)	-	-	-
Increase in allowance arising from acquisition of a subsidiary	-	63,020	-	-
Balance at end of the financial year	<b>11,184</b>	<b>63,020</b>	<b>-</b>	<b>-</b>

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

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Not past due and not impaired	6,110,164	5,376,435	3,487,943	47,618
Past due but not impaired <sup>(i)</sup>	2,895,186	1,977,490	49,788	79,834
Total	<b>9,005,350</b>	<b>7,353,925</b>	<b>3,537,731</b>	<b>127,452</b>

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

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
< 3 months	1,979,140	1,273,097	49,788	79,834
more than 3 months	916,046	704,393	-	-
	<b>2,895,186</b>	<b>1,977,490</b>	<b>49,788</b>	<b>79,834</b>

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

Included in trade receivables are US\$1,656,326 (2014 : US\$346,211) which have been securitised to the bank as trade bills discounted with recourse (Note 18).

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 8 OTHER RECEIVABLES

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
<u>Current</u>				
Deposits	325,393	298,668	113,570	1,202
Goods and services tax receivable	221,190	184,641	19,893	11,709
Prepayments	435,400	555,012	108,296	93,343
Withholding tax receivable	649,623	844,859	192,923	61,375
Amount receivable from subsidiaries	-	-	2,329,147	1,044,289
Advances	385,071	449,524	120,082	-
Others	6,673	48,581	-	-
<b>Total</b>	<b>2,023,350</b>	<b>2,381,285</b>	<b>2,883,911</b>	<b>1,211,918</b>
<u>Non-current</u>				
Deposits	-	559,382	-	-
Loan receivable from a subsidiary <sup>(1)</sup>	-	-	2,552,936	2,447,935
<b>Total</b>	<b>-</b>	<b>559,382</b>	<b>2,552,936</b>	<b>2,447,935</b>

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

(1) The loan to a subsidiary is unsecured, repayable on July 1, 2018 (2014: July 1, 2016) and has an effective interest rate of 10.7% per annum.

## 9 INVENTORIES

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Raw material, at cost	352,893	101,031	-	-
Finished goods, at cost	560,864	568,925	-	-
<b>Total inventories, at cost</b>	<b>913,757</b>	<b>669,956</b>	<b>-</b>	<b>-</b>

The cost of inventories recognised as an expense includes US\$279,078 (2014 : US\$Nil) in respect of write off of obsolete inventories.

## 10 WORK IN PROGRESS

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Contract costs incurred plus recognised profits	8,594,467	2,803,941	-	-
Less: Progress billing	(8,539,933)	(2,528,962)	-	-
<b>Total</b>	<b>54,534</b>	<b>274,979</b>	<b>-</b>	<b>-</b>

Included in work in progress is the retention sums of US\$185,422 (2014 : US\$Nil) as at December 31, 2015.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 11 PLANT AND EQUIPMENT

	Machinery US\$	Computer equipment US\$	Administrative equipment US\$	Laboratory equipment US\$	Motor vehicle US\$	Leased assets US\$	Total US\$
<b>Group</b>							
Cost:							
At January 1, 2014	2,838,578	122,286	346,380	83,259	-	-	3,390,503
Additions	1,518,642	20,748	147,698	21,466	226,095	-	1,934,649
Acquisition of a subsidiary	-	395,051	507,457	-	-	977,900	1,880,408
Disposals	-	-	-	(3,600)	-	(283,056)	(286,656)
Exchange differences	-	(13,762)	(17,678)	-	-	(34,066)	(65,506)
At December 31, 2014	4,357,220	524,323	983,857	101,125	226,095	660,778	6,853,398
Additions	847,163	44,834	462,363	9,445	-	-	1,363,805
Acquisition of a subsidiary	-	846,390	227,562	-	-	-	1,073,952
Disposals	-	-	(108,928)	-	-	-	(108,928)
Exchange differences	87,655	(50,974)	(75,132)	(13,600)	-	(72,526)	(124,577)
At December 31, 2015	5,292,038	1,364,573	1,489,722	96,970	226,095	588,252	9,057,650
Accumulated depreciation:							
At January 1, 2014	592,767	61,656	80,166	18,498	-	-	753,087
Depreciation	387,787	42,594	84,062	17,730	5,652	10,167	547,992
Acquisition of a subsidiary	-	328,806	306,852	-	-	807,980	1,443,638
Disposals	-	-	-	(1,620)	-	(283,056)	(284,676)
Exchange differences	-	(11,454)	(10,689)	-	-	(28,147)	(50,290)
At December 31, 2014	980,554	421,602	460,391	34,608	5,652	506,944	2,409,751
Depreciation	512,966	50,066	174,391	17,802	22,610	39,972	817,807
Acquisition of a subsidiary	-	830,345	211,137	-	-	-	1,041,482
Disposals	-	-	(63,293)	-	-	-	(63,293)
Exchange differences	(4,634)	(64,797)	(41,014)	(2,919)	-	(56,554)	(169,918)
At December 31, 2015	1,488,886	1,237,216	741,612	49,491	28,262	490,362	4,035,829
Carrying amount:							
At December 31, 2015	3,803,152	127,357	748,110	47,479	197,833	97,890	5,021,821
At December 31, 2014	3,376,666	102,721	523,466	66,517	220,443	153,834	4,443,647

As at December 31, 2015, motor vehicle with carrying amount of US\$197,833 (2014 : US\$220,443) and leased assets with carrying amount of US\$97,890 (2014 : US\$153,834) are under finance lease arrangements disclosed in Note 20 to the financial statements. All plant and equipment of two subsidiaries (2014 : one) are pledged as security for banking facilities disclosed in Note 19 to the financial statements. The finance lease on a motor vehicle is guaranteed by a director.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 11 PLANT AND EQUIPMENT (CONT'D)

	Machinery US\$	Computer equipment US\$	Administrative equipment US\$	Total US\$
<b>Company</b>				
Cost:				
At January 1, 2014, December 31, 2014 and January 1, 2015	-	-	-	-
Additions	6,165	43,708	488,595	538,468
At December 31, 2015	<u>6,165</u>	<u>43,708</u>	<u>488,595</u>	<u>538,468</u>
Accumulated amortisation:				
At January 1, 2014, December 31, 2014 and January 1, 2015	-	-	-	-
Depreciation	261	14,182	92,247	106,690
At December 31, 2015	<u>261</u>	<u>14,182</u>	<u>92,247</u>	<u>106,690</u>
Carrying amount:				
At December 31, 2015	<u>5,904</u>	<u>29,526</u>	<u>396,348</u>	<u>431,778</u>
At December 31, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 12 GOODWILL

	Group US\$
Cost:	
At January 1, 2014, and December 31, 2014	-
Arising on acquisition of a subsidiary (Note 14)	317,425
At December 31, 2015	<u>317,425</u>
Carrying amount:	
At December 31, 2015	<u>317,425</u>
At December 31, 2014	<u>-</u>

On October 12, 2015, the company acquired 100% equity interest in Marine Engineering Services Pte. Ltd. ("MESPL") for a total consideration of US\$615,500 and resulted a goodwill of US\$317,425. Goodwill acquired was allocated to the cash generating units ("CGUs") that are expected to benefit from that business combination.

