

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE NINE MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 (“9M2016”)**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1(a)(i) An income statement, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	The Group					
	For the third quarter ended 30 September			For the nine months ended 30 September		
	3Q2016 (\$'000)	3Q2015 (\$'000)	Increase/ (decrease) (%)	9M2016 (\$'000)	9M2015 (\$'000)	Increase/ (decrease) (%)
<b>Revenue</b>	<b>15,026</b>	20,821	(28)	<b>52,402</b>	75,006	(30)
Cost of sales	<b>(12,939)</b>	(14,292)	(9)	<b>(40,700)</b>	(54,221)	(25)
<b>Gross profit</b>	<b>2,087</b>	6,529	(68)	<b>11,702</b>	20,785	(44)
Other (loss)/gains – net	<b>(117)</b>	4,766	NM	<b>1,742</b>	6,188	(72)
Expenses						
- Administrative	<b>(3,124)</b>	(4,506)	(31)	<b>(10,309)</b>	(13,906)	(26)
- Finance	<b>(1,569)</b>	(1,618)	(3)	<b>(4,377)</b>	(4,099)	7
(Loss)/profit before income tax	<b>(2,723)</b>	5,171	NM	<b>(1,242)</b>	8,968	NM
Income tax	<b>32</b>	(436)	NM	<b>60</b>	(763)	NM
<b>Net (loss)/profit</b>	<b>(2,691)</b>	4,735	NM	<b>(1,182)</b>	8,205	NM
<b>Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss</b>						
Currency translation differences arising from consolidation	<b>(205)</b>	445	NM	<b>(315)</b>	510	NM
<b>Total comprehensive (loss)/income</b>	<b>(2,896)</b>	5,180	NM	<b>(1,497)</b>	8,715	NM
<b>Net (loss)/profit attributable to :</b>						
Equity holders of the Company	<b>(2,770)</b>	4,822	NM	<b>(2,487)</b>	7,260	NM
Non-controlling interests	<b>79</b>	(87)	NM	<b>1,305</b>	945	38
	<b>(2,691)</b>	4,735	-	<b>(1,182)</b>	8,205	NM
<b>Total comprehensive (loss)/income attributable to :</b>						
Equity holders of the Company	<b>(2,975)</b>	5,267	NM	<b>(2,802)</b>	7,770	NM
Non-controlling interests	<b>79</b>	(87)	NM	<b>1,305</b>	945	38
	<b>(2,896)</b>	5,180	NM	<b>(1,497)</b>	8,715	NM

(1) “NM” denotes not meaningful.

(2) The currency translation difference arising from consolidation relates mainly to the fluctuations of Chinese Renminbi and Indonesian Rupiah against Singapore Dollar 9M2016.

**1(a)(ii) Notes to statement of comprehensive income**

	<b>The Group</b>					
	<b>For the third quarter ended 30 September</b>			<b>For the nine months ended 30 September</b>		
	<b>3Q2016 (\$'000)</b>	<b>3Q2015 (\$'000)</b>	<b>Increase/ (decrease) (%)</b>	<b>9M2016 (\$'000)</b>	<b>9M2015 (\$'000)</b>	<b>Increase/ (decrease) (%)</b>
<u>Included in other gains:</u>						
- Write-down of fair values of asset-held-for-sale <sup>(1)</sup>	<b>(786)</b>	-	NM	<b>(786)</b>	-	NM
- Foreign exchange gain/(loss) – net	<b>19</b>	(41)	NM	<b>(202)</b>	39	NM
- Gain/(loss) on sale of property, plant and equipment	<b>86</b>	4,218	(98)	<b>175</b>	4,193	NM
- Government grants	<b>83</b>	46	80	<b>354</b>	415	(15)
- Rental income	<b>379</b>	290	31	<b>752</b>	480	57
- Sale of scrap metals	<b>46</b>	68	(32)	<b>132</b>	219	(40)
- Write-back of long outstanding payable	<b>22</b>	9	NM	<b>22</b>	492	(96)
- Gain on bargain purchase <sup>(2)</sup>	-	-	NM	<b>1,154</b>	-	NM
- Other income <sup>(3)</sup>	<b>34</b>	176	(81)	<b>141</b>	350	(60)
	<b>(117)</b>	4,766	NM	<b>1,742</b>	6,188	(72)
<u>Included under finance expenses:</u>						
- Interest expense	<b>1,569</b>	1,618	(3)	<b>4,377</b>	4,099	7
<u>Included under cost of sales and administrative expenses:</u>						
- Depreciation of property, plant and equipment <sup>(4)</sup>	<b>3,078</b>	3,661	(16)	<b>9,147</b>	10,833	(16)
<u>Included under income tax:</u>						
- Over provision of current income tax in prior financial years	<b>62</b>	30	NM	<b>92</b>	30	NM

