MENCAST HOLDINGS LTD.
(Incorporated in the Republic of Singapore on 30 January 2008)
(Company Registration Number: 200802235C)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 2018

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 fourth quarter ended 31 December			For the year ended 31 December		
	4Q2018 ($'000)	4Q2017 ($'000)	**Increase/ (decrease) (%)**	**FY2018 ($'000)**	FY2017 ($'000)	**Increase/ (decrease) (%)**
Revenue	**26,136**	11,407	129	**75,468**	51,715	46
Cost of sales	**(23,286)**	(15,639)	49	**(66,283)**	(55,877)	19
Gross profit/(loss)	**2,850**	(4,232)	NM	**9,185**	(4,162)	NM
Other gains/(losses) – net	**2,804**	(54,928)	NM	**6,647**	(54,193)	NM
Expenses						
- Administrative	**(4,287)**	(4,440)	(3)	**(16,106)**	(16,008)	1
- Finance	**(1,551)**	(1,456)	7	**(5,906)**	(5,826)	1
Loss before income tax	**(184)**	(65,056)	(99)	**(6,180)**	(80,189)	(92)
Income tax expense	**(75)**	(474)	(84)	**(433)**	(475)	(9)
Net loss	**(259)**	(65,530)	(99)	**(6,613)**	(80,664)	(92)
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss						
Fair value (losses)/gains on FVOCI/ available-for-sale financial assets	**(7)**	18	NM	**(7)**	18	NM
Currency translation differences arising from consolidation (1)	**775**	(198)	NM	**178**	(727)	NM
Total comprehensive income/(loss)	**509**	(65,710)	NM	**(6,442)**	(81,373)	(92)
Net (loss)/profit attributable to :						
Equity holders of the Company	**(1,229)**	(65,657)	(98)	**(8,165)**	(81,988)	(90)
Non-controlling interests	**970**	127	664	**1,552**	1,324	17
	(259)	(65,530)	(99)	**(6,613)**	(80,664)	(92)
Total comprehensive (loss)/income attributable to :						
Equity holders of the Company	**(461)**	(65,837)	(99)	**(7,994)**	(82,697)	(90)
Non-controlling interests	**970**	127	664	**1,552**	1,324	17
	509	(65,710)	NM	**(6,442)**	(81,373)	(92)

(1) The translation gains of $0.8 million and S$0.2 million for 4Q2018 and FY2018 respectively was mainly due to a reclassification of translation loss of $0.64 million to the income statement arising from the disposal of a PRC subsidiary, Changshu Honghua (now classified under disposal group held-for-sale) offset by losses arising from the weakening of the Indonesia Rupiah.

(2) "NM" denotes not meaningful.

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

	The Group					
	For the fourth quarter ended 31 December			For the year ended 31 December		
	4Q2018 ($'000)	4Q2017 ($'000)	**Increase/ (decrease)** (%)	**FY2018 ($'000)**	FY2017 ($'000)	**Increase/ (decrease)** (%)
Included in Other gains/(losses) – net:						
- Allowance for impairment of trade receivables(1)	**(162)**	(1,860)	(91)	(164)	(1,869)	(91)
- Write-off of trade receivables(1)	**-**	(2,123)	NM	**-**	(2,205)	NM
- Claim against former shareholder of subsidiary(2)	**-**	-	NM	-	306	NM
- Foreign curency translation loss, net(3)	**(4)**	(23)	(83)	**(182)**	(343)	(47)
- Gain/(loss) on sale of property, plant and equipment(4)	**36**	(226)	NM	**793**	(374)	NM
- Government grants(5)	**143**	37	286	**1,417**	337	320
- Impairment loss on property, plant and equipment(6)	**-**	(9,517)	NM	**-**	(9,517)	NM
- Impairment loss on goodwill arising on acquisition of business(7)	**-**	(3,108)	NM	**-**	(3,108)	NM
- Impairment loss on goodwill arising on consolidation((7)	**-**	(32,031)	NM	**-**	(32,031)	NM
- Loss from cancellation of customers contract(8)	**-**	(5,361)	NM	**-**	(5,361)	NM
- Gain/(loss) on disposal of non-current assets held-for-sale(9)	**2,183**	(310)	NM	**2,183**	(310)	NM
- Rental income(10)	**747**	287	160	**1,951**	652	199
- Sale of scrap metals(11)	**151**	237	(36)	**845**	533	59
- Write-back of long outstanding payables and accruals	**67**	141	(52)	**133**	141	(6)
- Write back of allowance for impairment of trade receivables	**4**	216	(98)	**4**	216	(98)
- Write down of inventories(12)	**(416)**	(1,325)	(69)	**(416)**	(1,325)	(69)
- Other income(13)	**55**	38	45	**83**	65	28
	2,804	(54,928)	NM	**6,647**	(54,193)	NM
Included under finance expense:						
- Interest expense	**1,551**	1,456	7	**5,906**	5,826	1
Included under cost of sales and administrative expenses:						
- Depreciation of property, plant and equipment(14)	**2,957**	3,433	(14)	**12,846**	15,527	(17)
Included under income tax:						
- Over provision of current income tax in prior financial years(15)	**(617)**	(740)	(17)	**(579)**	(739)	(22)
- (Over)/under provision of deferred income tax in prior financial years(15)	**(580)**	546	NM	**(584)**	546	NM
- Deferred income tax expense	**394**	317	24	**394**	317	24

Notes:

(1) Impairment and write off of trade receivables in 4Q2017/FY2017 relate to long overdue debts and debtors who are under judicial management or in liquidation.

