



#### **NAUTICAWT LIMITED**

(Incorporated in the Republic of Singapore on 4 April 2011)

(Company Registration Number: 201108075C)

**A PROVIDER OF  
ENGINEERED  
SOLUTIONS  
FOR THE OIL  
AND GAS  
INDUSTRY**

**Invitation in respect of 28,000,000 Invitation Shares comprising:**

- (i) 1,000,000 Offer Shares at S\$0.20 each by way of Public Offer; and**
- (ii) 27,000,000 Placement Shares at S\$0.20 each by way of Placement, payable in full on application.**

### **OFFER DOCUMENT DATED 14 JULY 2015**

**(Registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore on 14 July 2015)**

**This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser(s).**

Canaccord Genuity Singapore Pte. Ltd. (the "**Sponsor and Issue Manager, Underwriter and Placement Agent**") has made an application to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in, and for quotation of, all the ordinary shares (the "**Shares**") in the capital of NauticAWT Limited (the "**Company**") already issued, the new Shares which are the subject of this Invitation (as defined herein) (the "**Invitation Shares**"), the ESOS Shares (as defined herein) and the PSP Shares (as defined herein) on the Catalist Board of the SGX-ST (the "**Catalist**"). The dealing in, and quotation of, the Shares, the Invitation Shares, the ESOS Shares and the PSP Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

**This Invitation is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the "Authority"). We have not lodged or registered this Offer Document in any other jurisdiction.**

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has, in any way, considered the merits of our Shares or units of Shares being offered for investment.

The registration of this Offer Document by the SGX-ST does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the Catalist Rules, have been complied with.

Acceptance of applications will be conditional upon the issue of the Invitation Shares, and the listing and quotation of all our existing issued Shares, the Invitation Shares, the ESOS Shares and the PSP Shares on Catalist. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us, the Sponsor and Issue Manager, Underwriter and Placement Agent.

**Investing in our Shares involves risks which are described in the section entitled "RISK FACTORS" of this Offer Document.**

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

Sponsor and Issue Manager, Underwriter and Placement Agent

**CANACCORD** Genuity

**CANACCORD GENUITY SINGAPORE PTE. LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200713620D)

# A PROVIDER OF ENGINEERED SOLUTIONS FOR THE OIL AND GAS INDUSTRY



## ABOUT NAUTICAWT

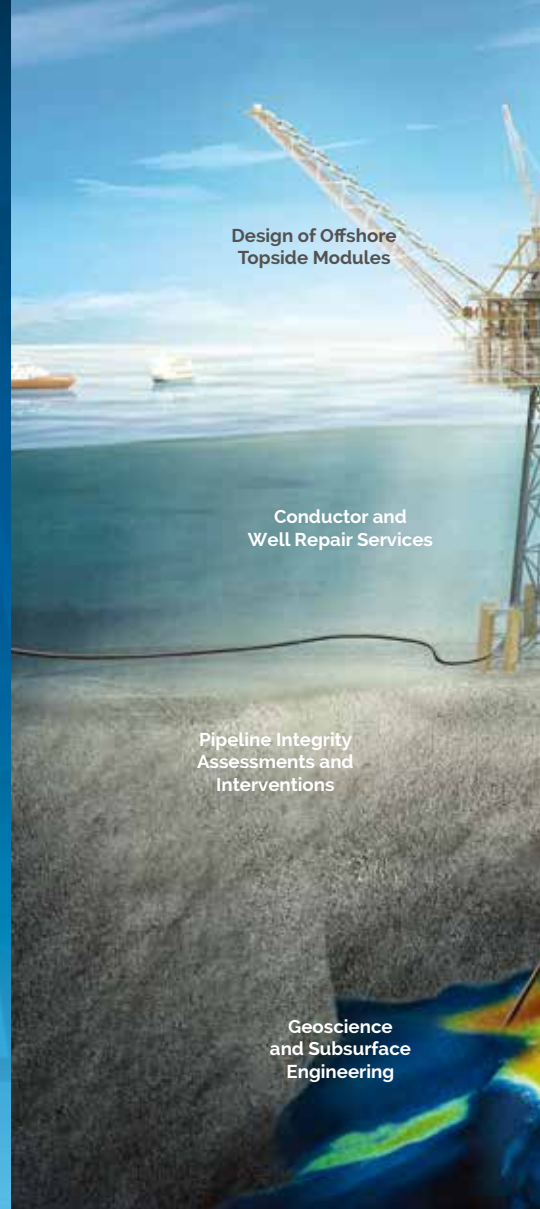
NauticAWT is a Singapore headquartered firm offering subsurface, subsea and surface facilities engineering services and contracting solutions for field exploration, field development and field refurbishments including design life extensions and production enhancement for ageing and mature oil and gas fields.

We have a global reach of 11 offices across Southeast Asia, Australasia, Middle East, Latin America and India, and we provide a comprehensive range of technical and commercial solutions to the oil and gas industry. We offer customised technical greenfield development services and brownfield enhancement and extension solutions.

Our combined multi-disciplined offerings allow our Group to undertake a comprehensive 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.

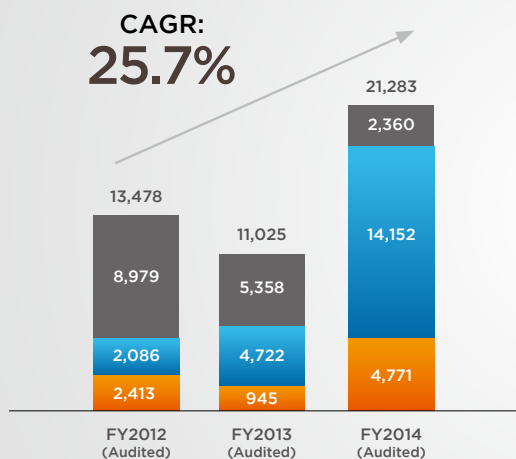
# KEY INVESTMENT HIGHLIGHTS

- We intend to provide a dividend return for FY2015, FY2016 and FY2017.
- We have an order book of US\$34.6 million as at the Latest Practicable Date.
- We are engaged across the entire asset life cycle with an emphasis on late production phase activities.
- We provide a comprehensive range of technical and commercial solutions for production enhancement and service life extension of ageing and mature assets.
- We have an extensive global network of clients and offices.

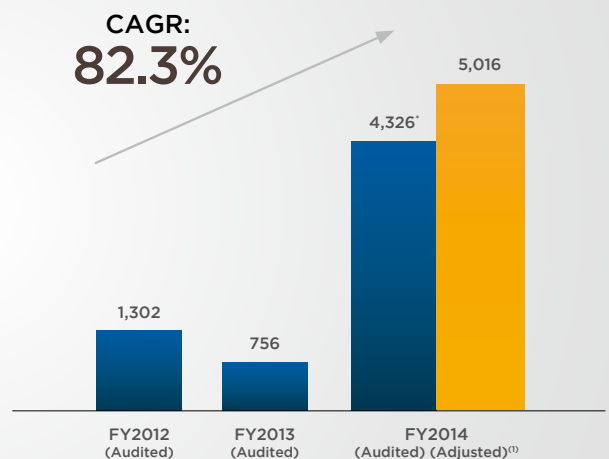


# FINANCIAL HIGHLIGHTS

Revenue  
(US\$ '000)

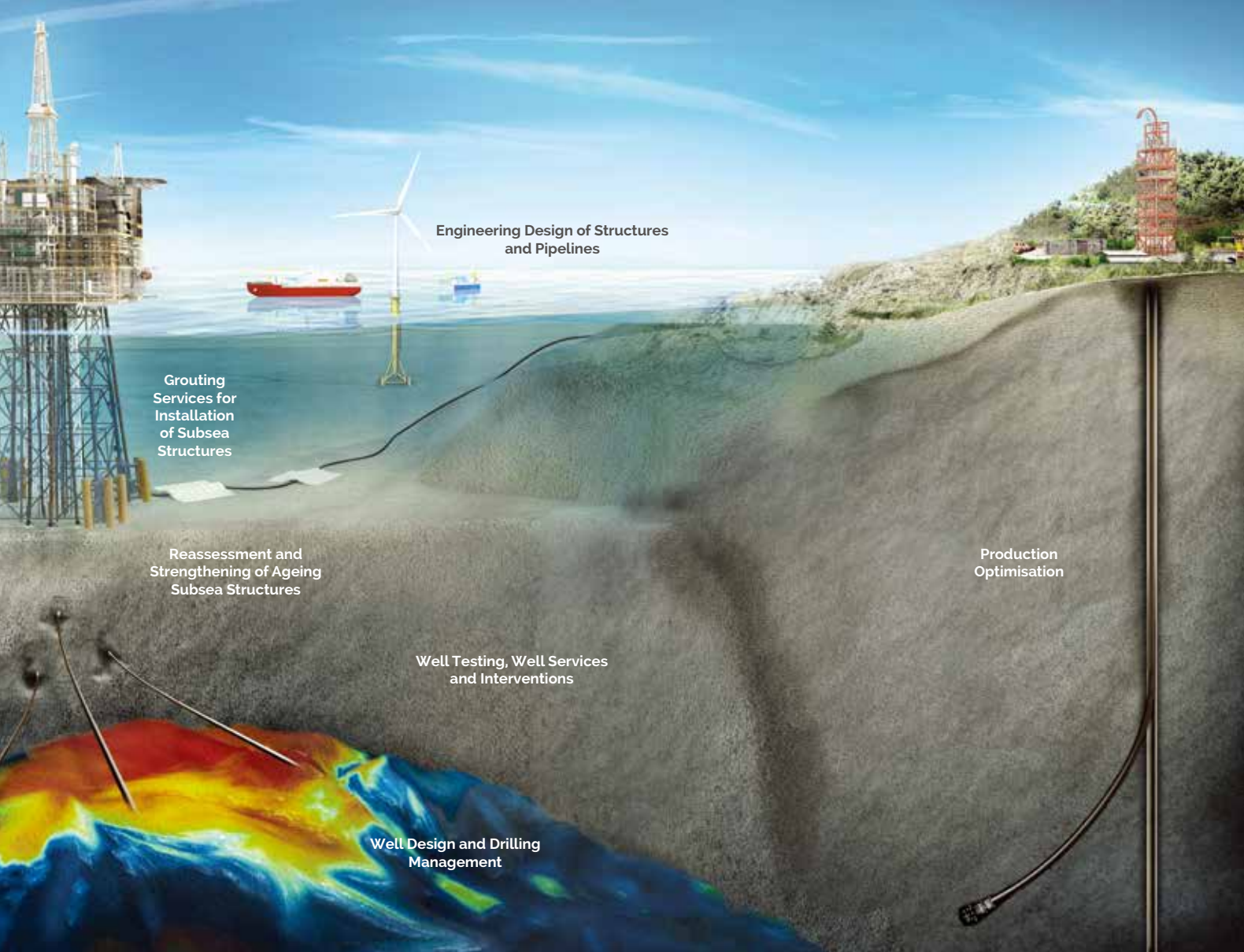


Profit Attributable to Owners of the Company  
(US\$ '000)



- Advanced Material Solutions
- Subsea and Surface Facilities
- Subsurface and Wells

(1) Assuming that the expenses incurred in connection with our Listing of approximately US\$0.4 million and the imputed interest expense on the Convertible Bond of approximately US\$0.3 million were excluded.



Engineering Design of Structures and Pipelines

Grouting Services for Installation of Subsea Structures

Reassessment and Strengthening of Ageing Subsea Structures

Well Testing, Well Services and Interventions

Well Design and Drilling Management

Production Optimisation



# PROSPECTS

- Low oil price is expected to increase the focus on mature field development and undertaking abandonment work programmes.
- Low oil price environment will see National Oil Companies and Independent Oil Companies focus on producing “cheap oil”.
- Annual investment in the oil and gas upstream market expected to rise steadily to US\$850 billion over the next two decades.<sup>(1)</sup>

## Mature Fields Production Enhancement Solutions



## Field Abandonment Sustainable Well Plugging Solutions



<sup>(1)</sup> This information was extracted from the internet website of the International Energy Agency at [www.worldenergyoutlook.org/investment](http://www.worldenergyoutlook.org/investment). The International Energy Agency has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

# COMPETITIVE STRENGTHS

- **EXPERIENCED KEY PERSONNEL** and well-established track record – developed long-standing relationships with clients.
- **COMPREHENSIVE** range of technical and commercial solutions, delivering customised technical greenfield development services and brownfield enhancement and extension solutions.
- **UNIQUE RANGE** of UHPC and HPC materials for subsurface, subsea and surface applications.
- **EXTENSIVE GLOBAL REACH** of 11 offices across Southeast Asia, Australasia, Middle East, Latin America and India.

# OUR GROWTH STRATEGY

## Strengthen contracting services by investing in more capital equipment in the various regions of operations

- Invest in more capital equipment across various regions to reduce mobilisation time and costs

## Expand and diversify business and service offerings in the oil and gas industry

- Joint ventures with parties who can provide synergistic value to our existing businesses
- Proactively assess and acquire companies which are strategically positioned to supplement and strengthen our existing capabilities

## Market expanded portfolio of services to existing client networks and new markets

- Offer production enhancement turn-key solutions for ageing and depleting oil and gas fields
- Market our cost-efficient production enhancement solutions to the operators of depleting fields to boost their oil and gas outputs



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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	:	Lim How Teck (Chairman and Independent Director) John Grønbech (Executive Director and CEO) Simon John Cunningham (Executive Director and Senior Vice President, Subsurface and Wells) Tan Fuh Gih (Non-Executive and Non-Independent Director) Bjarne Strikert (Independent Director)
<b>JOINT COMPANY SECRETARIES</b>	:	Yak Thian Huat (Member of the Institute of Singapore Chartered Accountants)  Chua Kern (LLB (Hons))
<b>REGISTERED OFFICE</b>	:	300 Beach Road #13-02 The Concourse Singapore 199555
<b>SHARE REGISTRAR AND SHARE TRANSFER OFFICE</b>	:	<b>Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)</b> 80 Robinson Road #02-00 Singapore 068898
<b>SPONSOR AND ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT</b>	:	<b>Canaccord Genuity Singapore Pte. Ltd.</b> 77 Robinson Road #21-02 Singapore 068896
<b>INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS</b>	:	<b>Deloitte &amp; Touche LLP</b> 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809  Partner-in-charge: Kuldip K Gill (Member of the Institute of Singapore Chartered Accountants)
<b>SOLICITORS TO THE INVITATION AND TO OUR COMPANY ON SINGAPORE LAW</b>	:	<b>Morgan Lewis Stamford LLC</b> 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
<b>SOLICITORS TO THE SPONSOR AND ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT</b>	:	<b>Chancery Law Corporation</b> 55 Market Street #08-01 Singapore 048941
<b>LEGAL ADVISERS TO OUR COMPANY ON MALAYSIAN LAW</b>	:	<b>Adnan Sundra &amp; Low</b> Level 11 Menara Olympia No. 8 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia
<b>LEGAL ADVISERS TO OUR COMPANY ON INDIAN LAW</b>	:	<b>Nishith Desai Associates</b> 93-B, Mittal Court Nariman Point Mumbai 400 021 India

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## CORPORATE INFORMATION

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<b>LEGAL ADVISERS TO OUR COMPANY ON UAE LAWS</b>	:	<b>Afridi &amp; Angell Legal Consultants</b> P.O. Box 9371 Emirates Towers, Level 35 Sheikh Zayed Road Dubai, United Arab Emirates
<b>LEGAL ADVISERS TO OUR COMPANY ON BRUNEIAN LAW</b>	:	<b>CCW Partnership</b> Units 9 & 10, 1 <sup>st</sup> and 2 <sup>nd</sup> Floors Block C, Kiarong Complex Lebuhraya Sultan Hassanal Bolkiah BE1318, Bandar Seri Begawan Brunei Darussalam
<b>LEGAL ADVISERS TO OUR COMPANY ON MEXICAN LAW</b>	:	<b>Basham, Ringe Y Correa, S.C.</b> Paseo de los Tamarindos 400-A 9° Piso Bosques de Las Lomas 05120 México D.F.
<b>LEGAL ADVISERS TO OUR COMPANY ON AUSTRALIAN LAW</b>	:	<b>Johnson Winter &amp; Slattery</b> Level 29 111 Eagle Street Brisbane QLD 4000 Australia
<b>PRINCIPAL BANKER</b>	:	<b>The Hongkong and Shanghai Banking Corporation Limited</b> 21 Collyer Quay HSBC Building Singapore 049320
<b>RECEIVING BANKER</b>	:	<b>Bank of East Asia Limited</b> 60 Robinson Road Singapore 068892

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## DEFINITIONS

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In this Offer Document and the accompanying Application Forms, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

### Group Companies

<i>“Advanced Well Technologies (India)”</i>	:	Advanced Well Technologies (India) Pty Ltd
<i>“Advanced Well Technologies (Malaysia)”</i>	:	Advanced Well Technologies (Malaysia) Pty Ltd
<i>“AWT”</i>	:	AWT International Pty Ltd
<i>“AWT Asia”</i>	:	AWT International (Asia) Sdn. Bhd.
<i>“AWT India”</i>	:	AWT (India) Pty Ltd
<i>“AWT PNG”</i>	:	AWT International (PNG) Sdn. Bhd.
<i>“Company”</i>	:	NauticAWT Limited. The terms “we”, “our”, “our Company” or “us” have correlative meanings
<i>“EAI”</i>	:	Energy Asset Innovation (EAI) Pty Ltd
<i>“Group”</i>	:	Our Company and our Subsidiaries
<i>“Nautic Australia”</i>	:	Nautic Australia Pty Ltd
<i>“Nautic Brunei”</i>	:	Nautic (B) Sdn Bhd
<i>“Nautic India”</i>	:	Nautic India Private Limited
<i>“Nautic Malaysia”</i>	:	Nautic Materials Sdn. Bhd.
<i>“Nautic Marine”</i>	:	Nautic Marine Pte. Ltd.
<i>“Nautic Mexico”</i>	:	Nautic Offshore Mexico, S.A. de C.V.
<i>“Nautic Middle East”</i>	:	Nautic Middle East DMCC
<i>“Nautic Offshore”</i>	:	Nautic Offshore Pte. Ltd.
<i>“Subsidiaries”</i>	:	Advanced Well Technologies (India), Advanced Well Technologies (Malaysia), AWT, AWT Asia, AWT India, AWT PNG, EAI, Nautic Australia, Nautic Brunei, Nautic India, Nautic Malaysia, Nautic Marine, Nautic Mexico, Nautic Middle East and Nautic Offshore, and each a “Subsidiary”

### Associated Companies

<i>“HMS Energy”</i>	:	HMS Energy Sdn. Bhd.
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### Other Corporations, Agencies and Organisations

<i>“Aalborg Portland Malaysia”</i>	:	Aalborg Portland Malaysia Sdn. Bhd.
<i>“Aalborg Portland Group”</i>	:	Aalborg Portland Malaysia and Aalborg Portland A/S

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## DEFINITIONS

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“APPEA”	:	Australian Petroleum Production & Exploration Association
“ARP”	:	Abad Rahan Pars
“Authority” or “MAS”	:	The Monetary Authority of Singapore
“BASF”	:	BASF A/S
“BNM”	:	Bank Negara Malaysia, the central bank of Malaysia
“Brunei Shell”	:	Brunei Shell Petroleum Company Sdn Bhd
“Canaccord Genuity”, “Sponsor and Issue Manager”, “Underwriter” or “Placement Agent”	:	Canaccord Genuity Singapore Pte. Ltd.
“CDP”	:	The Central Depository (Pte) Limited
“Chung Fung”	:	Chung Fung Material Supplier
“CPF”	:	The Central Provident Fund
“Daewoo”	:	Daewoo International Corporation
“Densit”	:	Densit Asia Pacific Sdn Bhd
“Dragon Oil”	:	Dragon Oil (Turkmenistan) Limited
“DSV Group”	:	DSV Air & Sea Sdn Bhd, DSV Air & Sea Pte Ltd and DSV Air & Sea LLC
“Dulam”	:	Dulam International Limited
“Grassmere Superannuation Fund”	:	Grassmere Superannuation Fund, a trust constituted pursuant to a trust deed dated 11 May 2006, of which, Simon Cunningham and his wife, Anne Louise Cunningham, are the only trustees and beneficiaries
“Heerema Americas”	:	Heerema Marine Contractors Americas B.V.
“Joffren”	:	Joffren Omar Company Sdn Bhd
“JMJ”	:	JMJ Holding Pte Ltd
“John Holland”	:	John Holland Pty Ltd
“Kim Seng Holdings”	:	Kim Seng Holdings Pte. Ltd.
“Murjan”	:	Murjan Al-Sharq Marine Services
“Participating Banks”	:	United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (“ <b>UOB Group</b> ”); DBS Bank Ltd. (“ <b>DBS Bank</b> ”) (including POSB) and Oversea-Chinese Banking Corporation Limited (“ <b>OCBC Bank</b> ”), and each a “Participating Bank”
“PetroUsaha”	:	PetroUsaha Offshore Services Sdn Bhd

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## DEFINITIONS

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<i>“PT Jova”</i>	:	PT. Jova Kreasi Indonesia
<i>“PTSC”</i>	:	PTSC Mechanical And Construction JSC
<i>“Radiant Utama”</i>	:	PT. Radiant Utama Interinsco TBK
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Tricor Barbinder Share Registration Services
<i>“Sinter”</i>	:	Sinter Company
<i>“Solicitors to the Invitation”</i>	:	Morgan Lewis Stamford LLC
<i>“Solicitors to the Sponsor and Issue Manager, Underwriter and Placement Agent”</i>	:	Chancery Law Corporation
<i>“SPI”</i>	:	SPI (208) Limited
<b>General</b>		
<i>“Acquisition”</i>	:	The acquisition by Nautic Australia of 60.75% of the issued and paid-up share capital of AWT from Muir & Associates Pty Ltd, Barrenger & Associates Pty Ltd, SAS Trustee Corporation, Coppabella Investments Pty Ltd and New Value Pty Ltd pursuant to three (3) share purchase agreements each dated 10 October 2014 as listed in the section entitled “General and Statutory Information – Material Contracts” of this Offer Document
<i>“Act” or “Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time
<i>“Application Forms”</i>	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Offer Document
<i>“Application List”</i>	:	The list of applications for subscription of the Invitation Shares
<i>“Articles of Association”</i>	:	The articles of association of our Company, as amended from time to time
<i>“Associate”</i>	:	(a) In relation to any director, CEO, substantial shareholder or controlling shareholder (being an individual) means: <ul style="list-style-type: none"><li>(i) his immediate family;</li><li>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and</li></ul>

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## DEFINITIONS

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- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- “associated company”* : In relation to a corporation, means:
- (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20.0% but not more than 50.0% of the aggregate of the nominal amount of all the voting shares; or
- (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially
- “ATM”* : Automated teller machine of a Participating Bank
- “Audit Committee”* : The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
- “Award”* : A contingent award of fully paid Shares granted pursuant to the rules of the NauticAWT PSP
- “AWT ESOP”* : The AWT employee share option plan, details of which are set out in the section entitled “Share Capital – AWT ESOP” of this Offer Document
- “AWT LTI Arrangement”* : The AWT long-term equity incentive arrangement, details of which are set out in the section entitled “Share Capital – AWT LTI Arrangement” of this Offer Document
- “AWT Shareholders’ Agreement”* : The restated and amended shareholders deed dated 20 October 2009 relating to AWT, the parties to which as at the Latest Practicable Date are AWT, Fortune Eight Pty Ltd, Soukhan Pty Ltd, Tore Moe, Kagach Properties Pty Ltd, Dick ter Avest, Glen Lock Pty Ltd, Jacqueline Ure, Suparamaniam Ramachandran, James Peden and Jacqui Peden, Slavena Pavlova Terzieva, Rivermist Pty Ltd and Nautic Australia
- “AWT Shares”* : Ordinary shares in the capital of AWT
- “Board” or “Board of Directors”* : The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
- “Business Associate Group”* : Wang Jia Jian, Ong Seng Chye and Martin Tierney
- “business trust”* : Has the same meaning as in section 2 of the Business Trusts Act (Chapter 31A) of Singapore

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## DEFINITIONS

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<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“Catalist Rules”</i>	:	The listing manual Section B: Rules of Catalist of the SGX-ST, as amended, supplemented or modified from time to time
<i>“CEO”</i>	:	Chief Executive Officer
<i>“CFO”</i>	:	Chief Financial Officer
<i>“Controlling Shareholder”</i>	:	In relation to a corporation, means:  (a) a person who has an interest in the voting shares of a corporation and who exercises control over the corporation; or  (b) a person who has an interest of 15.0% or more of the aggregate of the nominal amount of all the voting shares in a corporation, unless he does not exercise control over the corporation
<i>“Convertible Bond”</i>	:	Convertible bond in the principal amount of US\$3.0 million issued to Kim Seng Holdings on 2 July 2012 pursuant to the Convertible Bond Subscription Agreement
<i>“Convertible Bond Subscription Agreement”</i>	:	The Original Convertible Bond Subscription Agreement, as amended by the First Supplemental Agreement and the Second Supplemental Agreement
<i>“COO”</i>	:	Chief Operating Officer
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Electronic Applications”</i>	:	Applications for the Offer Shares made through an ATM or the IB website of one of the relevant Participating Banks or the mobile banking platform of DBS Bank, subject to and on the terms and conditions of this Offer Document
<i>“Employee Group”</i>	:	Abraham Chew Kuan Loke, Julien Jean Bernard Frachisse, Cheryl Chong, Kyaw Myint Lay, Ajai Mitter s/o Jagdish Mitter@Aija Mitter s/o Jagdish Mitter, Lo Ming Hoi David, Debarchan Biswas, Agostinho Guilherme Manhao, Elo Yde, Chen Eh Leng, Ngu Meng Choon, Chia Kok Seng, Louren David Woof, Dave Yak, Thia Jee Sheng, Helle Junkuhn Enderby, Chu Voon Thart, Stanley Wong Liang Thung, Edgar Lim and Heng Kheng Hong
<i>“entity”</i>	:	Includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust
<i>“Entity at Risk”</i>	:	(a) Our Company;  (b) a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or

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## DEFINITIONS

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	(c)	an associated company of our Company that is not listed on the SGX-ST or an approved exchange, provided that our Group or our Group and our Interested Person(s), has control over the associated company
<i>“EPS”</i>	:	Earnings per Share
<i>“ESOS Shares”</i>	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of Options which may be granted under the NauticAWT ESOS
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
<i>“First Supplemental Agreement”</i>	:	The supplemental agreement dated 2 July 2012 entered into between our Company, John Grønbech and Kim Seng Holdings in relation to the Original Convertible Bond Subscription Agreement
<i>“FRS”</i>	:	Singapore Financial Reporting Standards
<i>“FY”</i>	:	Financial year ended or ending 31 December, as the case may be
<i>“GST”</i>	:	Goods and services tax
<i>“IB”</i>	:	Internet banking
<i>“Independent Directors”</i>	:	The non-executive independent directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Interested Person”</i>	:	(a) A Director, CEO or Controlling Shareholder of our Company; or  (b) an Associate of any such Director, CEO or Controlling Shareholder
<i>“Interested Person Transaction”</i>	:	A transaction between an Entity at Risk and an Interested Person
<i>“Invitation”</i>	:	Our invitation to subscribe for the Invitation Shares at the Invitation Price, subject to and on the terms and conditions of this Offer Document, by way of the Offer and the Placement
<i>“Invitation Price”</i>	:	S\$0.20 for each Invitation Share
<i>“Invitation Shares”</i>	:	The 28,000,000 new Shares which are the subject of this Invitation
<i>“IPO”</i>	:	Initial public offering

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## DEFINITIONS

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<i>“Latest Practicable Date”</i>	:	22 June 2015, being the latest practicable date prior to the lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority
<i>“Listing”</i>	:	The listing of our Company and the quotation of our Shares on Catalist
<i>“Management and Underwriting Agreement”</i>	:	The management and underwriting agreement dated 14 July 2015 entered into between our Company and Canaccord Genuity pursuant to which Canaccord Genuity agreed to sponsor and manage the Invitation and to underwrite the Offer Shares as described in the section entitled “Management, Underwriting and Placement Arrangements – Management and Underwriting Agreement” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NauticAWT ESOS”</i>	:	The employee share option scheme of our Company known as the “NauticAWT Employee Share Option Scheme” which was adopted by our Company on 3 July 2015, the terms of which are set out in “Appendix F – Rules of the NauticAWT Employee Share Option Scheme” of this Offer Document
<i>“NauticAWT PSP”</i>	:	The performance share plan of our Company known as the “NauticAWT Performance Share Plan” which was adopted by our Company on 3 July 2015, the terms of which are set out in “Appendix G – Rules of the NauticAWT Performance Share Plan” of this Offer Document
<i>“NAV”</i>	:	Net asset value
<i>“New Investors”</i>	:	Investors for the Invitation Shares in the Invitation
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Non-Executive Directors”</i>	:	The non-executive directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer”</i>	:	The offer by our Company to the public in Singapore for subscription of the Offer Shares at the Invitation Price, subject to and on the terms and conditions of this Offer Document
<i>“Offer Document”</i>	:	This offer document dated 14 July 2015 issued by our Company in respect of the Invitation
<i>“Offer Shares”</i>	:	The 1,000,000 Invitation Shares which are the subject of the Offer
<i>“Options”</i>	:	The right to acquire Shares granted pursuant to the rules of the NauticAWT ESOS

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## DEFINITIONS

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<i>“Original Convertible Bond Subscription Agreement”</i>	:	The convertible bond subscription agreement dated 30 June 2012 entered into among our Company, John Grønbech and Kim Seng Holdings
<i>“PBT”</i>	:	Profit before tax
<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The period which comprises FY2012, FY2013 and FY2014
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Invitation Price, subject to and on the terms and conditions of this Offer Document
<i>“Placement Agreement”</i>	:	The placement agreement dated 14 July 2015 entered into between our Company and Canaccord Genuity pursuant to which Canaccord Genuity agreed to subscribe or procure subscribers for the Placement Shares, details of which are described in the section entitled “Management, Underwriting and Placement Arrangements – Placement Agreement” of this Offer Document
<i>“Placement Shares”</i>	:	The 27,000,000 Invitation Shares which are the subject of the Placement
<i>“PNG”</i>	:	Papua New Guinea
<i>“PSP Shares”</i>	:	The Shares transferred or new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards which may be granted under the NauticAWT PSP
<i>“QEHS”</i>	:	Quality, environmental, health and safety
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“R&amp;D”</i>	:	Research and development
<i>“Second Supplemental Agreement”</i>	:	The second supplemental agreement dated 20 March 2014 entered into between our Company, John Grønbech, Chan Boon Hui, Cliff Chai, Kelvin Tang and Kim Seng Holdings in relation to the Original Convertible Bond Subscription Agreement, as amended by the First Supplemental Agreement
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<i>“Securities and Futures Act” or “SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<i>“Service Agreements”</i>	:	The service agreements entered into between our Group and each of John Grønbech and Simon Cunningham, as described in the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document

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## DEFINITIONS

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“SFR”	:	The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore, as amended, modified or supplemented from time to time
“SGXNET”	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
“Share Purchase Agreements”	:	The three (3) share purchase agreements dated 10 October 2014 entered into between (a) our Company, Nautic Australia, SAS Trustee Corporation, New Value Pty Ltd and Coppabella Investments Pty Ltd; (b) our Company, Nautic Australia and Muir & Associates Pty Ltd; and (c) our Company, Nautic Australia and Barrenger & Associates Pty Ltd
“Share Split”	:	The sub-division of every one (1) Share into 31,000 Shares
“Shareholders”	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of our Company
“Substantial Shareholder”	:	A person who has an interest in our Shares, the total votes attached to which is not less than 5.0% of the total votes attached to all the voting shares (excluding treasury shares) in our Company
“UAE”	:	United Arab Emirates
<b>Currencies, Units and Others</b>		
“AED”	:	UAE dirham, the lawful currency of the UAE
“A\$”	:	Australian dollars, the lawful currency of Australia
“B\$”	:	Brunei dollars, the lawful currency of Brunei
“EUR”	:	Euro, the lawful currency of a group of European Union nations whose national currency is the euro
“IDR”	:	Indonesian rupiah, the lawful currency of Indonesia
“INR”	:	Indian rupees, the lawful currency of India
“GBP”	:	British pound, the lawful currency of United Kingdom
“MXP”	:	Mexican pesos, the lawful currency of Mexico
“RM” and “sen”	:	Malaysian ringgit and sen respectively, the lawful currency of Malaysia
“S\$” and “S\$ cents”	:	Singapore dollars and cents respectively, the lawful currency of Singapore

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## DEFINITIONS

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“US\$” and “US cents”	:	United States dollars and cents respectively, the lawful currency of the United States of America
“N.A.”	:	Not applicable
“sq ft”	:	Square feet
“sq m”	:	Square metre
“%”	:	Per centum or percentage

### **Names used in this Offer Document**

“Andrew Fooks”	:	Andrew Leslie Fooks
“Cheryl Chong”	:	Chong Siu Peng
“Cliff Chai”	:	Chai Eng Kwee Cliff (Cai Ronggui)
“Dave Yak”	:	Yak Thian Huat
“Edgar Lim”	:	Edgar Sammy Lim Choon Teck
“Kelvin Tang”	:	Tang Kheng Guan Kelvin
“Simon Cunningham”	:	Simon John Cunningham

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term “entity” shall have the same meaning ascribed to it in Section 2 of the SFA, while the terms “related corporation” and “related entity” shall have the same meanings ascribed to them respectively in Paragraph 1 of the Fourth Schedule of the SFR.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any discrepancies in tables included herein between the total sum of amounts listed and the totals shown are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Unless otherwise indicated, any reference in this Offer Document, the Application Forms and/or the Electronic Applications to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Act, the SFA or any statutory modification thereof and used in this Offer Document, the Application Forms and/or the Electronic Applications shall, where applicable, have the meaning ascribed to it under the Act, the SFA or any statutory modification thereof, as the case may be.

Any reference in this Offer Document, the Application Forms and/or the Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document, the Application Forms and/or the Electronic Applications shall be a reference to Singapore time, unless otherwise stated.

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## DEFINITIONS

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Any reference to “we”, “us”, “our”, “ourselves” or other grammatical variations thereof in this Offer Document is a reference to our Company, our Group or any member of our Group as the context requires.

References in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively of this Offer Document.

The information on our website or any website directly or indirectly linking to such websites does not form part of this Offer Document and should not be relied on.

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## GLOSSARY OF TECHNICAL TERMS

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To facilitate a better understanding of our business the following glossary provides an explanation and description of certain terms and abbreviations used in this Offer Document. The terms and abbreviations and their assigned meanings should not be treated as being definitive of their meanings, and may not correspond to standard industry or common meanings or usage, as the case may be, or usage of these terms and abbreviations.

<i>“API”</i>	:	American Petroleum Institute
<i>“API RP-2A”</i>	:	API Recommended Practice 2A-WSD, Planning, Designing, and Constructing Fixed Offshore Platforms – Working Stress Design
<i>“ASTM C109”</i>	:	Standard Test Method for Compressive Strength of Hydraulic Cement Mortars (Using 2-in. or 50-mm Cube Specimens)
<i>“ASTM C307”</i>	:	Standard Test Method for Tensile Strength of Chemical-Resistant Mortar, Grouts, and Monolithic Surfacing
<i>“ASTM C469”</i>	:	Standard Test Method for Static Modulus of Elasticity and Poisson’s Ratio of Concrete in Compression
<i>“ASTM C942”</i>	:	Standard Test Method for Compressive Strength of Grouts for Preplaced-Aggregate Concrete in the Laboratory
<i>“ASTM C1090”</i>	:	Standard Test Method for Measuring Changes in Height of Cylindrical Specimens of Hydraulic-Cement Grout
<i>“ASTM C1202”</i>	:	Standard Test Method for Electrical Indication of Concrete’s Ability to Resist Chloride Ion Penetration
<i>“barge”</i>	:	A long, large, usually flat bottomed boat for transporting freight that is generally unpowered and towed or pushed by other floating craft
<i>“brownfield”</i>	:	Existing oil and gas field
<i>“BS EN 13294”</i>	:	Test methods to determine stiffening time under the British and European Standard
<i>“call-off contract”</i>	:	A contract which specifies an engagement framework stating prices, terms and conditions under which one or more activities can be carried out
<i>“capital equipment”</i>	:	Equipment acquired and used for execution of our contracting services, including but not limited to pumps, generators, high pressure cleaners and downhole cameras, which is recorded as fixed assets in our statements of financial position
<i>“cementitious”</i>	:	A cement base substance containing Portland cement as active binder
<i>“DNVGL”</i>	:	Det Norske Veritas Germanischer Lloyd, an international certification body and classification society

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## GLOSSARY OF TECHNICAL TERMS

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<i>“EN 1015-3”</i>	:	Test methods to determine consistence of free mortar under the European Standard
<i>“EN 1015-11”</i>	:	Test methods to determine the flexural and compressive strength of hardened mortar
<i>“EN1992”</i>	:	Design of concrete structures under European Standard
<i>“EPCM”</i>	:	Engineering, procurement and construction management. The EPCM contractor coordinates all design, procurement and construction work and ensures that the whole project is completed as required and on time
<i>“FFR”</i>	:	Full field review. A comprehensive multi-disciplinary integrated re-evaluation of all basic reservoir characterisation data, dynamic reservoir and well performance data as well as relevant surface facilities pertaining to an oil or gas field to maximise knowledge and understanding of the field
<i>“FPSO”</i>	:	A floating, production, storage and offloading vessel (usually a tanker) used in the offshore oil and gas industry for the production, storage and offloading of oil and gas from offshore oil and gas fields
<i>“greenfield”</i>	:	New oil and gas field
<i>“HPC”</i>	:	High performance cementitious
<i>“ISO”</i>	:	International Organisation for Standardisation, an independent, non-governmental organisation whose principal activity is the development of technical standards
<i>“ISO 9000”</i>	:	A set of standards prescribed by the ISO addressing various aspects of quality management
<i>“ISO 9001:2008”</i>	:	A set of requirements prescribed by the ISO for a quality management system
<i>“ISO 14001:2004”</i>	:	A set of requirements prescribed by the ISO for any organisation that wishes to establish, implement, maintain and improve an environmental management system
<i>“ISO 19902”</i>	:	Provides recommendations for design and assessment of offshore structures used by the petroleum and natural gas industries worldwide
<i>“jacket”</i>	:	Subsea steel structure which is piled and supports the production deck to constitute the offshore platform
<i>“MOPU”</i>	:	Mobile offshore production unit
<i>“NAX™”</i>	:	A registered trademark name for our UHPC, HPC and ULCC materials
<i>“NORSOK N004”</i>	:	Norwegian standard for design of steel structures

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## GLOSSARY OF TECHNICAL TERMS

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<i>"OHSAS 18001:2007"</i>	:	Occupational Health and Safety Management Systems – Requirements, an internationally applied standard for occupational health and safety management systems
<i>"PLEM"</i>	:	Pipeline end manifolds
<i>"SEMI"</i>	:	Semi-submersible drilling and production rig
<i>"subsea structures"</i>	:	Underwater structures which sometimes carry process equipment
<i>"UHPC"</i>	:	Ultra high performance cementitious
<i>"ULCC"</i>	:	Ultra lightweight cementitious composite
<i>"well integrity services"</i>	:	Application of technical, operational and organisational solutions to reduce risk of uncontrolled release of formation fluids throughout the life cycle of an oil or gas well
<i>"well intervention"</i>	:	Any operation carried out on an oil or gas well during or at the end of its productive life, which alters the state of the well and/or well geometry, provides well diagnostics, or manages the production of the well

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us, our Directors, Executive Officers, employees or authorised persons acting on our behalf, which are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would”, “could” and “forecast” or similar words and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (i) our revenue and profitability;
- (ii) expected growth in demand;
- (iii) expected industry trends and development;
- (iv) anticipated expansion plans and development plans; and
- (v) other matters discussed in this Offer Document regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- (a) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (b) risks associated with the highly regulated industries in which our customers operate;
- (c) risk that we may be unable to execute or implement our business strategies and future plans;
- (d) changes in the availability and prices of raw materials and goods which we require to operate our business;
- (e) changes in political, social, economic, business and financial conditions and stock or securities market conditions and the regulatory environment in Singapore and other countries in which we conduct our business;
- (f) changes in currency exchange or interest rates;
- (g) changes in competitive conditions and our ability to compete under such conditions from time to time; and
- (h) other factors beyond our control.

Some of these risks factors are discussed in more detail in this Offer Document, in particular, in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “Prospects, Business Strategies and Future Plans” of this Offer Document. These forward-looking statements are applicable only as at the date of this Offer Document.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements which apply only as at the date of this Offer Document.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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None of our Company, our Directors, the Sponsor and Issue Manager, Underwriter and Placement Agent or any other person represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements. Our actual future results may differ materially from those anticipated in those forward-looking statements as a result of the risks faced by us. Our Company, our Directors and the Sponsor and Issue Manager, Underwriter and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future.

Our Company is, however, subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Invitation, our Company becomes aware of:

- a false or misleading statement in this Offer Document;
- an omission from this Offer Document of any information that should have been included in it under Sections 243 of the SFA; or
- a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by Sections 243 of the SFA to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent, lodge a supplementary or replacement Offer Document with the SGX-ST acting as agent on behalf of the Authority.

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## SELLING RESTRICTIONS

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This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Invitation Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Invitation Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by our Company and the Sponsor and Issue Manager, Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to our Company and the Sponsor and Issue Manager, Underwriter and Placement Agent.

Each person to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

By accepting this Offer Document, you agree to be bound by the foregoing limitations. No part of this Offer Document may be (i) copied, photocopied or duplicated in any form by any means, or (ii) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

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## DETAILS OF THE INVITATION

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### LISTING ON CATALIST

The Sponsor and Issue Manager has made an application to the SGX-ST for permission to deal in, and for the listing and quotation of all our existing issued Shares, the Invitation Shares, the ESOS Shares and the PSP Shares on Catalist. Such permission will be granted when we have been admitted to Catalist. The dealing in, and quotation of, our existing issued Shares, the Invitation Shares, the ESOS Shares and the PSP Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

The Invitation is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor and Issue Manager, confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of our existing issued Shares, the Invitation Shares, the ESOS Shares and the PSP Shares being offered or in respect of which an invitation is made, for investment.

A copy of this Offer Document has been lodged with and registered by the SGX-ST acting as agent on behalf of the Authority. Registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority, does not imply that the SFA, or any other legal or regulatory requirements or requirements under the Catalist Rules, have been complied with. The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Offer Document. Admission to Catalist is not to be taken as an indication of the merits of the Invitation, our Company, our Subsidiaries, our existing issued Shares, the Invitation Shares, the ESOS Shares and the PSP Shares.

Acceptance of applications will be conditional upon, *inter alia*, the allotment and issuance of the Invitation Shares and upon permission granted by the SGX-ST to deal in, and for the listing and quotation of all our existing issued Shares, the Invitation Shares, the ESOS Shares and the PSP Shares on Catalist. If such permission is not granted for any reason, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claims against us, our Directors or the Sponsor and Issue Manager, Underwriter and Placement Agent. No Shares shall be allotted on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

Our Company is subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Invitation, our Company becomes aware of:

- (a) a false or misleading statement in this Offer Document;

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## DETAILS OF THE INVITATION

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- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority which would have been required by Section 243 of the SFA to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, our Company may, in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority, pursuant to Section 241 of the SFA. In the event that a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Invitation Shares and:

- (a) where the Invitation Shares have not been issued and/or sold to the applicants, our Company shall either:
  - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
  - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
  - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and our Company shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay to the applicants all monies the applicants have paid on account of their applications for the Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or
- (b) where the Invitation Shares have been allotted, issued and/or transferred to the applicants, our Company shall either:
  - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to our Company, the Invitation Shares which they do not wish to retain title in; and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
  - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to our Company the Invitation Shares which they do not wish to retain title in; or

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## DETAILS OF THE INVITATION

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- (iii) treat the issue of the Invitation Shares as void, in which case the issue shall be deemed void and our Company shall within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay to the applicants all monies the applicants have paid on account of their applications for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application for the Invitation Shares shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify our Company of this, whereupon our Company shall, within seven (7) days from the receipt of such notification, return the application monies to him, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against us, our Directors or the Sponsor and Issue Manager, Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Invitation Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify our Company of this and return all documents, if any, purporting to be evidence of title to those Invitation Shares to our Company, whereupon our Company shall, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue of those Invitation Shares shall be deemed to be void, and he will not have any claim against us, our Directors or the Sponsor and Issue Manager, Underwriter and Placement Agent.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the "**Stop Order**") to our Company, directing that no Shares or no further Shares to which this Offer Document relates, be allotted or issued or transferred. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority's opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, or (iii) does not, in the Authority's opinion, comply with the requirements of the SFA.

In the event that the Authority issues a Stop Order and applications to subscribe for the Invitation Shares have been made prior to the Stop Order, then:

- (a) where the Invitation Shares have not been allotted, issued and/or transferred to the applicants, the applications for the Invitation Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Invitation Shares; or
- (b) where the Invitation Shares have been allotted, issued and/or transferred to the applicants, the issue of the Invitation Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for those Invitation Shares.

Where monies are to be returned to applicants for the Invitation Shares, it shall be paid to the applicants without any interest or share of revenue or benefit arising therefrom at the applicants' own risk, and the applicants will not have any claim against our Company, and the Sponsor and Issue Manager, Underwriter and Placement Agent. This shall not apply where only an interim Stop Order has been served.

This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer

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## DETAILS OF THE INVITATION

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Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

No representation, warranty or covenant, expressed or implied, is made by us or the Sponsor and Issue Manager, Underwriter and Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offer Document is, or shall, to the extent permitted by law, be relied upon as a promise, representation or covenant by us or the Sponsor and Issue Manager, Underwriter and Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Neither our Company, our Directors, the Sponsor and Issue Manager, Underwriter and Placement Agent, nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own legal, financial, tax or other professional adviser(s) regarding an investment in our Shares. The Invitation Shares are offered for subscription solely on the basis of the information contained and the representations made in this Offer Document.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, our Directors or the Sponsor and Issue Manager, Underwriter and Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in our affairs, conditions or prospects, or the Invitation Shares or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we may make an announcement of the same to the SGX-ST and/or the Authority and the public and if required under the SFA and/or other requirements of the SGX-ST and/or the Authority, a supplementary or replacement offer document will be issued and made available to the public after a copy thereof has been lodged with the SGX-ST acting as agent on behalf of the Authority. All applicants should take note of any such announcement and/or supplementary or replacement offer document and, upon the release of such an announcement and/or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies of our Company or our Subsidiaries.

This Offer Document has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the Invitation Shares or for any other purposes.

**This Offer Document does not constitute an offer, solicitation or invitation of the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.**

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## DETAILS OF THE INVITATION

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Copies of this Offer Document and the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

**Canaccord Genuity Singapore Pte. Ltd.**  
77 Robinson Road  
#21-02  
Singapore 068896

An electronic copy of this Offer Document is also available on the SGX-ST's website at <http://www.sgx.com>.

**The Application List will open immediately upon the registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority and will remain open until 12.00 noon on 21 July 2015 or for such further period or periods as our Directors may, in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent, in its absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.**

Details of the procedures for applications to subscribe for the Invitation Shares are described in "Appendix H – Terms, Conditions and Procedures for Application and Acceptance" of this Offer Document.

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## INDICATIVE TIMETABLE FOR LISTING

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An indicative timetable is set out below for your reference:

Indicative Date and Time	Event
15 July 2015, 9.00 a.m.	Opening of Application List
21 July 2015, 12.00 noon	Close of Application List
22 July 2015	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
23 July 2015, 9.00 a.m.	Commence trading on a “ready” basis
28 July 2015	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 21 July 2015, the date of admission of our Company to Catalist is 23 July 2015, the SGX-ST’s shareholding spread requirement will be complied with and the Invitation Shares will be allotted and issued and fully paid-up prior to 23 July 2015. **The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.**

The above timetable and procedure may be subject to such modifications as the SGX-ST may in its discretion decide, including the decision to permit commencement of trading on a “ready” basis and the commencement date of such trading.

**Investors should consult the SGX-ST’s announcement on the “ready” trading date on the internet (on the SGX-ST’s website at <http://www.sgx.com>) or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.**

We may, at our discretion, with the agreement of the Sponsor and Issue Manager, Underwriter and Placement Agent, subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Application List is open, provided that such period shall not be shorter than two (2) Market Days.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (i) through a SGXNET announcement to be posted on the Internet on the SGX-ST’s website at <http://www.sgx.com>; and
- (ii) in a major English language newspaper in Singapore, such as The Straits Times or The Business Times.

We will provide details of the results of the Invitation (including the level of subscription for the Invitation Shares and the basis of allotment of the Invitation Shares pursuant to the Invitation), as soon as it is practicable after the closure of the Application List through the channels described in (i) and (ii) above.

We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offer Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting our Shares to a reasonable number of applicants with a view to establish an adequate market for our Shares.

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## OFFER DOCUMENT SUMMARY

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*The following summary highlights certain information found in greater detail elsewhere in this Offer Document and should be read in conjunction with the full text of this Offer Document. As it is a summary, it does not contain all the information that prospective investors should consider before investing in our Shares. Prospective investors should read this entire Offer Document carefully, especially the matters set out under the “Risk Factors” section of this Offer Document, before deciding to invest in our Shares.*

### OVERVIEW OF OUR GROUP

Our Company was incorporated in Singapore on 4 April 2011 under the Act as a private company limited by shares, under the name “Nautic Group Pte. Ltd.”. We subsequently changed our name to “NauticAWT Energy Solutions Pte. Ltd.” and thereafter “NauticAWT Pte. Ltd.” in February 2015. On 8 July 2015, our Company was converted into a public company limited by shares and we changed our name to “NauticAWT Limited”.

Our Group comprises our Company and our Subsidiaries (Advanced Well Technologies (India), Advanced Well Technologies (Malaysia), AWT, AWT Asia, AWT India, AWT PNG, EAI, Nautic Australia, Nautic Brunei, Nautic India, Nautic Malaysia, Nautic Marine, Nautic Mexico, Nautic Middle East and Nautic Offshore).

### OUR BUSINESS

We offer 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. We are involved in both the onshore and offshore segments of the oil and gas industry.

Through our 11 offices across Southeast Asia, Australasia, Middle East, Latin America and India, we offer:

- Geology, geophysics and reservoir analysis
- Well design and drilling management
- Well completions, well testing, well integrity services and well interventions
- Production optimisation solutions
- Structural and pipeline 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
- Manufacturing of UHPC materials for subsurface, subsea and surface applications

The services and solutions offered by our Group are classified into three (3) business segments:

- (i) Subsurface and Wells;
- (ii) Subsea and Surface Facilities; and
- (iii) Advanced Material Solutions.

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## OFFER DOCUMENT SUMMARY

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Please refer to the section entitled “General Information on Our Group – Business Overview” of this Offer Document for further details.

### OUR COMPETITIVE STRENGTHS

We believe that our key competitive strengths are as follows:

- **We have experienced key personnel and a well established track record**

The key personnel of our Group comprising our Executive Directors, our Executive Officers, and our sales and engineering teams have among them in aggregate more than 300 years of experience within the oil and gas industry corresponding to 14 years on average per team member. Through our multiple project engagements, we have developed long-standing relationships with many clients and established a proven track record of providing reliable engineering and contracting services.

- **We offer a comprehensive range of technical and commercial solutions**

We believe that our multi-disciplined offering from our Subsea and Surface Facilities, and Subsurface and Wells business segments provides us with a point of competitive differentiation. We deliver customised technical greenfield development services and brownfield enhancement and extension solutions, with our strength being that we provide these offerings not only as stand-alone solutions but also as an integrated package. This gives us the ability to build long-term relationships with our clients through continuity of engagement across numerous technical disciplines. This also provides us with the capability to offer turn-key solutions for the redevelopment of mature and ageing fields, where executing production enhancement and decommissioning work programmes requires multiple technical skill sets, which we efficiently integrate to reduce client risk and maximise the asset outcome.

- **We offer a unique range of UHPC and HPC materials**

Our in-house cement technology and ability to develop and produce pre-mix products for subsurface, subsea and surface applications gives us a competitive advantage as these allow us to offer cost efficient installation, repair and strengthening solutions for requalification and life extensions of subsea structures.

- **We have an extensive global reach**

We operate in an international industry and inherent to our success is the ability to actively deliver solutions for our clients in numerous locations. Our extensive geographical capability allows us to manage our projects locally thus enabling us to respond to client needs more promptly.

Please refer to the section entitled “General Information on Our Group – Competitive Strengths” of this Offer Document for further details.

### OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans entail the following:

- **We intend to further strengthen our contracting services by investing in capital equipment**

We intend to strengthen our contracting services by investing in more capital equipment in the various regions in which we are operating as this reduces mobilisation time and costs.

- **We intend to expand and diversify our business and service offerings through, *inter alia*, investments, acquisitions and/or joint ventures**

We plan to expand and diversify our business and service offerings in the oil and gas industry either through our own investments or through potential acquisitions and joint ventures with parties who can provide synergistic value to our existing business, as and when opportunities arise.

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## OFFER DOCUMENT SUMMARY

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- **We intend to market our expanded portfolio of services to our existing client networks and new markets**

With the expansion of our portfolio of services resulting from the Acquisition, we intend to offer production enhancement turn-key solutions for ageing and depleting oil and gas fields.

We have expanded our global footprint with offices strategically located worldwide. Going forward, we intend to market our expanded services within the client networks of our regional offices in Southeast Asia, Australasia, Middle East, Latin America and India and to new markets in Europe.

Please refer to the section entitled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document for further details.

### **OUR CONTACT DETAILS**

Our registered office and principal place of business is located at 300 Beach Road, #13-02 The Concourse, Singapore 199555. Our Singapore telephone and facsimile numbers are (65) 6298 2671 and (65) 6298 2673, respectively. Our Company Registration Number is 201108075C. Our website is <http://www.nauticawt.com>.

**Information contained on our website does not constitute part of this Offer Document and should not be relied on.**

## OFFER DOCUMENT SUMMARY

### FINANCIAL HIGHLIGHTS

You should read the following summary financial information in conjunction with the full text of this Offer Document, including the “Independent Auditors’ Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2012, 2013 and 2014” and “Independent Auditors’ Report and the Unaudited Pro Forma Group Financial Information for the Financial Year ended 31 December 2014” as set out in Appendices A and B, respectively of this Offer Document and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

### Selected items from the Consolidated Statements of Profit or Loss and Other Comprehensive Income

(US\$)	←———— Audited —————→			Unaudited Pro Forma FY2014 <sup>(6)</sup>
	FY2012	FY2013	FY2014	
Revenue	13,477,645	11,024,903	21,282,898	45,099,896
Gross profit	3,201,828	5,069,509	10,873,349	15,804,166
Profit before tax	1,124,364	844,220	4,574,746	4,529,611
Profit for the year	1,302,364	755,701	4,499,065 <sup>(4)</sup>	4,445,502
Profit attributable to owners of our Company	1,302,364	755,701	4,325,781	4,278,501
EPS <sup>(1)</sup> (US\$ cents)	0.81	0.47	2.68 <sup>(3)(4)</sup>	2.65
EPS as adjusted for the Invitation <sup>(2)</sup> (US\$ cents)	0.69	0.40	2.29 <sup>(3)(4)</sup>	2.26
EPS <sup>(1)(5)</sup> (S\$ cents)	1.01	0.59	3.41 <sup>(3)(4)</sup>	3.37
EPS as adjusted for the Invitation <sup>(2)(5)</sup> (S\$ cents)	0.86	0.50	2.90 <sup>(3)(4)</sup>	2.87

### Selected items from the Consolidated Statements of Financial Position

(US\$)	Audited as at 31 December 2014	Unaudited Pro Forma as at 31 December 2014
Current assets	14,092,232	14,092,232 <sup>(6)</sup>
Non-current assets	7,148,588	7,148,588
<b>Total assets</b>	<b>21,240,820</b>	<b>21,240,820</b>
Current liabilities	8,777,892	8,777,892
Non-current liabilities	1,479,603	1,479,603
<b>Total liabilities</b>	<b>10,257,495</b>	<b>10,257,495</b>
<b>NAV</b>	<b>10,983,325</b>	<b>10,983,325</b>
<b>Shareholders’ equity</b>	<b>10,983,325</b>	<b>10,983,325</b>

#### Notes:

- (1) For comparative purposes, EPS for FY2012, FY2013, FY2014 and pro forma FY2014 has been computed based on the profit attributable to owners of our Company and our pre-Invitation share capital of 161,200,000 Shares.
- (2) For comparative purposes, EPS as adjusted for the Invitation for FY2012, FY2013, FY2014 and pro forma FY2014 has been computed based on the profit attributable to owners of our Company and our post-Invitation share capital of 189,200,000 Shares.
- (3) Had the Service Agreements been in place since the beginning of FY2014, (i) profit before tax for FY2014 would have been US\$4.2 million; and (ii) EPS and EPS as adjusted for the Invitation would have been 2.48 US\$ cents (3.15 S\$ cents) and 2.11 US\$ cents (2.68 S\$ cents) based on the audited consolidated financial statements of our Group.
- (4) If the expenses incurred in connection with our Listing of approximately US\$0.4 million and the imputed interest expense on the Convertible Bond of approximately US\$0.3 million were excluded, (i) profit before tax for FY2014 would have been US\$5.3 million; and (ii) EPS and EPS as adjusted for the Invitation for FY2014 would have been 3.11 US\$ cents (3.95 S\$ cents) and 2.65 US\$ cents (3.37 S\$ cents) based on the audited consolidated financial statements of our Group.

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## OFFER DOCUMENT SUMMARY

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- (5) Based on the exchange rates of US\$1.00 to S\$1.2450, US\$1.00 to S\$1.2535 and US\$1.00 to S\$1.2703 respectively, being the average exchange rates for FY2012, FY2013 and FY2014.
- (6) The pro forma financial information has been prepared for illustrative purposes only. It takes into account the Acquisition which resulted in AWT being consolidated into our Group as a Subsidiary, and assuming the Acquisition took place on 1 January 2014.

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## THE INVITATION

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- Invitation size** : 28,000,000 Invitation Shares by way of Offer and Placement.
- The Invitation Shares, will, upon allotment and issuance, rank *pari passu* in all respects with the existing issued Shares.
- Invitation Price** : S\$0.20 for each Invitation Share, payable in full on application.
- The Offer** : The Offer comprises a public offer by our Company to the public in Singapore to subscribe for the 1,000,000 Offer Shares at the Invitation Price, subject to and on the terms and conditions of this Offer Document. In the event that any of the Offer Shares are not taken up, they will be made available to satisfy excess applications for the Placement Shares.
- The Placement** : The Placement comprises a placement by the Placement Agent on behalf of our Company of 27,000,000 Placement Shares at the Invitation Price, subject to and on the terms and conditions of this Offer Document. In the event that any of the Placement Shares are not taken up, they will be made available to satisfy excess applications for the Offer Shares.
- Re-allocation** : The Invitation Shares may be re-allocated between the Offer and the Placement tranche at the discretion of the Sponsor and Issue Manager, Underwriter and Placement Agent in the event of an excess of applications in one and a deficit of applications in the other.
- Purpose of the Invitation** : We believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image locally and internationally as well as enable us to tap the capital markets to fund our business growth. The Invitation will also provide members of the public, our management, our employees, our business associates and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company. In addition, the proceeds from the Invitation will provide us with additional capital to finance our business expansion and for general working capital of our Company.
- Listing Status** : Prior to the Invitation, there has been no public market for our Shares. Our Shares will be quoted on Catalist in Singapore dollars, subject to the admission of our Company to Catalist and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST and the Authority not issuing a stop order.
- Risk Factors** : Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Offer Document.
- Use of Proceeds** : Please refer to the section entitled “Use of Proceeds from the Invitation and Expenses Incurred” of this Offer Document for further details.

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## PLAN OF DISTRIBUTION

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Prior to the Invitation, there has been no public market for our Shares. The Invitation Price is determined by our Company in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for our Shares determined through a book-building process. The Invitation Price is the same for all Invitation Shares and is payable in full on application.

### OFFER SHARES

The Offer Shares are made available to members of the public in Singapore for subscription at the Invitation Price. The terms, conditions and procedures for application and acceptance are described in “Appendix H – Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors, in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent and approved by the SGX-ST, if required.

### PLACEMENT SHARES

The Placement Shares are made available to retail and institutional investors who apply through their brokers or financial institutions. Application for the Placement Shares may only be made by way of Placement Shares Application Forms or such other forms of application as the Sponsor and Issue Manager, Underwriter and Placement Agent deems appropriate. The terms, conditions and procedures for application and acceptance are described in “Appendix H – Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

None of our Directors or Substantial Shareholders intends to subscribe for the Invitation Shares in the Invitation.

None of our Executive Officers or employees intends to subscribe for 5.0% or more of the Invitation Shares pursuant to the Invitation.

To the best of our knowledge, we are not aware of any person who intends to subscribe for more than 5.0% of the Invitation Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for more than 5.0% of the Invitation Shares. If such person(s) were to make an application for more than 5.0% of the Invitation Shares pursuant to the Invitation and is subsequently allotted and/or allocated such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406(1) of the Catalist Rules.

No Shares shall be allotted, issued and/or transferred on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.

## USE OF PROCEEDS FROM THE INVITATION AND EXPENSES INCURRED

The gross proceeds to be raised by our Company from the Invitation will be approximately S\$5.6 million.

The net proceeds to be raised by our Company from the Invitation (after deducting the estimated expenses incurred in connection with the Invitation, including listing fees, professional fees, underwriting and placement commission and other miscellaneous expenses of approximately S\$2.8 million) will be approximately S\$2.8 million.

The allocation of each principal intended use of proceeds from the Invitation and estimated listing expenses is set out below:

	<b>Amount (S\$'000)</b>	<b>Estimated amount allocated for each dollar of gross proceeds raised from the issue of the Invitation Shares (in S\$ cents)</b>
<b>Use of proceeds from the issue of Invitation Shares</b>		
Invest in capital equipment to further strengthen contracting services	1,300	23.2
Expansion of business scope via investments, acquisitions and joint ventures	400	7.1
General corporate and working capital purposes	1,129	20.2
<b>Net proceeds from the issue of Invitation Shares</b>	<b>2,829</b>	<b>50.5</b>
<b>Expenses to be borne by our Company</b>		
Listing and processing fees	43	0.8
Professional fees	2,042	36.5
Underwriting and placement commission	210	3.8
Miscellaneous expenses	476	8.5
<b>Gross proceeds from the issue of Invitation Shares</b>	<b>5,600</b>	<b>100.0</b>

The foregoing discussion represents our Company's reasonable estimate of our allocation of the net proceeds to be raised by our Company from the issue of the Invitation Shares based on our current plans and reasonable estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and our Company may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that any part of our proposed uses of the net proceeds from the issue of the Invitation Shares does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the intended funding to other purposes and/or hold such funds on short term deposits for so long as our Directors deem it to be in the interest of our Company and our Shareholders, taken as a whole. Any change in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by our Company on SGXNET.

We will make periodic announcements on the use of the net proceeds from the issue of the Invitation Shares as and when the funds are materially disbursed, and provide a status report on the use of the net proceeds from the issue of the Invitation Shares in our annual report(s). Pending the deployment of the net proceeds from the issue of Invitation Shares as aforesaid, the funds will be placed in short term deposits with financial institutions, used to invest in short term money market instruments and/or used for working capital requirements as our Directors may deem appropriate.

Please refer to the section entitled "Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans" of this Offer Document for further details on our future plans. Any remaining financing requirement in respect of the activities highlighted above will be funded through internally generated funds and/or external borrowings at our discretion.

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## **USE OF PROCEEDS FROM THE INVITATION AND EXPENSES INCURRED**

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In the reasonable opinion of our Directors, there is no minimum amount which must be raised from the Invitation.

Save as disclosed in the section entitled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document, we do not have any intention to use the net proceeds from the issue of the Invitation Shares to acquire or re-finance the acquisition of an asset other than in the ordinary course of business.

None of the net proceeds from the issue of the Invitation Shares will be used to discharge, reduce or retire any indebtedness of our Group.

In accordance with the FRS, a portion of the expenses (other than underwriting and placement commission) incurred in connection with the Invitation will be charged to our financial statements, which have been accounted for in our financial results in FY2014.

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## MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

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### MANAGEMENT AND UNDERWRITING AGREEMENT

Pursuant to the Management and Underwriting Agreement, our Company has appointed Canaccord Genuity to sponsor and manage the Invitation as well as underwrite the subscription of the Offer Shares. Canaccord Genuity will receive a fee from our Company for such services rendered in connection with the Invitation.

Pursuant to the Management and Underwriting Agreement, the Underwriter agreed to underwrite the Offer Shares on the terms and conditions therein, and our Company agreed to pay to the Underwriter an underwriting commission of 3.5% of the aggregate Invitation Price for the total number of Offer Shares underwritten by the Underwriter. Payment of the commission shall be made whether or not any allotment, issue or transfer of the Offer Shares is made to the Underwriter or its nominees, except that no underwriting commission shall be payable for any portion of the Offer Shares which have been applied to satisfy excess applications for the Placement Shares. The Underwriter may, in its absolute discretion, appoint one or more sub-underwriters to underwrite the Offer Shares.

The Sponsor and Issue Manager may by notice in writing to our Company terminate the Management and Underwriting Agreement if:

- (a) at any time up to the close of the Application List, a notice of refusal to an admission of our Company to Catalist is issued by the SGX-ST to the Sponsor and Issue Manager or a stop order shall have been issued by the Authority in accordance with Section 242 of the SFA; or
- (b) at any time after the lodgement of this Offer Document with the SGX-ST acting as agent on behalf of the Authority but before the close of the Application List, our Company fails and/or neglects to procure the lodgement of a supplementary or replacement offer document (as the case may be) if it becomes aware of:
  - (i) a false or misleading statement in this Offer Document;
  - (ii) an omission from this Offer Document of any information that should have been included in it under the Catalist Rules or the SFA; or
  - (iii) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by the Catalist Rules or the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor;

- (c) the Shares and the Invitation Shares have not been admitted to Catalist on or before 23 July 2015 (or such other date as our Company and the Sponsor and Issue Manager may in consultation agree, subject to prior approval of the SGX-ST); or
- (d) at any time our Company releases or discharges the Sponsor and Issue Manager from its obligations under or pursuant to the mandate letter appointing Canaccord Genuity as the Sponsor and Issue Manager in relation to preparing our Company for admission to Catalist ("**Mandate Letter**").

If there shall have been, since the date of the Management and Underwriting Agreement and prior to the close of the Application List:

- (i) any breach of the warranties or undertakings by our Company in the Management and Underwriting Agreement which comes to the knowledge of the Sponsor and Issue Manager or that any of the warranties is untrue or incorrect; or
- (ii) any occurrence of certain specified events which comes to the knowledge of the Sponsor and Issue Manager; or

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## MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

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- (iii) any adverse change, or any development involving a prospective adverse change, in the condition (business, trading, operational, financial or otherwise) of our Company or of our Group as a whole; or
- (iv) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive in Singapore or elsewhere (whether or not having the force of law) and including, without limitation, any directive or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST or relevant authorities elsewhere, in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere; or
- (v) any change, or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise, adverse changes in foreign exchange controls in Singapore and overseas or any combination of any such changes or developments or crisis, or any deterioration of any such conditions); or
- (vi) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict (whether or not involving financial markets) in any jurisdiction; or
- (vii) any regional or local outbreak of disease that may have an adverse effect on the financial markets; or
- (viii) foreign exchange controls in Singapore and overseas or any occurrence of a combination of any such changes or developments or crises, or any deterioration of any such condition; or
- (ix) any other occurrence of any nature whatsoever,

which in the opinion of the Sponsor and Issue Manager results or is likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or overseas; or is likely to materially prejudice the success of the Invitation; or makes it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated under the Management and Underwriting Agreement; or the business, trading position, operations or prospects of our Group being materially and adversely affected; results or is likely to result in the issue of a notice of refusal to an admission of our Company to Catalist by the SGX-ST to the Sponsor and Issue Manager at any point prior to the listing of our Shares; or makes it uncommercial or otherwise contrary to or outside the usual commercial practices in Singapore for the Sponsor and Issue Manager to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement, the Sponsor and Issue Manager may at any time prior to or on the close of the Application List rescind or terminate the Management and Underwriting Agreement.

### PLACEMENT AGREEMENT

Pursuant to the Placement Agreement entered into between our Company and Canaccord Genuity as the Placement Agent, the Placement Agent agreed to subscribe for or procure subscriptions for the Placement Shares at the Invitation Price at a placement commission of 3.5% of the aggregate Invitation Price for each Placement Share payable by our Company and in respect of the Offer Shares applied to satisfy excess application for the Placement Shares. The Placement Agent may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Subscribers of the Placement Shares may be required to pay a brokerage of up to 1.0% of the aggregate Invitation Price (and the prevailing GST thereon, if applicable) to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

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## **MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS**

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The obligations under the Placement Agreement are conditional upon the Management and Underwriting Agreement not being terminated or rescinded pursuant to certain provisions of the Management and Underwriting Agreement. In the case of the non-fulfilment of certain of the conditions in the Management and Underwriting Agreement or the release or discharge of the Sponsor and Issue Manager from its obligations under or pursuant to the Management and Underwriting Agreement, the Placement Agreement shall be terminated and the parties shall be released from their respective obligations under the Placement Agreement.

The Placement Agent may by notice in writing to our Company terminate the Placement Agent if at any time our Company releases or discharges the Sponsor and Issue Manager from its obligations under or pursuant the Mandate Letter.

In the event that the Management and Underwriting Agreement and/or the Placement Agreement are terminated, our Directors reserve the right, at their absolute discretion, to cancel the Invitation.

Save as disclosed in this Offer Document, our Company does not have any material relationship with Canaccord Genuity.

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## RISK FACTORS

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*We are exposed to a number of possible risks that may arise from political, social, economic, business, market and financial factors and developments that may have an adverse impact on our future performance.*

*Prospective investors should carefully consider and evaluate each of the following risk factors and all other information contained in this Offer Document before deciding to invest in our Shares. Before deciding to invest in our Shares, you should seek professional advice from the relevant advisers about your particular circumstances. To the best of our knowledge and belief, all risk factors which are material to investors in making an informed judgement of our Group have been set out below. If any of the following considerations, uncertainties or material risks develops into actual events, our business operations, financial condition and/or results of operations could be materially and adversely affected. In such cases, the trading price of our Shares could decline due to any of these considerations, uncertainties or material risks, and investors may lose all or part of their investment in our Shares.*

*This Offer Document also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Offer Document.*

### **RISKS RELATING TO OUR INDUSTRY AND BUSINESS**

#### ***We have a limited operating history as a Company and as a Group***

As we only commenced our business operations in October 2011, our Company has a limited operating history and our limited historical operating results, including profit margins, may not provide a meaningful basis for investors to evaluate our business, financial performance and prospects. Given our limited operating history, our business has scaled up significantly in a relatively short period of time, and we may not have the full capability and/or resources to execute all project orders efficiently and fully in accordance with our customers' requirements. As a result of the aforesaid, you should not rely on our results of operations for any prior periods as an indication of our future performance. As a stand-alone public listed group, we may also face increasing expenses in areas that include, but are not limited to, insurance and compliance with regulatory and legal requirements. As a result of the aforesaid, our past performance may not be a good indication of our present and future performance. Please refer to the section entitled "General Information on Our Group – Our History" of this Offer Document for further details of our past operating history.

#### ***Entry into and expansion of new lines of business***

Historically, we have conducted business operations in our Subsurface and Wells, Subsea and Surface Facilities and Advanced Material Solutions business segments, with our primary focus being on our service offerings in our Subsea and Surface Facilities and Advanced Material Solutions business segments. Our business operations in our Subsurface and Wells business segment originally comprised well related inspection and interventions services. Through the Acquisition of AWT, which has 16 years of experience in the Subsurface and Wells business segment, we have expanded our service portfolio in our Subsurface and Wells business segment to include geoscience, drilling and completion, well testing, well integrity services, well intervention and production enhancement, thereby increasing the scope of our offerings.

The entry into, or further development of, lines of business in which we have not historically operated may expose us to business and operational risks that are different from those that we have experienced historically. Our management may not be able to effectively manage these additional risks or implement successful business strategies in such new lines of business. Additionally, our competitors in these lines of business may possess substantially greater operational knowledge, resources and experience than us.

#### ***We are dependent on our continued ability to attract and retain our key personnel***

Our success and continued growth depends, in a large part, on the continued contributions, skills and services of our key management personnel, in particular, our Executive Directors, namely, John Grønbech and Simon Cunningham. There is no assurance that we will be able to retain their services. Please refer to the section entitled "Directors, Executive Officers and Staff – Directors" of this Offer

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## RISK FACTORS

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Document for details of their qualifications and working experience. While we have entered into service agreements with each of our Executive Directors, the loss of the services of any of our key management personnel without suitable and/or timely replacements and an inability to attract or retain new qualified personnel will have a material adverse impact on our business operations and results of operations. Please refer to the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document for further details on the service agreements entered into with each of our Executive Directors.

***We are dependent on the availability and reliability of an adequately skilled workforce and specialised equipment***

Due to the specialised nature of our work, our continued success is dependent on our ability to maintain an adequately skilled workforce, which will allow us to deploy sufficient and experienced personnel to perform our project work. Skilled personnel with the appropriate experience in our industry are limited and competition for such personnel is intense. There is no assurance that we will be able to attract personnel with the requisite skills or experience, or that we are able to retain the skilled personnel whom we have trained, or whether suitable and timely replacements can be found for skilled personnel who leave us. If we are unable to continue to attract and retain skilled employees, the quality and timeliness of our projects, and consequently our ability to compete effectively and our results of operations will be adversely affected.

The successful execution of our projects is also dependent on the availability and reliability of specialised equipment. Although we use our best efforts to ensure the reliability of our specialised equipment, we could nonetheless experience equipment or mechanical failure. It is also possible that, after entering into a contract, we could subsequently fail to acquire the equipment necessary to execute the projects. Such failure could result not only in greater project execution costs, but also lead to delays in on-going or subsequent projects for which such equipment was intended to be used. Any equipment or mechanical failure with respect to our equipment could increase the project’s costs, reduce profits and/or lead to penalties for failure to comply with the project’s conditions. Any such event could materially affect our business operations, revenue and profitability.

***We are dependent on our major customers***

We are dependent on our major customers such as Brunei Shell and Heerema Americas, which in aggregate accounted for approximately 4.9%, 42.8% and 45.2% of our Group’s revenue for FY2012, FY2013 and FY2014 respectively. Please refer to the section entitled “General Information on Our Group – Major Customers” of this Offer Document for more details on our major customers.

The demand for our services is affected by the level of business activities and the results of operations of our customers, which in turn are affected by economic fluctuations and the level of business activities especially in the oil and gas industry, and the demand for their products and services. There is no assurance that we will continue to retain these customers and that they will maintain or increase their current level of business with our Group. In the event any of our major customers ceases or significantly reduces their engagement of our Group for their projects, and we are unable to secure projects of comparable size and project margins from other customers, our business operations and results of operations will be adversely affected.

***We are exposed to the credit risks of our customers***

A substantial portion of our projects involve progressive billing according to the stages of project completion pursuant to the terms of the contract. Very often, we have to use our working capital to finance the initial stages of a project. As we extend credit terms typically ranging from 45 to 90 days to our customers for projects which involve progressive billing, we are subject to the risk of bad debts should any of our customers face financial difficulties. Please refer to the section entitled “General Information on Our Group – Credit Management” of this Offer Document for more details. There is no guarantee on the timeliness of our customers’ payments and their ability to fulfil their payment obligations. In the event that our customers are unable to settle substantial trade receivables on a timely basis and/or there is any material default in payment by our customers, our cash flow, results of operations and financial condition may be adversely affected.

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## RISK FACTORS

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***Our business is generally project based and we face the risk of delay or premature termination of our secured projects and/or we may not be able to secure new projects***

It is an industry norm for a company providing services to offshore oil and gas operators to render its services on a project basis. Work outsourced to external service providers by offshore oil and gas operators will usually be done on a tender basis, and hence, long-term contracts are uncommon in the offshore oil and gas industry. Upon completion of the project, there is no guarantee that the relevant operator will continue using the same service provider. We therefore have to continuously and consistently secure new customers and/or new projects.