At December 31, 2015, management is of the opinion that no impairment is required as the acquisition occurred close to the end of current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 13 INTANGIBLE ASSETS

	Material Development <sup>(1)</sup> US\$	Trademarks <sup>(2)</sup> US\$	Total US\$
<b>Group</b>			
Cost:			
At January 1, 2014	48,636	-	48,636
Additions during the year	-	8,246	8,246
At December 31, 2014 and at December 31, 2015	<u>48,636</u>	<u>8,246</u>	<u>56,882</u>
Accumulated amortisation:			
At January 1, 2014	-	-	-
Amortisation	-	82	82
At December 31, 2014	-	82	82
Amortisation	-	990	990
At December 31, 2015	<u>-</u>	<u>1,072</u>	<u>1,072</u>
Carrying amount:			
At December 31, 2015	<u>48,636</u>	<u>7,174</u>	<u>55,810</u>
At December 31, 2014	<u>48,636</u>	<u>8,164</u>	<u>56,800</u>

	Trademarks US\$
<b>Company</b>	
Cost:	
At January 1, 2014	-
Additions during the year	8,246
At December 31, 2014 and at December 31, 2015	<u>8,246</u>
Accumulated amortisation:	
At January 1, 2014	-
Amortisation	82
At December 31, 2014	82
Amortisation	990
At December 31, 2015	<u>1,072</u>
Carrying amount:	
At December 31, 2015	<u>7,174</u>
At December 31, 2014	<u>8,164</u>

(1) The capitalised material development cost has an indefinite useful life as it pertains to proprietary material development information used in its advanced material solutions business.

(2) The trademarks have finite useful lives, over which they are amortised over their respective estimated useful lives, which is on average 10 years.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 14 SUBSIDIARIES

	Company	
	2015 US\$	2014 US\$
Unquoted equity shares, at cost	<b>907,600</b>	291,100

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

Name of subsidiary	Country of incorporation and operations	Effective equity interest		Principal activities
		2015 %	2014 %	
<i>Held by the company:</i>				
Nautic Offshore Pte. Ltd. <sup>(1)</sup>	Singapore	<b>100</b>	100	Offshore engineering
Nautic Marine Pte. Ltd. <sup>(1)</sup>	Singapore	<b>100</b>	100	Offshore engineering
Nautic Materials Sdn. Bhd. <sup>(2)</sup>	Malaysia	<b>100</b>	100	Engineering and manufacturing works
Nautic India Private Limited <sup>(3)</sup>	India	<b>99.99</b> <sup>(4)</sup>	99.99 <sup>(4)</sup>	Offshore engineering
Nautic (B) Sdn. Bhd. <sup>(5)</sup>	Brunei	– <sup>(6)</sup>	– <sup>(6)</sup>	Offshore engineering
Nautic Australia Pty Ltd <sup>(2)</sup>	Australia	<b>100</b>	100	Investment holdings
NauticAWT (Mauritius) Pte. Ltd. <sup>(7)(8)</sup>	Mauritius	<b>100</b>	–	Dormant
Marine Engineering Services Pte. Ltd. <sup>(9)(10)</sup>	Singapore	<b>100</b>	–	Engineering consultancy
<i>Held by the Nautic Australia Pty Ltd:</i>				
AWT International Pty Ltd <sup>(11)(18)</sup>	Australia	<b>60.75</b>	60.75	Engineering consultancy
<i>Held by Nautic Offshore Pte. Ltd.:</i>				
Nautic Offshore Mexico S.A de C.V. <sup>(8)</sup>	Mexico	<b>96</b> <sup>(12)</sup>	96 <sup>(12)</sup>	Offshore engineering
Nautic Middle East DMCC <sup>(13)</sup>	United Arab Emirates	<b>100</b>	100	Offshore engineering
<i>Held by AWT International Pty Ltd:</i>				
Advanced Well Technologies (Malaysia) Pty Ltd <sup>(11)</sup>	Australia	<b>100</b>	100	Engineering consultancy
Advanced Well Technologies (India) Pty Ltd <sup>(11)</sup>	Australia	<b>80</b>	80	Engineering consultancy
Energy Asset Innovation (EAI) Pty Ltd <sup>(11)</sup>	Australia	<b>100</b>	100	Engineering consultancy
MBA Petroleum Consultants Pty Ltd	Australia	– <sup>(14)</sup>	100	Engineering consultancy
AWT (India) Pty Ltd <sup>(11)</sup>	Australia	<b>100</b>	100	Engineering consultancy
AWT International (Asia) Sdn. Bhd. <sup>(15)(18)</sup>	Malaysia	<b>100</b>	100	Engineering consultancy
AWT International (PNG) Sdn. Bhd. <sup>(15)(18)</sup>	Malaysia	<b>100</b>	100	Engineering consultancy
AWT International (Tanzania) Limited <sup>(11)(19)</sup>	Tanzania	<b>100</b>	–	Dormant
<i>Held by AWT International (Asia) Sdn. Bhd.:</i>				
HMS Energy Sdn. Bhd. <sup>(15)</sup>	Malaysia	<b>49</b> <sup>(16)</sup>	49 <sup>(16)</sup>	Engineering consultancy
AWT International (Decommissioning) Sdn. Bhd. <sup>(15)(17)</sup>	Malaysia	<b>100</b>	–	Dormant

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 14 SUBSIDIARIES (CONT'D)

- (1) Audited by Deloitte & Touche LLP, Singapore.
- (2) Audited by overseas practices of Deloitte & Touche.
- (3) Audited by Nangia & Co. Chartered Accountant, India.
- (4) The remaining share is held by an employee for the company.
- (5) Audited by Lee Corporatehouse Associates, Brunei.
- (6) Nautic (B) Sdn. Bhd. is a locally owned entity but controlled by NauticAWT Limited through a franchising and management agreement. Based on the management agreement, the company has consolidated Nautic (B) Sdn. Bhd. in accordance with the definition of control under FRS 110 *Consolidated Financial Statements*.
- (7) NauticAWT (Mauritius) Pte. Ltd. was incorporated on August 17, 2015.
- (8) These subsidiaries are exempt from audit.
- (9) Marine Engineering Services Pte. Ltd. was acquired by the company on October 12, 2015.
- (10) Audited by PricewaterhouseCoopers, Singapore.
- (11) Audited by BDO Brisbane.
- (12) The remaining share is held by a director, an employee and a nominee for the company.
- (13) Audited by Talal Abu-Ghazaleh & Co. International, United Arab Emirates.
- (14) MBA Petroleum Consultants Pty Ltd was deregistered on April 6, 2015.
- (15) Audited by BDO Malaysia.
- (16) The 49% equity interest in HMS Energy Sdn. Bhd. is via a shareholders' agreement with HMS Oil and Gas Sdn. Bhd.
- (17) The 2 shares were previously held by 2 employees. On September 28, 2015, both shares were transferred to AWT International (Asia) Sdn. Bhd.
- (18) Audited by Deloitte & Touche LLP, Singapore for group consolidation purposes.
- (19) AWT International (Tanzania) Limited was incorporated on December 7, 2015.