(2) The claim against a former shareholder of a subsidiary in FY2017 arose from the acquisition of Chinyee Engineering & Machinery Pted Ltd ("Chinyee"), which was completed in March 2014. These claims relate to non-collections of various projects undertaken by Chinyee prior to acquisition, and accordingly the Group accounted it as other income through unanimous settlement with the former shareholder and upon receipt of the claims.

(3) The exchange loss of $182,000 for FY2018 was mainly a result of the weakening of the Indonesian Rupiah and & Chinese Yuan against the Group's inter-companies payables that were denominated in S$.
The higher exchange loss of $0.3 million in FY2017 was mainly a one-off event that was related to the repayment of a quasi loan by a subsidiary in Malaysia.

(4) Gain on sale of property, plant and equipment of $793,000 in FY2018 was mainly due to:
a. an incremental adjustment of $530,000 to the sales consideration for 11 Tuas Basin Close property upon successfully obtaining the approval of JTC on extension of lease tenure to 31 December 2021; and
b. a net gain of approximately $407,000 in FY2018 arose from the disposal of under-utilised machinery and equipment in the Group's overseas operation.

Loss on sale of property, plant and equipment of $374,000 in FY2017 arose from:
a. loss from disposal of certain machineries under Offshore & Engineering segment of $491,000;
b. loss from disposal of a vessel at $126,000; partially offset by
c. gain from sale of Malaysia land of approximately $246,000.

(5) The increase in government grants was mainly due to receipts from:
a. Workpro LED Job Redesign Grant from Singapore National Employers Federation ("SNEF") of $111,000 during FY2018;and
b. Marine Professional Conversion Programme by Association of Singapore Marine Industries of $1.1 million during FY2018.
In FY2017, the Group's Energy segment received $123,000 capability development grant from SPRING.

(6) Impairment of property, plant and equipment in FY2017 relates to under-utilised machineries and vessels.

(7) The impairment loss on goodwill arising on acquisition of business and on consolidation amounting to $35.1 million were mainly due to the following operating entities in FY2017 which incurred continuous losses due to the slow recovery in oil and gas and marine industry:
a. TGEM/Offshore - $17.5 million;
b. Subsea - $12.8 million; and
c. MEPL/Chinyee - $4.8 million.

(8) Loss from cancellation of customer's contract in FY2017 arose from the cancellation of construction contract of certain vessels.

(9) Gain on disposal of non-current assets held-for-sale of $2.2 million in 4Q2018 was due to the disposal of a subsidiary in China, was reclassified to disposal group in 2Q2018.

In FY2017, the Group recorded a loss on disposal of non-current assets held-for-sale of $310,000 due to the sale of 11 Tuas Basin Close property.

(10) Increase in rental income for 4Q2018 and FY2018 was mainly related to the increase in leasing activities at 42A Penjuru Road property.

(11) The increase in scrap income for FY2018 was mainly due to higher scrap sale from steel plates cutting works for a particular customer.

(12) The inventories write-down for both reporting periods were mainly due to inventories obsolescence incurred under the Offshore & Engineering segment.

(13) Other income relates to interest income and miscellaneous income/expense.

(14) Decrease in depreciation of approximately $2.7 million in FY2018 as compared to FY2017 was due to:
a. Significant impairment loss on certain under-utilised machineries and vessels in FY2017 resulting in lower depreciation in FY2018;
b. disposal of under-utilised machinery and equipment during FY2018; and
c. disposal of Changshu property in 4Q2018 as part of the non-core divestment of a subsidiary in China. The Changshu property was classified non-current assets held-for-sale during 2Q2018 as mentioned above.

(15) For FY2018, the (over)/under provision of current income tax in prior financial years was mainly due to the reversal of income tax payable arising from the usage of group tax relief in prior years. The (over)/under provision in deferred income tax in prior financial years was mainly due to tax losses incurred by certain subsidiaries and utilization of capital allowances during the year.The deferred tax expenses were mainly due to additional CAPEX from newly incorporated subsidiary and the utilisation of prior year tax losses by a subsidiary. For FY2017, the (over)/under provision of current income tax and deferred income tax in prior financial years arose from foreign subsidiaries.