Customers may also postpone the handover and delivery of our projects due to unforeseen circumstances. Such delays in project timing may affect our ability to efficiently manage workspace and allocate resources for the execution of subsequent projects. In such situations, the contracts generally provide for us to be compensated for the costs of demobilisation.

Our revenue and profit may therefore be subject to some degree of volatility if we are unable to secure new projects and/or if our secured projects are delayed or prematurely terminated because of factors including changes in our customers' businesses, a reduction in the number of customers, poor market conditions and/or lack of funds on the part of the offshore oil and gas operators or project operators. In such an event, our business operations and results of operations will be materially and adversely affected.

***Our business operations and results of operations are dependent on the state of the oil and gas industry, which is affected by volatile oil and gas prices***

A significant portion of our customers are operating in the oil and gas industry. Accordingly, our business operations and results of operations are dependent on the level of activity and capital expenditure in the offshore exploration, development and production of oil and gas. Such activities and level of capital expenditure are significantly affected by fluctuations in oil and gas prices, as well as expectations of changes in these prices in the future.

The prices of oil and gas are volatile and are affected by various factors including, but not limited to:

- (a) actual and perceived changes in demand and supply of oil and gas;
- (b) ability and willingness of the Organization of the Petroleum Exporting Countries to set and maintain production levels;
- (c) ability of oil and gas companies to generate capital;
- (d) global economic factors and growth;
- (e) costs of exploration, production and delivery of oil and gas;
- (f) conflict or instability in Middle East and/or other major oil and gas producing regions;
- (g) the development and exploitation of alternative fuel source(s) other than conventional crude oil and natural gas such as shale oil;
- (h) government policies and regulations, including energy and resource policies and environmental and safety regulations; and
- (i) the level of global speculation in oil and gas and the corresponding anticipated prices.

The rise in production of unconventional crude oil and gas resources in North America and the commissioning of a number of new large liquefied natural gas export facilities around the world are, at least to date, primarily contributing to an over supplied crude oil and natural gas market. While production of crude oil and natural gas from unconventional sources is still a relatively small portion of the worldwide crude oil and natural gas production, production from unconventional resources is increasing because

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## RISK FACTORS

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improved drilling efficiencies are lowering the costs of such extraction. There is an oversupply of crude oil and natural gas inventories in the United States due to the increased development of unconventional crude oil and natural gas resources. Prolonged increases in the worldwide supply of crude oil and natural gas, whether from conventional or unconventional sources, will likely continue to weigh on crude oil and natural gas prices.

Depending on the market price of oil and gas, companies exploring for oil and gas may cancel or reduce the level of activity in the exploration, development and production of oil and gas as a result of any changes in capital spending by the oil and gas industry or otherwise, and our results of operations, financial position and prospects may be adversely affected. It is possible that the current low oil and gas prices may persist, and there can be no assurance that the market price of oil and gas will increase or that the activity levels in the oil and gas industry will increase correspondingly or in tandem with the increase in oil price.

### ***We operate in competitive industries***

We operate in a competitive environment in all segments of our business operations and face intense competition in the offshore engineering and contracting services industry. In this regard, there can be no assurance that local or international companies will not enter or increase their presence in this industry. Please refer to the section entitled “General Information on Our Group – Competition” of this Offer Document for details of our competitors.

Some of our competitors may be equipped with better resources, facilities, capabilities or technical expertise, and may be able to provide a more comprehensive range of services than us. Our competitors may also be more aggressive in their pricing to capture or retain market share, or may have lower operating costs and overheads, and as such may be willing to accept projects at lower profit margins. Some of our competitors may also have a larger customer base, stronger relationships with customers and suppliers and/or greater financial strength. Competition could also increase as a result of new market entrants. There is no assurance that we will be able to compete successfully in the future. Any failure by us to remain competitive would materially and adversely affect our results of operations.

### ***We may require additional financing to fund our projects and future growth***

We need to make regular capital investments in our equipment and facilities to sustain our growth, maintain our equipment, comply with environmental laws and regulations and remain competitive. We may also find future opportunities to grow through acquisitions which we have not identified at this juncture. In the event that our operating cash flow is not sufficient, we may need to obtain debt or equity financing to finance our business operations and implement growth opportunities.

Additional equity financing may result in dilution to our Shareholders. If such financing does not generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our Share price.

Apart from increasing interest expense and gearing, additional debt financing may result in any of the following:

- (a) limit our ability to pay dividends or require us to seek consents from the relevant financial institutions for the payment of dividends;
- (b) increase our vulnerability to general adverse economic and industry conditions;
- (c) require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital and other requirements;

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## RISK FACTORS

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- (d) require us to maintain certain financial ratios, failing which repayment of debt may be accelerated;
- (e) limit our flexibility in planning for, or reacting to, changes in our business and our industry; and/or
- (f) restrict our ability to undertake or require us to obtain consents from the relevant financial institutions for corporate restructuring, additional financing or other fundraising activities.

Furthermore, our borrowing facilities bear interests at fixed and variable rates. Any significant increase in prevailing interest rates or at the time of refinancing of our borrowing facilities could have a material and adverse effect on our business operations and results of operations.

There is no assurance that we will be able to obtain additional debt and/or equity financing on terms that are acceptable to us or at all. Any inability to secure additional debt and/or equity financing may materially and adversely affect our business, implementation of our business strategies and future plans and results of operations. In addition, the banks and other financial institutions providing the funding do not guarantee continuation of financial support. In the event that a bank or financial institution withdraws financing facilities extended to our Group, our Group's cash flow and financial position may be adversely affected.

### ***We are dependent on the credit terms given by our suppliers***

We are given credit terms by our suppliers. Our suppliers typically grant us credit terms of between 30 and 60 days. Please refer to the section entitled "General Information on Our Group – Credit Management" of this Offer Document for more details. In the event that our suppliers terminate or shorten the credit terms granted to us due to poor economic conditions or any other reasons, our cash flow, results of operations and financial condition may be adversely affected.

### ***We are subject to risks associated with the highly regulated industries in which our customers operate***

The oil and gas industry is highly regulated. In particular, our customers who are involved in the exploration, development and production of oil and gas are required to comply with the laws, regulations, policies and directives relating to, among others, environmental protection, safety, energy, investment and taxation promulgated by various governmental authorities. The demand for our Group's services and the potential for growth of our business will be affected if our customers cannot obtain the necessary licences to engage in exploration, development and production activities in the relevant areas or if such licences are suspended or revoked due to any changes in laws, regulations or operating requirements. This may result in delays or cancellations of their participation in exploration, development or production projects and may result in a decrease in demand for our products and services and consequently adversely affect our results of operations.

The laws and regulations in the regions in which our customers operate may require our customers to meet certain standards and impose liabilities if these standards are not met. Though we may not be directly regulated by these laws and regulations, there is no assurance that any non-compliance by our customers with such laws and regulations will not indirectly affect us. For example, any such non-compliance could result in delays to our project schedules and delivery. In addition, the liabilities and risks imposed on our customers by such laws and regulations may adversely impact demand for our services or impose greater liabilities and risks on us, which could also have an adverse effect on our profit margins, results of operations and financial position.

Although as at the Latest Practicable Date and to the best of our knowledge, there has not been any such non-compliance of any laws and regulations by our customers which has materially and adversely affected our business and results of operations, we are unable to provide any assurance that there will be no such non-compliance of such laws and regulations in the future.

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## RISK FACTORS

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### ***Control of risks inherent in acquiring businesses***

Acquisitions and mergers have been and we believe will continue to be, an element of our business strategy. These acquisitions and mergers may be of varying size and may take the form of company or equity purchases and the formation of joint ventures. We cannot assure that we will be able to identify and acquire acceptable acquisition candidates on terms favourable to us in the future. We may be required to incur substantial indebtedness to finance future acquisitions and mergers. Such additional debt service requirements may impose a significant burden on our results of operations, and financial condition. A significant acquisition may be subject to the following risks:

- (a) the business plan and assumptions underlying the valuations may not be accurate, especially those concerning market price, cost savings, earnings, synergies, assessment of market demand and expected profitability;
- (b) our Group may not successfully integrate the acquired companies, their technologies, employees, products and services;
- (c) our Group may not be able to retain certain employees, key customers or suppliers of the acquired companies;
- (d) our Group could be forced to increase its debt to finance these acquisitions, thus limiting its financial flexibility and opportunities to secure new loans in the future; and
- (e) our Group may be forced to give undertakings to merger control authorities that, once implemented, would be on less favourable terms than initially expected for our Group. Consequently, the expected benefits from future acquisitions or acquisitions already carried out may not be realised and this may affect the expected financial situation or prospects of our Group.

Acquisitions may not perform as expected when the transaction was consummated and may be dilutive to our overall operating results. In addition, our management may not be able to effectively manage a substantially larger business.

The acquisition of AWT in November 2014 was a significant acquisition for our Group. Although we have so far not encountered and do not foresee any major issue with the integration of AWT, there is no assurance that such integration issues will not arise in the future, and thereby have a material adverse effect on our Group's business operations and results of operations.

### ***We are exposed to project cost overruns***

In our preparation for a tender submission for projects, internal costing and estimates of labour and raw materials costs are compiled by our sales team members. The contract value quoted in the tender submission is determined after the evaluation of our scope of work and all related costs including indicative prices of our suppliers and subcontractors, the day rates of divers and the charter rates for offshore vessels we engage. The accuracy of the internal costing and budgeting estimates is subject to our experience and expertise in understanding and assessing the complexity and engineering challenges of each project.

Unforeseen circumstances such as unanticipated price fluctuations in the day rates of divers, charter rates for offshore vessels, and cost of raw materials may arise during the course of our business operations. As these circumstances may require additional costs and work which were not factored into the project budget and contract value, they may lead to cost overruns which may erode our profit margin for the project and have a material and adverse impact on our results of operations. Unexpected discounts requested by customers may result in us being unable to collect our full tender price. Although our Group has not experienced any project cost overruns which resulted in a material adverse impact on our Group's business operations and results of operations since we began operations in 2011, there is no assurance that we will not experience any project cost overruns in the future, which would have a material and adverse impact on our Group's business operations and results of operations.

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### ***We may incur additional costs in the event of disputes, claims, defects or delays***

We may encounter disputes with our customers and/or subcontractors in relation to, *inter alia*, non-compliance with contract specifications, defects in workmanship and materials used, or non-fulfilment of contracts. There is no assurance that any of such disputes and claims will not result in protracted litigation, which may have a material and adverse impact on our results of operations.

We occasionally provide warranty for periods of up to 36 months from the completion of a project. During this period, we are required to rectify defects for which we are responsible, free of charge. If we are required to rectify defects during the warranty period that result in substantial additional costs being borne by us, the profitability of the particular project will be reduced. In the event that our customers suffer loss and damage due to the defects, they may also claim against us, thereby materially and adversely affecting our reputation and results of operations.

Customers may require us to perform certain works not specified in the contract or to carry out changes not in the agreed upon specifications. In order to facilitate the completion of a project within stipulated deadlines, these variation orders may need to be carried out before the additional charges for these variation works are agreed between our customers and us. In the event that disagreements arise or litigation occurs over the additional charges to be levied for the variation works, and should our Group have to bear a portion of the additional costs incurred or waive certain additional charges, our margins and results of operations will be materially and adversely affected. Further, in the event that such disputes or disagreements result in litigation, we may incur additional legal costs without achieving a successful claim.

Although we have not incurred additional costs arising from disputes, claims or defects which materially affect the business operations and results of operations of our Group since we began operations in 2011, there is no assurance that these will not arise in future and thereby materially and adversely affect our business operations and results of operations.

### ***We are exposed to potential liability arising from property damage, personal injury or death due to accidents***

Due to the nature of our business operations, there is a risk of accidents occurring on our premises or in places where we operate which may cause property damage, personal injury or death either to our employees or to third parties such as subcontractors. Although we have procedures in place including our QEHS system to manage the risks of injury to people or damage to property in our operations, these accidents may occur due to various reasons including non-compliance with safety rules and regulations. Depending on the severity of such accidents, we may be subject to inquiries and investigations by the relevant authorities and/or be issued stop-work orders. In the event that we are found to be liable for such accidents, penalties or damages may be imposed upon us. Any accident or injury could result in disruptions to our business operations or legal and regulatory consequences. Although our Group has not been subject to inquiries and investigations by the relevant authorities, and/or issued stop-work orders as at the Latest Practicable Date, we are unable to provide any assurance that such inquiries and investigations will not be conducted, such stop-work orders will not be issued, and such penalties or damages will not be imposed against us in the future.

If any accidents are not covered by our insurance policies, or claims arising from such accidents are in excess of our insurance coverage or if any of our insurance claims are contested by any insurance company, we may be required to pay for such compensation, which may have a material and adverse impact on our results of operations. In addition, the payment by our insurers of such insurance claims may result in increases in premiums payable by us for our insurance policies. This will also increase the costs of our business operations and adversely affect our results of operations.

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### ***We are dependent on a few major suppliers***

In FY2012, FY2013 and FY2014, our top three (3) suppliers accounted for an aggregate of approximately 73.2%, 56.1% and 42.3% of our total project costs respectively, comprising mainly provision of freight forwarding services. Please refer to the section entitled “General Information on Our Group – Major Suppliers” of this Offer Document for more details on our major suppliers. We have not entered into long-term contracts with our major suppliers. In the event our major suppliers are not able to continue their supplies to us and we are not able to source for sufficient alternative supplies and at competitive rates or in a timely manner, our reputation, business operations and results of operations may be materially and adversely affected.

### ***There is no assurance that our expansion plans will be successful***

As described in the section entitled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document, our growth strategies involve undertaking capital expenditure to enhance our engineering and contracting services, and expanding and diversifying our business operations and service offerings through, *inter alia*, investments, acquisitions and/or joint ventures. These expansion plans will result in additional costs of investment in fixed assets and new equipment as well as additional working capital requirements. The success of these expansion plans depends on many factors, some of which are not within our control, such as the existence of favourable economic and political conditions and the commercial viability of our expansion plans. We may also experience delays in the implementation of these strategies for various reasons, including capital shortfalls, failure of third party suppliers and subcontractors to deliver services and products in a timely manner and their inability to meet their respective implementation schedules. In the event that our growth strategies are not satisfactorily implemented, the growth of our business operations may be adversely affected.

### ***We may not be able to meet our delivery schedules***

We may encounter situations where we are unable to deliver our products and/or services on schedule due to, among other reasons, inclement weather conditions, late delivery or shortage of materials, equipment and components from our suppliers, as well as design or scope adjustments. Any delay in the completion and delivery of our products and services may result in us being liable to pay our customers liquidated damages under the relevant agreement.

We have not experienced any delays in delivery which materially affect our business operations and results of operations since we began operations in 2011. There is however no assurance that we will not experience significant delays in delivery in the future. In the event that we are not able to meet our delivery schedules, we may be liable to pay our customers certain liquidated damages. If such liquidated damages are significant, our results of operations may be materially and adversely affected. Our customers may also elect to terminate their contracts with us, which will adversely affect our reputation and results of operations.

### ***We are affected by the performance and quality of our subcontracted works***

We subcontract certain types of work, such as steel fabrication, vessel chartering and diving services to third parties or subcontractors. We are dependent on the timely delivery and the quality of the subcontracted works. On a regular basis, we review certain subcontractors’ performance and conduct due diligence assessments on the subcontractors’ previous projects and available manpower. We also place management supervision on-site to manage and oversee the subcontractor and to ensure the subcontractor performs at the level we require. Should our subcontractors fail to adhere to our specifications or default on their contractual obligations, our ability to deliver the project on time will be compromised, and we may be exposed to liabilities under the main contracts with our customers. In addition, we may not be able to find alternative subcontractors to complete the work in a timely fashion and we may be subject to higher costs from alternative subcontractors, which may materially and adversely affect our business operations and results of operations. Although the performance and quality of our subcontracted works have not materially affected the business operations and results of operations of our Group since we began operations in 2011, there is no assurance that such deficiencies and/or delays in subcontracted works will not arise in future, and thereby materially and adversely affect our business operations and results of operations.

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### ***We face the risk of increases in the price or shortages of our raw materials***

The costs of raw materials such as cement, sand and chemical additives used in our Advanced Material Solutions business segment's projects may fluctuate in accordance with changes in global supply and demand. In the event of any significant rise in the prices of raw materials and we are unable to pass on such increased costs to our customers, our business operations, results of operations and financial condition may be adversely affected.

We purchase raw materials as and when required based on project and budget requirements. We only maintain minimum raw materials to accommodate urgent project requirements. Therefore, we rely on our suppliers to deliver such supplies based on our prevailing requirements. Although we have established good working relationships with our suppliers, there is no assurance that we will continue to be able to obtain raw materials from our suppliers at acceptable prices or that our suppliers would be able to meet our requirements in a timely manner. In the event that our suppliers are unable to meet our requirements for raw materials on terms which are favourable to us, our profit margins and results of operations may be materially and adversely affected.

### ***We may be negatively affected by continued uncertainty in the global financial markets and the global economy***

Since 2007, certain adverse financial developments have affected the global financial markets. These developments include a general slowing of economic growth globally, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While there has been a recovery, such developments could continue to present risks for us, including a potential slowdown in our sales to customers. Our customers may also not be able to obtain adequate access to credit, which could affect their ability to make timely payments. If our customers are not able to make timely payments, our trade receivables and bad debts could increase. In addition, our results of operations and financial condition could be adversely affected if, as a result of economic conditions, key suppliers upon which we rely are unable to provide us with the materials needed on a timely basis or on terms that we find acceptable. Any disruptions in the financial markets could also affect our ability to obtain debt or equity financing or to refinance our existing indebtedness on favourable terms or if at all, which could adversely affect our business operations, financial condition, results of operations and prospects.

### ***We are exposed to foreign exchange rate fluctuations and translation losses***

As our purchases and operating costs in the countries where we operate may not be matched in the same currency as our revenues, and as there may be timing differences between invoicing and collections/payments, we may be exposed to any adverse fluctuations in the various currencies. This may have an adverse impact on our financial condition and results of operations.

In addition, we are subject to translation risks as our consolidated financial statements are reported in the US\$ while the financial statements of some of our Subsidiaries are prepared in the foreign currencies of their domicile.

In view of the nature of our business operations, which span multiple countries, we will continue to face foreign exchange risks in the future and such risks may adversely impact our results of operations and financial condition. Please refer to the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position – Foreign Exchange Management" of this Offer Document for more details.

### ***We may suffer from inadequate insurance coverage for the risks associated with our business operations***

A variety of risks are associated with our operational activities, including environmental pollution, damage to products in transit, transportation delays, risks posed by natural disasters and professional negligence claims arising from services provided, among others. Any or all of these risks may have a material and adverse effect on our business operations, results of operations and prospects. There can be no assurance that all risks can be adequately insured against or at all or that any insured sum will be paid. There are also certain types of risks that are not covered by our insurance policies because they are either uninsurable or not economically insurable. Our business operations, financial condition, results of

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## RISK FACTORS

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operations and prospects may nonetheless be materially and adversely affected if we incur any loss not covered by our insurance policies, or if the compensation amount is significantly less than our actual loss. Please refer to the section entitled “General Information on Our Group – Insurance” of this Offer Document for more details on our insurance coverage.

***We are subject to changes in the tax rules or interpretations by the local tax authorities in the jurisdictions that we operate in***

Our business activities in, among others, Singapore, Malaysia, Indonesia, PNG, Brunei, Vietnam, South Korea, India, UAE, Qatar, Saudi Arabia, Mexico, Australia, New Zealand, Kenya and the United Kingdom are subject to the laws, regulations and policies of the various jurisdictions, including routine and special audits by the local tax authorities. Changes in the tax rules or interpretations by the local tax authorities in relation to our business operations (which may or may not have retrospective effect) may have a significant impact on our tax exposure. While we may seek tax advice or opinions from time to time in relation to our business operations, there is no assurance that a tax position adopted will not be successfully challenged by the tax authorities in jurisdictions in which we may operate. In such an event, our Group may be exposed to tax liabilities such as underpaid tax as well as penalties, which may adversely affect our results of operations and financial position.

***Our business operations may be materially and adversely affected if we fail to comply with laws and regulations and the conditions stipulated in any licences, permits or approvals***

As a pre-requisite for carrying on our business operations, we are required to obtain certain licences, permits and approvals from various governmental authorities. Details of our licences, permits and approvals are set out in the section entitled “General Information on Our Group – Licences, Permits and Approvals” of this Offer Document.

As at the Latest Practicable Date, we have obtained all material licences, permits and approvals for our business operations. However, some of these licences and permits are subject to periodic renewal and reassessment by the relevant government authorities, and the standards of compliance required in relation thereto may from time to time be subject to changes. New laws or regulations may also be adopted.

In addition, the licences and permits are generally subject to conditions stipulated in such licences and permits and/or relevant laws and regulations under which such licences and permits are issued. Failure to comply with such conditions, laws or regulations could result in us being penalised or the revocation or non-renewal of the relevant licence or permit. Accordingly, we have to constantly monitor and ensure our compliance with such conditions imposed, if any.

Revocation or non-renewal of our licences and permits will have a material adverse effect on our business operations. We will not be able to carry on our business operations without such licences and permits being granted or renewed. Any adoption of new laws or regulations or any subsequent modifications of, additions or new restrictions to the current compliance standards may increase our costs of compliance, which may adversely affect our profitability.

***Our NAX™ pre-mix products are subject to internal and external quality checks***

We develop, produce and distribute our NAX™ pre-mix products. Our NAX™ pre-mix products form part of the structural components which are subject to extreme meteorological, oceanographic and functional forces and hence, these products must meet certain mechanical and operational quality parameters. Our NAX™ pre-mix products undergo a stringent internal quality control check before they are exported and are also tested prior to and post grout installation at the offshore laboratory as well as at accredited laboratories during the installation. Our NAX™ pre-mix products are tested according to international standards set out by the American and British International standard organisation i.e. ASTM C109, ASTM C307, ASTM C469, ASTM C942, ASTM C1090, ASTM 1202, EN 1015-3, EN 1015-11, BS EN 13294. Please refer to the section entitled “General Information on Our Group – Quality Assurance and Safety” of this Offer Document for further details. Although our Group has not been in a situation where our NAX™

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pre-mix products did not meet the required quality parameters, there is no assurance such event will not arise in the future, and thereby have a material adverse effect on the Group's reputation, business operations and results of operations.

***Our engineered solutions may not meet the standards of the international design and quality codes***

We develop, design, fabricate and install structural components used in subsea and surface facilities within the upstream oil and gas industry. The components are subject to extreme meteorological, oceanographic and functional forces and hence, the components are designed and installed according to international design codes including but not limited to API RP-2A, ISO 19902, NORSOK N004, EN1992. Please refer to the section entitled "General Information on Our Group – Quality Assurance and Safety" of this Offer Document for further details. In the event that our products do not meet the required quality standards, we will be required to re-design and/or replace the non-compliant components which may result in project cost overruns and may adversely affect our reputation. This in turn may have a material adverse effect on our business operations and results of operations.

***We are affected by the supply of offshore vessels in the industry***

We occasionally charter offshore vessels for our business operations. In the event that there is an insufficient supply of offshore vessels in the industry, charter rates may increase and this may adversely affect our business operations and results of operations.

***We are subject to risks associated with rapid technological changes***

With the advancement of technology and continual research and development in the oil and gas industry, new services or new products may be developed. There is no assurance that our Group will be able to keep up with the improvements, enhancements and new standards introduced by our competitors. The development and introduction of new technologies may adversely affect the demand for our Group's existing products and services, or render our Group's existing products and services obsolete. If we are not able to achieve the technological advances that may be necessary for us to remain competitive, or if we are not able to develop or distribute new products and services on a timely and cost effective basis, our business operations and results of operations would be adversely affected.

***Labour disputes and industrial actions may cause disruptions to our business operations***

We may experience incidences of work stoppages and labour disputes in our business operations. As at the Latest Practicable Date, we have not experienced any material work stoppages and/or labour disputes in our business operations, but there is no assurance these will not arise in future. Please refer to the section entitled "Directors, Executive Officers and Staff – Staff" of this Offer Document for further details on our employees. Any material work stoppages and/or labour disputes or industrial actions in the future may materially and adversely affect our business operations and results of operations.

***We may be affected by adverse changes in the political, economic, regulatory or social conditions in the countries in which we operate or into which we intend to expand***

Our business activities in, among others, Singapore, Malaysia, Indonesia, PNG, Brunei, Vietnam, South Korea, India, UAE, Qatar, Saudi Arabia, Mexico, Australia, New Zealand, Kenya and the United Kingdom are subject to the laws, regulations and policies of the various jurisdictions. We are governed by the laws, regulations and government policies in each of the countries in which we operate or into which we intend to expand our business operations.

As such, as our business operations and future growth are dependent on the political, economic, regulatory and social conditions in these countries. Any economic downturn or changes in policies in these countries, currency and interest rate fluctuations, capital controls or capital restrictions, labour laws, changes in environmental protection laws and regulations, duties and taxation and limitations on imports and exports could materially and adversely affect our business operations, results of operations and future growth.

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### ***We may be exposed to losses from natural disasters or other unforeseen events***

The occurrence of natural or other catastrophes or other acts of God, such as severe weather conditions or epidemic diseases in our areas of operation may materially and adversely disrupt our business operations. Our business operations or the operations of our suppliers or utilities providers may be disrupted by explosions, acts of terrorism, power outages, system failures or other unforeseen events. These factors, which are not within our control, may potentially have significant effects on our production facility, business operations and the operations of our customers and suppliers, and may adversely affect our business operations, results of operations and prospects.

### ***The uncontrolled outbreak of any serious contagious diseases may affect our business operations***

In recent years, there have been reports regarding the occurrences of Middle East Respiratory Syndrome (MERS), Ebola and various forms of influenza in different parts of the world, including cases resulting in deaths. Any outbreak of an infectious disease such as MERS, Ebola, influenza, or Severe Acute Respiratory Syndrome could have a negative impact on the global and regional economy. An outbreak of any communicable diseases, if uncontrolled, could affect our business operations. In addition, if any of our employees or the employees of our subcontractors, suppliers and/or customers is infected with communicable diseases, we or our subcontractors, suppliers and/or customers may be required to temporarily shut down all or part of our and/or their business operations to prevent the spread of the disease. These disruptions to our business operations may adversely impact our results of operations.

### ***We may be subject to claims for infringement of third parties' intellectual property rights or may not be able to protect our intellectual property rights***

Third parties may initiate litigation against our Group alleging infringement of their intellectual property rights. Although our Group has not been subject to any claims by third parties asserting their intellectual property rights against our Group and our Group is unaware of any of our products currently infringing the intellectual property rights of third parties, there is no assurance that our Group's products will not infringe any patents or other intellectual property rights of third parties in the future. In the event of any material claims or litigation involving infringement of intellectual property rights of third parties, with or without merit, we will have to expend considerable resources, including time, effort and money, to defend ourselves in such legal proceedings. In addition, our business operations may be severely disrupted by such legal proceedings. In such an event, our results of operations may be adversely affected.

Please refer to the section entitled "General Information on Our Group – Intellectual Property" for more details on trademarks that we have registered and which are pending registration. We may face difficulty in effectively enforcing our intellectual property rights against third parties who violate our rights in countries where we have not registered our trademarks. If we are unable to effectively protect our intellectual property rights, our brand reputation, revenue and results of operations may be adversely affected by such passing-off or counterfeiting. If we are compelled to undertake litigation to protect our intellectual property rights, there may be a material adverse impact on our business operations and results of operations.

### ***Pirates or terrorist attacks, armed conflicts and increased hostilities could adversely affect our results of operations***

Our business operations may be located across different jurisdictions and outside of port limits, and may therefore be susceptible to attacks by pirates or terrorists. In the event that our business operations are attacked, destroyed, hijacked or interrupted by pirates or terrorist attacks, which may result in damage and/or loss or injury to our equipment or crew, our business operations and results of operations may be adversely affected.

The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to an economic recession and have an adverse effect on our business operations, results of operations and financial condition. There can be no guarantee that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely affect our business operations, results of operations and financial condition.

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### ***Doing business in collaboration with local partners***

Our Group operates in Malaysia and Australia through joint ventures with local partners. Our Group operates in Brunei pursuant to a management agreement in collaboration with a local partner. While the local partner may provide local knowledge and experience, entering into such arrangements may require us to surrender a measure of control over such assets and operations, and occasions may arise when we do not agree with the business goals and objectives of our partner, or other factors may arise that make the continuation of the relationship unwise or untenable. Any such disagreements or discontinuation of the relationship could disrupt or affect the continuity of our business operations. If we are unable to resolve issues with the local partner, we may decide to terminate such arrangements and either locate a different partner and continue to work in the area or seek opportunities for our assets in another market. The unwinding of an existing arrangement could prove to be difficult or time-consuming, and the loss of revenue related to the termination or unwinding of such arrangements and costs related to the sourcing of a new partner or the mobilisation of assets to another market could adversely affect our financial condition, results of operations or cash flows.

### ***We may be exposed to foreign exchange control risk***

Our Group may be subject to exchange control or repatriation restrictions in relation to our foreign-incorporated subsidiaries in their respective countries of operation and our Group may encounter difficulties or delay in relation to the receipt of divestments and dividends due to such exchange controls existing in such countries.

There are foreign exchange policies in Malaysia that support the monitoring of capital flows into and out of Malaysia in order to preserve its financial and economic stability. The foreign exchange policies are administered by the Foreign Exchange Administration department, an arm of BNM. The foreign exchange policies monitor and regulate both residents and non-residents. In the event BNM introduces any restrictions in the future, we may be affected in our ability to repatriate dividends or distributions from our Malaysian subsidiaries.

India's exchange control regime is set out within the Foreign Exchange Management Act, 1999 ("**FEMA**") and the rules and regulations thereunder. The FEMA regulates all inbound and outbound foreign exchange related transactions, in effect regulating (or managing) the capital flows coming into and moving out of the country. The Reserve Bank of India ("**RBI**") is given primary authority to regulate capital flows through the FEMA. Notably, Section 6 of FEMA authorizes the RBI to manage foreign exchange transactions and capital flows in consultation with the central government.

In addition, any transfer of funds from our Company to Nautic India, either as a shareholder loan or as an increase in registered capital, may be subject to restrictions under the FEMA and approval from the Registrar of Companies, respectively. These limitations on the flow of funds between our Company and Nautic India could restrict our ability to respond to changing market conditions or appropriately allocate funds to Nautic India in a timely manner. Besides this, in any event our Company wishes to sell some shares of Nautic India, the law prescribes that the maximum price for transfer of shares from a non-resident to a resident should not be more than the fair value price determined by the authorised practitioners. Besides, such transfer will require certain regulatory filings. This may limit the ability of our Company to realise a better price for the shares of Nautic India.

Please refer to the section entitled "Exchange Rates and Exchange Controls" of this Offer Document for further details.

### ***Investors may face difficulty enforcing a Singapore judgement***

We are a public company with limited liability incorporated under the laws of Singapore, but a substantial portion of our assets are located outside Singapore. As a result, investors may face difficulties in lawfully effecting service of process on persons outside of Singapore or enforcing any judgement of a Singapore court against such persons.

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## RISK FACTORS

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### RISKS RELATING TO AUSTRALIA

#### *Risks relating to the AWT ESOP and the AWT LTI Arrangement*

The sections entitled “Share Capital – AWT ESOP” and “Share Capital – AWT LTI Arrangement” of this Offer Document sets out the details of the options granted to participants under the AWT ESOP and the AWT LTI Arrangement.

The terms of the AWT ESOP rules contemplate that vested options “convert” to AWT Shares on a conversion event. A conversion event may include the Listing of our Company. As noted in the section entitled “Share Capital – AWT ESOP” of this Offer Document, the terms of the AWT ESOP rules are not clear and in particular, do not expressly state whether vested options cease to be exercisable if an employee ceases employment with AWT. A total of 20 of the 22 participants with vested AWT ESOP options have now ceased employment with AWT. On 12 August 2014, the board of directors of AWT resolved to terminate the AWT ESOP in respect of both vested and unvested options. Notwithstanding the passing of the said board resolution, under the terms of the AWT ESOP, there is a risk that up to 24,360 options over fully paid AWT Shares have not been validly cancelled by AWT and may convert on the Listing of our Company into 24,360 AWT Shares, representing 4.33% of the enlarged share capital of AWT after the issuance of such AWT Shares (assuming that no options under the AWT LTI Arrangement vest and are exercised). If this were to occur, our Company’s interest in AWT would be reduced from 60.75% to 58.12%.

As noted in the section entitled “Share Capital – AWT LTI Arrangement” of this Offer Document, the terms of the AWT LTI Arrangement are not clear and are inconsistent in a number of respects and the AWT LTI Arrangement may not be able to be fully implemented so as to comply with applicable law. There is therefore a risk that a dispute may arise between AWT and the participants in respect of the operation of the AWT LTI Arrangement or that the AWT LTI Arrangement cannot be legally implemented (or implemented in full). If the participants are not able to realise the benefit of awards under the AWT LTI Arrangement, AWT may be legally liable to compensate them for the value of those benefits.

Further, under the terms of the AWT LTI Arrangement, assuming that it can be fully implemented and all the performance hurdles are satisfied, up to 91,391 fully paid AWT Shares, representing 14.5% of the enlarged share capital of AWT after the issuance of such AWT Shares (assuming that no options under the AWT ESOP are exercised) may be issued to existing AWT employees. If this were to occur, our Company’s interest in AWT would be reduced from 60.75% to 51.94%.

In the event that the maximum number of options issued under the AWT ESOP that have potentially vested are all exercised and all options issued under the AWT LTI Arrangement vest and are exercised, AWT would be required to issue a total of 115,751 AWT Shares, representing 17.68% of the enlarged share capital of AWT after the issuance of such AWT Shares. In this event, our Company’s interest in AWT would be reduced from 60.75% to 50.01%. Had such event materialised in FY2014, the profit from AWT attributable to our Group would have been reduced by approximately US\$47,416.

Notwithstanding the above, our Company would still retain an effective control over AWT as we would still have an effective shareholding interest of 50.01% in AWT. Accordingly, our Company would continue to be able to procure the passing of ordinary resolutions of AWT shareholders at ordinary and extraordinary shareholders meetings. Our Company also has control of the board of directors of AWT as we have the right to appoint a majority of the board of directors including the right to appoint the chairman of the board of directors. In addition, any decisions requiring a special majority approval of 75.0% of directors under the AWT Shareholders’ Agreement can only be passed with the support of our nominees on the board of directors of AWT.

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### ***Payment obligations arising from a change of control of AWT***

As disclosed under the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document, pursuant to the Service Agreement entered into between AWT and our Executive Director and Senior Vice President, Subsurface and Wells, Simon Cunningham, if following a change in the legal effective control of AWT (a “**Change of Control Event**”), one or more of the following events occur:

- (a) a fundamental negative change to Simon Cunningham’s current position;
- (b) a significant diminution of Simon Cunningham’s powers, discretions and responsibilities;
- (c) a significant change in duties and tasks which materially lessens the significance and status of those tasks; or
- (d) a significant change in reporting lines so as to amount to a diminution of Simon Cunningham’s authority and position,

Simon Cunningham will be entitled to treat his employment as having been terminated unless he is offered a position materially equivalent to or better than his position prior to such event, having regard to the role, title, position, salary and benefits, overall duties, location and other relevant factors. In such an event or in the event that Simon Cunningham’s employment is terminated by AWT on the grounds of redundancy within six (6) months of a Change of Control Event, AWT will be required to pay Simon Cunningham an amount of A\$162,500 being equivalent to six (6) months’ salary, less applicable taxes. In such an event, our Group’s cash flow may be adversely affected.

A Change of Control Event requires a change in the legal effective control of AWT. Our Company has legal effective control of AWT and hence any Change of Control Event is within our Company’s control. Please refer to the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document for further details of the Service Agreement entered into between AWT and Simon Cunningham.

### ***Australian laws contain provisions that could discourage a take-over of our Company***

Companies in our Group that are registered in, or which have activities in, Australia are governed by Australian laws and regulations which may differ (often in material respects) from comparable Singaporean laws and regulations. Such companies may therefore be subject to different obligations in each jurisdiction and this may result in increased compliance costs for our Group.

In addition, the acquisition of interests in Australian companies is regulated by the *Australian Foreign Acquisitions and Takeovers Act 1975* (Cth) (the “**FATA**”). Under the FATA, acquisitions of interests in Australian companies by foreign persons may require the prior approval of the Treasurer of the Commonwealth of Australia and may be prohibited if they are considered contrary to Australia’s public interest. The FATA and the published policy of the Foreign Investment Review Board, the Australian Federal Government Agency responsible for administering the FATA, are complex and aspects of the legislation and policy are currently under review.

The above provisions may discourage, complicate or frustrate the acquisition (by transfer or issue) of shares in our Company. This may limit the capacity of our Company to raise equity from certain investors or may adversely affect the likelihood of a transaction affecting control of our Company, or the terms of such a transaction.

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### ***Native title***

Australia recognises a form of native title that reflects the entitlement of indigenous inhabitants to their traditional lands. There are a number of native title claims registered with the Native Title Tribunal, the Australian federal agency established to manage such claims. There is a risk that a claim could be made, or a finding by the courts, that native title exists over land the subject of projects in which entities in our Group are engaged. This may delay or frustrate affected projects and in turn adversely affect our revenues and results of operations.

### **RISKS RELATING TO INDIA**

#### ***Companies Act, 2013***

The Companies Act, 2013 has partially replaced the Companies Act, 1956. The Companies Act, 2013 makes comprehensive provisions to govern all listed and unlisted companies in the country and marks a significant departure on the position of law governing the corporate framework. Since the Companies Act, 2013 has partially been made effective by way of implementing certain sections and repealing the corresponding sections in the Companies Act, 1956, both the Companies Act, 1956 and the Companies Act, 2013 will have to be read together to analyse the applicable law. This leaves room for ambiguity and inconsistency in their application, interpretation and enforcement. Consequently, Nautic India may face prosecution and suffer penalties for non-compliance with the laws, which may in-turn affect the performance of Nautic India and our Company's investment in Nautic India. Although Nautic India has not faced any prosecution or suffered any penalties for material non-compliance with Indian laws in the past, there is no assurance that such events will not occur in the future.

#### ***Indian Legal System***

Many of the fundamental laws in India have only recently come into force, which increases the risk of ambiguity and inconsistency in their application, interpretation and enforcement. This risk is additionally increased as adequate procedural safeguards have often not been developed. Due to the developing nature of the Indian legal and regulatory system, their laws often refer to regulations which have not yet been introduced, leaving substantial gaps and the regulatory framework is often poorly drafted and incomprehensible. These uncertainties can lead to difficulties in obtaining or renewing necessary licenses or permissions and can lead to substantial delays and costs for the companies subject to them, all of which can ultimately adversely affect the performance of Nautic India. Changes in laws and regulations (or in the interpretation thereof) occurring from time to time in India are possible and may worsen the legal and tax constraints within which Nautic India will operate and, as a result, may require structuring and financing alternatives to be identified and implemented and lead to increased legal costs and reduced returns. In particular, tax laws and regulations or their interpretation may change and there can be no assurance that the business model of Nautic India will be tax efficient. Further, India is subject to rapid changes in legislation, many of which are extremely difficult to predict. Existing laws are often applied inconsistently and new laws and regulations, including those which purport to have retroactive effect, may be introduced with little or no prior consultation.

### **RISKS RELATING TO OWNERSHIP OF OUR SHARES**

#### ***Investments in shares quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST***

An application has been made for our Shares to be listed for quotation on Catalist, a sponsor-supervised listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST and the future success and liquidity in the market of our Shares cannot be guaranteed.

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Pursuant to the Catalist Rules, we are required to, *inter alia*, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, Canaccord Genuity must act as our continuing sponsor for at least three (3) years after our Listing. In addition, we may be delisted in the event that we do not have a sponsor for more than three (3) continuous months. There is no guarantee that following the expiration of the three-year period, Canaccord Genuity will continue to act as our sponsor or that we are able to find a replacement sponsor within the three (3) month period. Should such risks materialise, we may be delisted.

***Our Controlling Shareholders, John Grønbech and Kim Seng Holdings, will retain significant control over our Group after the Invitation which will allow them to influence the outcome of matters submitted to Shareholders for approval***

Upon the completion of the Invitation, our Controlling Shareholders, John Grønbech and Kim Seng Holdings, will own an aggregate of approximately 68.9% of our Company's post-Invitation issued share capital. As a result, they will be able to exercise significant influence over matters requiring Shareholders' approval, including the election of Directors and the approval of significant corporate transactions. Such concentration of ownership may also have the effect of delaying, preventing or deterring a takeover or change in control of our Company even if such change may be beneficial to our minority Shareholders.

***We may experience fluctuations in our results of operations***

We may experience fluctuations in our operating results, caused by factors such as the securing of new projects and delays in project completion. Hence, our Group's operating results in a particular period may fluctuate in comparison to an earlier comparable period, which may not fall within the expectations of stock market analysts or investors. This in turn could have an impact on the trading price of our Shares. Our past results of operations may not be indicative of our future results of operations.

***An active trading market for our Shares may not develop and could affect the trading price of our Shares***

Prior to this Invitation, there has been no public market for our Shares. There can be no assurance that an active trading market for our Shares will develop or, if developed, will be sustained, or that the market price for the Shares will not decline below the Invitation Price. Accordingly, you may be unable to sell your Shares at or above the Invitation Price. The Invitation Price may not be indicative of the market price for our Shares after the completion of this Invitation.

***Investors in our Shares would face immediate dilution to the NAV per Share and may experience further dilution***

The Invitation Price of 20.00 S\$ cents per Share is substantially higher than the NAV per Share of 8.16 S\$ cents based on the audited consolidated statement of financial position of our Group as at 31 December 2014, adjusted for the Share Split and the estimated net proceeds from the Invitation. If we were liquidated for our NAV immediately following the Invitation, each Shareholder subscribing for the Invitation Shares would receive less than the price they paid for their Shares or it is possible that investors may lose all of their investments in our Shares. Details of the immediate dilution of our Shares incurred by the New Investors are described under the section entitled "Dilution" of this Offer Document. Further, if we were to raise funds in the future by way of a placement of Shares or rights issue or other equity-linked securities, and if any Shareholders are unable or unwilling to participate in such fundraising, such Shareholders will suffer dilution in their shareholdings.

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### ***Future sales or issuance of Shares could materially and adversely affect our Share price***

Any future sale, availability or issuance of a large number of our Shares in the public market, or perception thereof, may have a downward pressure on our Share price. These events may also affect our ability to sell additional equity securities in the future, at a time and price we deem appropriate. Save as disclosed under the section entitled “Ownership Structure – Moratorium” of this Offer Document, there will be no restriction on the ability of our existing Shareholders to sell their Shares, either on Catalist or otherwise.

Further, our Share price may face downward pressure if certain Shareholders sell their Shares upon the expiry of their respective moratorium periods.

### ***The price of our Shares may be volatile, which could result in substantial losses for investors purchasing Shares in this Invitation***

The market price of our Shares may fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

- (a) variations in our results of operations;
- (b) changes in securities analysts’ recommendations, perceptions or estimates of our results of operations;
- (c) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Singapore;
- (d) gain or loss of an important business relationship;
- (e) announcements by us of significant acquisitions, strategic alliances or joint ventures;
- (f) fluctuations in stock market prices and volume;
- (g) our involvement in material litigation;
- (h) additions or departures of key personnel;
- (i) success or failure of our management in implementing business and growth strategies; and
- (j) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors.

For these reasons, among others, our Shares may trade at prices that are higher or lower than the NAV per Share. To the extent that there is any retention of operating cash flows for investment purposes, working capital requirements or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our Shares. Any failure on our part to meet market expectations with regard to future earnings may adversely affect the market price for our Shares.

In addition, our Shares are not capital-safe products and there is no guarantee that holders of our Shares can realise a higher amount or even the principal amount of their investment.

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## RISK FACTORS

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### ***Negative publicity may adversely affect our Share price***

Negative publicity or announcements involving our Group, any of our Directors, Substantial Shareholders or Executive Officers may adversely affect the market perception or the Share performance of our Company, whether or not it is justified. Examples of negative publicity include publicity on our unsuccessful attempts in joint ventures, acquisitions or takeovers or involvement in insolvency proceedings.

### ***We may not be able to pay dividends or the level of dividends may fall***

Our ability to declare dividends in relation to our Shares will depend on our future results of operations, which, in turn, depends on the successful implementation of our strategies and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand for and selling prices of our products and services, and other factors specific to our industry or specific projects, many of which are beyond our control.

Our existing or future loan agreements may include covenants which may also limit when and how much dividends we can declare and pay. Pursuant to the terms governing the banking facilities granted to our Subsidiary, Nautic Offshore, by The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”), Nautic Offshore shall not declare or make payment of any dividend or any other distribution of profits without the prior written approval of HSBC. Such restriction on the ability of Nautic Offshore to pay dividends to us could materially and adversely limit our ability to grow, or make investments or acquisitions that could be beneficial to our businesses. Please refer to the section entitled “Capitalisation and Indebtedness” of this Offer Document for more details on the said banking facilities extended by HSBC.

No assurance can be given as to our ability to pay dividends. The receipt of dividends from our overseas Subsidiaries may also be adversely affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations and other events beyond our control. Applicable Indian laws, rules and regulations permit payment of dividends by Nautic India only out of its free reserves, if any, wherein ‘free reserves’ means such reserves which as per the latest audited balance sheet of a company, are available for distribution as dividend. As a result, Nautic India is restricted in its ability to transfer a portion of its profits to its shareholder in the form of dividends. Any restriction on the ability of Nautic India to pay dividends to us could materially and adversely limit our ability to grow, or make investments or acquisitions that could be beneficial to our businesses. Distributions by Nautic India to us in forms other than dividends may be subject to government approval and taxes.

In addition, dividends may only be declared by AWT with the approval of a special majority of 75.0% of the board of directors of AWT. As at the Latest Practicable Date, Nautic Australia is entitled to appoint four (4) out of seven (7) directors of AWT. As Nautic Australia does not have 75.0% control over the board of directors of AWT, our Group is not able to control declaration of dividends by AWT. Such inability to require AWT to pay dividends to us could materially and adversely limit our ability to grow, or make investments or acquisitions that could be beneficial to our businesses.

There is no assurance that we will be able to pay dividends to our Shareholders after completion of the Invitation. Please refer to the section entitled “Dividend Policy” of this Offer Document for a discussion of our dividend policy.

### ***Singapore laws contain provisions that could discourage a take-over of our Company***

We are subject to the Singapore Code on Take-Overs and Mergers (the “**Singapore Take-Over Code**”). The Singapore Take-Over Code contains provisions that may delay, deter or prevent a future take-over or change in control of us. Under the Singapore Take-Over Code, any person acquiring an interest, either individually or together with parties acting in concert, in 30.0% or more of our voting shares may be required to extend a take-over offer for our remaining voting shares in accordance with the Singapore Take-Over Code. A take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the voting rights in us, either individually or in concert, acquires more than 1.0% of our voting shares in any six (6) month period. Whilst the Singapore Take-Over Code seeks to ensure

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## RISK FACTORS

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an equality of treatment among Shareholders, its provisions may discourage or prevent transactions involving an actual or threatened change of control of our Company from taking place at all. This could substantially impede the ability of our Shareholders to benefit from a change of control and as a result, may adversely affect the market price of our Shares and the ability to realise any benefit from a potential change of control.

***Foreign Shareholders may not be permitted to participate in future rights issues or certain other equity issues by our Company***

In the event that we elect to conduct a rights issue or certain other equity issues, we may be subject to regulatory procedures to be followed in making such rights available to our existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. Accordingly, as a result of such regulatory constraints, foreign holders of our Shares may be unable to participate in future offerings of our Shares and may experience dilution of their shareholdings as such.

***Additional funds raised through issuance of new Shares for our future growth will dilute Shareholders' equity interest***

We may, in the future, expand our capabilities and business operations through acquisitions, joint ventures and strategic partnerships with parties who can add value to our business operations. We may require additional equity funding after the Invitation and Shareholders will face dilution of their shareholdings should we issue new Shares to finance future expansion, acquisitions, joint ventures and strategic partnerships and working capital purposes. New Shares may be issued at a subscription price at or below the then current NAV per Share. Where new Shares are issued at less than the NAV per Share, the NAV of each existing Share will be diluted.

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## INVITATION STATISTICS

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**INVITATION PRICE** 20.00 S\$ cents

**NAV per Share<sup>(1)</sup>**

NAV per Share based on the audited consolidated statement of financial position of our Group as at 31 December 2014, adjusted for the Share Split:

- |     |   |                |
|-----|---|----------------|
| (a) | before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 161,200,000 Shares | 7.82 S\$ cents |
| (b) | after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of 189,200,000 Shares | 8.16 S\$ cents |

Premium of Invitation Price over the NAV per Share based on the audited consolidated statement of financial position of our Group as at 31 December 2014:

- |     |   |         |
|-----|---|---------|
| (a) | before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 161,200,000 Shares | 155.70% |
| (b) | after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of 189,200,000 Shares | 145.12% |

**EPS<sup>(2)</sup>**

Historical EPS based on the audited consolidated financial results of our Group for FY2014 and the pre-Invitation share capital of 161,200,000 Shares 3.41 S\$ cents

Historical EPS based on the audited consolidated financial results of our Group for FY2014 and the pre-Invitation share capital of 161,200,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2014 3.15 S\$ cents

Historical EPS based on the audited consolidated financial results of our Group for FY2014 and the pre-Invitation share capital of 161,200,000 Shares, assuming that the IPO expenses of approximately US\$0.4 million and the imputed interest arising from the Convertible Bond of approximately US\$0.3 million had not been charged to the consolidated statements of comprehensive income in FY2014 3.95 S\$ cents

**PER**

Historical PER based on the historical EPS for FY2014 5.87 times

Historical PER based on the historical EPS for FY2014, assuming that the Service Agreements had been in place from the beginning of FY2014 6.36 times

Historical PER based on the historical EPS for FY2014, assuming that the IPO expenses of approximately US\$0.4 million and the imputed interest arising from the Convertible Bond of approximately US\$0.3 million had not been charged to the consolidated statements of comprehensive income in FY2014 5.06 times

**Net Cash Flow from Operations<sup>(2)(3)</sup>**

Historical net cash flow from operations per Share for FY2014 based on the pre-Invitation share capital of 161,200,000 Shares 2.67 S\$ cents

Historical net cash flow from operations per Share for FY2014 and the pre-Invitation share capital of 161,200,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2014 2.40 S\$ cents

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## INVITATION STATISTICS

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Historical net cash flow from operations per Share for FY2014 and the pre-Invitation share capital of 161,200,000 Shares, assuming that the IPO expenses of approximately US\$0.4 million and the interest paid for the Convertible Bond of approximately US\$60,000 had been excluded from the consolidated statements of cash flows 3.00 S\$ cents

### Price to Net Cash Flow from Operations Ratio

Invitation Price to historical net cash flow from operations per Share for FY2014 7.50 times

Invitation Price to historical net cash flow from operations per Share for FY2014, assuming that the Service Agreements had been in place from the beginning of FY2014 8.32 times

Invitation Price to historical net cash flow from operations per Share for FY2014, assuming that the IPO expenses of approximately US\$0.4 million and the interest paid for the Convertible Bond of approximately US\$60,000 had been excluded from the consolidated statements of cash flows 6.67 times

### Market Capitalisation

Market capitalisation based on the Invitation Price and the post-Invitation share capital of 189,200,000 Shares S\$37.8 million

#### Notes:

- (1) NAV per Share is computed based on net asset value excluding non-controlling interests and is translated based on the exchange rate of US\$1.00 to S\$1.3255, being the closing exchange rate as at 31 December 2014.
- (2) Based on the exchange rate of US\$1.00 to S\$1.2703, being the average exchange rate for FY2014.
- (3) Net cash flow from operations means net cash from operating activities. Please refer to "Appendix A – Independent Auditors' Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2012, 2013 and 2014" of this Offer Document for details.

## DILUTION

Dilution is the amount by which the Invitation Price to be paid by the New Investors exceeds the NAV per Share immediately after the Invitation. Our NAV per Share as at 31 December 2014, adjusted for the Share Split, but before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 161,200,000 Shares, was 7.82 S\$ cents.

Pursuant to the Invitation in respect of 28,000,000 Invitation Shares at the Invitation Price, our NAV per Share after adjusting for the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 189,200,000 Shares, would be 8.16 S\$ cents. This represents an immediate increase in the NAV per Share of 0.34 S\$ cents to our existing Shareholders and an immediate dilution in the NAV per Share of 11.84 S\$ cents to our New Investors.

The following table illustrates such dilution on a per Share basis as at 31 December 2014:

	S\$ cents
Invitation Price	20.00
NAV per Share as at 31 December 2014, adjusted for the Share Split, but before adjusting for the estimated net proceeds from the Invitation	7.82
Increase in NAV per Share attributable to existing Shareholders	0.34
NAV per Share after the Invitation	8.16
Dilution in NAV per Share to New Investors post-Invitation	11.84

The following table summarises the total number of Shares issued by our Company or acquired by our existing Shareholders from the date of incorporation of our Company to the date of lodgement of this Offer Document (as adjusted for the Share Split), the total consideration paid and the average effective cash cost per Share paid by our existing Shareholders and by our New Investors pursuant to the Invitation.

	Number of Shares issued	Total consideration (S\$)	Average effective cash cost per Share (S\$ cents)
<b>Directors</b>			
John Grønbech	82,088,000	2,803	0.0034
Simon Cunningham <sup>(1)</sup>	1,116,000	136,826	12.2604
<b>Substantial Shareholder (other than Directors)</b>			
Kim Seng Holdings <sup>(2)</sup>	48,360,000	3,005,100	6.2140
<b>New Investors pursuant to the Invitation</b>	<b>28,000,000</b>	<b>5,600,000</b>	<b>20.00</b>

**Notes:**

- (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) Tan Fuh Gih, our Non-Executive Non-Independent Director, is a director and shareholder of Kim Seng Holdings. Kim Seng Holdings is an investment holding company incorporated in Singapore. As at the Latest Practicable Date, 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 respectively and are each deemed interested in the Shares held by Kim Seng Holdings. The remaining shareholders of Kim Seng Holdings 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 Fuh Gih, Tan Kim Seng and Tan Hoo Lang are also directors of Kim Seng Holdings.

Save as disclosed above, none of our Directors or Substantial Shareholders and their respective Associates have acquired any shares in our Company from the date of incorporation of our Company to the date of lodgement of this Offer Document.

## CAPITALISATION AND INDEBTEDNESS

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group as at 31 May 2015:

- (i) based on our consolidated management accounts as at 31 May 2015; and
- (ii) adjusted for the Share Split and net proceeds from the Invitation.

The following information in this table should be read in conjunction with “Appendix A – Independent Auditors’ Report and the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2012, 2013 and 2014” of this Offer Document, the related notes and other financial information contained elsewhere in the Appendix, and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

(US\$'000)	As at 31 May 2015	Adjusted for the Share Split and net proceeds from the Invitation
<b>Cash and cash equivalents</b>	712	2,830
<b>Pledged bank deposits</b>	300	300
<b>Indebtedness</b>		
<i>Current:</i>		
- secured and guaranteed	2,993	2,993
- secured and non-guaranteed	57	57
- unsecured and non-guaranteed	561	561
<i>Non-current:</i>		
- secured and guaranteed	634	634
- secured and non-guaranteed	48	48
<b>Total indebtedness</b>	4,293	4,293
<b>Total shareholders’ equity</b>	8,066	10,948
<b>Total capitalisation and indebtedness</b>	12,359	15,241

### Borrowings

Details of our bank facilities as at the Latest Practicable Date are as follows:

	Amount of facilities granted (US\$'000)	Utilised (US\$'000)	Unutilised (US\$'000)	Interest rates (per annum)	Maturity profile
Banking facilities <sup>(1)(2)</sup>	5,766	1,554	4,212	Guarantee facilities – 1.5%  Trade facilities – 3.79%	Guarantee facilities – up to 24 months  Trade facilities – up to 90 days
Term loans <sup>(1)(2)</sup>	2,600	2,600	–	4.04% – 4.94%	36 months commencing October 2013, 48 months commencing July 2014. 24 months commencing 2 June 2015.
Finance leases <sup>(3)</sup>	266	266	–	2.28% – 6.32%	1 to 10 years
<b>Total</b>	8,632	4,420	4,212		

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## CAPITALISATION AND INDEBTEDNESS

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**Notes:**

- (1) Secured by (a) an assignment of an insurance policy; (b) a charge over all term deposit accounts of US\$300,000; (c) a fixed and floating charge over all assets of a Subsidiary; and (d) a personal guarantee provided by John Grønbech; and (e) a corporate guarantee provided by a Subsidiary. Please refer to the section entitled “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document for further details of the securities provided by John Grønbech.
- (2) The bank facilities as at the Latest Practicable Date do not include bank facilities granted by Baiduri Bank, comprising a term loan of up to B\$1.3 million, trade facilities of up to B\$1.0 million and an overdraft facility of up to B\$0.1 million, which were available for utilisation subsequent to the Latest Practicable Date upon finalisation of the relevant legal documentation.
- (3) Secured by the lessors’ title to the plant and equipment.

The term loan facility agreement dated 6 June 2014 entered into between Nautic Offshore and HSBC and the facility letter dated 6 June 2014 from HSBC to Nautic Offshore, contain customary clauses in relation to events of default. Such clauses provide that events of default include, but are not limited to, (i) the declaration or payment of any dividend or any other distribution of profits by Nautic Offshore; and (ii) a change in the ownership of Nautic Offshore, without the prior written consent of HSBC. Please refer to the section entitled “Risk Factors – Risks relating to ownership of our Shares – We may not be able to pay dividends or the level of dividends may fall” of this Offer Document.

To the best of our knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan, which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

There were no material changes in our total capitalisation and indebtedness from 1 June 2015 to the Latest Practicable Date, save for the scheduled monthly repayments on our borrowings and changes in our retained earnings arising from the day-to-day operations in the ordinary course of our business.

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## DIVIDEND POLICY

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Our Company declared a dividend of US\$950,000 or US\$313.63 per Share in FY2013. Such dividend was paid in FY2014. Save as disclosed above, no dividends have been declared or paid by our Company for the Period Under Review.

We currently do 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 us by our financial arrangements (if any) as well as general business conditions and other factors as our Directors may, in their absolute discretion, deem appropriate (“**Dividend Factors**”).

Subject to the Dividend Factors above, we currently intend to distribute an annual dividend of 20.0% of our profit after tax attributable to the owners of the Company for FY2015, FY2016 and FY2017, as we wish to reward our Shareholders for participating in our Group’s growth.

However, investors should note that all foregoing statements are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends, which may be subject to modification (including reduction or non-declaration thereof) in our Directors’ sole and absolute discretion. The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. The form, frequency and amount of future dividends will depend on the Dividend Factors. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in future.

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting. The declaration and payment of dividends will be determined at the sole discretion of our Directors subject to the approval of our Shareholders. Our Directors may also declare an interim dividend without the approval of our Shareholders. We must pay dividends out of our profits. Payment of any dividends shall be in the S\$.

Information relating to taxes payable on dividends is set out in “Appendix E – Taxation” of this Offer Document.

## SUMMARY OF OUR FINANCIAL INFORMATION

The following summary financial information of our Group should be read in conjunction with the full text of this Offer Document, including the “Independent Auditors’ Report and the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2012, 2013 and 2014” and “Independent Auditors’ Report and the Unaudited Pro Forma Group Financial Information for the Financial Year ended 31 December 2014” as set out in Appendices A and B of this Offer Document, and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

### Consolidated Statements of Profit or Loss and Other Comprehensive Income

(US\$)	← Audited →			Unaudited Pro Forma FY2014 <sup>(6)</sup>
	FY2012	FY2013	FY2014	
Revenue	13,477,645	11,024,903	21,282,898	45,099,896
Cost of sales	(10,275,817)	(5,955,394)	(10,409,549)	(29,295,730)
<b>Gross profit</b>	<b>3,201,828</b>	<b>5,069,509</b>	<b>10,873,349</b>	<b>15,804,166</b>
Distribution expenses	(345,555)	(1,127,114)	(759,630)	(793,330)
Administrative expenses	(1,522,893)	(2,671,282)	(5,440,441)	(11,037,129)
Other income	635	116,567	325,315	1,090,313
Finance costs	(209,651)	(543,460)	(423,847)	(534,409)
<b>Profit before tax</b>	<b>1,124,364</b>	<b>844,220</b>	<b>4,574,746</b>	<b>4,529,611</b>
Income tax credit/(expense)	178,000	(88,519)	(75,681)	(84,109)
<b>Profit for the year</b>	<b>1,302,364</b>	<b>755,701</b>	<b>4,499,065<sup>(4)</sup></b>	<b>4,445,502</b>
Share-based payment	–	–	6,193	57,724
Exchange differences on translation of foreign operations	–	–	(153,546)	(221,318)
<b>Total comprehensive income for the year</b>	<b>1,302,364</b>	<b>755,701</b>	<b>4,351,712</b>	<b>4,281,908</b>
Profit attributable to:				
Owners of our Company	1,302,364	755,701	4,325,781	4,278,501
Non-controlling interests	–	–	173,284	167,001
	<b>1,302,364</b>	<b>755,701</b>	<b>4,499,065</b>	<b>4,445,502</b>
Total comprehensive income attributable to:				
Owners of our Company	1,302,364	755,701	4,238,814	4,252,985
Non-controlling interests	–	–	112,898	28,923
	<b>1,302,364</b>	<b>755,701</b>	<b>4,351,712</b>	<b>4,281,908</b>
EPS <sup>(1)</sup> (US\$ cents)	0.81	0.47	2.68 <sup>(3)(4)</sup>	2.65
EPS as adjusted for the Invitation <sup>(2)</sup> (US\$ cents)	0.69	0.40	2.29 <sup>(3)(4)</sup>	2.26
EPS <sup>(1)(5)</sup> (S\$ cents)	1.01	0.59	3.41 <sup>(3)(4)</sup>	3.37
EPS as adjusted for the Invitation <sup>(2)(5)</sup> (S\$ cents)	0.86	0.50	2.90 <sup>(3)(4)</sup>	2.87

#### Notes:

- (1) For comparative purposes, EPS for FY2012, FY2013, FY2014 and pro forma FY2014 has been computed based on the profit attributable to owners of our Company and our pre-Invitation share capital of 161,200,000 Shares.

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## SUMMARY OF OUR FINANCIAL INFORMATION

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- (2) For comparative purposes, EPS as adjusted for the Invitation for FY2012, FY2013, FY2014 and pro forma FY2014 has been computed based on the profit attributable to owners of our Company and our post-Invitation share capital of 189,200,000 Shares.
- (3) Had the Service Agreements been in place since the beginning of FY2014, (i) profit before tax for FY2014 would have been US\$4.2 million; and (ii) EPS and EPS as adjusted for the Invitation would have been 2.48 US\$ cents (3.15 S\$ cents) and 2.11 US\$ cents (2.68 S\$ cents) based on the audited consolidated financial statements of our Group.
- (4) If the expenses incurred in connection with our Listing of approximately US\$0.4 million and the imputed interest expense on the Convertible Bond of approximately US\$0.3 million were excluded, (i) profit before tax for FY2014 would have been US\$5.3 million; and (ii) EPS and EPS as adjusted for the Invitation for FY2014 would have been 3.11 US\$ cents (3.95 S\$ cents) and 2.65 US\$ cents (3.37 S\$ cents) based on the audited consolidated financial statements of our Group.
- (5) Based on the exchange rates of US\$1.00 to S\$1.2450, US\$1.00 to S\$1.2535 and US\$1.00 to S\$1.2703 respectively, being the average exchange rates for FY2012, FY2013 and FY2014.
- (6) The pro forma financial information has been prepared for illustrative purposes only. It takes into account the Acquisition which resulted in AWT being consolidated into our Group as a Subsidiary, and assuming the Acquisition took place on 1 January 2014.

## SUMMARY OF OUR FINANCIAL INFORMATION

### Consolidated Statements of Financial Position

(US\$)	Audited as at 31 December 2014	Unaudited Pro Forma as at 31 December 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,412,087	3,412,087
Trade receivables	7,353,925	7,353,925
Other receivables	2,381,285	2,381,285
Inventories	669,956	669,956
Work in progress	274,979	274,979
<b>Total current assets</b>	<b>14,092,232</b>	<b>14,092,232</b>
<b>Non-current assets</b>		
Plant and equipment	4,443,647	4,443,647
Intangible assets	56,800	56,800
Deferred tax assets	2,088,759	2,088,759
Other receivables	559,382	559,382
<b>Total non-current assets</b>	<b>7,148,588</b>	<b>7,148,588</b>
<b>Total assets</b>	<b>21,240,820</b>	<b>21,240,820</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Trade payables	3,114,127	3,114,127
Other payables	2,673,684	2,673,684
Liabilities for trade bills discounted with recourse	346,211	346,211
Bank loan and advances	1,894,109	1,894,109
Loan from a director	204,022	204,022
Finance leases	102,064	102,064
Provision for taxation	443,675	443,675
<b>Total current liabilities</b>	<b>8,777,892</b>	<b>8,777,892</b>
<b>Non-current liabilities</b>		
Long-term bank loan	700,006	700,006
Finance leases	164,841	164,841
Other payables	614,756	614,756
<b>Total non-current liabilities</b>	<b>1,479,603</b>	<b>1,479,603</b>
<b>Total liabilities</b>	<b>10,257,495</b>	<b>10,257,495</b>

## SUMMARY OF OUR FINANCIAL INFORMATION

(US\$)	Audited as at 31 December 2014	Unaudited Pro Forma as at 31 December 2014
<b>Equity</b>		
Share capital	3,208,578	3,208,578
Other capital reserve	703,453	703,453
Share-based payment reserve	6,193	–
Foreign currency translation reserve	(93,160)	23,559
Accumulated profits	5,687,227	5,576,701
Equity attributable to owners of our Company	9,512,291	9,512,291
Non-controlling interests	1,471,034	1,471,034
<b>Total equity</b>	<b>10,983,325</b>	<b>10,983,325</b>
<b>Total liabilities and equity</b>	<b>21,240,820</b>	<b>21,240,820</b>
<b>NAV per Share<sup>(1)</sup> (US\$ cents)</b>	5.90	5.90
<b>NAV per Share as adjusted for the Invitation<sup>(2)</sup> (US\$ cents)</b>	6.15	6.15
<b>NAV per Share<sup>(1)(3)</sup> (S\$ cents)</b>	7.82	7.82
<b>NAV per Share as adjusted for the Invitation<sup>(2)(3)</sup> (S\$ cents)</b>	8.16	8.16

**Notes:**

- (1) The NAV per Share as at 31 December 2014 has been computed based on our pre-Invitation share capital of 161,200,000 Shares.
- (2) The NAV per Share as adjusted for the Invitation as at 31 December 2014 has been computed based on our post-Invitation share capital of 189,200,000 Shares.
- (3) Based on the exchange rate of US\$1.00 to S\$1.3255, being the closing exchange rate as at 31 December 2014.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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*The following discussion of our results of operations and financial position should be read in conjunction with the "Independent Auditors' Report and the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2012, 2013 and 2014" and "Independent Auditors' Report and the Unaudited Pro Forma Group Financial Information for the Financial Year ended 31 December 2014" as set out in Appendices A and B of this Offer Document.*

*This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the "Risk Factors" section of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.*

*The unaudited pro forma group financial information set out in "Appendix B – Independent Auditors' Report and the Unaudited Pro Forma Group Financial Information for the Financial Year ended 31 December 2014" of this Offer Document has been prepared for illustrative purposes only. It takes into account the Acquisition which resulted in AWT being consolidated into our Group as a Subsidiary, and assuming the Acquisition took place on 1 January 2014.*

*This constitutes the differences between the audited consolidated financial statements and the unaudited pro forma group financial information for FY2014.*

*The unaudited pro forma group financial information, because of their nature, may not give a true picture of our Group's actual financial position or results. Please refer to "Appendix B – Independent Auditors' Report and the Unaudited Pro Forma Group Financial Information for the Financial Year ended 31 December 2014" of this Offer Document for further details.*

### OVERVIEW

We offer 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. We are involved in both the onshore and offshore segments of the oil and gas industry.

The services offered by our Group are classified into three (3) business segments, namely (i) Subsurface and Wells; (ii) Subsea and Surface Facilities; and (iii) Advanced Material Solutions.

Please refer to the section entitled "General Information on Our Group – Business Overview" of this Offer Document for further details.

### Revenue

We derived our revenue from the following business segments:

#### (i) Subsurface and Wells

Revenue from this business segment accounted for 17.9%, 8.6% and 22.4% of our revenue in FY2012, FY2013 and FY2014 respectively.

We provide geoscience and subsurface engineering, well design and drilling management, well completions and well interventions services to our clients for a wide range of international oil and gas assets. We also provide project management of various tasks across the entire life cycle of an oil and gas asset from concept definition through to execution and abandonment, with experience in remote onshore, offshore shelf, deepwater and ultra-deepwater areas. We work with our clients

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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to unlock enhanced commercial yield from various assets from onshore coal seam methane and unconventional gas through to deepwater offshore exploration. We explore and appraise and ultimately connect the reservoir with production facilities to deliver an optimised greenfield development or brownfield enhancement solution.

### (ii) **Subsea and Surface Facilities**

Revenue from this business segment accounted for 15.5%, 42.8% and 66.5% of our revenue in FY2012, FY2013 and FY2014 respectively.

We provide engineering and contracting services for greenfield and brownfield subsea and surface infrastructure projects. From concept studies and front-end engineering design to detailed engineering, we offer the complete range of engineering disciplines required for innovative and cost efficient greenfield development and modification/requalification of ageing offshore assets required to produce beyond original design life.

Our engineering and contracting services are offered for a wide range of offshore assets including jackets and topsides, monopods and tripods, pipelines, jack-ups, MOPUs and FPSOs.

### (iii) **Advanced Material Solutions**

Revenue from this business segment accounted for 66.6%, 48.6% and 11.1% of our revenue in FY2012, FY2013 and FY2014 respectively.

We develop and manufacture our NAX™ pre-mix products comprising UHPC materials, HPC materials and ULCC materials for subsurface, subsea and surface applications primarily within the oil and gas industry worldwide.

Our NAX™ pre-mix products are composed of specifically nano-engineered binder combined with chemical additives, designed to improve and enhance properties such as high compressive strength and high flowability allowing for subsea and subsurface applications.

Other factors which affect our revenue include, *inter alia*:

- (a) our ability to penetrate into new market regions or to enlarge market share in the existing market regions via provision of existing or new services;
- (b) actual and anticipated price of oil and gas and the resultant impact on the level of activities in offshore oil and gas exploration, development, production and maintenance;
- (c) our ability to retain and attract customers and to compete effectively in the market;
- (d) our production capacity, which is dependent on several factors such as the advancement of the technology, appropriate equipment and skilled workers and subcontractors; and
- (e) our ability to claim for variation orders for additional work required.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Cost of Sales

Cost of sales constituted 76.2%, 54.0% and 48.9% of our revenue in FY2012, FY2013 and FY2014 respectively.

A breakdown of our cost of sales for the Period Under Review is as follows:

	FY2012		Audited FY2013		FY2014	
	US\$'000	%	US\$'000	%	US\$'000	%
Materials and freight costs	6,012	58.5	2,268	38.1	656	6.3
Labour and mobilisation/ demobilisation costs	687	6.7	363	6.1	1,270	12.2
Grouting spread and mobilisation/ demobilisation costs	1,198	11.7	909	15.3	1,199	11.5
Offshore and engineering costs	1,732	16.9	2,258	37.9	5,165	49.6
Other costs	647	6.2	157	2.6	2,120	20.4
<b>Total</b>	<b>10,276</b>	<b>100.0</b>	<b>5,955</b>	<b>100.0</b>	<b>10,410</b>	<b>100.0</b>

Materials and freight costs comprise costs of raw materials for the production of our NAX™ pre-mix products and the freight charges incurred to transport raw materials. These accounted for 58.5%, 38.1%, and 6.3% of our cost of sales in FY2012, FY2013 and FY2014 respectively.

Labour and mobilisation/demobilisation costs comprise costs of engineers, supervisors and offshore crews deployed to the projects and related mobilisation/demobilisation costs. These accounted for 6.7%, 6.1% and 12.2% of our cost of sales in FY2012, FY2013 and FY2014 respectively.

Grouting spread and mobilisation/demobilisation costs comprise costs of offshore equipment deployed to the projects and related mobilisation/demobilisation costs. These accounted for 11.7%, 15.3% and 11.5% of our cost of sales in FY2012, FY2013 and FY2014 respectively.

Offshore and engineering costs comprise mainly salaries for engineers and offshore crews, staff-related expenses, subcontractor costs, depreciation on machinery and equipment, procurement costs of tools and consumables, equipment maintenance and related transportation costs. These accounted for 16.9%, 37.9% and 49.6% of our cost of sales in FY2012, FY2013 and FY2014 respectively.

Other costs comprise mainly rental expenses, insurance and warehousing costs. These accounted for 6.2%, 2.6% and 20.4% of our cost of sales in FY2012, FY2013 and FY2014 respectively.

The main factors affecting our cost of sales include, *inter alia*:

- (i) fluctuations of prices for raw materials, equipment, transportation and supplies arising from demand and supply factors;
- (ii) our ability to negotiate for lower charges from our subcontractors for part of our works such as contracting, engineering and consultancy;
- (iii) our ability to attract and retain adequate skilled permanent and subcontract labour for our business such that productivity and quality of our services are maintained;
- (iv) wage levels, labour market conditions and changes in government policies and regulations (such as minimum wage scheme, foreign workers' levy and quota); and

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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- (v) our ability to manage projects in compliance with customers' specifications and quality requirements as well as changes in laws and regulations that affect the technical specifications required of offshore projects.

### Distribution Expenses

Distribution expenses accounted for US\$0.3 million, US\$1.1 million and US\$0.8 million or 2.8%, 10.9% and 4.5% of our Group's total expenses for FY2012, FY2013 and FY2014 respectively.

Distribution expenses mainly include salaries and commissions paid to sales staff, advertising and marketing costs, promotion expenses, travelling and accommodation expenses, and business development expenses.

### Administrative Expenses

Administrative expenses accounted for US\$1.5 million, US\$2.7 million and US\$5.4 million or 12.3%, 25.9% and 31.9% of our Group's total expenses for FY2012, FY2013 and FY2014 respectively.

Administrative expenses consist mainly of staff costs and related expenses (i.e. directors' fees, remuneration of directors, administrative and research and development staff and bonuses), office premises-related expenses such as rental and utilities, and miscellaneous costs such as professional fees and telecommunication expenses.

### Other Income

Other income accounted for US\$635, US\$0.1 million and US\$0.3 million or approximately 0.0%, 1.1%, and 1.5% of our revenue for FY2012, FY2013 and FY2014 respectively.

Other income mainly relates to interest income, one-off rebate given by our major supplier, gain on disposal of plant and equipment, government grants, rental income and gain arising from the Acquisition.

### Finance Costs

Finance costs accounted for US\$0.2 million, US\$0.5 million and US\$0.4 million or 1.7%, 5.3% and 2.5% of our Group's total expenses for FY2012, FY2013 and FY2014 respectively.

Finance costs relate to interest expenses incurred for the Convertible Bond, bank loans and advances and finance leases.

### Income Tax

Our Company and our Subsidiaries are subject to income tax at the applicable statutory tax rates in which our entities operate. The applicable tax rate in Singapore was 17.0% during the Period Under Review.

	FY2012	FY2013	FY2014
Income tax credit/(expense) (US\$'000)	178	(89)	(76)
PBT (US\$'000)	1,124	844	4,575
Effective tax rate (income tax expense as a percentage of PBT) (%)	N.A.	10.5	1.7

In FY2012, the tax credit was mainly due to recognition of deferred tax assets arising from the excess of tax written down value over carrying amount of plant and equipment which qualify for tax allowances. In FY2013 and FY2014, tax expenses were incurred mainly due to profits earned from our Singapore operations.