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

Name of subsidiary	Country of incorporation and operations	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		%	%	US\$	US\$	US\$	US\$
AWT International Pty Ltd	Australia	39.25%	39.25%	(1,910,317)	173,284	(551,722)	1,471,034

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 14 SUBSIDIARIES (CONT'D)

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

	AWT International Pty Ltd and its subsidiaries ("AWT Group")	
	December 31, 2015	December 31, 2014
	US\$	US\$
Current assets	1,704,964	4,950,606
Non-current assets	365,462	3,108,938
Current liabilities	3,421,352	4,212,275
Non-current liabilities	54,737	99,413
(Deficit) Equity attributable to owners	(853,941)	2,276,822
Non-controlling interests	(551,722)	1,471,034
Revenue	11,600,577	2,671,762
Cost of sales	(10,532,059)	(2,267,820)
Gross profit	1,068,518	403,942
Other income	354,575	58,100
Expenses	(4,028,254)	(336,466)
(Loss) Profit before tax	(2,605,161)	125,576
Tax (expense) credit	(2,261,889)	315,913
(Loss) Profit for the year	(4,867,050)	441,489
Other comprehensive income for the year attributable to:		
- Owner of the company	(174,029)	(93,465)
- Non-controlling interests	(112,439)	(60,386)
Total comprehensive income for the year attributable to:		
- Owner of the company	(3,130,762)	174,740
- Non-controlling interests	(2,022,756)	112,898
Net cash (outflow) inflow from operating activities	(2,190,356)	2,016,985
Net cash (outflow) from investing activities	(92,146)	-
Net cash inflow (outflow) from financing activities	706,926	(412,870)

### 2015

#### Acquisition of Marine Engineering Services Pte. Ltd. ("MESPL")

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 14 SUBSIDIARIES (CONT'D)

2015 (cont'd)

Assets acquired and liabilities translated at the date of acquisition

Marine Engineering Services Pte. Ltd.	US\$
<b>Current assets</b>	
Trade receivables	567,251
Other receivables	138,957
Total current assets	<u>706,208</u>
<b>Non-current assets</b>	
Plant and equipment (Note 11)	32,470
Total non-current assets	<u>32,470</u>
<b>Total assets</b>	<u>738,678</u>
<b>Current liabilities</b>	
Trade payables	39,028
Other payables	392,672
Finance leases	8,903
Total current liabilities, representing total liabilities	<u>440,603</u>
<b>Net assets acquired and liabilities assumed</b>	<u>298,075</u>
<b>Goodwill arising on acquisition</b>	
	<b>US\$</b>
Total consideration	615,500
Less: Fair value of identifiable net assets acquired	(298,075)
Goodwill arising on acquisition (Note 12)	<u>317,425</u>

**Net cash outflow on acquisition of MESPL**

	US\$
Consideration paid in cash	<u>352,215</u>

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

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

### Impact of acquisitions on the results of the group

Included in the loss for the year is US\$333,638 attributable to the additional business generated by MESPL. Revenue for the period from MESPL amounted US\$841,354.

Had the business combination during the year been effected at January 1, 2015, the revenue of the group from continuing operations would have been US\$26,428,073, and the loss for the year from continuing operations would have been US\$3,131,120.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 14 SUBSIDIARIES (CONT'D)

### 2014

#### Acquisition of AWT International Pty Ltd ("AWT")

On November 12, 2014, the company acquired 60.75% equity interest in AWT which comprises of AWT and its subsidiaries ("AWT Group") for an initial consideration of US\$1,044,290. Depending on the consolidated net profit before tax before charging interest expense, depreciation and amortisation of AWT Group ("EBITDA") for the financial years ended June 30, 2015 and June 30, 2017 respectively, the total consideration may increase. Based on the projection as at December 31, 2014, management is of the view that the total estimated consideration approximates US\$1,852,091.

#### Consideration transferred (at acquisition date fair values)

	US\$
Cash paid	1,044,290
Contingent consideration arrangement <sup>(1)</sup>	807,801
Total	<u>1,852,091</u>

(1) The contingent consideration requires the group to pay the vendors an additional consideration based on higher of (i) the proportion of EBITDA of the consolidated sub-group subsidiary's contribution for period July 1, 2014 to June 30, 2015 ("First EBITDA") multiplied by a factor of 3.9 plus the proportion of cumulative EBITDA of the consolidated sub-group subsidiary's contribution July 1, 2015 to June 30, 2017 that exceeds two times the FIRST EBITDA multiplied by a factor of 3.51 less payments previously made; or (ii) Nil. Assessments and amounts are payable in two tranches at the end of AWT Group's financial periods ending June 30, 2015 and 2017 respectively.

Acquisition-related costs amounting to US\$197,159 have been excluded from the consideration transferred and have been recognised as an expense in the financial year ended December 31, 2014, within the 'Administrative Expenses' line item in the statement of profit or loss and other comprehensive income.

#### Assets acquired and liabilities translated at the date of acquisition

AWT International Pty Ltd and its subsidiaries	US\$
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	336,187
Trade receivables	4,807,551
Other receivables	783,963
Work in progress	156,536
Total current assets	<u>6,084,237</u>
<b>Non-current assets</b>	
Plant and equipment	436,770
Deferred tax asset	2,057,968
Other receivables	579,490
Total non-current assets	<u>3,074,228</u>
<b>Total assets</b>	<u>9,158,465</u>
<b>LIABILITIES AND EQUITY</b>	
<b>Current liabilities</b>	
Trade payables	2,902,785
Other payables	1,794,365
Liabilities for trade bills discounted with recourse	425,858
Finance leases	84,853
Tax payables	385,471
Total current liabilities	<u>5,593,332</u>
<b>Non-current liabilities</b>	
Provisions	23,230
Finance leases	81,686
Total non-current liabilities	<u>104,916</u>
<b>Total liabilities</b>	<u>5,698,248</u>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 14 SUBSIDIARIES (CONT'D)

2014 (cont'd)

Assets acquired and liabilities translated at the date of acquisition (cont'd)

AWT International Pty Ltd and its subsidiaries	US\$
<b>Capital and reserve</b>	
Share capital	7,951,340
Share based payments reserve	366,685
Foreign currency translation reserve	(162,382)
Accumulated losses	(4,695,426)
Total capital and reserve	<u>3,460,217</u>
<b>Total liabilities and equity</b>	<u>9,158,465</u>
<b>Gain arising on acquisition</b>	
Total consideration	1,852,091
Plus: Non-controlling interest	1,358,136
Less: Fair value of identifiable net assets acquired	(3,460,217)
Gain arising on acquisition	<u>(249,990)</u>

Gain arose in the acquisition of AWT as AWT underwent significant restructuring that culminated in a number of redundancies and the relocation of the corporate functions from Perth to Brisbane.