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

	Group		Company	
	As at 31 December 2018 ($'000)	As at 31 December 2017 ($'000) (Restated)	**As at 31 December 2018 ($'000)**	As at 31 December 2017 ($'000) (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	**16,385**	14,741	**105**	828
Trade and other receivables	**21,701**	17,057	**67,339**	70,525
Inventories	**7,918**	8,564	**-**	-
Contract assets	**7,008**	3,774	**650**	563
	53,012	44,136	**68,094**	71,916
Assets of disposal group classified as held-for-sale	**74,347**	-	**-**	-
	127,359	44,136	**68,094**	71,916
Non-current assets				
Available-for-sale financial assets	**-**	109	**-**	-
Financial assets, FVOCI	**102**	-	**-**	-
Investment in subsidiaries	**-**	-	**69,880**	69,879
Property, plant and equipment	**119,990**	205,642	**-**	1
Deposits for purchase of property, plant and equipment	**13**	9	**-**	-
Intangible assets	**9,661**	9,661	**-**	-
Club memberships	**-**	60	**-**	-
	129,766	215,481	**69,880**	69,880
Total assets	**257,125**	259,617	**137,974**	141,796
LIABILITIES				
Current liabilities				
Trade and other payables	**23,967**	16,370	**24,383**	25,054
Contract liabilities	**2,407**	3,825	**-**	-
Borrowings	**114,494**	190,389	**54,402**	54,522
Current income tax liabilities	**1,214**	339	**-**	-
	142,082	210,923	**78,785**	79,576
Liabilities directly associated with disposal group classified as held-for-sale	**74,347**	-	**-**	-
	216,429	210,923	**78,785**	79,576
Non-current liabilities				
Borrowings	**2,595**	3,238	**-**	-
Deferred income tax liabilities	**5,151**	5,341	**-**	-
	7,746	8,579	**-**	-
Total liabilities	**224,175**	219,502	**78,785**	79,576
NET ASSETS	**32,950**	40,115	**59,189**	62,220
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**92,077**	91,747	**92,077**	91,747
Fair value reserve	**25**	32	**-**	-
Other reserve	**509**	509	**-**	-
Translation reserve	**(549)**	(727)	**-**	-
Accumulated losses	**(66,926)**	(58,761)	**(32,888)**	(29,527)
	25,136	32,800	**59,189**	62,220
Non-controlling interests	**7,814**	7,315	**-**	-
Total equity	**32,950**	40,115	**59,189**	62,220

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

Amount repayable in one year or less, or on demand

	As at 31 December 2018		As at 31 December 2017	
Borrowings	**Secured ($'000)**	**Unsecured ($'000)**	Secured ($'000)	Unsecured ($'000)
Bank borrowings	**101,506**	**11,705**	177,322	11,269
Finance lease liabilities	**1,283**	**-**	1,798	-
Current borrowings	**102,789**	**11,705**	179,120	11,269
Borrowings included in the disposal group classified as held-for-sale	**74,347**	**-**	-	-
	177,136	**11,705**	179,120	11,269

Amount repayable after one year

	As at 31 December 2018		As at 31 December 2017	
Borrowings	**Secured ($'000)**	**Unsecured ($'000)**	Secured ($'000)	Unsecured ($'000)
Bank borrowings	**980**	**657**	-	1,738
Finance lease liabilities	**958**	**-**	1,500	-
Non-current borrowings	**1,938**	**657**	1,500	1,738

Details of any collaterals

The bank borrowings are secured by the Group's leasehold buildings, vessels, certain short-term bank deposits, trade receivables 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.

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 fourth quarter ended 31 December		For the year ended 31 December	
	4Q2018 ($'000)	4Q2017 ($'000) (Restated)	**FY2018 ($'000)**	FY2017 ($'000) (Restated)
Cash flows from operating activities				
Net loss	**(259)**	(65,530)	**(6,613)**	(80,664)
Adjustments for:				
- Income tax expense	**75**	474	**433**	475
- Depreciation of property, plant and equipment	**2,957**	3,433	**12,846**	15,527
- Claim against former shareholder of a subsidiary corporation	-	-	-	(306)
- Impairment loss on property, plant and equipment	**-**	9,517	**-**	9,517
- Impairment loss on goodwill arising on acquisition of business	**-**	3,108	**-**	3,108
- Impairment loss on goodwill arising on consolidation	**-**	32,031	**-**	32,031
- (Gain)/loss on disposal of property, plant and equipment	**(36)**	226	**(793)**	374
- (Gain)/loss on disposal of non-current assets held-for-sale	**(2,183)**	310	**(2,183)**	310
- Loss on cancellation of customer's contract	**-**	5,361	**-**	5,361
- Loss on cancellation of club membership	**13**	-	**13**	-
- Dividend income from Financial assets, FVOCI/available-for-sale	**(7)**	(5)	**(7)**	(5)
- Award of performance shares to employees	**-**	-	**240**	-
- Interest income	**(9)**	(7)	**(30)**	(12)
- Interest expense	**1,551**	1,456	**5,906**	5,826
- Currency translation differences	**52**	(189)	**5**	(158)
	2,154	(9,815)	**9,817**	(8,616)
Changes in working capital:				
- Trade and other receivables	**(5,289)**	(6,789)	**(4,579)**	18,113
- Inventories	**(680)**	(675)	**646**	1,501
- Contract assets	**609**	18,061	**(3,234)**	(3,774)
- Trade and other payables	**6,194**	1,554	**9,705**	5,675
- Contract liabilities	**(942)**	1,756	**(1,418)**	3,825
Cash generated from operations	**2,046**	4,092	**10,937**	16,724
Interest received	**9**	7	**30**	12
Income tax paid	**(48)**	(3)	**(481)**	(88)
Net cash provided by operating activities	**2,007**	4,096	**10,486**	16,648
Cash flows from investing activities				
Dividend received from financial assets, FVOCI/available-for-sale	**7**	5	**7**	5
Proceeds from disposal of property, plant and equipment	**267**	3,343	**1,701**	3,647
Proceeds from disposal of non-current assets held-for-sale	**8,893**	6,040	**8,893**	6,040
Proceeds from cancellation of club membership	**47**	-	**47**	-
Payments of other payables relating to prior financial years' acquisitions	**-**	(525)	**-**	(675)
Purchase of property, plant and equipment	**(1,622)**	(1,609)	**(7,259)**	(2,914)
Release of short-term bank deposits pledged	**-**	58	**2,080**	678
Net cash provided by investing activities	**7,592**	7,312	**5,469**	6,781
Cash flows from financing activities				
Interest paid	**(3,369)**	(2,044)	**(8,746)**	(7,899)
Repayment of bank borrowings	**(1,628)**	(9,456)	**(15,709)**	(27,527)
Repayment of finance lease liabilities	**(289)**	(428)	**(1,298)**	(3,347)
Proceeds from bank borrowings	**1,734**	3,006	**14,569**	24,925
Proceeds from issuance of subsidiary's shares to non-controlling interest	**-**	-	**147**	-
Dividends paid to non-controlling interests	**(300)**	(600)	**(1,200)**	(600)
Net cash used in financing activities	**(3,852)**	(9,522)	**(12,237)**	(14,448)
Net increase in cash and cash equivalents	**5,747**	1,886	**3,718**	8,981
Cash and cash equivalents at beginning of financial period/year	**9,572**	9,715	**11,601**	2,620
Cash and cash equivalents at end of financial period/year	**15,319**	11,601	**15,319**	11,601

