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 NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

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		
	2013 ($'000)	2012 ($'000)	**Increase/ (decrease) (%)**	**2013 ($'000)**	2012 ($'000)	**Increase/ (decrease) (%)**
Revenue	**25,598**	21,687	18	**71,238**	56,324	26
Cost of sales	**(18,742)**	(16,934)	11	**(47,806)**	(38,064)	26
Gross profit	**6,856**	4,753	44	**23,432**	18,260	28
Other gains - net	**418**	921	(55)	**661**	1,199	(45)
Expenses						
- Administrative	**(5,099)**	(3,712)	37	**(13,052)**	(9,827)	33
- Finance	**(487)**	(359)	36	**(1,125)**	(879)	28
Profit before income tax	**1,688**	1,603	5	**9,616**	8,753	10
Income tax credit/(expense)	**107**	(317)	NM	**(433)**	(557)	(22)
Net profit	**1,795**	1,286	40	**9,483**	8,196	16
Other comprehensive loss that may be reclassified subsequently to profit or loss						
Currency translation differences arising from consolidation	**(1,203)**	(187)	NM (2)	**(1,378)**	(81)	NM (2)
Total comprehensive income	**592**	1,099	(56)	**8,105**	8,115	NM
Net profit attributable to :						
Equity holders of the Company	**1,593**	1,104	44	**9,252**	8,014	15
Non-controlling interests	**202**	182	11	**231**	182	26
	1,795	1,286	40	**9,483**	8,196	16
Total comprehensive income attributable to :						
Equity holders of the Company	**390**	917	(57)	**7,874**	7,933	NM
Non-controlling interests	**202**	182	11	**231**	182	26
	592	1,099	(56)	**8,105**	8,115	NM

(1) "NM" denotes not meaningful.
(2) The currency translation difference arising from consolidation relates to the depreciation of Indonesian Rupiah against Singapore Dollar in FY2013 Q3.

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

The Group's profit is arrived at after charging / (crediting):

	The Group					
	For the third quarter ended 30 September			**For the nine months ended 30 September**		
	2013 ($'000)	2012 ($'000)	**Increase/ (decrease) (%)**	**2013 ($'000)**	2012 ($'000)	**Increase/ (decrease) (%)**
Sale of scrap metals	**(39)**	(120)	(68)	**(142)**	(200)	(29)
Gain on sale of property, plant and equipment	**(2)**	(40)	(95)	**(32)**	(91)	(65)
Foreign exchange (gain)/loss - net	**(210)**	213	NM	**(155)**	124	NM
Government grants	**(26)**	(221)	(88)	**(89)**	(222)	(60)
Other income(1)	**(149)**	(40)	NM	**(243)**	(262)	(7)
Interest expense	**487**	359	36	**1,125**	879	28
Depreciation of property, plant and equipment(2)	**1,525**	1,496	2	**4,257**	3,252	31
Write back of long-outstanding payable	**-**	(548)	NM	**-**	(548)	NM
Overprovision of current income tax	**(116)**	-	NM	**(63)**	-	NM

Notes:

(1) Other income relates to rental income and miscellaneous income.

(2) Increase in depreciation of property, plant and equipment was mainly due to depreciation on waterfront facility at 42E Penjuru Road, which commenced in March 2012, and additions of new machinery and equipment.

(3) "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

	Group		Company	
	As at 30 September 2013 ($'000)	As at 31 December 2012 ($'000)	**As at 30 September 2013 ($'000)**	As at 31 December 2012 ($'000)
ASSETS				
Current assets				
Cash and cash equivalents	**50,089**	19,716	**44,164**	4,749
Trade and other receivables	**52,790**	35,797	**16,870**	8,532
Inventories	**5,894**	6,100	**-**	-
	108,773	61,613	**61,034**	13,281
Non-current assets				
Financial assets, available-for-sale	**127**	127	**-**	-
Investment in subsidiaries	**-**	-	**78,660**	78,450
Investment in joint venture	**881**	881	**-**	-
Property, plant and equipment	**112,933**	87,284	**42**	46
Deposits for purchase of property, plant and equipment	**976**	1,774	-	-
Intangible assets	**43,439**	43,439	-	-
Club memberships	**-**	28	**-**	-
	158,356	133,533	**78,702**	78,496
Total assets	**267,129**	195,146	**139,736**	91,777
LIABILITIES				
Current liabilities				
Trade and other payables	**35,981**	41,272	**37,771**	39,331
Borrowings	**36,110**	31,220	**-**	-
Current income tax liabilities	**778**	291	**-**	-
	72,869	72,783	**37,771**	39,331
Non-current liabilities				
Borrowings	**91,326**	29,355	**49,335**	-
Deferred income tax liabilities	**2,685**	2,686	**-**	-
	94,011	32,041	**49,335**	-
Total liabilities	**166,880**	104,824	**87,106**	39,331
NET ASSETS	**100,249**	90,322	**52,630**	52,446
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**58,441**	53,976	**58,441**	53,976
Fair value reserves	**47**	47	**-**	-
Translation reserves	**(1,631)**	(253)	**-**	-
Retained earnings / (accumulated losses)	**41,101**	34,582	**(5,811)**	(1,530)
	97,958	88,352	**52,630**	52,446
Non-controlling interests	**2,291**	1,970	**-**	-
Total equity	**100,249**	90,322	**52,630**	52,446