Net cash outflow on acquisition of subsidiary:

	US\$
Consideration paid in cash	1,044,290
Less: Cash and cash equivalent balances acquired	(336,187)
	<u>708,103</u>

### Impact of acquisitions on the results of the group

Included in the profit for the year is US\$449,279 attributable to the additional business generated by AWT Group. Revenue for the period from AWT Group amounted US\$2,671,762.

Had the business combination during the year been effected at January 1, 2014, the revenue of the group from continuing operations would have been US\$45,099,896, and the profit for the year from continuing operations would have been US\$4,445,502.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 15 DEFERRED TAX (LIABILITIES) ASSETS

	Group		Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Deferred tax (liabilities) assets	<b>(99,844)</b>	2,088,759	-	-

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

	Accelerated tax depreciation US\$	Unutilised capital allowances US\$	Employee benefits US\$	Accrued revenue US\$	Accruals US\$	Provisions US\$	Total US\$
Balance at January 1, 2014	66,849	67,722	-	-	-	-	134,571
Acquisition of subsidiary (Note 12)	4,482	1,847,741	113,639	(35,823)	47,084	80,845	2,057,968
(Charge) Credit to profit or loss for the year	(340,890)	208,725	(1,601)	(411)	(2,753)	-	(136,930)
Effect of change in tax rate	481	41,574	(1,224)	(314)	(2,106)	-	38,411
Exchange difference	(258)	1,395	(3,700)	1,314	(1,196)	(2,816)	(5,261)
Balance at December 31, 2014	(269,336)	2,167,157	107,114	(35,234)	41,029	78,029	2,088,759
Credit (Charge) to profit or loss for the year	169,492	(2,167,157)	(107,114)	35,234	(41,029)	(78,029)	(2,188,603)
<b>Balance at December 31, 2015</b>	<b>(99,844)</b>	-	-	-	-	-	<b>(99,844)</b>

During the financial year ended December 31, 2015, the group reversed its deferred tax assets previously recognised of US\$2,188,603 (2014: US\$Nil) due to the unpredictability of future profit streams.

Subject to the agreement by the tax authorities, at the end of the reporting period, the group has unutilised tax losses of US\$7,077,392 (2014 : US\$2,024,191) available for offset against future profits. No deferred tax asset has been recognised in respect of the unutilised tax losses (2014 : US\$Nil) due to the unpredictability of future profit streams. 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.

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\$358,739 (2014 : US\$315,095). 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 16 TRADE PAYABLES

	Group		Company	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
Outside parties	<u>2,245,954</u>	<u>3,114,127</u>	-	-

The average credit period on purchase of goods and services from outside parties is 30 days (2014 : 30 days). No interest is charged on overdue trade payables.

## 17 OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
<b>Current</b>				
Accrued expenses	722,485	591,980	108,362	15,765
Other payables due to subsidiaries	-	-	1,450,054	122,102
Advances from customer	-	8,201	-	-
Other payables	1,019,051	301,739	597,045	70,491
Accrued project costs	893,739	237,629	-	-
Goods and service tax payable	141,762	136,031	-	-
Provision for employee entitlement	1,022,904	1,182,638	229,826	-
Deferred purchase consideration for acquisition of a subsidiary <sup>(1)</sup>	-	215,466	-	-
<b>Total</b>	<u>3,799,941</u>	<u>2,673,684</u>	<u>2,385,287</u>	<u>208,358</u>
<b>Non-current</b>				
Provision for employee entitlement	8,508	22,421	-	-
Deferred purchase consideration for acquisition of a subsidiary <sup>(1)</sup>	-	592,335	-	-
<b>Total</b>	<u>8,508</u>	<u>614,756</u>	<u>-</u>	<u>-</u>

(1) On November 12, 2014, the company acquired 60.75% equity interest in AWT International Pty Ltd ("AWT") which comprises AWT and its subsidiaries ("AWT Group") for an initial consideration of US\$1,044,290. The deferred purchase consideration depends on achieving a consolidated net profit before tax before charging interest expense, depreciation and amortisation of AWT ("EBITDA") for the financial years ended June 30, 2015 ("First Earn-Out Target") and June 30, 2016 and June 30, 2017 ("Second Earn-Out Target") respectively. Based on the projection as at December 31, 2014, management was of the view that the total estimated consideration approximated US\$1,852,091 of which US\$807,801 was the deferred purchase consideration which remained unpaid as at December 31, 2014.

Based on the unaudited AWT Group's EBITDA for the financial year ended June 30, 2015, the First Earn-Out Target was not achieved. The budget as prepared by management for the years ended June 30, 2016 and June 30, 2017, for the AWT Group, shows that AWT Group will not be able to achieve the EBITDA as required for the Second Earn-Out Target. This is due to general slowdown of the industry. Thus, the deferred purchase consideration of US\$807,801 was reversed to profit or loss in the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 18 LIABILITIES FOR TRADE BILLS DISCOUNTED WITH RECOURSE

The following were the financial assets of the group as at December 31, 2015 that were securitized 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 7). 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	
	2015	2014
	US\$	US\$
Carrying amount of transferred assets	1,656,326	346,211
Carrying amount of associated liabilities	(1,656,326)	(346,211)
Net position	-	-

The above liabilities for trade bills discounted with recourse are repayable within one year. The effective interest rate for the trade bills discounted with recourse is 5.30% (2014 : 4.19%) per annum.

## 19 BANK LOAN AND ADVANCES

	Group		Company	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
<b>Current</b>				
Trade advances	26,791	244,113	-	-
Bank overdraft (Note 6)	495,099	-	495,099	-
Bank loan 1	75,000	100,000	-	-
Bank loan 2	-	249,996	-	-
Bank loan 3	-	1,300,000	-	-
Bank loan 4	650,000	-	-	-
Bank loan 5	250,000	-	250,000	-
Bank loan 6	150,000	-	-	-
Bank loan 7	367,621	-	-	-
	<b>2,014,511</b>	<b>1,894,109</b>	<b>745,099</b>	<b>-</b>
<b>Non-current</b>				
Bank loan 1	-	75,000	-	-
Bank loan 2	-	625,006	-	-
Bank loan 4	325,000	-	-	-
Bank loan 5	229,167	-	229,167	-
Bank loan 7	340,050	-	-	-
	<b>894,217</b>	<b>700,006</b>	<b>229,167</b>	<b>-</b>

All trade advances and bank loans are denominated in United States dollars except for bank loan 7 which is denominated in Brunei dollars. The bank loans are secured by the following:

- Assignment of an insurance policy;
- A charge of US\$370,751 (2014 : US\$300,000) over all term deposit accounts of two subsidiaries (2014 : one) (Note 6); and
- Fixed charge over all assets of two subsidiaries (2014 : one) (Note 11).