### INFLATION

For the Period Under Review, inflation did not have a material impact on our performance.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### REVIEW OF RESULTS OF OPERATIONS

For the purpose of this section, we have segmented our revenue, gross profit and gross profit margin by business segments as well as geographical locations of our projects for the Period Under Review. This analysis, provided below, should be read in conjunction with "Appendix A – Independent Auditors' Report and the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2012, 2013 and 2014" of this Offer Document.

#### Review of Past Performance by Business Segments

	FY2012		Audited FY2013		FY2014	
	US\$'000	%	US\$'000	%	US\$'000	%
Revenue						
Subsurface and Wells	2,413	17.9	945	8.6	4,771	22.4
Subsea and Surface Facilities	2,086	15.5	4,722	42.8	14,152	66.5
Advanced Material Solutions	8,979	66.6	5,358	48.6	2,360	11.1
<b>Total</b>	<b>13,478</b>	<b>100.0</b>	<b>11,025</b>	<b>100.0</b>	<b>21,283</b>	<b>100.0</b>

	FY2012		Audited FY2013		FY2014	
	US\$'000	%	US\$'000	%	US\$'000	%
Gross profit						
Subsurface and Wells	59	1.8	618	12.2	1,176	10.8
Subsea and Surface Facilities	372	11.6	1,633	32.2	8,555	78.7
Advanced Material Solutions	2,771	86.6	2,819	55.6	1,142	10.5
<b>Total</b>	<b>3,202</b>	<b>100.0</b>	<b>5,070</b>	<b>100.0</b>	<b>10,873</b>	<b>100.0</b>

	FY2012	FY2013	FY2014
Gross profit margin	%	%	%
Subsurface and Wells	2.4	65.4	24.6
Subsea and Surface Facilities	17.8	34.6	60.5
Advanced Material Solutions	30.9	52.6	48.4
<b>Total</b>	<b>23.8</b>	<b>46.0</b>	<b>51.1</b>

#### Review of Past Performance by Geographical Locations of our Projects

Our revenue is derived mainly from customers located in five (5) principal geographical areas, namely Asia (exclude Middle East and India), Australasia, India, Middle East and Americas. For the purposes of geographical segmentation, revenue is classified according to the locations of the projects where the products or services are utilised or rendered respectively. These locations or geographical regions may be different from the locations of the billing addresses of our customers.

While it is possible to segment our revenue by geographical regions, the allocation of costs cannot be done in a similar manner with reasonable accuracy as our 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 we do not track the allocation of our 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Geographical locations	FY2012		Audited FY2013		FY2014	
	US\$'000	%	US\$'000	%	US\$'000	%
Asia (exclude Middle East and India) <sup>(1)</sup>	4,626	34.3	3,657	33.2	8,712	40.9
Australasia <sup>(2)</sup>	7,318	54.3	2,368	21.5	1,445	6.8
India	892	6.6	809	7.3	831	3.9
Middle East <sup>(3)</sup>	640	4.7	1,112	10.1	5,043	23.7
Americas <sup>(4)</sup>	2	0.1	3,079	27.9	5,197	24.4
Others <sup>(5)</sup>	–	–	–	–	55	0.3
<b>Total</b>	<b>13,478</b>	<b>100.0</b>	<b>11,025</b>	<b>100.0</b>	<b>21,283</b>	<b>100.0</b>

The geographical locations comprise the following respective countries:

- (1) Brunei, Indonesia, Malaysia, Vietnam, Singapore, China, South Korea
- (2) Australia, New Zealand, Papua New Guinea
- (3) UAE, Turkmenistan, Saudi Arabia, Qatar
- (4) Mexico
- (5) Kenya, Nigeria

### FY2012 vs FY2013

#### Revenue

Revenue decreased by US\$2.5 million or 18.2%, from US\$13.5 million in FY2012 to US\$11.0 million in FY2013.

This was due to a decrease in revenue from our Subsurface and Wells and Advanced Material Solutions business segments, and partially offset by an increase in revenue from Subsea and Surface Facilities business segment.

Revenue from our Subsurface and Wells business segment decreased by US\$1.5 million or 60.8%, from US\$2.4 million in FY2012 to US\$0.9 million in FY2013 mainly due to completion of a project of which substantial part of the grout installation work was carried out in FY2012. Revenue from our Advanced Material Solutions business segment decreased by US\$3.6 million or 40.3%, from US\$9.0 million in FY2012 to US\$5.4 million in FY2013 mainly due to the decrease in sales of UHPC materials to our major customer, John Holland and lower usage of UHPC materials for a Subsurface and Wells project in Brunei in FY2013.

Revenue from our Subsea and Surface Facilities business segment increased by US\$2.6 million or 126.4%, from US\$2.1 million in FY2012 to US\$4.7 million in FY2013 mainly due to the commencement of new projects with Brunei Shell for the provision of well integrity services as well as with Heerema Americas for the provision of grout installation services for the development of oil fields in the Bay of Campeche, Mexico, which commenced in late FY2012.

Geographically, the decrease in revenue was mainly attributable to the decrease in revenue contribution from our projects in Asia (exclude Middle East and India) and Australasia of US\$1.0 million and US\$5.0 million respectively, partially offset by the increase in revenue contribution from our projects in Americas of US\$3.1 million.

Revenue from Asia (exclude Middle East and India) decreased by US\$1.0 million or 21.0% in FY2013 from US\$4.6 million in FY2012 to US\$3.7 million in FY2013, mainly due to the decrease in revenue from Chung Fung as substantial part of the grout installation work was done in FY2012 and the absence of a one-off contract with Radiant Utama to strengthen a MOPU at the Maleo Field Development, Indonesia in FY2013. The decrease in revenue was partially offset by the revenue earned from a new project with Brunei Shell which commenced in the third quarter of FY2013 for the provision of well integrity services.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Revenue from Australasia decreased by US\$5.0 million or 67.6% in FY2013 from US\$7.3 million to US\$2.4 million mainly due to the substantial fulfilment of an order from John Holland for our UHPC materials in FY2012.

Revenue from Americas increased by US\$3.1 million from US\$1,700 to US\$3.1 million mainly due to the provision of grout installation services in Mexico for Heerema Americas.

### *Cost of Sales and Gross Profit*

Cost of sales decreased by US\$4.3 million or 42.0%, from US\$10.3 million in FY2012 to US\$6.0 million in FY2013, which was in line with the decrease in revenue and coupled with improved efficiencies and economies of scale.

The decrease was mainly due to the decrease in materials and freight costs of US\$3.7 million, which was in line with the decrease in revenue from our Advanced Material Solutions business segment.

As a result of the foregoing, gross profit increased by US\$1.9 million or 58.3%, from US\$3.2 million in FY2012 to US\$5.1 million in FY2013.

Overall gross profit margin improved by 22.2 percentage points, from 23.8% in FY2012 to 46.0% in FY2013, mainly due to the increase in gross profit margin for our Subsea and Surface Facilities and Advanced Material Solutions business segments which in aggregate contributed to 91.4% of our total revenue in FY2013. Gross profit margin for our Subsea and Surface Facilities business segment improved by 16.8 percentage points to 34.6% due to the higher increase in revenue as compared to the increase in cost of sales. Our projects in FY2012 were generally of lower margins as we subcontracted a significant portion of our offshore equipment and offshore crew to third parties. In FY2013, our gross profit margins increased as we built up our in-house capacity by purchasing more offshore equipment and employing more offshore crew to handle the subcontract works. The increase in margin in FY2013 was also due to a new well integrity services contract won that year which provided better profit margins. Gross profit margin for our Advanced Material Solutions business segment improved by 21.7 percentage points from 30.9% in FY2012 to 52.6% in FY2013, mainly due to decreased sales of UHPC materials to a major customer in FY2013 which carried lower margins.

### *Distribution Expenses*

Distribution expenses increased by US\$0.8 million or 226.2%, from US\$0.3 million in FY2012 to US\$1.1 million in FY2013 mainly due to the increase in (i) salary adjustments for sales staff of US\$0.2 million; (ii) travelling and accommodation expenses of US\$0.1 million; and (iii) business development expenses of US\$0.4 million.

### *Administrative Expenses*

Administrative expenses increased by US\$1.1 million or 75.4%, from US\$1.5 million in FY2012 to US\$2.7 million in FY2013 mainly due to the increase in staff costs and related expenses of US\$0.6 million and higher depreciation charges, rental expenses and professional fees, totalling US\$0.2 million.

### *Other Income*

Other income increased by US\$0.1 million, from US\$635 in FY2012 to US\$0.1 million in FY2013 mainly due to a one-off rebate given by our major supplier.

### *Finance Costs*

Finance costs increased by US\$0.3 million or 159.2%, from US\$0.2 million in FY2012 to US\$0.5 million in FY2013 mainly due to 12 months' interest expenses incurred for the Convertible Bond (as compared to six (6) months' interest expenses in FY2012) as well as interest incurred for a term loan drawn down in the fourth quarter of FY2013.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### *Profit Before Tax*

Our Group recorded a profit before tax of US\$0.8 million in FY2013, as compared to US\$1.1 million in FY2012. The decrease in profit before tax in FY2013 was mainly due to higher distribution expenses, administrative expenses and finance costs.

### **FY2013 vs FY2014**

#### *Revenue*

Revenue increased by US\$10.3 million or 93.0%, from US\$11.0 million in FY2013 to US\$21.3 in FY2014.

This was due to an increase in revenue from our (i) Subsurface and Wells business segment by US\$3.8 million or 404.9%, from US\$0.9 million in FY2013 to US\$4.8 million in FY2014, (ii) Subsea and Surface Facilities business segment by US\$9.4 million or 199.7%, from US\$4.7 million in FY2013 to US\$14.2 million in FY2014; and partially offset by a decrease in revenue from our Advanced Material Solutions business segment of US\$3.0 million or 56.0% from US\$5.4 million in FY2013 to US\$2.4 million in FY2014.

The increase in revenue in our Subsurface and Wells business segment for FY2014 was mainly due to the (i) commencement of a new project to inspect a damage conductor pipe located in the Arabian Sea; (ii) provision of drilling design and drilling management services to Daewoo; and (iii) provision of drilling, well testing, well services and interventions, project management and costing analysis to SPI.

The increase in revenue in our Subsea and Surface Facilities business segment for FY2014 was mainly due to the (i) project with Brunei Shell in relation to provision of well integrity services which was secured in the third quarter of FY2013; (ii) project with a Vietnam customer for jacket analysis, clamp design, fabrication supervision and offshore UHPC clamp installation in the Hai San Trang Field, Vietnam; (iii) project with Heerema Americas for the provision of grout installation services for oil fields in Mexico; and (iv) project with Murjan in relation to pile inspection, engineering design, high pressure cleaning and UHPC clamp installation services in relation to the Tarut Bay Pipeline Trestle Life Extension Project for Saudi Aramco, Saudi Arabia.

The decrease in revenue from our Advanced Material Solutions business segment of US\$3.0 million or 56.0%, from US\$5.4 million in FY2013 to US\$2.4 million in FY2014 was mainly due to the absence of the UHPC materials order from John Holland in FY2014.

Geographically, the increase in revenue was mainly attributable to the increase in revenue contribution from our projects in Asia (exclude Middle East and India), Middle East and Americas of US\$5.1 million, US\$3.9 million and US\$2.1 million respectively, partially offset by the decrease in revenue contribution from our customers in Australasia of US\$0.9 million.

Revenue contribution from Asia (exclude Middle East and India) increased by US\$5.1 million or 138.3% in FY2014 mainly due to the on-going well integrity services provided for Brunei Shell and provision of services such as jacket analysis, clamp design, fabrication supervision and UHPC clamp installation for a platform in the Hai Su Trang Field, Vietnam.

Revenue from Middle East increased by US\$3.9 million or 353.4% in FY2014 mainly due to a new Subsurface and Wells project where we provided pile inspection, engineering design, high pressure cleaning and UHPC clamp installation services to Murjan in relation to the Tarut Bay Pipeline Trestle Life Extension Project for Saudi Aramco, Saudi Arabia.

Revenue from Americas increased by US\$2.1 million or 68.8% in FY2014 mainly due to the provision of grout installation services to Heerema Americas for the development of oil fields in the Bay of Campeche, Mexico.

Revenue from Australasia decreased by US\$0.9 million or 39.0% in FY2014 mainly due to the absence of the UHPC materials order from John Holland in FY2014.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### *Cost of Sales and Gross Profit*

Cost of sales increased by US\$4.5 million or 74.8% from US\$6.0 million in FY2013 to US\$10.4 million in FY2014.

The increase was mainly due to the increase in (i) labour and mobilisation/demobilisation costs of US\$0.9 million due to higher travelling costs; (ii) offshore and engineering costs of US\$2.9 million arising mainly from increase in wages for engineers and offshore crews and their related expenses, and higher depreciation for machinery and equipment maintenance costs; and (iii) other costs of US\$2.0 million arising mainly from increased usage of tools and consumables and subcontractor costs. The increase was partially offset by a decrease in material and freight costs of US\$1.6 million due to the absence of the UHPC materials order from John Holland in FY2014.

As a result of the foregoing, gross profit increased by US\$5.8 million or 114.5%, from US\$5.1 million in FY2013 to US\$10.9 million in FY2014.

Overall gross profit margin improved by 5.1 percentage points, from 46.0% in FY2013 to 51.1% in FY2014 mainly due to the increase in gross profit margin for our Subsea and Surface Facilities business segment as this business segment contributed to 66.5% of our total revenue in FY2014.

Gross profit margin from our Subsea and Surface Facilities business segment improved by 25.9 percentage points from 34.6% in FY2013 to 60.5% in FY2014 mainly due to less than proportionate increase in cost of sales as compared to revenue arising from better utilisation of our offshore equipment and offshore crew. This was partially offset by the decrease in gross profit margins from our Subsurface and Wells and Advanced Material Solutions business segments. The decrease in gross profit margin for our Subsurface and Wells business segment was mainly due to the lower margin projects undertaken by AWT. Gross profit margin for our Advanced Material Solution business segment decreased from 52.6% to 48.4% mainly due to increase in warehousing costs arising from rental for our production facility in Nusajaya, Johor for the full 12 months in FY2014 as compared to three (3) months in FY2013.

### *Distribution Expenses*

Our distribution expenses decreased by US\$0.4 million or 32.6%, from US\$1.1 million in FY2013 to US\$0.8 million in FY2014 mainly due to lesser business development activities undertaken by our Group in FY2014.

### *Administrative Expenses*

Administrative expenses increased by US\$2.7 million or 103.7%, from US\$2.7 million in FY2013 to US\$5.4 million in FY2014 mainly due to the increase in staff costs and related expenses of US\$2.1 million arising from increased headcount to meet the operational requirements of our Group and one-time costs of US\$0.2 million and US\$0.4 million incurred for the acquisition of AWT and the preparation of the IPO respectively in FY2014.

### *Other Income*

Other income increased by US\$0.2 million or 179.1%, from US\$0.1 million in FY2013 to US\$0.3 million in FY2014 mainly due to a one-off gain of US\$0.2 million arising from the Acquisition in the fourth quarter of FY2014.

### *Finance Costs*

Finance costs decreased by US\$0.1 million or 22.0%, from US\$0.5 million in FY2013 to US\$0.4 million in FY2014 mainly due to six (6) months' expenses incurred for the Convertible Bond which was converted into 2,080 Shares on 30 June 2014 (as compared to 12 months' interest expenses in FY2013). The decrease was partially offset by the increase in interest incurred for a US\$1.5 million short term loan from our Controlling Shareholder, Kim Seng Holdings, which had been fully repaid during the year, and

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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secured term loans of US\$2.6 million from a financial institution and other banking facilities. Please refer to the section entitled "Interested Person Transactions" of this Offer Document for more details on loan from our Controlling Shareholder.

### *Profit Before Tax*

Our Group recorded a profit before tax of US\$4.6 million in FY2014 as compared to US\$0.8 million in FY2013. The increase in profit before tax in FY2014 was mainly due to the increase in revenue coupled with higher gross profit, and partially offset by the increase in administrative expenses.

## REVIEW OF FINANCIAL POSITION

### *Current Assets*

Current assets comprise mainly cash and cash equivalents, trade receivables, other receivables, inventories and work in progress.

As at 31 December 2014, current assets amounted to US\$14.1 million or 66.3% of our total assets. Trade receivables was the largest component of our current assets, accounting for US\$7.4 million or 52.2% of our current assets. Other receivables amounted to US\$2.4 million and relate mainly to deposits of US\$0.3 million, prepaid professional fees in relation to our Listing of US\$0.6 million, withholding tax of US\$0.8 million, GST receivable of US\$0.2 million and advances to suppliers of US\$0.5 million arising in relation to down payments. Inventories comprised raw materials and finished goods and accounted for US\$0.7 million or 4.8% of our current assets. Work in progress amounted to US\$0.3 million. The remaining balance of current assets comprised cash and cash equivalents of US\$3.4 million.

### *Non-Current Assets*

Non-current assets comprise plant and equipment, intangible assets, deferred tax assets and other receivables.

As at 31 December 2014, our non-current assets amounted to US\$7.1 million or 33.7% of our total assets. Plant and equipment accounted for US\$4.4 million or 62.2% of our non-current assets. Plant and equipment comprised mainly machinery of US\$3.4 million, computer, administrative and laboratory equipment of US\$0.7 million, motor vehicle of US\$0.2 million and leased assets of US\$0.2 million. Intangible assets and other receivables amounted to US\$56,800 and US\$0.6 million respectively with the balance being deferred tax assets of US\$2.1 million arising mainly from unutilised capital allowances of a subsidiary.

### *Current Liabilities*

Current liabilities comprise trade payables, other payables, liabilities for trade bills discounted with recourse, bank loan and advances, loan from a director, finance leases and provision for taxation.

As at 31 December 2014, current liabilities amounted to US\$8.8 million or 85.6% of our total liabilities. Trade payables accounted for US\$3.2 million or 35.6% of our current liabilities. Other payables of US\$2.7 million comprised mainly accrued operating expenses, accrued project costs, provision for employee entitlement, other payables and deferred consideration for acquisition of a subsidiary of US\$0.6 million, US\$0.2 million, US\$1.2 million, US\$0.5 million and US\$0.2 million respectively. Loan from a director of US\$0.2 million was interest-free and had no fixed terms of repayment. Please refer to the section entitled "Interested Person Transactions" of this Offer Document for more details on amounts owing to a director. Short term bank liabilities amounted to US\$2.3 million or 26.7% of our current liabilities and comprised bank loan and advances of US\$1.9 million, finance leases of US\$0.1 million and liabilities for trade bills discounted with recourse of US\$0.3 million. The remaining current liabilities were made up by provision for taxation of US\$0.4 million.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### *Non-Current Liabilities*

Non-current liabilities comprise long-term bank loans, finance lease and other payables.

As at 31 December 2014, non-current liabilities amounted to US\$1.5 million or 14.4% of our total liabilities. Long-term bank liabilities amounted to US\$0.9 million and comprised bank loan of US\$0.7 million and finance leases of US\$0.2 million. The remaining non-current liabilities were made up by other payables of US\$0.6 million which are mainly pertaining to the non-current portion of deferred consideration for acquisition of AWT.

### *Shareholders' Equity*

As at 31 December 2014, shareholders' equity amounted to US\$11.0 million which comprise share capital of US\$3.2 million, other capital reserves of US\$0.7 million, accumulated profits of US\$5.7 million, a deficit of US\$0.1 million comprising foreign currency translation reserves and non-controlling interests of US\$1.5 million.

## **LIQUIDITY AND CAPITAL RESOURCES**

We financed our growth and operations through a combination of shareholders' equity (including retained profits), shareholder's loans, net cash generated from operating activities, borrowings from financial institutions and the Convertible Bond. Our principal uses of cash have been for working capital requirements and capital expenditures. Please refer to the section entitled "Interested Person Transactions" of this Offer Document for further details on the shareholder's loans.

Based on the audited consolidated financial position as at 31 December 2014, our shareholders' equity amounted to US\$11.0 million and indebtedness to financial institutions amounted to US\$3.2 million (comprising bank loans and advances, finance leases and trade bills discounted with recourse). Our gearing ratio (defined as the sum of indebtedness to financial institutions divided by shareholders' equity) was 0.3 times. Our net current assets as at 31 December 2014 amounted to US\$5.3 million and our working capital ratio (defined as current assets divided by current liabilities) was 1.6 times.

Based on the audited consolidated financial position as at 31 December 2014, we had an aggregate net cash and cash equivalents of US\$3.1 million, and available credit facilities of US\$8.2 million, of which US\$3.5 million were utilised and US\$4.7 million were unutilised. These credit facilities comprise term loans of US\$1.3 million, finance leases US\$0.3 million and banking facilities of US\$6.6 million. Term loans, finance leases and banking facilities remained outstanding at US\$1.1 million, US\$0.3 million and US\$1.9 million respectively as at 31 December 2014. The effective interest rates for the term loans ranged from 4.0% to 4.9% per annum.

We generated positive working capital of US\$5.3 million as at 31 December 2014. However, we had negative working capital of US\$0.2 million and US\$1.0 million as at 31 December 2012 and 2013 respectively mainly due to the Convertible Bond issued to Kim Seng Holdings of US\$2.7 million and US\$3.2 million as at 31 December 2012 and 31 December 2013 respectively. The Convertible Bond was converted into Shares on 30 June 2014. Had the Convertible Bond not been taken into account, our Group would have been in a positive working capital position of US\$2.5 million and US\$2.2 million for FY2012 and FY2013 respectively.

As at the Latest Practicable Date, we had an aggregate net cash and cash equivalents of US\$0.2 million and available credit facilities of US\$8.6 million, of which US\$4.4 million were utilised and US\$4.2 million were unutilised. These credit facilities comprise term loans of US\$2.6 million, finance leases of US\$0.3 million and banking facilities of US\$5.7 million. Term loans, finance leases and banking facilities of US\$2.2 million, US\$0.2 million and US\$1.6 million respectively remained outstanding.

Our Directors are of the reasonable opinion that, after taking into account the cash flow expected to be generated from our operations, the committed banking facilities available to us and our existing cash and cash equivalents, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after our Listing.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The Sponsor and Issue Manager is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flow expected to be generated from the Group's operations, the committed banking facilities available to the Group and the Group's existing cash and cash equivalents, the working capital available to the Group as at the date of lodgement of this Offer Document is sufficient for the Group's present requirements and for at least 12 months after the Listing.

We set out below a summary of our consolidated statements of cash flows for the Period Under Review. The following net cash flow summary should be read in conjunction with the full text of this Offer Document, including "Appendix A – Independent Auditors' Report and the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2012, 2013 and 2014" of this Offer Document.

(US\$)	← FY2012	Audited FY2013	→ FY2014
Net cash (used in)/from operating activities	(45,672)	1,458,600	3,383,725
Net cash used in investing activities	(2,000,335)	(1,415,474)	(2,536,649)
Net cash from financing activities	2,827,280	564,077	715,235
Net increase in cash and cash equivalents	781,273	607,203	1,562,311
Effect of exchange rate changes on the balance of cash held in foreign currencies	–	–	(17,696)
Cash and cash equivalents at beginning of financial year	178,996	960,269	1,567,472
<b>Cash and cash equivalents at end of financial year<sup>(1)</sup></b>	<b>960,269</b>	<b>1,567,472</b>	<b>3,112,087</b>

**Note:**

(1) Comprise cash and bank balances net of restricted cash.

### FY2012

In FY2012, we generated net cash from operating activities before changes in working capital of US\$1.6 million. Net cash used in working capital amounted to US\$1.6 million. This was due mainly to an increase in trade and other receivables of US\$2.9 million, inventories of US\$0.8 million, trade and other payables of US\$1.2 million and work in progress of US\$0.9 million. The net cash used in operating activities amounted to US\$0.05 million.

Net cash used in investing activities of US\$2.0 million was mainly for the purchase of plant and equipment.

Net cash generated from financing activities of US\$2.8 million was mainly from the net proceeds from the issuance of the Convertible Bond and ordinary shares of US\$2.7 million and US\$0.1 million respectively.

As a result of the above, there was a net increase of US\$0.8 million in our cash and cash equivalents, from US\$0.2 million as at 1 January 2012 to US\$1.0 million as at 31 December 2012.

### FY2013

In FY2013, we generated net cash from operating activities before changes in working capital of US\$2.0 million. Net cash used in working capital amounted to US\$0.4 million. This was due mainly to an increase in trade and other receivables of US\$0.4 million and a reduction in trade payables of US\$1.4 million. The above decrease in working capital was partially offset by a reduction in inventories of US\$0.5 million and an increase in other payables of US\$0.1 million and trade bills discounted with recourse of US\$1.0 million. We paid interest of US\$0.1 million during FY2013. The net cash generated from operating activities amounted to US\$1.5 million.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Net cash used in investing activities of US\$1.4 million was mainly due to the purchase of plant and equipment of US\$1.6 million and partially offset by proceeds from disposal of plant and equipment of US\$0.1 million.

Net cash generated from financing activities of US\$0.6 million was due mainly from the drawdown of loans and advances from bank of US\$0.3 million and US\$0.6 million respectively. At the same time, US\$0.3 million was placed in a financial institution as fixed deposit.

As a result of the above, there was a net increase of US\$0.6 million in our cash and cash equivalents, from US\$1.0 million as at 1 January 2013 to US\$1.6 million as at 31 December 2013.

### **FY2014**

In FY2014, we generated net cash from operating activities before changes in working capital of US\$5.4 million. Net cash used in working capital amounted to US\$1.8 million. This was due mainly to the increase in inventories and contract cost recognised in work in progress of US\$0.4 million and US\$0.6 million respectively, decrease in trade payables of US\$0.6 million and decrease in trade bills discounted with recourse of US\$1.1 million. The decrease in working capital was partially offset by the decrease in trade and other receivables of US\$0.5 million and increase in other payables of US\$0.3 million. We paid interest of US\$0.2 million during FY2014. The net cash generated from operating activities amounted to US\$3.4 million.

Net cash used in investing activities of US\$2.5 million was mainly for the purchase of plant and equipment of US\$1.8 million and acquisition of a subsidiary of US\$0.7 million (net of cash).

Net cash generated from financing activities of US\$0.7 million was due mainly to the drawdown of loans amounting to US\$2.3 million from banks, and loan receipts from a related company of US\$1.5 million which were partially offset by the dividend payment of US\$1.0 million, repayment of loan to a related company of US\$1.5 million, repayment of advances to bank of US\$0.3 million, repayment of loan to director of US\$0.2 million, and repayment of bank loans of US\$0.2 million. During FY2014, our Company issued additional Shares which amounted to US\$0.1 million.

As a result of the above, there was a net increase of US\$1.5 million in our cash and cash equivalents, from US\$1.6 million as at 1 January 2014 to US\$3.1 million as at 31 December 2014.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### CAPITAL EXPENDITURES, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

#### Capital Expenditures and Divestments

Our capital expenditures and divestments made during the Period Under Review and for the period from 1 January 2015 to the Latest Practicable Date are as follows:

(US\$'000)	FY2012	FY2013	FY2014	1 January 2015 to the Latest Practicable Date
<b>Capital expenditures</b>				
Plant and equipment	1,952	1,553	1,935	1,260
Intangible assets	49	–	9	–
Total expenditures	2,001	1,553	1,944	1,260
<b>Divestments</b>				
Plant and equipment	–	195	287	109
Total divestments	–	195	287	109

The capital expenditures for plant and equipment in FY2012 and FY2013 comprised mainly machineries that are used in our projects to generate our revenue. The capital expenditures for plant and equipment in FY2014 comprised mainly machinery, computer equipment, administrative equipment and leased assets.

The above capital expenditures were financed by bank loans, proceeds from issuance of the Convertible Bond and internally generated funds.

#### Commitments

##### *Capital Commitments*

As at the Latest Practicable Date, we do not have any material capital commitments.

##### *Operating Lease Payment Commitments*

As at the Latest Practicable Date, we have operating lease commitment as follows:

	US\$'000
Within one year	1,231
In the second to fifth years inclusive	1,746
After five years	–
	2,977

Our operating lease commitments comprise rent payable by us for the leased properties and equipment as disclosed in the sections entitled "General Information on Our Group – Leased Assets" and "General Information on Our Group – Plant and Equipment" of this Offer Document.

We intend to finance the above operating lease commitments by internally generated funds.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Contingent Liabilities

As at the Latest Practicable Date, we do not have any material contingent liabilities.

### FOREIGN EXCHANGE MANAGEMENT

The accounting records of the companies in our Group are maintained in their respective functional currencies.

Our reporting currency is the US\$. Transactions in foreign currencies during the year are recorded in the respective functional currencies using exchange rates approximately those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the reporting date are translated into the respective functional currencies at exchange rates approximately those prevailing at that date. All resultant exchange differences are dealt with through the income statements.

In the preparation of the consolidated financial statements of our Group, the financial statements of our Subsidiary with different functional currencies have been translated at the rates of exchange ruling at the balance sheet date except share capital and reserves which are translated at historical exchange rates and income statement items which are translated at the average exchange rates for the year. Exchange differences arising from the above translation are taken directly to currency translation reserves.

### Foreign Exchange Exposure

Our reporting currency is the US\$ and our operations are primarily carried out in Asia, Americas and Australasia. Some of the sales and purchases of our Group are transacted in currencies other than the US\$. The currencies giving rise to this risk are primarily the S\$, the EUR, the A\$, the B\$, the AED and the RM.

The percentage of our revenue and purchases denominated in different currencies for the Period Under Review are as follows:

(%)	FY2012	FY2013	FY2014
<b>Percentage of revenue denominated in</b>			
US\$	19.3	49.7	58.9
A\$	54.3	21.5	6.9
B\$	22.5	22.1	21.3
RM	3.9	6.7	1.5
EUR	–	–	9.8
Others <sup>(1)</sup>	–	–	1.6
	100.0	100.0	100.0

(%)	FY2012	FY2013	FY2014
<b>Percentage of purchases denominated in</b>			
US\$	19.2	43.2	47.5
AED	0.5	0.0 <sup>(3)</sup>	1.6
A\$	–	–	6.3
B\$	0.3	3.4	7.5
EUR	37.4	0.0 <sup>(3)</sup>	0.2
RM	26.5	38.5	26.0
S\$	16.1	14.8	10.0
Others <sup>(2)</sup>	0.0 <sup>(3)</sup>	0.1	0.9
	100.0	100.0	100%

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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**Notes:**

- (1) Comprise GBP, INR and S\$
- (2) Comprise GBP, INR and IDR
- (3) Less than 0.1%

To the extent that our revenue, purchases and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection or payment, we will be exposed to fluctuations of the various currencies against the US\$, which may adversely affect our financial results.

At present, we do not have any formal hedging policy against foreign exchange exposure. We have not in the past used any financial hedging instruments to manage our foreign exchange risks. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise.

Prior to implementing any formal hedging policies, we will seek the approval of our Board on the policy and put in place adequate procedures which shall be reviewed and approved by our Audit Committee. Thereafter, all hedging transactions entered into by our Group will be in accordance with the set policies and procedures.

Our net foreign exchange transaction gains/(losses) for the Period Under Review were as follows:

	FY2012	FY2013	FY2014
Net foreign exchange transaction (losses)/gains (US\$'000)	(40)	169	(351)
As a percentage of revenue (%)	(0.3)	1.5	(1.6)
As a percentage of profit before tax (%)	(3.6)	20.0	(7.7)

### **SIGNIFICANT ACCOUNTING POLICY CHANGES**

The accounting policies have been consistently applied by our Group during the Period Under Review. A number of new standards, amendments to standards and interpretations to the Singapore Financial Reporting Standards have been issued and are effective for annual periods beginning after 1 January 2015, and as such, have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial performance or position of our Group and our Company.

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## SHARE CAPITAL

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Our Company (Company Registration Number: 201108075C) was incorporated in Singapore on 4 April 2011 under the Act as a private company limited by shares under the name “Nautic Group Pte. Ltd.”. It subsequently changed its name to “NauticAWT Energy Solutions Pte. Ltd.” and thereafter to “NauticAWT Pte. Ltd.” in February 2015. On 8 July 2015, our Company was converted into a public company limited by shares and changed our name to “NauticAWT Limited”.

As at the date of incorporation, our issued and paid-up share capital was S\$1.00 comprising one (1) Share. Immediately before the Share Split, our issued and paid-up share capital was S\$4,244,807<sup>(1)</sup> comprising 5,200 Shares.

Pursuant to resolutions of our Shareholders passed on 3 July 2015, our Shareholders approved, *inter alia*, the following:

- (i) the conversion of our Company into a public company limited by shares and the consequential change of our name to “NauticAWT Limited”;
- (ii) the adoption of a new set of Articles of Association;
- (iii) the Share Split;
- (iv) the issue of Invitation Shares pursuant to the Invitation, which when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;
- (v) the listing and quotation of all the existing issued Shares, the Invitation Shares, the ESOS Shares and the PSP Shares on Catalist;
- (vi) the adoption of the NauticAWT ESOS, the rules of which are set out in “Appendix F – Rules of the NauticAWT Employee Share Option Scheme” of this Offer Document and the authorisation of our Directors, pursuant to Section 161 of the Act, to allot and issue ESOS Shares pursuant to the exercise of Options granted under the NauticAWT ESOS;
- (vii) the adoption of the NauticAWT PSP, the rules of which are set out in “Appendix G – Rules of the NauticAWT Performance Share Plan” of this Offer Document and the authorisation of our Directors, pursuant to Section 161 of the Act, to allot and issue PSP Shares pursuant to the release of Awards granted under the NauticAWT PSP;
- (viii) the issue of Options under the NauticAWT ESOS at a discount to Market Price (subject to a maximum discount of 20.0%); and
- (ix) the authorisation of our Directors, pursuant to Section 161 of the Act and the Catalist Rules, to (i) issue Shares whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options (collectively, “**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) 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 our Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by our Directors while this resolution was in force, provided that:
  - (A) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (B) below);

**Note:**

- (1) All references to our issued and paid-up capital of S\$4,244,807 in this Offer Document have been rounded to the nearest dollar.

## SHARE CAPITAL

- (B) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (A) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of our Company (excluding treasury shares) immediately after the Invitation, after adjusting for (i) new Shares arising from the conversion or exercise of any of the Instruments or any convertible securities; and (ii) any subsequent bonus issue, consolidation or sub-division of Shares;
- (C) in exercising such authority, our Company shall comply with the provisions of the Catalyst Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and our Articles of Association for the time being; and
- (D) unless revoked or varied by our Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of our Company; or (ii) the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

As at the date of this Offer Document, our Company has only one (1) class of shares, being ordinary shares. A summary of our Articles of Association relating to, among others, the voting rights and privileges of our Shareholders are set out in “Appendix C – Summary of Memorandum and Articles of Association of Our Company” of this Offer Document. There is no founder, management or deferred shares reserved for issuance for any purposes.

Save for the NauticAWT ESOS, the NauticAWT PSP, the AWT ESOP and the AWT LTI Arrangement and as provided in this section, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or any of our Subsidiaries. As at the Latest Practicable Date, no option to subscribe for Shares in our Company has been granted to, or was exercised by, any of our Directors or our CEO.

No participant has been identified and/or granted an Award or Option for any Shares by our Remuneration Committee pursuant to the NauticAWT PSP or the NauticAWT ESOS.

As at the Latest Practicable Date, the issued and paid-up share capital of our Company is S\$4,244,807 comprising 5,200 Shares. Pursuant to the Share Split, the issued and paid-up share capital of our Company is S\$4,244,807 comprising 161,200,000 Shares. Upon the allotment and issuance of the Invitation Shares which are the subject of the Invitation, the resultant issued and paid-up share capital of our Company will be increased to S\$9,260,094 comprising 189,200,000 Shares.

Details of the changes in the issued and paid-up share capital of our Company since the date of incorporation and immediately after the Invitation are as follows:

	Number of Shares	Issued and paid-up share capital (S\$)
Issued and paid-up share capital as at our incorporation	1	1
Issued and paid-up share capital before the Share Split	5,200	4,244,807
Issued and paid-up share capital after the Share Split	161,200,000	4,244,807
Invitation Shares issued pursuant to the Invitation	28,000,000	5,015,287 <sup>(1)</sup>
Post-Invitation issued and paid-up share capital	189,200,000	9,260,094

**Note:**

- (1) This includes a set-off of our estimated issue expenses of approximately S\$0.6 million. The balance of our estimated issue expenses of approximately S\$2.0 million has been or will be charged directly to the income statement.

## SHARE CAPITAL

The shareholders' equity of our Company as at the date of incorporation, after the Share Split but immediately before the Invitation and after the Invitation, is set forth below.

	As at date of incorporation (S\$)	Immediately before the Invitation (S\$)	After the Invitation (S\$)
<b>Shareholders' equity</b>			
Share capital	1	4,244,807	9,260,094 <sup>(1)</sup>
Other capital reserve	–	823,380	823,380
Accumulated profit	–	7,595,860	6,070,167 <sup>(1)</sup>
<b>Total Shareholders' equity</b>	<b>1</b>	<b>12,664,047</b>	<b>16,153,641</b>

**Note:**

(1) This includes a set-off of our estimated issue expenses of approximately S\$0.6 million. The balance of our estimated issue expenses of approximately S\$2.0 million has been or will be charged directly to the income statement.

### CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL OF OUR COMPANY AND OUR SUBSIDIARIES

Save as disclosed below, there were no changes in the issued and paid-up share capital of our Company and our Subsidiaries within the three (3) years preceding the Latest Practicable Date:

#### Our Company

Date	Event	Number of Shares issued <sup>(1)</sup>	Issue price per Share <sup>(1)</sup>	Resultant number of Shares <sup>(1)</sup>	Resultant issued share capital
3 July 2012	Allotment and issue	1,897	S\$1.00	1,898	S\$1,898
3 July 2012	Allotment and issue	1,040	S\$1.00	2,938	S\$2,938
19 July 2012	Allotment and issue	46	US\$815.22	2,984	S\$2,938 US\$37,500
19 July 2012	Allotment and issue	45	US\$833.33	3,029	S\$2,938 US\$75,000
30 June 2014	Conversion of the Convertible Bond	2,080	US\$1,442.31	5,109	S\$2,938 US\$3,075,000
30 June 2014	Allotment and issue	45	US\$1,442.31	5,154	S\$2,938 US\$3,139,903.85
30 June 2014	Allotment and issue	46	US\$1,442.31	5,200	S\$2,938 US\$3,206,250
30 April 2015	Re-denomination of issued share capital to the S\$	–	–	5,200	S\$4,244,807
3 July 2015	Sub-division of every one (1) Share into 31,000 Shares	–	–	161,200,000 <sup>(2)</sup>	S\$4,244,807

**Notes:**

(1) Prior to the Share Split.

(2) Resultant number of Shares as a result of the Share Split.

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## SHARE CAPITAL

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### Our Subsidiaries

Subsidiary	Date	Event	Number of Shares issued	Issue price per Share	Resultant number of Shares	Resultant issued share capital
<b>AWT Asia</b>	18 October 2012	Incorporation	2	RM1.00	2	RM2.00
	23 January 2014	Allotment and issue to AWT	499,998	RM1.00	500,000	RM500,000
<b>AWT PNG</b>	25 November 2013	Incorporation	2	RM1.00	2	RM2.00
<b>Nautic Australia</b>	3 September 2014	Incorporation	10	A\$1.00	10	A\$10
<b>Nautic Brunei</b>	9 March 2013	Incorporation	20,000	B\$1.00	20,000	B\$20,000
<b>Nautic India</b>	26 August 2013	Incorporation	10,000	INR10	10,000	INR100,000
<b>Nautic Malaysia</b>	23 September 2013	Incorporation	2	RM1.00	2	RM2.00
<b>Nautic Middle East</b>	11 November 2012	Incorporation	2	AED50,000	2	AED100,000
<b>Nautic Mexico</b>	22 October 2013	Incorporation	50	MXP1,000	50	MXP50,000

## SHARE CAPITAL

### AWT ESOP

In August 2008, AWT implemented the AWT ESOP.

An aggregate of 28,860 options were granted under the terms of the AWT ESOP to 22 participants for nil consideration. A total of 4,500 options have been formally surrendered by the participants. Details of the options granted under the AWT ESOP are set out below. No options were granted to our Directors, Substantial Shareholders and their respective Associates.

Option holders	Number of options granted	Date of grant	Number of vested options <sup>(1)</sup>	Vesting date	Number of unvested options <sup>(1)</sup> and options that have lapsed <sup>(2)</sup>
<b>Executive Officer</b>					
Andrew Fooks	1,200	1 September 2008	400	1 September 2008	800
<b>Other employees<sup>(3)</sup></b>	27,660	5,332 – 10 August 2007 15,800 – 1 September 2008 700 – 1 December 2008 1,680 – 10 March 2009 4,148 – 11 May 2009	12,775 <sup>(4)(5)</sup>	5,332 – 10 August 2007  23,528 – See note one below	14,885
<b>Total</b>	<b>28,860</b>		<b>13,175</b>		<b>15,685<sup>(6)</sup></b>

**Notes:**

- (1) All but 5,332 options vested over three (3) years as follows: (i)  $\frac{1}{3}$  of the options granted vested immediately, (ii) up to  $\frac{1}{3}$  of the options granted vested 12 months from the grant date (subject to agreed hurdles and vesting conditions), and (iii) up to  $\frac{1}{3}$  of the options granted vested 24 months from the grant date (subject to agreed hurdles and vesting conditions). A total of 5,332 options were vested on grant. No options have ever been exercised and AWT considers that performance conditions attaching to options granted were not satisfied and, as a consequence, those options that were subject to performance conditions did not vest and become exercisable.
- (2) Under the AWT ESOP rules, all unvested options issued to an employee under the AWT ESOP lapse on the employee's date of cessation of employment unless the board of directors of AWT determines otherwise. In the case of vested options, the AWT ESOP rules do not expressly provide what are the implications of an employee ceasing employment.
- (3) 20 of these 21 employees have ceased employment with AWT.
- (4) This number equals 5,332, plus  $\frac{1}{3}$  of those options issued to other employees. As the AWT ESOP rules do not expressly provide what are the implications of an employee ceasing employment, there is a risk that it could be argued that vested options have not lapsed and remain on issue.
- (5) Out of these 12,775 vested options, an aggregate of 1,500 vested options have been formally surrendered by former employees.
- (6) AWT management considers the 15,685 unvested options to have lapsed as there is no evidence that the relevant vesting conditions were met. It is noted that in order for a former employee to prove otherwise they would need to demonstrate that (i) the options survived termination of employment; and (ii) provide concrete evidence that the vesting conditions were met. Although AWT considers this scenario to be extremely unlikely, our Company has, nevertheless, adopted a conservative approach and therefore the 15,685 unvested options have been included in the assessment of the dilution impact.

## SHARE CAPITAL

The AWT ESOP rules do not contain a mechanism for option holders to exercise their options. Rather, the rules appear to contemplate that vested options automatically “convert” to AWT Shares on the occurrence of a conversion event (which includes an initial public offering of AWT Shares or shares in a holding company of AWT on a recognised stock exchange). Options cannot be converted to AWT Shares at the option of the option holder.

On 12 August 2014, the board of directors of AWT passed a board resolution to terminate the AWT ESOP. In such resolution, the board of directors of AWT resolved to cancel both vested and unvested options. There is a risk that the resolution is ineffective to the extent that it is intended to cancel any options that vested prior to the date of the resolution. Accordingly, there is a risk that upon our Listing, the 11,675 vested options that have not been surrendered would automatically “convert” to 11,675 AWT Shares, representing approximately 2.12% of the enlarged share capital of AWT after the issuance of such AWT Shares. In such an event, our Company’s shareholding interest in AWT will decrease from 60.75% to 59.46%.

However, if all options issued under the AWT ESOP that have not been surrendered have vested, and remain on issue, it could be argued that notwithstanding the resolution of the board of directors of AWT on 12 August 2014, upon our Listing, 24,360 options will automatically “convert” to 24,360 AWT Shares representing approximately 4.33% of the enlarged share capital of AWT after the issuance of such AWT Shares. In such an event, our Company’s shareholding interest in AWT will decrease from 60.75% to 58.12%.

As the AWT ESOP has been terminated, no further options can be granted under the AWT ESOP.

### AWT LTI ARRANGEMENT

Under the AWT LTI Arrangement implemented on 21 March 2014, certain employees have been allocated a number of AWT Shares that they may acquire at a purchase price of S\$4.64 per AWT Share on achievement of certain performance hurdles for each of the financial years ending 30 June 2015, 2016 and 2017. The terms on which participating employees may acquire AWT Shares are set out in the employment agreements of the participating employees.

Details of the AWT Shares that may be acquired under the AWT LTI Arrangement are set out below. Save as disclosed below, no AWT Shares may be acquired by our Directors, Substantial Shareholders and their respective Associates under the AWT LTI Arrangement.

Name	Number of AWT Shares that may be acquired <sup>(1)</sup>			
	FY2015 <sup>(2)(4)</sup>	FY2016 <sup>(2)(4)</sup>	FY2017 <sup>(3)(4)</sup>	Total
<b>Director</b>				
Simon Cunningham	9,283	10,283	10,282	29,848
<b>Executive Officer</b>				
Andrew Fooks	2,931	2,931	2,930	8,792
<b>Other employees<sup>(5)</sup></b>	17,584	17,584	17,583	52,751
<b>Total</b>	<b>29,798</b>	<b>30,798</b>	<b>30,795</b>	<b>91,391</b>

**Notes:**

- (1) Subject to the satisfaction of the relevant performance targets.
- (2) Rounded up to the nearest whole number.
- (3) Rounded down to the nearest whole number.
- (4) Refers to the financial year ending 30 June.
- (5) These employees are all currently employed by AWT.

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## SHARE CAPITAL

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We wish to highlight the following in relation to the AWT LTI Arrangement:

- (a) AWT has agreed to issue “interests” of 14.5% of the current issued share capital on a fully diluted basis. The AWT Shareholders’ Agreement presently limits the capacity of AWT to issue securities convertible into shares to no more than 7.5% of the capital of AWT on a fully diluted basis and provided the issue is approved by a special majority of 75.0% of directors. Amendments to the AWT Shareholders’ Agreement will increase this limit to 15.0%. Only one (1) shareholder has yet to sign an amended deed, although they have agreed by deed that they will promptly sign the relevant deed of amendment.
- (b) The terms of the AWT LTI Arrangement are not clear and are inconsistent in a number of respects and the AWT LTI Arrangement may not be able to be fully implemented so as to comply with applicable laws. There is therefore a risk that a dispute may arise between AWT and the participants in respect of the operation of the AWT LTI Arrangement or that the AWT LTI Arrangement cannot be legally implemented (or implemented in full). If the participants are not able to realise the benefit of awards under the AWT LTI Arrangement then, AWT may be legally liable to compensate them for the value of those benefits. For illustration purposes, the value of such benefits is estimated to be approximately A\$0.2 million based on an independent valuation of the options conducted by an accounting firm for the purpose of AWT preparing its financial statements for the financial year ended 30 June 2014. Based on this valuation, the potential impact of the AWT LTI Arrangement on our Group will be equivalent to approximately A\$0.1 million (being 60.75% of the indicative valuation of approximately A\$0.2 million). As and when the value of the benefit of awards is required to be determined later, a separate and updated valuation will have to be undertaken, and accordingly the impact of the AWT LTI Arrangement on our Group may change.

Please also refer to the section entitled “Risk Factors – Risks relating to Australia – Risks relating to the AWT ESOP and the AWT LTI Arrangement” of this Offer Document for more information.

- (c) As at the Latest Practicable Date, subject to the satisfaction of the relevant performance targets, an aggregate of 91,391 fully paid AWT Shares may be acquired at a purchase price of A\$4.64 per AWT Share by the relevant AWT employees pursuant to the AWT LTI Arrangement. These 91,391 AWT Shares represent approximately 14.5% of the enlarged share capital of AWT after the issuance of such AWT Shares (calculated on the basis that no shares are issued on the conversion of options under the AWT ESOP). In the event that the 91,391 AWT Shares are issued, our Company’s shareholding interest in AWT will decrease from 60.75% to 51.94%.

The Company will not allocate any further AWT Shares under the AWT LTI Arrangement. Pursuant to the AWT Shareholders’ Agreement, an issue of AWT Shares to the AWT executives will require the approval of a special majority of 75.0% of the board of directors of AWT. As our Company currently controls the board of directors of AWT via its wholly-owned subsidiary, Nautic Australia, any resolution to allocate more AWT Shares under the AWT LTI Arrangement will not be able to be passed except with the approval of Nautic Australia.

For the purposes of the AWT Shareholders’ Agreement and AWT’s constitution:

- (i) Nautic Australia has the power to appoint a majority of the board of directors of AWT, including the chairman;
- (ii) the board of directors of AWT shall comprise up to seven (7) directors, of whom Nautic Australia may appoint four (4);
- (iii) decisions requiring a special majority approval of 75.0% of the board of directors of AWT can only be made with the support of our Company’s nominees on the board of directors of AWT;
- (iv) all critical business matters have to be approved by our Company’s nominee directors; and
- (v) dividends may only be declared with the approval of a special majority of 75.0% of the board of directors of AWT.

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## SHARE CAPITAL

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The AWT LTI Arrangement is neither a scheme nor an arrangement in which all AWT employees have rights of participation. It is an invitation only arrangement to which participation is extended on a case by case basis to particular AWT employees. As the right to acquire AWT Shares on the terms of the AWT LTI Arrangement forms part of the employment contract of each participating AWT employee, AWT does not have the right to cancel their rights under the AWT LTI Arrangement without the agreement of such participating employee. In addition, the amortisation of the value of the benefits of the AWT LTI Arrangement awards is an allowable expense for the purposes of determining the earn-out payments (if any) pursuant to the Acquisition. As such, should AWT agree with relevant employees to cancel their rights to acquire AWT Shares under the AWT LTI Arrangement, this could potentially increase the total consideration payable for the Acquisition.

### **COMBINED EFFECTS OF AWT ESOP AND AWT LTI ARRANGEMENT**

Assuming all 24,360 options issued under the AWT ESOP that have not been surrendered have vested, remain in issue and automatically convert on our Listing, a total of 24,360 AWT Shares will be issued. Further, assuming all options issued under the AWT LTI Arrangement vest and become exercisable and are in fact exercised, 91,391 AWT Shares, will be issued. As a result, a combined total of 115,751 AWT Shares will be issued pursuant to the AWT ESOP and the AWT LTI Arrangement. As such, AWT's enlarged share capital will increase from 538,766 shares to 654,517 shares and our Company's shareholding in AWT will correspondingly decrease from 60.75% to 50.01%. Had such event materialised in FY2014, the profit from AWT attributable to our Group would have been reduced by approximately US\$47,416.

## OWNERSHIP STRUCTURE

### SHAREHOLDERS

Our Shareholders and their respective shareholdings immediately before and after the Invitation are set out below:

	Immediately before the Invitation				Immediately after the Invitation			
	Direct Interest		Deemed interest		Direct interest		Deemed interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>								
Lim How Teck	–	–	–	–	–	–	–	–
John Grønbech	82,088,000	50.9	–	–	82,088,000	43.4	–	–
Simon Cunningham <sup>(1)</sup>	1,116,000	0.7	–	–	1,116,000	0.6	–	–
Tan Fuh Gih <sup>(2)</sup>	–	–	48,360,000	30.0	–	–	48,360,000	25.6
Bjarne Strikert	–	–	–	–	–	–	–	–
<b>Shareholders (other than Directors)</b>								
Kim Seng Holdings <sup>(2)</sup>	48,360,000	30.0	–	–	48,360,000	25.6	–	–
Tan Kim Seng <sup>(2)</sup>	–	–	48,360,000	30.0	–	–	48,360,000	25.6
Tan Hoo Lang <sup>(2)</sup>	–	–	48,360,000	30.0	–	–	48,360,000	25.6
Tan Wei Min <sup>(2)</sup>	–	–	48,360,000	30.0	–	–	48,360,000	25.6
Kelvin Tang	4,030,000	2.5	–	–	4,030,000	2.1	–	–
Chan Boon Hui	2,821,000	1.8	–	–	2,821,000	1.5	–	–
Cliff Chai	2,821,000	1.8	–	–	2,821,000	1.5	–	–
Employee Group <sup>(3)(5)</sup>	15,190,000	9.4	–	–	15,190,000	8.0	–	–
Business Associate Group <sup>(4)(5)</sup>	4,774,000	3.0	–	–	4,774,000	2.5	–	–
<b>Public</b>	–	–	–	–	28,000,000	14.8	–	–
<b>TOTAL</b>	<b>161,200,000</b>	<b>100.0</b>			<b>189,200,000</b>	<b>100.0</b>		

#### Notes:

- (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) Kim Seng Holdings is an investment holding company incorporated in Singapore. As at the Latest Practicable Date, 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 respectively and are each deemed interested in the Shares held by Kim Seng Holdings. The remaining shareholders of Kim Seng Holdings 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.
- (3) None of the members of the Employee Group holds more than 2.0% of the issued and paid-up share capital of our Company immediately after the Invitation. None of the members of the Employee Group is related to any of our Directors, Executive Officers, Substantial Shareholders and/or their respective Associates.
- (4) None of the members of the Business Associate Group holds more than 2.0% of the issued and paid-up share capital of our Company immediately after the Invitation. None of the members of the Business Associate Group is related to any of our Directors, Executive Officers, Substantial Shareholders and/or their respective Associates.
- (5) Pursuant to the agreement for sale and purchase of shares dated 17 April 2015 entered into between John Grønbech, Kim Seng Holdings, Grassmere Superannuation Fund, the Employee Group and the Business Associate Group, John Grønbech and Kim Seng Holdings agreed to sell an aggregate of 680 Shares (or 21,080,000 Shares post Share Split), comprising 160 Shares (or 4,960,000 Shares post Share Split) from John Grønbech and 520 Shares (or 16,120,000 Shares post Share Split) from Kim Seng Holdings respectively, to Grassmere Superannuation Fund and the respective members of the Employee Group and the Business Associate Group for a total cash consideration of approximately US\$1.9 million (approximately S\$2.6 million) (the “**Transaction**”). The Transaction was completed on 13 May 2015. The Transaction was undertaken as an exercise by the Controlling Shareholders to monetise part of their investments, given that there is no vendor share sale pursuant to our Listing.

Save as disclosed above and in the section entitled “Directors, Executive Officers and Staff” of this Offer Document, there are no other relationships between our Directors, Executive Officers and Substantial Shareholders.

## OWNERSHIP STRUCTURE

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Invitation Shares, which are the subject of the Invitation.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any corporation, government or person.

There is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

### Significant Changes in Percentage of Ownership

Save as disclosed below and in the section entitled “Share Capital” of this Offer Document, there has been no significant changes in the percentage of ownership of Shares in our Company held by our Directors and Substantial Shareholders in the Period Under Review and from 1 January 2015 to the Latest Practicable Date.

	As at 31 December 2012		As at 31 December 2013		As at 31 December 2014		As at the Latest Practicable Date	
	Number of Shares <sup>(1)</sup>	%	Number of Shares <sup>(1)</sup>	%	Number of Shares <sup>(1)</sup>	%	Number of Shares <sup>(1)</sup>	%
<b>Directors</b>								
Lim How Teck	—	—	—	—	—	—	—	—
John Grønbech	2,938	97.0	2,862	94.5	2,808	54.0	2,648	50.9
Simon Cunningham <sup>(2)</sup>	—	—	—	—	—	—	36	0.7
Tan Fuh Gih	—	—	—	—	—	—	—	—
Bjarne Strikert	—	—	—	—	—	—	—	—
<b>Substantial Shareholder</b>								
Kim Seng Holdings	—	—	—	—	2,080	40.0	1,560	30.0

#### Notes:

- (1) The table above does not include the deemed interests (if any) of our Directors.
- (2) In his capacity as a trustee (jointly with his wife) of Grassmere Superannuation Fund of which he and his wife are also beneficiaries.

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## OWNERSHIP STRUCTURE

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### MORATORIUM

To demonstrate their commitment to our Group, each of John Grønbech and Kim Seng Holdings, who hold 82,088,000 Shares and 48,360,000 Shares representing approximately 43.4% and 25.6% of the issued and paid-up share capital of our Company after the Invitation respectively, have undertaken not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of, all or any part of its shareholding in the share capital of our Company after the Invitation (adjusted for any bonus issues or sub-division of Shares) for the period commencing from 14 July 2015 and ending on the date six (6) months from the date of admission of our Company to Catalist, and for a period of six (6) months thereafter, not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of, more than 50.0% of its original shareholdings (adjusted for any bonus issues or sub-division of Shares).

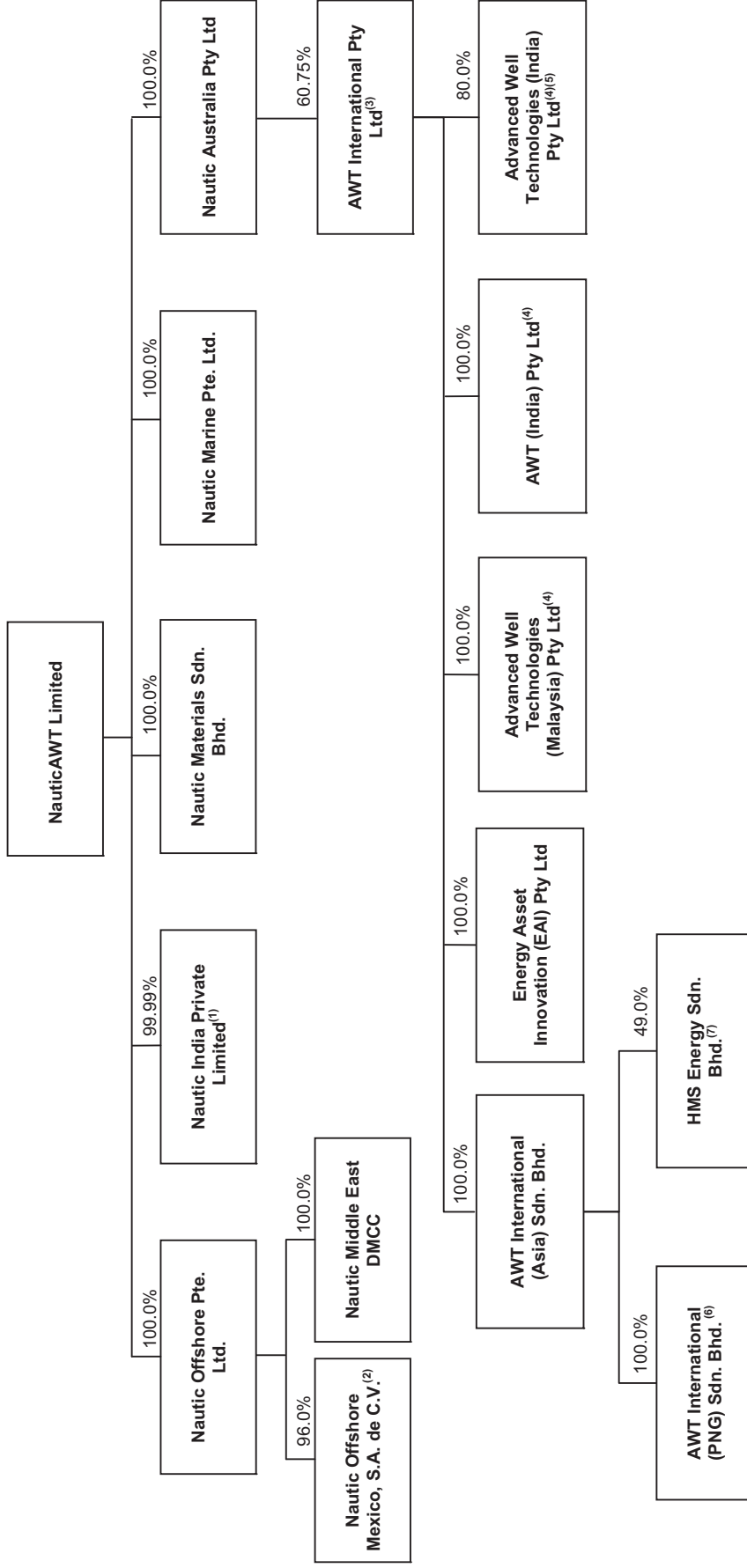
The shareholders of Kim Seng Holdings, namely Tan Kim Seng, Tan Fuh Gih, Tan Hoo Lang, Tan Wei Min, Tan Ah Ling, Loh Sok Beng and Tan Ah Moy, have undertaken not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of, all or any part of their respective shares in the capital of Kim Seng Holdings (adjusted for any bonus issues or sub-division of shares) for the period commencing from 14 July 2015 and ending on the date 12 months from the date of admission of our Company to Catalist.

Each of (a) the Employee Group and the Business Associate Group, who hold 15,190,000 Shares and 4,774,000 Shares representing approximately 8.0% and 2.5% of the issued and paid-up share capital of our Company after the Invitation respectively and (b) Simon Cunningham and Anne Louise Cunningham as trustees of Grassmere Superannuation Fund, who hold 1,116,000 Shares representing approximately 0.6% of the issued and paid-up share capital of our Company after the Invitation, have undertaken not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of, all or any part of its shareholding in the share capital of our Company after the Invitation (adjusted for any bonus issues or sub-division of Shares) for the period commencing from 14 July 2015 and ending on the date six (6) months from the date of admission of our Company to Catalist, and for a period of six (6) months thereafter, not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of, more than 50.0% of its original shareholdings (adjusted for any bonus issues or sub-division of Shares).

## GROUP STRUCTURE

### GROUP STRUCTURE

Our Group structure is as follows:



In addition, Nautic (B) Sdn Bhd is a subsidiary of our Company. The shareholders of Nautic (B) Sdn Bhd are two (2) individuals in Brunei, namely Wee Thian Peng (85.0%) and Wee Thian Seong (15.0%). Our Company has board control over Nautic (B) Sdn Bhd pursuant to the terms of a management agreement between our Company and Nautic (B) Sdn Bhd. Based on the management agreement, our Group has consolidated Nautic (B) Sdn Bhd in accordance with the definition of control under the FRS 110 Consolidated Financial Statements.

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## GROUP STRUCTURE

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**Notes:**

- (1) 0.01% of the shares in Nautic India Private Limited is held by Debarchan Biswas, an employee of our Group, as a nominee of our Company.
- (2) The remaining shareholders of Nautic Offshore Mexico, S.A. de C.V. are our Executive Director and CEO, John Grønbech (2.0%) and an employee of our Group, Julien Jean Bernard Franchisse (2.0%), who hold the shares as nominees of our Company.
- (3) The remaining shareholders of AWT International Pty Ltd are Soukhan Pty Ltd (10.27%), Fortune Eight Pty Ltd (9.28%), Glen Lock Pty Ltd (4.64%), Jacqueline Ure (4.64%), Rivermist Pty Ltd (4.97%), Tore Moe (0.99%), Kagach Properties Pty Ltd (0.99%), Dick ter Avest (0.99%), James Peden and Jacqui Peden (0.99%), Suparamaniam Ramachandran (0.99%) and Slavena Pavlova Terzieva (0.49%). In the event that the maximum number of options issued under the AWT ESOP that have potentially vested are all exercised and all options issued under the AWT LTI Arrangement vest and are exercised, AWT would be required to issue a total of 115,751 AWT Shares, representing 17.68% of the post-conversion capital of AWT. In this event, our Company's interest in AWT would be reduced from 60.75% to 50.01%. Please refer to the sections entitled "Risk Factors" and "Share Capital" of this Offer Document for further details.
- (4) We intend to deregister these companies in due course. Advanced Well Technologies (India) Pty Ltd and AWT (India) Pty Ltd were established when the AWT group commenced engineering work for a client in India. Save for making tax payments and statutory filings, these companies have been dormant since the work finished in 2011. We have currently not deregistered Advanced Well Technologies (India) Pty Ltd and AWT (India) Pty Ltd as we are waiting for the Indian Tax Authority to refund and repatriate certain sums of overpaid withholding tax, which is a slow and complicated process in India. We intend to deregister them once we have received the relevant refunds. Any future businesses in India will be undertaken through Nautic India Private Limited.  
Advanced Well Technologies (Malaysia) Pty Ltd was registered as foreign branch in Malaysia when the AWT group first entered Malaysia. Subsequently, AWT International (Asia) Sdn. Bhd. was incorporated in Malaysia in late 2012 to be the AWT group's Malaysian incorporated operating entity. The AWT group thus began the process of assigning, among others, client contracts and service agreements from Advanced Well Technologies (Malaysia) Pty Ltd to AWT International (Asia) Sdn. Bhd. Advanced Well Technologies (Malaysia) Pty Ltd has been dormant since 2013, after most of its key client agreements had been assigned to AWT International (Asia) Sdn. Bhd. Once all of the contracts of Advanced Well Technologies (Malaysia) Pty Ltd have been validly assigned to AWT International (Asia) Sdn. Bhd., we intend to deregister Advanced Well Technologies (Malaysia) Pty Ltd.
- (5) The remaining 20.0% of the shares in Advanced Well Technologies (India) Pty Ltd is held by Burnbank Limited.
- (6) AWT International (PNG) Sdn. Bhd. is also registered as an overseas company in PNG.
- (7) The remaining 51.0% of the shares in HMS Energy Sdn. Bhd. are held by HMS Oil & Gas Sdn Bhd.

## GROUP STRUCTURE

### SUBSIDIARIES AND ASSOCIATED COMPANY

The details of our Subsidiaries and associated company as at the Latest Practicable Date are as follows:

Name	Date and place of incorporation	Principal place of business	Principal business	Issued and paid-up capital	Effective equity interest held by our Company
<b>Subsidiaries</b>					
Advanced Well Technologies (India) Pty Ltd	14 June 2006, Western Australia, Australia	Australia	Non-trading entity	A\$10	48.60% <sup>(1)</sup>
Advanced Well Technologies (Malaysia) Pty Ltd <sup>(2)</sup>	13 December 2004, Western Australia, Australia	Australia	Non-trading entity	A\$30,000	60.75% <sup>(3)</sup>
AWT International Pty Ltd (formerly known as Advanced Well Technologies Pty Ltd)	21 November 1996, Western Australia, Australia	Australia	Oil field engineering services and contracting solutions	A\$4,641,672 (ordinary shares) and A\$9,000,000 (preference shares) <sup>(4)</sup>	60.75% <sup>(5)</sup>
AWT International (Asia) Sdn. Bhd. (formerly known as AWT International Sdn. Bhd.)	18 October 2012, Malaysia	Malaysia	Oil field engineering services and contracting solutions	RM500,000	60.75% <sup>(6)</sup>
AWT International (PNG) Sdn. Bhd. <sup>(7)</sup>	25 November 2013, Malaysia	Malaysia	Oil field engineering services and contracting solutions	RM2.00	60.75% <sup>(8)</sup>
AWT (India) Pty Ltd	19 October 2009, Western Australia, Australia	Australia	Non-trading entity	A\$1.00	60.75% <sup>(9)</sup>
Energy Asset Innovation (EAI) Pty Ltd	4 February 2008, Western Australia, Australia	Australia	Non-trading entity	A\$1,878,926	60.75% <sup>(10)</sup>
Nautic Australia Pty Ltd	3 September 2014, Queensland, Australia	Australia	Investment holding company	A\$10	100.0%
Nautic India Private Limited	26 August 2013, Mumbai, Maharashtra, India	India	Oil field engineering services and contracting solutions	INR100,000	99.99% <sup>(11)</sup>
Nautic Materials Sdn. Bhd. (formerly known as Nautic (MA) Sdn. Bhd.)	23 September 2013, Malaysia	Malaysia	Manufacturing and trading of UHPC, HPC and ULCC materials	RM2.00	100.0%

## GROUP STRUCTURE

Name	Date and place of incorporation	Principal place of business	Principal business	Issued and paid-up capital	Effective equity interest held by our Company
Nautic Marine Pte. Ltd.	4 April 2011, Singapore	Singapore	Dormant	S\$1.00	100.0%
Nautic Offshore Mexico, S.A. de C.V.	22 October 2013, San Francisco de Campeche, Estado de Campeche, México	Mexico	Oil field engineering services and contracting solutions	MXP50,000	96.0% <sup>(12)</sup>
Nautic Middle East DMCC	11 November 2012, Dubai Multi Commodities Centre Free Zone	UAE	Oil field engineering services and contracting solutions	AED100,000	100.0%
Nautic Offshore Pte. Ltd. <sup>(13)</sup>	2 September 2011, Singapore	Singapore	Oil field engineering services and contracting solutions	S\$350,000	100.0%
<b>Associated Company</b>					
HMS Energy Sdn. Bhd.	19 June 2012, Malaysia	Malaysia	Oil field engineering services and contracting solutions	RM100,000	29.77% <sup>(14)</sup>

### Notes:

- (1) AWT International Pty Ltd holds 80.0% of the shares in Advanced Well Technologies (India) Pty Ltd. Nautic Australia Pty Ltd, a wholly-owned subsidiary of our Company, holds 60.75% of AWT International Pty Ltd. Accordingly, our Company's effective interest in Advanced Well Technologies (India) Pty Ltd is 48.60%. The remaining 20.0% of the shares in Advanced Well Technologies (India) Pty Ltd is held by Burnbank Limited.
- (2) Advanced Well Technologies (Malaysia) Pty Ltd is also registered as a foreign branch in Malaysia pursuant to the Companies Act 1956 of Malaysia.
- (3) AWT International Pty Ltd holds 100.0% of the shares in Advanced Well Technologies (Malaysia) Pty Ltd. Nautic Australia Pty Ltd, a wholly-owned subsidiary of our Company, holds 60.75% of AWT International Pty Ltd. Accordingly, our Company's effective interest in Advanced Well Technologies (Malaysia) Pty Ltd is 60.75%.
- (4) Under the constitution of AWT International Pty Ltd, each ordinary share and each preference share confers on its holder a right to receive notice of, and to attend and vote at, general meetings of AWT International Pty Ltd. Except on an insolvent winding up, the preference shares and the ordinary shares rank equally with each other, including in relation to the payment of dividends and on a return of capital. If there is an insolvent winding up, the holders of preference shares have a right to proceeds in priority to any other class of shareholder and if there is a solvent winding up, the holders of ordinary shares and the holders of preference shares rank *pari passu* with each other in respect of any proceeds.
- (5) Nautic Australia Pty Ltd owns 50.32% of the ordinary shares and all of the preference shares in the capital of AWT International Pty Ltd, which is equivalent to an effective equity interest of 60.75% of AWT International Pty Ltd. The remaining shareholders of AWT International Pty Ltd are Soukhan Pty Ltd (10.27%), Fortune Eight Pty Ltd (9.28%), Glen Lock Pty Ltd (4.64%), Jacqueline Ure (4.64%), Rivermist Pty Ltd (4.97%), Tore Moe (0.99%), Kagach Properties Pty Ltd (0.99%), Dick ter Avest (0.99%), James Peden and Jacqui Peden (0.99%), Suparamaniam Ramachandran (0.99%) and Slavena Pavlova Terzieva (0.49%).

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## GROUP STRUCTURE

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In addition, Nautic Australia Pty Ltd has entered into security deeds dated 10 October 2014 pursuant to which Nautic Australia Pty Ltd has granted security interests to (a) SAS Trustee Corporation, New Value Pty Ltd and Coppabella Investments Pty Ltd in respect of 113,141 preference shares and 52,529 ordinary shares of AWT International Pty Ltd; (b) Muir & Associates Pty Ltd in respect of 80,815 ordinary shares of AWT International Pty Ltd; and (c) Barrenger & Associates Pty Ltd in respect of 80,815 ordinary shares in AWT International Pty Ltd. Nautic Australia Pty Ltd entered into these security deeds to secure the performance of its payment obligations under each of the Share Purchase Agreements. None of SAS Trustee Corporation, New Value Pty Ltd, Coppabella Investments Pty Ltd, Muir & Associates Pty Ltd and Barrenger & Associates Pty Ltd is related to any of our Directors and/or Controlling Shareholders.

- (6) AWT International Pty Ltd holds 100.0% of the shares in AWT International (Asia) Sdn. Bhd. Nautic Australia Pty Ltd, a wholly-owned subsidiary of our Company, holds 60.75% of AWT International Pty Ltd. Accordingly, our Company's effective interest in AWT International (Asia) Sdn. Bhd. is 60.75%.
- (7) AWT International (PNG) Sdn. Bhd. is also registered as an overseas company in PNG.
- (8) AWT International Pty Ltd holds 100.0% of the shares in AWT International (PNG) Sdn. Bhd. Nautic Australia Pty Ltd, a wholly-owned subsidiary of our Company, holds 60.75% of AWT International Pty Ltd. Accordingly, our Company's effective interest in AWT International (PNG) Sdn. Bhd. is 60.75%.
- (9) AWT International Pty Ltd holds 100.0% of the shares in AWT (India) Pty Ltd. Nautic Australia Pty Ltd, a wholly-owned subsidiary of our Company, holds 60.75% of AWT International Pty Ltd. Accordingly, our Company's effective interest in AWT (India) Pty Ltd is 60.75%.
- (10) AWT International Pty Ltd holds 100.0% of the shares in Energy Asset Innovation (EAI) Pty Ltd. Nautic Australia Pty Ltd, a wholly-owned subsidiary of our Company, holds 60.75% of AWT International Pty Ltd. Accordingly, our Company's effective interest in Energy Asset Innovation (EAI) Pty Ltd is 60.75%.
- (11) The remaining 0.01% of the shares in Nautic India Private Limited is held by Debarchan Biswas, an employee of our Group, as a nominee of our Company.
- (12) The remaining shareholders of Nautic Offshore Mexico, S.A. de C.V. are our Executive Director and CEO, John Grønbech (2.0%) and an employee of our Group, Julien Jean Bernard Franchisse (2.0%), who hold the shares as nominees of our Company.
- (13) Nautic Offshore Pte. Ltd. is also registered as a foreign branch in Malaysia pursuant to the Companies Act 1956 of Malaysia.
- (14) The remaining 51.0% of the shares in HMS Energy Sdn. Bhd. are held by HMS Oil & Gas Sdn Bhd.

The shareholders of Nautic Brunei are two (2) individuals in Brunei, namely Wee Thian Peng (85.0%) and Wee Thian Seong (15.0%). They formed Nautic Brunei on 9 March 2013 to explore oil and gas business opportunities in Brunei and approached our Company for technical, project management and operational support in relation to contracts secured in Brunei. Our Company entered into a management agreement which is effective from 11 March 2013 pursuant to which Nautic Brunei appointed our Company as (i) the sole and exclusive consultant in the management and operation of Nautic Brunei's businesses and projects; (ii) project manager in respect of projects awarded to Nautic Brunei; and (iii) the sub-contractor for works to be carried out by Nautic Brunei. Our Company has board control over Nautic Brunei in accordance with the terms of the said management agreement. Our Group has consolidated Nautic Brunei in accordance with the definition of control under the FRS 110 Consolidated Financial Statements. The management agreement is legally binding and enforceable.

The shareholding interests in our Subsidiaries and associated company which are not held by our Group are held by third parties who are unrelated to and independent of our Directors, Executive Officers, Substantial Shareholders and their respective Associates.

Save as disclosed above, our Group does not have any associated companies or Subsidiaries. Neither our Subsidiaries nor our associated company are listed on any stock exchange.

None of our Independent Directors sits on the board of our principal Subsidiaries that are based in jurisdictions other than Singapore.

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## GENERAL INFORMATION ON OUR GROUP

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### OUR HISTORY

Our Group was established in 2011 with the objective of transferring the sales, engineering and contracting services of a Danish owned company specialised in the manufacturing of UHPC materials to our Group. On 1 October 2011, the senior management and engineering teams were transferred to our Group and our Group assumed responsibility for the on-going projects of the Danish owned company in Southeast Asia.

In 2011, our Group's business revolved around the use of UHPC materials for repair and strengthening of subsea structures, including jackets and conductors, and included services associated with the installation of marine and offshore structures using UHPC materials.

In December 2011, we were awarded our first major contract worth A\$9.4 million with John Holland for the supply of UHPC materials used in the installation of mooring dolphin topsides for a Rio Tinto iron ore jetty in Western Australia.

The UHPC materials, which at that time formed an integral part of all the services offered by us, were initially procured from third parties including Densit and BASF. In June 2012, we developed the first generation of our own UHPC pre-mix products, which were DNVGL certified and ready for subsea applications. The products are registered under the NAX™ trademark. In June 2012, we marked our independence from third party suppliers by procuring our first offshore installation spread for subsea installation of our own NAX™ pre-mix products.