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

	As at 31 December 2018 ($'000)	**As at 31 December 2017 ($'000)**
Cash and bank balances	**16,385**	**14,741**
Short-term bank deposits pledged	**(637)**	**(2,717)**
Bank overdrafts included in borrowings	**(429)**	**(423)**
	15,319	**11,601**

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.

	Share capital ($'000)	Treasury shares ($'000)	Retained profits/ (accumulated losses) ($'000) (Restated)	Fair value reserve ($'000)	Translation reserve ($'000) (Restated)	Other reserve ($'000)	Total ($'000)	Non-controlling interests ($'000)	Total equity ($'000)
<u>Group</u>									
Balance as at 1 January 2018	91,950	(203)	(58,761)	32	(727)	509	32,800	7,315	40,115
Total comprehensive (loss)/income	-	-	(3,034)	-	(200)	-	(3,234)	425	(2,809)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(600)	(600)
Balance as at 31 March 2018	91,950	(203)	(61,795)	32	(927)	509	29,566	7,140	36,706
Total comprehensive (loss)/income	-	-	(1,726)	-	(50)	-	(1,776)	58	(1,718)
Issue of newly incorporated subsidiary's shares to non-controlling interests	-	-	-	-	-	-	-	147	147
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(300)	(300)
Balance as at 30 June 2018	91,950	(203)	(63,521)	32	(977)	509	27,790	7,045	34,835
Total comprehensive (loss)/income	-	-	(2,176)	-	(347)	-	(2,523)	99	(2,424)
Shares for Directors' fees (in lieu of cash)	90	-	-	-	-	-	90	-	90
Award of performance shares to employees	240	-	-	-	-	-	240	-	240
Balance as at 30 September 2018	**92,280**	**(203)**	**(65,697)**	32	**(1,324)**	**509**	**25,597**	**7,144**	**32,741**
Total comprehensive (loss)/income	-	-	(1,229)	(7)	775	-	(461)	970	509
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(300)	(300)
Balance as at 31 December 2018	**92,280**	**(203)**	**(66,926)**	**25**	**(549)**	**509**	**25,136**	**7,814**	**32,950**
Balance as at 1 January 2017	91,860	(203)	23,227	14	-	509	115,407	6,591	121,998
Total comprehensive (loss)/income	-	-	(5,113)	-	(504)	-	(5,617)	162	(5,455)
Balance as at 31 March 2017	91,860	(203)	18,114	14	(504)	509	109,790	6,753	116,543
Shares for Directors' fees (in lieu of cash)	90	-	-	-	-	-	90	-	90
Total comprehensive (loss)/income	-	-	(4,077)	-	229	-	(3,848)	1,118	(2,730)
Balance as at 30 June 2017	91,950	(203)	14,037	14	(275)	509	106,032	7,871	113,903
Total comprehensive loss	-	-	(7,141)	-	(254)	-	(7,395)	(83)	(7,478)
Balance as at 30 September 2017	**91,950**	**(203)**	**6,896**	**14**	**(529)**	**509**	**98,637**	**7,788**	**106,425**
Total comprehensive (loss)/income	-	-	(65,657)	18	(198)	-	(65,837)	127	(65,710)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(600)	(600)
Balance as at 31 December 2017	**91,950**	**(203)**	**(58,761)**	**32**	**(727)**	**509**	**32,800**	**7,315**	**40,115**