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 19 BANK LOAN AND ADVANCES (CONT'D)

### Trade advances

Trade advances carry different interest rates based on the currencies of the advances. For drawings in foreign currency, interest is charged at 3.25% per annum over the bank's cost of fund, as conclusively determined by the bank from time to time. For drawings in SGD, the interest charge is the bank's prevailing Prime Lending Rate, as published from time to time. The effective interest rate for the trade advances is 3.89% (2014 : 3.79%) per annum.

### Bank overdraft

Bank overdraft is charged at 1.25% per annum over the bank's prevailing United States dollar Prime Lending Rate. The effective interest rate for the bank overdraft is 4.50% (2014 : Nil) per annum.

### Bank loan 1

The interest rate is at 4% per annum above the bank's prevailing three-month Cost of Funds. Bank loan 1 is repayable over 36 monthly instalments commencing from October 11, 2013. The effective interest rate is 4.64% (2014 : 4.94%) per annum.

### Bank loan 2

The interest rate is at 3.5% per annum above the bank's prevailing Cost of Funds. Bank loan 2 is repayable over 48 monthly instalments commencing from July 21, 2014. The effective interest rate is 4.14% (2014 : 4.04%) per annum. It was fully repaid on July 9, 2015.

### Bank loan 3

The interest rate is at 3% per annum above the bank's prevailing Cost of Funds. The effective interest rate is 3.64% (2014 : 3.54%) per annum. The bank revolving loan matured on April 27, 2015 and was rolled over under the revolving facility arrangement and cancelled on June 2, 2015. On June 2, 2015, the subsidiary entered into an arrangement to refinance bank loan 3 into a 24-month term loan which is bank loan 4.

### Bank loan 4

The interest rate is at 3.5% per annum above the bank's 3-month United States dollars Cost of Funds. Bank loan 4 is repayable over 24 monthly instalments commencing from July 2, 2015. The effective interest rate is 4.14% (2014 : Nil) per annum.

### Bank loan 5

The interest rate is at 3.75% per annum above the bank's United States dollars 3-month London Interbank Offered rate ("LIBOR"). Bank loan 5 is repayable over 24 monthly instalments commencing from December 28, 2015. The effective interest rate is 4.39% (2014 : Nil) per annum.

### Bank loan 6

The interest rate is at 3.5% per annum above the bank's prevailing 3-month LIBOR. The bank revolving loan will mature on March 24, 2016 and is repayable in full upon maturity. The effective interest rate is 4.14% (2014 : Nil) per annum.

### Bank loan 7

The interest rate is at the bank's Prime Lending Rate per annum. Bank loan 7 is repayable over 29 monthly instalments commencing from August 31, 2015. The effective interest rate is 5.5% (2014 : Nil) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 20 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Amounts payable under finance leases:				
Within one year	68,378	120,513	63,485	102,064
In the second to fifth years inclusive	121,856	187,646	115,055	164,841
	<b>190,234</b>	<b>308,159</b>	<b>178,540</b>	<b>266,905</b>
Less: Future finance charges	(11,695)	(41,254)	-	-
Present value of lease obligations	<b>178,539</b>	<b>266,905</b>	<b>178,540</b>	<b>266,905</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<b>(63,485)</b>	<b>(102,064)</b>
Amount due for settlement after 12 months			<b>115,055</b>	<b>164,841</b>

The lease term ranges from 1 to 4 years (2014 : 1 to 10 years). The group has the option to purchase the equipment for a nominal amount at the conclusion of the lease agreements. For the year ended December 31, 2015, the average effective borrowing rate was 5.6% (2014 : 4.9%). Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The group's obligations under finance leases are secured by the lessors' title to the plant and equipment (Note 11).

## 21 CONVERTIBLE BOND

The convertible bond was issued on July 2, 2012. On June 30, 2014, bond holder had exercised their conversion rights to convert into 2,080 fully paid shares of the company. The convertible bond was issued for a consideration of US\$3,000,000. This amount was then on-lent to a subsidiary, Nautic Offshore Pte. Ltd..

Details of the convertible bond are as follows:

	Group and Company US\$
(a) At bond issuance date:	
Notional value comprises the following components:	
Equity component	223,453
Liability component at fair value (carried at amortised cost)	2,776,547
Total	<b>3,000,000</b>
	<b>US\$</b>
(b) At conversion date:	
Movement in equity:	
Share capital (Note 22)	3,000,000
Other capital reserve	703,453
Share conversion reserve recognised at bond issuance date	(223,453)
Total	<b>3,480,000</b>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 21 CONVERTIBLE BOND (CONT'D)

	US\$
(c) Liability component carried at amortised cost:	
At date of inception	2,776,547
Less: Issuing costs	(250,047)
	<u>2,526,500</u>
Interest expense:	
Balance at January 1, 2014	682,587
Imputed interest expense for the year (Note 25)	330,913
Interest paid	(60,000)
	<u>3,480,000</u>
Balance at conversion date	3,480,000
Transferred to equity upon conversion of convertible bond	(3,480,000)
	<u>-</u>
Balance at December 31, 2014 and 2015	-

The fair value of the convertible bond recorded upon initial recognition was accreted back to the notional value through the recognition of imputed interest expense in accordance with the effective interest method. The effective interest rate used was 17.29%.

## 22 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		US\$	US\$
Issued and paid up:				
At beginning of the year	5,200 <sup>(1)</sup>	3,029	3,208,578	77,328
Sub-division	161,194,800 <sup>(1)</sup>	-	-	-
Conversion of convertible bond	-	2,080	-	3,000,000
Issued pursuant to the company's IPO	28,000,000	-	3,791,114	-
Issued during the year (Note 14)	1,765,893	91	248,491	131,250
At end of the year	<u>190,965,893</u>	<u>5,200</u>	<u>7,248,183</u>	<u>3,208,578</u>

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

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

### Share-based payment reserve

On March 21, 2014, a subsidiary granted 104,115 options to employees for no consideration. The estimated fair values of the options granted on that date were US\$4.64. Set out below are summaries of the options granted.

	Group and Company			
	2015	2014	2015	2014
	Number of share options	Weighted average exercise price US\$	Number of share options	Weighted average exercise price US\$
Outstanding at the beginning of the year	104,115	4.19	18,628	-
Granted during the year	-	-	104,115	4.19
Forfeited during the year	(15,655)	-	(18,628)	-
At end of the year	<u>88,460</u>	<u>4.19</u>	<u>104,115</u>	<u>4.19</u>

There were no share options exercised during the year (2014 : Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 1.46 years (2014 : 2.46 years).