In November 2012, Nautic Middle East was incorporated as a regional marketing and project management centre for the Middle East and Caspian Sea markets and we have since carried out projects within the Subsea and Surface Facilities market segment in the territorial waters of Turkmenistan, Qatar, Dubai, Saudi Arabia and Kuwait.

In February 2013, we established the quality management system (“QMS”), which conforms to the management standards: ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007. DNVGL is the certifying agency for the QMS.

In March 2013, Nautic Brunei was incorporated and entered into a management agreement with our Company (formerly known as Nautic Group Pte. Ltd.) to develop the business in Brunei and to bid for a long-term well integrity services contract with Brunei Shell. In July 2013, Nautic Brunei successfully won the tender and was awarded a contract by Brunei Shell. The contract is valid for five (5) years commencing on 3 July 2013 with an option for extension of one (1) year and upon expiry of the 6<sup>th</sup> year, an additional extension for one (1) year.

In addition, we were awarded the engineering work for the requalification of a jacket located in the Khafji Joint Operational area of Saudi Arabia and Kuwait. We engaged Marine Engineering Services Pte Ltd (“MESPL”), a Singapore engineering firm, to conduct a non-linear push-over strength analysis. Our collaboration with MESPL on this project led to a strategic alliance and expanded our services offered within our Subsea and Surface Facilities business segment to include topside and facilities engineering services.

In April 2013, we also commenced a joint industry research project with the National University of Singapore to address the effect of grout on maximum stress and fatigue life of tubular joints. This joint industry project is coordinated by the Centre for Offshore Research and Engineering of the National University of Singapore and the participants include Petronas Carigali Sdn Bhd, Lloyd's Register Group Technology Centre, McDermott International, Inc, Nippon Kaiji Kyokai and American Bureau of Shipping.

In June 2013, we commenced the marketing of our Subsea and Surface Facilities services to the Mexican market. Heerema Americas, a Dutch marine contractor who was the main contractor with Petróleos Mexicanos S.A. de C.V., awarded us our first contract in relation to the installation of offshore jackets and topsides in the Gulf of Mexico on 1 October 2013. Nautic Mexico was incorporated in October 2013.

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## GENERAL INFORMATION ON OUR GROUP

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In August 2013, Nautic India was incorporated to strengthen our local profile in the Indian oil and gas upstream market.

In September 2013, Nautic Malaysia was established to carry out R&D and manufacturing activities for our NAX™ pre-mix products. The production facility, which also hosts a research laboratory, is located at a leased facility of approximately 70,000 sq ft in Malaysia (Nusajaya). Our production facility was commissioned in January 2015. We have conducted pilot tests for automated production as at the Latest Practicable Date and we intend to commence automated production by the third quarter of 2015. In 2014, the manufacturing of our UHPC pre-mix products was partly outsourced to Aalborg Portland Malaysia and partly carried out by us manually.

In November 2014, Nautic Australia, a wholly-owned subsidiary of our Company acquired 214,159 ordinary shares and 113,141 preference shares in the capital of AWT for the initial cash consideration of approximately US\$1.0 million and aggregate estimated potential earn-out payments of approximately US\$0.8 million in respect of two (2) periods from 1 July 2014 to 30 June 2015 and 1 July 2015 to 30 June 2017. The earn-out payments are subject to the performance of the AWT group during the relevant earn-out periods, and each earn-out payment shall be determined in accordance with the following formulae set out in the Share Purchase Agreements:

**First earn-out amount payable by Nautic Australia** =  $[(3.9 \times \text{First EBITDA}) - \text{A\$2,000,000}] \times 60.75\%$ ; or A\$0, whichever is greater.

If the first earn-out amount is greater than zero,

**Second earn-out amount payable by Nautic Australia** =  $\{3.9 \times [\text{Second EBITDA} - (2 \times \text{First EBITDA})]\} \times 90.0\% \times 60.75\%$ ; or A\$0, whichever is greater.

If the first earn-out amount is equal to zero,

**Second earn-out amount payable by Nautic Australia** =  $\{3.9 \times [\text{Second EBITDA} - (2 \times \text{A\$512,820})]\} \times 90.0\% \times 60.75\%$ ; or A\$0, whichever is greater.

The aggregate estimated potential earn-out payments of approximately US\$0.8 million were computed based on the above-mentioned formulae and the forecasted EBITDA of the AWT group for the 12-month period from 1 July 2014 to 30 June 2015 and for the 24-month period from 1 July 2015 to 30 June 2017. The actual earn-out payments will depend on the actual First EBITDA and Second EBITDA, which can be determined only when the audited accounts of the AWT group are available in due course. There is no cap to the amount of earn-out payments based on the formulae. Our Company has made provisions for an amount of approximately US\$0.8 million in respect of the potential earn-out payments in our statement of financial position for FY2014.

### Notes:

- (1) EBITDA refers to profit before income tax, before charging interest expense, depreciation and amortisation as adjusted in accordance with agreed accounting policies set out in the Share Purchase Agreements.
- (2) First EBITDA refers to EBITDA of AWT and its subsidiaries for the 12-month period from 1 July 2014 to 30 June 2015.
- (3) Second EBITDA refers to EBITDA of AWT and its subsidiaries for the 24-month period from 1 July 2015 to 30 June 2017.

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## GENERAL INFORMATION ON OUR GROUP

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As a result of the completion of the Acquisition, our Group achieved a majority stake in AWT. Historically, we have conducted business operations in our Subsurface and Wells, Subsea and Surface Facilities and Advanced Material Solutions business segments, with our primary focus being on our service offerings in our Subsea and Surface Facilities and Advanced Material Solutions business segments. Our business operations in our Subsurface and Wells business segment originally comprised well related inspection and interventions services. Through the acquisition of AWT, which has 16 years of experience in the Subsurface and Wells business segment, we have expanded our service portfolio in our Subsurface and Wells business segment to include geoscience, drilling and completion, well testing, well services, well intervention and production enhancement, thereby increasing the scope of our offerings. Based on the unaudited pro forma group financial information for FY2014, the AWT group contributed approximately US\$26.5 million to our Group's revenue of US\$45.1 million and approximately US\$0.1 million to our Group's profit before tax of US\$4.5 million.

Founded in 1995, AWT has worked with some of the major petroleum companies around the world. With technical expertise that covers well construction, completions, well testing and subsurface engineering, AWT initially focused on providing full-field solutions before expanding to include niche technical expertise. In 2010, AWT merged with MBA Petroleum Consultants Pty Ltd to bring together two (2) prominent Australian petroleum consulting companies and to allow AWT to provide engineering excellence and extensive geological knowledge to create a one-stop shop for petroleum acquisition, exploration, appraisal and development. The Acquisition led to an increase to the total number of employees and offices of our Group. As at the Latest Practicable Date, our Group has 144 full-time employees (and two (2) part-time employees) in 11 offices worldwide as well as 15 personnel on contracting arrangements.

Pursuant to a rebranding exercise following the Acquisition, our Company changed its name to NauticAWT Pte. Ltd. on 27 February 2015.

On 8 July 2015, our Company converted to a public company limited by shares and changed its name to NauticAWT Limited.

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## GENERAL INFORMATION ON OUR GROUP

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### BUSINESS OVERVIEW

We offer 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. We are involved in both the onshore and offshore segments of the oil and gas industry.

Our geographical reach covers Southeast Asia, Australasia, Middle East, Latin America and India. Our corporate headquarters are located in Singapore, which is where the global administration, financial and information technology management of our Group are located.

The services offered by our Group are classified into three (3) business segments, namely (i) Subsurface and Wells; (ii) Subsea and Surface Facilities; and (iii) Advanced Material Solutions.

### Subsurface and Wells

We provide geoscience and subsurface engineering, well design and drilling management, well completions and well intervention services to our clients for a wide range of international oil and gas assets. We also provide project management of various tasks across the entire life cycle of an oil and gas asset from concept definition through to execution and abandonment, with experience in remote onshore, offshore shelf, deepwater and ultra-deepwater areas. We work with our clients to unlock enhanced commercial yield from various assets from onshore coal seam methane and unconventional gas through to deepwater offshore exploration. We explore and appraise and ultimately connect the reservoir with production facilities to deliver an optimised greenfield development or brownfield enhancement solution.

The technical support team for our Subsurface and Wells business segment is located in Australia (Brisbane). In addition, we have project management offices in Australia (Brisbane and Perth), Mexico (Mexico City and Ciudad Del Carmen), UAE (Dubai), India (Mumbai), Malaysia (Kuala Lumpur and Kota Kinabalu) and Brunei (Kuala Belait), giving our clients local access to our services. The offerings within our Subsurface and Wells business segment include the following:

Geoscience and subsurface engineering	We provide conventional and unconventional hydrocarbon resource analysis, with extensive experience in conventional oil and gas, coal seam gas, shale gas/oil, basin-centred and tight gas. We also provide our clients with a prospective review and resource analysis to capture the hydrocarbon potential of their acreage.
Well design and drilling management	We provide a diverse range of drilling management services which include providing offset well review, conceptual well designs, rig selection assessment, casing and tubing designs, torque and drag modelling, wellbore hydraulics management, directional drilling planning, drilling and completion analysis, installation of telemetry solutions and budgetary cost estimates.
Well completions and well interventions	We provide well testing management and supervision of exploration and appraisal programmes with experience in floating, jack-up, deepwater, platform and land-based testing operations. We also provide horizontal well intervention operations including coil tubing intervention, well tractor conveyed perforation, and production logging.

## GENERAL INFORMATION ON OUR GROUP

A list of notable projects for our Subsurface and Wells business segment is as follows:

Project	Services	Project description	Location	Year of completion
A-6, Semi-Submersible Drilling Project Management	Well design and drilling management	Pyi Thar 1 and Pyi Thar side track wells were drilled by the semi-submersible Doo Sung Rig, operated by Korea National Oil Corporation	Block A-6, Offshore Myanmar	2012
Area Development Plan of 14 High Carbon Dioxide Gas fields in Malaysia	Geoscience and subsurface engineering	Built cluster model to determine benefit of various development phasing scenarios to achieve gas demand objectives and economics in relation to 14 undeveloped gas fields with various carbon dioxide concentrations and an average of 30 kilometres between fields	Malay Basin, Offshore Peninsular Malaysia	2009
Carbon Dioxide Sequestration Project	Geoscience and subsurface engineering	Carried out seismic interpretation and reservoir characterisation to identify a likely suitable reservoir for carbon dioxide well storage and location, designed sub-surface appraisal programme, proof of concept required for landmark carbon dioxide sequestration project, sourcing for suitable reservoir	Northern Denison Trough, Australia	2008
Galoc Field, Marginal Subsea Field Development	Well design and drilling management	Provided low cost development plan for wells and facilities using subsea experience  Provided EPCM services and support team for subsea field development in the Philippines	Offshore North West Palawan Basin, Philippines	2008
Buffalo Field, Rigless Abandonment of Well and Platform	Well completions and well interventions	Offshore rigless well abandonment using coiled tubing technology	Offshore, North West Shelf, Western Australia, Australia	2005
Greater Heglig Field Development Plan Study of Structurally Complex Reservoir Systems	Geoscience and subsurface engineering  Well design and drilling management	Undertook FFR – eight (8) complex onshore oil fields for rejuvenation  Proposed strategies for water disposal wells, well intervention programmes and new infill wells  Improved field recovery	Onshore Muglad Basin, Sudan	2004

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## GENERAL INFORMATION ON OUR GROUP

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### Subsea and Surface Facilities

We provide engineering and contracting services for greenfield and brownfield subsea and surface infrastructure projects. From concept studies and front-end engineering design to detailed engineering, we offer the complete range of engineering disciplines required for innovative and cost efficient greenfield development and modification/requalification of ageing offshore assets required to produce beyond original design life.

Our engineering and contracting services are offered for a wide range of offshore assets including jackets and topsides, monopods and tripods, pipelines, jack-ups, MOPUs and FPSOs.

The technical support team for our Subsea and Surface Facilities business segment is located in Singapore. In addition, as stated above, we have sales and project management offices in Australia (Brisbane and Perth), Mexico (Mexico City and Ciudad Del Carmen), UAE (Dubai), India (Mumbai), Malaysia (Kuala Lumpur and Kota Kinabalu) and Brunei (Kuala Belait), giving our clients local access to our services. The offerings within our Subsea and Surface Facilities business segment include the following:

<p>Engineering design of structures and pipelines</p>	<p>Our structural greenfield engineering design services for subsea and surface facilities include feasibility studies, conceptual design, front-end engineering design, detailed engineering design and follow-on engineering design during construction.</p> <p>Our pipeline engineering services cover feasibility studies, conceptual and front-end engineering and detailed engineering designs of fixed pipelines, in-field pipelines and export trunk lines. We also offer complete designs of subsea structures such as PLEMs, pipeline end terminations, wyes, riser support structures and midwater arches.</p>
<p>Design of offshore topside modules and facilities engineering</p>	<p>Our topside and facilities engineering services include process engineering, mechanical and piping engineering as well as electrical and instrumentation services. Our services are offered to a wide range of assets including jackets topsides, jack-ups, MOPUs and FPSOs.</p> <p>The services include feasibility studies, basic design, specifications, detailed design, calculations, installation procedures and commissioning to maintenance planning, lifetime extension and decommissioning. These services are provided in collaboration with MESPL.</p>

## GENERAL INFORMATION ON OUR GROUP

<p>Reassessment and strengthening of ageing subsea structures</p>	<p>Our brownfield reassessment services include feasibility studies and detailed engineering design for service life extension of existing and ageing offshore structures, re-qualification of jackets, structural modifications, topside additions and renewal, changes in environmental loadings, seabed subsidence and soil ageing.</p> <p>The strengthening and repair of ageing offshore structures are carried out by injecting our NAX™ pre-mix products into strategically selected legs, joints or braces or by installing UHPC grouted structural clamps. Our NAX™ Q140 and NAX™ B190 are typically used for subsea repair and strengthening solutions.</p>
<p>Conductor and well repair services</p>	<p>Our services include structural integrity assessments of aged conductors and wells and engineering design of strengthening and repair solutions.</p> <p>The repair solutions revolve around the use of our NAX™ pre-mix products. The integrity of aged conductors and wells exposed to severe corrosion is restored through strengthening of the casings and conductor by injecting our NAX™ Q140 and NAX™ B190 materials in the annuli.</p>
<p>Grouting services for installation of subsea structures</p>	<p>Grouting installation services for jackets structures, monopods, tripods, PLEMs, transition pieces for offshore foundations and mooring anchors for tension-leg platforms, SEMIs and floating production storage and offloading vessels using either ordinary Portland cement or HPC materials.</p>
<p>Pipeline integrity assessments and interventions</p>	<p>Our services cover structural integrity assessments, design and interventions for free spanning pipelines, on-bottom stability, crossover and dropped objects using in-house designed fabric formworks.</p>

## GENERAL INFORMATION ON OUR GROUP

A list of recent notable projects for our Subsea and Surface Facilities business segment is as follows:

Project	Services	Project description	Location	Year of completion
Brunei Shell Well Integrity – Provision of Grouting Services	Conductor and well repair services	Injection of UHPC materials in the well annuli to solve structural integrity problems due to ageing	South China Sea, Offshore Brunei	On-going
Ayatsil Heavy Oil Field Development	Grouting services for installation of subsea structures	Installation of four (4) jackets and carrying out pile-sleeve grouting using HPC materials	Bay of Campeche, Mexico	2014
Tarut Bay Pipeline Trestle Life Extension	Reassessment and strengthening of ageing subsea structures	Engineering design, cleaning, grouting and/or clamping of piles and grouting using UHPC materials	Tarut Bay, Saudi Arabia	2014
Hai Su Trang Field Development	Reassessment and strengthening of ageing subsea structures	Repair of damaged subsea members and joints on a newly installed well head platform	South China Sea, Offshore Vietnam	2014
Reassessment of Flare Tower (Module H)	Goodwyn Field Reassessment and strengthening of ageing subsea structures	Analysing different strengthening options for the strengthening of jacket legs due to increased loads on flare tower	Indian Ocean, Offshore Western Australia	2013
Samarang SMDP-B Conductor Repair	Conductor and well repair services	Reinstated structural capacity of well/conductors due to severe corrosion attack	South China Sea, Offshore Sarawak, Malaysia	2013
PLPQ Field Development	Grouting services for installation of subsea structures	Grouting installation services for new jackets using UHPC materials	Indian Ocean, Offshore East India	2013
Lam – 22 Rejuvenation Project	Reassessment and strengthening of ageing subsea structures	Inspection and strengthening of jacket legs by subsea injection of UHPC materials	Caspian Sea, Turkmenistan	2012
Maleo Field Development	Reassessment and strengthening of ageing subsea structures	Stiffening of the legs of jack-up Rig Maleo which was to be used as permanent production unit	Flores Sea, Offshore Java, Indonesia	2012

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## GENERAL INFORMATION ON OUR GROUP

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### Advanced Material Solutions

We develop and manufacture our NAX™ pre-mix products comprising UHPC materials, HPC materials and ULCC materials for subsurface, subsea and surface applications primarily within the oil and gas industry worldwide.

Our NAX™ pre-mix products are composed of specifically nano-engineered binder combined with chemical additives, designed to improve and enhance properties such as high compressive strength and high flowability allowing for subsea and subsurface applications.

We have a production facility in Malaysia (Nusajaya) that hosts our materials laboratory from which our R&D activities of our NAX™ pre-mix products take place. Our production facility also hosts the factory for the manufacturing of our NAX™ pre-mix products as well as housing our maintenance centre for offshore equipment serving projects in Southeast Asia and globally.

Our product portfolio and its applications are shown below.

UHPC materials	The UHPC materials comprise NAX™ Q140 and NAX™ B190 products which are primarily used for subsea strengthening and repair applications, in particular for infill of tubular joints and braces and unstressed grouted subsea clamps.
HPC materials	The HPC materials comprise NAX™ Q80 and NAX™ Q110 products which are primarily used for pile-sleeve and pile-leg grouting for installation of jackets structures, monopods, tripods, PLEMs, transition pieces for offshore foundations and mooring anchors for tension-leg platforms, SEMIs and FPSOs.
ULCC materials	The ULCC materials comprise NAX™ C50 product which is developed for lightweight applications where extreme strength-to-weight ratios are required, such as in floating structures.

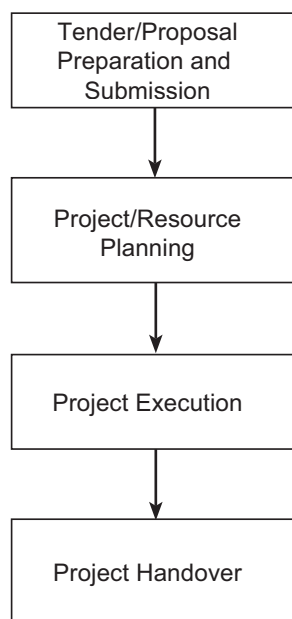
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## GENERAL INFORMATION ON OUR GROUP

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### BUSINESS PROCESSES

Our typical business processes applicable to our customers for our Subsurface and Wells and Subsea and Surface Facilities business segments are diagrammatically set out as follows:



#### **Tender/Proposal Preparation and Submission**

Potential customers typically enquire about our capabilities and capacity to undertake a certain project. Thereafter, we schedule meetings to further discuss technical specifications, operational and insurance requirements, commercial terms (including material and equipment cost, work schedule and payment terms) and delivery schedules.

A technical proposal is then presented to the customer for further consideration. The customer may choose to make an additional assessment of our capabilities by inspecting our production facility. Once the technical proposal is accepted, we will submit our commercial proposal detailing the pricing of our materials, equipment and services depending on cost estimations. After further negotiations, we then arrive at an agreement on the terms and conditions with the customer for the project and a formal contract is entered into.

#### **Project/Resource Planning**

Upon entering into a formal contract with the customer, a project manager (“**PM**”) will be appointed to liaise with the customer and the PM will plan, assign and deploy relevant manpower and plan the key delivery dates and milestones for the project. Depending on the contract scope, the PM may activate the following teams:

- **Engineering and design team**  
Engineers and scientists will handle the technical and design aspect of the project. They will provide tailored engineered solutions to suit the customer’s needs and continue with the project through to the execution phase.
- **Materials production team**  
For projects that require our NAX™ pre-mix products, our production team will handle the production at our production facility in Malaysia (Nusajaya).

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## GENERAL INFORMATION ON OUR GROUP

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- Crew management team

The required number of offshore crew with the relevant experience will have to be scheduled for during the execution phase. Depending on the location of the project and the customers' internal policies, necessary permits and visas for the crew will have to be prepared ahead of the mobilisation.

- Equipment management team

The relevant equipment will have to be serviced ahead of the next execution phase. Depending on the project location and customers' internal policies, necessary permits will have to be prepared ahead of the intended mobilisation.

Detailed costing is done to ascertain the project budget. Budget controls are monitored regularly throughout the project.

### **Project Execution (Mobilisation, Execution and Demobilisation)**

The PM will mobilise the required resources to be sent to the project location. We may from time to time, engage third party subcontractors to assist with the execution of the project. Work is executed based on the specified agreed upon procedures or work instructions with the customer to ensure safety compliance.

During the course of the project, our management conducts regular progress meetings with the PM and the project team to ensure that the project is carried out on schedule in accordance with the contract and that project costs are kept under control.

### **Project Handover**

Once the project is completed, the deliverables as stated in the contract will be handed over to the customer. Feedback from the customer will also be obtained to improve the quality of our services and products provided.

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## GENERAL INFORMATION ON OUR GROUP

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### BRANDING AND MARKETING

The marketing of our services is led by our Executive Director and CEO, John Grønbech, together with the support of members of the key management staff and our commercial and marketing teams. Through their business contacts in the oil and gas industry, business is referred to us. Hence, it is important for us to leverage on their experience and marketing network for repeat and new businesses.

#### Direct Sales and Marketing Activities

Our commercial and marketing teams are engaged in marketing efforts and work towards securing new projects. New contracts are the result of both referrals from existing customers and the marketing efforts of our Executive Directors, members of the key management staff and our commercial and marketing teams.

We have embarked on a strategy of being located near our customers and established sales and project management offices in Australia (Brisbane and Perth), Mexico (Mexico City and Ciudad Del Carmen), UAE (Dubai), India (Mumbai), Malaysia (Kuala Lumpur and Kota Kinabalu) and Brunei (Kuala Belait) to provide our customers with seamless access to our services in the respective jurisdictions.

#### Advertisements and Trade Exhibitions

We advertise in trade publications and directories focusing on the global oil and gas industry (for example, "Upstream", "Energy News" and "Rigzone"). We have also participated in major trade shows such as Petrotech (held in India), Oil and Gas Asia (held in Malaysia) and the APPEA Conference and Exhibition (held in Australia). We regularly present technical papers at forums conducted by industry associations, such as the Society of Petroleum Engineers, as well as organised workshops for oil and gas professionals to increase our profile. We intend to continue such advertising initiatives and strengthen our marketing resources going forward to support our growth strategies.

### PRODUCTION CAPACITY AND UTILISATION

Production capacity is not meaningful for our Subsurface and Wells, and Subsea and Surface Facilities business segments as we do not manufacture standardised items. We provide tailored engineered solutions to our customers to suit their needs. Our services vary for each project in terms of specifications, complexity, resource requirements and time required.

For our Advanced Material Solutions business segment, the manufacturing of our NAX™ pre-mix products will be carried out at our production facility in Malaysia (Nusajaya). Our production facility has a newly established automatic production mixing system including cement silos, an aggregate hopper and a high capacity mixer. The daily production capacity of the production mixing system, based on one (1) 10 hour shift, is approximately 80 tonnes (packed into 1 tonne jumbo bags).

As we produce only upon confirmation of orders, we can increase our daily output by extending the working hours of our production mixing system and utilising subcontracted labour.

Our production facility in Malaysia (Nusajaya) was commissioned in January 2015. We have conducted pilot tests for our automated production as at the Latest Practicable Date and intend to commence automated production by the third quarter of 2015. In 2014, the manufacturing of our NAX™ pre-mix products was partly outsourced to Aalborg Portland Malaysia (12.0% of our total production) and partly carried out by us manually (88.0% of our total production). Manual production is very labour intensive, with long working hours and a low daily output. We outsourced the production of all of our NAX™ pre-mix products prior to 2014. As Aalborg Portland Malaysia has limited production capacity and prioritises its own production, the establishment of our own production mixing system at the production facility in Malaysia (Nusajaya) allows us to better manage the quality of our NAX™ pre-mix products and reduce reliance on third party manufacturers.

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## GENERAL INFORMATION ON OUR GROUP

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For the period since the commencement of production in November 2014 to the Latest Practicable Date, our production facility in Malaysia (Nusajaya) has produced the following output:

Period	Mode of Production	Output (metric tonnes)
From 1 November 2014 to 31 December 2014	Manual	1,234.8
From 1 January 2015 to the Latest Practicable Date	Manual	869.0

In connection with the production facilities at our production facility in Malaysia (Nusajaya), we have a well-equipped quality control (“QC”) laboratory and R&D laboratory. When producing grout for the offshore industry, it is important that all grout have a very high and uniform quality. In order to obtain this, all products developed in our R&D laboratory have thoroughly been tested and documented according to our quality assurance system.

Our QC laboratory ensures that we constantly have a stable and high quality of our NAX™ pre-mix products. This gives us the ability to review the production quality and react quickly to any anomaly. All QC data are stored in a central database that gives us the ability to evaluate the quality of our products in a given period of time.

Our production, QC and R&D functions operate within the ISO 9000 frame and we plan to achieve ISO 9000 and OHSAS 18001:2007 certification by end of 2015 in order to be in line with the rest of our Group. Please refer to the section entitled “General Information on Our Group – Quality Assurance and Safety” of this Offer Document for further details.

### RESEARCH AND DEVELOPMENT

The nature of our business requires us to carry out R&D activities. We aim to advance our knowledge and technical competency to achieve the goal of developing innovative materials combined with engineered solutions, thus generating value for our clients and contributing to growth in the various market segments that we serve. Our R&D capability is enhanced by our technical experts, carrying out verification/certification activities with world-renowned organisations on our products to ensure compliance and quality, acquiring and building up our R&D technology centre with the latest equipment, as well as collaborations with international research partners.

Through our understanding of cement technology and ability to understand our customers’ requirements, our team of experienced material scientists are constantly developing and producing grout. The main highlight of our R&D breakthrough was in the year 2012 when we successfully developed our NAX™ pre-mix products, comprising UHPC materials, HPC materials and ULCC materials, each designed and manufactured as a ready-to-use cement-based dry-blended powder formulation to which addition of prescribed amount of water produces cohesive and flowable non-shrink grouts that develop high early-age strength and are impermeable to water ingress.

Our NAX™ pre-mix products are produced based on nano-engineered binder technology combined with chemical additives, designed to improve and enhance properties such as high compressive strength and high flowability. The nano-engineered binder is produced from high quality cement, mineral additives and a proprietary blend of chemical additives with a low water demand. Versatility and expert knowledge of our NAX™ pre-mix products allows unique customisation to meet our clients’ specific requirements.

To ensure compliance and quality, our NAX™ pre-mix products are rigorously tested by external independent accredited laboratories and verified by world-renowned classification body, DNVGL and with the issuance of statements of compliance for our NAX™ pre-mix products.

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## GENERAL INFORMATION ON OUR GROUP

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In 2013, we achieved our first major milestone in enhancing R&D efforts with the establishment of our R&D technology centre, together with our production facility in Malaysia (Nusajaya). The roles of the R&D technology centre, in close proximity to our production facility, are to fulfil two (2) critical functions – continuous research and innovation, as well as quality assurance and control for our NAX™ pre-mix products. The R&D technology centre with its laboratories are well equipped with special testing equipment to evaluate critical and important test parameters for our NAX™ pre-mix products and grout.

To ensure that our R&D team is at the forefront of the technological advancement in materials innovation, we are involved in research collaborations in scientific projects with leading research universities, and participate in international conferences to interact with industry experts with the aim of disseminating and sharing technical knowledge and information. At present, our Group is involved in a joint industry project with the National University of Singapore on “Static and Fatigue Strength of Tubular Joints Reinforced with Ultra-High Performance Grout”. This research study aims to evaluate and quantify the enhancement on tubular strength with the in-filling of HPC and UHPC grouts, using our NAX™ pre-mix products.

Our R&D expenses amounted to approximately US\$0.1 million, US\$0.4 million and US\$0.3 million in FY2012, FY2013 and FY2014 respectively, representing 1.0%, 3.3% and 1.6% of our Group’s revenue for those years respectively.

### STAFF TRAINING AND DEVELOPMENT

We believe that our employees are our principal business asset. We believe that the technical competence, product knowledge and execution skills of our employees are instrumental in maintaining our competitive position. The objective of our staff training is to equip our employees with the necessary skills and knowledge to ensure that they are able to fulfil their job requirements and to enhance their work performance.

To create a learning culture in our business, we communicate to our employees that they are expected to take the steps necessary to hone their skills to stay on top of their professions or fields of work. We ensure and support their efforts in this area by supplying the right resources they need to accomplish this goal. Each department head also analyses specific training needs which are communicated to our employees, together with the expected targeted results. We provide an introduction and orientation to our Company’s culture, including our learning culture, to any new hires. This orientation is to introduce employees to our Company, and provide them with proper training in the procedures that our Company has developed over time. Our employees are also trained in the area of occupational health and safety. Please refer to the section entitled “Corporate Governance – Occupational Health and Safety” of this Offer Document for further details.

In addition, we have adopted a quality manager system and are currently ISO accredited in ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007. We ensure that all personnel working on behalf of our Company including, but not limited to, suppliers and subcontractors, whose works could cause environmental impacts and hazard identification, are competent to perform their respective tasks to which they are being assigned. All new relevant personnel performing tasks shall be trained on all the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007. Please refer to the section entitled “General Information on Our Group – Quality Assurance and Safety” of this Offer Document for further details.

Expenses incurred in relation to training for our employees in each of FY2012, FY2013 and FY2014 were not significant.

## GENERAL INFORMATION ON OUR GROUP

### LEASED ASSETS

As at the Latest Practicable Date, we do not own any properties and our Group leases the following material properties:

Lessee	Lessor	Location	Gross leased area	Use	Tenure
AWT	The Trust Company Limited	Part of Level 16, 300 Adelaide Street, Brisbane, QLD 4000, Australia <sup>(1)</sup>	394 sq m	Commercial offices	1 April 2014 to 31 March 2017
AWT	F A Pidgeon & Son Pty Ltd	Level 10, 300 Ann Street, Brisbane, QLD 4000, Australia	620 sq m and two (2) car parks	Commercial offices	1 June 2014 to 31 May 2019
AWT	The Trust Company (Australia) Limited as trustee for the 225 St Georges Terrace Trust	Part of Level 8, St Georges Square, 225 St Georges Terrace, Perth, Australia	180 sq m	Commercial offices	1 March 2015 to 1 March 2018
AWT Asia	Etiqa Insurance Berhad	Lot A & B, Level 16, Tower 2 in the multi-storey building known as Etiqa Twins located at No. 11, Jalan Pinang, 50450, Kuala Lumpur, Malaysia	3,414 sq ft	Office	1 February 2014 to 31 January 2016
Company	Hong Fok Land Ltd	300 Beach Road, #13-02/04, The Concourse, Singapore 199555	6,600 sq ft	Office	1 February 2015 to 31 August 2017
Nautic India	Executive Centre India Pvt. Ltd.	101, Kalpataru Synergy Opposite Grand Hyatt Santacruz (East) Mumbai-400055, India	118.4 sq ft	Workplace	1 October 2013 to 30 September 2015
Nautic Malaysia	Teraju Karisma Sdn Bhd	No.12, Jalan Mega 1/8, Taman Perindustrian Nusa Cemerlang, 81550 Nusajaya, Johor, Malaysia	70,894 sq ft	Factory for production	1 August 2013 to 31 July 2016 <sup>(2)</sup>
Nautic Middle East	Shilpa Pratish Kakkad and Pratish Maganlal Rattanshi Kakkad	Office No: 15 1505 Fortune Tower, JLT, Dubai, UAE	1,066 sq ft	Office	1 August 2014 to 31 July 2015
Nautic Mexico	Inmobiliaria Nathania, S.A. de C.V.	Ejército Nacional No. 373, despacho 802, Colonia Granada, Mexico	85 sq m	Office	15 March 2015 to 14 March 2016
Nautic Offshore (Malaysia Branch)	E-Life Sdn. Bhd.	Unit No. P1/I/61/3, 3rd Floor of Building No. K, KK Times Square, Kota Kinabalu, Malaysia	1,953 sq ft	Office	1 August 2012 to 31 July 2015

#### Notes:

- (1) These have been subleased to NRW Pty Ltd from 15 October 2014 to 30 March 2017.
- (2) Nautic Malaysia has an option to renew the lease for a further period of three (3) years upon expiry of the current tenure subject to a revised monthly rental in accordance with the terms of the tenancy agreement.

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## GENERAL INFORMATION ON OUR GROUP

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### PLANT AND EQUIPMENT

As at 31 December 2014, the net book value of our plant and equipment amounted to approximately US\$4.4 million and comprise mainly machinery, administrative equipment, computer equipment and leased assets. Our machinery mainly comprise (i) production equipment at our production facility in Malaysia (Nusajaya), and (ii) offshore equipment such as mixers, pumps, tools, containers, compressors, downhole cameras and generator sets located at where our projects are.

To the best of our knowledge, there are no regulatory requirements or environmental issues that may materially affect our utilisation of the above-mentioned leased assets and plant and equipment, save as disclosed under the sections entitled “General Information on Our Group – Licences, Permits and Approvals” and “Government Regulations” of this Offer Document.

### INTELLECTUAL PROPERTY

Save as disclosed in this Offer Document, we do not own or use any other patents, trademarks or intellectual property on which our business or profitability is materially dependent. We have not paid or received any royalties for any license or use of any intellectual property.

As at the Latest Practicable Date, we are the registered owner of the following material trademarks:

Trademark	Registration number	Place of registration	Registered owner	Class	Registration date	Expiry date
“NAX”	43719	Brunei	Nautic Group Pte. Ltd. <sup>(2)</sup>	19 <sup>(1)</sup>	7 February 2013	7 February 2023
	1199256	International Bureau of the World Intellectual Property Organisation (Australia, China, European Union)	Nautic Group Pte. Ltd. <sup>(2)</sup>	19 <sup>(1)</sup>	12 February 2014	12 February 2024
	2013002062	Malaysia	Nautic Group Pte. Ltd. <sup>(2)</sup>	19 <sup>(1)</sup>	6 February 2013	6 February 2023
	T1301850A	Singapore	Nautic Group Pte. Ltd. <sup>(2)</sup>	19 <sup>(1)</sup>	1 February 2013	1 February 2023

**Notes:**

- (1) Class 19: grout; grouting compounds; grouting materials; grouting preparations.
- (2) Now known as NauticAWT Limited.

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## GENERAL INFORMATION ON OUR GROUP

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As at the Latest Practicable Date, we have applied for the registration of the following material trademarks:

Trademark	Application number	Place of application	Applicant	Class	Filing date
"NAX"	2475048	India	Nautic Group Pte. Ltd. <sup>(2)</sup>	19 <sup>(1)</sup>	8 February 2013
	D002013005900	Indonesia	Nautic Group Pte. Ltd. <sup>(2)</sup>	19 <sup>(1)</sup>	8 February 2013
	80427	Qatar	Nautic Group Pte. Ltd. <sup>(2)</sup>	19 <sup>(1)</sup>	21 March 2013
	186650	UAE	Nautic Group Pte. Ltd. <sup>(2)</sup>	19 <sup>(1)</sup>	11 February 2013

**Notes:**

(1) Class 19: grout; grouting compounds; grouting materials; grouting preparations.

(2) Now known as NauticAWT Limited.

### INSURANCE

We have taken out the necessary insurance policies for our operations as follows:

- Special contingency and equipment insurance
- Travel insurance
- Medical and dental insurance
- General legal and public liability insurance
- Professional indemnity insurance
- Workers compensation insurance
- Fire and perils insurance
- Life and health insurance
- Marine cargo insurance

Our Directors are of the view that our Group's business and operations are sufficiently covered by the current insurance policies taken up.

### LICENCES, PERMITS AND APPROVALS

Our business activities are located worldwide and hence we are subject to regulation by various laws, regulations and governmental agencies. We have obtained approvals from the Department of Labour, Ministry of Home Affairs of Brunei Darussalam for the hiring of service engineers, technicians and riggers which remain valid up to 17 January 2016. We have obtained the written approval from the Department of Environment of the State of Johor, Malaysia for the setting up of our factory in Malaysia. We have also obtained a certificate of fitness issued by the Department of Occupational Safety and Health of Malaysia for installing and operating a crane in our factory in Malaysia, and a certificate of completion and compliance relating to our factory building in Malaysia under the Street, Drainage and Building Act 1974 (as amended by the Street, Drainage and Building (Amendment) Act 2007). We have obtained the business premises licences issued by the relevant local authorities in Malaysia for carrying out our

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## GENERAL INFORMATION ON OUR GROUP

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business activities at our premises in Johor Bahru and Kota Kinabalu. We have also obtained a written approval from the Malaysian Investment Development Authority to be exempted from obtaining a manufacturing licence under the Industrial Co-ordination Act 1975 for the manufacturing activities at our factory in Malaysia (Nusajaya). In addition, our associated company, HMS Energy Sdn. Bhd., which supplies products and services to exploration and oil and gas companies in Malaysia, has obtained a licence from Petroliam Nasional Berhad (“**Petronas**”) pursuant to the Petroleum Development Act 1974 which licence remains valid up to 3 June 2016. HMS Energy Sdn. Bhd. has also obtained a registration certificate issued by the Ministry of Finance, Malaysia which allows it to participate in procurements through quotation, tender or direct purchases with Malaysian governmental departments and agencies, which remains valid up to 2 November 2017. In Dubai, we have obtained a trade licence issued by the Dubai Multi Commodities Centre Authority (“**DMCCA**”) to carry on trading activities as well as a service licence issued by the DMCCA for the provision of our services in Dubai. Both licences issued by the DMCCA remain valid up to 12 August 2015. We intend to renew both licences and do not foresee any difficulty with such renewals.

As at the Latest Practicable Date, to the best of our knowledge, we have obtained all material licences, permits and approvals necessary for the conduct of our business operations.

### CERTIFICATIONS

As at the Latest Practicable Date, our Group has obtained ISO certifications in relation to the management and provision of products and support services for the inspection, repair, maintenance and installation of subsea and offshore structure as follows:

Date	Company	Certification	Issuing authority
3 February 2013	Nautic Group Pte. Ltd. <sup>(1)</sup>	ISO 9001:2008 Certification	Det Norske Veritas Certification B.V., The Netherlands
3 February 2013	Nautic Group Pte. Ltd. <sup>(1)</sup>	ISO 14001:2004 Certification	Det Norske Veritas Certification B.V., The Netherlands
3 February 2013	Nautic Group Pte. Ltd. <sup>(1)</sup>	OHSAS 18001:2007 Certification	DNV Business Assurance Pte. Ltd., Singapore

**Note:**

(1) Now known as NauticAWT Limited.

### QUALITY ASSURANCE AND SAFETY

#### QEHS Policy

We are dedicated to providing the highest standard of health and safety, and providing and maintaining safe and healthy working conditions and equipment to all our employees. We are committed to providing quality professional engineering services and products, developing long-term relationships, adapting to the changing needs of our clients and the industry, meeting and exceeding client’s expectations and being a contributing member to the communities where we work and live. Our commitment to business excellence is encapsulated in the following principles:

- We endeavour to deliver services that meet or exceed the requirements set out by our clients and the relevant regulatory authorities. We shall comply with all the established procedures, quality standards, environmental, safety standards and regulations.

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## GENERAL INFORMATION ON OUR GROUP

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- We are accountable for the quality, environmental, health and safety of our work and will perform to the best of our capabilities at all times. We are committed to preventing, eliminating, minimising and controlling risk, ill-health or pollution due to occupational health and safety hazards, environmental aspects and will comply with all applicable environmental, occupational, health and safety, legal and other requirements.

We communicate our QEHS policy with our clients, employees, vendors, subcontractors, and partners and solicit their input to enable us to meet their expectations. We actively promote our QEHS policy across all levels of our Group and we encourage our employees to embrace QEHS as their personal commitment. We shall report reportable errors or incidents to the relevant parties and are committed to an open reporting culture. We encourage sharing of information on our QEHS policy.

We consistently strive to improve our QEHS policy through learning, sharing, benchmarking, innovating and participating in continual improvement programmes. We aim to eliminate all causes of fatal and major incidents from our workplace and we target for continual improvement on incidence rate. We shall establish and maintain appropriate controls and conduct periodic reviews of our attainment of set goals.

The QEHS standards of our Group are set forth centrally from Singapore but are locally managed and enforced by our regional offices.

### **Quality Management System**

Our QMS comprises the following:

- the quality manual which provides an overview of our QMS and its associated documentation (the “**QMS Manual**”); and
- the quality system procedures which set out the necessary control measures as per the requirements of the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards (the “**Quality System Procedures**”). All certificates were issued by Det Norske Veritas Certification B.V., The Netherlands or DNV Business Assurance Pte. Ltd., Singapore.

#### *QMS Manual*

The QMS Manual refers to documented procedures established as part of our QMS. The QMS Manual documents our QMS to demonstrate our Company’s ability to consistently provide products and services that meet our customers’ and regulatory requirements. The QMS Manual applies to our process, i.e. projects (engineering and offshore operations), innovations, strategic planning, human resources, administration, sales, procurement and QEHS functions.

The QMS Manual is used internally to guide our employees through the various requirements of the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards. These standards must be adhered to in order to ensure customer satisfaction, health and safety, continual improvement and provide the necessary instructions that create an empowered work force.

Externally, the QMS Manual is used to introduce our QMS to our clients and/or other external organisations. The QMS Manual is used to familiarise them with the controls that have been implemented and to assure them that the integrity of our QMS is maintained and focused on customer satisfaction and continual improvement.

### **Quality System Procedures**

As part of our QMS, we have developed specific standard operating procedures, safe working procedures and a comprehensive quality assurance/quality control documents. These are specifically designed to plan, implement, monitor, review and correct our activities.

## GENERAL INFORMATION ON OUR GROUP

Our standard operating procedures aim to provide guidelines for performance measurement and monitoring of our QMS so that works/activities carried out under our QMS are:

- in conformance to desired standards and standard requirements;
- in accordance with specifications; and
- in compliance with the applicable QEHS legal and other requirements.

Our standard operating procedures also ensure that our QMS continues to be relevant and effective in achieving our QEHS policies and its objectives are in line with the standards in the global oil and gas industry.

We conduct an internal audit at least once a year to verify the effectiveness of our QMS and to ensure compliance with the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards. All discrepancies found during the internal audit shall be documented and investigated for the cause of the non-conformance and counter measures will be introduced to prevent recurrence. The department manager responsible shall ensure that the corrective actions are taken without undue delay and there will be follow-up to verify the effectiveness of the corrective actions implemented.

### MAJOR CUSTOMERS

Our revenue is generally project-based. The revenue contribution from any particular customer depends on the size and duration of the project and whether it has any activities in the regions where we serve. As such, our list of major customers tends to vary from year to year.

Our major customers accounting for 5.0% or more of our total revenue for each of FY2012, FY2013, FY2014 as well as pro forma FY2014 are as follows:

Name of customer	Products and services categorised by business segment	As a percentage of our revenue (%)			
		FY2012	FY2013	FY2014	Pro Forma FY2014
Heerema Americas	Subsea and Surface Facilities and Advanced Material Solutions	4.9	31.5	23.9	11.3
Brunei Shell	Subsea and Surface Facilities and Advanced Material Solutions	–	11.3	21.3	10.0
ARP	Subsurface and Wells	–	–	9.8	4.6
PTSC	Subsea and Surface Facilities and Advanced Material Solutions	–	0.8	6.9	3.2
PT Jova	Subsea and Surface Facilities and Advanced Material Solutions	–	1.3	5.8	2.7
Murjan	Subsea and Surface Facilities and Advanced Material Solutions	–	4.7	5.6	2.6
SPI	Subsurface and Wells	–	–	4.9	26.2
Daewoo	Subsurface and Wells	–	–	4.1	7.0
PetroUsaha	Subsea and Surface Facilities and Advanced Material Solutions	3.9	6.7	1.5	0.7
Dragon Oil	Subsea and Surface Facilities and Advanced Material Solutions	2.3	7.6	0.5	0.2
John Holland	Advanced Material Solutions	54.3	21.5	–	–
Chung Fung	Subsurface and Wells and Advanced Material Solutions	22.4	10.8	–	–
Radiant Utama	Subsea and Surface Facilities and Advanced Material Solutions	5.2	–	–	–

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## GENERAL INFORMATION ON OUR GROUP

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In late FY2012, we entered into a contract with Heerema Americas for the provision of grouting installation services for the development of oil fields in the Bay of Campeche, Mexico. The project was completed in FY2014.

Brunei Shell is a new customer which we had secured in the third quarter of 2013 for the provision of well integrity services including downhole high pressure cleaning, inspection and injection of UHPC materials to arrest on-going corrosion in the well string. The contract is valid for five (5) years commencing on 3 July 2013 with an option for extension of one (1) year and upon expiry of the 6<sup>th</sup> year, an additional extension for one (1) year.

In FY2014, we entered into a contract with ARP to inspect a damaged conductor pipe located in the Arabian Sea.

In FY2013, we entered into a contract with PTSC for jacket analysis, clamp design, fabrication supervision and offshore UHPC clamp installation for a newly installed wellhead platform as part of the Hai Su Trang Field Development offshore Vietnam.

We have worked with PT Jova in FY2013 and FY2014 on a number of subsea repair projects in various parts of Indonesia.

In FY2013 and FY2014, we provided pile inspection, engineering design, high pressure cleaning and UHPC clamp installation services to Murjan in relation to the Tarut Bay Pipeline Trestle Life Extension Project for Saudi Aramco, Saudi Arabia. A substantial part of the contract was carried out in FY2014.

We provided drilling, well testing, well services, project management and costing analysis to SPI (part of the InterOil Corporation) in relation to its exploration and appraisal programmes onshore in PNG in FY2014 which accounted for 5.0% of our revenue in FY2014 and 26.3% of our pro forma revenue in FY2014.

We provided drilling design and drilling management services to Daewoo for its drilling programme at the Gorae-D-1 Project in FY2014 which accounted for 4.1% of our revenue in FY2014 and 7.0% of our pro forma revenue in FY2014.

In FY2012, we entered into contracts with PetroUsaha for the provision of strengthening and installation services for subsea assets in the South China Sea, of which most of the work was carried out in FY2013.

In FY2012, we entered into a contract with Dragon Oil for the inspection and strengthening of jackets located in the Caspian Sea. A substantial part of the contract was carried out in FY2013 and the project was completed in early FY2014.

We supplied John Holland with our UHPC materials in FY2012 and FY2013. Our UHPC materials were used in the installation of mooring dolphin topsides for a Rio Tinto Limited iron ore jetty in Western Australia.

Our transactions with Chung Fung declined from FY2012 to FY2013 as a substantial part of the grouting works were carried out in FY2012. The project was completed in FY2013.

The contract with Radiant Utama in FY2012 was a one-off transaction for the strengthening of a mobile offshore production unit to be used as a permanent production unit as part of the Maleo Field Development offshore Indonesia (Java).

Save as disclosed above, there is no other customer who accounted for 5.0% or more of our total revenue for FY2012, FY2013, FY2014 and pro forma FY2014.

To the best of our knowledge, as at the Latest Practicable Date, we are not aware of any information or arrangement which would lead to a cessation or termination of our relationships with any of our major customers.

## GENERAL INFORMATION ON OUR GROUP

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders and their respective Associates has any interest, direct or indirect, in any of the above major customers.

There are no arrangements or understanding with any major customers pursuant to which any of our Directors and Executive Officers was appointed.

### MAJOR SUPPLIERS

Our major suppliers accounting for 5.0% or more of our total project cost for each of FY2012, FY2013, FY2014 as well as pro forma FY2014 are as follows:

Name of supplier	Products and services	As a percentage of our project cost <sup>(1)</sup> (%)			
		FY2012	FY2013	FY2014	Pro Forma FY2014
Dulam	Subcontracting services	–	0.2	19.7	7.9
DSV Group	Logistics services	23.4	31.7	17.4	7.0
Joffren	Supply of manpower and equipment rental	– <sup>(2)</sup>	2.6	5.2	2.1
JMJ	Raw materials	1.9	6.9	2.8	1.1
Aalborg Portland Group	Raw materials and dry mixing services	3.0	16.5	2.3	0.9
Sinter	Marketing services	12.4	7.9	–	–
BASF	UHPC pre-mix products	37.4	–	–	–
Densit	UHPC pre-mix products and rental of equipment and supply of personnel	6.1	–	–	–

#### Notes:

(1) Project cost refers to the purchases made from third parties for purpose of executing our projects.

(2) Less than 0.1%.

Dulam was engaged as a subcontractor for a subsea inspection project in Middle East in FY2013 which was completed in FY2014.

DSV Group is our main freight forwarder handling the majority of our mobilisation and demobilisation for projects. In addition, they handle the freights of raw materials and finished goods.

Joffren was engaged as a contractor for the supply of manpower and equipment required for our grout installation project in Brunei.

Purchases of raw materials from JMJ increased from FY2012 to FY2013 as we started producing our own UHPC pre-mix products. The purchases of raw materials from JMJ decreased in FY2014 due to less UHPC pre-mix products sold as part of our services.

Purchases of raw materials and related dry mixing services from Aalborg Portland Group had increased from FY2012 to FY2013 as we only commenced procurement of such raw materials and related dry mixing services from the third quarter of FY2012. However, in FY2014, there was a decrease in our purchases from Aalborg Portland Group as we started to manufacture our NAX™ pre-mix products at our production facility in Malaysia (Nusajaya).

Brokerage was paid to Sinter Company as part of the marketing services to secure a project.

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## GENERAL INFORMATION ON OUR GROUP

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In FY2012, we purchased UHPC pre-mix products from BASF for our grout installation projects.

In FY2012, Densit supplied UHPC pre-mix products, equipment and personnel to our Group for our projects.

Save as disclosed above, there is no other supplier who accounted for more than 5.0% of our total project cost in the FY2012, FY2013, FY2014 and pro forma FY2014.

As at the Latest Practicable Date, we do not have any long-term or exclusive arrangements with any of our major suppliers.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders and their respective Associates has any interest, direct or indirect, in any of the above major suppliers.

There are no arrangements or understanding with any major supplier pursuant to which any of our Directors and Executive Officers was appointed.

### CREDIT MANAGEMENT

#### Credit terms to our customers

Our Group extends credit terms typically ranging from 45 to 90 days to our customers. The credit terms extended to every customer may differ as we would take into account the nature of the contract, creditworthiness of the customer, cost structure of the project, payment history of the customer and the relationship we have with the customer.

Our average trade receivables turnover days during FY2012, FY2013 and FY2014 were as follows:

	FY2012	FY2013	FY2014
Average trade receivables turnover days <sup>(1)</sup>	62	103	90

**Note:**

(1) The average trade receivables turnover days = (average trade receivables (net of allowance for impairment on trade receivables)/revenue) x number of calendar days, being 366 days for FY2012 and 365 days for FY2013 and FY2014.

The increase in trade receivables turnover from 62 days in FY2012 to 103 days in FY2013 was mainly due to more revenue being recognised at the end of FY2013 as a result of billing milestones achieved for two (2) of our major customers, Heerema Americas and Murjan. The improvement in trade receivables turnover from 103 days in FY2013 to 90 days in FY2014 was mainly due to increased management effort during debt collection.

#### Credit terms from our suppliers

All credit terms with suppliers are determined and negotiated on a case-by-case basis. The credit terms granted to us by our suppliers range from 30 to 60 days, taking into account factors such as our relationship with the suppliers and the size of the transactions.

Our average trade payables turnover days during FY2012, FY2013 and FY2014 were as follows:

	FY2012	FY2013	FY2014
Average trade payables turnover days <sup>(1)</sup>	66	101	71

**Note:**

(1) The average trade payables turnover days = (average trade payables/purchases) x number of calendar days, being 366 days for FY2012 and 365 days for FY2013 and FY2014.

Average trade payables turnover days increased from 66 days in FY2012 to 101 days in FY2013 due to more purchases made at the end of FY2013 to fulfil our project requirements for two (2) of our major customers, Heerema Americas and Murjan.

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## GENERAL INFORMATION ON OUR GROUP

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Average trade payables turnover days decreased from 101 days in FY2013 to 71 days in FY2014 due to prompt payments made to suppliers.

### INVENTORY MANAGEMENT

Our inventories comprise raw materials required for the manufacture of our NAX™ pre-mix products, and our NAX™ pre-mix products. For the storage of our inventories, we undertake necessary measures to ensure that inventories that are susceptible to quality deterioration or hazardous are properly and safely stored.

We purchase raw materials as and when required based on project and budget requirements. We only maintain minimum raw materials to accommodate urgent project requirements. We have a computerised inventory management system in place which tracks the movement of our inventory. As we produce our NAX™ pre-mix products only on a project basis, we have not made material inventory provisions or write-offs in the last three (3) financial years.

Our average inventory turnover days during FY2012, FY2013 and FY2014 were as follows:

	FY2012	FY2013	FY2014
Average inventory turnover days <sup>(1)</sup>	14	33	17

**Note:**

- (1) The average inventory turnover days = (average inventory balance/purchases) x number of calendar days, being 366 days for FY2012 and 365 days for FY2013 and FY2014.

Average inventory turnover days increased from 14 days in FY2012 to 33 days in FY2013 due to more inventories kept by our Group in order to meet the project demand, including the project with Heerema Americas, for the first quarter of FY2014, which had increased our average inventory balances.

Average inventory turnover days decreased from 33 days in FY2013 to 17 days in FY2014 due to completion of grout installation services in the fourth quarter of FY2014 for our major customer, Heerema Americas.

### COMPETITION

The competitive landscape varies across our business segments.

For our Subsurface and Wells business segment, we face competition from both local and international companies, with respect to rates, technical capability, relevant experience and geographic location being the main competitive parameters. Local and foreign competition within the sector is constantly changing with new players, mergers and acquisitions. Those within the sector that have developed long-term client relationships and strong track records of delivery have remained within a constantly evolving and changing sector. To the best of our knowledge, some of our major competitors are Risc Operations Pty Ltd, Leap Energy Partners Sdn Bhd, AGR Group ASA and SPD Drilling Limited.

For our Subsea and Surface Facilities business segment (engineering and design services), there is intense competition from both local and international companies. Day rates (for labour) is the overall governing competitive parameter but company track record and experience of engineering personnel also forms part of the competitive landscape. To the best of our knowledge, some of our major competitors are Amec Foster Wheeler plc, Genesis Oil and Gas Consultants Ltd, RNZ Integrated (M) Sdn Bhd, Global Process Systems Pte. Ltd., EDG Asia Pacific Pte. Ltd., Cb & I Clough Jv Pte Ltd and PVE Metal Engineering Pte Ltd.

For our Subsea and Surface Facilities business segment (subsea strengthening and repair services, conductor and well repair services, grout installation services and pipeline assessment and intervention services), we compete on price of UHPC and HPC materials, day rates for crew and day rates for equipment. To the best of our knowledge, some of our major competitors for our Subsea and Surface Facilities business segment (subsea strengthening and repair services, conductor and well repair services, grout installation services and pipeline assessment and intervention services) are FoundOcean Limited and ULO Systems LLC.

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## GENERAL INFORMATION ON OUR GROUP

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For our Advanced Material Solutions business segment, UHPC and HPC materials are manufactured by a few companies worldwide. As such, the operational and mechanical properties, and price of the UHPC materials are the main competitive factors. To the best of our knowledge, some of our major competitors are Densit Aps and BASF.

None of our Directors, Substantial Shareholders and any of their respective Associates has any interest, direct or indirect, in any of our above-mentioned competitors.

For a discussion of the competitive risks we face in our business, please refer to the section entitled “Risk Factors — Risks Relating to our Industry and Business – We operate in competitive industries” of this Offer Document.

### COMPETITIVE STRENGTHS

We have identified several key factors that have and will continue to enable us to compete effectively. We believe that our competitive strengths are as follows:

#### **We have experienced key personnel and a well established track record**

The key personnel of our Group comprising our Executive Directors, our Executive Officers, and our sales and engineering teams have among them in aggregate more than 300 years of experience within the oil and gas industry corresponding to 14 years on average per team member.

The teams have been involved in more than 1,500 engineering and consultancy projects within our Subsurface and Wells business segment and more than 100 Subsea and Surface Facilities projects worldwide. Through these projects, we have developed long-standing relationships with many customers. We have established a proven track record of providing reliable engineering and contracting services to our customers. These include well known oil and gas companies such as Woodside Petroleum Ltd, Chevron Australia Pty Ltd, Sarawak Shell Berhad, Brunei Shell, Petronas Carigali Sdn Bhd, Santos Asia Pacific Pty Ltd, Talisman Malaysia Limited as well as major contractors such as Larsen and Toubro Hydrocarbon Engineering Limited (India), Heerema Americas and Heerema Marine Contractors Nederland B.V.

We maintain regular contact with our customers and suppliers, who provide us with regular updates on market trends and new technological developments in the industry which enable us to better understand our customers’ requirements.

#### **We offer a comprehensive range of technical and commercial solutions**

We believe that our multi-disciplined offerings from our Subsea and Surface Facilities, and Subsurface and Wells business segments provide us with a point of competitive differentiation. We deliver customised technical greenfield development services and brownfield enhancement and extension solutions, with our strength being that we provide these offerings not only as stand-alone solutions but also as an integrated package. This gives us the ability to build long-term relationships with our clients through continuity of engagement across numerous technical disciplines. This also provides us with the capability to offer turn-key solutions for the redevelopment of mature and ageing fields, where executing production enhancement and decommissioning work programmes require multiple technical skill sets, which we efficiently integrate to reduce client risk and maximise the asset outcome.

#### **We offer a unique range of UHPC and HPC materials**

Our in-house cement technology and our ability to develop and produce pre-mix products for subsurface, subsea and surface applications give us a competitive advantage as these allow us to offer cost efficient installation, and repair and strengthening solutions for requalification and life extensions of subsea structures.

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## GENERAL INFORMATION ON OUR GROUP

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Increasing the structural capacity of braces and joints by injecting UHPC materials or deploying UHPC grouted clamps and sleeves is a cost effective and technically efficient option available. The injection of UHPC materials in tubular members, which in compression reach strengths that are similar to steel, is a swift operation with little offshore work involved compared to cutting and replacing tubular members by underwater welding. The application of UHPC materials significantly increases the structural capacity of both tubular braces and fatigue exposed joints.

The use of HPC materials significantly reduces the risk of leakage, eliminates the need for circulation and results in significantly less material usage and contingency requirement. Due to the high viscosity and the high inner cohesion of the mixed material, there is a low risk of cement dispersion or dilution resulting in faster offshore installation operations.

### **We have an extensive global reach**

We operate in an international industry and inherent to our success is the ability to actively deliver solutions for our clients in numerous locations. With our headquarters in Singapore, our global operational footprint includes Southeast Asia, Australasia, Middle East, Latin America and India with sales and project management offices in Australia (Brisbane and Perth), Mexico (Mexico City and Ciudad Del Carmen), UAE (Dubai), India (Mumbai), Malaysia (Kuala Lumpur and Kota Kinabalu) and Brunei (Kuala Belait). Our extensive geographical capability allows us to manage our projects locally thus enabling us to respond to client needs more promptly.

### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

We strive to be a world-class services provider, a responsible corporate citizen and a good employer.

We believe that the best way to achieve sustainable success as a company is to act in the long-term interests of both our stakeholders and our society.

Our goal of developing projects efficiently and responsibly provides sustainable benefits to the communities in which we operate. By placing a priority on hiring and enhancing the skills of local personnel and procuring materials and services locally, we make the community more financially sound.

Keeping a relentless focus on safety is naturally a top priority for us. Rigorous management of risk helps to protect the people at the frontline, the places in which we operate and the value we create.

We monitor our performance closely and aim to report in a transparent way. We believe good communication and open dialogue are vital if we are to meet the expectations of our employees, customers, stakeholders and the local communities in which we operate.

Our policies are summarised below:

- We shall ensure a high level of business performance while minimising and effectively managing risk ensuring that we uphold the values of honesty, partnership and fairness in our relationships with all our stakeholders.
- We shall support the development of our external stakeholders through led training courses and using our facilities for our business partners to hold seminars and industry meetings.
- Our contracts will clearly set out the agreed terms, conditions and the basis of our relationship and will operate in a way that safeguards against unfair business practices.
- We shall encourage suppliers and contractors to adopt responsible business policies and best practices.
- We shall encourage proactive dialogue with local communities for mutual benefit.
- We shall support and encourage our employees to help local community organisations and activities in our region, particularly our employee chosen charities.

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## GENERAL INFORMATION ON OUR GROUP

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- We, being an advocate for our industry, shall work with local schools, colleges and universities to assist young people in choosing their future careers.
- We shall operate an equal opportunities policy for all present and potential future employees and will offer our employees clear and fair terms of employment and provide resources to enable their continual development.
- We shall maintain a clear and fair employee remuneration policy and shall maintain forums for employee consultation.
- We shall provide safeguards to ensure that all employees of whatever nationality, colour, race or religious belief are treated with respect and without sexual, physical or mental harassment.
- We shall provide and strive to maintain a clean, healthy and safe working environment in line with our QEHS policy.
- We shall fully integrate environmental policies and objectives into our business planning cycle and constantly strive to go beyond what is generally regarded as acceptable business practices with respect to the environment.

In 2014, Nautic Brunei visited a retirement home in conjunction with the Chinese Lunar New Year and also held a blood donation drive.

### SEASONALITY

Our activities in the South China Sea are reduced to a minimum during the monsoon period from December through to February. Hence, we have in the past experienced reduced lagged revenues during the period from January through to March. Save as disclosed above, we do not experience any significant seasonality in the course of our business.

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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### BACKGROUND OF OUR INDUSTRY

Oil and gas are natural resources of great economic importance and provide approximately 60.0% of all the energy used. They provide fuel for transport and are vital for heating, lighting and cooking. They are also refined into products for the manufacture of synthetic fabrics, plastics, fertilizers, detergent and many other purposes.

The oil and gas industry is considered to be one of the biggest sectors in the world in terms of dollar value, and is a global powerhouse employing hundreds of thousands of people worldwide as well as generating hundreds of billions of dollars globally each year. In regions which house the major national oil companies, these oil and gas companies are so vital that they often contribute a significant amount towards national gross domestic product and state revenues.

The oil and gas industry is divided into upstream and downstream activities. The upstream activities include searching for underground crude oil and natural gas fields, drilling of exploratory wells, and subsequently drilling and operating the wells that recover and bring the crude oil and/or natural gas to the surface and on to refineries. The downstream activities include the refining of crude oil and purifying natural gas as well the marketing and commercial distribution of these products to consumers and end users in a number of forms including: natural gas, diesel oil, petrol, gasoline, lubricants, kerosene, jet fuel, asphalt, heating oil, liquefied petroleum gas as well as a number of other types of petrochemicals.

We are engaged in servicing the upstream segment of the oil and gas industry, which activities are typically divided into the phases of (i) Exploration, (ii) Appraisal and Development, (iii) Production, and (iv) Decommissioning. Though we are engaged in all phases, the focus of our activities is within the production phase and in particular the later stage of this phase where production enhancement solutions and service life extension solutions are required to maintain and/or increase production from mature and ageing fields. We are primarily engaged in production upstream activities on the continental shelves (shallow water) and in onshore upstream activities.

### PROSPECTS

The overall annual investment in the oil and gas upstream market has steadily increased from approximately US\$230.0 billion in 2000 to approximately US\$700.0 billion in 2013<sup>(1)</sup>, a period during which we believe, based on industry reports, the annual average price of oil has fluctuated between US\$26 per barrel and US\$111 per barrel.

To meet future demand, annual investment is expected to rise steadily to US\$850.0 billion over the next two decades.<sup>(1)</sup> Hence, barring unforeseen circumstances and regardless of short term oil price fluctuations caused by geopolitical issues, we believe that the underlying demand for our services is likely to remain positive in the foreseeable future.

Given the present low oil price environment, we are of the view that the focus of National Oil Companies (“**NOCs**”) and Independent Oil Companies (“**IOCs**”) will be on producing “cheap oil” rather than undertaking frontier exploration. Together with conventional onshore production, the continental shelves are where the cheapest oil and gas have historically been produced and this is the market segment from which we are currently generating the majority of our revenue. Additionally, low oil price usually results in a decline in the cost of capital intensive services, such as drilling rigs and barges, thereby strengthening the economics of mature field developments and undertaking abandonment work programme.

#### Note:

- (1) This information was extracted from the internet website of the International Energy Agency at [www.worldenergyoutlook.org/investment](http://www.worldenergyoutlook.org/investment). The International Energy Agency has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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### **Mature Oil and Gas Fields – Production Enhancement**

Based on industry reports, we believe that mature oil and gas fields currently account for more than 70.0% of the world's oil and natural gas production and with fewer new fields being discovered and a growth in ageing fields, increasing importance is being placed on maximising ultimate recovery of the world's mature oil and gas fields. A field is considered "mature" when overall production has started to decline following primary recovery efforts or when all of its "easy" hydrocarbons have been produced. Mature fields typically still contain about 30.0% of their original gas and 65.0% of their original oil.

We estimate that a 1.0% increase in the global recovery factor of mature fields would add the equivalent of two (2) years of global production to the reserve base, thereby creating an enormous opportunity for the industry and believe that governments in many countries are placing a growing emphasis on recovery and production enhancement in their legislation and fiscal terms.

Based on industry knowledge, we believe that mature fields can offer quick, low-risk access to supplies. However, the challenge is often marginal economics and technical complexity. In contrast to a new oil and gas field development, the opportunities presented by mature fields are often too small and incremental to command the attention of senior management. Top technical talent is allocated to the challenges of new frontiers in water depth, location, and reservoir characteristics rather than to those of legacy assets with incremental additions and ageing infrastructure.

Moreover, the value of local and rapid decision-making increases dramatically in the context of mature fields, and this can be at odds with the increasingly structured and coordinated approaches of many larger NOCs and IOCs. Decisions need to be made quickly regarding numerous small improvements with rapid payback, and facility-decommissioning schedules can create a "hard stop" for activity in a particular field. In addition, operations can come under severe strain in mature fields. Ageing wells and facilities present integrity and reliability challenges, making operations less predictable and potentially damaging to performance.

In response to these challenges, we are of the view that many larger operators believe that their capital is better deployed funding long-term growth investments and have in recent years started divesting mature fields to smaller or more focused specialists who often lack the in-house technical capability to maximise returns from these assets.

Having engineered international production enhancement solutions for a variety of assets and clients over the past 18 years, our Subsurface and Wells business segment has extensive experience realising the potential of mature fields. Our combined technical capabilities which integrate our Subsurface and Wells expertise with the life extension solutions provided by our Subsea and Surface Facilities business segment, allow us the unique opportunity to offer the oil and gas market space both stand-alone technical solutions or integrated production enhancement programmes. Our Company's integrated offering includes turn-key solutions for the redevelopment of mature and ageing fields, where executing production enhancement and decommissioning work programmes require multiple technical skill sets, which we efficiently integrate to reduce client risk and maximise the asset outcome.

### **Sustainable Well Plugging Solutions**

Southeast Asia has a number of fields reaching the end of their production life with no opportunity for further production enhancement. In most geographic locations, there is a regulatory and environmental requirement for operators to abandon these fields, which will include the removal of the surface facilities and decommissioning of the wells. As fields mature, the issue of decommissioning increases in importance with many operators currently assessing work programmes in the context of reduced rates for capital intensive equipment required to undertake these activities.

We estimate, based on industry knowledge, that more than 5,000 wells will need to be decommissioned in the Southeast Asia region alone over the next five (5) to 10 years and that will require US\$5.0 to US\$10.0 billion worth of expenditure. Our in-house well engineering and drilling expertise combined with our materials technology for creating sustainable barriers in the well bore allows us to participate in this market with a strong competitive advantage.

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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Similar to our integrated offering for mature fields, our integrated technical capabilities allow us the unique opportunity to offer the oil and gas market space both stand-alone technical solutions or integrated programme. We are able to deliver turn-key solutions for the decommissioning and abandonment of ageing fields as these work streams require multiple technical skill sets, which we efficiently integrate to reduce client risk and maximise the asset outcome.

### TREND INFORMATION

Based on the revenue and operations of our Group as at the Latest Practicable Date, we have observed the following trends for FY2015:

- (a) The second half of 2014 has seen a significant drop in the oil price which prompted many upstream operators to reduce their expenditure. This in turn has had a negative impact on companies serving the upstream industry and many of them have reduced their expenditures in anticipation of reduced revenues. However, there still seems to be a strong focus on existing producing assets as our Group has seen no decline in requests for proposals pertaining to service life extensions and repair of existing assets.
- (b) We expect an increase in our Group's revenue arising from the 12-month revenue contribution from the Acquisition as compared to one (1) month revenue contribution in FY2014. We expect growth in revenue for our existing Subsea and Surface Facilities and Advanced Material Solutions business segments.
- (c) We expect an increase in our cost of sales and operating expenses for FY2015 arising from the 12-month cost contribution from the Acquisition as compared to one (1) month cost contribution in FY2014, Listing expenses and on-going compliance costs.
- (d) Subject to the fluctuations of the US\$ against the S\$ and the A\$, any strengthening of the US\$ will have a positive impact on our profit given that our fixed corporate overheads are mainly denominated in the S\$ and the A\$.

Save as disclosed above, in the sections entitled "Risk Factors", "Management Discussion and Analysis of the Results of Operations and Financial Position" and "Prospects, Business Strategies and Future Plans" of this Offer Document, and barring any unforeseen circumstances, we believe that there are no other significant recent known trends in the production, sales and inventory, and in the costs and selling prices of our products and services, or other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our Group's revenue, profitability, liquidity and capital resources, or that would cause the financial information disclosed in this Offer Document to be not necessarily indicative of our Group's future operating results or financial condition. Please also refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document for more details.

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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### ORDER BOOK

As at the Latest Practicable Date, our Group had outstanding call-off contracts worth approximately US\$34.6 million to be recognised in FY2015 and FY2016.

### BUSINESS STRATEGIES AND FUTURE PLANS

#### **We intend to further strengthen our contracting services by investing in capital equipment**

We intend to strengthen our contracting services by investing in more capital equipment in the various regions in which we are operating as this reduces mobilisation time and costs. We intend to allocate up to S\$1.3 million of the net proceeds raised from the Invitation to partially fund the purchase of such new capital equipment. Any remaining balance required for such capital expenditure will be financed through internal resources and/or borrowings from financial institutions.

#### **We intend to expand and diversify our business and service offerings through, *inter alia*, investments, acquisitions and/or joint ventures**

We plan to expand and diversify our business and service offerings in the oil and gas industry either through our own investments or through potential acquisitions and joint ventures with parties who can provide synergistic value to our existing business.

We intend to continue to grow by proactively assessing and acquiring companies which are strategically positioned to supplement and/or strengthen our existing capabilities within the oil and gas, and energy industries, as and when opportunities arise.

As at the Latest Practicable Date, we have not entered into definitive agreements with any potential party to acquire potential businesses or to form joint ventures and/or strategic alliances. We will carefully consider any such projects and/or opportunities and undertake review and evaluation to determine whether such transactions will benefit our business.

We intend to allocate S\$0.4 million of the net proceeds raised from the Invitation to partially fund the expansion of our business and service offerings in the oil and gas industry. Any additional financing required for these expansion plans will be financed through internal resources and/or borrowings from financial institutions.

#### **We intend to market our expanded portfolio of services to our existing client networks and new markets**

With the expansion of our portfolio of services resulting from the Acquisition, we intend to offer production enhancement turn-key solutions for ageing and depleting oil and gas fields. With the brownfield expertise of our Subsea and Surface Facilities, and Subsurface and Wells business segments, we intend to market our combined services to the operators of depleting fields and offer them cost-efficient production enhancement solutions to boost their oil and gas outputs.

We have expanded our global footprint with offices strategically located worldwide. Going forward, we intend to market our expanded services within the client networks of our regional offices in Southeast Asia, Australasia, Middle East, Latin America and India and to new markets in Europe.

The expansion will be financed through internal resources and/or borrowings from financial institutions.

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## GOVERNMENT REGULATIONS

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We are subject to all relevant laws and regulations of the countries where our business operations are located and may be affected by policies which may be introduced by the relevant governments from time to time. The following sets out the relevant laws and regulations which are generally applicable to our business:

### **Singapore**

As at the Latest Practicable Date, the business operations of our Group are not subject to any special legislation or regulatory controls other than those generally applicable to companies and business incorporated and/or operating in Singapore.

### **Australia**

#### *Foreign investment in Australia*

Certain foreign investment proposals need to be notified to the Foreign Investment Review Board (the “**FIRB**”) under the FATA for review and approval by the Treasurer of the Commonwealth of Australia (the “**Treasurer**”). Australia’s Foreign Investment Policy also sets out circumstances in which foreign investment proposals require notification to the FIRB.

The Treasurer has broad powers under the FATA to block or make divestment orders in relation to certain foreign investment proposals where the Treasurer considers the proposal to be contrary to Australia’s national interest.

Generally, acquisitions by a single foreign person (and any associate) of 15.0% or more, or by several foreign persons (and any associates) of 40.0% or more, of an interest in the voting power in an Australian corporation having total assets at above A\$252.0 million requires notification to the FIRB. Acquisitions by foreign persons of assets comprising an Australian business valued at above A\$252.0 million also require notification to the FIRB, other than an acquisition by a foreign person of an interest in Australian urban land, which requires notification irrespective of value.

The A\$252.0 million threshold referred to above has been increased to A\$1,094.0 million for prescribed investors from Chile, Japan, South Korea, New Zealand and the United States of America.

In relation to foreign governments, any direct investments by foreign governments or their related entities (including state-owned enterprises and sovereign wealth funds) require notification to the FIRB, irrespective of value.

### **Brunei Darussalam**

#### *Companies Act, Cap 39*

Under Section 138 of the Companies Act of Brunei Darussalam, a local company incorporated in Brunei Darussalam is required to have at least two (2) directors, one (1) of whom or where there are more than two (2) directors, at least two (2) of the proposed number of directors must be ordinarily resident in Brunei Darussalam. A person, regardless of his nationality is “ordinary resident” in Brunei Darussalam if he resides continuously in Brunei Darussalam for 183 days or more, after which he is issued an Ordinarily Resident Certificate by the Ministry of Finance. The Ordinarily Resident Certificate is obtained by application to the Ministry of Finance.

The management of the business of a locally incorporated company is carried out via its officers, namely the directors, and the directors usually express its decision via a board resolution. A locally incorporated company must:

- (a) appoint auditors;
- (b) prepare each year’s financial statements, accompanied by an auditor’s report;

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## GOVERNMENT REGULATIONS

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- (c) audit their accounts and reports to the shareholders;
- (d) file annual returns containing information on directors and shareholders with the Registrar of Companies and submit annual tax returns to the Collector of Income Tax at the Ministry of Finance; and
- (e) keep the following records consisting minutes of book of members' meeting, minutes of book of directors' meeting, minutes of book of managers' meeting, register of members, register of directors and managers and register of charges.

The Companies Act of Brunei Darussalam provides that each locally incorporated company is required to have a minimum of two (2) shareholders. The minimum paid-up capital is B\$2.00. The concept of a single shareholder is not permitted in Brunei.

### Employee social security

In Brunei, contributions by an employer to an employees' provident fund known as "Tabung Amanah Pekerja" ("TAP") and Supplementary Contributory Pensions Fund ("SCP") are compulsory. This only applies to employees who are citizens or permanent residents. Foreign employees do not qualify.

The employers and employees each contribute 5.0% of the gross monthly salary to TAP and 3.5% of the gross monthly salary (with minimum amount of B\$17.50 for employer's contribution and a maximum amount of B\$98 for employer's and employee's contributions) to SCP.

### Workmen Compensation Act, Cap 74

Every employer is required under the Workmen Compensation Act to insure and keep himself insured with an approved insurer in respect of any liability which the employer may incur to any workman employed by him. The definition of "workman" is defined to exclude a person employed otherwise than by way of labour whose earnings exceeds B\$750 per month. Also, the Workmen Compensation Act applies only if the employee works under a contract of employment, i.e. under a contract of service or a contract for the execution or performance of any work at the premises of the employer.