Note to statement of financial position:

Included in the Group's property, plant and equipment are six properties which are carried at cost less accumulated depreciation. During the current financial year, the Group engaged third-party valuers, to carry out a valuation of the Group's properties. Set out below are the fair values of the seven properties:

Location	Description	Land Area (sqm)	Remaining years	NBV as at 30 September 2013 ($'000)	Fair values ($'000)	Excess of fair values over NBV ($'000)
7 Tuas View Circuit	Office building & workshop	8,501	39	7,343	13,700	6,357
12 Kwong Min Road	Office building, dormitory & workshop	4,623	16	3,424	7,200	3,776
39 Tuas Avenue 13	Office building & workshop	3,012	5	1,959	6,100	4,141
6 Tech Park Crescent	Office building, dormitory & workshop	1,718	41	1,904	5,600	3,696
42E Penjuru Road	Waterfront, office building & workshop	19,266	23	21,354	32,000	10,646
42B Penjuru Road	Office building & workshop	16,200	28	19,590	28,000	8,410
4 Penjuru Place #01-17	Office building	547	23	454	1,400	949
Total				56,028	94,000	37,975

The basis of valuation to determine the market value of the property is arrived using the estimated amount for which a property should exchange on the date of the valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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 2013		As at 31 December 2012	
Secured ($'000)	**Unsecured ($'000)**	Secured ($'000)	Unsecured ($'000)
33,475	**2,636**	29,677	1,543

Amount repayable after one year

As at 30 September 2013		As at 31 December 2012	
Secured ($'000)	**Unsecured ($'000)**	Secured ($'000)	Unsecured ($'000)
41,991	**49,335**	29,355	-

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 unsecured borrowing that is repayable after one year of $49.3 million relates to the net proceeds from the issuance of $50.0 million fixed rate notes due on 12 September 2016 ("Series 1 Notes") under the $200.0 million multicurrency Medium Term Note programme. The Series 1 Notes bear interest at the fixed rate of 5.75% per annum payable semi-annually in arrears.

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**	
	2013 ($'000)	2012 ($'000)	**2013 ($'000)**	2012 ($'000)
Cash flows from operating activities				
Net profit	**1,795**	1,286	**9,483**	8,196
Adjustments for:-				
- Income tax	**(107)**	317	**433**	557
- Depreciation of property, plant and equipment	**1,525**	1,496	**4,257**	3,252
- Gain on disposal of property, plant and equipment	**(2)**	(40)	**(32)**	(91)
- Dividend income on financial assets, available-for-sale	**-**	(4)	**(4)**	(7)
- Interest income	**-**	(3)	**(4)**	(12)
- Interest expense	**487**	359	**1,125**	879
- Currency translation differences	**(819)**	152	**(1,003)**	258
	2,879	3,563	**14,255**	13,032
Changes in working capital:				
- Trade and other receivables	**(9,426)**	(4,027)	**(18,299)**	(12,377)
- Inventories	**1,030**	(1,024)	**206**	5
- Trade and other payables	**5,102**	334	**4,122**	3,097
Cash (used in)/generated from operations	**(415)**	(1,154)	**284**	3,757
Interest received	**-**	3	**4**	12
Income tax refunded	**206**	36	**53**	397
Net cash (used in)/provided by operating activities	**(209)**	(1,115)	**341**	4,166
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired	**-**	(143)	**-**	(143)
Payments of other payables relating to prior financial years' acquisitions	**(500)**	(1,713)	**(1,909)**	(2,813)
Dividend received on financial assets, available-for-sale	**-**	4	**4**	7
Proceeds from disposal of property, plant and equipment	**106**	370	**323**	370
Proceeds from disposal of club membership	**-**	-	**28**	-
Purchase of property, plant and equipment	**(11,061)**	**(6,527)**	**(31,396)**	**(20,357)**
(Placement)/release of short-term bank deposits pledged	**-**	**(603)**	**168**	**(1,729)**
Net cash used in investing activities	**(11,455)**	**(8,612)**	**(32,782)**	**(24,665)**
Cash flows from financing activities				
Dividend paid	**-**	-	**(2,733)**	(2,292)
Interest paid	**(325)**	(359)	**(963)**	(879)
Repayments of bank borrowings	**(10,838)**	(4,197)	**(21,608)**	(6,738)
Repayment of finance lease liabilities	**(1,127)**	(1,021)	**(2,867)**	(2,398)
Proceeds from bank borrowings	**13,774**	14,753	**41,857**	24,091
Proceeds from Series 1 Notes	**49,335**	-	**49,335**	-
Proceeds from placement of new shares	**-**	-	**-**	11,925
Proceeds from issuance of subsidiary's shares to non-controlling interests	**90**	(54)	**90**	(54)
Purchase of treasury shares	**-**	-	**(135)**	-
Net cash provided by financing activities	**50,909**	9,122	**62,976**	23,655
Net increase/(decrease) in cash and cash equivalents	**39,245**	(605)	**30,535**	3,156
Cash and cash equivalents at beginning of financial period	**4,812**	7,710	**13,522**	3,949
Cash and cash equivalents at end of financial period	**44,057**	7,105	**44,057**	7,105