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 22 SHARE CAPITAL (CONT'D)

These 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:

	2015	2014
Weighted average share price	<b>US\$4.19</b>	US\$4.19
Weighted average exercise price	<b>US\$4.19</b>	US\$4.19
Expected volatility	<b>66%</b>	66%
Expected life	<b>3</b>	3
Risk free rate	<b>3.1%</b>	3.1%
Expected dividend yield	<b>Nil</b>	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\$1,411 (2014 : US\$6,193) related to equity-settled share-based payment transactions during the year.

## 23 REVENUE

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

	Group	
	2015	2014
	US\$	US\$
Revenue from:		
Sales of goods	<b>501,175</b>	2,359,669
Rendering of services	<b>25,165,134</b>	18,923,229
	<b>25,666,309</b>	21,282,898

## 24 OTHER INCOME

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

	Group	
	2015	2014
	US\$	US\$
Gain arising from acquisition of a subsidiary	-	249,990
Interest income	<b>15,108</b>	410
Government grants	<b>52,194</b>	17,225
Reversal of provision for deferred purchase consideration	<b>807,801</b>	-
Rental income	<b>349,756</b>	-
Others	<b>6,576</b>	57,690
	<b>1,231,435</b>	325,315

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 25 FINANCE COSTS

	Group	
	2015	2014
	US\$	US\$
Interest expense – convertible bond (Note 21)	-	330,913
Interest on bank facilities and loans	171,895	92,934
	<b>171,895</b>	<b>423,847</b>

## 26 INCOME TAX EXPENSE

	Group	
	2015	2014
	US\$	US\$
Current tax	-	(80,018)
Underprovision of prior year taxation	43,764	57,180
Deferred tax (Note 15)	2,188,603	98,519
	<b>2,232,367</b>	<b>75,681</b>

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

	Group	
	2015	2014
	US\$	US\$

### Numerical reconciliation of income tax expense

(Loss) Profit before income tax	<b>(6,417,946)</b>	4,574,746
Income tax expense calculated at 17%	<b>(1,091,051)</b>	777,707
Non-deductible items	446,268	115,222
Non-taxable income	(175,092)	(42,498)
Utilisation of deferred tax benefit	(115,197)	(220,359)
Effect of tax rates in foreign jurisdiction	(261,466)	(553,844)
Reversal of deferred tax asset previously recognised	2,188,603	-
Deferred tax assets not recognised	1,221,504	-
Statutory income tax exemption and rebates	(12,852)	(60,464)
Income taxed at concessionary rate	(12,114)	-
Underprovision of prior year taxation	43,764	57,180
Others	-	2,737
Income tax expense recognised in profit or loss	<b>2,232,367</b>	<b>75,681</b>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 27 (LOSS) PROFIT FOR THE YEAR

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

	Group	
	2015 US\$	2014 US\$
Employee benefit expense (including directors' remuneration):		
Defined contribution plans	655,537	290,208
Salaries, bonuses and related costs	12,462,613	4,487,688
Directors' remuneration	916,578	545,804
Total employee benefit expense	<u>14,034,728</u>	<u>5,523,700</u>
Cost of inventories included in cost of sales	572,026	350,417
Depreciation of plant and equipment	817,807	547,992
Amortisation of intangible assets	990	82
Write off of bad debts	549,095	-
One-off professional fees incurred in relation to the IPO (including non-audit fees paid to the auditors of the company)	1,091,596	358,875
Audit fees:		
- paid to auditors of the company	61,182	31,523
- paid to other auditors	59,824	55,745
Total audit fees	<u>121,006</u>	<u>87,268</u>
Non-audit fees:		
- paid to auditors of the company	190,067	27,369
- paid to other auditors	2,506	2,665
Total non-audit fees	<u>192,573</u>	<u>30,034</u>
Restructuring costs	407,982	-
Write off of unbilled work undertaken	302,315	-
Write off of obsolete inventories	279,078	-
Net foreign exchange loss (gain)	672,062	(350,571)
Write off of plant and equipment	45,635	1,980

## 28 (LOSS) EARNINGS PER SHARE

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

	Group	
	2015 US\$	2014 US\$
<b>(Loss) Earnings</b>		
(Loss) Earnings for the purposes of basic (loss) earnings per share and diluted (loss) earnings per share (Loss) Profit for the year attributable to owners of the company)	<u>(6,739,996)</u>	<u>4,325,781</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share and diluted (loss) earnings per share	174,462,950	161,200,000 <sup>(1)</sup>
Basic (cents)	<u>(3.86)</u>	2.68
Diluted (cents)	<u>(3.86)</u>	2.68

(1) Assuming the sub-division of 5,200 shares into 161,200,000 shares pursuant to the share split on July 3, 2015 had taken place on January 1, 2014.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 29 OPERATING LEASE ARRANGEMENTS

### The group as lessee

	Group	
	2015	2014
	US\$	US\$
Minimum lease payments under operating leases recognised as an expense during the year	<b>1,650,642</b>	662,058

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

	Group	
	2015	2014
	US\$	US\$
Within one year	<b>1,112,223</b>	1,205,201
In the second to fifth year inclusive	<b>1,241,550</b>	1,963,173
Total	<b>2,353,773</b>	3,168,374

Operating lease payments represent rentals payable by the group for its office premises and office equipment. Leases are negotiated and fixed for an average term of two (2014 : three) years. There are no restrictions placed upon the group by entering into these leases.

### The group as lessor

	Group	
	2015	2014
	US\$	US\$
Minimum lease receipts under operating leases recognised as an income during the year	<b>349,756</b>	-

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

	Group	
	2015	2014
	US\$	US\$
Within one year	<b>110,104</b>	-
In the second to fifth year inclusive	<b>28,390</b>	-
Total	<b>138,494</b>	-

Operating lease receipts represent rentals receivable by the group for its sublease of office premises. Leases are negotiated and fixed for an average term of two (2014 : Nil) years. There are no restrictions placed upon the group by entering into these leases.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 30 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.

A number of significant events occurred during the current financial year that have necessitated an adjustment to the way in which business segments are reported to the group’s CODM in order to provide more relevant and accurate information and classification that are more aligned with how the overall group business is assessed internally. Following the acquisition of MESPL during the year, the group has expanded its capability and activity levels in the area of facilities engineering. Accordingly, the former business segment, Subsea and Facilities has been separated into two separate segments, being Subsea and Facilities. Additionally, to diversify the revenue base, the group entered into the Renewables segment during the current financial year, offering its Ultra High Performance Cementitious materials for the installation of onshore and offshore wind turbines. This is seen as a key business unit for the group and accordingly, a new segment has been added. The group’s reportable business segments under FRS 108 are therefore as follows:

- (1) Renewables segment mainly relates to provision of Ultra High Performance Cementitious (“UHPC”) materials for the installation of onshore and offshore wind turbines.
- (2) Subsurface and Wells segment mainly relates to provision of integrated geosciences, engineering and project management services on a wide range of international oil and gas assets.
- (3) Subsea segment mainly relates to provision of engineering and contracting services for greenfield and brownfield offshore and marine infrastructure projects.
- (4) Facilities segment mainly relates to provision of integrated topside, offshore facilities and pipe line engineering and contracting services