Other forms of insurance are not compulsory under law but may be taken out at the employer's own decision.

### Employment Pass

An employer should first apply to the Labour Department for permission to engage foreigners using the prescribed form stipulating detailed information of the employer and the nature and number of positions required to be filled up by a foreign employee and the experience of such employee. This is locally referred to as "labour quota".

Having received the "labour quota", the employer will then be eligible to engage an individual foreign employee by submitting a separate form (Form 500) to the Labour Department stipulating the information of the specific individual employee to be engaged together with a photocopy of his passport and photograph. There is a prescribed fee for the application.

### Workplace Safety and Health Order, 2009 ("WSHO")

It is the duty of every employer to take necessary measures, as far as is reasonably practicable, to ensure the safety and health of his employees at work and also to those who may be affected by any undertaking carried on by him at the workplace. The necessary measures provided in the WSHO are not exclusive and they include:

- (a) providing and maintaining a safe working environment, without risk to their health, and adequate facilities and arrangements for their welfare at work;
- (b) ensuring adequate safety measures are taken by those who use the machinery, equipment, plant, article or process;

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## GOVERNMENT REGULATIONS

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- (c) ensuring that the employees and/or anyone within the premises are not exposed to hazards;
- (d) developing and implementing procedures for emergency situations that may arise at work;
- (e) ensuring the employees have adequate instructions, information, training and supervision as is necessary to perform their work; and
- (f) maintaining any plant and systems at the workplace.

### Malaysia

#### Industrial Co-Ordination Act 1975 (“ICA”)

Pursuant to section 3(1) of the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. The ICA provides that the Minister of International Trade and Industry exempts from all provisions of the ICA, manufacturing activities with shareholders’ funds of less than RM2.5 million and with less than 75 full-time paid employees. Nautic Malaysia has obtained such an exemption issued by the Malaysian Investment Development Authority (one of the agencies for the Ministry of International Trade and Industry).

The ICA defines “manufacturing activity” as “the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade”.

#### Environmental Quality Act 1974 (“EQA”)

The EQA and the regulations and orders made thereunder are legislation related to the prevention, abatement, control of pollution and enhancement of the environment in Malaysia. The EQA states, *inter alia*, that the acceptable conditions for the emission, discharge or deposit of environmentally hazardous substances, pollutants or waste, or the emission of noise into any area, segment or element of the environment may be specified by regulations. The Director General of Environment has been appointed to administer the EQA and any regulations and orders made thereunder through the Department of Environment.

Our Group is subject to the following regulations made under the EQA:

- (a) Environmental Quality (Clean Air) Regulations 1978;
- (b) Environmental Quality (Scheduled Waste) Regulations 2005;
- (c) Environmental Quality (Industrial Effluent) Regulations 2009; and
- (d) Environmental Quality (Sewage) Regulations 2009.

#### Factories and Machinery Act 1967 (“FMA”)

The FMA relates to the control of factories with respect to matters regarding safety, health and welfare of persons therein, registration and machinery currently under operation. Some high risk machinery such as boilers, unfired pressure vessels, passenger lifts and other lifting equipment such as mobile cranes, tower cranes, passenger hoists, overhead travelling cranes and gondolas, must be certified and inspected by the Department of Occupational Safety and Health (“DOSH”). Pursuant to Section 19(1) of the FMA, no person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under the said act.

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## GOVERNMENT REGULATIONS

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Section 51(1) of the FMA provides that any person who installs or causes to be installed and/or operates or causes to be operated any machinery without a certificate of fitness shall be guilty of an offence and on conviction, be liable to a fine not exceeding RM5,000, and in the case of a continuing offence, be further liable to a fine not exceeding RM100 for each day or part of a day during which the offence continues.

### Occupational Safety and Health Act 1994 (“OSHA 1994”)

The OSHA 1994 came into force in February 1994. It covers all economic sectors, including the public services and statutory authorities, except those subject to the Merchant Shipping Ordinance and the armed forces. It was formulated with the intention of achieving a comprehensive legislation relating to the safety, health and welfare of the nation’s workforce. The DOSH is responsible for enforcing compliance with OSHA 1994.

The OSHA 1994 and the accompanying regulations oblige employers to provide and maintain safe plants, work systems, workplaces and working environments. Employers are also required to provide information, instruction, training and supervision to enable employees to perform the work in a safe manner and without risk to health.

It is the obligation of the employer to establish an occupational safety and health committee where there are more than 40 employees. The committee’s main function is to review the safety and health measures and investigate any matters arising. There must always be consultation between the employer and the committee on safety and health matters. Manufacturing activities employing more than 500 employees are required to employ a competent person to act as a safety and health officer at the place of work.

Breaches of the OSHA 1994 is an offence and shall, on conviction, be punishable with a fine not exceeding RM5,000, imprisonment for a term not exceeding two (2) years or to both.

### Petroleum Development Act 1974 (“PDA”)

The PDA and the regulations made thereunder are legislation related to the activities in the oil and gas industry in Malaysia (except for the supply of gas through the pipelines to consumers). The Petroleum Regulations 1974 provides, among others, that a licence from Petronas is required for, among others, any business or service involving the supply of equipment and facilities and services required in connection with the exploration, exploitation, winning and obtaining of petroleum in Malaysia. Any person who commences or continues any such business or service without a licence or fails to comply with any condition of any such licence shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding two (2) years or to both and in the case of a continuing offence he shall be liable to a further fine of RM1,000 for each day or part of a day during which the offence continues after the first day in respect of which the conviction is recorded.

### Goods and Services Tax Act 2014

Effective from 1 April 2015, all taxable supplies of goods or services made in Malaysia as well as importation of goods and services into Malaysia are subject to GST unless specifically exempted or given relief. A person is required to be registered where its taxable turnover in Malaysia within a period of 12 months has exceeded RM500,000. A breach upon conviction is punishable by a fine not exceeding RM30,000 or to imprisonment for a term not exceeding two (2) years or to both.

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## EXCHANGE RATES AND EXCHANGE CONTROLS

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### EXCHANGE RATES

Our financial statements are expressed in the US\$. The exchange rates for US\$:S\$ as outlined in the tables below are presented solely for information only.

The highest and lowest daily closing exchange rates between the US\$ and the S\$ for each of the past six (6) months prior to the Latest Practicable Date are as follows:

	US\$1.00 to S\$	
	Highest	Lowest
December 2014	1.3255	1.3029
January 2015	1.3542	1.3235
February 2015	1.3629	1.3447
March 2015	1.3927	1.3627
April 2015	1.3716	1.3174
May 2015	1.3509	1.3205

The following table sets forth, for the Period Under Review, the average and closing exchange rates between the US\$ and the S\$. The average exchange rates are calculated using the average of the closing exchange rates on the last day of each month during each financial period.

	US\$1.00 to S\$	
	Average	Closing
FY2012	1.2450	1.2218
FY2013	1.2535	1.2630
FY2014	1.2703	1.3255

As at the Latest Practicable Date, the exchange rate between the US\$ and the S\$ is US\$1.00:S\$1.3356.

The above exchange rates are quoted from Bloomberg L.P.<sup>(1)</sup> and should not be construed as representations that the US\$ amounts actually represent such amounts or could be converted into the S\$ at the rate indicated, or at any other rate, or at all.

Where applicable, the exchange rates in these tables are used for our Company's financial information disclosed elsewhere in this Offer Document. In certain parts of this Offer Document, we have converted the US\$ amounts into the S\$ amounts for the convenience of the potential investors of our Company, as appropriate.

**Note:**

- (1) Source: Bloomberg L.P. Bloomberg L.P. has not consented to the inclusion of the information set out under this section and is thereby not liable for this information under Sections 253 and 254 of the SFA. While we have taken reasonable action to ensure that the relevant information has been reproduced in its proper form and context, we have not verified the accuracy of such information.

The following is a description of the exchange controls that exist in the jurisdictions which our Group operates in.

### EXCHANGE CONTROLS

#### Australia

Under current Australian legislation, permission is not required for the movement of funds into or out of Australia. However, there is a prohibition on, or in some cases the specific prior approval of the Department of Foreign Affairs and Trade or Minister of Foreign Affairs must be obtained for, certain payments or other dealings connected with countries or parties identified with terrorism, or to whom United Nations or autonomous Australian sanctions apply.

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## EXCHANGE RATES AND EXCHANGE CONTROLS

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There are also obligations under Australian legislation which require reporting entities (such as banks and other financial corporations) to report cash transactions of A\$10,000 or more (or the foreign currency equivalent), suspicious transactions and international funds transfer instructions to the Australian Transaction Reports and Analysis Centre. The above-mentioned legislation is not in the ordinary course of our Group's business and is therefore unlikely to affect the availability or use by our Group or cash or cash equivalents that are located in Australia.

### **Brunei Darussalam**

As at the Latest Practicable Date, there are no foreign exchange control restrictions in Brunei Darussalam.

### **Dubai**

As at the Latest Practicable Date, there are no foreign exchange control restrictions in the UAE.

### **India**

India's exchange control regime is set out within the FEMA and the rules and regulations thereunder. FEMA regulates all inbound and outbound foreign exchange related transactions, in effect regulating (or managing) the capital flows coming into and moving out of the country. The RBI is given primary authority to regulate capital flows through the FEMA. Notably, Section 6 of FEMA authorises the RBI to manage foreign exchange transactions and capital flows in consultation with the central government.

Investments in the capital of the Indian companies are governed by FEMA, especially the Foreign Exchange Management (Transfer or Issue Of Security By A Person Resident Outside India) Regulation, 2000, under which a foreign company can make investments either under the automatic route or the approval route. All such investments are treated as "on repatriation" basis, which means Nautic India is allowed to distribute dividend to the foreign shareholders freely, subject to the fulfilment of the provisions of the Indian Company's Act, 2013. Further, the foreign shareholders are also allowed to transfer their shareholding to either resident buyer (subject to pricing norms of the RBI, as described below) or to a non-resident buyer.

As per the applicable Indian laws, rules and regulations (including Indian Company's Act, 2013), payment of dividends by Nautic India is permitted only out of its free reserves, if any, wherein, "free reserves" means such reserves which as per the latest audited balance sheet of a company, are available for distribution as dividend. As a result, Nautic India is restricted in its ability to transfer a portion of its profits to its shareholder in the form of dividends. Any restriction on the ability of Nautic India to pay dividends to us could materially and adversely limit our ability to grow, or make investments or acquisitions that could be beneficial to our businesses. Distributions by Nautic India to us in forms other than dividends may be subject to government approval and taxes.

In addition, any transfer of funds from our Company to Nautic India, either as a shareholder loan or as an increase in registered capital, may be subject to restrictions/approvals under FEMA and approval from the registrar of companies, respectively. These limitations on the flow of funds between our Company and Nautic India could restrict our ability to respond to changing market conditions or appropriately allocate funds to Nautic India in a timely manner.

### **Malaysia**

There are foreign exchange policies in Malaysia that support the monitoring of capital flows into and out of Malaysia in order to preserve its financial and economic stability. The foreign exchange policies are administered by the Foreign Exchange Administration department, an arm of BNM. The foreign exchange policies monitor and regulate both residents and non-residents. Under the current Financial Services Act 2013 ("FSA") and Foreign Exchange Administration notices ("FEA Notices") issued by BNM, non-residents are generally free to repatriate in foreign currency (other than the currency of Israel) any amount of funds in Malaysia at any time, including capital, divestment proceeds, profits and dividends arising from investment in Malaysia, subject to the applicable reporting requirements, and any withholding tax.

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## EXCHANGE RATES AND EXCHANGE CONTROLS

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As our Company is neither incorporated nor registered in Malaysia, we are a non-resident as defined under Section 213 of the FSA, for the purposes of the FEA Notices issued pursuant to the FSA.

Under Subsection 214(2) of the FSA, no person shall undertake or engage in any transaction set out in Schedule 14 (“**Schedule 14**”) except with the written approval of BNM.

Paragraph 3 of the Schedule 14 prohibits, the making of any payment by a person to another person including a payment:

- (a) to or for the credit of a non-resident;
- (b) by a resident or a non-resident;
- (c) as a consideration for or in association with:
  - (i) the receipt of a payment or the acquisition of a property, outside Malaysia, by any person; or
  - (ii) the creation in favour of, or the transfer to, any person, of a right to receive a payment or to acquire a property, outside Malaysia;
- (d) under a judgment or order of any court or an award of any arbitrator or under any written law in favour of a non-resident, or a resident outside Malaysia; or
- (e) for settlement of property in favour of a non-resident, or a resident outside Malaysia,

other than:

- (A) payment in RM between residents in Malaysia; and
- (B) payment in foreign currency between non-residents outside Malaysia.

Paragraph 4 of the Schedule 14 further prohibits, the receiving of any payment in paragraph 3 of the Schedule 14.

A “resident” under the FSA means:

- (a) a citizen of Malaysia, excluding a person who has obtained permanent resident status in a country or territory outside Malaysia and is residing outside Malaysia;
- (b) a non-citizen of Malaysia who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia;
- (c) a body corporate incorporated or established, or registered with or approved by any authority, in Malaysia;
- (d) an unincorporated body registered with or approved by any authority in Malaysia; or
- (e) the government of Malaysia or any state government of Malaysia.

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## EXCHANGE RATES AND EXCHANGE CONTROLS

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Under Notice 4 (which is one (1) of the series of FEA Notices regulating payments made in any foreign currency or RM), a resident is permitted, among others:

- (a) to pay to a non-resident any amount in foreign currency or RM for settlement for trade in goods or services;
- (b) to pay to a non-resident income earned or expense incurred in Malaysia in foreign currency or RM;
- (c) to pay to a non-resident in RM for the settlement of a RM asset, including any income and profit due from the RM asset.

A resident is allowed to make or receive payment in RM, in Malaysia, to or from immediate family members for any purpose.

In the event BNM introduces any restrictions in the future, we may be affected in our ability to repatriate dividends or distributions from our Malaysian subsidiaries.

### **Mexico**

As at the Latest Practicable Date, there are no foreign exchange control restrictions in Mexico.

### **Singapore**

As at the Latest Practicable Date, there are no foreign exchange control restrictions in Singapore.

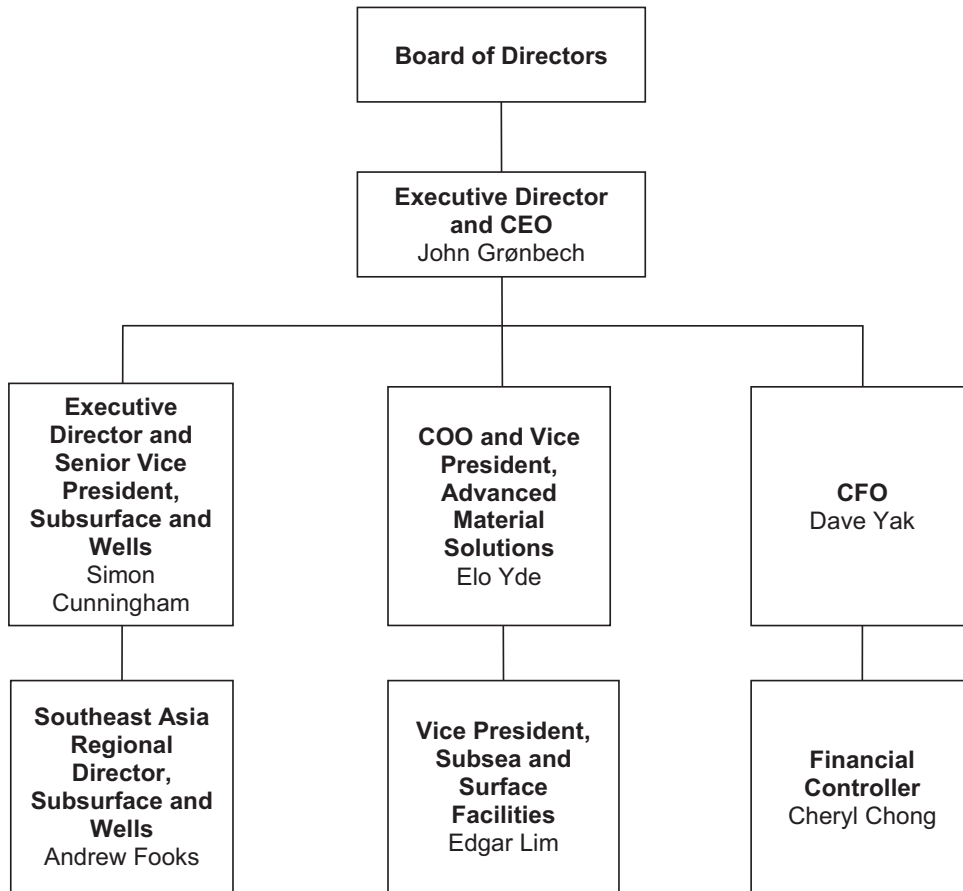
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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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### MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date:



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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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### DIRECTORS

Our Directors are entrusted with the responsibility for the overall management and formulation of the business strategies of our Group. The particulars of our Directors are set out below:

Name	Age	Residential address	Designation
Lim How Teck	64	11 Holland Link #01-79 Eleven @ Holland Singapore 275764	Chairman and Independent Director
John Grønbech	46	1 Chatsworth Road #04-23 Singapore 249745	Executive Director and CEO
Simon Cunningham	40	14 Wentworth Place Carindale Qld 4152 Australia	Executive Director and Senior Vice President, Subsurface and Wells
Tan Fuh Gih	61	7 Swettenham Road Singapore 248089	Non-Executive Non-Independent Director
Bjarne Strikert	62	Elmosevej 58, Fløjstrup DK-8330 Beder Denmark	Independent Director

None of our Independent Directors sits on the board of our Subsidiaries. Our Independent Directors do not have any existing or past business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders and their respective Associates. Each of our Independent Directors confirms that he is able to devote sufficient time and attention to discharge his duty as an independent director of our Company.

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Directors are set out below:

#### Lim How Teck

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 Swissco 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.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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### John Grønbech

John Grønbech is our Executive Director and CEO. He was appointed to our Board on 2 September 2011. He is responsible for setting the strategic business development and client management of our Group and oversees the overall management of our Group.

In 1995, Mr Grønbech was a guest researcher with the National Research Council of Canada where he conducted research on the hydraulic response of breakwaters. From 1995 to 1997, he continued such research as a part-time research assistant with the Aalborg University, Denmark. During this period, he was also a part-time design engineer with the State Port Authority of Denmark. From 1997 to 2001, he was a research engineer with the Danish Hydraulic Institute in Denmark and from 2001 to 2005, he was a project manager and engineer with the Malaysia branch of the Danish Hydraulic Institute. From 2005 to 2011, he was the managing director of Densit, where he introduced Densit's products to the oil and gas industries in Southeast Asia. In September 2011, he founded our Group and has since served as our CEO.

Mr Grønbech graduated from the Aalborg University, Denmark with Masters in Civil Engineering in 1995 and from the Charles Sturt University, Australia with a Masters in Business Administration (Executive) in 2003.

### Simon Cunningham

Simon Cunningham is our Executive Director and Senior Vice President, Subsurface and Wells. 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 overseeing the management of our Subsurface and Wells business segment.

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

Tan Fuh Gih is our Non-Executive and 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 the Main Board of the SGX-ST. In addition, he is a director of Kim Seng Holdings 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.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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### Bjarne Strikert

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

He is currently a partner of INTERLEX Advokater, a law firm in Denmark, since 2004. He was previously a partner at DELACOUR Limited partnership law company, also a Danish law firm, from 1982 to 2003. His main area of practice is in company and contract law and board memberships.

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.

Save as disclosed below and excluding their directorships held in our Company, none of our Directors currently holds or has held any directorships in any company in the past five (5) years preceding the date of this Offer Document:

Name	Present Directorships	Past Directorships
Lim How Teck	<p><i>Group Companies</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><i>Other Companies</i></p> <ul style="list-style-type: none"> <li>• Accuron Technologies Limited</li> <li>• ARA Asset Management Limited</li> <li>• ARA-CWT Trust Management (Cache) Limited</li> <li>• Greenship Offshore Manager Pte Ltd</li> <li>• Heliconia Capital Management Pte. Ltd.</li> <li>• Mizuho Securities (Singapore) Pte Ltd</li> <li>• PNG Sustainable Development Program Limited</li> <li>• Public Utilities Board</li> <li>• Redwood International Pte. Ltd.</li> <li>• Rickmers Trust Management Pte. Ltd.</li> <li>• Swiseco Holdings Limited</li> <li>• The Foundation for Development Cooperation</li> <li>• The Foundation for Development Cooperation (Pacific) Ltd</li> </ul>	<p><i>Group Companies</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><i>Other Companies</i></p> <ul style="list-style-type: none"> <li>• ACAL Holdings Pte Ltd</li> <li>• ACAL Underwriting Services Pte Ltd</li> <li>• Certis CISCO Security Pte Ltd</li> <li>• Recall Total Information Management Pte Ltd</li> <li>• Eng Kong Holdings Pte. Ltd.</li> <li>• Gold Prime Holdings Ltd</li> <li>• Horsburgh Maritime International Pte. Ltd.</li> <li>• Horsburgh Maritime Investments Pte. Ltd.</li> <li>• Horsburgh Maritime Pte. Ltd.</li> <li>• I Nuovi Cosmetics (S) Pte Ltd</li> <li>• IFS Capital Limited</li> <li>• Jurong Port Pte Ltd</li> <li>• Lasseters International Holdings Limited</li> <li>• Mermaid Maritime Public Company Ltd</li> <li>• Mewah International Inc. (Singapore Branch)</li> <li>• Philips Resources Fund Special Purpose Company</li> <li>• The Foundation for Development Cooperation (Singapore) Ltd</li> <li>• Tuas Power Ltd</li> <li>• Tuas Power Generation Pte. Ltd.</li> <li>• ACAL Underwriting Ltd (UK)</li> </ul>

## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Name	Present Directorships	Past Directorships
John Grønbech	<p><i>Group Companies</i></p> <ul style="list-style-type: none"> <li>• AWT International Pty Ltd</li> <li>• Nautic (B) Sdn Bhd</li> <li>• Nautic India Private Limited</li> <li>• Nautic Marine Pte. Ltd.</li> <li>• Nautic Materials Sdn Bhd</li> <li>• Nautic Offshore Mexico, S.A. de C.V.</li> <li>• Nautic Offshore Pte. Ltd.</li> </ul> <p><i>Other Companies</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>	<p><i>Group Companies</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><i>Other Companies</i></p> <ul style="list-style-type: none"> <li>• Densit Asia Pacific Sdn Bhd</li> </ul>
Simon Cunningham	<p><i>Group Companies</i></p> <ul style="list-style-type: none"> <li>• Advanced Well Technologies (Malaysia) Pty Ltd</li> <li>• Advanced Well Technologies (India) Pty Ltd</li> <li>• AWT International Pty Ltd</li> <li>• AWT (India) Pty Ltd</li> <li>• AWT International (Asia) Sdn Bhd</li> <li>• Energy Asset Innovation (EAI) Pty Ltd</li> </ul> <p><i>Other Companies</i></p> <ul style="list-style-type: none"> <li>• HMS Energy Sdn. Bhd.</li> </ul>	<p><i>Group Companies</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><i>Other Companies</i></p> <ul style="list-style-type: none"> <li>• Ascent Resources PLC</li> <li>• MBA Consultants Pty Ltd (deregistered)</li> </ul>
Tan Fuh Gih	<p><i>Group Companies</i></p> <ul style="list-style-type: none"> <li>• Nautic Offshore Pte. Ltd.</li> </ul> <p><i>Other Companies</i></p> <ul style="list-style-type: none"> <li>• Apex Dynamic Investments Limited</li> <li>• China Enterprises Ltd</li> <li>• Cosmos Worth Company Ltd</li> <li>• Double Dragon Energy Holdings Ltd</li> <li>• FG Capital Pte. Ltd.</li> <li>• GSP Atlas Ltd</li> <li>• GSP Orizont Ltd</li> <li>• Hadi International Marine Services Pte. Ltd.</li> <li>• HCS Management Services Pte. Ltd.</li> <li>• HCS Ventures Pte. Ltd.</li> <li>• Kim Seng Holdings Pte. Ltd.</li> <li>• Mining Industry (S) Pte. Ltd.</li> <li>• Nutrade Logistics &amp; Distribution Centre Pte. Ltd.</li> <li>• Scott and English Energy Pte. Ltd.</li> <li>• Singapore Marine Logistics Pte Ltd</li> <li>• Singpetroleum Energy Pte. Ltd.</li> <li>• Southeast Asia Scan International Ltd</li> <li>• Star Excellence Pte. Ltd.</li> <li>• Star Excellence (HK) Limited</li> <li>• Strategic Excellence Ltd</li> <li>• Strategic Fortuna Ltd</li> <li>• Strategic Offshore Ltd</li> <li>• Supreme Excellence 1 Pte. Ltd.</li> <li>• Supreme Excellence 2 Pte. Ltd.</li> <li>• Supreme Excellence 3 Pte. Ltd.</li> <li>• Supreme Excellence 4 Pte. Ltd.</li> <li>• Supreme Excellence 2(HK) Limited</li> <li>• Supreme Excellence 3(HK) Limited</li> </ul>	<p><i>Group Companies</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><i>Other Companies</i></p> <ul style="list-style-type: none"> <li>• Hongkong Qinjia Mining Ltd</li> <li>• Knightsbridge Resources Pte. Ltd.</li> <li>• Liktop International Ltd</li> <li>• PetrolSingapore Pte. Ltd.</li> <li>• Seablue Dredge &amp; Land Reclamation Pte. Ltd.</li> <li>• Singapore Consortium Pte. Ltd.</li> <li>• Singapore Quality Standards Pte. Ltd.</li> <li>• Twin Fountain Ltd</li> <li>• Viva Asset Management Pte. Ltd.</li> <li>• Viva Industrial Trust Management Pte. Ltd.</li> <li>• Viva Investment Management Pte. Ltd.</li> <li>• Supreme Excellence 1(HK) Limited</li> <li>• Supreme Excellence 4(HK) Limited</li> <li>• Singapore Hokkien Huay Kuan</li> </ul>

## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Name	Present Directorships	Past Directorships
	<ul style="list-style-type: none"> <li>• SW Maritime Pte. Ltd.</li> <li>• Swissco Asia Pte. Ltd.</li> <li>• Swissco Energy Services Pte Ltd</li> <li>• Swissco Holdings Limited</li> <li>• Swissco International Pte Ltd</li> <li>• Swissco Maritime Pte Ltd</li> <li>• Swissco Offshore (Pte.) Ltd.</li> <li>• Swissco Ship Services Pte Ltd</li> <li>• S&amp;E Offshore Investments Pte Ltd</li> <li>• S&amp;E Services Investments Pte Ltd</li> <li>• S&amp;E Offshore Investments 2 Pte Ltd</li> <li>• Valueright International Limited</li> </ul>	
Bjarne Strikert	<p><i>Group Companies</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><i>Other Companies</i></p> <ul style="list-style-type: none"> <li>• Advokatanpartsselskabet B.S.</li> <li>• Lilly &amp; Herbert Hansens Fond</li> <li>• Nordic Bulk Company A/S</li> <li>• Nordic Grain &amp; Seed A/S</li> <li>• S.E.S. Holding af 1.1.1996 A/S</li> <li>• Tømrermester Svend Erik Sørensen A/S</li> <li>• Lars Helboe A/S</li> <li>• RAF Motors A/S</li> <li>• PKH Ejendomme A/S</li> </ul>	<p><i>Group Companies</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><i>Other Companies</i></p> <ul style="list-style-type: none"> <li>• AutoPunkt A/S</li> <li>• DACS A/S</li> <li>• Haugsted Køl &amp; Ei A/S</li> <li>• Jysk Stempel ApS</li> <li>• Koch Biler A/S</li> <li>• Koch Ejendomme A/S</li> <li>• Koch Holding A/S</li> <li>• Smart Textile Group A/S</li> </ul>

### EXECUTIVE OFFICERS

The day-to-day operations of our Group are entrusted to our Executive Directors who are assisted by a team of Executive Officers who are responsible for the different functions of our Group. The particulars of our Executive Officers are set out below:

Name	Age	Residential address	Designation
Elo Yde	58	3 Rodyk Street #04-16 Watermark Singapore 238213	COO and Vice President, Advanced Material Solutions
Dave Yak	43	Blk 69 Pasir Ris Grove #16-15 Singapore 518219	CFO
Cheryl Chong	38	Blk 232 Lorong 8 Toa Payoh #08-238 Singapore 310232	Financial Controller
Edgar Lim	50	26 Jalan Lempeng #07-12 Regent Park Singapore 128805	Vice President, Subsea and Surface Facilities
Andrew Fooks	37	B-18-8, Dua Residency 211 Jalan Tun Razak 50450 Kuala Lumpur Malaysia	Southeast Asia Regional Director, Subsurface and Wells

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:

### Elo Yde

Elo Yde is our COO and Vice President, Advanced Material Solutions. He joined our Group as general manager in January 2014 and was promoted to COO and Vice President, Advanced Material Solutions 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, head of R&D 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.

### Dave Yak

Dave Yak is our CFO and joined our Company in December 2014. He has more than 14 years of experience in finance, accounting, treasury, and mergers and acquisitions. He is responsible for our Group's finance and management reporting, internal controls, human resources, information technology, investor relations as well as corporate secretarial matters.

Mr Yak began his career as an auditor with Coopers & Lybrand LLP from 1995 to 1997. From 1997 to 1998, he was a credit and marketing officer with DBS Finance Limited and from 1999 to 2000, he was a financial analyst with Orion Capital (Singapore) Pte Ltd. From 2000 to 2006, he held various positions with Andover Group, an Indonesian-owned investment company, including deputy general manager, trading division. From 2006 to 2007, he was the finance manager of Titan Oil Pte Ltd. Thereafter, he was the finance controller of KS Energy Services Limited (from 2007 to 2009), the CFO of China Sunshine Chemical Holdings Ltd (from 2009 to 2013) and the CFO of Charisma Energy Services Limited (from 2013 to 2014), all of which are companies listed on the SGX-ST.

Mr Yak graduated from the Nanyang Technological University, Singapore with a Bachelor of Accountancy in 1995 and from The University of Melbourne, Australia with a Master of Applied Finance in 1998. He is also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

### Cheryl Chong

Cheryl Chong is our Financial Controller. She joined our Group as finance manager since the commencement of business of our Company and was promoted to Financial Controller in January 2014. She assists our CFO 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.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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### Edgar Lim

Edgar Lim is our Vice President, Subsea and Surface Facilities. He joined our Group as head of technical services in November 2011 and was promoted to Vice President, Subsea and Surface Facilities 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

Andrew Fooks is our Southeast Asia Regional Director, 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 Southeast Asia Regional Director, 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.

Saved as disclosed below, none of our Executive Officers currently holds or has held any directorships in any company in the past five (5) years preceding the date of this Offer Document.

Name	Present Directorships	Past Directorships
Elo Yde	<i>Group Companies</i> • Nil	<i>Group Companies</i> • Nil
	<i>Other Companies</i> • Nil	<i>Other Companies</i> • BASF A/S
Dave Yak	<i>Group Companies</i> • Nil	<i>Group Companies</i> • Nil
	<i>Other Companies</i> • Nil	<i>Other Companies</i> • CES Oil Services Pte Ltd • Kingpost International Limited • Sunsine International Trading Pte Ltd
Cheryl Chong	<i>Group Companies</i> • Nautic Materials Sdn. Bhd.	<i>Group Companies</i> • Nil
	<i>Other Companies</i> • Nil	<i>Other Companies</i> • Nil

## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Name	Present Directorships	Past Directorships
Edgar Lim	<i>Group Companies</i> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <i>Other Companies</i> <ul style="list-style-type: none"> <li>• Nil</li> </ul>	<i>Group Companies</i> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <i>Other Companies</i> <ul style="list-style-type: none"> <li>• Nil</li> </ul>
Andrew Fooks	<i>Group Companies</i> <ul style="list-style-type: none"> <li>• AWT International (Asia) Sdn Bhd</li> <li>• AWT International (PNG) Sdn Bhd</li> </ul> <i>Other Companies</i> <ul style="list-style-type: none"> <li>• HMS Energy Sdn. Bhd.</li> <li>• AWT International (Decommissioning) Sdn Bhd<sup>(1)</sup></li> </ul>	<i>Group Companies</i> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <i>Other Companies</i> <ul style="list-style-type: none"> <li>• Petra AWT Sdn Bhd</li> </ul>

**Note:**

- (1) AWT International (Decommissioning) Sdn Bhd is a newly incorporated company that is intended to be used for any future decommissioning engineering and contracting work in Malaysia. It is common practice on initial incorporation to have directors as shareholders (one of whom is Andrew Fooks) until the corporate shareholding is finalised. This entity is currently dormant, has no assets or liabilities and has yet to undertake any activity. No agreements have been entered into for any decommissioning engineering and contracting work in Malaysia.

### Relationships between our Directors, Substantial Shareholders and Executive Officers

Tan Fuh Gih, our Non-Executive and Non-Independent Director, is a director of Kim Seng Holdings, our Controlling Shareholder. As at the Latest Practicable Date, 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 respectively and are each deemed interested in the Shares held by Kim Seng Holdings. The remaining shareholders of Kim Seng Holdings 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.

Save as disclosed above and in the section entitled “Ownership Structure – Shareholders” of this Offer Document, none of our Directors and Executive Officers has any family relationship with each other or with any Substantial Shareholder of our Company.

There is no arrangement or understanding with any Substantial Shareholder, customer or supplier of our Group or any other person, pursuant to which any of our Directors or Executive Officers was selected as a director or executive officer of our Group save for Tan Fuh Gih who was appointed as a nominee director for Kim Seng Holdings pursuant to the Convertible Bond Subscription Agreement.

### STAFF

The number of full-time employees of our Group for the Period Under Review and as at the Latest Practicable Date is as follows:

	← Number of full-time employees as at →			
	31 December 2012	31 December 2013	31 December 2014	Latest Practicable Date
<b>Number of full-time employees</b>	38	65	144 <sup>(1)</sup>	144 <sup>(2)</sup>

**Notes:**

- (1) In addition to full-time employees, there were 30 persons engaged under contracting arrangements.
- (2) In addition to full-time employees, there were (2) part-time employees and 15 persons engaged under contracting arrangements.

## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

The number of our employees increased in line with the growth of our business operations, with the large increase from 31 December 2013 to 31 December 2014 contributed in part by completion of the Acquisition. We do not experience any significant seasonal fluctuations in our number of employees. We may engage subcontractors for our projects in order to have flexibility in managing our costs.

The functional activity distribution of our full-time employees for the Period Under Review and as at the Latest Practicable Date is as follows:

	← Number of full-time employees as at →			
	31 December 2012	31 December 2013	31 December 2014	Latest Practicable Date
<b>Function:</b>				
Management	3	5	15	15
Finance and administration	5	9	25 <sup>(1)</sup>	23 <sup>(2)</sup>
Business development and marketing	5	5	6	6
Operations	25	46	98 <sup>(3)</sup>	100 <sup>(4)</sup>
<b>Total</b>	38	65	144	144

**Notes:**

- (1) In addition to full-time employees, there was one (1) person engaged under contracting arrangements.
- (2) In addition to full-time employees, there was one (1) part-time employee.
- (3) In addition to full-time employees, there were 29 persons engaged under contracting arrangements.
- (4) In addition to full-time employees, there was one (1) part-time employee and 15 persons engaged under contracting arrangements.

The geographical breakdown of our full-time employees for the Period Under Review and as at the Latest Practicable Date is as follows:

	← Number of full-time employees as at →			
	31 December 2012	31 December 2013	31 December 2014	Latest Practicable Date
<b>Segmented by geography:</b>				
Singapore	15	20	28	31
Malaysia	18	17	33 <sup>(1)</sup>	38 <sup>(3)</sup>
Brunei	–	22	37	37
Dubai	1	1	2	2
India	4	3	2	2
Mexico	–	2	3	3
Australia	–	–	25 <sup>(2)</sup>	20 <sup>(4)</sup>
PNG	–	–	13	10 <sup>(5)</sup>
United Kingdom	–	–	1	1
<b>Total</b>	38	65	144	144

**Notes:**

- (1) In addition to full-time employees, there were 13 persons engaged under contracting arrangements.
- (2) In addition to full-time employees, there were 17 persons engaged under contracting arrangements.
- (3) In addition to full-time employees, there were two (2) persons engaged under contracting arrangements.
- (4) In addition to full-time employees, there was one (1) part-time employee and 13 persons engaged under contracting arrangements.
- (5) In addition to full-time employees, there was one (1) part-time employee.

## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

None of our employees are unionised and we consider our relationship with our employees to be good. There have not been any incidents of work stoppages or labour disputes which materially affected our operations.

Save for amounts set aside or accrued in respect of mandatory employee provident funds required under relevant laws and regulations, no amounts have been set aside or accrued by our Group to provide for pension, retirement or similar benefits for any of our employees.

### REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

#### Directors and Executive Officers

The compensation (which includes CPF contributions, benefits-in-kind and bonuses) paid to our Directors and top five (5) (in terms of amount of compensation) key executives (not being Directors) for services rendered to us on an aggregate basis and in remuneration bands of S\$250,000<sup>(1)</sup> during FY2013 and FY2014 (being the two most recent completed financial years), and as estimated for FY2015 (including benefits-in-kind but excluding bonuses and any profit-sharing plan or any other profit-linked agreement(s)), is as follows:

Names	FY2013	FY2014	FY2015 (Estimated)
<b>Directors</b>			
Lim How Teck	— <sup>(2)</sup>	— <sup>(2)</sup>	Band A
John Grønbech	Band C	Band C	Band C
Simon Cunningham	— <sup>(2)</sup>	Band A <sup>(3)</sup>	Band B
Tan Fuh Gih	Band A	Band A	Band A
Bjarne Strikert	— <sup>(2)</sup>	— <sup>(2)</sup>	Band A
<b>Top 5 key executives</b>			
Edgar Lim	Band A	Band A	— <sup>(4)</sup>
Louren David Woof	Band A	Band A	— <sup>(4)</sup>
Julien Jean Bernard Frachisse	Band A	Band A	— <sup>(4)</sup>
Jiang Yan	Band A	— <sup>(5)</sup>	— <sup>(5)</sup>
Kyaw Myint Lay	Band A	Band A	— <sup>(4)</sup>
Elo Yde	— <sup>(5)</sup>	Band B	Band B
Dave Yak	— <sup>(5)</sup>	— <sup>(5)</sup>	Band B
Thomas Richey Weinstock	— <sup>(5)</sup>	— <sup>(6)</sup>	Band C
Timothy Oliver Green	— <sup>(5)</sup>	— <sup>(6)</sup>	Band B
Andrew Fooks	— <sup>(5)</sup>	— <sup>(6)</sup>	Band B
Mark Denis Sweetman	— <sup>(5)</sup>	— <sup>(6)</sup>	Band B

#### Notes:

- (1) Band A: Compensation from S\$0 to S\$250,000 per annum.  
Band B: Compensation from S\$250,001 to S\$500,000 per annum.  
Band C: Compensation from S\$500,001 to S\$750,000 per annum.
- (2) Not appointed during the relevant period.
- (3) Simon Cunningham was not appointed as a Director during the relevant period. He joined our Group as an employee in November 2014 as a result of the Acquisition and received one (1) month's compensation during the relevant period.
- (4) Not one of the top five (5) (in terms of amount of compensation) key executives (not being Directors) during the relevant period.
- (5) Not employed during the relevant period.
- (6) Not one of the top five (5) (in terms of amount of compensation) key executives (not being Directors) during the relevant period as such employees only joined our Group in November 2014 as a result of the Acquisition and received one (1) month's compensation during the relevant period.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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As at the Latest Practicable Date, save as disclosed in the sections entitled “Share Capital” and “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document and save for the NauticAWT ESOS and the NauticAWT PSP, no compensation has been paid or will be paid in the form of stock options or shares to any of our Directors, Executive Officers or employees.

### Related Employees

As at the Latest Practicable Date, none of our full-time employees are related to our Directors and Substantial Shareholders.

Any new employment of employees who are related to our Directors and Substantial Shareholders and the proposed terms of their employment will be subject to the review and approval of our Remuneration Committee. If employed, the remuneration of such related employees will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the employee under review, he will abstain from the review.

### SERVICE AGREEMENTS

Our Group has entered into separate service agreements (the “**Service Agreements**”) with our Executive Director and CEO, John Grønbech, and our Executive Director and Senior Vice President, Subsurface and Wells, Simon Cunningham (collectively, the “**Executives**”).

#### Service Agreement entered into between our Company and John Grønbech

The Service Agreement entered into with John Grønbech is valid for an initial period of three (3) years upon the admission of our Company to Catalist (“**Initial Term**”). Upon expiry of the Initial Term, the employment of John Grønbech shall be automatically extended on a yearly basis thereafter.

The Service Agreement provides for, *inter alia*, the salary payable to John Grønbech, annual leave, medical benefits, grounds of termination and certain restrictive covenants (including non-compete obligations).

Pursuant to the terms of the Service Agreement, John Grønbech will be entitled to a monthly salary of S\$35,000. He is also entitled to housing, insurance, school fees, home passage and the use of a motor car and his related expenses will be paid for by our Company. In addition, John Grønbech may be compensated for reasonable travelling, hotel, entertainment and other out-of-pocket expenses properly incurred by him in the discharge of his duties.

John Grønbech is entitled to an annual incentive bonus of up to 50.0% of his annual salary pursuant to a performance bonus plan to be established by our Group for its senior executive officers and which shall provide for bonus compensation to be payable based upon the financial and other performance benchmarks of our Group and John Grønbech. The terms of such performance bonus plan (including applicable financial and performance benchmarks) and any incentive bonus payable under the said plan is to be determined by our Remuneration Committee on an annual basis and shall be subject to the approval of our Board. There is no pre-determined incentive bonus benchmark under the Service Agreement entered into with John Grønbech.

The Service Agreement entered into with John Grønbech may be terminated by our Company at any time by giving to John Grønbech not less than 12 months’ written notice or in lieu of such notice an amount equal to 12 months’ salary based on John Grønbech’s last drawn monthly salary. The 12 months’ written notice for termination by our Company is in line with John Grønbech’s current service agreement which has been in place since he joined our Company in October 2011. As he is one of the key personnel in our Company, a 12-month notice period would give our Company sufficient time to find a suitable replacement in the event his Service Agreement is terminated by our Company.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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John Grønbech will not be able to terminate his Service Agreement during the Initial Term. After the Initial Term, John Grønbech may terminate the Service Agreement at any time by giving the Company not less than 12 months' written notice or in lieu of such notice an amount equal to 12 months' salary based on his last drawn monthly salary.

Notwithstanding the other provisions of the Service Agreement, our Company may terminate the employment of John Grønbech at any time without notice or payment in lieu of notice under, *inter alia*, the following circumstances:

- (a) if he is guilty of any gross default or grave misconduct in connection with or affecting the business of our Group;
- (b) in the event of any serious or repeated breach or non-observance by him of any of the stipulations contained in the Service Agreement;
- (c) if he becomes bankrupt or makes any composition or enters into any deed of arrangement with his creditors;
- (d) if he shall become of unsound mind; and
- (e) if he commits any act of criminal breach of trust or dishonesty,

(the "**Termination Provisions**").

Pursuant to the terms of the Service Agreement, John Grønbech covenants and undertakes to our Company that on and from the date of the Service Agreement, *inter alia*:

- (a) he shall not at any time after the expiry or termination of his employment use the name or trading style of any company within our Group, or any name or trading style similar to any trade mark, service mark, brand name or proposed brand name of any company within our Group or any of our Group's products or proposed products or any colourable imitation thereof, in any country, and shall not represent himself or his businesses as carrying on or continuing or being connected with any company within our Group or its business for any purpose whatsoever, unless otherwise agreed by our Company in writing;
- (b) he shall not, for the duration of his employment and in the event of the termination of his employment for a further period three (3) years commencing on and from the date of termination of his employment, be directly or indirectly engaged or concerned or interested whether as executive, shareholder, partner, agent, consultant or otherwise in any sole proprietorship or any other business competing with any business of our Company or any of our Subsidiaries within Singapore or any of the countries in which our Group conducts business as at the date of termination of his employment;
- (c) he shall not, for the duration of his employment with our Company and in the event of the termination of his employment for a further period of three (3) years commencing on and from the date of the termination of his employment, either on his own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from our Company any person, firm, company or organisation who shall at any time during the term of his employment have been a customer, client, agent, supplier or correspondent of our Company or any of our Subsidiaries; and

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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- (d) he shall not, for the duration of his employment and in the event of the termination of his employment for a further period of three (3) years commencing on and from the date of the termination of his employment, either on his own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from our Company or any of our Subsidiaries any person who is an officer, manager or executive of our Company or any of our Subsidiaries (as the case may be) whether or not such person would commit a breach of his contract of employment by reason of leaving such employment,

(the “**Non-Compete Obligations**”).

### **Service Agreement entered into between our Company and Simon Cunningham**

The Service Agreement entered into with Simon Cunningham is valid for an initial period of two (2) years upon the admission of our Company to Catalist. Upon expiry of the initial term, the employment of Simon Cunningham shall be automatically extended on a yearly basis thereafter.

The Service Agreement provides that Simon Cunningham’s remuneration and entitlement to benefits shall be as set out in his Service Agreement with AWT. The Service Agreement also provides for, *inter alia*, grounds of termination and certain restrictive covenants (including non-compete obligations). In addition, Simon Cunningham may be compensated for reasonable travelling, hotel, entertainment and other out-of-pocket expenses properly incurred by him in the discharge of his duties.

The Service Agreement entered into with Simon Cunningham may be terminated by each party at any time by giving to the other party not less than three (3) months’ written notice.

The Service Agreement also provides for the Termination Provisions and the Non-Compete Obligations.

### **Service Agreement entered into between AWT and Simon Cunningham**

In addition to the Service Agreement entered into with our Company, Simon Cunningham has entered into a Service Agreement with AWT.

Pursuant to the Service Agreement entered into between AWT and Simon Cunningham, Simon Cunningham’s appointment in AWT commenced on 1 November 2013. The Service Agreement may be terminated by each party by giving to the other party not less than three (3) months’ written notice.

Notwithstanding the other provisions of the Service Agreement, AWT may terminate the employment of Simon Cunningham at any time without notice or payment in lieu of notice under, *inter alia*, the following circumstances:

- (a) if he commits any act which may detrimentally affect AWT including but not limited to an act of dishonesty, fraud, wilful disobedience, misconduct or breach of duty;
- (b) if he wilfully, persistently and materially breaches the Service Agreement and does not remedy the breach within 14 days of receipt of notice in writing from AWT specifying the breach;
- (c) if he is charged with an offence that, in the board of directors of AWT’s reasonable opinion, affects his suitability for his position or is likely to reflect adversely on AWT;
- (d) if he commits any act of bankruptcy or compounds with creditors; or
- (e) if he is of unsound mind.

Simon Cunningham’s Service Agreement with our Company shall be terminated with immediate effect in the event that his Service Agreement with AWT is terminated. In the event his Service Agreement with our Company is terminated, he shall fulfil his duties under his Service Agreement with AWT.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Pursuant to the terms of the Service Agreement, Simon Cunningham will be entitled to an annual salary of A\$325,000. Simon Cunningham is entitled to an annual incentive bonus of up to 50.0% of his annual salary based on the respective annual audited financial results of the AWT group for each financial year. The amount of incentive bonus will be determined in two (2) parts as follows:

	<u>Incentive Bonus</u>
<b>Where both the AWT group annual revenue and EBIT<sup>(1)</sup> are above the budget<sup>(2)</sup> for that financial year by:</b>	
<b>Greater than 12.5% but less than 25.0%</b>	8.33% of annual salary
<b>Greater than 25.0% but less than 35.0%</b>	16.67% of annual salary
<b>Greater than 35.0%</b>	25.0% of annual salary

**Notes:**

- (1) If only one of the annual revenue or EBIT requirements are met, no incentive bonus is payable under this Part A.
- (2) The budget is approved by the board of directors of AWT, which currently comprises John Grønbech, Richard Osborne, Cameron Brenton Ashley Manifold, Simon Cunningham and Kevin Raymond Lay. Other than Simon Cunningham and Kevin Raymond Lay, the rest of the aforesaid board members of AWT are independent in respect of the budget. In addition, our Company has the right to appoint another two (2) directors to the board of directors of AWT and is able to control the board of directors of AWT through our wholly-owned subsidiary, Nautic Australia.

	<u>Incentive Bonus</u>
<b>Where annual EBIT as a percentage of the sum total of retained earnings plus paid up capital plus debt for that financial year is:</b>	
<b>20.0% up to but not including 30.0%</b>	8.33% of annual salary
<b>30.0% up to but not including 40.0%</b>	16.67% of annual salary
<b>40.0% or more</b>	25.0% of annual salary

Simon Cunningham's failure to meet the requirement of either Part A or Part B above does not affect entitlement to the incentive bonus under the other Part.

Simon Cunningham is also entitled to participate in the AWT LTI Arrangement. Please refer to the section entitled "Share Capital – AWT LTI Arrangement" of this Offer Document for further details.

If following a change in the legal effective control of AWT (not including a transaction pursuant to which all or substantially all of the assets of AWT is sold to another corporation, provided such corporation is owned directly or indirectly by the shareholders of AWT immediately following the transaction in substantially the same proportions as the ownership of AWT's Shares immediately preceding such transaction) (a "**Change of Control Event**"), one or more of the following events occur:

- (a) a fundamental negative change to Simon Cunningham's current position;
- (b) a significant diminution of Simon Cunningham's powers, discretions and responsibilities;
- (c) a significant change in duties and tasks which materially lessens the significance and status of those tasks; or
- (d) a significant change in reporting lines so as to amount to a diminution of Simon Cunningham's authority and position,

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Simon Cunningham will be entitled to treat his employment as having been terminated unless he is offered a position materially equivalent to or better than his position prior to such event, having regard to the role, title, position, salary and benefits, overall duties, location and other relevant factors.

If Simon Cunningham's employment is (i) treated as terminated pursuant to (a) to (d) above and this is notified to the board of directors of AWT by him within six (6) months of the Change of Control Event and in circumstances where he has not been terminated (or been given notice of termination) for other reasons, or (ii) terminated by AWT on the grounds of redundancy within six (6) months of a Change of Control Event, AWT will pay Simon Cunningham an amount equivalent to six (6) months' salary less applicable taxes.

The remuneration of the Executives, including any incentive bonus (if applicable), is subject to annual review by our Remuneration Committee, and any revision to the terms of the remuneration or the incentive bonus (if applicable) as recommended by our Remuneration Committee shall be subject to the endorsement of our Board.

Subject to relevant approvals from Shareholders of our Company, the SGX-ST and other regulatory authorities, where necessary, and subject to the eligibility set out in the rules of the relevant scheme or plan (including but not limited to the NauticAWT ESOS and the NauticAWT PSP), the Executives are eligible to participate in any employee share scheme or plan, executive bonus plan or any other compensation plans adopted by our Company on such terms as may be determined by such committee comprising directors of our Company as may be duly authorised and appointed by our Board to administer such schemes or plans, at its sole discretion.

Had the Service Agreements been in place with effect from 1 January 2014, the aggregate remuneration (including CPF contributions, bonus and benefits-in-kind) paid to our Executives for FY2014 would have been approximately US\$879,058 instead of US\$544,481 and our profit before tax for FY2014 based on the audited consolidated financial results of our Group would have been approximately US\$4,240,168 (instead of US\$4,574,745).

### **Profit linked arrangements between AWT and certain of its employees**

Certain employees of AWT are entitled to an annual incentive bonus ranging from 10.0% to 30.0% of their annual salary upon achievement of certain revenue and EBIT threshold of the AWT group.

In addition, certain senior executives of AWT are also entitled to the AWT LTI Arrangement. Please refer to the section entitled "Share Capital – AWT LTI Arrangement" of this Offer Document for further details.

Save as disclosed above, there are no existing or proposed service agreements entered into or to be entered into between our Group with any of our Directors. There are no existing or proposed service agreements entered into or to be entered into by our Directors with our Group which provide for benefits upon termination of employment.

Save as disclosed above, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between our Group and any of our Directors, Executive Officers or employees. The Executives shall not be entitled to further Directors' fees under the Service Agreements.

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## CORPORATE GOVERNANCE

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Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders, and will use best efforts to implement the best practices recommended in the Code of Corporate Governance 2012. Our Board has formed three (3) committees: (i) the Audit Committee; (ii) the Remuneration Committee; and (iii) the Nominating Committee.

We have five (5) Directors on our Board, of which two (2) are Independent Directors. Our Independent Directors do not have any existing or past business or professional relationship of a material nature with our Group, our other Directors and/or Substantial Shareholders. Our Independent Directors are also not related to our other Directors and/or Substantial Shareholders.

### **Audit Committee**

Our Audit Committee comprises Lim How Teck, Bjarne Strikert and Tan Fuh Gih. The Chairman of our Audit Committee is Lim How Teck.

Our Audit Committee will assist our Board in discharging their responsibility to safeguard our assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

Our Audit Committee shall meet periodically to perform the following functions:

- (a) assist our Board in the discharge of its responsibilities on financial reporting matters;
- (b) 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 our management's response, and results of our audits compiled by our internal and external auditors;
- (c) review the interim and annual consolidated financial statements and results announcements before submission to our 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 Catalyst Rules and any other statutory/regulatory requirements;
- (d) review and report to our Board at least annually the adequacy and effectiveness of our Group's internal control procedures addressing financial, operational, compliance and information technology risks, and ensure co-ordination between our internal and external auditors, and our management, reviewing the assistance given by our 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 our management where necessary);
- (e) review the independence and objectivity of the external auditors;
- (f) 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 our Group's operating results or financial position, and our management's response;
- (g) make recommendations to our 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;

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## CORPORATE GOVERNANCE

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- (h) review significant financial reporting issues and judgments with our CFO and the external auditors so as to ensure the integrity of the financial statements of our Group and any formal announcements relating to our Group's financial performance before their submission to our Board;
- (i) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (j) review any potential conflicts of interest;
- (k) assess on an on-going basis (i) the suitability of our CFO and his ability to commit time and resources to fulfill his role as the CFO adequately, and (ii) the adequacy of the finance team;
- (l) review and approve all hedging policies and instruments (if any) to be implemented by our Group;
- (m) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (n) review our financial risk areas, with a view to providing an independent oversight on our 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;
- (o) review and establish procedures for receipt, retention and treatment of complaints received by our Group, *inter alia*, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group;
- (p) review our 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;
- (q) review arrangements by which our 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
- (r) 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.

Our Audit Committee shall meet on a half yearly basis or, if an announcement of financial results is required for every quarter, a quarterly basis. Apart from the duties listed above, our Audit Committee shall also commission an annual internal control audit until such time that it is satisfied that the internal controls of our Group are robust and effective enough to mitigate our Group's internal control weaknesses (if any). Prior to the decommissioning of such annual internal control audit, our Board is required to report to the Sponsor and Issue Manager and the SGX-ST on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

Our Audit Committee shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of our Audit Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

In preparation for our Listing, our Audit Committee has held discussions with our CFO together with our Independent Auditors and Reporting Accountants in relation to our internal controls. During the course of discussions, our Audit Committee was briefed on our Group's current internal control procedures.

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## CORPORATE GOVERNANCE

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Our Board has also noted that no material internal control weaknesses have been raised by our Independent Auditors and Reporting Accountants in the course of their audit of the financial statements of our Group for the most recent financial year ended 31 December 2014.

Our Company has appointed KPMG Services Pte Ltd (“KPMG”) to conduct an internal control review of key business processes of our Group. KPMG has conducted a review and assessment of the adequacy and effectiveness of the design of the internal controls of these business processes. KPMG reported that all the significant internal control weaknesses highlighted in the internal control reports have since been duly addressed and resolved, and confirmed that there are no material internal control weaknesses in these business processes of our Group.

Based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management, our Board, after making all reasonable enquires and to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls of our Group are adequate to address financial, operational, compliance and information technology risks.

Our Audit Committee, having conducted an interview with Dave Yak and considered:

- (a) the qualifications and past working experience of Dave Yak (as described in the section entitled “Directors, Executive Officers and Staff – Executive Officers” of this Offer Document) which include finance and accounting related experiences which are compatible with his position as CFO;
- (b) Dave Yak’s demonstration of the requisite competency in finance-related matters in connection with the preparation for our Listing;
- (c) the absence of negative feedback on Dave Yak from the representatives of our Independent Auditors and Reporting Accountants; and
- (d) the absence of internal control weaknesses attributable to Dave Yak identified during the internal control review conducted by the internal auditors,

is of the opinion that Dave Yak is suitable for the role of CFO of our Group and he will be able to discharge his duties satisfactorily.

Our Audit Committee confirms that, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to their attention to cause them to believe that Dave Yak does not have the competence, character and integrity expected of a CFO of a company listed on the SGX-ST.

### **Remuneration Committee**

Our Remuneration Committee comprises Lim How Teck, Bjarne Strikert and Tan Fuh Gih. The Chairman of our Remuneration Committee is Bjarne Strikert.

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and Executive Officers and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee should be submitted for endorsement by our entire Board. All aspects of remuneration, including but not limited to our Directors’ fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by our Remuneration Committee. Each member of our Remuneration Committee shall abstain from voting on any resolution in respect of his remuneration package. The remuneration of employees who are related to our Directors and Substantial Shareholders will also be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees.

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## CORPORATE GOVERNANCE

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If necessary, our Remuneration Committee shall seek expert advice inside and/or outside our Company on remuneration matters. Our Remuneration Committee shall ensure that existing relationships, if any, between our Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

### **Nominating Committee**

Our Nominating Committee comprises Lim How Teck, Bjarne Strikert and Tan Fuh Gih. The Chairman of our Nominating Committee is Bjarne Strikert.

Our Nominating Committee is responsible for:

- (a) re-nominating of our Directors having regard to our Director's contribution and performance;
- (b) reviewing and approving any new employment of related persons and proposed terms of their employment;
- (c) determining annually whether or not a Director is independent;
- (d) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- (e) reviewing of board succession plans for our Directors;
- (f) appointment and re-appointment of our Directors; and
- (g) in respect of a Director who has multiple board representations on various companies, if any, reviewing and determining whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by our Director when serving on multiple boards and discharging his duties towards other principal commitments.

Our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has to enhance long-term Shareholders' value. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution of each individual Director to the effectiveness of our Board.

Generally, our Nominating Committee does not appoint new Directors, but nominates them to our Board which retains the final discretion in appointing such new Directors.

In respect of the appointment of Lim How Teck as the Independent Director of our Company, our Nominating Committee (excluding Lim How Teck) has noted that Lim How Teck currently holds directorships in four (4) other companies which are listed on the SGX-ST, namely ARA-CWT Trust Management (Cache) Limited, ARA Asset Management Ltd, Rickmers Trust Management Pte. Ltd. and Swissco Holdings Limited.

In this regard, our Nominating Committee (excluding Mr Lim How Teck) considered various factors, including the following:

- (a) Lim How Teck does not have any full-time executive commitments in any companies; and
- (b) for the last three (3) financial years, Lim How Teck has maintained good attendance record and participated at all the respective board and committee meetings of the four (4) other SGX-ST listed companies for which he currently acts as a director.

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## CORPORATE GOVERNANCE

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After making all reasonable enquiries and having considered the aforementioned, nothing has come to the attention of our Nominating Committee (excluding Lim How Teck) to cause them to doubt that Lim How Teck has the ability to commit sufficient time and attention to the affairs of our Group.

### Board Practices

#### *Term of Office*

Our Articles of Association provide that our Board will consist of not less than two (2) Directors. None of our Directors are appointed for any fixed terms.

The period of which each of our Directors has served in office in our Company as at the Latest Practicable Date is as follows:

<b>Name</b>	<b>Date of commencement</b>
Lim How Teck	29 June 2015
John Grønbech	2 September 2011
Simon Cunningham	29 June 2015
Tan Fuh Gih	2 January 2013
Bjarne Strikert	29 June 2015

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One-third (or the number nearest to but not less than one-third) of our Directors are required to retire from office at each annual general meeting. Further, all Directors are required to retire from office at least once every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he retires.

### Corporate Social Responsibility

In addition, our Company shall be required to disclose its corporate social responsibility policies with reference to the SGX-ST's Guide to Sustainability Reporting for Listed Companies published on 27 June 2011.

Our Company has established a corporate social responsibility policy. Please refer to the section entitled "General Information on Our Group – Corporate Social Responsibility Policy" of this Offer Document for further details.

### Environment

Our Group is committed to minimising the potential impact of our operations on the environment, by having proper processes for the minimisation of waste, waste management, containment of pollutants and provision of dispersal and absorption materials at our facilities and project sites. As at the Latest Practicable Date, we have not infringed any environmental laws and regulations which will have a material adverse effect on our financial condition and results of operations. We implemented a set of "Environmental Aspects & Impacts Register" which was last revised in 2 July 2012, and carried out periodic training of workers on compliance with the applicable environmental regulations.

### Occupational Health and Safety

Our safety personnel are trained with The National Examination Board in Occupational Safety and Health. It covers the principles relating to health and safety, identification and control of workplace hazards and the practical application of this knowledge. Educating through a risk management approach based on best practice and international standards, such as the International Labour Organisation codes of practice, our safety personnel are able to transfer the knowledge and skills to the team to cultivate and ensure a safe working environment. Our training activities include the following:

- (a) basic health and safety education induction for all new employees prior to joining our Company; and
- (b) in-house training on safety topics such as manual handling, Basic H<sub>2</sub>S (Hydrogen Sulphide) Course, familiarisation, lifting and hoisting and operating pneumatic equipment.

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## CORPORATE GOVERNANCE

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All our offshore personnel have also been trained with the Tropical Basic Offshore Safety Induction and Emergency Training Course, an Offshore Petroleum Industry Training Organisation (UK) approved certification to train personnel to safely transfer themselves to and back from the offshore platforms, vessels and other offshore facility structures.

Some of the training courses that have been attended by our offshore personnel are as follows:

(a) Basic H<sub>2</sub>S (Hydrogen Sulphide) course

This is an awareness programme to train all personnel on what to do in the event there is a hydrogen sulphide gas leak emergency. At offshore facilities and production wells, hydrogen sulphide is a common gas produced which should be contained properly. This course trains personnel to identify hydrogen sulphide by its distinct smell and to execute the specific emergency procedures. After undergoing training in this course, personnel will be able to assist in the evacuation of a particular offshore platform or work location should a hydrogen sulphide gas leak emergency arise.

(b) Permit To Work System course

This course trains supervisory personnel on the procedures for application of a work permit for a particular job at a particular work location, typically an offshore platform. This course guides them on the mandatory documentation and checks to be performed and submitted to the client prior to issuance of the permit in order to perform the stated operation. This acts as a control mechanism to ensure that all required controls are in place in relation to the possible hazards for that particular operation at that particular work location.

(c) Basic first aid course

(d) Hazard identification training which can be conducted both in-house as a refresher or through a certified training body. This enables personnel to identify hazards associated with the operation and report such identified hazards to their direct supervisor and clients for rectification.

We also conduct on-the-job training which includes the transferring of skills and knowledge from senior personnel to junior personnel and new recruits covering both standard operating procedures and safe work procedures. At times, the client also provides us with various on-the-job training on site which are mainly from the supplier's perspective (e.g. from an equipment supplier's perspective, training on ways and means of operating equipment in a safe and efficient manner).

### **Whistle-blowing Policy**

Our Company will also put in place a whistle-blowing framework endorsed by our Audit Committee where employees may, without fear of reprisals or victimisation, and in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters. The details of the whistle-blowing policies and arrangements will be made available to all employees. Our Audit Committee is obliged to review all reports received and take or approve the appropriate actions. The objective for such arrangement is to ensure independent investigation of such matters and appropriate follow-up actions have been taken.

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## NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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In conjunction with our listing on Catalist we have adopted an employee share option scheme known as the “NauticAWT Employee Share Option Scheme” and a performance share plan known as the “NauticAWT Performance Share Plan”, both of which were approved pursuant to the resolutions of our Shareholders passed on 3 July 2015. The detailed rules of the NauticAWT ESOS and the NauticAWT PSP are set out in Appendices F and G of this Offer Document respectively.

### **Rationale**

Both the NauticAWT ESOS and the NauticAWT PSP will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. Both the NauticAWT ESOS and the NauticAWT PSP form integral and important components of our compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of our Company and/or our Group.

The NauticAWT ESOS and the NauticAWT PSP are designed to complement each other in our Group’s efforts to reward, retain and motivate employees to achieve better performance. The aim of implementing more than one (1) incentive plan is to increase our Group’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance by providing our Group with a more comprehensive set of remuneration tools and further strengthen our competitiveness in attracting and retaining local and foreign talent.

The NauticAWT ESOS will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The NauticAWT ESOS, which forms an integral and important component of our employee compensation plan, is designed to primarily reward and retain directors and employees whose services are vital to our well being and success.

As at the Latest Practicable Date, no Options have been granted under the NauticAWT ESOS.

Capitalised terms used herein shall, unless otherwise defined, bear the same meanings as defined in “Appendix F – Rules of the NauticAWT Employee Share Option Scheme” of this Offer Document.

### **Objectives of the NauticAWT ESOS**

The objectives of the NauticAWT ESOS are as follows:

- (a) to motivate Participants to optimise their performance standards and efficiency, and to maintain a high level of contribution to our Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and prosperity of our Group;
- (c) to instill loyalty to, and a stronger identification by Participants with the long-term prosperity of, our Group;
- (d) to attract potential employees with relevant skills to contribute to our Group and to create value for Shareholders; and
- (e) to align the interests of Participants with the interests of Shareholders.

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## NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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### Summary of the NauticAWT ESOS

The following is a summary of the rules of the NauticAWT ESOS:

#### (1) Eligibility

The following persons shall be eligible to participate in the NauticAWT ESOS at the absolute discretion of the Committee:

- (a) Group Employees; and
- (b) Group Non-Executive Directors,

provided that, as of the date of grant of the Options, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into a composition with their respective creditors, and in the opinion of the Committee, have contributed or will contribute to the success and development of our Group; and in the case of Group Employees, must hold such position as may be designated by our Company from time to time, and whose eligibility have been confirmed by our Company and/or any of its Subsidiaries as at each proposed date of grant of the Options as determined by the Committee.

Pursuant to the Rule 852 of the Catalist Rules, participation in the NauticAWT ESOS by Controlling Shareholders and their Associates must be approved by independent Shareholders of our Company and a separate resolution must be passed for each such person to approve the actual number and terms of the Options to be granted to such person. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the NauticAWT ESOS and grant of Options to them.

Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the NauticAWT ESOS may be amended from time to time at the absolute discretion of our Committee.

#### (2) Maximum Entitlements

The aggregate number of Shares in respect of which Options may be offered to a Participant under the NauticAWT ESOS for acquisition in accordance with the NauticAWT ESOS shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the rank, job performance, years of service, contribution to the success of our Group and potential development of the Participant.

#### (3) Size of the NauticAWT ESOS

The aggregate number of Shares over which our Committee may grant Options on any date under the NauticAWT ESOS, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of:

- (a) all Options granted thereunder;
- (b) all Awards granted under the NauticAWT PSP; and
- (c) all options or awards granted under any other schemes implemented by our Company (if any),

shall not exceed 15.0% of the total number of issued Shares (excluding shares held by our Company as treasury shares) on the day immediately preceding the relevant date of grant of the Options.

We believe that this limit gives us sufficient flexibility to decide upon the number of Options to offer to our existing and new employees. In line with our goal of ensuring sustainable growth, we are constantly reviewing our position and considering the expansion of our talent pool, which may involve employing new employees. Our employee base and number of eligible Participants will increase as a result. The number of Options offered must thus be significant enough to serve as a meaningful reward for contribution to our Group. However, it does not necessarily mean that our Committee will definitely issue Options up to the prescribed limit. Our Committee shall exercise its discretion in deciding the number of Options to be granted to each eligible Participant, which will depend on the performance and value of the eligible Participant to our Group.

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## NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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The aggregate number of Shares for which Options may be granted under the NauticAWT ESOS to Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the NauticAWT ESOS, and the number of Shares over which an Option may be granted under the NauticAWT ESOS to each Controlling Shareholder and his Associate shall not exceed 10.0% of the Shares available under the NauticAWT ESOS.

### (4) Grant of Options

Under the rules of the NauticAWT ESOS, there are no fixed periods for the grant of Options. As such, offers for the grant of Options may be made at any time at the discretion of the Committee. However, no Options shall be granted during the period commencing two (2) weeks before the announcement of our Group's financial statements of each of the first three (3) quarters of its financial year and one (1) month before the announcement of our Group's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of our Group's half year and full year financial statements (if not required to announce quarterly financial statements).

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers to grant Options may only be made on or after the second Market Day on which such announcement is released.

### (5) Acceptance of Grant of Options

An Option granted shall be accepted within 30 days after the date of grant of the Option and shall be accompanied by payment of S\$1.00 as consideration or such other amount as the Committee may require. A grant of an Option that is not accepted shall, upon the expiry of the 30-day period, automatically lapse and shall forthwith be deemed to be null and void and of no effect.

### (6) Exercise of Options

The Options that are granted under the NauticAWT ESOS may have exercise prices that are, at the Committee's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for the Shares on the Official List of Catalist for the five (5) consecutive Market Days immediately preceding the relevant date of grant of the relevant Option; or at a discount to the Market Price (subject to a maximum discount of 20.0%). Options which are fixed at the Market Price ("**Market Price Option**") may be exercised after the first anniversary of the date of grant of that Option while Options exercisable at a discount to the Market Price ("**Discounted Option**") may only be exercised after the second anniversary from the date of grant of the Option. Options granted under the NauticAWT ESOS will have a life span of 10 years.

Subject to the prevailing legislation and the Catalist Rules, our Company will have the flexibility to deliver Shares to Participants upon the exercise of their Options by way of an allotment of new Shares and/or the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by our Company pursuant to a share purchase mandate and/or held by our Company as treasury shares. In determining whether to issue new Shares or to deliver existing Shares to Participants upon the exercise of their Options, our Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of either issuing new Shares or purchasing existing Shares.

### (7) Termination of Options

Special provisions in the rules of the NauticAWT ESOS deal with the lapse or earlier exercise of Options in circumstances which include the termination of the Participant's employment in our Group, the bankruptcy of the Participant, the death of the Participant, a take-over of our Company and the winding-up of our Company.

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## NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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### (8) Rights of Shares arising from the exercise of Options

Shares acquired upon the exercise of an Option shall be subject to all provisions of the Act and the Memorandum and Articles of Association of our Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to such Shares, including those rights which arise from a liquidation of our Company) and shall rank *pari passu* in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

### (9) Duration of the NauticAWT ESOS

The NauticAWT ESOS shall continue to be in force at the discretion of our Committee, subject to a maximum period of 10 years, commencing on the date on which the NauticAWT ESOS is adopted by Shareholders in a general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the NauticAWT ESOS may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

### (10) Administration of the NauticAWT ESOS

The NauticAWT ESOS shall be administered by our Committee in its absolute discretion with such powers and duties as are conferred on it by our Board. A Participant who is a member of our Committee shall abstain from deliberation in respect of an Option to be granted to that Participant.

### (11) Abstention from Voting

Shareholders who are eligible to participate in the NauticAWT ESOS are to abstain from voting on any Shareholders' resolution relating to the NauticAWT ESOS and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

### (12) Adjustments and Alterations under the NauticAWT ESOS

#### Variation of Capital

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction (including whether any reduction arising by reason of our Company purchasing or acquiring its issued Shares), subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the exercise price in respect of the Shares comprised in any Option to the extent unexercised;
- (b) the class and/or number of Shares comprised in any Option to the extent unexercised and the rights attached thereto; and/or
- (c) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

shall be adjusted in such a manner by our Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon auditors (acting as experts and not as arbitrators) having confirmed in writing that, in their opinion, such adjustment is fair and reasonable.

Unless our Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustments:

- (i) any issue of securities as consideration for an acquisition or a private placement of securities;

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## NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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- (ii) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants issued from time to time by our Company enabling holders thereof to acquire new Shares in the capital of our Company;
- (iii) any issue of Shares pursuant to any scrip dividend scheme for the time being of our Company; or
- (iv) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force.

Notwithstanding the provisions of the rules of the NauticAWT ESOS, no such adjustment shall be made if (A) as a result, the Participant receives a benefit that a Shareholder does not receive; and (B) unless the Committee, after considering all relevant circumstances considers it equitable to do so.

### Modifications to the NauticAWT ESOS

The NauticAWT ESOS may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:

- (1) no modification or alteration shall adversely affect the rights attached to Options granted prior to such modification or alteration, except with the written consent of such number of Participants under the NauticAWT ESOS who, if their Options are exercised in full, would thereby become entitled to not less than three-quarters in number of all the Shares which would be issued in full of all outstanding Options under the NauticAWT ESOS; and
- (2) any modification or alteration which would be to the advantage of holder of the Options under the NauticAWT ESOS shall be subject to the prior approval of Shareholders in a general meeting.

### **(13) Reporting Requirements**

Under the Catalist Rules, an immediate announcement must be made on the date of grant of an Option and provide details of the grant, including the following:

- (a) date of grant;
- (b) exercise price of the Options granted;
- (c) number of Options granted;
- (d) market price of the Shares on the date of grant;
- (e) number of Options granted to each Director and Controlling Shareholder (and each of their Associates), if any; and
- (f) the validity period of the Options.

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## NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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Our Company shall, for as long as the NauticAWT ESOS continues in operation, make the following disclosure in its annual report:

- (a) the names of the members of the Committee administering the NauticAWT ESOS;
- (b) the information required in the table below for the following Participants:
  - (i) Directors of our Company;
  - (ii) Controlling Shareholders and their Associates; and
  - (iii) Participants, other than those in b(i) and b(ii) above, who receive 5.0% or more of the total number of Options available under the NauticAWT ESOS;

Name of Participant	Options granted during the Financial Year under review (including terms)	Aggregate Options granted since commencement of the NauticAWT ESOS to the end of the Financial Year under review	Aggregate Options exercised since commencement of the NauticAWT ESOS to the end of the Financial Year under review	Aggregate Options outstanding as at the end of the Financial Year under review

- (c) the number and proportion of Options granted at the following discounts to the Market Price in the Financial Year under review:
  - (i) options granted at up to 10.0% discount; and
  - (ii) options granted at between 10.0% but not more than 20.0% discount; and
- (d) such other information as may be required by the Catalist Rules and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

### Grant of Discounted Options

Discounted Options will only be granted to deserving employees whose performance has been consistently good and/or whose future contributions to our Group will be invaluable. The ability to offer Discounted Options will operate as a means to recognise the performance of Participants as well as to motivate them to continue to excel while encouraging them to focus on improving the profitability and return of our Group to a level that benefits our Shareholders when these are eventually reflected through an appreciation of our share price. Discounted Options would be perceived in a more positive light by the Participants, inspiring them to work hard and produce results in order to be offered Discounted Options as only employees who have made significant contributions to the success and development of our Group would be granted Discounted Options.

The flexibility to grant Discounted Options is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Committee will have absolute discretion to:

- (a) grant Options set at a discount to the Market Price of a Share (subject to a maximum limit of 20.0%); and
- (b) determine the Participants to whom, and the Options to which, such reduction in exercise prices will apply.

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## NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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In determining whether to give a discount and the quantum of the discount, the Committee shall be at liberty to take into consideration factors including the performance of our Company, our Group, the performance of the Participant concerned, the contribution of the Participant to the success and development of our Group and the prevailing market conditions.

At present, our Company foresees that Discounted Options may be granted principally in the following circumstances:

- (a) Firstly, where it is considered more effective to reward and retain talented employees by way of Discounted Options rather than Market Price Options. This is to reward the outstanding performers who have contributed significantly to our Group's performance and the Discounted Options serve as an additional incentive to such Group employees. Options granted by our Company on the basis of market price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence during such periods the ability to offer Discounted Options would allow our Company to grant Options on a more realistic and economically feasible basis. Furthermore, Discounted Options will give an opportunity to our Group employees to realise some tangible benefits even if external events cause the Share price to remain largely static.
- (b) Secondly, where it is more meaningful and attractive to acknowledge a Participant's achievements through Discounted Options rather than paying him a cash bonus. For example, Discounted Options may be used to compensate employees and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit-based cash bonuses or rewards may be combined with grants of Market Price Options or Discounted Options, as part of eligible employees' compensation packages. The NauticAWT ESOS will provide our Group employees with an incentive to focus more on improving the profitability of our Group thereby enhancing shareholder value when these are eventually reflected through the price appreciation of our Shares after the vesting period.