**Notes:**

- (1) Write-down of fair values of asset-held-for-sale pertains to property in 11 Tuas Basin Close.
- (2) The gain on bargain purchase of \$1.2 million relates to the acquisition of business and certain assets of Stone Marine Singapore Private Limited as announced on 14 June 2016.
- (3) Other income relates to miscellaneous income..
- (4) The decrease in depreciation of property, plant and equipment was mainly due to assets of disposal group classified as held-for-sale.
- (5) "NM" denotes not meaningful.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**STATEMENT OF FINANCIAL POSITION**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 September 2016 (\$'000)</b>	<b>As at 31 December 2015 (\$'000)</b>	<b>As at 30 September 2016 (\$'000)</b>	<b>As at 31 December 2015 (\$'000)</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	10,150	10,896	216	410
Trade and other receivables	57,116	61,473	107,736	95,731
Inventories	8,937	8,775	-	-
	<b>76,203</b>	<b>81,144</b>	<b>107,952</b>	<b>96,141</b>
Asset of disposal group classified as held-for-sale	19,725	20,511	-	-
	<b>95,928</b>	<b>101,655</b>	<b>107,952</b>	<b>96,141</b>
<b>Non-current assets</b>				
Financial assets, available-for-sale	169	169	-	-
Investments in subsidiaries	-	-	82,030	82,030
Investment in joint venture	207	207	-	-
Property, plant and equipment	222,266	208,066	16	33
Deposits for purchase of property, plant and equipment	1,469	283	-	-
Intangible assets	45,180	45,180	-	-
Club memberships	60	60	-	-
Deferred income tax asset	-	-	524	524
	<b>269,351</b>	<b>253,965</b>	<b>82,570</b>	<b>82,587</b>
<b>Total assets</b>	<b>365,279</b>	<b>355,620</b>	<b>190,522</b>	<b>178,728</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	9,726	21,765	59,987	61,786
Borrowings	48,122	103,184	-	49,843
Current income tax liabilities	740	775	-	-
	<b>58,588</b>	<b>125,724</b>	<b>59,987</b>	<b>111,629</b>
Liabilities directly associated with disposal group classified as held-for-sale	7,969	5,522	-	-
	<b>66,557</b>	<b>131,246</b>	<b>59,987</b>	<b>111,629</b>
<b>Non-current liabilities</b>				
Borrowings	145,887	86,123	50,000	-
Deferred income tax liabilities	4,464	4,478	-	-
	<b>150,351</b>	<b>90,601</b>	<b>50,000</b>	<b>-</b>
<b>Total liabilities</b>	<b>216,908</b>	<b>221,847</b>	<b>109,987</b>	<b>111,629</b>
<b>NET ASSETS</b>	<b>148,371</b>	<b>133,773</b>	<b>80,535</b>	<b>67,099</b>
<b>EQUITY</b>				
Capital and reserves attributable to equity holders of the Company				
Share capital	91,657	75,562	91,657	75,562
Fair value reserves	92	92	-	-
Translation reserves	509	509	-	-
Other reserve	(2,866)	(2,551)	-	-
Retained earnings/(accumulated losses)	51,627	54,114	(11,122)	(8,463)
	<b>141,019</b>	<b>127,726</b>	<b>80,535</b>	<b>67,099</b>
Non-controlling interests	7,352	6,047	-	-
<b>Total equity</b>	<b>148,371</b>	<b>133,773</b>	<b>80,535</b>	<b>67,099</b>

**1 (b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

	As at 30 September 2016		As at 31 December 2015	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
<b>Borrowings</b>				
Current borrowings	39,718	8,404	40,248	62,936
Borrowings included in the disposal group classified as held-for-sale	5,266	2,703	2,355	3,167
<b>Total</b>	<b>44,984</b>	<b>11,107</b>	42,603	66,103

**Amount repayable after one year**

	As at 30 September 2016		As at 31 December 2015	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
<b>Borrowings</b>				
Non-current borrowings	142,788	3,099	82,395	3,728

**Details of any collaterals**

The bank borrowings are secured by the Group's leasehold buildings, certain short-term bank deposits and corporate guarantees by the Company.