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

	As at 30September 2013 ($'000)	As at 30 September 2012 ($'000)
Cash and bank balances	**50,089**	13,895
Short-term bank deposits pledged	**(5,950)**	(6,170)
Bank overdrafts included in borrowings	**(82)**	(620)
	44,057	7,105

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

	Share capital ($'000)	Treasury shares ($'000)	Retained earnings / (accumulated losses) ($'000)	Translation reserves ($'000)	Fair value reserves ($'000)	Total ($'000)	Non-controlling interests ($'000)	Total equity ($'000)
Group								
Balance as at 1 January 2013	53,976	-	34,582	(253)	47	88,352	1,970	90,322
Issue of new shares for acquisitions in prior financial years*	1,000	-	-	-	-	1,000	-	1,000
Total comprehensive income/(loss)	-	-	2,058	(79)	-	1,979	(89)	1,890
Balance as at 31 March 2013	54,976	-	36,640	(332)	47	91,331	1,881	93,212
Dividend paid	-	-	(2,733)	-	-	(2,733)	-	(2,733)
Share buy back	-	(135)	-	-	-	(135)	-	(135)
Issue of new shares for acquisitions in prior financial years*	3,600	-	-	-	-	3,600	-	3,600
Issue of subsidiary's share to non-controlling interest	-	-	-	-	-	-	90	90
Total comprehensive income/(loss)	-		5,601	(96)	-	5,505	118	5,623
Balance as at 30 June 2013	58,576	(135)	39,508	(428)	47	97,568	2,089	99,657
Total comprehensive income/(loss)	-	-	1,593	(1,203)	-	390	202	592
Balance as at 30 September 2013	58,576	(135)	41,101	(1,631)	47	97,958	2,291	100,249
Balance as at 1 January 2012	33,538	-	23,694	(121)	47	57,158	-	57,158
Issue of new shares for acquisitions in prior financial years*	2,000	-	-	-	-	2,000	-	2,000
Total comprehensive income/(loss)	-	-	1,086	(89)	-	997	-	997
Balance as at 31 March 2012	35,538	-	24,780	(210)	47	60,155	-	60,155
Dividend paid	-	-	(2,292)	-	-	(2,292)	-	(2,292)
Placement of new shares	11,925	-	-	-	-	11,925	-	11,925
Total comprehensive income	-	-	5,824	195	-	6,019	-	6,019
Balance as at 30 June 2012	47,463	-	28,312	(15)	47	75,807	-	75,807
Issue of new shares for acquisitions in prior financial years*	4,813	-	-	-	-	4,813	-	4,813
Issue of new shares for acquisitions in prior financial years**	1,700	-	-	-	-	1,700	-	1,700
Total comprehensive income/(loss)	-	-	1,104	(187)	-	917	182	1,099
Balance as at 30 September 2012	53,976	-	29,416	(202)	47	83,237	182	83,419

	Share capital ($'000)	Treasury shares ($'000)	Retained earnings / (accumulated losses) ($'000)	Total equity ($'000)
Company				
Balance as at 1 January 2013	53,976	-	(1,530)	52,446
Issue of new shares for acquisitions in prior financial years*	1,000	-	-	1,000
Total comprehensive income	-	-	135	135
Balance as at 31 March 2013	54,976	-	(1,395)	53,581
Dividend paid	-	-	(2,733)	(2,733)
Share buy back	-	(135)	-	(135)
Issue of new shares for acquisitions in prior financial years*	3,600	-	-	3,600
Total comprehensive loss	-	-	(279)	(279)
Balance as at 30 June 2013	58,576	(135)	(4,407)	54,034
Total comprehensive loss	-	-	(1,404)	(1,404)
Balance as at 30 September 2013	58,576	(135)	(5,811)	52,630
Balance as at 1 January 2012	33,538	-	(1,883)	31,655
Issue of new shares for acquisitions in prior financial years*	2,000	-	-	2,000
Total comprehensive income	-	-	252	252
Balance as at 31 March 2012	35,538	-	(1,631)	33,907
Dividend paid	-	-	(2,292)	(2,292)
Placement of new shares	11,925	-	-	11,925
Total comprehensive income	-	-	1,790	1,790
Balance as at 30 June 2012	47,463	-	(2,133)	45,330
Issue of new shares for acquisitions in prior financial years*	4,813	-	-	4,813
Issue of new shares for acquisition of subsidiary**	1,700	-	-	1,700
Total comprehensive loss	-	-	(165)	(165)
Balance as at 30 September 2012	53,976	-	(2,298)	51,678