The Committee will have the absolute discretion to grant Discounted Options, to determine the level of discount (subject to a maximum discount of 20.0% of the Market Price) and the grantees to whom, and the Options to which, such discount in the exercise price will apply provided that our Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the NauticAWT ESOS at a discount not exceeding the maximum discount as aforesaid. Our Company may also grant Options without any discount to the Market Price. Additionally, our Company may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the Market Price or at a discount to the Market Price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

### **Rationale for participation by Controlling Shareholder(s) and their Associates**

As the objectives of the NauticAWT ESOS as set out above apply equally to Controlling Shareholder(s) and their Associates, the NauticAWT ESOS may in the future include the participation of such Controlling Shareholder(s) and their Associates who have actively contributed to the progress and success of our Group. Pursuant to Rule 852 of the Catalist Rules, independent Shareholders' approval will be sought in the event of any participation by a Controlling Shareholder and their Associates in the NauticAWT ESOS.

### **Rationale for participation by Non-Executive Directors (including Independent Directors)**

Although our Non-Executive Directors are not involved in the day-to-day running of our operations, they play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by our Non-Executive Directors in the NauticAWT ESOS will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, our Non-Executive Directors may bring strategic or other value to our Company which may be difficult to quantify in monetary terms. The grant of

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## NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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Options to Non-Executive Directors will allow our Company to attract and retain experienced and qualified persons from different professional backgrounds to join our Company as Non-Executive Directors, and to motivate existing Non-Executive Directors to take extra efforts to promote the interests of our Company and/or our Group.

In deciding whether to grant Options to our Non-Executive Directors, the Committee will take into consideration, among other things, the services and contributions made to the growth, development and success of our Group and the years of service of a particular Non-Executive Director. The Committee may also, where it considers relevant, take into account other factors such as the economic conditions and our Company's performance.

In order to minimise any potential conflict of interests and not to compromise the independence of our Independent Directors, our Company intends to grant only a nominal number of Options granted under the NauticAWT ESOS to such Independent Directors.

### **Financial Effects of the NauticAWT ESOS**

#### *Cost of Options granted under the NauticAWT ESOS*

The NauticAWT ESOS will increase our issued share capital to the extent of the new Shares that will be allotted and issued pursuant to the exercise of options. Under the Financial Reporting Standard 102 on Share-based Payment ("FRS 102"), the fair value of employee services received in exchange for the grant of the options would be recognised as an expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each options granted at the grant date and the number of options vested by vesting date, with a corresponding increase in equity.

Before the end of the vesting period, at each reporting period, the entity revises its estimates of the number of options that are expected to vest by the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement would be made.

During the vesting period, the group EPS would be reduced by both the expenses recognised and the potential ordinary shares to be issued under the NauticAWT ESOS. When the options are exercised, the consolidated NTA will be increased by the amount of cash received for exercise of the options.

There will be no cash outlay expended by us at the time of grant of such Options as compared to the payment of cash bonuses. However, as Shareholders may be aware, any Option granted to subscribe for new Shares (whether the exercise price is set at the market price of the Shares at the date of grant or otherwise) will be accorded a fair value at the time of grant. Options are granted to participants at a nominal consideration of S\$1.00 for each Option. Insofar as such Options are granted at a consideration that is less than their fair value at the time of grant, there will be a cost to our Company in that we will receive from the participant upon the grant of the Option a consideration that is less than the fair value of the Option.

#### *Share Capital*

The NauticAWT ESOS will result in an increase in our Company's issued share capital when new Shares are issued to Participants. The number of new Shares issued will depend on, *inter alia*, the size of the Options granted under the NauticAWT ESOS. Whether and when the Options granted under the NauticAWT ESOS will be exercised will depend on the exercise price of the Options, when the Options will vest as well as the prevailing trading price of the Shares. In any case, the NauticAWT ESOS provides that the number of Shares to be issued or transferred under the NauticAWT ESOS, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of our Company, will be subject to the maximum limit of 15.0% of our Company's total number of issued Shares (excluding Shares held by our Company as treasury shares) from time to time. If instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the NauticAWT ESOS will have no impact on our Company's issued share capital.

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## NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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### *NTA*

As described in the paragraph below on EPS, the grant of Options will be recognised as an expense, the amount of which will be computed in accordance with FRS 102. When new Shares are issued pursuant to the exercise of Options, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the NTA would be impacted by the cost of the Shares purchased.

### *EPS*

Without taking into account earnings that may be derived by our Company from the use of the proceeds from the issuance of Shares pursuant to the exercise of Options granted under the NauticAWT ESOS, any new Shares issued pursuant to any exercise of the Options will have a dilutive impact on our Company's EPS.

### *Dilutive Impact*

The issuance of new Shares under the NauticAWT ESOS will have a dilutive impact on our Group's EPS.

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## NAUTICAWT PERFORMANCE SHARE PLAN

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In conjunction with our listing on Catalist we have adopted a performance share plan known as the “NauticAWT Performance Share Plan” which was approved pursuant to resolutions passed by our Shareholders on 3 July 2015. The detailed rules of the NauticAWT PSP are set out in “Appendix G – Rules of the NauticAWT Performance Share Plan” of this Offer Document.

Unlike the NauticAWT ESOS whereby Participants are required to pay the exercise price of the Options, the NauticAWT PSP allows our Group to provide an incentive for Participants to achieve certain specific performance targets by awarding fully paid Shares to Participants after these targets have been met. In addition, the assessment criteria for granting Option(s) under the NauticAWT ESOS are more general (for example, based on length of service and general performance of our Group) and do not relate to specific performance targets imposed by our Group. In contrast, the assessment criteria for granting of Awards under the NauticAWT PSP will be based on specific performance targets or to impose time-based service conditions, or a combination of both.

As at the Latest Practicable Date, no Awards have been granted under the NauticAWT PSP.

Capitalised terms used herein shall, unless otherwise defined, bear the same meanings as defined in “Appendix G – Rules of the NauticAWT Performance Share Plan” of this Offer Document.

### **Objectives of the NauticAWT PSP**

The objectives of the NauticAWT PSP are to:

- (a) foster an ownership culture within our Group which aligns the interests of our Group Employees and our Group Non-Executive Directors with the interests of Shareholders;
- (b) motivate the Participants to achieve key financial and operational goals of our Company and/or their respective business segments and encourage greater dedication and loyalty to our Group;
- (c) give recognition to contributions made or to be made by the Participants to the success of our Group; and
- (d) make total employee remuneration sufficiently competitive to recruit new Participants and retain existing Participants whose contribution are important to the long-term growth and profitability of our Group.

### **Summary of the NauticAWT PSP**

The following is a summary of the rules of the NauticAWT PSP:

#### **(1) Eligibility**

The following persons shall be eligible to participate in the NauticAWT PSP at the absolute discretion of the Committee:

- (a) Group Employees; and
- (b) Group Non-Executive Directors,

provided that, as of the Award Date, such persons have attained the age of 21 years, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and in the opinion of the Committee, have contributed or will contribute to the success and development of our Group; and in the case of Group Employees, must hold such position as may be designated by our Company from time to time, and whose eligibility have been confirmed by our Company and/or any of its subsidiaries as at each proposed Award Date as determined by the Committee.

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## NAUTICAWT PERFORMANCE SHARE PLAN

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Pursuant to the Rule 852 of the Catalist Rules, participation in the NauticAWT PSP by Controlling Shareholders and their Associates must be approved by independent Shareholders of our Company and a separate resolution must be passed for each such person to approve the actual number and terms of the Awards to be granted to such person. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the NauticAWT PSP and grant of Awards to them.

Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the NauticAWT PSP may be amended from time to time at the absolute discretion of the Committee.

### (2) Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant achieving prescribed performance targets, having performed well and/or having made a significant contribution to our Group.

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant under the NauticAWT PSP shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the Participant's rank, scope of responsibilities, performance, length of service, contribution to the success and development of our Group, potential for future development of the Participant and/or the extent of effort and resourcefulness required to achieve the Performance Condition within the Performance Period.

The Committee may grant Awards at any time during the period when the NauticAWT PSP is in force, provided that no Awards may be granted during the period commencing two (2) weeks before the announcement of our Group's financial statements of each of the first three (3) quarters of its financial year and one (1) month before the announcement of our Group's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of our Group's half year and full year financial statements (if not required to announce quarterly financial statements).

In the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be Vested, and hence any Shares comprised in such Awards may only be delivered, on or after the second Market Day from the date on which the aforesaid announcement is made.

An Award letter will be sent to each Participant as soon as reasonably practicable after the Award is finalised, specifying, *inter alia*, in relation to the Award:

- (a) in relation to a performance-related Award, the performance targets and the period during which the prescribed performance targets shall be met;
- (b) the number of Shares to be Vested in the Participant; and
- (c) the date by which the Award shall be Vested.

Participants are not required to furnish any consideration (including making any payment) for the grant of the Award or the allotment and issuance and/or transfer of Shares upon the Vesting of an Award.

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## NAUTICAWT PERFORMANCE SHARE PLAN

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Our Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of our Company and the predetermined dollar amount which our Committee decides that a Participant deserves for meeting his performance targets. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is Vested. Alternatively, our Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. Our Committee shall monitor the grant of Awards carefully to ensure that the size of the NauticAWT PSP will comply with the relevant Catalist Rules.

### (3) Size of the NauticAWT PSP

The aggregate number of Shares over which Awards may be granted under the NauticAWT PSP, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of:

- (a) all Awards granted thereunder;
- (b) all Options granted under the NauticAWT ESOS; and
- (c) all options or awards granted under any other schemes implemented by our Company (if any),

shall not exceed 15.0% of the total number of issued Shares (excluding treasury Shares) on the day immediately preceding the relevant Award Date.

We believe that the size of the NauticAWT PSP will give our Company sufficient flexibility to decide the number of Shares to be offered under the NauticAWT PSP. However, it does not indicate that our Committee will definitely issue Shares up to the prescribed limit. Our Committee will exercise its discretion in deciding the number of Shares to be granted to each Participant under the NauticAWT PSP. This, in turn, will depend on and be commensurate with the performance and value of each Participant to our Group.

The aggregate number of Shares over which Awards may be granted under the NauticAWT PSP to Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the NauticAWT PSP, and the number of Shares over which an Award may be granted under the NauticAWT PSP to each Controlling Shareholder and his Associate shall not exceed 10.0% of the Shares available under the NauticAWT PSP.

### (4) Operation of the NauticAWT PSP

No minimum Vesting Periods are prescribed under the NauticAWT PSP and the length of the Vesting Period in respect of each Award will be determined by the Committee on a case-by-case basis. Our Committee may also make an Award where, in its opinion, a Participant's performance and/or contribution justified such an Award.

Subject to the prevailing legislation and the Catalist Rules, our Company will have the flexibility to deliver Shares to Participants upon release of their Awards by way of an issue of new Shares and/or subject to applicable laws, the purchase of existing Shares. In determining whether to issue new Shares or to purchase existing Shares for delivery to Participants upon the release of their Awards, our Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of either issuing new Shares or purchasing existing Shares.

New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the date of issue of the new Shares or the date of transfer of treasury shares pursuant to the release of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

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## NAUTICAWT PERFORMANCE SHARE PLAN

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**(5) Lapsing of Awards**

Special provisions in the rules of the NauticAWT PSP deal with the lapse of Awards in circumstances which include the termination of the Participant's employment in our Group, the bankruptcy of the Participant, the death of the Participant, a take-over of our Company and the winding-up of our Company.

**(6) Administration of the NauticAWT PSP**

The NauticAWT PSP shall be administered by our Committee in its absolute discretion with such powers and duties as are conferred on it by our Board. A Director who is a member of the Committee shall not be involved in its deliberation in respect of Awards to be granted to him.

**(7) Duration of the NauticAWT PSP**

The NauticAWT PSP shall continue to be in force at the discretion of our Committee, subject to a maximum period of 10 years commencing on the date on which the NauticAWT PSP is adopted by Shareholders in a general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the NauticAWT PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The expiry or termination of the NauticAWT PSP shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

**(8) Abstention from Voting**

Shareholders who are eligible to participate in the NauticAWT PSP are to abstain from voting on any Shareholders' resolution relating to the NauticAWT PSP and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

**(9) Adjustments and Alterations under the NauticAWT PSP**

Variation of Capital

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction (including whether any reduction arising by reason of our Company purchasing or acquiring its issued Shares), subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet released and the rights attached thereto; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the NauticAWT PSP;

shall be adjusted in such a manner as our Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon auditors (acting as experts and not as arbitrators) having confirmed in writing that, in their opinion, such adjustment is fair and reasonable.

Unless our Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustments:

- (i) any issue of securities as consideration for an acquisition or a private placement of securities;

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## NAUTICAWT PERFORMANCE SHARE PLAN

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- (ii) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants issued from time to time by our Company enabling holders thereof to acquire new Shares in the capital of our Company; or
- (iii) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force.

Notwithstanding the provisions of the rules of the NauticAWT PSP, no such adjustment shall be made if (A) as a result, the Participant receives a benefit that a Shareholder does not receive; and (B) unless our Committee, after considering all relevant circumstances considers it equitable to do so.

### Modifications to the NauticAWT PSP

The NauticAWT PSP may be modified and/or altered at any time and from time to time by resolution of our Committee, provided that:

- (1) no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration, except with the written consent of such number of Participants under the NauticAWT PSP who, if their Awards are released to them in full, would thereby become entitled to not less than three-quarters in number of all the Shares which would be issued in full of all outstanding Awards under the NauticAWT PSP; and
- (2) any modification or alteration which would be to the advantage of holder of the Awards under the NauticAWT PSP shall be subject to the prior approval of Shareholders in a general meeting.

### **(10) Reporting Requirements**

Under the Catalist Rules, an immediate announcement must be made on the date of grant of an Award and provide details of the grant, including the following:

- (a) date of grant;
- (b) number of Shares comprised in the Awards granted;
- (c) market price of the Shares on the date of grant;
- (d) number of Shares comprised in the Awards granted to each Director and Controlling Shareholder (and each of their Associates), if any.

Our Company shall, for as long as the NauticAWT PSP continues in operation, make the following disclosure in its annual report:

- (a) the names of the members of our Committee administering the NauticAWT PSP;
- (b) the information required in the table below for the following Participants:
  - (i) Directors of our Company;
  - (ii) Controlling Shareholders and their Associates; and

## NAUTICAWT PERFORMANCE SHARE PLAN

- (iii) Participants, other than those in b(i) and b(ii) above, who receive 5.0% or more of the total number of Shares available under the NauticAWT PSP; and

Name of Participant	Number of Shares comprised in Awards granted during the Financial Year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of the NauticAWT PSP to the end of the Financial Year under review	Aggregate number of Shares comprised in Awards which have been issued and/or transferred since commencement of the NauticAWT PSP to the end of the Financial Year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the Financial Year under review

- (c) such other information as may be required by the Catalist Rules and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

### **Rationale for participation by Controlling Shareholder(s) and their Associates**

As the objectives of the NauticAWT PSP as set out above apply equally to Controlling Shareholder(s) and their Associates, the NauticAWT PSP may in the future include the participation of such Controlling Shareholder(s) and their Associates who have actively contributed to the progress and success of our Group. Pursuant to Rule 852 of the Catalist Rules, independent Shareholders' approval will be sought in the event of any participation by a Controlling Shareholder and their Associates in the NauticAWT PSP.

### **Rationale for participation by Non-Executive Directors (including Independent Directors)**

While the NauticAWT PSP caters principally to the Group Employees, it is recognised that there are other persons who make significant contributions to our Group through their close working relationships with our Group, even though they are not employed within our Group. Such persons include our Non-Executive Directors.

Our Non-Executive Directors are persons from different professions and working backgrounds, bringing to our Group their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping our Group shape its business strategy by allowing our Group to draw on their diverse backgrounds and working experience. It is crucial for our Group to attract, retain and incentivise our Non-Executive Directors. By aligning the interests of our Non-Executive Directors with the interests of Shareholders, our Company aims to inculcate a sense of commitment on the part of our Non-Executive Directors towards serving the short and long-term objectives of our Group.

Our Directors are of the view that including our Non-Executive Directors in the NauticAWT PSP will show our Company's appreciation for, and further motivate them in their contribution towards the success of our Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of our Group, while it is desired that participation in the NauticAWT PSP be made open to our Non-Executive Directors, any Awards that may be granted to any such Non-Executive Director would be intended only as a token of our Company's appreciation.

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## NAUTICAWT PERFORMANCE SHARE PLAN

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For the purpose of assessing the contributions of our Non-Executive Directors, the Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by our Non-Executive Directors. In addition, the Committee will also consider the scope of advice given, the number of contacts and size of deals which our Group is able to procure from the contacts and recommendations of our Non-Executive Directors. The Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all. It is envisaged that the vesting of Awards, and hence the number of Shares to be delivered to our Non-Executive Directors based on the criteria set out above will be relatively small, in terms of frequency and numbers. Based on this, our Directors are of the view that the participation by the Non-Executive Directors in the NauticAWT PSP will not compromise the independent status of those who are Independent Directors.

### **Financial Effects of the NauticAWT PSP**

#### *Cost of Awards*

Singapore Financial Reporting Standard 102 (“**FRS 102**”) relating to share-based payment took effect for all listed companies beginning 1 January 2005. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to profit or loss over the period between the Award Date and the Vesting Date of an Award. The total amount of the charge over the Vesting Period is determined by reference to the fair value of each Award granted on the Award Date and the number of Shares Vested on the Vesting Date, with a corresponding credit to a reserve account. Before the end of the Vesting Period, at each accounting year end, the estimate of the number of Awards that are expected to Vest by the Vesting Date is subject to revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the Vesting Date, no adjustment to the charge to profit or loss is made. This accounting treatment has been referred to as the “modified grant date method” because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually Vest but no adjustment is made to changes in the fair value of the Shares since the Award Date.

The amount charged to profit or loss would be the same whether our Company settles the Awards by issuing new Shares or by purchasing existing Shares. The amount of the charge to profit or loss also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted on the Award Date, and no adjustments to amounts charged to profit or loss are made if the market condition is not met. However, if the performance target is not a market condition, the fair value per Share of the Awards granted on the Award Date is used to compute the amount to be charged to profit or loss at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to Vest.

#### *Share capital*

The NauticAWT PSP will result in an increase in our Company’s issued share capital where new Shares are issued to Participants. The number of new Shares issued will depend on, among others, the size of the Awards granted under the NauticAWT PSP. In any case, the NauticAWT PSP provides that the number of Shares to be issued under the said PSP will be subject to a maximum limit of 15.0% of our total issued Shares. The aggregate number of Shares available under the NauticAWT PSP shall not exceed 15.0% of the total issued share capital of our Company post-Invitation and from time to time. If instead of issuing new Shares to the Participants, treasury shares are transferred to Participants or our Company pays the equivalent cash value, the NauticAWT PSP would have no impact on our Company’s total number of issued Shares.

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## NAUTICAWT PERFORMANCE SHARE PLAN

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### *NTA*

The NauticAWT PSP will result in a charge to our Company's profit or loss over the period from the Award Date to the Vesting Date of the Awards. The amount of the charge will be computed in accordance with FRS 102. When new Shares are issued under the NauticAWT PSP, there would be no effect on the NTA. However, where instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, or our Company pays the equivalent cash value, the NTA would be impacted by the cost of our Shares.

### *EPS*

The NauticAWT PSP will result in a charge to earnings equivalent over the period from the Award Date to the Vesting Date, computed in accordance with FRS 102.

It should again be noted that the delivery of Shares to Participants of the NauticAWT PSP will generally be contingent upon the Participants meeting the prescribed performance targets and conditions.

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## INTERESTED PERSON TRANSACTIONS

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In general, transactions between our Group and any of our Interested Persons after the Invitation would be known as Interested Person Transactions for the purposes of Chapter 9 of the Catalist Rules.

The following discussions on material Interested Person Transactions for the Period Under Review and the period from 1 January 2015 up to the Latest Practicable Date (the “**Relevant Period**”) are based on our Group and Interested Persons as construed accordingly. Save as disclosed below, our Group does not have any other material Interested Person Transactions with any of our Interested Persons during the Relevant Period.

In line with the rules set out in Chapter 9 of the Catalist Rules, transactions with a value of less than S\$100,000 are not considered material in the context of the Invitation and are not taken into account for the purposes of aggregation in this section.

### INTERESTED PERSONS

The following persons or companies are or were considered “Interested Person” for the purpose of this section and the section entitled “Potential Conflicts of Interest” of this Offer Document.

<b>Interested Person</b>	<b>Relationship with our Group</b>
John Grønbech	Executive Director and CEO as well as Controlling Shareholder
Kim Seng Holdings	Controlling Shareholder

### PAST INTERESTED PERSON TRANSACTIONS

#### Loan from Kim Seng Holdings

Our Company entered into the Original Convertible Bond Subscription Agreement with John Grønbech and Kim Seng Holdings on 30 June 2012, pursuant to which Kim Seng Holdings agreed to subscribe for convertible bonds in our Company in the aggregate amount of up to US\$4.5 million. The Original Convertible Bond Subscription Agreement was amended by the First Supplemental Agreement and the Second Supplemental Agreement, pursuant to which the parties agreed that, *inter alia*, (a) the principal amount of the convertible bonds would be reduced from US\$4.5 million to US\$3.0 million; and (b) Kim Seng Holdings would make available to our Company a loan facility of up to a maximum amount of US\$1.5 million (the “**Kim Seng Holdings Loan**”). Our Company issued the Convertible Bond in the principal amount of US\$3.0 million to Kim Seng Holdings on 2 July 2012 and Kim Seng Holdings converted the Convertible Bond into 2,080 Shares on 30 June 2014. The interest rate on the Convertible Bond was 2.0% per annum.

The entire amount of the Kim Seng Holdings Loan was drawn down by our Company on 25 March 2014 and it was fully repaid on 30 June 2014. The Kim Seng Holdings Loan had an interest rate of 5.0% per annum and was unsecured.

The Convertible Bond Subscription Agreement was entered into on an arm’s length basis and on normal commercial terms which were not prejudicial to the interests of our Group.

The proceeds from the issuance of the Convertible Bond and the Kim Seng Holdings Loan were utilised for our working capital purposes.

## INTERESTED PERSON TRANSACTIONS

### PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

#### Loan from John Grønbech

John Grønbech had advanced loans to our Group during the Relevant Period primarily to supplement our Group's working capital requirement. The amount of outstanding loan as at the end of each FY in the Relevant Period and as at the Latest Practicable Date is set out below:

(US\$)	FY2012	FY2013	FY2014	As at the Latest Practicable Date
Loan from John Grønbech	393,742	393,742	204,022	673,073
Total	393,742	393,742	204,022	673,073

The largest amount outstanding during the Relevant Period was US\$673,073.

Such loan was interest-free, unsecured and repayable on demand, and was beneficial to our Group. The loan was not conducted on an arm's length basis as John Grønbech did not receive any consideration from our Group.

Following the admission of our Company to Catalist, we intend to repay the outstanding loan amount and John Grønbech has agreed that such repayment shall be subject to the approval of our Audit Committee, taking into account, among other things, our Group's working capital and gearing position.

#### Personal guarantees by John Grønbech

John Grønbech has provided personal guarantees to secure banking facilities extended to our Group, details of which are as set out below:

Financial institution	Type of facilities	Largest amount of facilities granted during the Relevant Period (US\$'000)	Largest amount guaranteed during the Relevant Period (US\$'000)	Largest amount outstanding during the Relevant Period (US\$'000)
HSBC	Term loan and trade facility <sup>(1)</sup>	7,600	3,750	3,750
DBS Bank	Finance lease	107	98	98

**Note:**

(1) Trade facility includes import finance, guarantee, receivables purchase and foreign exchange.

The banking facilities were utilised for our working capital purposes.

The interest rates applicable to the HSBC facilities extended to our Group ranged from 1.5% to 4.94% per annum. The interest rates applicable to the finance lease is 2.28% per annum. The above arrangements were beneficial to our Group. They were not conducted on an arm's length basis as John Grønbech did not receive any consideration from our Group.

Following the admission of our Company to Catalist, we intend to request for the release of the above personal guarantees by John Grønbech, and to replace it with corporate guarantees provided by our Group. In the event that the financial institution does not agree to discharge the said personal guarantees or to replace with a corporate guarantee by our Group on comparable or better terms, John Grønbech has undertaken to continue to provide the aforesaid guarantees until such time when we are able to source alternative financing at no less favourable terms from other financial institutions. John Grønbech has confirmed that he will not receive any consideration, monetary or otherwise, for the provision of the above guarantees in the future.

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## INTERESTED PERSON TRANSACTIONS

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### REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

To ensure that future transactions with Interested Persons are undertaken on normal commercial terms and are consistent with our Group's usual business practices and policies, which are generally no more favourable than those extended to unrelated third parties, the following procedures will be implemented by our Group:

- (a) in relation to any purchase of products or procurement of services from Interested Persons, quotes from at least two (2) unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two (2) comparative prices from the two (2) unrelated third parties. Our Audit Committee will review the pertinent factors, taking into account the suitability, quality and cost of the product or service, delivery time and the track record and reliability of the supplier;
- (b) in relation to any sale of products or provision of services to Interested Persons, the price and terms of at least two (2) other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The Interested Persons shall not be charged at rates lower than that charged to the unrelated third parties;
- (c) when renting properties from or to the Interested Person, our Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary), including an independent valuation report by a property valuer, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size, suitability for purpose and location, based on the results of the relevant enquiries; and
- (d) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from the Interested Person, the Interested Person Transaction will be approved by any Executive Director and our CFO, each of whom shall not be an Interested Person with respect to the transaction, in accordance with our Group's usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or services, factors such as, but not limited to, quality, quantity, requirements and specifications will be taken into account.

Any contracts to be made with an Interested Person shall not be approved unless the pricing is determined in accordance with our Company's usual business practices and policies, consistent with the usual margin given or price received by our Company for the same or substantially similar types of transactions between our Company and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between our Company and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the Interested Person are no more favourable than those extended to or received from unrelated parties.

In addition, our Company shall monitor all Interested Person Transactions entered into by our Company categorising the transactions as follows:

- (a) a "Category One" Interested Person Transaction is one where the value thereof is in excess of 3.0% of the latest audited NTA of our Group; and
- (b) a "Category Two" Interested Person Transaction is one where the value thereof exceeds S\$100,000 and is below or equal to 3.0% of the latest audited NTA of our Group.

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## INTERESTED PERSON TRANSACTIONS

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All “Category One” interested person transaction must be approved by our Audit Committee prior to entry.

All “Category Two” interested person transactions need not be approved by our Audit Committee prior to entry but must be approved by an Executive Director and our CFO, each of whom shall not be an interested person in respect of the particular transaction prior to entry and must be reviewed by our Audit Committee on a half yearly basis. In its review, our Audit Committee will ensure that all interested person transactions are carried out on normal commercial terms, on an arm’s length basis and not prejudicial to the interests of our Company and our minority Shareholders.

For the avoidance of doubt, where the aggregate value of all “Category Two” interested person transactions with the same Interested Person in the current financial year is equal to or exceeds 3.0% of the latest audited NTA of our Group, the latest and all future “Category Two” interested person transactions with the same Interested Person within the financial year will have to be approved by our Audit Committee prior to our Group’s entry into such transactions.

In respect of all interested person transactions, our Company shall adopt the following policies:

- (a) in the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from deliberating, reviewing and/or approving that particular transaction;
- (b) our Company will prepare relevant information to assist our Audit Committee in its review and will keep a register recording all interested person transactions entered into by our Group, including the basis for entry into the transactions, the quotations and other evidence obtained to support the terms of the interested person transactions;
- (c) our Company shall incorporate into the annual internal audit plan a review of all interested person transactions entered into by our Group at least on an annual basis;
- (d) our Company will endeavour to comply with the recommendations set out in the Code of Corporate Governance 2012;
- (e) our Audit Committee shall review the internal audit reports at least on an annual basis to ensure that all Interested Person Transactions are carried out in accordance with the procedures outlined above. If during these periodic reviews, our Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm’s length basis and not prejudicial to our Company’s interests and the interests of our minority Shareholders, our Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate. Our Audit Committee may request for an independent financial adviser’s opinion as it deems fit;
- (f) our Audit Committee shall review all interested person transactions on a half yearly basis to ensure that they comply with the provisions in Chapter 9 of the Catalist Rules, and if required, our Company will seek independent Shareholders’ approval for such transactions. In accordance with Rule 919 of the Catalist Rules, Interested Persons and their Associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. In addition, such interested persons shall not act as proxies in relation to such resolutions unless specific instructions as to voting have been given by Shareholders; and
- (g) our Board will ensure that all interested person transactions will be subject to the disclosure requirements of the Catalist Rules, and will be subject to Shareholders’ approval if deemed necessary under the provisions of the Catalist Rules. Our Company will disclose in its annual report the aggregate value of interested person transactions conducted during the financial year.

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## POTENTIAL CONFLICTS OF INTERESTS

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### INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS OR THEIR ASSOCIATES

Generally, a conflict of interest arises when any of our Directors, Controlling Shareholders and their Associates is carrying on the same business or dealing in similar products as our Group.

All our Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of our Board and shall abstain from voting in respect of any such transaction.

Save as disclosed in the section entitled "Interested Person Transactions" of this Offer Document, and personal investment (whether directly or through nominees) in quoted investments which may include companies listed on the SGX-ST and such investment not exceeding 5.0% of the total amount of issued securities in that class, none of our Directors, Controlling Shareholders and any of their Associates has any interest, direct or indirect, in the following:

- (a) any material transaction to which our Group was or is a party;
- (b) any entity carrying on the same business or dealing in similar services or products which competes materially and directly with the existing business of our Group;
- (c) any enterprise or company that is our Group's customer or supplier of goods and services; and
- (d) any existing contract or arrangement which was or is significant in relation to the business of our Group.

### INTERESTS OF EXPERTS

None of the experts, if any, named in this Offer Document:

- (a) is employed on a contingent basis by our Company or any of our Subsidiaries;
- (b) has a material interest, whether direct or indirect, in our Shares or the shares of our Subsidiaries; or
- (c) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

### INTERESTS OF THE SPONSOR AND ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT

Save as disclosed below, in the reasonable opinion of our Directors, the Sponsor and Issue Manager, Underwriter and Placement Agent does not have a material relationship with our Company:

- (a) pursuant to the Management and Underwriting Agreement and the Placement Agreement entered into between our Company and Canaccord Genuity, our Company appointed Canaccord Genuity to act as our Sponsor and Issue Manager, Underwriter and Placement Agent. Please refer to the section entitled "Management, Underwriting and Placement Arrangements" of this Offer Document for further details; and
- (b) Canaccord Genuity will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on Catalist.

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## CLEARANCE AND SETTLEMENT

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Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of S\$10 for each withdrawal of 1,000 Shares or less and a fee of S\$25 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book entry settlement system and obtaining physical share certificates.

In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Pursuant to announced rules effective from 1 June 2014, transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in Singapore Dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

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## GENERAL AND STATUTORY INFORMATION

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### INFORMATION ON DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

Save as disclosed below, none of our Directors, Executive Officers or Controlling Shareholders:

- (a) has at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years from the date he ceased to be a partner;
- (b) has at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- (c) has any unsatisfied judgment against him;
- (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
- (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) has at any time during the last 10 years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
  - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
  - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
  - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

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## GENERAL AND STATUTORY INFORMATION

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- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

### Disclosures relating to Bjarne Strikert

Bjarne Strikert resigned from the board of directors of Hairconnexion A/S in June 2007 because of a disagreement with the shareholder of the company. His resignation from the board of directors of Hairconnexion A/S was prior to the bankruptcy of Hairconnexion A/S in August 2008. Following his resignation from Hairconnexion A/S, Mr Strikert had no further involvement with that company and is not aware of the grounds on which Hairconnexion A/S was wound up.

Mr Strikert joined the board of directors of Kähler & Breum A/S in October 2006 on behalf of a new investor in an attempt to save the company. He resigned from the board of directors of Kähler & Breum A/S in June 2007 together with the new investor. Kähler & Breum A/S went into insolvency in July 2007 because of a lack of financial resources and liquidity.

### SHARE CAPITAL

Save as disclosed in the sections entitled "Share Capital" and "Directors, Executive Officers and Staff – Service Agreements" of this Offer Document, there were no changes in the issued and paid-up capital of our Company and our Subsidiaries within the three (3) years preceding the date of lodgement of this Offer Document.

As at the date of this Offer Document, our Company has only one (1) class of shares, being ordinary shares. A summary of the Articles of Association of our Company relating to, among others, the voting rights and privileges of our Shareholders are set out in the section entitled "Appendix C – Summary of Memorandum and Articles of Association of Our Company" of this Offer Document. There is no founder, management or deferred shares reserved for issuance for any purposes.

Save as disclosed in the section entitled "Share Capital" and "Directors, Executive Officers and Staff – Service Agreements" of this Offer Document, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or any of its Subsidiaries.

There is no known arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

There has not been any public take-over offer, by a third party in respect of our Shares or by our Company in respect of the shares of another corporation, or the units of a business trust since 1 January 2014 to the Latest Practicable Date.

There are no shares in our Company that are held by or on behalf of our Company or by our Subsidiaries.

### MATERIAL CONTRACTS

The following contracts not being contracts entered into in the ordinary course of business, have been entered into by our Company and our Subsidiaries within the two (2) years preceding the date of lodgement of this Offer Document and are or may be material:

- (a) the Management and Underwriting Agreement dated 14 July 2015 entered into between our Company and Canaccord Genuity as Sponsor and Issue Manager, and Underwriter to manage the Invitation and to underwrite the Offer Shares;

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## GENERAL AND STATUTORY INFORMATION

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- (b) the Placement Agreement dated 14 July 2015 entered into between our Company and Canaccord Genuity as Placement Agent pursuant to which Canaccord Genuity has agreed to subscribe or procure subscribers for the Placement Shares;
- (c) the AWT Shareholders' Agreement dated 20 October 2009 relating to AWT;
- (d) the founder shareholder deed dated 17 September 2014 entered into between Nautic Australia, Glen Lock Pty Limited, Soukhan Pty Limited, Fortune Eight Pty Ltd, Rivermist Pty Limited and Jacqueline Ure;
- (e) the share purchase agreement dated 10 October 2014 entered into between our Company, Nautic Australia, SAS Trustee Corporation, New Value Pty Ltd and Coppabella Investments Pty Ltd in relation to the sale and purchase of shares of AWT ("**STC Agreement**");
- (f) the share purchase agreement dated 10 October 2014 entered into between our Company, Nautic Australia and Muir & Associates Pty Ltd in relation to the sale and purchase of shares of AWT ("**Muir Agreement**");
- (g) share purchase agreement dated 10 October 2014 entered into between our Company, Nautic Australia and Barrenger & Associates in relation to the sale and purchase of shares of AWT ("**Barrenger Agreement**");
- (h) specific security deed entered into on 10 October 2014 entered into between Nautic Australia, SAS Trustee Corporation, New Value Pty Ltd and Coppabella Investments Pty Ltd to secure the payment of that part of the purchase price contingently payable under the STC Agreement referred to above;
- (i) specific security deed entered into on 10 October 2014 entered into between Nautic Australia and Muir & Associates Pty Ltd to secure the payment of that part of the purchase price contingently payable under the Muir Agreement referred to above;
- (j) specific security deed entered into on 10 October 2014 entered into between Nautic Australia and Barrenger & Associates to secure the payment of that part of the purchase price contingently payable under the Barrenger Agreement referred to above;
- (k) trademark licence agreement dated 23 February 2015 entered into between our Company and AWT relating to the mutual grant of a non-exclusive, royalty-free, worldwide licence to use each other's trademarks and specified intellectual property rights in their trademarks and branding; and
- (l) management agreement dated 31 March 2015 entered into between our Company and Nautic Brunei in relation to the appointment of our Company as Nautic Brunei's sole and exclusive consultant in the management and operation of Nautic Brunei's business and projects, the manager of projects awarded to Nautic Brunei and the sub-contractor for works to be carried out by Nautic Brunei.

For further details on the Management and Underwriting Agreement and the Placement Agreement, please refer to the section entitled "Management, Underwriting and Placement Agreements" in this Offer Document.

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## GENERAL AND STATUTORY INFORMATION

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### LITIGATION

On 10 November 2014, the High Court of Judicature at Bombay accepted a petition filed by Nautic India against Essar Offshore Subsea Limited for the winding up of Essar Offshore Subsea Limited under sections 433 and 434 of the Companies Act, 1956 of India. Under the petition, Nautic India claimed that the Essar Offshore Subsea Limited is indebted to it for an aggregate sum of INR19,188,720 (approximately S\$399,202) and has been unable to pay the amount despite several reminders and requests. Under the consent terms agreed in the High Court of Judicature at Bombay, Essar Offshore Subsea Limited has acknowledged that as of 16 January 2015, a sum of INR19,803,666 (approximately S\$411,995) is due and payable to Nautic India plus interest at the rate of 10.0% per annum from 17 January 2015 up to payment of the full amount. The parties have agreed that Nautic India's claim against Essar Offshore Subsea Limited shall be satisfied by making a payment of INR19,188,720 in the following manner:

- (a) on or before 24 January 2015, a sum of INR3,198,120;
- (b) on or before 25 February 2015 a sum of INR3,198,120;
- (c) on or before 25 March 2015, a sum of INR3,198,120;
- (d) on or before 25 April 2015, a sum of INR3,198,120;
- (e) on or before 25 May 2015, a sum of INR3,198,120; and
- (f) on or before 25 June 2015, a sum of INR3,198,120.

M/s Essar Project (India) Limited, the holding company of Essar Offshore Subsea Limited, has guaranteed the aforesaid payments. Essar Offshore Subsea Limited has provided six (6) post-dated cheques for the above payment. As per the consent terms, it has been provided that in case of any single default of the payments mentioned above, the entire sum of INR19,803,666 along with interest at the rate of 10.0% per annum from 17 January 2015 till the date of payment and/or retaliation will become due and payable by Essar Offshore Subsea Limited and the petition will stand admitted. In the event there is a default and pending the final hearing and disposal of the petition, Essar Offshore Subsea Limited has undertaken to the High Court of Judicature at Bombay, to not deal with, transfer, sell, alienate, dispose of, part with possession of, encumber or otherwise deal in any manner with its assets and/or properties. Subsequent to the Latest Practicable Date, Essar Offshore Subsea Limited has made full payment in respect of the abovementioned sum.

Save as disclosed above, our Group has not been involved in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or have had in the 12 months preceding the date of this Offer Document, a material effect on our financial position or profitability.

### MISCELLANEOUS

Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred between 1 January 2015 and the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.

Save as disclosed in this Offer Document in the sections entitled "Risk Factors", "Management's Discussions and Analysis of Results of Operations and Financial Position" and "Prospects, Business Strategies and Future Plans", the financial condition and operations of our Group are not likely to be affected by any of the following:

- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
- (b) material commitments or capital expenditures;

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## GENERAL AND STATUTORY INFORMATION

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- (c) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations; and
- (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.

Details, including the name, address and professional qualifications (including membership in a professional body) of the auditor of our Company since incorporation are as follows:

<b>Name and address</b>	<b>Professional body</b>	<b>Partner-in-charge/ Professional qualification</b>
<b>Deloitte &amp; Touche LLP</b> 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809	Institute of Singapore Chartered Accountants	Kuldip K Gill (Member of the Institute of Singapore Chartered Accountants)

We currently have no intention of changing the auditors of our Company after our Listing.

### CONSENTS

The Independent Auditors and Reporting Accountants, Deloitte & Touche LLP, have given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the “Independent Auditors’ Report on the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2012, 2013 and 2014” and the “Independent Auditors’ Report on the Unaudited Pro Forma Group Financial Information for the Financial Year Ended 31 December 2014” in the form and context in which it is included and references to their name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

The Sponsor and Issue Manager, Underwriter and Placement Agent, Canaccord Genuity, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

The Solicitors to the Invitation and to our Company on Singapore Law, Morgan Lewis Stamford LLC, have given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

The Solicitors to the Sponsor and Issue Manager, Underwriter and Placement Agent, Chancery Law Corporation, have given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

The Legal Advisers to our Company on Australian Law, Johnson Winter & Slattery, have given and have not withdrawn their written consent to being named in this Offer Document as the Legal Advisers to our Company on Australian Law in relation to the Invitation with the inclusion herein of its name and references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

The Legal Advisers to our Company on Bruneian Law, CCW Partnership, have given and have not withdrawn their written consent to being named in this Offer Document as the Legal Advisers to our Company on Bruneian Law in relation to the Invitation with the inclusion herein of its name and references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

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## GENERAL AND STATUTORY INFORMATION

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The Legal Advisers to our Company on UAE Law, Afridi & Angell Legal Consultants, have given and have not withdrawn their written consent to being named in this Offer Document as the Legal Advisers to our Company on UAE Law in relation to the Invitation with the inclusion herein of its name and references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

The Legal Advisers to our Company on Indian Law, Nishith Desai Associates, have given and have not withdrawn their written consent to being named in this Offer Document as the Legal Advisers to our Company on Indian Law in relation to the Invitation with the inclusion herein of its name and references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

The Legal Advisers to our Company on Malaysian Law, Adnan Sundra & Low, have given and have not withdrawn their written consent to being named in this Offer Document as the Legal Advisers to our Company on Malaysian Law in relation to the Invitation with the inclusion herein of its name and references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

The Legal Advisers to our Company on Mexican Law, Basham, Ringe Y Correa, S.C., have given and have not withdrawn their written consent to being named in this Offer Document as the Legal Advisers to our Company on Mexican Law in relation to the Invitation with the inclusion herein of its name and references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

Each of the Solicitors to the Invitation and to our Company on Singapore Law, the Solicitors to the Sponsor and Issue Manager, Underwriter and Placement Agent, the Legal Advisers to our Company on Australian Law, the Legal Advisers to our Company on Bruneian Law, the Legal Advisers to our Company on UAE Law, the Legal Advisers to our Company on Indian Law, the Legal Advisers to our Company on Malaysian Law, the Legal Advisers to our Company on Mexican Law, the Share Registrar and the Share Transfer Office, the Principal Banker and the Receiving Banker do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

### DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during normal business hours for a period of six (6) months from the date of registration by the SGX-ST acting as agent on behalf of the Authority of this Offer Document:

- (a) the Memorandum and Articles of Association of our Company;
- (b) the material contracts as set out in section entitled "General and Statutory Information – Material Contracts" in this Offer Document;
- (c) the Service Agreements;
- (d) the "Independent Auditors' Report and the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2012, 2013 and 2014" as set out in Appendix A of this Offer Document;
- (e) the "Independent Auditors' Report and the Unaudited Pro Forma Group Financial Information for the Financial Year ended 31 December 2014" as set out in Appendix B of this Offer Document; and
- (f) the letters of consent as set out in section entitled "General and Statutory Information – Consents" in this Offer Document.

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## GENERAL AND STATUTORY INFORMATION

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### RESPONSIBILITY STATEMENT BY OUR DIRECTORS

This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

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**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED  
31 DECEMBER 2012, 2013 AND 2014**

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**INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
FINANCIAL YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014**

July 14, 2015

The Board of Directors  
NauticAWT Limited (formerly known as “Nautic Group Pte. Ltd.”)  
300 Beach Road  
#13-02 The Concourse  
Singapore 199555

Dear Sirs

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of NauticAWT Limited (formerly known as “Nautic Group Pte. Ltd.”) (the “Company”) and its subsidiaries (collectively referred to as the “Group”). The consolidated financial statements comprise the consolidated statements of financial position as at December 31, 2012, 2013 and 2014, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the respective financial years ended December 31, 2012, 2013 and 2014 (the “Relevant Periods”), and a summary of significant accounting policies and other explanatory information, as set out on pages A-3 to A-73.

**Management’s Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the 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 consolidated 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 consolidated financial statements are free from material misstatement.

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**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
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31 DECEMBER 2012, 2013 AND 2014**

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated 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 the consolidated 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 consolidated 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 are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at December 31, 2012, 2013 and 2014 and the financial performance, changes in equity and cash flows of the Group for the Relevant Periods.

**Other Matters**

This report has been prepared solely in connection with the proposed listing of NauticAWT Limited on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited. This report is made solely to you, as a body for this purpose and for no other purpose.

Yours faithfully

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

Kuldip K Gill  
Partner

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
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31 DECEMBER 2012, 2013 AND 2014**

**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**As at December 31, 2012, 2013 and 2014**

	<u>Note</u>	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6	3,412,087	1,867,472	960,269
Trade receivables	7	7,353,925	3,191,563	3,023,006
Other receivables	8	2,381,285	1,737,780	1,522,081
Inventories	9	669,956	300,965	788,595
Work in progress	16	274,979	–	–
Total current assets		14,092,232	7,097,780	6,293,951
<b>Non-current assets</b>				
Plant and equipment	10	4,443,647	2,637,416	1,800,611
Intangible assets	11	56,800	48,636	48,636
Deferred tax assets	12	2,088,759	134,571	219,000
Other receivables	8	559,382	–	–
Total non-current assets		7,148,588	2,820,623	2,068,247
<b>Total assets</b>		<b>21,240,820</b>	<b>9,918,403</b>	<b>8,362,198</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	13	3,114,127	928,665	2,372,630
Other payables	14	2,673,684	1,346,586	273,342
Liabilities for trade bills discounted with recourse	15	346,211	1,002,830	–
Work in progress	16	–	490,965	713,673
Convertible bond	17	–	3,209,087	2,736,151
Bank loan and advances	18	1,894,109	689,077	–
Loan from a director	5	204,022	393,742	393,742
Finance leases	29	102,064	–	–
Provision for taxation		443,675	20,224	16,134
Total current liabilities		8,777,892	8,081,176	6,505,672
<b>Non-current liabilities</b>				
Long-term bank loan	18	700,006	175,000	–
Finance leases	29	164,841	–	–
Other payables	14	614,756	–	–
Total non-current liabilities		1,479,603	175,000	–
<b>Total liabilities</b>		<b>10,257,495</b>	<b>8,256,176</b>	<b>6,505,672</b>

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
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**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**As at December 31, 2012, 2013 and 2014**

	<u>Note</u>	<u>2014</u> <u>US\$</u>	<u>2013</u> <u>US\$</u>	<u>2012</u> <u>US\$</u>
<b>Capital and reserves</b>				
Share capital	19	3,208,578	77,328	77,328
Share conversion reserve	17	–	223,453	223,453
Other capital reserve	17	703,453	–	–
Share-based payment reserve	19	6,193	–	–
Foreign currency translation reserve		(93,160)	–	–
Accumulated profits		5,687,227	1,361,446	1,555,745
Equity attributable to owners of the Company		9,512,291	1,662,227	1,856,526
Non-controlling interests		1,471,034	–	–
Total equity		10,983,325	1,662,227	1,856,526
<b>Total liabilities and equity</b>		21,240,820	9,918,403	8,362,198

See accompanying notes to financial statements.

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED  
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**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
For the financial years ended December 31, 2012, 2013 and 2014**

	<u>Note</u>	<u>2014</u> <u>US\$</u>	<u>2013</u> <u>US\$</u>	<u>2012</u> <u>US\$</u>
<b>Revenue</b>	20	21,282,898	11,024,903	13,477,645
<b>Cost of sales</b>		(10,409,549)	(5,955,394)	(10,275,817)
<b>Gross profit</b>		10,873,349	5,069,509	3,201,828
Distribution expenses		(759,630)	(1,127,114)	(345,555)
Administrative expenses		(5,440,441)	(2,671,282)	(1,522,893)
Other income	21	325,315	116,567	635
Finance costs	22	(423,847)	(543,460)	(209,651)
<b>Profit before tax</b>		4,574,746	844,220	1,124,364
Income tax (expense) credit	23	(75,681)	(88,519)	178,000
<b>Profit for the year</b>	24	4,499,065	755,701	1,302,364
<b>Other comprehensive income</b>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Share-based payment		6,193	–	–
Exchange differences on translation of foreign operations		(153,546)	–	–
<b>Total other comprehensive income for the year</b>		(147,353)	–	–
<b>Total comprehensive income for the year</b>		4,351,712	755,701	1,302,364
<b>Profit attributable to:</b>				
Owners of the Company		4,325,781	755,701	1,302,364
Non-controlling interests		173,284	–	–
		4,499,065	755,701	1,302,364
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		4,238,814	755,701	1,302,364
Non-controlling interests		112,898	–	–
		4,351,712	755,701	1,302,364
<b>Basic and diluted earnings per share (cents)</b>				
Basic	25	2.68	0.79	1.36
Diluted	25	2.68	0.74	0.92

See accompanying notes to financial statements.

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
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**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**For the financial years ended December 31, 2012, 2013 and 2014**

	Share capital US\$	Share conversion reserve US\$	Other capital reserve US\$	Share-based payment reserve US\$	Foreign currency translation reserve US\$	Accumulated profits US\$	Attributable to owners of the Company US\$	Non- controlling interests US\$	Total US\$
<b>Balance at December 31, 2011</b>	1	–	–	–	–	253,381	253,382	–	253,382
<i>Total comprehensive income for the year</i>									
Profit for the year	–	–	–	–	–	1,302,364	1,302,364	–	1,302,364
<i>Transaction with owners recognised directly in equity</i>									
Issuance of ordinary shares	77,327	–	–	–	–	–	77,327	–	77,327
Recognition of equity component of convertible bond (Note 17)	–	223,453	–	–	–	–	223,453	–	223,453
<b>Balance at December 31, 2012</b>	77,328	223,453	–	–	–	1,555,745	1,856,526	–	1,856,526
<i>Total comprehensive income for the year</i>									
Profit for the year	–	–	–	–	–	755,701	755,701	–	755,701
<i>Transaction with owners recognised directly in equity</i>									
Dividends (Note 26)	–	–	–	–	–	(950,000)	(950,000)	–	(950,000)
<b>Balance at December 31, 2013</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 17)	3,000,000	(223,453)	703,453	–	–	–	3,480,000	–	3,480,000
Issuance of ordinary shares (Note 19)	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

See accompanying notes to financial statements.

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED  
31 DECEMBER 2012, 2013 AND 2014**

**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the financial years ended December 31, 2012, 2013 and 2014

	<u>Note</u>	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
<b>Operating activities</b>				
Profit before tax		4,574,746	844,220	1,124,364
Adjustments for:				
Depreciation of plant and equipment		547,992	580,001	228,071
Amortisation of intangible assets		82	–	–
Gain arising from acquisition of a subsidiary		(249,990)	–	–
Allowance for doubtful debts		63,020	–	–
Loss (Gain) on disposal of plant and equipment		1,980	(1,332)	–
Interest expense		423,847	543,460	209,651
Interest income		(410)	(65)	(635)
Share based payment		6,193	–	–
<hr/>				
Operating cash flows before movements in working capital		5,367,460	1,966,284	1,561,451
Trade receivables		414,694	(168,557)	(1,501,918)
Other receivables		113,068	(215,699)	(1,377,314)
Inventories		(368,991)	487,630	(788,595)
Trade payables		(616,203)	(1,443,965)	1,053,600
Other payables		329,776	123,244	191,625
Trade bills discounted with recourse		(1,067,641)	1,002,830	–
Work in progress		(614,862)	(222,708)	814,844
<hr/>				
Cash generated from (used in) operations		3,557,301	1,529,059	(46,307)
Income tax paid		(21,052)	–	–
Interest received		410	65	635
Interest paid		(152,934)	(70,524)	–
<hr/>				
Net cash from (used in) operating activities		3,383,725	1,458,600	(45,672)
<hr/>				
<b>Investing activities</b>				
Purchase of plant and equipment	B	(1,820,300)	(1,553,333)	(1,951,699)
Investment in intangible assets		(8,246)	–	(48,636)
Acquisition of a subsidiary	A	(708,103)	–	–
Proceeds from disposal of plant and equipment		–	137,859	–
<hr/>				
Net cash used in investing activities		(2,536,649)	(1,415,474)	(2,000,335)

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
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**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the financial years ended December 31, 2012, 2013 and 2014

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
<b>Financing activities</b>			
Repayment of loan to director	(189,720)	–	–
Bank loans raised	2,300,000	300,000	–
Loan receipts from a related party	1,500,000	–	–
Repayment of loan to a related party	(1,500,000)	–	–
Proceeds from issuance of convertible bond, net	–	–	2,749,953
Dividend paid	(950,000)	–	–
(Repayment of) advances (to) from bank	(344,964)	589,077	–
Restricted cash	–	(300,000)	–
Repayment of finance lease payables	(6,333)	–	–
Repayments of bank loans	(224,998)	(25,000)	–
Proceeds from issuance of ordinary shares	131,250	–	77,327
<b>Net cash from financing activities</b>	<b>715,235</b>	<b>564,077</b>	<b>2,827,280</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,562,311</b>	<b>607,203</b>	<b>781,273</b>
Cash and cash equivalents at beginning of year	1,567,472	960,269	178,996
Effects of exchange rate changes on balance of cash held in foreign currencies	(17,696)	–	–
<b>Cash and cash equivalents at end of year (Note 6)</b>	<b>3,112,087</b>	<b>1,567,472</b>	<b>960,269</b>

**Notes**

During the Relevant Periods, the Group has the following non-cash transactions:

- (A) The Group acquired a subsidiary with a deferred contingent consideration of US\$807,801 (2013 : US\$Nil; 2012 : US\$Nil) which remains unpaid as at December 31, 2014 (Note 14).
- (B) The Group acquired plant and equipment at an aggregate cost of US\$1,934,649 (2013 : US\$1,553,333; 2012 : US\$1,951,699) of which US\$114,349 (2013 : US\$Nil; 2012 : US\$Nil) were acquired under finance leases (Note 10). Cash payment of US\$1,820,300 (2013 : US\$1,553,333; 2012 : US\$1,951,699) were made to purchase plant and equipment during the year.

See accompanying notes to financial statements.

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**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**As at December 31, 2012, 2013 and 2014**

**1 GENERAL**

The Company (Registration Number 201108075C) is incorporated in the Republic of Singapore on April 4, 2011 as a private limited company. The principal place of business and the registered office is at 300 Beach Road, #13-02, The Concourse Singapore 199555. The financial statements are presented in United States dollars which is the Company’s functional currency.

The consolidated financial statements have been prepared solely in connection with the proposed listing of the Company on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

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

The details of the Company’s subsidiaries and their principal activities are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation and operations</u>	<u>Effective equity interest</u>			<u>Principal activities</u>
		<u>2014</u> %	<u>2013</u> %	<u>2012</u> %	
<b>Held by the Company:</b>					
Nautic Offshore Pte. Ltd. <sup>(7)</sup>	Singapore	100	100	100	Offshore engineering
Nautic Marine Pte. Ltd. <sup>(7)</sup>	Singapore	100	100	100	Offshore engineering (Dormant)
Nautic Materials Sdn. Bhd. <sup>(8)</sup>	Malaysia	100	100	–	Engineering and manufacturing works
Nautic India Private Limited <sup>(9)</sup>	India	99.99 <sup>(6)</sup>	99.99 <sup>(4)</sup>	–	Offshore engineering
Nautic (B) Sdn. Bhd. <sup>(10)</sup>	Brunei	– <sup>(1)</sup>	– <sup>(1)</sup>	–	Offshore engineering
Nautic Australia Pty Ltd <sup>(8)</sup>	Australia	100	–	–	Investment holdings

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**As at December 31, 2012, 2013 and 2014**

1 GENERAL (cont'd)

<u>Name of subsidiary</u>	<u>Country of incorporation and operations</u>	<u>Effective equity interest</u>			<u>Principal activities</u>
		<u>2014</u> %	<u>2013</u> %	<u>2012</u> %	
<b>Held by the Nautic Australia Pty Ltd:</b>					
AWT International Pty Ltd <sup>(3)</sup>	Australia	60.75	–	–	Engineering consultancy
<b>Held by Nautic Offshore Pte. Ltd.:</b>					
Nautic Offshore Mexico, S.A. de C.V. <sup>(13)</sup>	Mexico	96 <sup>(2)</sup>	– <sup>(2)</sup>	–	Offshore engineering
Nautic Middle East DMCC <sup>(11)</sup>	United Arab Emirates	100	– <sup>(14)</sup>	– <sup>(14)</sup>	Offshore engineering
<b>Held by AWT International Pty Ltd:</b>					
Advanced Well Technologies (Malaysia) Pty Ltd <sup>(3)</sup>	Australia	100	–	–	Engineering consultancy
Advanced Well Technologies (India) Pty Ltd <sup>(3)</sup>	Australia	80	–	–	Engineering consultancy
Energy Asset Innovation (EAI) Pty Ltd <sup>(3)</sup>	Australia	100	–	–	Engineering consultancy
MBA Petrolueum Consultants Pty Ltd <sup>(3)</sup>	Australia	100	–	–	Engineering consultancy
AWT (India) Pty Ltd <sup>(3)</sup>	Australia	100	–	–	Engineering consultancy
AWT International (Asia) Sdn. Bhd. <sup>(12)</sup>	Malaysia	100	–	–	Engineering consultancy
AWT International (PNG) Sdn. Bhd. <sup>(12)</sup>	Malaysia	100	–	–	Engineering consultancy
HMS Energy Sdn. Bhd. <sup>(12)</sup>	Malaysia	49 <sup>(5)</sup>	–	–	Engineering consultancy

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**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
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**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**As at December 31, 2012, 2013 and 2014**

**1 GENERAL (cont'd)**

- (1) 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*.
- (2) The remaining shares are held by a director, an employee and a nominee for the Company.
- (3) Audited by BDO Brisbane.
- (4) The remaining share is held by an employee for the Company.
- (5) AWT International (Asia) Sdn. Bhd. has a 49% interest in HMS Energy Sdn. Bhd. through a shareholders agreement. The remaining shares in HMS Energy Sdn. Bhd. are held by HMS Oil & Gas Sdn. Bhd..
- (6) The remaining share is held by a director for the Company.
- (7) Audited by Deloitte & Touche LLP, Singapore.
- (8) Audited by overseas practices of Deloitte & Touche.
- (9) Audited by Nangia & Co. Chartered Accountant.
- (10) Audited by Lee Corporatehouse Associates.
- (11) Audited by Talal Abu-Ghazaleh & Co. International.
- (12) Audited by BDO Malaysia.
- (13) Subsidiary is exempt from audit.
- (14) The shares are held by an employee for the Company.

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
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**1 GENERAL (cont'd)**

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

Name of subsidiary	Country of incorporation and operations	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated controlling interest	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
AWT International Pty Ltd	Australia	39.25	39.25	173,284	173,284	1,471,034	1,471,034
		%	%	US\$	US\$	US\$	US\$

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1 GENERAL (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.

	<u><b>AWT International Pty Ltd and its subsidiaries</b></u>		
	<u><b>December 31, 2014 US\$</b></u>	<u><b>December 31, 2013 US\$</b></u>	<u><b>December 31, 2012 US\$</b></u>
Current assets	4,950,606	–	–
Non-current assets	3,108,938	–	–
Current liabilities	4,212,275	–	–
Non-current liabilities	99,413	–	–
Equity attributable to owners of the Company	3,747,856	–	–
Revenue	2,671,762	–	–
Cost of sales	(2,267,820)	–	–
Gross profit	403,942	–	–
Other income	58,100	–	–
Expenses	(336,466)	–	–
Profit before tax	125,576	–	–
Tax credit	315,913	–	–
Profit for the year	441,489	–	–
Other comprehensive income attributable to owners, representing total other comprehensive income for the year	7,790	–	–
Total comprehensive income attributable to owners, representing total comprehensive income for the year	449,279	–	–
Net cash inflow from operating activities	2,016,985	–	–
Net cash inflow (outflow) from investing activities	–	–	–
Net cash outflow from financing activities	(412,870)	–	–

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1 GENERAL (cont’d)

**Acquisition of subsidiary**

On November 12, 2014, the Company acquired 60.75% equity interest in AWT International Pty Ltd (“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)**

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

(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 (iii) 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.

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1 GENERAL (cont'd)

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

AWT International Pty Ltd and its subsidiaries

**US\$**

**Current assets**

Cash and cash equivalents	336,187
Trade receivables	4,807,551
Other receivables	783,963
Work in progress	156,536

Total current assets	6,084,237
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**Non-current assets**

Plant and equipment	436,770
Deferred tax assets	2,057,968
Other receivables	579,490

Total non-current assets	3,074,228
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<b>Total assets</b>	<b>9,158,465</b>
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**LIABILITIES AND EQUITY**

**Current liabilities**

Trade payables	2,902,785
Other payables	1,794,365
Liabilities for trade bills discounted with recourse	425,858
Finance leases	84,853
Provision for taxation	385,471

Total current liabilities	5,593,332
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**Non-current liabilities**

Provision for employee entitlement	23,230
Finance leases	81,686

Total non-current liabilities	104,916
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Total liabilities	5,698,248
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1 GENERAL (cont’d)

	<b>US\$</b>
AWT International Pty Ltd and its subsidiaries	
<b>Capital and reserve</b>	
Share capital	7,951,340
Share-based payment reserve	366,685
Foreign currency translation reserve	(162,382)
Accumulated losses	(4,695,426)
	3,460,217
<b>Total equity</b>	<b>3,460,217</b>
<b>Total liabilities and equity</b>	<b>9,158,465</b>
<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)
	(249,990)
<b>Gain arising on acquisition</b>	<b>(249,990)</b>

Gain arose on 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:

	<b>December 31, 2014 US\$</b>
Consideration paid in cash	1,044,290
Less: cash and cash equivalent balances acquired	(336,187)
	708,103
	<b>708,103</b>

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1 GENERAL (cont'd)

**Impact of acquisitions on the results of the Group**

Included in the profit for the year is US\$441,489 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.

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 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS – Since the beginning of the Relevant Periods, 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 accounting policies and has no material effect on the amounts reported for the current or prior years.

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

- FRS 109 *Financial Instruments* <sup>(4)</sup>
- FRS 115 *Revenue from Contracts with Customers* <sup>(3)</sup>
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* <sup>(2)</sup>
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* <sup>(2)</sup>
- Improvements to Financial Reporting Standards (January 2014) <sup>(1)</sup>
- Improvements to Financial Reporting Standards (February 2014) <sup>(1)</sup>
- Improvements to Financial Reporting Standards (November 2014) <sup>(2)</sup>

(1) Applies to annual periods beginning on or after July 1, 2014, with early application permitted.

(2) Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

(3) Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

(4) Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS 109 *Financial Instruments*

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

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

Management is currently evaluating the potential impact of the application of FRS 109 on the financial statement of the Group in the period of initial application.

FRS 115 Revenue from Contracts with Customers

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

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income (“OCI”) arising from equity-accounted investments - An entity’s share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Management is currently evaluating the potential impact of the application of FRS 1 on the financial statements of the Group in the period of application.

Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full. When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate, i.e. the entity’s share of the gain or loss is eliminated.

Management is currently evaluating the potential impact of the application of FRS 110 and FRS 28 on the financial statement of the Group in the period of initial application.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key amendment
<i>FRS 103 Business Combinations</i>	Accounting for contingent consideration in a business combination	Clarified that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss.  Amendments are effective for business combinations for which the acquisition date is on or after July 1, 2014.
<i>FRS 108 Operating Segments</i>	Aggregation of Operating Segments  Reconciliation of the total of the reportable segments' assets to the entity's assets	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'.  Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
<i>FRS 24 Related Party Disclosures</i>	Key Management Personnel	Clarified that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components for such compensation is not required.

Management is currently evaluating the potential impact of the above improvements to financial reporting standards (January 2014) on the financial statements of the Group in the period of application.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Improvements to Financial Reporting Standards (February 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key amendment
<i>FRS 103 Business Combinations</i>	Scope exception for joint ventures	Scope section amended to clarify that FRS 103 does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangements itself.
<i>FRS 113 Fair Value Measurement</i>	Scope of portfolio exception	The scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, FRS 39, even if those contracts do not meet the definitions of financial assets or financial liabilities within FRS 32.  Consistent with the prospective initial application of FRS 113, the amendment must be applied prospectively from the beginning of the annual period in which FRS 113 was initially applied.

Management is currently evaluating the potential impact of the above improvements to financial reporting standards (February 2014) on the financial statements of the Group in the period of application.

Improvements to Financial Reporting Standards (November 2014)

Standards included in this cycle of the improvements project comprised the following. Amendments apply for annual periods beginning on or after January 1, 2016, unless otherwise stated.

Standard	Topic	Key amendment
<i>FRS 107 Financial Instruments: Disclosures</i>	Servicing contracts Applicability of the amendments to FRS 107 to condensed interim financial statements	Provides additional guidance to clarify whether a servicing contract results in continuing involvement in a transferred asset for the purpose of determining the disclosures required. Clarifies that the offsetting disclosures are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with FRS 34 <i>Interim Financial Reporting</i> .

Management is currently evaluating the potential impact of the above improvements to financial reporting standards (November 2014) on the financial statements of the Group in the period of application.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of consolidation

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

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

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

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

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

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Business combinations

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

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

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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. The policy described above is applied to all business combinations that take place on or after January 1, 2010.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**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.

**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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets

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

**Financial liabilities and equity instruments**

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Interest-bearing bank loans 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial liabilities

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

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 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.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**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.

**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 annual 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 revised estimated useful lives.

In 2014, the financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to decrease the consolidated depreciation expense in the current financial year by US\$400,000.

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**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.

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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.

**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.

**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.

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.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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.

**INTEREST 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.

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**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.

**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 17); and
- (ii) Other capital reserve which is the excess over the share capital for the conversion of convertible debt instrument.

**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.

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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.

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.

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**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 19. 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 at 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, and is accounted for using the balance sheet liability method. 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.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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.

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.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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, the accumulative amount of the exchange differences relating to of that foreign operation.

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 a separate component of equity under the header of foreign currency translation reserve.

**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Management is of the opinion that there are no instances of application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

***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 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 Company 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. In making this judgement, expenses are accrued by reference to the stage of completion of the contract and budgets updated by management for any additional costs to complete.

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**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY  
(cont'd)**

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 credit history. As at December 31, 2014, the allowance for doubtful debts is US\$63,020 (2013 : US\$Nil; 2012 : US\$Nil).

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, other receivables and long-term 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 10 to the financial statements.

In 2014, management determined that the useful lives of certain items of machinery and administrative equipment should be lengthened. This estimate is based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to decrease the depreciation expense in the current financial year and for the next 3 years, by the following amounts:

	<b>US\$</b>
2014	400,000
2015	438,506
2016	438,178
2017	280,554

Valuation of convertible bond

In 2012, the fair value of the convertible bond had been determined using residual valuation approach. On initial recognition, the liability component is valued first, and the difference between the proceeds of the bond issue (being the fair value of the instrument in its entirety) and the fair value of the liability is assigned to the equity component. The present value (i.e. fair value) of the liability component is calculated using a discount rate of 14 per cent, the market interest rate for similar bond with the same credit standing having no conversion rights. Changes in assumptions about discount rate could affect the reported fair value of option.

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**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)**

***Key sources of estimation uncertainty (cont'd)***

Recoverability of deferred tax assets

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent 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 that 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. The estimated future results have been derived from estimates also used for impairment assessments referred to in the notes to the consolidated financial statements.

**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:

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
<b>Financial assets</b>			
Loans and receivables (including cash and cash equivalents)	11,857,284	6,205,048	5,027,472
<b>Financial liabilities</b>			
Convertible bond measured at amortised cost	–	3,209,087	2,736,151
Amortised cost	9,237,764	3,585,900	3,004,349

**(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.

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**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

**(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 creditworthiness counterparties and obtaining sufficient collateral where appropriate, as a means of initiating 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 35% (2013 : 65%; 2012 : 94%) of total trade receivables at December 31, 2014.

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

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

(ii) Interest rate risk management

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

The primary source of the 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, 18 and 29 to the financial statements respectively.

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**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

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, Mexican Peso 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:

	<b>Assets</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Singapore dollars	645,731	338,702	42,288
Australian dollars	3,986,026	1,321	906,717
Euro	231,859	–	–
Brunei dollars	617,129	256,113	–
Indian rupee	294,034	–	–
Mexican Peso	28,873	–	–
Malaysian ringgit	369,080	83,739	670,323
	<b>Liabilities</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Singapore dollars	578,919	178,262	298,800
Australian dollars	3,202,758	–	3,440,439
Euro	2,961	–	–
Brunei dollars	159,165	90,108	291,850
Indian rupee	3,079	–	3,384
Mexican Peso	107,926	–	–
Malaysian ringgit	92,989	248,078	586,748

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**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 profit before income tax to a reasonably possible change in the relevant currency against the functional currency of the Company, with all other variables held constant.

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
<u>Profit before income tax - increase (decrease)</u>			
Singapore dollars			
- strengthened by 5%	3,341	8,022	(12,826)
- weakened by 5 %	(3,341)	(8,022)	12,826
Australian dollars			
- strengthened by 5%	39,163	66	45,336
- weakened by 5 %	(39,163)	(66)	(45,336)
Euro			
- strengthened by 5%	11,445	-	-
- weakened by 5 %	(11,445)	-	-
Brunei dollars			
- strengthened by 5%	22,898	8,300	(14,592)
- weakened by 5 %	(22,898)	(8,300)	14,592
Indian rupee			
- strengthened by 5%	14,548	-	(169)
- weakened by 5 %	(14,548)	-	169
Mexican Peso			
- strengthened by 5%	(3,953)	-	-
- weakened by 5 %	3,953	-	-
Malaysian ringgit			
- strengthened by 5%	13,805	(10,017)	4,179
- weakened by 5 %	(13,805)	10,017	(4,179)

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.

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**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.

	<b>Weighted average effective interest rate %</b>	<b>On demand or within 1 year US\$</b>	<b>Within 2 to 5 years US\$</b>	<b>Adjustment US\$</b>	<b>Total US\$</b>
<b>December 31, 2014</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
<b>Total</b>		<b>11,298,284</b>	<b>577,562</b>	<b>(18,562)</b>	<b>11,857,284</b>
<b>December 31, 2013</b>					
Non-interest bearing	–	5,905,048	–	–	5,905,048
Fixed interest rate	0.063	300,188	–	(188)	300,000
<b>Total</b>		<b>6,205,236</b>	<b>–</b>	<b>(188)</b>	<b>6,205,048</b>
<b>December 31, 2012</b>					
Non-interest bearing	–	5,027,472	–	–	5,027,472

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**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)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year US\$	Within 2 to 5 years US\$	Adjustment US\$	Total US\$
<b>December 31, 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>December 31, 2013</b>					
<b>Financial liabilities</b>					
Non-interest bearing	–	1,718,993	–	–	1,718,993
Fixed interest rate	4.19	1,009,833	–	(7,003)	1,002,830
Fixed interest rate	3.79	592,798	–	(3,721)	589,077
Fixed interest rate	17.29	3,763,938	–	(554,851)	3,209,087
Fixed interest rate	4.94	104,940	183,645	(13,585)	275,000
Total		7,190,502	183,645	(579,160)	6,794,987
<b>December 31, 2012</b>					
<b>Financial liabilities</b>					
Non-interest bearing	–	3,004,349	–	–	3,004,349
Fixed interest rate	17.29	3,209,232	–	(473,081)	2,736,151
Total		6,213,581	–	(473,081)	5,740,500

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**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, 2014, 2013 and 2012, except as disclosed below.

		<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
<b>Fair value hierarchy</b>	<b>Level</b>			
<u>Financial liabilities</u>				
Convertible bond (Note 17) <sup>(1)</sup>	2	–	3,209,087	2,736,151
Deferred consideration <sup>(2)</sup>	3	807,801	–	–

(1) Convertible bond is classified as level 2 in the fair value hierarchy. In 2012, the fair value of the convertible bond is determined using residual valuation approach. On initial recognition, the liability component is valued first, and the difference between the proceeds of the bond issue (being the fair value of the instrument in its entirety) and the fair value of the liability is assigned to the equity component. Thereafter, the liability component is carried at amortised cost.

(2) Deferred consideration for acquisition of a subsidiary is 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.

**(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 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 period.

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**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.

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
Loan from a director	204,022	393,742	393,742
Deposit held by a director of a subsidiary	–	947,107	947,107

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

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> 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 directors and key management personnel***

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

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
Salaries, bonus and other short-term benefits	1,145,207	796,391	591,351

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**6 CASH AND CASH EQUIVALENTS**

	<b>2014 US\$</b>	<b>2013 US\$</b>	<b>2012 US\$</b>
Cash at bank	3,103,302	1,564,596	958,634
Cash on hand	8,785	2,876	1,635
Fixed deposit	300,000	300,000	–
Total	3,412,087	1,867,472	960,269
Less: Restricted cash (Note 18)	(300,000)	(300,000)	–
Cash and cash equivalents as shown in the statement of cash flows	<u>3,112,087</u>	<u>1,567,472</u>	<u>960,269</u>

Fixed deposit placed with bank bears interest at average weighted effective interest of 0.063% (2013 : 0.063%; 2012 : N/A) per annum. The fixed deposit has a maturity period of 8 months from the end of the financial year ended December 31, 2014.

Restricted cash is pledged as a security for banking facilities as disclosed in Note 18 to the financial statements.

**7 TRADE RECEIVABLES**

	<b>2014 US\$</b>	<b>2013 US\$</b>	<b>2012 US\$</b>
Outside parties	7,416,945	3,191,563	3,023,006
Less: Allowance for doubtful debts	(63,020)	–	–
	<u>7,353,925</u>	<u>3,191,563</u>	<u>3,023,006</u>

The average credit period on revenue from outside parties is 30 days (2013 : 30 days; 2012 : 30 days). No interest is charged on overdue trade receivables. The Company makes specific allowance on a case-by-case basis for its receivables. 73% (2013 : 64%; 2012 : 59%) 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.

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**7 TRADE RECEIVABLES (cont’d)**

*Movement in the allowance for doubtful debts*

	<b>2014</b> <b>US\$</b>	<b>2013</b> <b>US\$</b>	<b>2012</b> <b>US\$</b>
Balance at beginning of the financial year	–	–	–
Increase in allowance arising from acquisition of a subsidiary	63,020	–	–
Balance at end of the financial year	<u>63,020</u>	<u>–</u>	<u>–</u>

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

	<b>2014</b> <b>US\$</b>	<b>2013</b> <b>US\$</b>	<b>2012</b> <b>US\$</b>
Not past due and not impaired	5,376,435	2,043,561	1,799,886
Past due but not impaired <sup>(i)</sup>	1,977,490	1,148,002	1,223,120
Total	<u>7,353,925</u>	<u>3,191,563</u>	<u>3,023,006</u>

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

	<b>2014</b> <b>US\$</b>	<b>2013</b> <b>US\$</b>	<b>2012</b> <b>US\$</b>
< 3 months	1,273,097	600,283	305,880
3 months to 6 months	704,393	547,719	917,240
	<u>1,977,490</u>	<u>1,148,002</u>	<u>1,223,120</u>

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\$346,211 (2013 : US\$1,002,830; 2012 : US\$Nil) which have been transferred to the bank as trade bills discounted with recourse (Note 15).

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**8 OTHER RECEIVABLES**

	<b><u>2014</u></b> <b>US\$</b>	<b><u>2013</u></b> <b>US\$</b>	<b><u>2012</u></b> <b>US\$</b>
<u>Current</u>			
Deposits	298,668	151,017	76,868
Deposit held by a director (Note 5)	–	947,107	947,107
GST receivable	184,641	16,923	20,222
Prepayments	555,012	230,885	120,959
Withholding tax	844,859	175,690	11,147
Advances to suppliers	449,524	185,192	345,778
Others	48,581	30,966	–
<b>Total</b>	<b>2,381,285</b>	<b>1,737,780</b>	<b>1,522,081</b>
<u>Non-current</u>			
Deposits	559,382	–	–

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 there is no allowance for doubtful debts required.