Finance lease liabilities of the Group are secured by leased machinery and equipment and motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full payment.

The secured borrowing that is repayable after one year includes \$50.0 million secured five-year term loan used solely for the redemption of \$50.00 million fixed rate notes due on 12 September 2016 under the \$200.00 million multicurrency Medium Term Note programme.

**MENCAST HOLDINGS LTD.**  
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**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	The Group			
	For the third quarter ended 30 September		For the nine months ended 30 September	
	3Q2016 (\$'000)	3Q2015 (\$'000)	9M2016 (\$'000)	9M2015 (\$'000)
<b>Cash flows from operating activities</b>				
Net profit/(loss)	(2,691)	4,734	(1,182)	8,205
Adjustments for:				
- Income tax	(32)	436	(60)	762
- Depreciation of property, plant and equipment	3,078	3,661	9,147	10,833
- (Gain)/loss on disposal of property, plant and equipment	(86)	(4,218)	(175)	(4,193)
- Gain on bargain purchase	-	-	(1,154)	-
- Award of performance share	12	70	12	70
- Write-down of fair values of asset-held-for-sale	786	-	786	-
- Interest income	(37)	(13)	(41)	(16)
- Interest expense	1,569	1,618	4,377	4,099
- Currency translation differences	(205)	575	(315)	510
	<b>2,394</b>	<b>6,863</b>	<b>11,395</b>	<b>20,270</b>
Changes in working capital, net of effects from acquisition of business:				
- Trade and other receivables	1,755	4,675	4,357	13,905
- Inventories	522	185	403	(225)
- Trade and other payables	(4,695)	(1,749)	(13,150)	(10,373)
Cash generated from operations	(24)	9,974	3,005	23,577
Interest received	37	13	41	16
Income tax (paid)/refund	(17)	(44)	11	(405)
<b>Net cash (used in)/provided by operating activities</b>	<b>(4)</b>	<b>9,943</b>	<b>3,057</b>	<b>23,188</b>
<b>Cash flows from investing activities</b>				
Acquisition of business	(1,137)	-	(1,137)	-
Payments of other payables relating to prior financial years' acquisitions	-	(1,250)	(400)	(2,625)
Dividend from investment in joint venture	-	-	-	674
Proceeds from disposal of property, plant and equipment	250	6,822	1,612	6,833
Proceeds from disposal of financial assets, available-for sale	-	3	-	3
Purchase of property, plant and equipment	(130)	(8,477)	(6,566)	(23,384)
(Placement)/release of short-term bank deposits pledged	(1,350)	(405)	(1,351)	50
<b>Net cash used in investing activities</b>	<b>(2,367)</b>	<b>(3,307)</b>	<b>(7,842)</b>	<b>(18,449)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	-	(3,621)	-	(3,621)
Interest paid	(3,083)	(1,543)	(6,219)	(3,911)
Repayment of borrowings	(52,037)	(1,872)	(60,852)	(12,470)
Repayment of finance lease liabilities	(1,520)	(1,956)	(4,733)	(5,725)
Proceeds from borrowings	53,000	5,010	59,523	17,468
Purchase of treasury shares	-	(10)	-	(10)
Proceeds from private placement	-	-	14,708	-
<b>Net cash (used in)/provided by financing activities</b>	<b>(3,640)</b>	<b>(3,992)</b>	<b>2,427</b>	<b>(8,269)</b>
Net (decrease)/increase in cash and cash equivalents	(6,011)	2,644	(2,358)	(3,530)
Cash and cash equivalents at beginning of financial period	10,927	7,996	7,274	14,170
<b>Cash and cash equivalents at end of financial period</b>	<b>4,916</b>	<b>10,640</b>	<b>4,916</b>	<b>10,640</b>