	Share capital ($'000)	Treasury shares ($'000)	Accumulated losses ($'000)	Total equity ($'000)
Company				
Balance as at 1 January 2018	91,950	(203)	(29,527)	62,220
Total comprehensive loss	-	-	(1,161)	(1,161)
Balance as at 31 March 2018	91,950	(203)	(30,688)	61,059
Total comprehensive loss	-	-	(269)	(269)
Balance as at 30 June 2018	**91,950**	**(203)**	**(30,957)**	**60,790**
Total comprehensive loss	-	-	(1,114)	(1,114)
Shares for Directors' fees (in lieu of cash)	90	-	-	90
Award of performance shares to employees	240	-	-	240
Balance as at 30 September 2018	**92,280**	**(203)**	**(32,071)**	**60,006**
Total comprehensive loss	-	-	(817)	(817)
Balance as at 31 December 2018	**92,280**	**(203)**	**(32,888)**	**59,189**
Balance as at 1 January 2017	91,860	(203)	(11,424)	80,233
Total comprehensive loss	-	-	(878)	(878)
Balance as at 31 March 2017	91,860	(203)	(12,302)	79,355
Shares for Directors' fees (in lieu of cash)	90	-	-	90
Total comprehensive loss	-	-	(1,292)	(1,292)
Balance as at 30 June 2017	**91,950**	**(203)**	**(13,594)**	**78,153**
Total comprehensive loss	-	-	(1,280)	(1,280)
Balance as at 30 September 2017	**91,950**	**(203)**	**(14,874)**	**76,873**
Total comprehensive loss	-	-	(14,653)	(14,653)
Balance as at 31 December 2017	**91,950**	**(203)**	**(29,527)**	**62,220**

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 and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2018 to 31 December 2018 are as follows:

CHANGES IN ISSUED SHARE CAPITAL

	Number of shares (‘000)	**Paid-up capital ($’000)**
Issued share capital as at 1 January 2018	422,240	91,747
Shares for Directors’ fees (in lieu of cash)	959	90
Award of performance shares to employees	2,720	240
Issued share capital as at 31 December 2018 excluding treasury shares	425,919	92,077

As at 31 December 2018, the total number of treasury shares held was 455,025 (31 December 2017: 455,025).

The Company has no outstanding options or convertibles as at 31 December 2018 and 31 December 2017.

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.

	As at 31 December 2018	**As at 31 December 2017**
Total number of issued shares (excluding treasury shares) (in ‘000)	**425,919**	**422,240**

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 were no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 31 December 2018.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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.

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited financial statements for the financial year ended 31 December 2017, except that the Group and the Company have adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018.

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.

On transition to SFRS(I), the Group elected to set the cumulative translation differences to zero as at 1 January 2017. As a result, translation reserve and accumulated losses as at 1 January 2017 and 31 December 2017 were increased/reduced by $3,973,000 respectively.

In addition, the Group and the Company adopted SFRS(I) equivalent of IFRS 9 and SFRS(I) equivalent of IFRS 15. Other than those discussed below, the adoption of these new SFRS(I) did not result in significant changes in the Group's and Company's accounting policies and there is no material impact on the amounts reported for the current or prior financial periods.

The following summarised the significant impact in the Group's financial position arising from adoption of the above mentioned SFRS(I):

	FY2017 (as currently reported)	**FY2017 (as previously reported)**	**Increase/ (decrease)**
Consolidated Statement of Financial Position	**$'000**	**$'000**	**$'000**
Effect of SFRS(I) 15			
- Trade and other receivables	17,057	20,691	(3,634)
- Inventories	8,564	8,704	(140)
- Contract assets	3,774	-	3,774
- Trade and other payables	16,370	20,195	(3,825)
- Contract liabilities	3,825	-	3,825
Effect of SFRS(I) 9			
- Available-for-sale financial assets	109	109	-
- Financial assets, at FVOCI	-	-	-
Effect of SFRS(I) 1			
- Translation reserve	(727)	(4,700)	(3,973)
- Accumulated losses	(58,761)	(54,788)	3,973

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:

	The Group			
	For the fourth quarter ended 31 December		For the year ended 31 December	
	4Q2018	4Q2017	**FY2018**	FY2017
Net loss attributable to equity holders of the Company ($'000)	**(1,229)**	(65,657)	**(8,165)**	(81,988)
Weighted average number of shares outstanding for basic and diluted EPS ('000)	**425,919**	426,880	**423,419**	422,002
Basic and diluted EPS attributable to equilty holders of the Company (SGD cents)	**(0.29)**	(15.38)	**(1.93)**	(19.43)

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

There are no dilutive potential ordinary shares for the financial period/year ended 4Q2018/4Q2017 and FY2018/FY2017 respectively.