**9 INVENTORIES**

	<b><u>2014</u></b> <b>US\$</b>	<b><u>2013</u></b> <b>US\$</b>	<b><u>2012</u></b> <b>US\$</b>
Raw material, at cost	101,031	–	–
Finished goods, at cost	568,925	300,965	788,595
<b>Total inventories, at cost</b>	<b>669,956</b>	<b>300,965</b>	<b>788,595</b>

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**10 PLANT AND EQUIPMENT**

	<u>Machinery</u> <u>US\$</u>	<u>Computer</u> <u>equipment</u> <u>US\$</u>	<u>Administrative</u> <u>equipment</u> <u>US\$</u>	<u>Laboratory</u> <u>equipment</u> <u>US\$</u>	<u>Motor</u> <u>vehicle</u> <u>US\$</u>	<u>Leased</u> <u>assets</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
<b>Cost:</b>							
At January 1, 2012	–	55,766	24,901	–	–	–	80,667
Additions	1,715,454	32,454	156,269	47,522	–	–	1,951,699
At December 31, 2012	1,715,454	88,220	181,170	47,522	–	–	2,032,366
Additions	1,318,320	34,066	165,210	35,737	–	–	1,553,333
Disposals	(195,196)	–	–	–	–	–	(195,196)
At December 31, 2013	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
<b>Accumulated depreciation:</b>							
At January 1, 2012	–	3,098	586	–	–	–	3,684
Depreciation	177,714	24,816	21,562	3,979	–	–	228,071
At December 31, 2012	177,714	27,914	22,148	3,979	–	–	231,755
Depreciation	473,722	33,742	58,018	14,519	–	–	580,001
Disposals	(58,669)	–	–	–	–	–	(58,669)
At December 31, 2013	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

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10 PLANT AND EQUIPMENT (cont'd)	Machinery US\$	Computer equipment US\$	Administrative equipment US\$	Laboratory equipment US\$	Motor vehicle US\$	Leased assets US\$	Total US\$
<b>Carrying amount:</b>							
At December 31, 2014	3,376,666	102,721	523,466	66,517	220,443	153,834	4,443,647
At December 31, 2013	2,245,811	60,630	266,214	64,761	–	–	2,637,416
At December 31, 2012	1,537,740	60,306	159,022	43,543	–	–	1,800,611

As at December 31, 2014, motor vehicle with carrying amount of US\$220,443 (2013 : US\$Nil; 2012 : US\$Nil) and leased assets with carrying amount of US\$153,834 (2013 : US\$Nil; 2012 : US\$Nil) are under finance lease arrangements disclosed in Note 29 to the financial statements. The finance lease on the motor vehicle is guaranteed by a director. All remaining plant and equipment are pledged as security for banking facilities disclosed in Note 18 to the financial statements.

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**11 INTANGIBLE ASSETS**

	<b>Material Development<sup>(1)</sup> US\$</b>	<b>Trademarks<sup>(2)</sup> US\$</b>	<b>Total US\$</b>
<b>Cost:</b>			
At January 1, 2012	–	–	–
Additions	48,636	–	48,636
At December 31, 2012 and 2013	48,636	–	48,636
Additions	–	8,246	8,246
At December 31, 2014	48,636	8,246	56,882
<b>Accumulated amortisation:</b>			
At January 1, 2012 and at December 31, 2012 and 2013	–	–	–
Amortisation	–	82	82
At December 31, 2014	–	82	82
<b>Carrying amount:</b>			
At December 31, 2014	48,636	8,164	56,800
At December 31, 2013	48,636	–	48,636
At December 31, 2012	48,636	–	48,636

(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 and are amortised over their respective estimated useful lives, which average 10 years.

Management has performed assessment on the intangible assets and concluded there is no impairment for the financial years ended December 31, 2012, 2013 and 2014.

**12 DEFERRED TAX ASSETS**

	<b>2014 US\$</b>	<b>2013 US\$</b>	<b>2012 US\$</b>
Deferred tax assets	2,088,759	134,571	219,000

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12 DEFERRED TAX ASSETS (cont'd)

The following are the major deferred tax assets recognised by the Group and the movements thereon, during the current reporting period:

	Accelerated tax depreciation US\$	Unutilised capital allowances US\$	Employee benefits US\$	Accrued revenue US\$	Accruals US\$	Provisions US\$	Total US\$
Balance at January 1, 2012	41,000	-	-	-	-	-	41,000
(Charge) Credit to profit or loss for the year	(17,527)	195,527	-	-	-	-	178,000
Balance at December 31, 2012	23,473	195,527	-	-	-	-	219,000
(Charge) Credit to profit or loss for the year	43,376	(127,805)	-	-	-	-	(84,429)
Balance at December 31, 2013	66,849	67,722	-	-	-	-	134,571
Acquisition of subsidiary (Note 1)	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

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**12 DEFERRED TAX ASSETS (cont'd)**

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of US\$2,024,191 (2013 : US\$123,625; 2012 : US\$Nil) available for offset against future profits. No deferred tax asset has been recognised in respect of the unutilised tax losses US\$344,113 (2013 : US\$21,016; 2012 : 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\$315,095 (2013 : US\$Nil; 2012 : US\$Nil). 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.

**13 TRADE PAYABLES**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Outside parties	3,114,127	928,665	2,372,630
	3,114,127	928,665	2,372,630

The average credit period on purchase of goods and services from outside parties is 30 days (2013 : 30 days; 2012 : 30 days). No interest is charged on overdue trade payables.

**14 OTHER PAYABLES**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<u>Current</u>			
Accrued expenses	591,980	178,652	159,139
Advances from customer	8,201	–	35,365
Other payables	301,739	17,934	10,459
Accrued project costs	237,629	–	–
Service tax payable	136,031	–	–
Provision for employee entitlement	1,182,638	200,000	68,379
Deferred consideration for acquisition of a subsidiary (Note 1)	215,466	–	–
Dividend payable (Note 26)	–	950,000	–
Total	2,673,684	1,346,586	273,342
	2,673,684	1,346,586	273,342
<u>Non-current</u>			
Provision for employee entitlement	22,421	–	–
Deferred consideration for acquisition of a subsidiary (Note 1)	592,335	–	–
Total	614,756	–	–
	614,756	–	–

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**15 LIABILITIES FOR TRADE BILLS DISCOUNTED WITH RECOURSE**

The following were the financial assets of the Group as at December 31, 2014 that were transferred 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.

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
Carrying amount of transferred assets	346,211	1,002,830	–
Carrying amount of associated liabilities	(346,211)	(1,002,830)	–
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 4.19% (2013 : 4.19%; 2012 : N/A) per annum.

**16 WORK IN PROGRESS**

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
Contract costs incurred plus recognised profits	2,803,941	1,138,462	10,803,349
Less: Progress billing	(2,528,962)	(1,629,427)	(11,517,022)
	274,979	(490,965)	(713,673)

There are no retention sums (2013 : US\$263,089; 2012 : US\$365,913) included in work in progress.

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**17 CONVERTIBLE BOND**

The convertible bond was issued on July 2, 2012. The bond is convertible into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date at the option of the holder.

If the notes are not converted, they will be redeemed on July 2, 2014 at par. Interest of 2% will be paid annually until settlement date.

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:

(a) At bond issuance date:

	<b>US\$</b>
Notional value comprises the following components:	
Equity component	223,453
Liability component at fair value (carried at amortised cost)	2,776,547
Total	3,000,000

(b) Liability component carried at amortised cost:

	<b>US\$</b>
At date of inception	2,776,547
Less: Issuing costs	(250,047)
	2,526,500
Interest expense:	
Imputed interest expense for the period from date of inception to December 31, 2012 (Note 22)	209,651
Balance at December 31, 2012	2,736,151
Imputed interest expense for the year (Note 22)	532,936
Interest paid during the year	(60,000)
	3,209,087
Imputed interest expense for the year (Note 22)	330,913
Interest paid during the year	(60,000)
	3,480,000
Transferred to equity upon conversion of convertible bond	(3,480,000)
	-

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17 CONVERTIBLE BOND (cont'd)

The fair value of the convertible bond recorded upon initial recognition will be 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 is 17.29%.

(c) At conversion date:

	<b>US\$</b>
Movement in equity:	
Share capital	3,000,000
Other capital reserve	703,453
Share conversion reserve recognised at bond issuance date	(223,453)
	3,480,000
Total	3,480,000

18 BANK LOAN AND ADVANCES

	<u>2014</u> <b>US\$</b>	<u>2013</u> <b>US\$</b>	<u>2012</u> <b>US\$</b>
<u>Current</u>			
Trade advances	244,113	589,077	–
Bank loan 1	100,000	100,000	–
Bank loan 2	249,996	–	–
Bank loan 3	1,300,000	–	–
	1,894,109	689,077	–
	1,894,109	689,077	–
<u>Non-current</u>			
Bank loan 1	75,000	175,000	–
Bank loan 2	625,006	–	–
	700,006	175,000	–
	700,006	175,000	–

The trade advances and bank loans are denominated in United States dollars and are secured by the following:

- (a) Assignment of an insurance policy;
- (b) A charge of US\$300,000 over all term deposit accounts of a subsidiary (Note 6);
- (c) Fixed and floating charge over all assets of a subsidiary, and;
- (d) A personal guarantee for an unlimited amount by a director.

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**18 BANK LOAN AND ADVANCES (cont'd)**

Trade advances

Trade advances carries different interest rates based on currencies of the advances. For drawings in foreign currency, interest is charged at 3.25% per annum over the bank’s prevailing cost of funds, 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 3.79% (2013 : 3.79%; 2012 : 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 is repayable over 36 monthly instalments commencing from October 11, 2013. The effective interest rate is 4.94% (2013 : 4.94%; 2012 : Nil%) per annum.

Bank loan 2

The interest rate is at 3.5% per annum above the bank’s prevailing cost of funds. Bank loan is repayable over 48 monthly instalments commencing from July 21, 2014. The effective interest rate is 4.04% (2013 : Nil%; 2012 : Nil%) per annum.

Bank loan 3

The interest rate is at 3% per annum above the bank’s prevailing cost of funds. The bank revolving loan will mature on April 27, 2015 and is repayable in full upon maturity. The effective interest rate is 3.54% (2013 : Nil%; 2012 : Nil%) per annum.

**19 SHARE CAPITAL**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	Number of ordinary shares			US\$	US\$	US\$
Issued and paid up:						
At beginning of the financial year	3,029	3,029	1	77,328	77,328	1
Conversion of convertible bond	2,080	–	–	3,000,000	–	–
Issued during the year	91	–	3,028	131,250	–	77,327
At end of the financial year	5,200	3,029	3,029	3,208,578	77,328	77,328

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.

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19 SHARE CAPITAL (cont'd)

**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 those dates were US\$4.64. In 2012 and 2013, no options were granted. Set out below are summaries of the options granted.

	<u>2014</u>		<u>2013</u>		<u>2012</u>	
	Number of share options	Weighted average exercise price US\$	Number of share options	Weighted average exercise price US\$	Number of share options	Weighted average exercise price US\$
Issued and paid up:						
Outstanding during the year upon acquisition of subsidiary	18,628	–	–	–	–	–
Granted during the year	104,115	4.19	–	–	–	–
Forfeited during the year	(18,628)	–	–	–	–	–
Issued during the year	–	–	–	–	–	–
At end of the year	104,115	4.19	–	–	–	–

The options outstanding at the end of the year have a weighted average remaining contractual life of 2.46 years (2013 : N/A; 2012 : N/A).

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:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Weighted average share price	US\$4.19	–	–
Weighted average exercise price	US\$4.19	–	–
Expected volatility	66%	N/A	N/A
Expected life	3	N/A	N/A
Risk free rate	3.1%	N/A	N/A
Expected dividend yield	Nil	N/A	N/A

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19 SHARE CAPITAL (cont’d)

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

The Group recognised total expenses of US\$6,193 (2013 : US\$Nil; 2012 : US\$Nil) related to equity-settled share-based payment transactions during the year.

20 REVENUE

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
Revenue from:			
Advanced material solutions <sup>(1)</sup>	2,359,669	5,358,162	8,978,374
Subsurface and wells <sup>(2)</sup>	4,771,280	944,678	2,412,874
Subsea and surface facilities <sup>(2)</sup>	14,151,949	4,722,063	2,086,397
	<u>21,282,898</u>	<u>11,024,903</u>	<u>13,477,645</u>

(1) Sales of goods

(2) Rendering of services

21 OTHER INCOME

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
Gain arising from acquisition of a subsidiary (Note 1)	249,990	–	–
Interest income	410	65	635
Rebates from a supplier	–	115,170	–
Government grants	17,225	–	–
Gain on disposal of plant and equipment	–	1,332	–
Others	57,690	–	–
	<u>325,315</u>	<u>116,567</u>	<u>635</u>

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED  
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**22 FINANCE COSTS**

	<b>2014</b> <b>US\$</b>	<b>2013</b> <b>US\$</b>	<b>2012</b> <b>US\$</b>
Interest expense – convertible bond (Note 17)	330,913	532,936	209,651
Interest on bank facilities and loans	92,934	10,524	–
	<u>423,847</u>	<u>543,460</u>	<u>209,651</u>

**23 INCOME TAX EXPENSE (CREDIT)**

	<b>2014</b> <b>US\$</b>	<b>2013</b> <b>US\$</b>	<b>2012</b> <b>US\$</b>
Current tax	(80,018)	–	–
Underprovision of prior year taxation	57,180	4,090	–
Deferred tax (Note 12)	98,519	84,429	(178,000)
	<u>75,681</u>	<u>88,519</u>	<u>(178,000)</u>

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

	<b>2014</b> <b>US\$</b>	<b>2013</b> <b>US\$</b>	<b>2012</b> <b>US\$</b>
<u>Numerical reconciliation of income tax expense (credit)</u>			
Profit before tax	4,574,746	844,220	1,124,364
Income tax expense calculated at 17% (2013 : 17%; 2012 : 17%)	777,707	143,517	191,142
Non-deductible items	115,222	22,153	7,571
Non-taxable income	(42,498)	–	–
Utilisation of deferred tax benefit	(220,359)	(113,968)	(201,012)
Effect of tax rates in foreign jurisdiction	(553,844)	–	–
Deferred tax assets not recognised	–	35,859	2,299
Statutory income tax exemption and rebates	(60,464)	(3,132)	–
Underprovision of prior period taxation	57,180	4,090	–
Deferred tax assets recognised	–	–	(178,000)
Others	2,737	–	–
Income tax expense (credit) recognised in profit or loss	<u>75,681</u>	<u>88,519</u>	<u>(178,000)</u>

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**24 PROFIT FOR THE YEAR**

Profit for the year has been arrived at after charging (crediting):

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
Employee benefit expense (including directors’ remuneration):			
Defined contribution plans	290,208	169,160	59,753
Salaries and bonus	4,687,688	2,117,065	1,527,435
Directors’ remuneration	545,804	519,314	365,706
<b>Total employee benefit expense</b>	<b>5,523,700</b>	<b>2,805,539</b>	<b>1,952,894</b>
Cost of inventories included in cost of sales	350,417	1,433,627	4,185,911
Depreciation of plant and equipment	547,992	580,001	228,071
Amortisation of intangible assets	82	–	–
Net foreign exchange loss (gain)	350,571	(169,222)	40,020
Loss (Gain) on disposal of plant and equipment	1,980	(1,332)	–

**25 EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share is based on profit for the year attributable to owners of the Company of US\$4,325,781 (2013 : US\$755,701; 2012 : US\$1,302,364) and interest on convertible bond (net of tax) of US\$Nil (2013 : US\$442,337; 2012 : US\$174,010) for the financial year ended December 31, 2014, 2013 and 2012 over the weighted average number of ordinary shares.

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

Earnings per share after sub-division of every one ordinary share in the issued share capital of the Company into 31,000 ordinary shares and after conversion of convertible bond into ordinary shares of the Company:

Earnings per share based on pre-invitation share capital\* :

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Earnings</b>			
Earnings for the purposes of basic earnings per share and diluted earnings per share (Profit for the year attributable to owners of the Company)	4,325,781	755,701	1,302,364
Effect of dilutive potential ordinary shares:			
Interest on convertible bond (net of tax)	–	442,337	174,010
<b>Earnings for the purpose of diluted earnings per share</b>	<b>4,325,781</b>	<b>1,198,038</b>	<b>1,476,374</b>

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25 EARNINGS PER SHARE (cont'd)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of basic earnings per share	161,200,000	95,571,501	95,571,501
Effect of dilutive potential ordinary shares: Convertible bond	–	65,628,499	65,628,499
Weighted average number of ordinary shares for the purposes of diluted earnings per share	161,200,000	161,200,000	161,200,000

Earnings per share based on pre-invitation share capital\* :

	<u>2014</u> <u>US\$</u>	<u>2013</u> <u>US\$</u>	<u>2012</u> <u>US\$</u>
<u>Earnings per share (cents)</u>			
Basic	2.68	0.79	1.36
Diluted	2.68	0.74	0.92

\* Pre-invitation share capital is arrived at after sub-division of every one ordinary share in the Company into 31,000 ordinary shares and after conversion of convertible loans in total giving rise to 161,200,000 ordinary shares.

26 DIVIDENDS

On December 18, 2013, an interim exempt (one-tier) dividend of US\$313.634 per share for the period from July 1, 2012 to December 31, 2013 (total dividend of US\$950,000) was declared but not yet paid to shareholders as at December 31, 2013.

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**27 OPERATING LEASE ARRANGEMENTS**

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
<u>The Group as lessee</u>			
Minimum lease payments under operating leases recognised as an expense during the year	662,058	257,002	218,099

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

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
Within one year	1,205,201	251,529	179,297
In the second to fifth year inclusive	1,963,173	135,422	49,262
	<u>3,168,374</u>	<u>386,951</u>	<u>228,559</u>

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated and fixed for an average term of three (2013 : two; 2012 : three) years. There are no restrictions placed upon the Group by entering into these leases.

**28 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.

For management purposes, the Group is organised into the following reportable operating segments as follows:

- (1) Advanced Materials Solutions segment mainly relates to provision of ultra high performance cementitious (UHPC), high performance cementitious (HPC) materials, ultra lightweight cementitious composite materials and high performance well cements for applications primarily within the oil and gas industry worldwide.
- (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 and Surface Facilities segment mainly relates to provision of engineering and contracting services for greenfield and brownfield offshore and marine infrastructure projects.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**As at December 31, 2012, 2013 and 2014**

28 SEGMENT INFORMATION (cont'd)

The accounting policies of the operating segments are the same as the Group's accounting policies 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 on the next page.

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28 SEGMENT INFORMATION (cont'd)

Segment revenues and result

	Advanced Material Solutions			Subsurface and Wells			Subsea and Surface Facilities			Total		
	2014 US\$	2013 US\$	2012 US\$	2014 US\$	2013 US\$	2012 US\$	2014 US\$	2013 US\$	2012 US\$	2014 US\$	2013 US\$	
Total revenue	2,359,669	5,358,162	8,978,374	4,771,280	944,678	2,412,874	14,151,949	4,722,063	2,086,397	21,282,898	11,024,903	13,477,645
Segment results	1,141,885	2,818,517	2,771,199	1,175,608	618,218	58,714	8,555,856	1,632,774	371,915	10,873,349	5,069,509	3,201,828
Depreciation of plant and equipment (excluding machinery)										(160,205)	(106,279)	(50,357)
Amortisation of intangible asset										(82)	-	-
(Loss) Gain on disposal of plant and equipment										(1,980)	1,332	-
Gain arising from acquisition of a subsidiary										249,990	-	-
Interest income										410	65	635
Finance costs										(423,847)	(543,460)	(209,651)
Other unallocated expenses										(5,962,889)	(3,576,947)	(1,818,091)
Profit before tax										4,574,746	844,220	1,124,364
Income tax expense (credit)										(75,681)	(88,519)	178,000
<b>Profit for the year</b>										<b>4,499,065</b>	<b>755,701</b>	<b>1,302,364</b>

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28 SEGMENT INFORMATION (cont'd)

***Geographical information***

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

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

	<b>2014 US\$</b>	<b>2013 US\$</b>	<b>2012 US\$</b>
Revenue from external customers (based on location of customer)			
<u>Asia (exclude Middle East and India)</u>			
Brunei	4,546,890	2,440,023	3,023,764
Indonesia	1,223,332	139,204	701,690
Malaysia	589,474	976,546	895,915
Vietnam	1,457,320	89,724	–
Singapore	–	11,120	5,000
China	24,963	–	–
South Korea	869,991	–	–
	8,711,970	3,656,617	4,626,369
<u>Australasia</u>			
Australia	358,565	2,368,139	7,318,259
New Zealand	34,208	–	–
Papua New Guinea	1,052,126	–	–
	1,444,899	2,368,139	7,318,259
<u>India</u>	831,370	808,968	891,242
<u>Middle East</u>			
UAE	2,785,082	–	525,984
Turkmenistan	102,207	599,351	114,090
Saudi Arabia	1,193,000	512,850	–
Qatar	962,673	–	–
	5,042,962	1,112,201	640,074
<u>Americas</u>			
Mexico	5,197,149	3,078,978	1,701
<u>Others</u>			
Kenya	47,152	–	–
Nigeria	7,396	–	–
	54,548	–	–
<b>Total</b>	21,282,898	11,024,903	13,477,645

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28 SEGMENT INFORMATION (cont'd)

***Information about major customers***

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

	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
<u>Advanced Material Solutions</u>			
Customer A	281,555	132,685	–
Customer B	–	247,950	647,195
Customer C	–	2,196,644	433,240
Customer D	–	2,368,139	7,318,259
<hr/>			
<u>Subsurface and Wells</u>			
Customer B	–	944,678	2,376,569
<hr/>			
<u>Subsea and Surface Facilities</u>			
Customer A	4,255,106	1,114,710	–
Customer C	5,077,999	1,271,613	226,293
<hr/>			

29 FINANCE LEASES

	<u>Minimum lease payments</u>			<u>Present value of minimum lease payments</u>		
	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$	<u>2014</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
Amounts payable under finance leases:						
Within one year	120,513	–	–	102,064	–	–
In the second to fifth years inclusive	187,646	–	–	164,841	–	–
	308,159	–	–	266,905	–	–
Less: Future finance charges	(41,254)	–	–	–	–	–
Present value of lease obligations	266,905	–	–	266,905	–	–
<hr/>						
Less: Amount due for settlement within 12 months (shown under current liabilities)				(102,064)	–	–
Amount due for settlement after 12 months				164,841	–	–
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29 FINANCE LEASES (cont'd)

The lease term ranges from 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, 2014, the average effective borrowing rate was 4.9% (2013 : Nil%; 2012 : Nil%). 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 10).

30 EVENTS AFTER THE REPORTING PERIOD

On April 6, 2015, MBA Petroleum Consultants Pty Limited was deregistered. The entity was dormant during the year ended December 31, 2014, 2013 and 2012.

Bank loan 3 matured on April 27, 2015 and was rolled over under the revolving facility arrangement and cancelled on 2 June 2015. On 2 June 2015, the subsidiary entered into an agreement to refinance bank loan 3 into a 24 month term loan.

In May 2015, a subsidiary granted a corporate guarantee to a bank for the Company to secure an overdraft facility of US\$500,000.

On May 15, 2015, a shareholders’ resolution was passed to approve the following:

- (i) Mr. John Gronbech be designated as the Executive Director and Chief Executive Officer of the Company and Mr. Simon Cunningham be designated as an Executive Director and Senior Vice President, Subsurface and Wells of the Company, with effect from the effective date of their respective Service Agreements. The Secretary of the Company be authorised to update the register of directors and officers of the Company to reflect such appointments upon the appointments taking effect and to notify ACRA of the appointments;
- (ii) Mr. Lim How Teck be appointed and designated as the Chairman and Independent Director of the Company, and Mr. Bjarne Strickert be appointed and designated as the Independent Director of the Company, with effect from their respective letters of consent to act.

On June 29, 2015, Mr. Bjarne Strickert, Mr. Lim How Teck and Mr. Simon Cunningham have consented to be appointed as Directors of the Company with immediate effect.

In June 2015, the Company has issued a corporate guarantee to a bank to secure bank facilities for a subsidiary of the Group which amounts to B\$2,400,000 (US\$1,816,320).

Pursuant to resolutions of the shareholders passed on July 3, 2015, the shareholders approved, *inter alia*, the following:

- (i) the sub-division of 5,200 shares into 161,200,000 shares pursuant to the share split;
- (ii) the conversion of the Company into a public company limited by shares and the consequential change of name to “NauticAWT Limited”;

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30 EVENTS AFTER THE REPORTING PERIOD (cont'd)

- (iii) the adoption of a new set of Articles of Association;
- (iv) the allotment and issue of the new shares which are the subject of the invitation, on the basis that the new shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued and fully paid-up ordinary shares;
- (v) the authorisation of the Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules, to (i) issue shares whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options (collectively, “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) 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 (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors while this resolution was in force, provided that:
  - (a) the aggregate number of shares (including shares to be issued in pursuance of the instruments, made or granted pursuant to this resolution) and instruments to be issued pursuant to this resolution shall not exceed 100.0% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued (including shares to be issued pursuant to the instruments) other than on a pro rata basis to existing shareholders shall not exceed 50.0% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
  - (b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares (including shares to be issued pursuant to the instruments) that may be issued under sub-paragraph (a) above, the percentage of shares that may be issued shall be based on the total number of issued shares of the Company (excluding treasury shares) immediately after the invitation, after adjusting for (i) new shares arising from the conversion or exercise of the instruments or any convertible securities; and (ii) any subsequent bonus issue, consolidation or sub-division of shares;
  - (c) in exercising such authority, 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 Articles of Association for the time being; and
  - (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company; or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

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**30 EVENTS AFTER THE REPORTING PERIOD (cont’d)**

- (vi) the adoption of the NauticAWT Performance Share Plan (“PSP”) and Employee Share Option Scheme (“ESOS”). The Directors are authorised to allot and issue Award Shares or Option Shares (as the case may be) upon the vesting of awards granted under the PSP or exercise of options granted under the ESOS.

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**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**STATEMENT OF DIRECTORS**

In the opinion of the directors, the consolidated financial statements of the Group as set out on pages A-3 to A-73 are drawn up so as to give a true and fair view of the financial position of the Group as at December 31, 2012, 2013 and 2014, and the financial performance, changes in equity and cash flows of the Group for the financial years then ended December 31, 2012, 2013 and 2014 and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE BOARD

.....  
John Gronbech

.....  
Tan Fuh Gih

July 14, 2015

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED  
PRO FORMA GROUP FINANCIAL INFORMATION FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2014**

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14 July 2015

The Board of Directors  
NauticAWT Limited (formerly known as “Nautic Group Pte. Ltd.”)  
300 Beach Road  
#13-02, The Concourse  
Singapore 199555

Dear Sirs

**INDEPENDENT AUDITORS’ ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED  
PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

We have completed our assurance engagement to report on the compilation of the Unaudited Pro Forma Financial Information of NauticAWT Limited (formerly known as “Nautic Group Pte. Ltd.”) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) by the Management of the Group (“Management”). The pro forma financial information of the Group consists of the pro forma statement of financial position as at 31 December 2014 and the pro forma statement of profit or loss and other comprehensive income for the financial year ended 31 December 2014, the pro forma statement of cash flows for the financial year ended 31 December 2014, and related notes (collectively, the “Unaudited Pro Forma Financial Information”) as set out on pages B-4 to B-9 to be issued in connection with the Offer Document dated 14 July 2015 in respect of initial public offering of shares of the Company (the “Offer Document”). The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only and are based on certain assumptions and after making certain adjustments deemed appropriate by management. The applicable criteria on the basis of which the Management has compiled the Unaudited Pro Forma Financial Information are described in Note 3.

The Unaudited Pro Forma Financial Information has been compiled by the Management to illustrate the impact of the event or transaction set out in Note 1 on:

- (i) the unaudited pro forma financial position of the Group as at 31 December 2014 as if the event or transaction had occurred on 31 December 2014;
- (ii) the unaudited pro forma financial results of the Group for the financial year ended 31 December 2014 as if the event or transaction had occurred on 1 January 2014; and
- (iii) the unaudited pro forma cash flows of the Group for the financial year ended 31 December 2014 as if the event or transaction had occurred on 1 January 2014.

As part of this process, information about the Group’s financial position, financial results and cash flows has been extracted by the Management from:

- (a) the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 on which an audit has been published; and
- (b) the unaudited consolidated financial information of AWT International Pty Ltd and its subsidiaries (collectively referred to as the “AWT Group”) for the 12 months period ended 31 December 2014.

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED  
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**INDEPENDENT AUDITORS’ ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO  
FORMA FINANCIAL INFORMATION OF THE GROUP (cont’d)**

*The Management’s Responsibility for the Unaudited Pro Forma Financial Information*

The Management is responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the applicable criteria as described in Note 3.

*Auditor’s Responsibility*

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the management on the basis of the applicable criteria as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* (“SSAE 3420”) issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the applicable criteria as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of the Unaudited Pro Forma Financial Information included in the prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on auditor’s judgment, having regard to his understanding of the nature of the Company, the event or transaction in respect of which the Unaudited Pro forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro forma Financial Information.

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

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED  
PRO FORMA GROUP FINANCIAL INFORMATION FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2014**

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**INDEPENDENT AUDITORS’ ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO  
FORMA FINANCIAL INFORMATION OF THE GROUP (cont’d)**

*Opinion*

In our opinion:

- (a) The Unaudited Pro forma Financial Information has been compiled:
  - (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards;
  - (ii) on the basis of the applicable criteria stated in Note 3 of the Unaudited Pro Forma Financial Information; and
- (b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such unaudited financial information.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

Kuldip K Gill  
Partner

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED  
PRO FORMA GROUP FINANCIAL INFORMATION FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2014**

**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2014**

	<b>Audited consolidated statement of financial position US\$</b>	<b>Unaudited pro forma adjustments US\$</b>	<b>Unaudited pro forma consolidated statement of financial position US\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3,412,087	–	3,412,087
Trade receivables	7,353,925	–	7,353,925
Other receivables	2,381,285	–	2,381,285
Inventories	669,956	–	669,956
Work in progress	274,979	–	274,979
Total current assets	14,092,232	–	14,092,232
<b>Non-current assets</b>			
Plant and equipment	4,443,647	–	4,443,647
Intangible assets	56,800	–	56,800
Deferred tax assets	2,088,759	–	2,088,759
Other receivables	559,382	–	559,382
Total non-current assets	7,148,588	–	7,148,588
<b>Total assets</b>	<b>21,240,820</b>	<b>–</b>	<b>21,240,820</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables	3,114,127	–	3,114,127
Other payables	2,673,684	–	2,673,684
Liabilities for trade bills discounted with recourse	346,211	–	346,211
Bank loan and advances	1,894,109	–	1,894,109
Loan from a director	204,022	–	204,022
Finance leases	102,064	–	102,064
Provision for taxation	443,675	–	443,675
Total current liabilities	8,777,892	–	8,777,892
<b>Non-current liabilities</b>			
Long-term bank loan	700,006	–	700,006
Finance leases	164,841	–	164,841
Other payables	614,756	–	614,756
Total non-current liabilities	1,479,603	–	1,479,603
<b>Total liabilities</b>	<b>10,257,495</b>	<b>–</b>	<b>10,257,495</b>
<b>Capital and reserves</b>			
Share capital	3,208,578	–	3,208,578
Other capital reserve	703,453	–	703,453
Share-based payment reserve	6,193	(6,193)	–
Foreign currency translation reserve	(93,160)	116,719	23,559
Accumulated profits	5,687,227	(110,526)	5,576,701
Equity attributable to owners of the Company	9,512,291	–	9,512,291
Non-controlling interests	1,471,034	–	1,471,034
Total equity	10,983,325	–	10,983,325
<b>Total liabilities and equity</b>	<b>21,240,820</b>	<b>–</b>	<b>21,240,820</b>

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED  
PRO FORMA GROUP FINANCIAL INFORMATION FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2014**

**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

For the year ended 31 December 2014

	<b>Audited consolidated statement of profit or loss and other comprehensive income US\$</b>	<b>Unaudited pro forma adjustments<sup>(1)</sup> US\$</b>	<b>Unaudited pro forma consolidated statement of profit or loss and other comprehensive income US\$</b>
<b>Revenue</b>	21,282,898	23,816,998	45,099,896
<b>Cost of sales</b>	(10,409,549)	(18,886,181)	(29,295,730)
<b>Gross profit</b>	10,873,349	4,930,817	15,804,166
Distribution expenses	(759,630)	(33,700)	(793,330)
Administrative expenses	(5,440,441)	(5,596,688)	(11,037,129)
Other income	325,315	764,998	1,090,313
Finance costs	(423,847)	(110,562)	(534,409)
<b>Profit before tax</b>	4,574,746	(45,135)	4,529,611
Income tax expense	(75,681)	(8,428)	(84,109)
<b>Profit for the year</b>	4,499,065	(53,563)	4,445,502
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Share-based payment	6,193	51,531	57,724
Exchange differences on translation of foreign operations, representing other comprehensive income for the year, net of tax	(153,546)	(67,772)	(221,318)
<b>Total other comprehensive income for the year</b>	(147,353)	(16,241)	(163,594)
<b>Total comprehensive income for the year</b>	4,351,712	(69,804)	4,281,908
<b>Profit attributable to:</b>			
Owners of the Company	4,325,781	(47,280)	4,278,501
Non-controlling interests	173,284	(6,283)	167,001
	4,499,065	(53,563)	4,445,502
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	4,238,814	14,171	4,252,985
Non-controlling interests	112,898	(83,975)	28,923
	4,351,712	(69,804)	4,281,908
<b>Basic earnings per share</b>			
Basic	2.68	–	2.65

(1) Being adjustment to reflect the 11 months results of AWT Group to account for the full year results as if the Acquisition as above had occurred on 1 January 2014 as described in Note 2.

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED  
PRO FORMA GROUP FINANCIAL INFORMATION FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2014**

**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2014

<u>Note</u>	<u>Audited consolidated statement of cash flows</u> US\$	<u>Unaudited pro forma adjustments<sup>(1)</sup></u> US\$	<u>Unaudited pro forma consolidated statement of cash flows</u> US\$
<b>Operating activities</b>			
Profit before tax	4,574,746	(45,135)	4,529,611
Adjustments for:			
Depreciation of plant and equipment	547,992	161,228	709,220
Amortisation of intangible assets	82	–	82
Gain arising from acquisition of a subsidiary	(249,990)	19,495	(230,495)
Allowance of doubtful debts	63,020	–	63,020
Loss on disposal of property, plant and equipment	1,980	67,227	69,207
Interest expense	423,847	99,941	523,788
Interest income	(410)	(9,146)	(9,556)
Share-based payment	6,193	51,531	57,724
Operating cash flows before movements in working	5,367,460	345,141	5,712,601
Trade receivables	414,694	(2,216,914)	(1,802,220)
Other receivables	113,068	(622,774)	(509,706)
Inventories	(368,991)	–	(368,991)
Trade payables	(616,203)	1,580,210	964,007
Other payables	329,776	641,362	971,138
Trade bills discounted with recourse	(1,067,641)	(232,440)	(1,300,081)
Work in progress	(614,862)	619,443	4,581
Cash generated from operations	3,557,301	114,028	3,671,329
Income tax paid	(21,052)	–	(21,052)
Interest received	410	9,146	9,556
Interest paid	(152,934)	(99,941)	(252,875)
Net cash from operating activities	3,383,725	23,233	3,406,958
<b>Investing activities</b>			
Purchase of plant and equipment	(1,820,300)	(85,710)	(1,906,010)
Investment in intangible assets	(8,246)	–	(8,246)
Acquisition of a subsidiary	(708,103)	188,630	(519,473)
Net cash used in investing activities	(2,536,649)	102,920	(2,433,729)
<b>Financing activities</b>			
Repayment of loan to director	(189,720)	–	(189,720)
Loan receipts from banks	2,300,000	–	2,300,000
Loan receipts from a related party	1,500,000	–	1,500,000
Repayment of loan to a related party	(1,500,000)	–	(1,500,000)
Dividend paid	(950,000)	–	(950,000)
Repayment of advances to bank	(344,964)	–	(344,964)
Repayment of finance lease payables	(6,333)	(134,169)	(140,502)
Repayments of bank loans	(224,998)	–	(224,998)
Proceeds from issuance of ordinary shares	131,250	–	131,250
Net cash from financing activities	715,235	(134,169)	581,066
Net increase in cash and cash equivalents	1,562,311	(8,016)	1,554,295
Effects of exchange rate changes on balance of cash held in foreign currencies	(17,696)	8,016	(9,680)
Cash and cash equivalents at beginning of year	1,567,472	–	1,567,472
<b>Cash and cash equivalents at end of year</b> 4	<b>3,112,087</b>	<b>–</b>	<b>3,112,087</b>

(1) Being adjustment to reflect the 11 months results of AWT Group to account for the full year results as if the Acquisition as above had occurred on 1 January 2014 as described in Note 2.

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED  
PRO FORMA GROUP FINANCIAL INFORMATION FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2014**

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**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**For financial year ended 31 December 2014**

**1 GENERAL INFORMATION**

Background of NauticAWT Limited (Formerly known as Nautic Group Pte. Ltd.)

The Company (Registration Number 201108075C) is incorporated in the Republic of Singapore on 4 April 2011 as a private limited company. The principal place of business and the registered office is at 300 Beach Road, #13-02, The Concourse Singapore 199555. 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 holdings. The principal activities of the subsidiaries are disclosed in the audited consolidated financial information of the Company for the financial year ended 31 December 2014.

Background of AWT International Pty Limited (“AWT”)

The company (Registration Number ABN 67 076 484 770) was incorporated in Australia on 21 November 1996 as a private limited company. The principal place of business and the registered office is at Level 10, 300 Ann Street, Brisbane, QLD 4000, Australia.

The principal activity of AWT is that of an oil field engineering services and contracting solutions.

**2 ACQUISITION OF AWT GROUP**

On 12 November 2014, the company acquired 60.75% equity interest in AWT International Pty Ltd (“AWT”) which comprises of AWT and its subsidiaries (“AWT Group”) for an initial consideration of US\$1,044,290 (“Acquisition”). Depending on the Consolidated Net Profit Before Tax before charging interest expense, depreciation and amortisation of AWT Group (“EBITDA”) for the period ended 30 June 2015 and 30 June 2017, the total consideration may increase. Based on the projection as at 31 December 2014, management is of the view that the total estimated consideration approximates US\$1,852,091.

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

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

(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 1 July 2014 to 30 June 2015 (“FIRST EBITDA”) multiplied by a factor of 3.9 plus the proportion of cumulative EBITDA of the consolidated sub-group subsidiary’s contribution 1 July 2015 to 30 June 2017 that exceeds two times the FIRST EBITDA multiplied by a factor of 3.51 less payments previously made; or (iii) Nil. Assessments and amounts are payable in two tranches at the end of AWT Group’s financial period ending 30 June 2015 and 2017 respectively.

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED  
PRO FORMA GROUP FINANCIAL INFORMATION FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2014**

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**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**For financial year ended 31 December 2014**

**2 ACQUISITION OF AWT GROUP (cont'd)**

Acquisition-related costs amounting to US\$197,159 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the ‘Administrative Expenses’ line item in the pro forma consolidated statement of profit or loss and other comprehensive income.

The subsidiary acquired upon the completion of this acquisition is disclosed in Note 1 to the audited consolidated financial statements of the Group and its subsidiaries for the financial year ended 31 December 2014.

**3 BASIS OF PREPARATION**

3.1 The Unaudited Pro Forma Financial Information of the Group, has been prepared, for illustrative purposes only and based on certain assumptions and after making certain adjustments on:

- (a) the unaudited pro forma financial position of the Group as at 31 December 2014 as if the Acquisition as described in Note 2 had occurred on 31 December 2014;
- (b) the unaudited pro forma financial results of the Group for the financial year ended 31 December 2014 as if the Acquisition as above had occurred on 1 January 2014; and
- (c) the unaudited pro forma cash flows of the Group for the financial year ended 31 December 2014 as if the Acquisition as above had occurred on 1 January 2014.

The Unaudited Pro Forma Financial Information of the Group, because of its nature, may not give a true picture of the Group’s actual financial positions, financial results and cash flows and is not necessarily indicative of the results of operations or related effects on financial position that would have been obtained had the Group actually existed earlier.

3.2 The Unaudited Pro Forma Financial Information of the Group for the financial year ended 31 December 2014 have been compiled based on the following:

- (a) The audited consolidated financial information of the Company for the financial year ended 31 December 2014 prepared in accordance with Singapore Financial Reporting Standards (“FRS”), and audited by Deloitte & Touche LLP in accordance with Singapore Standards on Auditing (“SSA”). The auditor’s report on the financial statements was not subjected to any qualification.
- (b) The unaudited consolidated financial information of AWT Group for the 12 months period ended 31 December 2014 on which no audit or review report has been published.

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE UNAUDITED  
PRO FORMA GROUP FINANCIAL INFORMATION FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2014**

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**NAUTICAWT LIMITED (formerly known as NAUTIC GROUP PTE. LTD.) AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**For financial year ended 31 December 2014**

**3 BASIS OF PREPARATION (cont’d)**

3.3 The following key assumptions and adjustments were made on the Unaudited Pro Forma Financial Information of the Group:

- (a) The excess of the fair values of the net assets acquired over the total cost of acquisition is accounted for as a bargain purchase. The bargain purchase is recognised in profit or loss on the date of completion of the Acquisition.
- (b) The Unaudited Pro Forma Financial Information of the Group set out in this report is expressed in United States Dollar (“US\$”).
- (c) Adjustments to reverse one month results of AWT Group included in retained earnings arising from the acquisition of AWT Group in the unaudited pro forma consolidated statement of financial position.
- (d) Adjustment to reflect the results of AWT Group for the 12 months period ended 31 December 2014 in the unaudited pro forma consolidated statement of profit and loss and other comprehensive income.
- (e) Adjustments to reflect the cash flows of AWT Group for the 12 month period ended 31 December 2014 in the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information of the Group has been compiled using accounting policies consistent with those to be applied by the Group which are described in the audited consolidated financial statements of the Group for the financial year ended 31 December 2014.

**4. CASH AND CASH EQUIVALENTS**

For the purpose of presenting the unaudited pro forma consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<b>US\$</b>
Cash and cash equivalents in the unaudited pro forma consolidated statement of financial position	3,412,087
Less: Restricted cash	(300,000)
	<hr/>
Cash and cash equivalents in the unaudited pro forma consolidated statement of cash flows	3,112,087
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## **APPENDIX C – SUMMARY OF MEMORANDUM AND ARTICLES OF ASSOCIATION OF OUR COMPANY**

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The discussion below provides a summary of the principal objects of our Company as set out in our Memorandum of Association and certain provisions of our Articles of Association and the laws of Singapore. This discussion is only a summary and is qualified by reference to Singapore law and our Memorandum and Articles of Association.

### **MEMORANDUM OF ASSOCIATION AND REGISTRATION NUMBER**

We are registered in Singapore with the Registrar of Companies and Businesses. Our company registration number is 201108075C. Our Memorandum of Association sets out the objects for which our Company was formed, including taking, or otherwise acquiring, and holding shares, debentures, or other securities of any other company.

### **SUMMARY OF OUR ARTICLES OF ASSOCIATION**

#### **1. Directors**

##### **(a) Ability of interested directors to vote**

A Director shall not vote in respect of any contract, proposed contract or arrangement in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting.

##### **(b) Remuneration**

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of our Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as our Directors may determine.

The remuneration of a Managing Director shall be fixed by our Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover.

Our Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

##### **(c) Borrowing**

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

##### **(d) Retirement Age Limit**

There is no retirement age limit for Directors under our Articles of Association. Section 153(1) of the Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of the company or authorised to continue in office as a director of the company by way of an ordinary resolution passed at an annual general meeting of the company.

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## APPENDIX C – SUMMARY OF MEMORANDUM AND ARTICLES OF ASSOCIATION OF OUR COMPANY

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**(e) Shareholding Qualification**

There is no shareholding qualification for Directors in the Memorandum and Articles of Association of our Company.

**2. Share rights and restrictions**

Our Company currently has one class of shares, namely, ordinary shares. Only persons who are registered on our register of members and in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as our shareholders.

**(a) Dividends and distribution**

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. All dividends are paid *pro-rata* among our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by our Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by our Directors for the benefit of our Company. Any dividend unclaimed after a period of six (6) years after having been declared may be forfeited and shall revert to our Company but our Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

Our Directors may retain any dividends or other moneys payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

**(b) Voting rights**

A holder of our ordinary shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, on a show of hands, every shareholder present in person and by proxy shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any shareholder present in person or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the right to attend and vote at the meeting, by any two Shareholders present in person or by proxy and entitled to vote, or if required by the rules of the SGX-ST and/or the Code of Corporate Governance. In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

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## APPENDIX C – SUMMARY OF MEMORANDUM AND ARTICLES OF ASSOCIATION OF OUR COMPANY

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### 3. Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our shareholders' approval by way of a special resolution for any reduction of our share capital, subject to the conditions prescribed by law.

### 4. Variation of rights of existing shares or classes of shares

Subject to the Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of our Articles of Association relating to general meetings of our Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

The relevant Article does not impose more significant conditions than the Act in this regard.

### 5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

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## APPENDIX D – DESCRIPTION OF OUR SHARES

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The following statements are brief summaries of the rights and privileges of our Shareholders conferred by the laws of Singapore, the Catalist Rules and our Articles of Association. These statements summarise the material provisions of our Articles of Association but are qualified in entirety by reference to our Articles of Association, a copy of which is available for inspection at our registered office during normal business hours for a period of six (6) months from the date of this Offer Document.

### *Ordinary Shares*

As at the date of this Offer Document, all the Shares have been issued and fully paid. All of our shares are in registered form. We may, subject to the provisions of the Act and the listing rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

### *New Shares*

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to a share issue mandate may not exceed 100.0% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital, of which the aggregate number of Shares to be issued other than on a pro rata basis to our Shareholders may not exceed 50.0% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital (the percentage of issued share capital being based on our Company's issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or subdivision of Shares). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier. Subject to the foregoing, the provisions of the Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

### *Shareholders*

Only persons who are registered on our register of members and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that share. We may close our register of members for any time or times if we provide the Accounting and Corporate Regulatory Authority of Singapore with at least 14 days' notice and the SGX-ST at least 10 clear Market Days' notice. However, the register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine our shareholders' entitlement to receive dividends and/or other distributions.

### *Transfer of Shares*

There is no restriction on the transfer of fully paid Shares except where required by law or the listing rules or the rules or by-laws of any stock exchange on which our Company is listed. Our Board may, in their discretion, decline to register any transfer of Shares which are not fully paid or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed. Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for shares if we are properly notified and the applicant pays a fee which will not exceed S\$2.00 and furnishes any evidence and indemnity that our Board may require.

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## APPENDIX D – DESCRIPTION OF OUR SHARES

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### *General Meetings of Shareholders*

We are required to hold an annual general meeting every year. Our Board may convene an extraordinary general meeting whenever they think fit and must do so if Shareholders representing not less than 10.0% of the total voting rights of all our Shareholders, request in writing that such a meeting be held. In addition, two (2) or more of our Shareholders holding not less than 10.0% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of Directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Memorandum and Articles of Association, a change of our corporate name and a reduction in our share capital, share premium account or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

### *Voting Rights*

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two (2) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one (1) vote (provided that in the case of a Shareholder who is represented by two proxies, only one (1) of the two (2) proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting, by any two (2) Shareholders present in person or by proxy and entitled to vote, or if required by the rules of the SGX-ST and/or the Code of Corporate Governance. In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

### *Dividends*

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits. Our Board may also declare an interim dividend without the approval of its Shareholders. We may satisfy dividends by the issue of Shares to our shareholders. Please refer to the section entitled "Bonus and Rights Issue" below. All dividends are paid pro-rata among our Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

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## APPENDIX D – DESCRIPTION OF OUR SHARES

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### *Bonus and Rights Issue*

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or monies carried and standing to any reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

### *Takeovers*

Under the Singapore Code on Take-overs and Mergers (“**Singapore Take-over Code**”), issued by the Authority pursuant to section 321 of the Securities and Futures Act, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six (6) month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
  - (i) a company
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of (i), (ii), (iii) or (iv); and
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
  - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
  - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10.0% or more of the customer’s equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

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## APPENDIX D – DESCRIPTION OF OUR SHARES

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- (g) partners; and
- (h) the following persons and entities:
  - (i) an individual;
  - (ii) the close relatives of (i);
  - (iii) the related trusts of (i);
  - (iv) any person who is accustomed to act in accordance with the instructions of (i); and
  - (v) companies controlled by any of (i), (ii), (iii) or (iv).

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months.

### *Liquidation or Other Return of Capital*

If we liquidate or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

### *Indemnity*

As permitted by Singapore law, our Articles of Association provide that, subject to the Act, our Board and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

### *Limitations on Rights to Hold or Vote Shares*

Except as described in “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by our Articles of Association on the rights of non-resident Shareholders to hold or vote in respect of our Shares.

### *Minority Rights*

The rights of minority shareholders of Singapore-incorporated companies are protected under, *inter alia*, Section 216 of the Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

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## APPENDIX D – DESCRIPTION OF OUR SHARES

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Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (e) provide that the Memorandum of Association of our Company or the Articles of Association be amended; or
- (f) provide that we be wound up.

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## APPENDIX E – TAXATION

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### SINGAPORE TAX

*The below summary is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares by prospective investors. The summary is based on laws, regulations, interpretations, rulings and decisions in effect as at the Latest Practicable Date. These laws, regulations, interpretations, rulings and decisions, however, may change at any time, and any change could be retrospective. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the comments herein.*

*The summary is not intended to constitute a complete or exhaustive description of all of the Singapore tax considerations that may be relevant to a decision to purchase, hold or dispose of our Shares. It is not intended to be and does not constitute legal or tax advice.*

**Shareholders should consult their own tax advisors regarding taxation in Singapore and other consequences of owning and disposing of the Shares. It is emphasised that neither our Company, our Directors nor any other persons involved in this Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.**

### Singapore Income Tax

#### *Corporate income tax*

Singapore imposes tax on a quasi-territorial basis i.e. income is subject to tax only when it is accruing in or derived from Singapore (i.e. Singapore-sourced) or, in the case of foreign-sourced income, when it is received or deemed received in Singapore. This applies to both resident and non-resident persons, subject to certain exceptions.

Foreign-sourced income in the form of branch profits, dividends and service fee income (“**specified foreign income**”) received or deemed received in Singapore by a Singapore tax resident company are exempted from Singapore tax provided that certain qualifying conditions are met.

A company is regarded as tax resident in Singapore if the control and management of the business is exercised in Singapore. In general, the control and management of a company’s business is vested in its board of directors and the place of residence of the company is generally where its directors meet and conduct its business.

The prevailing corporate income tax rate in Singapore is 17.0% with the first S\$300,000 of chargeable income subject to normal tax rate being partially exempt from tax as follows:

- (a) 75.0% of the first S\$10,000 of chargeable income; and
- (b) 50.0% of the next S\$290,000 of chargeable income.

For the Years of Assessment (“YA”) 2013 to 2015, companies will be granted a 30.0% corporate income tax rebate capped at S\$30,000 for each YA. In the 2015 Budget Announcement, the Minister for Finance has proposed to extend the corporate tax rebate for another two YAs, i.e. to YAs 2016 and 2017, with the maximum rebate reduced to S\$20,000 per YA.

Non-resident taxpayers who derive certain types of income from Singapore are subject to a withholding tax, for example currently 15.0% in the case of interest and rental of movable equipment and 10.0% in the case of royalty or know-how payments provided that such income is not derived by the non-resident person from any trade, business or profession carried on or exercised by such person in Singapore and further provided that such income is not effectively connected with any permanent establishment in Singapore of the non-resident person. This withholding tax may be reduced or exempted under certain domestic concessions, an applicable tax incentive or a double tax treaty.

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## APPENDIX E – TAXATION

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### *Individual income tax*

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 and certain Singapore sourced investment income from financial instruments derived by a Singapore tax resident individual (except for income received through a partnership in Singapore or derived from the carrying on of a trade, business or profession as the case applies) is exempt from Singapore income tax.

Non-resident individuals, subject to certain exceptions, are subject to Singapore income tax on income accruing in or derived from Singapore. Non-resident individuals are not subject to tax on foreign-sourced income received or deemed received in Singapore and certain Singapore-sourced investment income from financial instruments.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0.0% to 20.0% up to the YA 2016, after deductions of qualifying personal reliefs where applicable. In the 2015 Budget Announcement, the Minister for Finance has proposed (1) an increase of the maximum marginal tax rate for a resident individual to 22.0%, with effect from YA 2017 and (2) a personal income tax rebate of 50.0% for YA 2015, up to a maximum of S\$1,000, to be granted to resident individuals.

Currently, a non-Singapore tax resident individual is generally taxed at the tax rate of 20.0% except that Singapore-sourced employment income is taxed at a flat rate of 15.0% without deductions for personal reliefs, or at progressive resident rates with deductions for personal reliefs, whichever yields a higher tax.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

### **Dividend Distributions**

Under the one-tier corporate tax system, the tax paid by a Singapore tax resident company is a final tax and the after-tax distributable profits of the company can be paid to shareholders as tax exempt (one-tier) dividends, regardless of the tax residency status of the shareholders.

Our Company may distribute one-tier tax exempt dividends to our Shareholders. The dividends will be exempt from Singapore income tax in the hands of the Shareholders. There is currently no withholding tax on dividends payments in Singapore.

However, foreign shareholders receiving tax exempt (one-tier) dividends are advised to consult their own tax advisors to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

### **Gains on disposal of Shares**

Singapore currently does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains. In general, gains or profits derived from the disposal of our Shares acquired for long-term investment purposes and not for resale at a profit are considered as capital gains and not subject to Singapore income tax.

On the other hand, where gains or profits from disposal of shares arise from activities which the Comptroller of Income Tax regards as the carrying on of a trade or business of dealing in shares in Singapore, such gains or profits will be taxed as income.

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## APPENDIX E – TAXATION

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Gains derived by a company from the disposal of ordinary shares, made during the period 1 June 2012 to 31 May 2017 (both dates inclusive), are not taxable if immediately prior to the date of the disposal, the divesting company had held at least 20.0% of the ordinary share capital of the investee company for a continuous period of at least 24 months. This rule is applicable whether the investee company is incorporated in Singapore or elsewhere, and whether it is listed or unlisted. However, inter alia, the rule does not apply to the disposal of shares in an unlisted investee company that is in the business of trading or holding Singapore immovable properties (excluding property development).

In addition, Shareholders who adopt the tax treatment to be aligned with the Singapore Financial Reporting Standard 39 Financial Instruments - Recognition and Measurement (“FRS 39”) may be taxed on gains or losses recognised in accordance with the provisions of FRS 39 (not being gains or losses in the nature of capital) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

### **Stamp Duty**

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the instrument of transfer of our Shares at the rate of 0.2%, computed based on the consideration paid or market value of our Shares registered in a share register kept in Singapore, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares or the electronic transfers of our Shares through the CDP) or if the instrument of transfer is executed outside Singapore. However, stamp duty is payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

### **Goods and Services Tax (“GST”)**

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase, sale or holding of our Shares will be subject to GST at the current rate of 7.0%. Similar services rendered under a contract with and directly benefitted an investor who belongs and is outside Singapore at the time the services were provided should be subject to zero-rate GST.

The sale of our Shares by a GST-registered investor via SGX-ST is a supply exempt from GST. Where the sale of our Shares is made to a person who belongs and is outside Singapore at the time the sale is executed, the sale should be subject to zero-rate GST (i.e. GST at 0.0%).

Any GST incurred by a GST-registered investor in relation to the sale of our Shares would not be recoverable if the GST incurred is attributable to the making of an exempt supply and if the GST incurred is attributable to the making of a zero-rated supply, the GST incurred should be recoverable subject to the receipt of a valid tax invoice from the supplier.

### **Estate Duty**

Singapore estate duty has been abolished with effect from 15 February 2008.

### **AUSTRALIAN TAX**

The following tax comments are based on the tax law in Australia in force as at the date of this Offer Document.

Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor.

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## APPENDIX E – TAXATION

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During the ownership of the Shares by investors, the taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each investor's specific circumstances. Investors should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax implications for Australian residents. These comments do not apply to investors that hold Shares on revenue account, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 which have made elections for the Fair Value or Reliance on Financial Reports methodologies.

Taxation issues, such as (but not limited to) those covered by this Section are only one of the matters an investor needs to consider when making a decision about a financial product. Investors should consider taking advice from someone who holds an Australian financial services licence before making such a decision.

### **Australian income tax treatment of dividends received by Australian tax resident Shareholders**

Australian tax residents are subject to Australian income tax on their worldwide income. Accordingly, any dividends received from our Company by an Australian tax resident will be subject to income tax in Australia.

Any dividends paid by our Company to our Australian tax resident Shareholders may be subject to withholding tax at source. Generally, Shareholders who are Australian tax residents may be entitled to a Foreign Income Tax Offset for the withholding tax deducted, up to the limit of any Australian tax payable on the dividend. To the extent that any withholding tax cannot be utilised in the current year, it is not able to be carried forward against future dividends.

Generally as our Company is not an Australian corporate tax entity, there should not generally be franking credits attaching to the dividend.

Shareholders are advised to seek their own professional advice in assessing the taxation consequences relevant to their specific circumstances upon receipt of a dividend.

### **Australian implications for Australian tax resident Shareholders disposing of Shares**

Australian resident Shareholders will be subject to Australian capital gains tax on the disposal of any Shares in our Company. A Shareholder will derive a capital gain on the disposal of Shares to the extent that the consideration on disposal exceeds the capital gains tax cost base of those Shares (generally, the amount you paid to acquire the Shares plus any transaction costs). A Shareholder will incur a capital loss on the disposal of Shares to the extent that the consideration on disposal is less than the capital gains tax reduced cost base of the Shares.

Generally, all capital gains and capital losses arising in a financial year are added together to determine whether a Shareholder has derived a net capital gain or incurred a net capital loss in a year.

If a Shareholder derives a net capital gain in a year, this amount is included in the Shareholder's assessable income except that individual, trustee and complying superannuation fund Shareholders will in certain circumstances be able to reduce any capital gain made on the disposal of the Shares.

This discount is only available if the Shares are owned by the Shareholder for at least 12 months prior to disposal. The capital gains tax discount applicable to an individual or trustee is one half. The capital gains tax discount applicable to a complying superannuation fund is one third.

If a Shareholder incurs a net capital loss in a year, this amount is carried forward and is available to offset capital gains derived in subsequent years, subject in some cases to the Shareholder, such as if the Shareholder is a company or trust, satisfying certain rules relating to the recoupment of carried forward losses.

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## APPENDIX E – TAXATION

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Non-Australian resident Shareholders will generally not be subject to Australian capital gains tax on the disposal of any Shares in our Company, unless:

- the Shares have been used at any time by the Shareholder in carrying on a business through a permanent establishment in Australia; or
- more than 50.0% of the value of the Shares is attributable to Australian real property (i.e. land and certain rights over land) and the Shareholder, together with associates, holds or has held during a specified period 10.0% or more of all the shares in our Company.

Shareholders should obtain their own independent tax advice relevant to their particular circumstances.

### **Tax File Numbers (“TFNs”)**

An Australian tax resident Shareholder is not required to quote a TFN to our Company. However, if an Australian tax resident Shareholder’s TFN or relevant exemption details are not provided, Australian tax may be required to be deducted by our Company from certain distributions at the maximum marginal tax rate plus medicare levy.

A shareholder that holds Shares as part of an enterprise may quote their Australian Business Number instead of their TFN. For non-Australian tax resident Shareholders, a TFN will be deemed to have been quoted at the time a dividend is paid by us, provided Australian dividend withholding tax applies or would have applied, but for certain dividend withholding tax exclusions (such as the dividend being franked).

### **Australian GST implications**

There should be no Australian GST payable by Shareholders in respect of the acquisition or disposal of Shares issued under this Offer Document.

The extent to which a Shareholder may be entitled to recover Australian GST included in costs relating to the acquisition or disposal of the Shares will depend on the particular circumstances of the Shareholder and whether the acquisition/disposal may be classified as being ‘GST-free’ for Australian GST purposes.

Shareholders should seek separate advice from their financial advisors to confirm their position.

### **Australian Stamp Duty implications**

No stamp duty should be payable by a Shareholder as a consequence of acquiring any Shares pursuant to the Offer.

## **MALAYSIA TAX**

The following is a summary of the principal Malaysia tax consequences relevant to the prospective investor based on Malaysia tax laws and their implementing regulations in force as of the date of this offering memorandum. The summary does not address any laws other than the tax laws of Malaysia.

### **Corporate Income Tax**

The Income Tax Act 1967 imposes corporate income tax on our businesses in Malaysia. A resident or non-resident company is assessable on income accrued or derived from Malaysia.

The applicable income tax rate for companies with paid-up capital of RM2.5 million and below is 20.0% for the first chargeable income of RM500,000 and 25.0% in the excess chargeable income of RM500,000. Companies with paid up capital exceeding RM2.5 million is taxed at a rate of 25.0% on chargeable income.

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## APPENDIX E – TAXATION

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Please note that the applicable income tax rate for companies with paid-up ordinary shares of RM2.5 million and below for the first chargeable income of RM500,000 has been reduced to 19.0% and 24.0% on the remaining chargeable income. Companies with paid-up ordinary shares exceeding RM2.5 million is taxed at 24.0% on chargeable income with effect from year of assessment 2016 onwards.

Business and non-business deductions on certain contributions are available under the Income Tax Act 1967. Such deductions include contributions made to the government, state government, local authorities, institutions or organisations approved by the Director General of Inland Revenue Board Malaysia, sports activities approved by the Minister of Finance or Commissioner of Sports, or project of national interest approved by the Minister of Finance.

### **Investment incentives under the Promotion of Investments Act 1986**

The Promotion of Investments Act 1986 and Promotion of Investments (Amendment) Act 2007 provide a number of incentives for companies participating in a promoted activity. “**Promoted activity**” is defined as a manufacturing, agricultural, integrated agricultural, hotel, tourist or other industrial or commercial activity and includes an activity which is of national and strategic importance to Malaysia. The various types of incentives given include, among others:

(a) Pioneer status

A pioneer status company has the advantage of partial exemption (or full exemption in limited cases) from paying income tax for a period of five (5) years. Only 70.0% of the statutory income from the pioneer business for each of the five (5) years will be exempt from tax. The balance of the statutory income will be taxable at the normal corporate tax rate.

(b) Investment tax allowances

A company receiving this incentive will be given allowances on capital expenditure incurred on industrial buildings, plant and machinery directly used for the purpose of the promoted activities. The amount of the allowance for each year of assessment is restricted to a maximum of 70.0% of the statutory business income. The tax allowance will only be given on capital expenditure incurred within five (5) years or 10 years from the date of approval of this incentive

### **Tax Incentives under Schedule 7A of the Income Tax Act 1967**

(a) Reinvestment Allowance (“**RA**”)

RA, is available to manufacturing companies that reinvest their capital to embark on a project for either expansion of existing production capacity, modernization or automation of the production facilities, or diversification into related products. RA is also available to companies engaged in agricultural projects.

The rate of RA is 60.0% on the qualifying capital expenditure (i.e. factory, plant and machinery) and is granted in addition to capital allowances. The RA is used to reduce up to 70.0% of statutory income. Any unused RA may be carried forward indefinitely.

Please note that there may be other tax incentives that could be granted on a case by case basis subject to negotiation between the investors and the Malaysian Government. These incentives may be offered under the special exemption provision under the Income Tax Act.

## APPENDIX E – TAXATION

### Dividend Distributions

Effective from the year assessment 2008 and onwards, where a dividend is paid or credited by a company to any of its shareholders in the basis period for a year of assessment, the company shall not be entitled to deduct tax from such dividend paid or credited.

Malaysia has introduced a single tier dividend system with effect from year assessment 2008 under which tax paid by a company would be a final tax and dividends paid by the company to its shareholders will no longer be liable to tax. The six (6) year transitional period for companies to move onto this tax system ended on 31 December 2013. During this transitional period, the imputation system will continue to apply on the company until its existing tax credit account is fully utilised or until 31 December 2013, whichever is the earlier. The single tier dividend system has commenced fully in 1 January 2014 and the tax credit account will be deemed as nil at the end of 31 December 2013.

### Capital Gains

Capital gains from the sale of investments such as the sale of shares or capital assets other than those related to land and buildings are not subject to tax. Income tax may be payable if the seller is considered as trading in shares.

Sale of land, any interest, option or other right in or over such land in Malaysia may be subject to real property gains tax. Real property gains tax is imposed on a scale of rates depending on the length of time such asset is held.

To curb speculative activities in the real property market, the Government has proposed the following revisions to the real property gains tax (“RPGT”) rates for disposal of properties and shares in real property companies with effect from 1 January 2014.

#### Disposal of properties

Disposal within 2 years  
 Disposal in the 3<sup>rd</sup> year  
 Disposal in the 4<sup>th</sup> year  
 Disposal in the 5<sup>th</sup> year  
 Disposal in the 6<sup>th</sup> year and onwards

#### RPGT rates for different categories

From 15.0% to 30.0%  
 From 10.0% to 30.0%  
 From 10.0% to 20.0% or 30.0%  
 From 10.0% to 15.0% or 30.0%  
 From 0.0% to 5.0%

	Rates of RPGT (%)		
	Disposal by a company	Disposal by an individual who is a Malaysian citizen or permanent resident	Disposal by an individual who is not a Malaysian citizen or permanent resident
Disposal within 2 years	30	30	30
Disposal in the 3 <sup>rd</sup> year	30	30	30
Disposal in the 4 <sup>th</sup> year	20	20	30
Disposal in the 5 <sup>th</sup> year	15	15	30
Disposal in the 6 <sup>th</sup> year and onwards	5	0	5

Gains from the sale of shares in a “real property company” are also subject to real property gains tax. Under the Real Property Gains Tax Act 1976, a real property company is a controlled company (one with not more than fifty members and controlled by no more than five persons) whose holdings of real property or shares in a real property company amounts to 75.0% or more of its total tangible assets.

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## APPENDIX E – TAXATION

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### Stamp Duty

Stamp duty is levied on the transfer of certain assets and shares on an ad valorem basis under the Stamp Act 1949. The stamp duty payable on transfers of shares is currently fixed at a rate of 0.3% of the consideration price or the value of the shares, whichever is greater. The duty payable on a transfer of land is on a graduated scale. Stamp duty payable is calculated on the purchase price, or the market value of the land, whichever is higher.

Under section 52 of the Stamp Act 1949, no instrument chargeable with duty shall be admitted in evidence for any purpose by any person having by law or consent of parties authority to receive evidence, or shall be acted upon, registered, or authenticated by any such person or by any public officer, unless such instrument is duly stamped.

### Withholding Tax

The Income Tax Act, 1967 provides that where a person is liable to make certain types of payment to a non-resident person, he shall deduct withholding tax at the prescribed rate from such payment and (whether such tax has been deducted or not) pay that tax to the Director General of Inland Revenue within one month after such payment has been paid or credited to the non-resident.

Interest, royalties and payment for services under a contract and certain other classes of income are subject to withholding tax when paid to non-residents.

Under section 107A of the Income Tax Act 1967, contract payments made to non-residents is subject to a withholding tax of 10.0%. Where a non-resident has stationed employees in Malaysia who are involved in the contract a further 3.0% of withholding tax is to be deducted. Where the income of the non-resident consists of interest (other than interest on an approved loan) derived from Malaysia, withholding tax shall be at a rate of 15.0% pursuant to section 109 of the Income Tax Act 1967. There is no withholding tax on dividends paid by Malaysian resident companies.

Please note that with effect from 1<sup>st</sup> January 2009, payment of income falling under Section 4(f) of the Income Tax Act, 1967 which is deemed to be derived from Malaysia by a non-resident would be subject to withholding tax of 10.0% on the gross income under Section 109F of the Income Tax Act, 1967. Payment of commission to a non-resident falling within Section 4(f) of the Income Tax Act, 1967 which is deemed to be derived from Malaysia would be subject to a 10.0% WT under Section 109F of the Income Tax Act, 1967 even if the services are not performed by the non-resident in Malaysia.

### Inheritance Tax

There is no inheritance tax in Malaysia since its abolishment with effect from 1 November 1991.

### Goods and Services Tax

With effect from 1 April 2015, GST has been introduced at the rate of 6.0% / 0.0%. GST shall be applicable on all taxable supply of goods or services effected in the course or furtherance of business in Malaysia and also, covers within its purview importation of goods or services into Malaysia.

Goods and services like supply of goods to designated areas, international services, prescribed under the GST (Zero Rated Supply) Order 2014 shall be subject to GST at 0.0%. Under the GST (Exempt Supply) Order 2014, certain goods and services like sale of residential property, transfer of ownership of any securities or derivatives relating to securities are exempt from GST. Further, under the GST (Relief) Order 2014, certain persons are relieved from charging GST and few are relieved from payment of GST, subject to conditions.

In terms of the GST guides released by Royal Malaysian Customs Department ('RMCD'), dividends do not attract GST.

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## APPENDIX E – TAXATION

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In terms of the GST (Exempt Supply) Order 2014, the supply of services relating to financial services shall not be deemed to be an exempt supply (i.e. subject to GST) to the extent that the consideration payable for the usage or provision of facilities, arranging, broking, underwriting or advising on any of the supplies specified therein, is any fee, commission, merchant's discount or other similar charge. Hence, for foreign and Malaysian investors buying Malaysian issued securities from brokers belonging in Malaysia, the fee or commission charged by such brokers shall be subject to GST.

### BRUNEI DARUSSALAM TAX

*The following is a summary of certain Brunei Darussalam income tax consequences based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect).*

#### **Brunei Darussalam Taxation**

The Brunei Darussalam taxation system is essentially territorial in nature. Any corporations, registered locally or outside of Brunei Darussalam are subject to Brunei income tax (currently at 18.5% with the applicable tax thresholds described below) only on income accruing in, derived from or received in Brunei Darussalam. For a non-tax resident company of Brunei Darussalam, it is essentially taxed on income that has a source in Brunei Darussalam or on profits from businesses in Brunei Darussalam operated through a branch or a Permanent Establishment (“PE”).

Section 2 of Brunei Income Tax Act (“BITA”) defines a resident in relation to an individual, as a person who, in the year preceding the year of assessment, resides in Brunei Darussalam except for such temporary absences therefrom as to the Collector of Income Tax in Brunei may consider reasonable and not inconsistent with a claim by such person to be resident in Brunei Darussalam, and includes a person who is physically present or who exercises an employment (other than as a director of a company) in Brunei Darussalam for 183 days or more during the year preceding the year of assessment and in relation to a company or a body of persons, means a company or body of persons the control and management of whose business is exercised in Brunei Darussalam.

The following discussion describes the implications relating to Brunei Darussalam income tax, dividend distributions, capital gains tax, withholding tax, stamp duty, GST and investment incentives.

#### **Individual Income Tax**

Currently, there is no individual or personal income tax in Brunei Darussalam.

#### **Corporate Income Tax**

As mentioned above, corporate income tax is payable upon the income of companies accruing in, derived from, or received in Brunei Darussalam in respect of gains or profits from any trade or business for whatever period of time such trade or business may have been carried on.

A company means a company incorporated or registered under the Companies Act (Chapter 39) or any law in force elsewhere.

The chargeable income liable to corporate income tax shall be after deductions of all outgoings and expenses wholly and exclusively incurred in the production of income.

The corporate tax rate is currently at 18.5%. Tax threshold is applicable to the corporate tax rate as follows:

- out of the first B\$100,000 of the chargeable income, 25.0% of the income is subjected to the tax rate;
- out of the next B\$150,000 of the chargeable income, 50.0% of the income is subjected to the tax rate; and
- the remaining balance of the chargeable income is fully taxable at the applicable tax rate.

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## APPENDIX E – TAXATION

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For newly incorporated companies in Brunei Darussalam, tax exemption is granted for the first B\$100,000 of the chargeable income of the companies for the first 3 consecutive years of assessment.

Effective from 1 January 2014, local small and medium enterprises which have gross sales or turnover that do not exceed B\$1.0 million are exempted from corporate income tax.

### **Dividend distributions**

Where dividends are paid out of after-tax profits, such dividends are not subject to any further taxes in Brunei Darussalam. Dividends accruing in, derived from or received in Brunei Darussalam by a company are included in taxable income, apart from dividends received from a corporation taxable in Brunei Darussalam (which are excluded). No tax is deducted at source on dividends paid by a Brunei Darussalam company.

### **Capital Gains Tax**

Currently, Brunei Darussalam does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of capital gains. Generally, gains or profits derived from the disposal of shares held for long-term investment purposes are considered capital gains and not subject to any Brunei Darussalam tax.

### **Withholding Tax**

Brunei Darussalam withholding tax is levied on certain payments made to a non-tax resident of Brunei Darussalam. Withholding tax will arise (subject to relief under a relevant tax treaty) if the following payments are made to non-residents and deemed to be derived from Brunei Darussalam, i.e. such expenses are borne by a person resident in Brunei Darussalam, or having a PE in Brunei Darussalam, or which are deductible against any income accruing in or derived from Brunei Darussalam:

- any interest, commission, fees and other payments relating to loans and indebtedness;
- royalties or other lump payments for the use of or the right to use movable property;
- payments for use of or the right to use scientific, technical, industrial or commercial knowledge or information;
- payment for management or technical assistance;
- rent or other payments for the use of any movable property; or
- any payment of remuneration to any director who is not tax resident in Brunei Darussalam.

### **Stamp Duty**

Stamp duties are levied on a variety of documents. Certain types of documents attract ad-valorem duty, whereas with other documents the duty varies with the nature of the documents.

Stamp duty of B\$0.10 is payable for each share certificate.

For an instrument of transfer of shares, stamp duty applies at the rate of B\$0.10 for every B\$100 or fractional part of B\$100 when the name of the transferee is filled and at the rate of B\$0.30 when the name of the transferee is not filled prior to the execution of the transfer by the transferor.

### **Goods and Services Tax**

Currently, there is no GST in Brunei Darussalam.

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## APPENDIX E – TAXATION

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### Investment Incentives

The Investment Incentive Order, 2001 was introduced on 1 June 2001. The long title of the Order is “An Order to make new provision for encouraging the establishment and development in Brunei Darussalam of industrial and other economic enterprises, for economic expansion and for incidental and related purposes”.

The various types of incentives given include, among others:

- Pioneer enterprise

The tax relief period of a pioneer enterprise shall commence on its production day and shall continue for a period of:

- (a) five (5) years, where its fixed capital expenditure is not less than B\$500,000 but is less than B\$2.5 million;
- (b) eight (8) years, where its fixed capital expenditure is more than B\$2.5 million;
- (c) 11 years, where it is located in a high tech park.

Where a pioneer enterprise is given tax relief period of 5 years and the Minister is satisfied that it has incurred by the end of the year following the end of that period fixed capital investment of not less than B\$2.5 million, the Minister may extend its tax relief period to 8 years from the production day.

“Minister” is defined as the Minister charged with the responsibility for industrial development. “Production day” is defined as the date on or before which it is expected that the pioneer enterprise will commence to produce in marketable quantities the product specified in the pioneer certificate issued by the Minister to the company.

- Pioneer service company

The tax relief period of a pioneer service company, in relation to any qualifying activity specified in any certificate issued to that company, shall commence on the commencement day and shall continue for a period of 8 years or such longer period, not exceeding 11 years, as the Minister may determine.

The term “qualifying activity” means any of the following:

- (a) any engineering or technical services including laboratory, consultancy and research and development activities;
- (b) computer-based information and other computer related services;
- (c) the development or production of any industrial design;
- (d) services and activities which relate to the provision of leisure and recreation;
- (e) publishing services;
- (f) services which relate to the provision of education;
- (g) medical services;
- (h) services and activities which relate to agricultural technology;

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## **APPENDIX E – TAXATION**

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- (i) services and activities which relate to the provision of warehousing facilities;
- (j) services which relate to the organisation or management of exhibitions and conferences;
- (k) financial services;
- (l) business consultancy, management and professional services;
- (m) venture capital fund activity;
- (n) operation or management of any mass rapid transit system;
- (o) service provided by an auction house;
- (p) maintaining and operating a private museum; and
- (q) such other services or activities as the Minister may prescribe.

“Commencement date” means the date of commencement specified in the certificate issued to the company by the Minister, by which the company is entitled to tax relief.