**(1) Cash and cash equivalents, for the purpose of presenting consolidated statement of cash flows, consist of:**

	As at 30 September 2016 (\$'000)	As at 30 September 2015 (\$'000)
Cash and bank balances	10,150	14,699
Short-term bank deposits pledged	(4,069)	(2,985)
Bank overdrafts included in borrowings	(1,165)	(1,074)
	<b>4,916</b>	<b>10,640</b>

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**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**STATEMENT OF CHANGES IN EQUITY**

<b>Group</b>	<b>Share capital (\$'000)</b>	<b>Treasury shares (\$'000)</b>	<b>Retained earnings / (accumulated losses) (\$'000)</b>	<b>Fair value reserve (\$'000)</b>	<b>Translation reserve (\$'000)</b>	<b>Other reserve (\$'000)</b>	<b>Total (\$'000)</b>	<b>Non-controlling interests (\$'000)</b>	<b>Total equity (\$'000)</b>
<b>Balance as at 1 January 2016</b>	75,765	(203)	54,114	92	(2,551)	509	127,726	6,047	133,773
Issue of new shares from private placement (net of transaction cost)	14,708	-	-	-	-	-	14,708	-	14,708
Issue of new shares for acquisition of business in prior financial years	1,375	-	-	-	-	-	1,375	-	1,375
Total comprehensive (loss)/income	-	-	(104)	-	66	-	(38)	343	305
<b>Balance as at 31 March 2016</b>	91,848	(203)	54,010	92	(2,485)	509	143,771	6,390	150,161
Total comprehensive income/(loss)	-	-	387	-	(176)	-	211	883	1,094
<b>Balance as at 30 June 2016</b>	91,848	(203)	54,397	92	(2,661)	509	143,982	7,273	151,255
Award of FY2013 performance shares to employees	12	-	-	-	-	-	12	-	12
Total comprehensive (loss)/income	-	-	(2,770)	-	(205)	-	(2,975)	79	(2,896)
<b>Balance as at 30 September 2016</b>	91,860	(203)	51,627	92	(2,866)	509	141,019	7,352	148,371
<b>Balance as at 1 January 2015</b>	72,220	(193)	56,153	92	(1,981)	-	126,291	3,253	129,544
Disposal of non-controlling interests without a change in control	-	-	-	-	-	509	509	2,011	2,520
Additional investment by non-controlling interest	-	-	-	-	-	-	-	210	210
Total comprehensive income	-	-	1,125	-	85	-	1,210	1,080	2,290
<b>Balance as at 31 March 2015</b>	72,220	(193)	57,278	92	(1,896)	509	128,010	6,554	134,564
Issue of new shares for acquisitions of business in prior financial years	2,625	-	-	-	-	-	2,625	-	2,625
Total comprehensive income/(loss)	-	-	1,314	-	(150)	-	1,164	(48)	1,116
<b>Balance as at 30 June 2015</b>	74,845	(193)	58,592	92	(2,046)	509	131,799	6,506	138,305
Dividend paid	-	-	(3,621)	-	-	-	(3,621)	-	(3,621)
Award of FY2013 performance shares to employees	70	-	-	-	-	-	70	-	70
Share buy back	-	(10)	-	-	-	-	(10)	-	(10)
Issue of new shares for acquisition of business in prior financial years	850	-	-	-	-	-	850	-	850
Total comprehensive income/(loss)	-	-	4,821	-	575	-	5,396	(87)	5,309
<b>Balance as at 30 September 2015</b>	75,765	(203)	59,792	92	(1,471)	509	134,484	6,209	140,693