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")

	Group		Company	
	As at		As at	
	31 December 2018	31 December 2017	**31 December 2018**	31 December 2017
NAV per ordinary share (SGD cents)	**5.90**	7.77	**13.90**	14.74
Number of shares used in computation of NAV per share ('000)	**425,919**	422,240	**425,919**	422,240

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

4Q2018 vs 4Q2017 and FY2018 vs FY2017

Revenue

Revenue by Segment	**4Q2018 ($'000)**	**(%)**	4Q2017 ($'000)	(%)	**FY2018 ($'000)**	**(%)**	FY2017 ($'000)	(%)
Offshore & Engineering	**3,449**	**13**	2,390	21	**14,596**	**19**	14,065	27
Marine	**16,311**	**63**	4,537	40	**43,400**	**58**	22,287	43
Energy Services	**6,376**	**24**	4,480	39	**17,472**	**23**	15,363	30
	26,136	**100**	11,407	100	**75,468**	**100**	51,715	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 and dredging and reclamation works.

(3) Energy Services include oil sludge and slop reclamation, hydro cleaning oil and gas tanks, encapsulation of wastes prior to landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

All three business segments generated healthy revenue growth in both reporting periods ended 4Q2018 and FY2018 as compared to corresponding periods.

Overall, Group's revenue for FY2018 increased by 46% or $23.8 million to $75.5 million as compared to $51.7 million in FY2017.

Likewise for 4Q2018 Group's revenue also increased by $14.7 million or 129% when compared to 4Q2017. The increase in revenue for current reporting periods was mainly driven by a stronger revenue contribution from the Marine segment.

Offshore & Engineering segment

Revenue from the Offshore & Engineering segment for the year ended FY2018 remained relatively stable as compared to previous year, increased marginally by 3.8% to $14.6 million.

For 4Q2018, this segment recorded an increase in revenue of $1.1 million or 44% mainly due to higher recognition on works done from existing projects.

REVIEW OF INCOME STATEMENT OF THE GROUP (continued)

Marine segment

Revenue for the Marine segment jumped by 95% or $21.1 million to $43.4 million in FY2018which was attributable to:

- The segment's MRO (maintenance, repairs and overhaul) services recorded a 28% growth in revenue, from $12.5 million in FY2017 to $16.0 million revenue in FY2018 due mainly to an uptick in business activities that led to higher demand for the Group's MRO services;
- The growth was further driven by a robust volume growth for new built propellers which posted an increase in revenue of 120% or $5.9 million, from $4.9 million in FY2017 to $10.8 million in FY2018;
- The new dredging and reclamation business of 51%-owned Mencast-KSE Pte Ltd contributed a maiden revenue of $12.2 million;
- Diving activities, however, showed a lower volume activity resulting to a $0.5 million decline in revenue.

These also explained the fluctuation in revenue in 4Q2018 as compared to 4Q2017.

Energy Services segment

Revenue from Energy Services segment was up by 14%, from $15.4 million in FY2017 to $17.5 million in FY2018, due mainly to increased work orders of $0.7 million from an existing customer and revenue contributions of $1.4 million from the Group's waste treatment plant.

These also explained the fluctuation in revenue in 4Q2018 as compared to 4Q2017.

Cost of sales, gross profit and gross profit margin

Cost of sales increased by 19% or $10.4 million to $66.3 million in FY2018, in line with the increase in revenue.

Driven primarily by a stronger revenue and lower depreciation charges in FY2018 (a result of impairments undertaken in FY2017), the Group registered a gross profit margin over revenue of 12% or a gross profit of $9.2 million in FY2018, as compared to a gross loss margin of 8.0% or gross loss of $4.2 million in FY2017.

This also explained the fluctuations in cost of sales and gross profit in 4Q2018 as compared to 4Q2017.

Other gains/(losses) - net

Detailed explanations of these gains/(losses) were highlighted in paragraph 1(a)(ii).

Administrative expenses

The Group's administrative expenses remained relatively similar for both reporting periods/financial years in 4Q2018/FY2018 and 4Q2017/FY2017.

Finance expenses

Finance expenses remained relatively similar for reporting periods/financial years ended 4Q2018/FY2018 and 4Q2017/FY2017.

Income tax

The Group tax charge of $0.4 million in FY2018 is due to current provision for income tax of $1.2million on its profitable Marine and Energy segments offset by overprovision of previous years and deferred income tax charge (as explained in Note 15 of paragraph 1(a)(ii)).

Net profit

On the back of an improvement in revenue and the absence of impairment losses, net loss for the Group was signficantly reduced by 92%, from $80.7 million net loss in FY2017 to $6.6 million net loss in FY2018.

Net loss attributable to equity holders of the Company in FY2018 similarly dropped by 90% from $82.0 million in FY2017 to $8.2 million in FY2018.

These also explained the fluctuation in Group's net loss and net loss attributable to equity holders of the Company in 4Q2018 as compared to 4Q2017.

REVIEW OF FINANCIAL POSITION

Current assets

As at 31 December 2018 the Group's current assets amounted to $127.4 million, increased by 189% or $83.2 million as compared to $44.1 million as at 31 December 2017. The increase was mainly attributable to the following:

- reclassification of $74.3 million non-current assets to assets of disposal group classified as held-for-sale as part of the on-going efforts of the Group to dispose certain properties to pare down its debt;
- Increase in trade and other receivables of $4.6 million in line with the revenue growth in FY2018;
- Increase in contract assets of $3.2 million due mainly to accrued revenue for works done.