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

The allocation of costs cannot be done in a similar manner with reasonable accuracy as group costs are general in nature and are pooled to serve all our 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 30 SEGMENT INFORMATION (CONT'D)

### (a) Segment revenues and result

	Renewables		Subsurface and Wells		Subsea		Facilities		Total	
	2015 US\$	2014 (Restated) US\$	2015 US\$	2014 (Restated) US\$	2015 US\$	2014 (Restated) US\$	2015 US\$	2014 (Restated) US\$	2015 US\$	2014 (Restated) US\$
Total Revenue	501,175	-	11,600,577	4,771,280	12,723,203	16,511,618	841,354	-	25,666,309	21,282,898
Segment results	456,497	-	1,068,518	1,130,134	3,334,250	9,743,215	167,260	-	5,026,525	10,873,349
Depreciation of plant and equipment (excluding machinery)					(304,849)				(304,849)	(160,205)
Amortisation of intangible assets					(990)				(990)	(82)
Write off of plant and equipment					(45,635)				(45,635)	(1,980)
Negative goodwill arising from acquisition of a subsidiary									-	249,990
Write off of bad debts					(549,095)				(549,095)	-
Write off of obsolete inventories					(279,078)				(279,078)	-
Restructuring costs					(407,982)				(407,982)	-
Reversal of provision for deferred purchase consideration					807,801				807,801	-
One-off professional fees incurred in relation to the IPO					(1,091,596)				(1,091,596)	(358,875)
Interest income (Note 24)					15,108				15,108	410
Finance costs (Note 25)					(171,895)				(171,895)	(423,847)
Other unallocated expenses					(9,416,260)				(9,416,260)	(5,604,014)
(Loss) Profit before tax					(6,417,946)				(6,417,946)	4,574,746
Income tax expense					(2,232,367)				(2,232,367)	(75,681)
(Loss) Profit for the year					(8,650,313)				(8,650,313)	4,499,065

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 30 SEGMENT INFORMATION (CONT'D)

### *Geographical information*

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

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

	Group	
	2015	2014
	US\$	US\$
Revenue from external customers (based on location of customer)		
<b>Asia (exclude Middle East and India)</b>		
Brunei	4,295,418	4,546,890
Indonesia	2,841,129	1,223,332
Malaysia	628,782	589,474
Vietnam	-	1,457,320
Singapore	1,272,254	-
Myanmar	800,704	-
Bangladesh	202,582	-
Philippines	364,307	-
China	439,965	24,963
South Korea	887,933	869,991
	<u>11,733,074</u>	<u>8,711,970</u>
<b>Australasia</b>		
Australia	3,569,965	358,565
New Zealand	396,117	34,208
Papua New Guinea	4,514,198	1,052,126
	<u>8,480,280</u>	<u>1,444,899</u>
<b>India</b>	<u>1,264,260</u>	831,370
<b>Middle East</b>		
United Arab Emirates	3,160,221	2,785,082
Tanzania	214,868	-
Turkmenistan	-	102,207
Saudi Arabia	-	1,193,000
Qatar	-	962,673
	<u>3,375,089</u>	<u>5,042,962</u>
<b>Africa</b>		
Kenya	-	47,152
Nigeria	-	7,396
	<u>-</u>	<u>54,548</u>
<b>Americas</b>		
Mexico	<u>178,772</u>	<u>5,197,149</u>
<b>Europe</b>		
Denmark	61,210	-
United Kingdom	573,624	-
	<u>634,834</u>	<u>-</u>
<b>Total</b>	<u>25,666,309</u>	<u>21,282,898</u>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

## 30 SEGMENT INFORMATION (CONT'D)

### *Information about major customers*

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

	Group	
	2015	2014
	US\$	US\$
		(Restated)
<hr/>		
<b>Subsurface and Wells</b>		
Customer A	<u>4,426,630</u>	<u>1,052,126</u>
<b>Subsea</b>		
Customer B	4,147,516	4,536,662
Customer C	2,695,493	1,223,332
Customer D	-	5,077,999

# SHAREHOLDER INFORMATION

AS AT 22 MARCH 2016

## SHARE CAPITAL

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

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	42	19.72	38,400	0.02
1,001 – 10,000	74	34.74	364,400	0.19
10,001 – 1,000,000	82	38.50	22,106,000	11.58
1,000,001 and above	15	7.04	168,457,093	88.21
<b>Total</b>	<b>213</b>	<b>100.00</b>	<b>190,965,893</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

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

	Name of Shareholder	No. of Shares	% of Shares
1	JOHN GRØNBECHE	82,088,000	42.99
2	KIM SENG HOLDINGS PTE LTD	48,360,000	25.32
3	HONG LEONG FINANCE NOMINEES PTE LTD	7,973,200	4.18
4	LOW SEE CHING (LIU SHIJIN)	5,000,000	2.62
5	PHILLIP SECURITIES PTE LTD	4,109,893	2.15
6	TANG KHENG GUAN KELVIN (CHENQINGYUAN KELVIN)	4,030,000	2.11
7	WANG JIAJIAN	3,224,000	1.69
8	UOB KAY HIAN PTE LTD	3,146,000	1.65
9	CHU VOON THART	3,007,000	1.57
10	LO MING HOI DAVID	1,674,000	0.88
11	LOUREN DAVID WOOF	1,302,000	0.68
12	RAFFLES NOMINEES (PTE) LTD	1,273,000	0.67
13	SIMON JOHN CUNNINGHAM & ANNE LOUISE CUNNINGHAM	1,116,000	0.58
14	LOW EE HWEE	1,100,000	0.58
15	JULIEN JEAN BERNARD FRACHISSE	1,054,000	0.55
16	ONG SENG CHYE	992,000	0.52
17	TOH TIAU LAI	980,000	0.51
18	DEBARCHAN BISWAS	961,000	0.50
19	LIM CHOON TECK EDGAR SAMMY	837,000	0.44
20	HENG KHENG HONG	806,000	0.42
	<b>Total</b>	<b>173,033,093</b>	<b>90.61</b>

# SHAREHOLDER INFORMATION

AS AT 22 MARCH 2016

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

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

### Note:

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

## PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on information available to the Company as at 22 March 2016, approximately 27.45% 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

300 Beach Road  
#13-02 The Concourse  
Singapore 199555

Tel: +65 6298 2671  
Fax: +65 6298 2673  
Email: [contact@nauticawt.com](mailto:contact@nauticawt.com)

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**AGM**”) of NauticAWT Limited (the “**Company**”) will be held at 11.00 a.m. on 28 April 2016 at 52 West Coast Ferry Road, Singapore 126887 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 2015 (“**FY2015**”) 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 John Grønbech (Article 89) (Resolution 2a)
  - Mr Simon Cunningham (Article 88) (Resolution 2b)
  - Mr Lim How Teck (Article 88) (Resolution 2c)

Mr Lim How Teck will, upon re-election as a Director of the Company, remain as the chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating Committee, and shall be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”).