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	Share capital (\$'000)	Treasury shares (\$'000)	(Accumulated losses) (\$'000)	Total equity (\$'000)
<b>Company</b>				
<b>Balance as at 1 January 2016</b>	75,765	(203)	(8,463)	67,099
Issue of new shares from private placement (net of transaction cost)	14,708	-	-	14,708
Issue of new shares for acquisition of business in prior financial years	1,375	-	-	1,375
Total comprehensive loss	-	-	(878)	(878)
<b>Balance as at 31 March 2016</b>	91,848	(203)	(9,341)	82,304
Total comprehensive loss	-	-	(913)	(913)
<b>Balance as at 30 June 2016</b>	91,848	(203)	(10,254)	81,391
Award of FY2013 performance shares to employees	12	-	-	12
Total comprehensive loss	-	-	(868)	(868)
<b>Balance as at 30 September 2016</b>	91,860	(203)	(11,122)	80,535
<b>Balance as at 1 January 2015</b>	72,220	(193)	(3,365)	68,662
Total comprehensive loss	-	-	(502)	(502)
<b>Balance as at 31 March 2015</b>	72,220	(193)	(3,867)	68,160
Issue of new shares for acquisitions in prior financial years	2,625	-	-	2,625
Total comprehensive loss	-	-	(824)	(824)
<b>Balance as at 30 June 2015</b>	74,845	(193)	(4,691)	69,961
Dividend paid	-	-	(3,621)	(3,621)
Award of FY2013 performance shares to employees	70	-	-	70
Share buy back	-	(10)	-	(10)
Issue of new shares for acquisition of business in prior financial years	850	-	-	850
Total comprehensive loss	-	-	(941)	(941)
<b>Balance as at 30 September 2015</b>	75,765	(203)	(9,253)	66,309

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The details of the changes in issued share capital of the Company from 1 January 2016 to 30 September 2016 are as follows:

<b>CHANGES IN ISSUED SHARE CAPITAL</b>	<b>Number of shares (‘000)</b>	<b>Paid-up capital (\$‘000)</b>
<b>Issued share capital as at 1 January 2016</b>	364,269	75,562
Issue of new shares from private placement (net of transaction cost)	54,640	14,708
Issue of new shares for acquisitions of business in prior financial years	2,742	1,375
Award of FY2013 performance shares to employee	88	12
<b>Issued share capital as at 30 September 2016 excluding treasury shares</b>	<b>421,739</b>	<b>91,657</b>

Save as disclosed above, the Company did not have any outstanding options or convertibles as at 30 September 2016 and 31 December 2015.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>As at 30 September 2016 (‘000)</b>	<b>As at 31 December 2015 (‘000)</b>
Total number of issued shares (excluding treasury shares)	<b>421,739</b>	364,269

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 30 September 2016.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the independent auditor.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current financial period compared with those audited financial statements for the financial year ended 31 December 2015.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In the current financial period, the Group and the Company adopted the new Financial Reporting Standards ("FRS") and Amendments to FRS that are effective for annual periods beginning on or after 1 January 2016.

The adoption of the new FRSs and Amendments to FRSs did not result in any substantial change to the Group and the Company's accounting policies nor any material impact on the financial statements of the Group.

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**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	<b>The Group</b>			
	<b>3Q2016</b>	3Q2015	<b>9M2016</b>	9M2015
(Loss)/earnings attributable to equity holders of the Company (\$'000)	<b>(2,770)</b>	4,822	<b>(2,487)</b>	7,260
Weighted average number of shares outstanding for basic EPS ('000)	<b>421,688</b>	362,201	<b>415,777</b>	359,946
Basic EPS attributable to equity holders of the Company (SGD cents)	<b>(0.66)</b>	1.33	<b>(0.60)</b>	2.02
Weighted average number of shares outstanding for basic EPS ('000)	<b>421,688</b>	362,201	<b>415,777</b>	359,946
Adjustment for 2014 Performance Share Award to be issued ('000)	-	61	-	61
	<b>421,688</b>	362,262	<b>415,777</b>	360,007
Diluted EPS attributable to equity holders of the Company (SGD cents)	<b>(0.66)</b>	1.33	<b>(0.60)</b>	2.02

Basic and Diluted EPS is computed by dividing the earnings attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding at the end of the respective financial period.

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
(a) **current financial period reported on; and**  
(b) **immediately preceding financial year.**

**NET ASSET VALUE (“NAV”)**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30 September 2016</b>	<b>31 December 2015</b>	<b>30 September 2016</b>	<b>31 December 2015</b>
NAV per ordinary share (SGD cents)	<b>33.44</b>	35.06	<b>19.10</b>	18.42
Number of shares used in computation of NAV per share ('000)	<b>421,739</b>	364,269	<b>421,739</b>	364,269

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**REVIEW OF INCOME STATEMENT OF THE GROUP**