Non-current assets

Non-current assets decreased by $85.7 million, from $215.5 million as at 31 December 2017 to $129.8 million as at 31 December 2018, due to the movements in the property, plant and equipment:

- reclassification of leasehold land and building of approximately $74.3 million to current assets, as explained above;
- depreciation charges of $12.8 million in FY2018;
- As previously announced, the Company through S & W Pte Ltd, its wholly owned subsidiary, entered into a Sale & Purchase Agreement for the disposal of the entire stake in Changshu Honghua, which was mainly related to a leasehold land and building with net book value of $5.9 million; offset by
- purchase of a vessel of approximately $3.6 million for the new dredging and reclamation business; and
- costs capitalised during FY2018 from the rectification works done in 42A Penjuru Road property of $3.4 million.

Current liabilities

Current liabilities increased by $5.5 million or 3% from $210.9 million as at 31 December 2017 to $216.4 million as at 31 December 2018, mainly due to:

- net increase in trade and other payables and contract liabilties of $6.2 million from $20.2 million as at 31 December 2017 to $26.4 million as at 31 December 2018 due mainly from the new dredging and reclamation business of approximately $4.8 million;
- increase in provision for current income tax by $875,000 mainly from marine segment; offset by
- decrease in current borrowings of $1.6 million, being the aggregate of current borrowings of $114.5 million and liabilities classified under disposal group of $74.3 million as at 31 December 2018, when compared to 31 December 2017 current borrowings of $190.4 million.

Non-current liabilities

The non-current liabilities decreased by $0.8 million from $8.6 million as at 31 December 2017 to $7.7 million as at 31 December 2018 mainly from provision of deferred tax in both current year and prior years with net amount of $0.2 million and decrease in non-current borrowings due to repayment of certain term loans and finance lease during FY2018.

REVIEW OF STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents as at 31 December 2018 were approximately $15.3 million as compared to $11.6 million as at 31 December 2017. The Group reported a net cash inflow from operating activities of $10.5 million in FY2018 due mainly to its operating income before changes in working capital of $10.9 million.

Net cash provided by investing activities was $5.5 million for FY2018 as a result of the release of a $2.1 million fixed deposits pledged, net proceeds from disposal of fixed assets of $1.7 million and $8.9 million proceeds from disposal group classified as held-for-sale. This was offset by purchases of property, plant and equipment of $7.3 million. The purchase of fixed assets during the current financial year was mainly related to:

a. purchase of a vessel by the Group's new dredging and reclamation business of $3.6 million in 3Q2018;
b. capital expenditures of $0.6 million from Energy segment as part of their operational requirements;
c. Certain renovation works of $0.4 million undertaken by the Marine segment; and
d. rectification works, amounting to $2.7 million, for the Group's 42A Penjuru property during FY2018.

Net cash used in financing activities of $12.2 million during FY2018 was mainly a result of repayments of term loans, finance lease liabilities and payment of interests of approximately $25.8 million, offset by proceeds from bank borrowings of $14.6 million.

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 Group expects the operating environment to remain challenging despite improvement in activities in 2018. In 2019, the Group will continue to focus on strengthening its balance sheet, improving liquidity and continue to take measures to reduce labour intensive operations.

The Group has outstanding orders amounting to approximately $46.0 million as at 31 December 2018. Completion is expected to be over the next two years.

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 and the reason(s) for the decision.

No dividend has been declared or recommended for the current reporting year ended 31 December 2018 as the Group had registered a loss.

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 financial year ended 31 December 2018. The Company does not have a general mandate from shareholders for interested person transactions.

PART II: ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14 Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issue's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group's activities comprise the following segments:

(a) Offshore & Engineering – includes offshore structures, engineering, manucturing, inspection and maintenance. This also includes rope access services.

(b) Marine – includes stearngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This also includes diving services and dredging and reclamation works.

(c) Energy Services – include oil sludge and slop reclamation, hydro cleaning oil oil and gas tanks, encapsulation of wastes prior for landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

The segment information is as follows:

	The Group			
	Offshore & Engineering ($'000)	**Marine ($'000)**	**Energy ($'000)**	**Total ($'000)**
FY2018				
Revenue				
Total segmental revenue	14,987	45,469	18,386	78,842
Inter-segmental revenue	(391)	(2,069)	(914)	(3,374)
Revenue from external parties	14,596	43,400	17,472	75,468
Gross (loss)/profit	(3,978)	8,356	4,807	9,185
Other gains/(losses) - net				
- gain on disposal of non-current assets held-for-sale	**2,183**	**-**	**-**	**2,183**
- write down of inventories	**(416)**	**-**	**-**	**(416)**
- other gains, net				**4,880**
Other gains – net				**6,647**
Expenses				
- Administrative				**(16,106)**
- Finance				**(5,906)**
Loss before income tax				**(6,180)**
Income tax expense				**(433)**
Net loss for the financial year				**(6,613)**