Mr Bjarne Strikert (Article 88) (Resolution 2d)

Mr Bjarne Strikert will, upon re-election as a Director of the Company, remain as the chairman of the Remuneration Committee and the Nominating Committee and a member of the Audit Committee, and shall be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees of S\$131,250 for FY2015. (Resolution 3)
4. To approve the payment of Directors’ fees of S\$202,500 for the financial year ending 31 December 2016, to be paid quarterly in arrears. (Resolution 4)
5. To re-appoint Messrs Deloitte & Touche LLP as the independent auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)
6. To transact any other ordinary business which may be properly transacted at an AGM.

## AS SPECIAL BUSINESS

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

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

“That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the Company’s Constitution and the Catalist Rules, the Directors be and are hereby authorised to:

# NOTICE OF ANNUAL GENERAL MEETING

- (a) (i) allot and issue shares in the capital of the Company (the “Shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, the “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

- (b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution is in force, provided that:
  - (i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);
  - (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares (excluding treasury shares) shall be calculated based on the total number of issued Shares in the capital of the Company (excluding treasury shares) at the time of the passing of this resolution, after adjusting for:
    - (aa) new Shares arising from the conversion or exercise of convertible securities outstanding at the time this resolution is passed;
    - (bb) (where applicable) new Shares arising from the exercise of options or vesting of awards outstanding or subsisting at the time this resolution is passed, provided that the options or awards were granted in compliance with the Catalist Rules; and
    - (cc) any subsequent bonus issue, consolidation or sub-division of Shares;
  - (iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company’s Constitution for the time being in force; and
  - (iv) unless revoked or varied by the Company in a general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.”

[See Explanatory Note (ii)]

# NOTICE OF ANNUAL GENERAL MEETING

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

“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 and any other share-based incentive schemes of the Company do not exceed 15% of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time; 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 (iii)]

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

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

[See Explanatory Note (iv)]

By Order of the Board of NauticAWT Limited

Chua Kern  
Company Secretary  
Singapore, 13 April 2016

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) Detailed information on the Directors who are proposed to be re-elected can be found in the Company's annual report 2015. Mr John Grønbech, Mr Simon Cunningham, Mr Lim How Teck and Mr Bjarne Strikert, if re-elected as Directors of the Company (pursuant to ordinary resolutions 2a, 2b, 2c and 2d respectively), will remain as Directors of the Company. Mr John Grønbech has a direct interest of 42.99% in the capital of the Company. Saved as disclosed, there are no relationships including immediately family relationships between Mr John Grønbech, Mr Simon Cunningham, Mr Lim How Teck and Mr Bjarne Strikert and the other Director(s), the Company, its related corporations, its 10% shareholders or its officers.
- (ii) The ordinary resolution 6 proposed in item 7 above, if passed, will empower the Directors to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro rata basis to shareholders of the Company.
- (iii) The ordinary resolution 7 proposed in item 8 above, if passed, will empower the Directors to allot and issue Shares pursuant to the exercise of such options in accordance with the provisions of the ESOS.
- (iv) The ordinary resolution 8 proposed in item 9 above, if passed, will empower the Directors to allot and issue Shares pursuant to the grant of such awards in accordance with the provisions of the PSP.

## Notes:

1. A member of the Company entitled to attend and vote at the AGM may appoint a proxy or proxies to attend and vote on his/her/its behalf.
2. 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.

## 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.

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# 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<sup>2</sup>:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares <sup>5</sup>	%

Address

\*and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares <sup>5</sup>	%

Address

or failing the person (or failing either or both of the persons referred to above) the chairman of the annual general meeting of the Company (the "AGM"), as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the AGM to be held at 52 West Coast Ferry Road, Singapore 126887 on 28 April 2016 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.*

No.	Resolutions relating to:	On a poll	
		For	Against
1.	Audited Financial Statements, Directors' Statement and Auditors' Report for FY2015		
2a.	Re-election of Mr John Grønbech as a Director		
2b.	Re-election of Mr Simon Cunningham as a Director		
2c.	Re-election of Mr Lim How Teck as a Director		
2d.	Re-election of Mr Bjarne Strikert as a Director		
3.	Directors' fees of S\$131,250 for FY2015		
4.	Directors' fees of S\$202,500 for the financial year ending 31 December 2016, to be paid quarterly in arrears		
5.	Re-appointment of Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration		
6.	Authority to allot and issue shares		
7.	Authority to grant options, allot and issue shares under the NauticAWT Employee Share Option Scheme		
8.	Authority to grant awards, allot and issue shares under the NauticAWT Performance Share Plan		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

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<sup>9</sup>

\* Delete as appropriate

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

## NOTES:

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 2 proxies to attend and vote at the AGM. 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 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) 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) and who holds shares in that capacity; or
  - c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap 36), 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 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.
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 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, 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 AGM dated 13 April 2016.

# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

### **LIM HOW TECK**

*Chairman and Independent Director*

### **JOHN GRØNBECH**

*Executive Director and CEO*

### **SIMON CUNNINGHAM**

*Finance Director*

### **TAN FUH GIH**

*Non-Executive Non-Independent Director*

### **BJARNE STRIKERT**

*Independent Director*

## **AUDIT COMMITTEE**

### **LIM HOW TECK**

*Chairman*

### **TAN FUH GIH**

### **BJARNE STRIKERT**

## **REMUNERATION COMMITTEE**

### **BJARNE STRIKERT**

*Chairman*

### **LIM HOW TECK**

### **TAN FUH GIH**

## **NOMINATING COMMITTEE**

### **BJARNE STRIKERT**

*Chairman*

### **LIM HOW TECK**

### **TAN FUH GIH**

## **REGISTERED OFFICE**

300 Beach Road  
#13-02 The Concourse  
Singapore 199555

## **COMPANY REGISTRATION NUMBER**

201108075C

## **COMPANY SECRETARY**

### **CHUA KERN (LLB (HONS))**

## **SHARE REGISTRAR**

### **TRICOR BARBINDER**

### **SHARE REGISTRATION SERVICES**

(a division of Tricor Singapore Pte Ltd)

80 Robinson Road  
#02-00  
Singapore 068898

## **SPONSOR**

### **CANACCORD GENUITY SINGAPORE PTE. LTD.**

77 Robinson Road  
#21-02  
Singapore 068896

## **INDEPENDENT AUDITORS**

### **DELOITTE & TOUCHE LLP**

Partner-in-charge: Kuldip K Gill

(Public Accountants and Chartered Accountants Singapore)

Appointed 30<sup>th</sup> August 2012

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 LTD**

Singapore Company Registration No. 201108075C

300 Beach Road  
#13-02 The Concourse  
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