**9M2016 vs 9M2015**

**Revenue**

	<b>3Q2016</b>		<b>3Q2015</b>		<b>9M2016</b>		<b>9M2015</b>	
	<b>(\$'000)</b>	<b>(%)</b>	<b>(\$'000)</b>	<b>(%)</b>	<b>(\$'000)</b>	<b>(%)</b>	<b>(\$'000)</b>	<b>(%)</b>
Revenue by segment								
Offshore & Engineering	<b>4,982</b>	33%	10,762	52%	<b>20,591</b>	39%	36,754	49%
Marine	<b>6,465</b>	43%	6,819	33%	<b>20,230</b>	39%	27,398	37%
Energy Services	<b>3,579</b>	24%	3,240	15%	<b>11,581</b>	22%	10,854	14%
	<b>15,026</b>	100%	20,821	100%	<b>52,402</b>	100%	75,006	100%

**Notes:**

- (1) Offshore & Engineering includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access services.
- (2) Marine includes stearngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This also includes diving services.
- (3) Energy Services includes oil sludge and slop reclamation, hydro cleaning oil and gas tanks, encapsulation of wastes before landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

The Group's revenue for 9M2016 was \$22.6 million or 30% lower than revenue in 9M2015 due to the effects of lower oil prices leading to a lower demand in general and the offshore and engineering segment in particular.

Offshore & Engineering segment:

Revenue from the Offshore & Engineering segment in 9M2016 decreased by \$16.2 million or 44% as compared to 9M2015 primarily due to the protracted weakness and uncertainty of recovery in the Oil & Gas industry. Amongst our three business segments, the Offshore & Engineering segment experienced the worse impact of the downturn in Oil & Gas.

This also explains the lower revenue in 3Q2016 as compared to 3Q2015.

Marine segment:

Revenue from the Marine segment in 9M2016 declined by \$7.2 million or 26% as compared to 9M2015 due to the uncertain business environment impacting demand during 9M2016.

This also explains the decrease in revenue in 3Q2016 as compared to 3Q2015.

Energy Services segment:

Revenue from Energy Services continue to grow from \$10.9 million in 9M2015 to \$11.6 million in 9M2016 mainly due to overseas project and continuous support from the major Oil & Gas players.

These also explain the increase in revenue from Energy Services segment in 3Q2016 vs 3Q2015.

**Cost of sales, gross profit and gross profit margin**

Gross profit decreased by \$9.1 million or 44% in 9M2016 vs 9M2015 due to lower revenue in Offshore & Engineering and Marine segments as explained above.

Gross profit margin deteriorated from 28% in 9M2015 to 22% in 9M2016 as the revenue from Offshore & Engineering segment is not sufficient to cover the running fixed cost such as depreciation, rental and property taxes.

These also explain the fluctuations in cost of sales, gross profit and gross profit margin in 3Q2016 as compared to 3Q2015.

**Other income**

*9M2016 vs 9M2015*

Other income decreased by \$4.4 million or 72% to \$1.7 million in 9M2016 mainly due to:

- Write-down of fair values of asset-held-for-sale of \$786,000 in 9M2016;
- \$4.2 million gain on disposal of 6 Tech Park property during 9M2015;
- write-back of long-outstanding payables and accruals of \$483,000 in 9M2015 as compared to \$22,000 in 9M2016;
- higher foreign currency exchange loss recorded in 9M2016; and partially offset and partially offset by:
- gain on bargain purchase of \$1.2 million in relation to acquisition of business and certain assets of Stone Marine Singapore Private Limited during 9M2016;
- higher rental income in 9M2016.

These also explain the decrease in other income in 3Q2016 as compared to 3Q2015.

### **Administrative expenses**

*9M2016 vs 9M2015*

The Group's administrative expenses decreased by 26% or \$3.6 million mainly due to tight cost management and measures to increase efficiency and eliminate redundancy across the Group. This lowered our costs for wages, welfare and medical insurance by approximately \$1.8 million from \$7.0 million in 9M2015 to \$5.2 million in 9M2016;

These also explain the \$1.4 million decrease in administrative expense in 3Q2016 as compared to 3Q2015.

### **Finance expenses**

The Group's finance expenses marginally increased by 7% or \$278,000 mainly attributable to the increase in utilisation of trade facilities coupled with higher interest rates imposed on short term loans and long term borrowings.