	The Group			
	Offshore & Engineering ($'000)	**Marine ($'000)**	**Energy ($'000)**	**Total ($'000)**
FY2017				
Revenue				
Total segmental revenue	14,580	23,821	15,519	53,920
Inter-segmental revenue	(515)	(1,534)	(156)	(2,205)
Revenue from external parties	14,065	22,287	15,363	51,715
Gross (loss)/profit	(11,446)	2,177	5,107	(4,162)
Other losses – net				
- impairment loss on goodwill arising on acquisition of business	(3,108)	-	-	(3,108)
- impairment loss on goodwill arising on consolidation	(19,254)	(12,777)	-	(32,031)
- impairment loss on property, plant and equipment	(8,421)	(1,096)	-	(9,517)
- loss from cancellation of customers contract	(5,361)	-	-	(5,361)
- loss on disposal of non-current assets held-for-sale	(310)	-	-	(310)
- claim against former shareholder of subsidiary	306	-	-	306
- write down of inventories	(1,325)	-	-	(1,325)
- other losses, net				(2,847)
Other losses – net				(54,193)
Expenses				
- Administrative				(16,008)
- Finance				(5,826)
Loss before income tax				(80,189)
Income tax expense				(475)
Net loss for the financial year				(80,664)

Geographical Segments

Group's revenue by geographical market which is analysed based on the country of domicile of the customers is as follows:

	For the year ended 31 December	
	FY2018 ($'000)	FY2017 ($'000)
Singapore	**59,339**	42,816
Asia (1)	**11,804**	7,601
Rest of the world (2)	**4,325**	1,298
	75,468	51,715

Notes:

(1) Asia refers to customers from Malaysia, Brunei, China, Indonesia, the Philippines, Thailand, Vietnam, Hong Kong, India, Sri Lanka, Maldives and Australia.
(2) Rest of the world refers to customers from Europe, the Middle East and USA.

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The increase in revenue of $16.5 million in the Singapore market for FY2018 was mainly due to the Group's new dredging and reclamation business of 51% owned Mencast-KSE Pte Ltd that contributed a maiden revenue of $12.2 million as well as higher in the Marine segment. Revenue for the Asia and Rest of the World markets was higher because of better revenue in the Offshore and Engineering and Marine segments.

16 A breakdown of sales as follows:

	Group		
	Financial year ended		
	31 December 2018 ($'000)	31 December 2017 ($'000)	**Increase/ (decrease) (%)**
Revenue reported for:			
First half ended 30 June	**30,510**	27,566	11
Second half ended 31 December	**44,958**	24,149	86
	75,468	51,715	46
Net loss before deducting non-controlling interests reported for:			
First half ended 30 June	**(4,277)**	(7,910)	(46)
Second half ended 31 December	**(2,336)**	(72,754)	(97)
	(6,613)	(80,664)	(92)

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

Nil.

18 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.

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	**Age**	**Family relationship with any director and/or substantial shareholder**	**Current position and duties, and the year position was first held**	**Details of changes in duties and position held, if any, during the year**
Wong Boon Hwee	47	Brother of the Executive Director of the Company, Wong Boon Huat	Head of Marine division of Top Great Engineering & Marine Pte Ltd ("TGEM") and Mencast Offshore & Marine Pte Ltd since 2000 and 2012 respectively. Overseeing the day-to-day operation of projects in the marine repairs work and new fabrications.	No change.

20 Net Current Liabilities Position and Loan Restructuring

As at 31 December 2018, the Group was in net current liabilities position of $89.1 million as compared to the same position of $166.8 million as at 31 December 2017.

The Group had pursued and completed the following course of actions:

a) As announced on 15th February 2019, the proposed disposal of Changshu Honghua was completed upon receipt of the third and final tranches of the purchase consideration.

b) As announced on 1st February 2019, the Group had completed its debt restructuring exercise by entering into a Debt Restructuring Agreement (the "DRA") with its lenders.

The material terms of the DRA include, inter alia, the following:

(i) Standard contractual interest continues to be payable to the Lenders but the payment of contractual principal sums remain suspended until the end of the restructuring period.

(ii) Default and/or penalty interest will continue to accrue during the restructuring period but, it will be waived and/or extinguished upon the conclusion of the restructuring period provided the DRA is not terminated as a result of the occurrence of an event of default which cannot be remedied, or the occurrence of an event of default which may be remedied but has not within 7 days from the date of the occurrence of the breach.

(iii) The DRA provides for a mechanism for the repayment of the contractual principal sums owed to the Lenders.

(iv) The Group shall deleverage its debt by a total amount of $130 million during the restructuring period through, *inter alia*, the sale of its properties and other assets, with any balance of proceeds after application toward specified loans subject to a cash sweep mechanism.

20 Net Current Liabilities Position and Loan Restructuring (continued)

(v) After the restructuring period, the working capital facilities of the Group shall crystallise and be converted into term loan, repayable in equal monthly instalments over a 23-month period with a final bullet payment in the 24^{th} month.

In view of the above, the Company considers appropriate to use the going concern basis in preparing the financial statements for the financial year ended 31 December 2018.

The Company will make appropriate announcements as and when there is any material development.

BY ORDER OF THE BOARD

Sim Soon Ngee Glenndle
Executive Chairman and Chief Executive Officer

22 February 2019