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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### 1. NAME OF THE SCHEME

This employee share option scheme shall be called the “NauticAWT Employee Share Option Scheme” or the “NauticAWT ESOS”.

### 2. DEFINITIONS

2.1 Unless the context otherwise requires, the following words and expressions shall have the following meanings:

- “Act” : The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
- “Associate” : (a) in relation to any Director, chief executive officer, substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more;
- (b) in relation to a substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- “Auditors” : The auditors of the Company for the time being
- “Award” : A contingent award of Shares granted pursuant to the rules of the NauticAWT PSP
- “Board” : The board of Directors of the Company for the time being
- “Catalist Rules” : The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
- “CDP” : The Central Depository (Pte) Limited
- “Committee” : The remuneration committee of the Company, or such other committee comprising directors of the Company as may be duly authorised and appointed by the Board to administer the NauticAWT ESOS
- “Company” : NauticAWT Limited

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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- “Controlling Shareholder”* : A person who:
- (a) holds directly or indirectly 15.0% or more of the total number of issued Shares (excluding Shares held by the Company as treasury Shares) (unless otherwise determined by the SGX-ST that a person who satisfies this sub-paragraph is not a controlling shareholder); or
  - (b) in fact exercises control over the Company
- “Date of Grant”* : The date on which an Option is granted to a Participant pursuant to the rules of the NauticAWT ESOS
- “Director”* : A person holding office as a director for the time being of the Company
- “Exercise Price”* : The price at which a Participant shall acquire each Share upon the exercise of an Option, as determined in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10
- “Financial Year”* : Each period, at the end of which the accounts of the Company are prepared and audited, for the purpose of laying the same before an annual general meeting of the Company
- “Grantee”* : The person to whom a grant of an Option is made
- “Group”* : The Company and its subsidiaries
- “Group Employee”* : Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the NauticAWT ESOS in accordance with the rules thereof
- “Group Executive Director”* : A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function
- “Group Non-Executive Director”*: A director of the Company and/or its subsidiaries, as the case may be, other than a Group Executive Director
- “Market Day”* : A day on which the SGX-ST is open for trading of securities
- “Market Price”* : The average of the last dealt prices for a Share determined by reference to the daily official list published by the SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Date of Grant, provided always that in the case of a Market Day on which the Shares are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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- “NauticAWT ESOS”* : The NauticAWT Employee Share Option Scheme, as modified, supplemented or amended from time to time
- “NauticAWT PSP”* : The NauticAWT Performance Share Plan, as modified, supplemented or amended from time to time
- “Option”* : The right to acquire Shares granted pursuant to the rules of the NauticAWT ESOS
- “Option Period”* : The period for the exercise of an Option being:
- (a) in the case of an Option granted with the Exercise Price set at the Market Price, a period commencing after the first anniversary of the Date of Grant of that Option and expiring on the 10<sup>th</sup> anniversary of such Date of Grant or such earlier date as may be determined by the Committee, subject as provided in Rules 11 and 15 and any other conditions as may be determined by the Committee from time to time; and
  - (b) in the case of an Option granted with the Exercise Price set at a discount to the Market Price, a period commencing after the second anniversary of the Date of Grant of that Option and expiring on the 10<sup>th</sup> anniversary of such Date of Grant or such earlier date as may be determined by the Committee, subject as provided in Rules 11 and 15 and any other conditions as may be determined by the Committee from time to time
- “Participant”* : A Group Employee or Group Non-Executive Director who has been granted an Option under the NauticAWT ESOS
- “Record Date”* : The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to rights of holders of Shares
- “SGX-ST”* : Singapore Exchange Securities Trading Limited
- “Shareholders”* : Shareholders of the Company from time to time
- “Shares”* : Ordinary shares in the capital of the Company
- “S\$”* : Singapore dollars
- “%”* : Per centum or percentage
- 2.2 The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 130A of the Act.
- 2.3 Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

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## **APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME**

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- 2.4 Any reference in the NauticAWT ESOS to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in the NauticAWT ESOS shall, where applicable, have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.
- 2.5 Any reference in the NauticAWT ESOS to a time of day shall be a reference to Singapore time unless otherwise stated.
- 2.6 Any reference to “subsidiary” shall have the meaning ascribed to it in Section 5 of the Act.

### **3. OBJECTIVES OF THE NAUTICAWT ESOS**

- 3.1 The NauticAWT ESOS will provide an opportunity for Group Employees who have contributed significantly to the growth and performance of the Group (including Group Executive Directors) and Group Non-Executive Directors and who satisfy the eligibility criteria as set out in Rule 4 of the NauticAWT ESOS, to participate in the equity of the Company.
- 3.2 The NauticAWT ESOS is primarily a share incentive scheme. It recognises the fact that the services of such Group Employees and Group Non-Executive Directors are important to the success and continued well-being of the Group. Implementation of the NauticAWT ESOS will enable the Company to give recognition to the contributions made by such Group Employees and Group Non-Executive Directors. At the same time, it will give such Group Employees and Group Non-Executive Directors an opportunity to have a direct interest in the Company and will also help to achieve the following positive objectives:
- (a) to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
  - (b) to retain key employees and directors whose contributions are essential to the long-term growth and prosperity of the Group;
  - (c) to instill loyalty to, and a stronger identification by Participants with the long-term prosperity of, the Group;
  - (d) to attract potential employees with relevant skills to contribute to the Group and to create value for Shareholders; and
  - (e) to align the interests of Participants with the interests of Shareholders.

3.3 The NauticAWT ESOS is made available to eligible staff of the Group at all levels.

3.4 For the avoidance of doubt, the Company has the flexibility to grant Awards under the NauticAWT PSP as well as Options under the NauticAWT ESOS to the same Participant, simultaneously.

### **4. ELIGIBILITY**

- 4.1 The following persons shall be eligible to participate in the NauticAWT ESOS at the absolute discretion of the Committee:
- (a) Group Employees; and
  - (b) Group Non-Executive Directors,

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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provided that, as of the Date of Grant, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into a composition with their respective creditors, and in the opinion of the Committee, have contributed or will contribute to the success and development of the Group; and in the case of Group Employees, must hold such position as may be designated by the Company from time to time, and whose eligibility have been confirmed by the Company and/or any of its subsidiaries as at each proposed Date of Grant as determined by the Committee.

- 4.2 Persons who are Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 4.1 above shall be eligible to participate in the NauticAWT ESOS provided that:
- (a) written justification has been provided to Shareholders for their participation at the introduction of the NauticAWT ESOS or prior to the first grant of Options to them;
  - (b) the actual number and terms of any Options to be granted to them have been specifically approved by Shareholders who are not beneficiaries of the NauticAWT ESOS in a general meeting in separate resolutions for each such Controlling Shareholder and his Associates; and
  - (c) all conditions for their participation in the NauticAWT ESOS as may be required by the regulations of the SGX-ST from time to time are satisfied. In this regard, (1) the aggregate number of Shares available to Controlling Shareholders and their Associates must not exceed 25.0% of the Shares available under the NauticAWT ESOS; and (2) the number of Shares available to each Controlling Shareholder or his Associate must not exceed 10.0% of the Shares available under the NauticAWT ESOS,

provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the NauticAWT ESOS of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant.

- 4.3 Participants who are also Shareholders and are eligible to participate in the NauticAWT ESOS must abstain from voting on any resolution relating to the participation of or grant of Options to the Participants.
- 4.4 Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the NauticAWT ESOS and grant of Options to them.
- 4.5 For the purposes of determining eligibility to participate in the NauticAWT ESOS, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his employment having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.6 There shall be no restriction on the eligibility of any Participant to participate in any other share plans or share incentive schemes implemented or to be implemented by the Company or any other company within the Group.
- 4.7 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the NauticAWT ESOS may be amended from time to time at the absolute discretion of the Committee.

### 5. MAXIMUM ENTITLEMENT

Subject to Rule 4 and Rule 6, the aggregate number of Shares in respect of which Options may be offered to a Grantee for acquisition in accordance with the NauticAWT ESOS shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the Grantee's rank, job performance, years of service, contribution to the success of the Group and potential development of the Grantee.

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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### 6. LIMITATION ON THE SIZE OF THE NAUTICAWT ESOS

6.1 The aggregate number of Shares over which the Committee may grant Options on any date under the NauticAWT ESOS, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of:

- (a) all Options granted thereunder;
- (b) all Awards granted under the NauticAWT PSP; and
- (c) all options or awards granted under any other schemes implemented by the Company (if any),

shall not exceed 15.0% of the total number of issued Shares (excluding shares held by the Company as treasury shares) on the day immediately preceding the relevant Date of Grant.

6.2 The aggregate number of Shares for which Options may be granted under the NauticAWT ESOS to Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the NauticAWT ESOS, and the number of Shares over which an Option may be granted under the NauticAWT ESOS to each Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the NauticAWT ESOS.

### 7. GRANT OF OPTIONS

7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the NauticAWT ESOS is in force, except that, for so long as the Shares are listed and quoted on the SGX-ST, no Options shall be granted during the period commencing two (2) weeks before the announcement of the Group's financial statement of each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Group's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of the Group's half year and full year financial statements (if not required to announce quarterly financial statements).

7.2 In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers to grant Options may only be made on or after the second Market Day on which such announcement is released.

7.3 An offer to grant an Option to a Grantee shall be made by way of a letter (the "**Letter of Offer**") in the form or substantially in the form set out in Annex 1, subject to such amendments as the Committee may determine from time to time.

### 8. ACCEPTANCE OF GRANT OF OPTIONS

8.1 An Option granted to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within 30 days after the relevant Date of Grant and not later than 5.00 p.m. on the 30<sup>th</sup> day from such Date of Grant (a) by completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Annex 2, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration (the "**Consideration**") or such other amount and such other documentation as the Committee may require; and (b) if, at the date on which the Committee, for and on behalf of the Company, receives from the Grantee the Acceptance Form and the Consideration in respect of the Option as aforesaid, he remains eligible to participate in the NauticAWT ESOS in accordance with these Rules.

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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- 8.2 If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the 30-day period, automatically lapse and shall forthwith be deemed to be null and void and of no effect.
- 8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice (as defined in Rule 12) given pursuant to Rule 12 which does not strictly comply with the terms of the NauticAWT ESOS.
- 8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 11.5 in the event of the death of such Grantee.
- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares. The Committee shall, within 15 Market Days of receipt of the Acceptance Form and the Consideration, acknowledge receipt of the same.
- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such offer shall be null and void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (a) it is not accepted in the manner as provided in Rule 8.1 within the 30-day period referred to therein; or
  - (b) the Grantee dies prior to his acceptance of the Option; or
  - (c) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
  - (d) the Grantee ceases to be in the employment of the Group or ceases to be a Director, in each case, for any reason whatsoever prior to his acceptance of the Option; or
  - (e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

### 9. EXERCISE PRICE

- 9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and shall be fixed by the Committee at:
- (a) the Market Price; or
  - (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20.0% of the Market Price (or such other percentage or amount as may be prescribed or permitted for the time being by the SGX-ST) and is approved by the Shareholders at a general meeting in a separate resolution in respect of that Option.

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## **APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME**

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- 9.2 In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:
- (a) the performance of the Company and the Group, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth;
  - (b) the years of service and individual performance of the eligible Participant;
  - (c) the contribution of the eligible Participant to the success and development of the Company and/or the Group; and
  - (d) the prevailing market and economic conditions.

- 9.3 In the event that the Company is no longer listed on the SGX-ST or any other relevant stock exchange or trading in the Shares on the SGX-ST or such stock exchange is suspended for any reason for 14 days or more, the Exercise Price for each Share in respect of which an Option is exercisable shall be the fair market value of each such Share as determined by the Committee in good faith.

### **10. ALTERATION OF CAPITAL**

- 10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation or distribution, or otherwise) should take place, then:

- (a) the Exercise Price in respect of the Shares comprised in any Option to the extent unexercised;
- (b) the class and/or number of Shares comprised in any Option to the extent unexercised and the rights attached thereto; and/or
- (c) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators) that, in their opinion, such adjustment is fair and reasonable.

- 10.2 Notwithstanding the provisions of Rule 10.1 above

- (a) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (b) no such adjustments shall be made unless the Committee, after considering all relevant circumstances, considers it equitable to do so.

- 10.3 The following (whether singly or in combination) shall not be recognised as events requiring adjustments:

- (a) any issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities;
- (b) any issue of securities pursuant to any joint venture and/or debt conversion;

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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- (c) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants issued from time to time by the Company enabling holders thereof to acquire new Shares;
  - (d) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; or
  - (e) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force.
- 10.4 Upon any adjustment required to be made pursuant to Rule 10, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

### 11. OPTION PERIOD

- 11.1 Options granted with the Exercise Price set at the Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by a Participant after the first anniversary of the Date of Grant of that Option, provided always that the Options shall be exercised before the 10<sup>th</sup> anniversary of the relevant Date of Grant, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.2 Options granted with the Exercise Price set at a discount to the Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by a Participant after the second anniversary from the Date of Grant of that Option, provided always that the Options shall be exercised before the 10<sup>th</sup> anniversary of the relevant Date of Grant, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:
- (a) subject to Rules 11.4, 11.5 and 11.6, upon the Participant ceasing to be a Group Employee or a Director for any reason whatsoever; or
  - (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
  - (c) in the event of events resulting in termination for cause including but not limited to gross negligence, wilful misconduct, insubordination or incompetence on the part of the Participant, as determined by the Committee in its absolute discretion.

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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For the purpose of Rule 11.3(a), a Participant shall be deemed to have ceased being so employed as of the date the notice of termination or resignation, as the case may be, unless such notice shall be withdrawn prior to its effective date. For the avoidance of doubt, no Option shall lapse pursuant to Rule 11.3(a) in the event any transfer of employment of a Participant within the Group or upon the cessation of employment of a Group Executive Director who shall continue to serve as a Group Non-Executive Director.

11.4 If a Participant ceases to be employed by the Group by reason of:

- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (b) redundancy;
- (c) retirement at or after the legal retirement age;
- (d) retirement before that age with the consent of the Committee;
- (e) the subsidiary, by which he is principally employed, ceasing to be a company within the Group or the undertaking or part of the undertaking of such subsidiary being transferred otherwise than to another company within the Group; or
- (f) for any other reason approved in writing by the Committee,

he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Participant dies and at the date of his death holds any unexercised Option(s), such Option(s) may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant from the date of his death to the end of the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 The Committee may, by notification, provide for further restrictions on the period during which Options may be exercised (whether granted with the Exercise Price set at a discount to the Market Price or not) whether by providing a schedule for the vesting of Shares comprised in the relevant Options or otherwise.

## 12. EXERCISE OF OPTIONS, ALLOTMENT OR TRANSFER AND LISTING OF SHARES

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in Annex 3 (the “**Exercise Notice**”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any), any other applicable administrative or handling fees or charges by the SGX-ST, CDP or agent, and any other documentation the Committee may require. All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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12.2 Subject to the Act and the rules of the Catalist Rules, the Company shall have the flexibility to deliver Shares to Participants upon the exercise of their Options by way of:

- (a) an allotment of new Shares; and/or
- (b) the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury Shares.

In determining whether to issue new Shares or to deliver existing Shares to Participants upon the exercise of their Options, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

12.3 Subject to:

- (a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules of the NauticAWT ESOS and the Memorandum and Articles of Association of the Company,

the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within 10 Market Days (or such other period as may be permitted by the Listing Manual) after the date of the exercise of the Option in accordance with Rule 12.1, allot, transfer or procure the transfer (as the case may be) of the Shares in respect of which such Option has been exercised by the Participant and where required, or as the case may be, within five (5) Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account or securities sub-account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

12.4 Where new Shares are allotted upon the exercise of an Option, the Company shall, as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.

12.5 Shares which are allotted or transferred on the exercise of an Option by a Participant shall be issued or registered (as the case may be), as the Participant may elect, in the name of, CDP to the credit of the securities account of the Participant maintained with CDP or the Participant's securities sub-account with a Depository Agent.

12.6 Shares acquired upon the exercise of an Option shall be subject to all provisions of the Act and the Memorandum and Articles of Association of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to such Shares, including those rights which arise from a liquidation of the Company) and shall rank *pari passu* in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

12.7 Except as set out in Rule 12 and subject to Rule 10, an Option does not confer on a Participant any right to participate in any new issue of Shares.

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## **APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME**

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### **13. ALTERATIONS AND AMENDMENTS TO THE NAUTICAWT ESOS**

- 13.1 Any or all of the provisions of the NauticAWT ESOS may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in number of all the Shares which would fall to be allotted and issued or transferred upon exercise in full of all outstanding Options;
  - (b) any modification or alteration which would be to the advantage of Participants under the NauticAWT ESOS shall be subject to the prior approval of Shareholders at a general meeting; and
  - (c) no modification or alteration shall be made without the prior approval of the SGX-ST (if required) or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would adversely alter the rights attached to any Option shall be final, binding and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST, if required or such other regulatory authorities as may be necessary) amend or alter the NauticAWT ESOS in any way to the extent necessary to cause the NauticAWT ESOS to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST or such other regulatory authorities as may be necessary).
- 13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Participants.

### **14. DURATION OF THE NAUTICAWT ESOS**

- 14.1 The NauticAWT ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the date on which the NauticAWT ESOS is adopted by Shareholders in general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the NauticAWT ESOS may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The NauticAWT ESOS may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting, subject to all other relevant approvals which may be required. If the NauticAWT ESOS is so terminated, no further Options shall be offered by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the NauticAWT ESOS shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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### 15. TAKE-OVER AND WINDING-UP OF THE COMPANY

15.1 In the event of a take-over offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and/or 11.2) holding Options as yet unexercised shall, notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part during the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6)-month period, at the recommendation of the offeror and with the approvals of the Committee and (if so required) the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or

(b) the date of the expiry of the Option Period relating thereto;

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, all Options shall remain exercisable by the Participants until such specified date or the expiry of the respective Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11, remain exercisable until the expiry of the Option Period. For the avoidance of doubt, the provisions of this Rule 15.1 shall not come into operation in the event that a take-over offer which is conditional does not become or is not declared unconditional.

15.2 If, under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and Rule 11.2) shall notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, Provided always that the date of exercise of any Option shall be before the expiry of the relevant Option Period.

15.3 If an order or an effective resolution is passed for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

15.4 In the event of a members' solvent voluntary winding-up (other than for amalgamation or reconstruction), Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and Rule 11.2) shall, subject to Rule 15.5, be entitled within 30 days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto) to exercise in full any unexercised Option, after which such unexercised Option shall lapse and become null and void.

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## **APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME**

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15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding-up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.

15.6 If the events stipulated in this Rule 15 should occur, to the extent that an Option is not exercised within the respective periods referred to in this Rule 15, it shall lapse and become null and void.

### **16. ADMINISTRATION OF THE NAUTICAWT ESOS**

16.1 The NauticAWT ESOS shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board. A Participant who is a member of the Committee shall abstain from deliberation in respect of an Option to be granted to that Participant.

16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the NauticAWT ESOS) for the implementation and administration of the NauticAWT ESOS as it thinks fit.

16.3 Any decision of the Committee, made pursuant to any provision of the NauticAWT ESOS (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the NauticAWT ESOS or any rule, regulation, or procedure thereunder or as to any rights under the NauticAWT ESOS).

16.4 As a safeguard against abuse, pursuant to the Catalist Rules, a Participant who is a member of the Committee shall not be involved in its deliberation in respect of Options (if any) to be granted to him. Further, where Options are proposed to be granted to or held by Group Executive Directors, Controlling Shareholders or their Associates, all members of the Board (and not just members of the Committee) who are not Group Executive Directors, Controlling Shareholders or Associates of Controlling Shareholders, will be involved in deliberation on the same.

### **17. NOTICES**

17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.

17.2 Any notice or documents required to be given by the Company to a Participant or any correspondences to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

### **18. TERMS OF EMPLOYMENT UNAFFECTED**

18.1 The NauticAWT ESOS or any Option shall not form part of any contract of employment between the Company or any subsidiary (as the case may be) and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the NauticAWT ESOS or any right which he may have to participate in it or any Option which he may hold and the NauticAWT ESOS or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

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## **APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME**

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18.2 The NauticAWT ESOS shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company and/or any subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company and/or any subsidiary.

### **19. TAXES**

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the NauticAWT ESOS shall be borne by the Participant.

### **20. COSTS AND EXPENSES**

20.1 Each Participant shall be responsible for all fees of CDP, the Depository Agent or, if applicable, the CPF agent bank (if any) relating to or in connection with the allotment and issuance or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 19 which shall be payable by the relevant Participant.

20.2 Save for such costs and expenses expressly provided in the NauticAWT ESOS to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to the NauticAWT ESOS including but not limited to the fees, costs and expenses relating to the allotment and issuance or transfer of the Shares pursuant to the exercise of any Option shall be borne by the Company.

### **21. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages (including any interest arising thereof) whatsoever and howsoever arising in respect of any matter under or in connection with the NauticAWT ESOS including but not limited to the Company's delay or failure in issuing and allotting, or procuring the transfer of, the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

### **22. ABSTENTION FROM VOTING**

Shareholders who are eligible to participate in the NauticAWT ESOS are to abstain from voting on any Shareholders' resolution relating to the NauticAWT ESOS and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, Shareholders who are eligible to participate in the NauticAWT ESOS shall abstain from voting on the following resolutions, where applicable: (a) implementation of the NauticAWT ESOS; (b) the maximum discount which may be given in respect of any Option; and (c) participation by and grant of Options to Controlling Shareholders and their Associates.

### **23. DISPUTES**

Any disputes or differences of any nature in connection with the NauticAWT ESOS shall be referred to the Committee and its decision shall be final and binding in all respects.

### **24. CONDITION OF OPTION**

Every Option shall be subject to the condition that no Shares shall be issued or transferred pursuant to the exercise of an Option if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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### 25. DISCLOSURE IN ANNUAL REPORT

The Company shall, for as long as the NauticAWT ESOS continues in operation, make the following disclosure in its annual report:

- (a) the names of the members of the Committee administering the NauticAWT ESOS;
- (b) the information required in the table below for the following:
  - (i) Directors of the Company;
  - (ii) Controlling Shareholders and their Associates; and
  - (iii) Participants, other than those in b(i) and b(ii) above, who receive 5.0% or more of the total number of Options available under the NauticAWT ESOS; and

Name of Participant	Options granted during the Financial Year under review (including terms)	Aggregate Options granted since commencement of the NauticAWT ESOS to the end of the Financial Year under review	Aggregate Options exercised since commencement of the NauticAWT ESOS to the end of the Financial Year under review	Aggregate Options outstanding as at the end of the Financial Year under review

- (c) the number and proportion of Options granted at the following discounts to the Market Price in the Financial Year under review:
  - (i) options granted at up to 10.0% discount; and
  - (ii) options granted at between 10.0% but not more than 20.0% discount; and
- (d) such other information as may be required by the Catalist Rules and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

### 26. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person other than the Company or a Participant shall have any right to enforce any provision of the NauticAWT ESOS or any Option by virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore.

### 27. COLLECTION, USE AND DISCLOSURE OF PERSONAL DATA

For the purposes of implementing and administering the NauticAWT ESOS, and in order to comply with any applicable laws, listing rules, regulations and/or guidelines, the Company will collect, use and disclose the personal data of the Participants, as contained in each letter of offer and/or any other notice or communication given or received pursuant to the NauticAWT ESOS, and/or which is otherwise collected from the Participants (or their authorised representatives). By participating in the NauticAWT ESOS, each Participant consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the

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## **APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME**

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Company and/or third parties who provide services to the Company (whether within or outside Singapore), and to the collection, use and further disclosure by such parties for such purposes. Each Participant also warrants that where he discloses the personal data of third parties to the Company in connection with NauticAWT ESOS, he has obtained the prior consent of such third parties for the Company to collect, use and disclose their personal data for the abovementioned purposes, in accordance with any applicable laws, regulations and/or guidelines. Each Participant shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Participant's breach of this warranty.

### **28. GOVERNING LAW**

The NauticAWT ESOS shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Participants, by accepting the offer of the grant of Options in accordance with the NauticAWT ESOS, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

**NAUTICAWT EMPLOYEE SHARE OPTION SCHEME**

**LETTER OF OFFER**

Serial No.: \_\_\_\_\_

**PRIVATE AND CONFIDENTIAL**

Date:

To: [Name]  
[Designation]  
[Address]

Dear Sir / Madam

We are pleased to inform you that, pursuant to the NauticAWT Employee Share Option Scheme (the “**Scheme**”), you have been nominated to participate in the Scheme by the Committee (the “**Committee**”) appointed by the board of directors of NauticAWT Limited (the “**Company**”) to administer the Scheme. Unless otherwise defined, terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an option (“**Option**”), in consideration of the payment of a sum of S\$1.00, to acquire \_\_\_\_\_ ordinary shares in the capital of the Company (the “**Shares**”) at the price of S\$\_\_\_\_\_ for each Share (the “**Exercise Price**”). The Exercise Price represents a discount of \_\_\_\_\_% to the Market Price\*.

The Option Period applicable to the Option is as follows<sup>+</sup>:

Option Period	
Commencement Date	Expiry Date

The Option shall be subject to the terms of the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme), a copy of which is enclosed herewith.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever, except with the prior approval of the Committee.

If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on \_\_\_\_\_, failing which this offer will lapse.

Yours faithfully  
For and on behalf of  
**NAUTICAWT LIMITED**

\_\_\_\_\_  
Name:  
Designation:

\* Applicable only to an Option which was granted at a price which is set at a discount to the Market Price.

+ An Option which was granted at Market Price may not be exercised before the first anniversary of the Date of Grant, while an Option granted at a price which is set at a discount to the Market Price may not be exercised before the second anniversary of the Date of Grant.

**NAUTICAWT EMPLOYEE SHARE OPTION SCHEME**

**ACCEPTANCE FORM**

Serial No.: \_\_\_\_\_

To: The Committee  
NauticAWT Employee Share Option Scheme  
NauticAWT Limited  
300 Beach Road  
#13-02 The Concourse  
Singapore 199555

Closing time and date for acceptance of offer	:	_____
No. of Shares in respect of which Option is offered	:	_____
Exercise Price per Share	:	S\$ _____
Total amount payable on acceptance of Option (exclusive of the relevant CDP charges)	:	S\$ _____

I have read your Letter of Offer dated \_\_\_\_\_ and agree to be bound by the terms of the Letter of Offer and the NauticAWT Employee Share Option Scheme referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to acquire such shares.

I hereby accept the Option to subscribe for \_\_\_\_\_ ordinary shares in the capital of NauticAWT Limited (the “**Shares**”) at S\$\_\_\_\_\_ per Share. I enclose \*cash/banker’s draft/cashier’s order/postal order no.\_\_\_\_\_ for S\$1.00 being payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP, the Depository Agent or if applicable, the CPF agent bank relating to or in connection with the allotment and issuance or transfer of any Shares pursuant to the exercise of any Option in CDP’s name, the deposit of share certificates with CDP, my securities account with CDP or my securities sub-account with a Depository Agent, or, if applicable, my CPF investment account with a CPF agent bank (collectively, the “**CDP charges**”).

I confirm that as at the date hereof:

- (a) I am not less than 21 years old, nor an undischarged bankrupt, nor have I entered into a composition with any of my creditors;
- (b) I satisfy the eligibility requirements to participate in the Scheme as defined in Rule 4 of the Scheme; and
- (c) I satisfy the other requirements to participate in the Scheme as set out in the Rules of the Scheme.

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of the Option to me confidential.

### PLEASE PRINT IN BLOCK LETTERS

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\*Delete as appropriate

#### Notes:

1. Option must be accepted in full or in multiples of 100 Shares.
2. The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".
3. The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

**NAUTICAWT EMPLOYEE SHARE OPTION SCHEME**

**EXERCISE NOTICE**

To: The Committee  
NauticAWT Employee Share Option Scheme  
NauticAWT Limited  
300 Beach Road  
#13-02 The Concourse  
Singapore 199555

Total number of ordinary shares (the “ <b>Shares</b> ”) offered at S\$_____ per Share under the NauticAWT Employee Share Option Scheme on _____ (Date of Grant)	:	_____
Number of Shares previously allotted and issued or transferred thereunder	:	_____
Outstanding balance of Shares which may be allotted and issued or transferred thereunder	:	_____
Number of Shares now to be acquired (in multiples of 100)	:	_____

Pursuant to your Letter of Offer dated \_\_\_\_\_ and my acceptance thereof, I hereby exercise the Option to subscribe for Shares in NauticAWT Limited (the “**Company**”) at S\$\_\_\_\_\_ per Share.

I hereby request the Company to allot and issue or transfer to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited (“**CDP**”) for credit of my Securities Account with the CDP/Securities Sub-Account with a Depository Agent specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP (the “**CDP charges**”) and any stamp duties in respect thereof:

\* (a) Direct Securities Account Number : \_\_\_\_\_

\* (b) Securities Sub-Account Number : \_\_\_\_\_

Name of Depository Agent : \_\_\_\_\_

I enclose a \*cheque/cashier’s order/bank draft/postal order no. \_\_\_\_\_ for S\$\_\_\_\_\_ in payment for the Exercise Price of S\$\_\_\_\_\_ for the total number of the said Shares and the CDP charges of S\$\_\_\_\_\_.

I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the NauticAWT Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Memorandum and Articles of Association of the Company.

I declare that I am acquiring the said Shares for myself and not as a nominee for any other person.

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## APPENDIX F – RULES OF THE NAUTICAWT EMPLOYEE SHARE OPTION SCHEME

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**PLEASE PRINT IN BLOCK LETTERS**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\*Delete as appropriate

**Notes:**

1. An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof.
2. The form entitled "Exercise Notice" must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".

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## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

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### 1. NAME OF THE PLAN

This performance share plan shall be called the “NauticAWT Performance Share Plan” or the “NauticAWT PSP”.

### 2. DEFINITIONS

2.1 Unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act” : The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time

“Associate” : (a) in relation to any Director, chief executive officer, substantial Shareholder or Controlling Shareholder (being an individual) means:

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more;

(b) in relation to a substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more

“Auditors” : The auditors of the Company for the time being

“Award” : A contingent award of fully paid Shares granted pursuant to the rules of the NauticAWT PSP

“Award Date” : In relation to an Award, the date on which the Award is granted to a Participant pursuant to Rule 6

“Award Letter” : A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee

“Board” : The board of Directors of the Company for the time being

“Catalist Rules” : The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time

“CDP” : The Central Depository (Pte) Limited

“Committee” : The remuneration committee of the Company, or such other committee comprising directors of the Company as may be duly authorised and appointed by the Board to administer the NauticAWT PSP

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## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

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<i>“Company”</i>	:	NauticAWT Limited
<i>“Control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>“Controlling Shareholder”</i>	:	A shareholder who:  (a) holds directly or indirectly 15.0% or more of the total number of issued Shares (excluding Shares held by the Company as treasury Shares) (unless otherwise determined by the SGX-ST that a person who satisfies this sub-paragraph is not a controlling shareholder); or  (b) in fact exercises Control over the Company
<i>“Director”</i>	:	A person holding office as a director for the time being of the Company
<i>“Group”</i>	:	The Company and its subsidiaries (as they may exist from time to time)
<i>“Group Employee”</i>	:	Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the NauticAWT PSP in accordance with the rules thereof
<i>“Group Executive Director”</i>	:	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function
<i>“Group Non-Executive Director”</i>	:	A director of the Company and/or its subsidiaries, as the case may be, other than a Group Executive Director
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading of securities
<i>“NauticAWT ESOS”</i>	:	The NauticAWT Employee Share Option Scheme, as modified, supplemented or amended from time to time
<i>“NauticAWT PSP”</i>	:	The NauticAWT Performance Share Plan, as modified, supplemented or amended from time to time
<i>“Options”</i>	:	The right to subscribe for Shares granted pursuant to the rules of the NauticAWT ESOS
<i>“Participant”</i>	:	A Group Employee or a Group Non-Executive Director who has been granted an Award under the NauticAWT PSP
<i>“Performance Condition”</i>	:	The performance condition prescribed by the Committee to be fulfilled by a Participant during the Performance Period under the NauticAWT PSP
<i>“Performance Period”</i>	:	The period, as may be determined by the Committee at its discretion, during which the Performance Condition is to be satisfied

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## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

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- “Release”* : In relation to an Award, the release at the end of the Performance Period of all or some of the Shares to which that Award relates in accordance with Rule 9 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 9, the Award in relation to those Shares shall lapse and *“Released”* shall be construed accordingly
- “Release Date”* : Shall have the meaning assigned to it in Rule 9.3
- “Release Schedule”* : In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period
- “Retention Period”* : Such retention period as may be determined by the Committee and notified to the Participant at the grant of the relevant Award to that Participant
- “SGX-ST”* : Singapore Exchange Securities Trading Limited
- “Shareholders”* : Shareholders of the Company from time to time
- “Shares”* : Ordinary shares in the capital of the Company
- “Vest”* : The absolute entitlement to all or some of the Shares which are the subject of an Award and *“Vesting”* and *“Vested”* shall be construed accordingly
- “Vesting Date”* : The date on which an Award for Shares is effectuated
- “Vesting Period”* : The period during which an Award may Vest, if any
- “S\$”* : Singapore dollars
- “%”* : Per centum or percentage
- 2.2 The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 130A of the Act.
- 2.3 Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.
- 2.4 Any reference in the NauticAWT PSP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in the NauticAWT PSP shall, where applicable, have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.
- 2.5 Any reference in the NauticAWT PSP to a time of a day shall be a reference to Singapore time unless otherwise stated.
- 2.6 Any reference to “subsidiary” shall have the meaning ascribed to it in Section 5 of the Act.

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## **APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN**

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### **3. OBJECTIVES OF THE NAUTICAWT PSP**

- 3.1 The NauticAWT PSP has been proposed in order to:
- (a) foster an ownership culture within the Group which aligns the interests of the Group Employees and the Group Non-Executive Directors with the interests of Shareholders;
  - (b) motivate the Participants to achieve key financial and operational goals of the Company and/or their respective business segments and encourage greater dedication and loyalty to the Group;
  - (c) give recognition to contributions made or to be made by the Participants to the success of the Group; and
  - (d) make total employee remuneration sufficiently competitive to recruit new Participants and retain existing Participants whose contribution are important to the long-term growth and profitability of the Group.
- 3.2 The NauticAWT PSP contemplates the award of fully paid Shares when and after:
- (a) pre-determined measurable Performance Conditions are accomplished within the Performance Period; and/or
  - (b) due recognition is given to any good work performance; and/or
  - (c) significant contribution is made to the Group.

### **4. ELIGIBILITY OF PARTICIPANTS**

- 4.1 The following persons shall be eligible to participate in the NauticAWT PSP at the absolute discretion of the Committee:
- (a) Group Employees; and
  - (b) Group Non-Executive Directors,
- provided that, as of the Award Date, such persons have attained the age of 21 years, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and in the opinion of the Committee, have contributed or will contribute to the success and development of the Group; and in the case of Group Employees, must hold such position as may be designated by the Company from time to time, and whose eligibility have been confirmed by the Company and/or any of its subsidiaries as at each proposed Award Date as determined by the Committee.
- 4.2 Persons who are Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 4.1 above shall be eligible to participate in the NauticAWT PSP provided that:
- (a) written justification has been provided to Shareholders for their participation at the introduction of the NauticAWT PSP or prior to the first grant of Awards to them;
  - (b) the actual number and terms of any Shares to be granted to them have been specifically approved by Shareholders who are not beneficiaries of the NauticAWT PSP in a general meeting in separate resolutions for each such Controlling Shareholder or his Associates; and

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## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

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- (c) all conditions for their participation in the NauticAWT PSP as may be required by the regulations of the SGX-ST from time to time are satisfied. In this regard, (1) the aggregate number of Shares available to Controlling Shareholders and their Associates must not exceed 25.0% of the Shares available under the NauticAWT PSP; and (2) the number of Shares available to each Controlling Shareholder or his Associate must not exceed 10.0% of the Shares available under the NauticAWT PSP,

provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the NauticAWT PSP of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant.

- 4.3 Participants who are also Shareholders and are eligible to participate in the NauticAWT PSP must abstain from voting on any resolution relating to the participation of or grant of Awards to the Participants.
- 4.4 Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the NauticAWT PSP and grant of Awards to them.
- 4.5 For the purposes of determining eligibility to participate in the NauticAWT PSP, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his employment having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.6 Save as prescribed by the Catalist Rules, there shall be no restriction on the eligibility of any Participant to participate in any other share plans or share incentive schemes implemented or to be implemented by the Company or any other company within the Group.
- 4.7 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the NauticAWT PSP may be amended from time to time at the absolute discretion of the Committee.

### 5. LIMITATION ON THE SIZE OF THE NAUTICAWT PSP

- 5.1 The aggregate number of Shares over which Awards may be granted under the NauticAWT PSP, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of:
  - (a) all Awards granted thereunder;
  - (b) all Options granted under the NauticAWT ESOS; and
  - (c) all options or awards granted under any other schemes implemented by the Company (if any),

shall not exceed 15.0% of the total number of issued Shares (excluding treasury Shares) on the day immediately preceding the relevant Award Date.

- 5.2 The aggregate number of Shares over which Awards may be granted under the NauticAWT PSP to Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the NauticAWT PSP, and the number of Shares over which an Award may be granted under the NauticAWT PSP to each Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the NauticAWT PSP.

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## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

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### 6. DATE OF GRANT

The Committee may grant Awards at any time during the period when the NauticAWT PSP is in force, provided that:

- (a) no Awards may be granted during the period commencing two (2) weeks before the announcement of the Group's financial statement of each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Group's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of the Group's half year and full year financial statements (if not required to announce quarterly financial statements); and
- (b) in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be Vested, and hence any Shares comprised in such Awards may only be delivered, on or after the second Market Day from the date on which the aforesaid announcement is made.

### 7. GRANT OF AWARDS

7.1 Subject to Rule 4 and Rule 5, the number of Shares which are the subject of each Award to be granted to a Participant under the NauticAWT PSP shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the Participant's rank, scope of responsibilities, performance, length of service, contribution to the success and development of the Group, potential for future development of the Participant and/or the extent of effort and resourcefulness required to achieve the Performance Condition within the Performance Period.

7.2 Subject to the Act and the requirements of the SGX-ST, the terms of eligibility of any Participant in the NauticAWT PSP may be amended from time to time at the sole and absolute discretion of the Committee.

7.3 The Committee shall, in its absolute discretion, determine in relation to an Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the number of Shares which are the subject of the Award;
- (d) the Performance Condition;
- (e) the Performance Period;
- (f) the Release Schedule;
- (g) the Retention Period(s), if any; and
- (h) any other condition which the Committee may determine in relation to that Award.

7.4 The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule in respect of any Award:

- (a) in the event of a take-over offer being made for the Shares or if under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or

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## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

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(b) if anything happens which causes the Committee to conclude that:

- (i) a changed Performance Period, Performance Condition and/or Release Schedule would be a fairer measure of performance and would be no less difficult to satisfy; or
- (ii) the Performance Period, Performance Condition and/or Release Schedule should be waived,

the Committee shall as soon as practicable, notify the Participants of such change or waiver.

7.5 As soon as reasonably practicable after an Award is finalised by the Committee, the Committee shall send an Award Letter to the Participant confirming the said Award and specifying in relation to the Award:

- (a) the Award Date;
- (b) the number of Shares which are the subject of the Award;
- (c) the Performance Condition;
- (d) the Performance Period;
- (e) the Release Schedule;
- (f) the Retention Period(s), if any; and
- (g) any other condition which the Committee may determine in relation to that Award.

7.6 Participants are not required to furnish any consideration (including making any payment) for the grant of the Award or the allotment and issuance and/or transfer of Shares upon the Vesting of an Award.

7.7 Awards are personal to the Participant to whom they are given and shall not be transferred (other than to a Participant's legal personal representative on the death of the former), charged, assigned, pledged or otherwise disposed of, unless with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award, that Award shall immediately lapse.

7.8 The Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the predetermined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Condition. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is Vested. Alternatively, the Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the NauticAWT PSP will comply with the relevant rules of the Catalist Rules.

7.9 For the avoidance of doubt, the Company has the flexibility to grant Awards under the NauticAWT PSP as well as Options under the NauticAWT ESOS to the same Participant, simultaneously. No minimum Vesting Periods are prescribed under the NauticAWT PSP and the length of Vesting Period in respect of each Award will be determined on a case-by-case basis. The Committee may also make an Award at any time where, in its opinion, a Participant's performance and/or contribution justified such an Award.

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## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

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### 8. EVENTS PRIOR TO THE VESTING OF AWARDS

- 8.1 Notwithstanding that a Participant may have met his Performance Condition, an Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:
- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
  - (b) subject to Rule 8.2(c), where a Participant is a Group Employee, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
  - (c) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 8.1(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 8.2 If any of the following events occur, the Committee may, in its absolute discretion, preserve all or any part of any Award or declare that an Award has lapsed, in which case the Participant shall have no claim against the Company. If the Committee preserves all or any part of any Award, it shall decide as soon as reasonably practicable following the occurrence of such event either to Vest all or some of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant Vesting Period and subject to the provisions of the NauticAWT PSP:

- (a) the death of a Participant;
- (b) in the event of the bankruptcy of a Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of the Award;
- (c) the Participant ceasing to be in the employment of the Group by reason of:
  - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
  - (ii) redundancy;
  - (iii) retirement at or after the legal retirement age;
  - (iv) retirement before the legal retirement age with the consent of the Committee;
  - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group, as the case may be; or
  - (vi) any other reason approved in writing by the Committee; or
- (d) any other event approved by the Committee,

In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

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## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

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### 9. RELEASE OF AWARDS

#### 9.1 Review of Performance Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied (whether fully or partially) and provided that the relevant Participant has continued to be an eligible person under Rule 4.1 (as the case may be) from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date.
- (b) If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 8) if the relevant Participant has not continued to be a Group Employee or a Group Non-Executive Director from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value.
- (c) The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further the right to amend the Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.
- (d) If the Committee determines in its sole discretion that the Performance Condition has been satisfied (whether fully or partially) or exceeded, and provided that the relevant Participant has continued to be a Group Employee or a Group Non-Executive Director from the Award Date up to the end of the relevant Performance Period or, it may Vest in that Participant:
  - (i) in the case where it is determined that the Performance Condition has been fully satisfied, the number of Shares to which that Award relates in accordance with the Release Schedule specified in respect of that Award on the Vesting Date; or
  - (ii) in all other cases, such number of Shares as may be determined by the Committee in its absolute discretion.

#### 9.2 Subject to the Act and the Catalist Rules, the Company shall have the flexibility to deliver Shares to Participants upon the Release of their Awards by way of:

- (a) the allotment and issuance to each Participant of the number of new Shares, deemed to be fully paid or credited upon their allotment and issuance; and/or
- (b) the transfer of existing Shares to the Participant, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury Shares.

In determining whether to issue new Shares or to purchase existing Shares for delivery existing to the Participants upon the Release of their Awards, the Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

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## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

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- 9.3 Shares which are the subject of a Vested Award shall be Released to a Participant on the release date, which shall be a Market Day falling as soon as practicable after the determination by the Committee referred to in Rule 9.2 and the Vesting Date (“**Release Date**”). On the Release Date, the Committee will procure the allotment and/or transfer to each Participant of the number of Shares so determined.
- 9.4 Where new Shares are allotted upon the Release of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed, for permission to deal in and for quotation of such Shares.
- 9.5 Shares which are allotted and issued and/or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank, as designated by that Participant.
- 9.6 New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the Release of an Award, shall:
- (a) be subject to all the provisions of the Memorandum and Articles of Association of the Company; and
  - (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Release Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.
- For the purposes of this Rule 9.6, “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 9.7 Shares which are allotted and issued and/or transferred to a Participant pursuant to the Release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period(s) (if any), except to the extent set out in the Award Letter or with the prior approval of the Committee. The Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the Award Letter the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.
- 9.8 The Committee shall, in its absolute discretion, have the flexibility to approve the Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Release Date, in lieu of all or part of the Shares which would otherwise have been allotted and issued and/or transferred to him on the Release of his Award, the aggregate value of the relevant number of Shares in cash, with the value of each Share being for this purpose (i) the average of the closing market price of the Shares, as determined by reference to the daily official list published by the SGX-ST for the five (5) consecutive Market Days immediately preceding the Release Date or (ii) if the Committee is of the opinion that such market value is not representative of the value of a Share, such price as the Committee may determine, after consultation with the Auditors or such other professional advisors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

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## **APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN**

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In determining whether to Release an Award, wholly or partly, in the form of cash rather than Shares, the Committee will take into account factors such as (but not limited to) the cost to the Company of Releasing an Award, wholly or partly, in the form of cash rather than Shares. In considering the cost factor, the Committee will take into account relevant factors such as taxation issues arising from the issue of new Shares and/or purchase of existing Shares and the payment of cash, the availability of cash for payment and the cost of funding the cash payment, if necessary

### **10. ADJUSTMENT EVENTS**

10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Released; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the NauticAWT PSP,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators) that, in their opinion, such adjustment is fair and reasonable.

10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made (a) if as a result, the Participant receives a benefit that a Shareholder does not receive; and (b) unless the Committee after considering all relevant circumstances considers it equitable to do so.

10.3 Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be recognised as events requiring adjustments:

- (a) any issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities;
- (b) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants issued from time to time by the Company enabling holders thereof to acquire new Shares; or
- (c) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Catalist Rules, undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force.

10.4 Upon any adjustment required to be made, the Company shall notify each Participant (or, where applicable, his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Release of an Award. Any adjustment shall take effect upon such written notification being given.

### **11. ADMINISTRATION OF THE NAUTICAWT PSP**

11.1 The NauticAWT PSP shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.

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## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

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- 11.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the NauticAWT PSP) for the implementation and administration of the NauticAWT PSP, to give effect to the provisions of the NauticAWT PSP and/or to enhance the benefit of the Awards to the Participants, as it may, in its absolute discretion, deem fit. Any matter pertaining or pursuant to the NauticAWT PSP and any dispute and uncertainty as to the interpretation of the NauticAWT PSP, any rule, regulation or procedure thereunder or any rights under the NauticAWT PSP shall be determined by the Committee.
- 11.3 Neither the NauticAWT PSP nor the grant of Awards under the NauticAWT PSP shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with: (a) the lapsing of any Awards pursuant to any provision of the NauticAWT PSP; (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the NauticAWT PSP; and/or (c) any decision or determination of the Committee made pursuant to any provision of the NauticAWT PSP.
- 11.4 Any decision or determination of the Committee made pursuant to any provision of the NauticAWT PSP (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the NauticAWT PSP or any rule, regulation or procedure hereunder or as to any rights under the NauticAWT PSP). The Committee shall not be required to furnish any reasons for any decision or determination made by it.
- 11.5 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Awards to be granted to him.

### 12. MODIFICATIONS TO THE NAUTICAWT PSP

- 12.1 Any or all the provisions of the NauticAWT PSP may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) any modification or alteration which shall alter adversely the rights attaching to any Award granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Award granted prior to such modification or alteration, may only be made with the consent in writing of such number of Participants who, if their Awards were Released to them in full, would thereby become entitled to not less than three-quarters (3/4) in number of all the Shares which would fall to be allotted and issued and/or transferred upon the Release of all outstanding Awards;
  - (b) any modification or alteration which would be to the advantage of the Participants under the NauticAWT PSP shall be subject to the prior approval of Shareholders at a general meeting; and
  - (c) no modification or alteration shall be made without compliance with the Catalist Rules and the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely alter the rights attached to any Award shall be final, binding and conclusive.

For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the NauticAWT PSP to amend or adjust any Award.

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## **APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN**

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- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST and such other regulatory authorities as may be necessary) amend or alter the NauticAWT PSP in any way to the extent necessary to cause the NauticAWT PSP to comply with any statutory provision (or any amendment or modification thereto, including any amendment of or modification to the Act) or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

### **13. TAKE-OVER AND WINDING UP OF THE COMPANY**

- 13.1 Subject to Rule 13.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to the Shares under the Awards if he has met the Performance Condition for the corresponding Performance Period. For the avoidance of doubt, the vesting of such Awards will not be affected by the take-over offer.
- 13.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Condition shall be entitled, notwithstanding the provisions under this Rule 13 but subject to Rule 13.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 13.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that Shares may have not been released to the Participants, shall be deemed to become null and void.
- 13.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Shares under the Awards shall be released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Condition prior to the date on which the members' voluntary winding-up is deemed to have commenced or is effective in law.
- 13.5 If in connection with the making of a general offer referred to in Rule 13.1 or the scheme referred to in Rule 13.2 or the winding-up referred to in Rule 13.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no Release of Shares under the Award shall be made in such circumstances.

### **14. DURATION OF THE NAUTICAWT PSP**

- 14.1 The NauticAWT PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the NauticAWT PSP is adopted by Shareholders in a general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the NauticAWT PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The NauticAWT PSP may be terminated at any time by the Committee or by resolution of the Company at a general meeting, subject to all relevant approvals which may be required. If the NauticAWT PSP is so terminated, no further Awards shall be granted by the Committee hereunder.

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## **APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN**

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14.3 The expiry or termination of the NauticAWT PSP shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

### **15. NOTICES**

15.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.

15.2 Any notice or documents given by the Company to a Participant or any correspondences to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

### **16. TERMS OF EMPLOYMENT UNAFFECTED**

16.1 The NauticAWT PSP or any Award shall not form part of any contract of employment between the Company or any subsidiary (as the case may be) and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the NauticAWT PSP or any right which he may have to participate in it or any Award which he may hold and the NauticAWT PSP or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

16.2 The Award shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company and/or any subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company and/or any subsidiary.

### **17. TAXES**

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the NauticAWT PSP shall be borne by that Participant.

### **18. COSTS AND EXPENSES**

18.1 Each Participant shall be responsible for all fees of CDP or his Depository Agent relating to or in connection with the allotment and issuance and/or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with his Depository Agent and all taxes referred to in Rule 17 which shall be payable by the relevant Participant.

18.2 Save for such costs and expenses expressly provided in the NauticAWT PSP to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to the NauticAWT PSP including but not limited to the fees, costs and expenses relating to the allotment and issuance and/or transfer of the Shares pursuant to the Release of any Award shall be borne by the Company.

### **19. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages (including any interest arising thereof) whatsoever and howsoever arising in respect of any matter under or in connection with the NauticAWT PSP including but not limited to the Company's delay or failure in issuing, or procuring the transfer of, the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

## APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN

### 20. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the NauticAWT PSP are to abstain from voting on any Shareholders' resolution relating to the NauticAWT PSP and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, all Shareholders who are eligible to participate in the NauticAWT PSP shall abstain from voting on the following resolutions, where applicable: (a) implementation of the NauticAWT PSP; and (b) participation by and grant of Awards to Controlling Shareholders and their Associates.

### 21. DISPUTES

Any disputes or differences of any nature in connection with the NauticAWT PSP shall be referred to the Committee and its decision shall be final and binding in all respects.

### 22. CONDITION OF AWARD

Every Award shall be subject to the condition that no Shares shall be allotted and issued and/or transferred pursuant to the Release of an Award if such allotment and issuance and/or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

### 23. DISCLOSURE IN ANNUAL REPORT

The Company shall, for as long as the NauticAWT PSP continues in operation, make the following disclosure in its annual report:

- (a) the names of the members of the Committee administering the NauticAWT PSP;
- (b) the information required in the table below for the following Participants:
  - (i) Directors of the Company;
  - (ii) Controlling Shareholders and their Associates; and
  - (iii) Participants, other than those in b(i) and b(ii) above, who receive 5.0% or more of the total number of Shares available under the NauticAWT PSP; and

Name of Participant	Number of Shares comprised in Awards granted during the Financial Year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of the NauticAWT PSP to the end of the Financial Year under review	Aggregate number of Shares comprised in Awards which have been issued and/or transferred since commencement of the NauticAWT PSP to the end of the Financial Year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the Financial Year under review

- (c) such other information as may be required by the Catalist Rules and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

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## **APPENDIX G – RULES OF THE NAUTICAWT PERFORMANCE SHARE PLAN**

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### **24. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT**

No person other than the Company or a Participant shall have any right to enforce any provision of the NauticAWT PSP or any Award by the virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore.

### **25. COLLECTION, USE AND DISCLOSURE OF PERSONAL DATA**

For the purposes of implementing and administering the NauticAWT PSP, and in order to comply with any applicable laws, listing rules, regulations and/or guidelines, the Company will collect, use and disclose the personal data of the Participants, as contained in each letter of offer and/or any other notice or communication given or received pursuant to the NauticAWT PSP, and/or which is otherwise collected from the Participants (or their authorised representatives). By participating in the NauticAWT PSP, each Participant consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the Company and/or third parties who provide services to the Company (whether within or outside Singapore), and to the collection, use and further disclosure by such parties for such purposes. Each Participant also warrants that where he discloses the personal data of third parties to the Company in connection with NauticAWT PSP, he has obtained the prior consent of such third parties for the Company to collect, use and disclose their personal data for the abovementioned purposes, in accordance with any applicable laws, regulations and/or guidelines. Each Participant shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Participant's breach of this warranty.

### **26. GOVERNING LAW**

The NauticAWT PSP shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the NauticAWT PSP, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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You are invited to apply and subscribe for the Invitation Shares at the Invitation Price for each Invitation Share subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 INVITATION SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for Offer Shares may be made by way of printed **WHITE** Offer Shares Application Forms or by way of Electronic Applications through ATMs belonging to the Participating Banks (“**ATM Electronic Applications**”) or through Internet Banking (“**IB**”) websites of the relevant Participating Banks (“**Internet Electronic Applications**”), or through mobile banking platform of DBS Bank (“**mBanking Applications**”, which together with ATM Electronic Applications and Internet Electronic Applications, shall be referred to as “**Electronic Applications**”).

Your application for the Placement Shares may only be made by way of printed **BLUE** Placement Shares Application Forms or such other forms of application as the Sponsor and Issue Manager, Underwriter and Placement Agent may in their absolute discretion deem appropriate.

**YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE INVITATION SHARES.**

3. **Only one (1) application may be made for the benefit of one person for the Offer Shares in his own name. Multiple applications for the Offer Shares will be rejected, except in the case of applications by approved nominee companies where each applications is made on behalf of a different beneficiary.**

**You may not submit multiple applications for the Offer Shares. A person who is submitting an application for the Offer Shares by way of an Application Form may not submit another application for the Offer Shares by way of Electronic Applications and *vice versa*.**

**A person, other than an approved nominee company, who is submitting an application for the Offer Shares in his own name should not submit any other applications for the Offer Shares, whether on an Application Form or by way of Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.**

**Joint or multiple applications for the Offer Shares shall be rejected. Persons submitting or procuring submissions of multiple applications for the Offer Shares may be deemed to have committed an offence under the Penal Code (Chapter 224) of Singapore and the SFA, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at the discretion of our Company, and the Sponsor and Issue Manager, Underwriter and the Placement Agent.**

**Multiple applications may be made in the case of applications by any person for (i) the Placement Shares only (via Placement Shares Application Forms or such other forms of application as the Sponsor and Issue Manager, Underwriter and Placement Agent may in their absolute discretion deem appropriate); or (ii) the Placement Shares together with a single application for Offer Shares.**

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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5. We will not recognise the existence of a trust. Any application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the case of an Electronic Application, contained in records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**
9. **Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
10. Our Company, in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent, reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company with regards hereto will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment, which shall be at our discretion, due consideration will be given to the desirability of allotting the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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11. Subject to your provision of a valid and correct CDP Securities Account number, share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.

You hereby consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residency status, CDP Securities Account number, CPF Investment Account number (if applicable) and shares application amount from your account with the relevant Participating Bank to the Share Registrar, SCCS, SGX-ST, CDP, CPF, our Company, and the Sponsor and Issue Manager, Underwriter and Placement Agent.

12. In the event of an under-subscription for Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for the Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

In the event of an under-subscription for Placement Shares as at the close of the Application List, that number of Placement Shares under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

In the event of an over-subscription for Offer Shares as at the close of the Application List and Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Directors after consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent, and approved by the SGX-ST.

In all the above instances, the basis of allotment of the Invitation Shares as may be decided by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public as soon as practicable via an announcement through the SGX-ST and through an advertisement in a local newspaper.

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allotted to you pursuant to your application, to us, the Sponsor and Issue Manager, Underwriter and Placement Agent and any other parties so authorised by the foregoing persons.
14. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application and a person applying for the Placement Shares by way of a Placement Shares Application Form, or such other forms of application as the Sponsor and Issue Manager, Underwriter and Placement Agent may in their absolute discretion deem appropriate.

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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15. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application or mBanking Application) clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen of the relevant Participating Banks or the mobile banking platform of DBS Bank (as the case may be) in accordance with the provisions of this Offer Document, you:
- (a) irrevocably offer, agree and undertake to subscribe for the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price for each Invitation Share and agree that you will accept such Invitation Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Memorandum and Articles of Association of our Company for application;
  - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and those set out in the IB websites or ATMs or mobile banking platform of DBS Bank, the terms and conditions set out in this Offer Document shall prevail;
  - (c) agree that the aggregate Invitation Price for the Invitation Shares applied for is due and payable to the Company upon application;
  - (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any Invitation Shares to you;
  - (e) (i) consent to the collection, use, processing and disclosure of your name/NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, share application amount, the outcome of your application (including the number of Invitation Shares allotted to you pursuant to your application) and other personal data (“**Personal Data**”) by the Share Registrar, CDP, SCCS, the SGX-ST, the Participating Banks, our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent and/or other authorised operators (the “**Relevant Parties**”) for the purpose of the processing of your application for the Invitation Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct; (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes; (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Sponsor and Issue Manager, Underwriter and Placement Agent considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body; and (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”); and
  - (f) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company and the Sponsor and Issue Manager, Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application.

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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16. Our acceptance of applications will be conditional upon, *inter alia*, our Company, and the Sponsor and Issue Manager, Underwriter and Placement Agent being satisfied that:
  - (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares, the Invitation Shares, the ESOS Shares and the PSP Shares on Catalyst;
  - (b) the Management and Underwriting Agreement and the Placement Agreement referred to in the section entitled “Management, Underwriting and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
  - (c) the SGX-ST, acting as an agent on behalf of the Authority, has not served a stop order (“**Stop Order**”) which directs that no or no further shares to which this Offer Document relates be allotted.
  
17. In the event that a Stop Order in respect of the Invitation Shares is served by the SGX-ST, acting as agent on behalf of the Authority, and:
  - (a) in the case where the Invitation Shares have not been issued, all applications shall be deemed to have been withdrawn and cancelled and our Company shall refund (at your own risk) all monies paid on account of your application of the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or
  - (b) in the case where the Invitation Shares have already been issued but trading has not commenced, the issue of the Invitation Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, refund (at your own risk) all monies paid on account of your application for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom).

This shall not apply where only an interim Stop Order has been served.
  
18. In the event that an interim Stop Order in respect of the Invitation Shares is served by the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, no Invitation Shares shall be issued to you during the time when the interim Stop Order is in force.
  
19. The SGX-ST, acting as agent on behalf of the Authority, is not able to serve a Stop Order in respect of the Invitation Shares if the Invitation Shares have been issued, listed for quotation on a securities exchange and trading in the Invitation Shares has commenced.
  
20. We will not hold any application in reserve.
  
21. We will not allot Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
  
22. Additional terms and conditions for applications by way of Application Forms are set out below.
  
23. Additional terms and conditions for applications by way of Electronic Applications are set out below.

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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### ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out under the section entitled “Terms, Conditions and Procedures for Application” of this Offer Document, as well as the Memorandum and Articles of Association of our Company.

1. Your application for the Offer Shares must be made using the **WHITE** Application Forms and **WHITE** official envelopes “A” and “B” for Offer Shares, and the **BLUE** Application Forms and **BLUE** official envelopes for Placement Shares, accompanying and forming part of this Offer Document.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company, in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent, reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms except those under the heading “**FOR OFFICIAL USE ONLY**” must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as it appears in your identity cards (if you have such an identification document) or in your passports and, in the case of a corporation, in your full name as registered with a competent authority. If you are a non-individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company’s Share Registrar and Share Transfer Office. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.
5.
  - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
  - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
  - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or anybody corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporations.

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

6. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Invitation Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**NAUTICAWT SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", and with your name and address written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.** We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement or receipt will be issued by our Company, or the Sponsor and Issue Manager, Underwriter and Placement Agent for applications and application monies received.
7. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Invitation is cancelled by us following the issuance of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.
8. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
9. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Sponsor and/or any other party involved in the Invitation, and if, in any such event, our Company and/or the Sponsor does not receive your Application Form, you shall have no claim whatsoever against our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent and/or any other party involved in the Invitation for the Invitation Shares applied for or for any compensation, loss or damage.
10. By completing and delivering the Application Form, you agree that:
  - (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 21 July 2015** or such other time or date as our Company may, in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent, decide:
    - (i) your application is irrevocable; and

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- (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
- (b) neither our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent nor any other party involved in the Invitation shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;
- (c) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (d) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;
- (g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
- (h) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent or other authorised operators; and
- (i) you irrevocably agree and undertake to subscribe for the number of Invitation Shares applied for as stated in the Application Form or any smaller number of such Invitation Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot a smaller number of Invitation Shares or not to allot any Invitation Shares to you, you agree to accept such decision as final.

### Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. You must:
  - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Offer Document in the **WHITE** official envelope “A” provided;
  - (b) in the appropriate spaces on **WHITE** official envelope “A”:
    - (i) write your name and address;
    - (ii) state the number of Offer Shares applied for;

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- (iii) tick the relevant box to indicate the form of payment; and
  - (iv) affix adequate Singapore postage;
  - (c) seal the **WHITE** official envelope “A”;
  - (d) write, in the special box provided on the larger **WHITE** official envelope “B” addressed to **NAUTICAWT LIMITED C/O TRICOR BARBINDER SHARE REGISTRATION SERVICES, 80 ROBINSON ROAD, #02-00, SINGAPORE 068898**, the number of Offer Shares for which the application is made; and
  - (e) insert **WHITE** official envelope “A” into **WHITE** official envelope “B”, seal **WHITE** official envelope “B”, affix adequate Singapore postage on **WHITE** official envelope “B” (if despatched by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND**, the documents at your own risk to **NAUTICAWT LIMITED C/O TRICOR BARBINDER SHARE REGISTRATION SERVICES, 80 ROBINSON ROAD, #02-00, SINGAPORE 068898**, to arrive by **12.00 noon on 21 July 2015 or such other time as our Company may, in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

### **Applications for Placement Shares**

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **NAUTICAWT LIMITED C/O TRICOR BARBINDER SHARE REGISTRATION SERVICES, 80 ROBINSON ROAD #02-00, SINGAPORE 068898**, to arrive by **12.00 noon on 21 July 2015 or such other time as our Company may, in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

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### ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications), IB website screens (in the case of Internet Electronic Applications) and the mobile banking interface (in the case of mBanking Applications) of the relevant Participating Banks. Currently, DBS Bank is the only Participating Bank through which mBanking Applications may be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of the UOB Group and the mobile banking interface of DBS Bank are set out respectively in the “Steps for an ATM Electronic Application through ATMs of the UOB Group”, “Steps for an Internet Electronic Application through the IB website of the UOB Group” and “Steps for an mBanking Application through the mBanking interface of DBS Bank” (collectively, the “Steps”) appearing below.

The Steps set out the actions that you must take at an ATM or the IB website of the UOB Group or the mobile banking interface of DBS Bank to complete an Electronic Application. Please read carefully the terms of this Offer Document, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in this section “Additional Terms and Conditions for Electronic Applications” and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank or the mobile banking interface of DBS Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one (1) Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application or an mBanking Application, you must have an existing bank account with an IB User Identification (“**User ID**”) and a Personal Identification Number/Password (“**PIN**”) given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of the UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application through the IB website of the UOB Group or the mobile banking interface of DBS Bank, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

**You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.**

You must ensure, when making an Internet Electronic Application, that

- (a) you are currently in Singapore at the time of making such application;
- (b) your mailing address for IB with the relevant Participating Bank is in Singapore;
- (c) you are not a US person<sup>(1)</sup> (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended from time to time);

and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected.

**Note:**

- (1) For details, please refer to the definition of “US person” on the IB websites.

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below and those set out in “Appendix H – Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:
  - (a) **that you have received a copy of this Offer Document (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;**
  - (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, share application amount, CPF Investment Account number (if applicable) and CDP Securities Account number and application details (the “Relevant Particulars”) with the relevant Participating Bank to the CDP, CPF, SCCS, SGX-ST, Share Registrar, our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent or other authorised operators (the “Relevant Parties”); and**
  - (c) **that this is your only application for Offer Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mobile banking interface. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

**YOU SHOULD MAKE ONLY ONE (1) ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES, WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR THE MOBILE BANKING INTERFACE OF DBS BANK, AS THE CASE MAY BE, OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.**

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATM or the IB website of the relevant Participating Bank or the mobile banking interface of DBS Bank through which your Electronic Application is being made shall be rejected.**

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You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of the relevant Participating Bank or an mBanking Application at the mobile banking interface of DBS Bank for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and/or to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application.

In the event that our Company decides to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mobile banking interface of DBS Bank) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or documents required for the transfer of the Offer Shares that may be allotted to you.

**We will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

5. Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement and the Placement Agreement pursuant to the Management and Underwriting Agreement and the Placement Agreement, on and subject to the terms and conditions of this Offer Document, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by being automatically credited to you in Singapore currency within 14 days of the termination of the Invitation. In the event that the Invitation is cancelled following the issuance of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to you in Singapore currency within 14 days from the date of the Stop Order.

**Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on Catalist. You may also call CDP at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP**

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upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment via an announcement through the SGX-ST and by advertisement in a generally circulating daily press). To sign up for the service, you may contact CDP customer service officers. Neither the SGX-ST, CDP, the SCCS, the Participating Banks, our Company nor the Sponsor and Issue Manager, Underwriter and Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks.

If you make Electronic Applications through the ATMs or the IB websites of the following Participating Banks, you may check the provisional results of your Electronic Applications as follows:

Bank	Telephone	Available at ATM/Internet	Operating Hours	Service Expected From
UOB Group	1 800 222 2121	ATM (Other Transactions – “IPO Results Enquiry”) Phone Banking / Internet Banking <a href="http://www.uobgroup.com">http://www.uobgroup.com</a> <sup>(1)</sup>	24 hours a day	Evening of the balloting day
DBS Bank (including POSB)	1 800 339 6666 (for POSB account holders)  1 800 111 1111 (for DBS account holders)	Internet Banking <a href="http://www.dbs.com">http://www.dbs.com</a> <sup>(2)</sup>	24 hours a day	Evening of the balloting day
OCBC Bank	1 800 363 3333	ATM / Internet Banking Phone Banking <a href="http://www.ocbc.com">http://www.ocbc.com</a> <sup>(3)</sup>	24 hours a day	Evening of the balloting day

**Notes:**

- (1) If you have made your Electronic Application through the ATMs or IB website of UOB Group, you may check the results of your application through UOB Personal Internet Banking, ATMs of UOB Group or UOB Phone Banking Services.
- (2) If you have made your Electronic Application through the ATMs or IB website of DBS Bank or mBanking Application through the mobile banking interface of DBS Bank, you may check the results of your application through the channel listed above.
- (3) If you have made your Electronic Application through the ATMs or IB website of OCBC Bank, you may check your results through OCBC Personal Internet Banking, ATMs of OCBC Bank or OCBC Phone Banking Services.

7. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company and the Sponsor and Issue Manager, Underwriter and Placement Agent and if, in any such event, our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage. CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to the electronic application.

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8. Electronic Applications shall close at **12.00 noon on 21 July 2015** or such other time as our Company may, in consultation with the Sponsor and Issue Manager, Underwriter and Placement Agent, decide. Subject to the paragraph above, an Internet Electronic Application is deemed to be received when it enters the designated information system of the relevant Participating Bank.
9. You are deemed to have irrevocably requested and authorised our Company to:
  - (a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;
  - (b) send the relevant Share certificate(s) to CDP;
  - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) of the application monies in Singapore currency, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting of applications; and
  - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore currency, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.
10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.
11. All your particulars in the records of your relevant Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.
12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.
13. By making and completing an Electronic Application, you are deemed to have agreed that:
  - (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks as the agents of our Company, at the ATMs and IB websites (if any) and the mobile banking interface of DBS Bank (as the case may be):
    - (i) your Electronic Application is irrevocable; and
    - (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

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- (b) neither our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 above or to any cause beyond our respective controls;
- (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;
- (d) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and
- (e) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor and Issue Manager, Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained.

### **Steps for Electronic Applications through the ATMs and the IB website of UOB Group**

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through ATMs or through the IB website of UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than UOB Group) may differ from that represented below.

### **Steps for an ATM Electronic Application through ATMs of UOB Group**

Owing to space constraints on UOB Group's ATM screens, the following terms will appear in abbreviated form:

"&"	: AND
"A/C" and "A/CS"	: ACCOUNT AND ACCOUNTS, respectively
"ADDR"	: ADDRESS
"AMT"	: AMOUNT
"APPLN"	: APPLICATION
"CDP"	: THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	: THE CENTRAL PROVIDENT FUND
"CPFINVT A/C"	: CPF INVESTMENT ACCOUNT
"ESA"	: ELECTRONIC SHARE APPLICATION
"NO" or "NO."	: NUMBER
"PERSONAL NO"	: PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	: SHARE REGISTRARS

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“SCCS” : SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD

“YR” : YOUR

Step 1 : Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.

2 : Select “CASHCARD/OTHER TRANSACTIONS”.

3 : Select “SECURITIES APPLICATION”.

4 : Select “ESA-Fixed”.

5 : Select the share counter which you wish to apply for.

6 : Read and understand the following statements which will appear on the screen:

- **THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT OR SUPPLEMENTARY DOCUMENT. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT OR SUPPLEMENTARY DOCUMENT**

(Press “ENTER” to continue)

- **PLEASE CALL 1800-222-2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT OR SUPPLEMENTARY DOCUMENT**

- **WHERE APPLICABLE, A COPY OF THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS / DOCUMENT OR SUPPLEMENTARY DOCUMENT**

(Press “ENTER” key to confirm that you have read and understood the above statements)

7 : Read and understand the following terms which will appear on the screen:

- **YOU HAVE READ, UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS / OFFER INFORMATION STATEMENT / DOCUMENT / SUPPLEMENTARY DOCUMENT & THIS ELECTRONIC APPLICATION**

(Press “ENTER” to continue)

- **YOU CONSENT TO DISCLOSE YR NAME, IC / PSSTPASSPORT, NATIONALITY, ADDR, APPLN AMT, CPFINVT A/C NO & CDP A/C NO FROM YR A/CS TO CDP, CPF, SCCS, REGISTRARS, SGX-ST & ISSUER/VENDOR(S)**

- **THIS IS YR ONLY FIXED PRICE APPLN & IS IN YR NAME & AT YR RISK**

(Press “ENTER” to continue)

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8 : Screen will display:

**NRIC/PASSPORT NO. XXXXXXXXXXXX**

**IF YOUR NRIC/PASSPORT NO. IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.**

(Press “CANCEL” or “CONFIRM”)

9 : Select mode of payment i.e. “CASH ONLY”. You will be prompted to select Cash Account type to debit (i.e., “CURRENT ACCOUNT / I-ACCOUNT”, “CAMPUS” OR “SAVINGS ACCOUNT / TX ACCOUNT”). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.

10 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of UOB Group). If this is the first time you are using UOB Group’s ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of UOB Group, and the following screen will be displayed for your input of your CDP Securities Account number.

11 : Read and understand the following terms which will appear on the screen:

- **PLEASE DO NOT APPLY FOR YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**
- **PLEASE USE YOUR OWN ATM CARD**
- **DO NOT KEY IN THE CDP A/C NO. OF YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**
- **KEY IN YOUR CDP A/C NO. (12 DIGITS) 1681-XXXX-XXXX**
- **PRESS ENTER KEY**

12 : Key in your CDP Securities Account number (12 digits) and press the “ENTER” key.

13 : Select your nationality status.

14 : Key in the number of Shares you wish to apply for and press the “ENTER” key.

15 : Check the details of your Electronic Application on the screen and press “ENTER” key to confirm your Electronic Application.

16 : Select “NO” if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

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### Steps for an Internet Electronic Application through the IB website of UOB Group

Owing to space constraints on UOB Group's IB website screens, the following terms will appear in abbreviated form:

"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"NRIC" or "I/C"	:	National Registration Identity Card
"PR"	:	Permanent Resident
"SGD" or "\$"	:	Singapore Dollars
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX"	:	Singapore Exchange Securities Trading Limited

- Step 1 : Connect to UOB Group website at <http://www.uobgroup.com>.
- 2 : Locate UOB Online Services Login icon on the top right hand side next to "Internet Banking".
- 3 : Click on UOB Online Services Login and at drop list select "UOB Personal Internet Banking".
- 4 : Enter your Username and Password and click "Submit".
- 5 : Click on "Proceed" under the Full Access Mode.
- 6 : You will receive a SMS One-Time Password. Enter the SMS One-Time Password and click "Proceed".
- 7 : Click on "EPS/Securities/CPFIS", followed by "Securities", followed by "Securities Application".
- 8 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions.
- 9 : Click "Continue".
- 10 : Select your country of residence (you must be residing in Singapore to apply), and click "Continue".
- 11 : Select the "Securities Counter" from the drop list (if there are concurrent IPOs) and click "Submit".
- 12 : Check the "Securities Counter", select the mode of payment and account number to debit and click on "Submit".
- 13 : Read the important instructions and click on "Continue" to confirm that:
- 1. You have read, understood and agreed to all terms and conditions of this application and Prospectus / Offer Document or Supplementary Document.**

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2. **For the purposes of facilitating your application, you consent to disclose your name, NRIC / passport number, CDP Securities Account Number, CPF investment account number, application details and other personal data and disclosing the same from our records to CDP, CPF, SCCS, share registrars, SGX-ST & Issuer / Vendor(s), the Sponsor and Issue Manager, Underwriter and Placement Agent.**
  3. **This application is made in your own name, for your own account and at your own risk.**
  4. **For FIXED/MAX price shares application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.**
  5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in SGD based on the Bank's exchange rate, or application monies may be debited and refunds credited in SGD at the same exchange rate.**
  6. **For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**
- 14 : Check your personal details, details of the share counter you wish to apply for and account to debit.
- Select (a) Nationality;
- Enter (b) your CDP Securities Account Number; and
- (c) the number of shares applied for.
- 15 : Check the details of your application, your NRIC / passport number, CDP Securities Account Number and the number of shares applied for, share counter, payment mode and account to debit.
- 16 : Click "Submit", "Clear" or "Home" as applicable.
- 17 : Print the Confirmation Screen (optional) for your own reference and retention only.

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### STEPS FOR AN MBANKING APPLICATION THROUGH THE MBANKING INTERFACE OF DBS BANK

The following terms will appear on the screen in abbreviated form:

“A/c”	:	Account
“amt”	:	Amount
“&”	:	And
“I/C”	:	National Registration Identity Card
“SGX”	:	Singapore Exchange Securities Trading Limited
“No.”	:	Number

- Step 1 : Login to DBS Bank mBanking application using your User ID and PIN.
- 2 : Select “Investment Services”.
- 3 : Select “Electronic Securities Application”.
- 4 : Select “Yes” to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933 as amended).
- 5 : Select your country of residence.
- 6 : Select the share counter from the drop list (if there are concurrent IPOs).
- 7 : Select “Yes” to confirm, *inter alia*:
- (a) You have read, understood and agreed to all terms of application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
  - (b) For the purposes of facilitating your application, you consent to the bank collecting and using your name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, CDP, CPF, the issuer/vendor(s) and issue manager(s).
  - (c) You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
  - (d) You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “U.S. person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

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- (e) This application is made in your own name and at your own risk.

For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

- (f) FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S\$ at the same exchange rate.

FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

- 8 : Fill in details for share application and select "Submit".
- 9 : Check the details of your share application, your IC/Passport No. and select "Confirm" to confirm your application.
- 10 : Where applicable, capture Confirmation Screen (optional) for your reference and retention only.



**NAUTICAWT LIMITED**

(Incorporated in the Republic of Singapore  
on 4 April 2011)

(Company Registration Number: 201108075C)

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