Finance expense in 3Q2016 marginally decreased by \$49,000 as compared to 3Q2015 mainly due to bank debt refinancing in September 2016.

### **Income tax**

The Group has a tax credit for 3Q2016 and 9M2016 due to overprovision of income tax in prior financial years.

### **Net loss**

Due to lower oil prices leading to lower demand, the Group incurred a net loss in 9M2016 and 3Q2016. These also resulted in a net loss attributable to Equity holders of the Company.

## **REVIEW OF FINANCIAL POSITION**

### **Current assets**

Current assets (excluding disposal group) declined by 6% or \$4.9 million from \$81.1 million as at 31 December 2015 to \$76.2 million as at 30 September 2016 mainly due to decrease of \$4.4 million in trade and other receivables as a result of collection of its trade receivables and a visible decline in revenue.

### **Non-current assets**

The total non-current assets increased by 6% from \$254.0 million as at 31 December 2015 to \$269.4 million as at 30 September 2016 is attributable to:

- progressive payment for construction of property at 42A Penjuru Road of approximately \$13.6 million;
- increase in deposit for the purchase of machineries \$1.2 million for Energy segment; partially offset by
- year to date depreciation and disposal of unutilised assets.

### **Current liabilities**

Current liabilities showed a significant decline of 49% from \$131.2 million as at 31 December 2015 to \$66.6 million as at 30 September 2016 mainly due to successful completion of bank debt refinancing of \$50.0 million fixed rate notes in September 2016 under the \$200.0 million multicurrency Medium Term Note programme coupled with payments of trade payables and bank borrowings.

### **Non-current liabilities**

An increase of \$59.8 million in non-current liabilities from \$90.6 million as at 31 December 2015 to \$150.4 million as at 30 September 2016 is due to:

- bank debt refinancing of \$50.0 million as stated above;
- restructuring of certain loan facilities;
- drawdown of construction loan pertaining to the construction of property at 42A Penjuru Road.

### **Disposal Group classified as held-for-sale**

The Group reclassified certain assets and liabilities under disposal group as held-for-sale as part of the key initiatives of management to dispose some under utilised assets for cost savings and improve the cash flow position.

## **REVIEW OF CASHFLOW STATEMENT**

The Group has a net cash inflow from operating activities of \$3.1 million mainly due to collections of trade and other receivables of \$4.4 million and cash generated from operations of \$11.4 million offset by the payments of trade and other payables of \$13.2 million.

The Group has a net cash outflow from investing activities of \$7.8 million due mainly to:

- purchases of property, plant and equipment of \$6.6 million;
- payment for acquisition of business in current period of \$1.1 million and;
- payments of deferred consideration relating to prior financial year's acquisitions of \$400,000 offset by;
- proceeds from disposal of property, plant and equipment.

The Group's cash inflow from financing activities of \$2.4 million relates mainly to net proceeds from private placement of \$14.7 million offset by repayment of borrowings.

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

Not applicable.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The business conditions of the marine and offshore industry remain challenging.

Our Energy Services segment has been performing well and, barring unforeseen circumstances, we expect this segment to continue to grow.

Group's order book as at 30 September 2016 stands at \$14.4 million (as at 31 December 2015: \$12.1 million).

**11 Dividend**

**(a) Current financial period reported on**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding period of the immediately preceding financial year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12 If no dividend has been declared (recommended), a statement to that effect.**

Not applicable.

**13 Interested Person Transactions.**

There were no interested person transactions, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the nine months ended 30 September 2016. The Company does not have a general mandate from shareholders for interested person transactions.

**14 Negative Assurance on Interim Financial Statements.**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the nine months ended 30 September 2016 to be false or misleading in any material aspect.

**15 Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual.**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720 (1) of the SGX Listing Manual.

**16 Use of proceeds as at 30 September 2016**

Issuance of 54,640,000 ordinary shares at \$0.27 for each new share for \$14,707,640 (net of transaction cost of \$45,160).

<b>Use of proceeds</b>	<b>Amount allocated (\$'million)</b>	<b>Amount utilised (\$'million)</b>	<b>Balance amount (\$'million)</b>
Payment of existing borrowings	14.7	14.7	-

**BY ORDER OF THE BOARD**

Sim Soon Ngee Glenndle  
Executive Chairman and Chief Executive Officer

4 November 2016

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