* *The issue of new shares for acquisition of subsidiary in prior financial years relates to shares issued for acqusition of Top Great, Subsea and Team Assets.*

** *The issue of new shares for acquisition of subsidiary relates to shares issued for acqusition of Vac-Tech.*

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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 2013 to 30 September 2013 are as follows:-

CHANGES IN ISSUED SHARE CAPITAL

	Number of shares	Paid-up capital (S$)
Issued share capital as at 1 January 2013	226,025,258	53,975,877
Issue of new shares for acquisition of business in prior financial years*	1,760,564	1,000,000
Issue of new shares for acquisition of business in prior financial years**	7,346,939	3,600,000
Bonus shares	56,946,452	-
Treasury shares arising from share buy back	(250,000)	(135,000)
Issued share capital as at 30 September 2013 excluding treasury shares	291,829,213	58,440,877

* *The issue of new shares for acquisition of business in prior financial years relates to shares issued for acquisition of Team Assets*

** *The issue of new shares for acquisition of business in prior financial years relates to 3rd tranche of shares issued for acquisition of Top Great*

On 20 June 2013, the Company issued one bonus share for every four ordinary shares.

Save as disclosed above, the Company did not have any outstanding options or convertibles as at 30 September 2013 and 31 December 2012.

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 30 September 2013	As at 31 December 2012
Total number of issued shares (excluding treasury shares)	**291,829,213**	226,025,258

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 2013.

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 for the audited financial statements for the financial year ended 31 December 2012.

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/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2013:

- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income *(effective for annual period beginning on or after 1 July 2012)*

- FRS 19 (Revised) – Employee Benefits *(effective for annual periods beginning on or after 1 January 2013)*

- Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities *(effective for annual periods beginning on or after 1 January 2013)*

- FRS 113 (New) – Fair Value Measurements *(effective for annual periods beginning on or after 1 January 2013)*

The adoption of the above 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.

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 third quarter ended 30 September		**For the nine months ended 30 September**	
	2013 ($'000)	2012 ($'000)	**2013 ($'000)**	2012 ($'000)
Earnings attributable to equity holders of the Company ($'000)	**1,593**	1,104	**9,252**	8,014
Weighted average number of shares outstanding for basic EPS ('000)	**291,829**	277,187	**287,272**	261,875
Basic EPS attributable to equilty holders of the Company (SGD cents)	**0.55**	0.40	**3.22**	3.06
Weighted average number of shares outstanding for basic EPS ('000)	**291,829**	277,187	**287,272**	261,875
Adjustment for additional shares to the Vendors in relation to the Top Great Acquisition ('000)	**1,837**	1,837	**1,837**	1,837
	293,666	279,024	**289,109**	263,712
Diluted EPS attributable to equity holders of the Company (SGD cents)	**0.54**	0.40	**3.20**	3.04

Basic 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. For comparative purposes, the number of ordinary shares as 30 September 2012 has been adjusted to include the issue of one bonus share for every four existing ordinary shares.

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares outstanding is adjusted for the effect of the additional shares of 1,836,735 to the Vendors in relation to the Top Great Acquisition as announced and alloted on 1 October 2013.

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	
	30 September 2013	31 December 2012	**30 September 2013**	31 December 2012
NAV per ordinary share (SGD cents)	**33.57**	31.22	**18.03**	18.53
Number of shares used in computation of NAV per share ('000)	**291,829**	282,971	**291,829**	282,971

For comparative purposes, the number of ordinary shares as at 31 December 2012 has been adjusted to include the issue of one bonus share for every four existing ordinary shares.

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

<u>FY2013 Q3 vs FY2012 Q3</u>

Revenue

	For the nine months ended 30 September 2013		For the nine months ended 30 September 2012	
	($'000)	**(%)**	($'000)	(%)
<u>Revenue by segment</u>				
Offshore & Engineering	**33,572**	**47**	23,189	41
Marine	**31,938**	**45**	31,532	56
Energy Services	**5,728**	**8**	1,603	3
	71,238	**100**	56,324	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 prior for landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

The overall increase in Group's revenue of $14.9 million or 26% for the nine months ended 30 September 2013 is explained below:

<u>Offshore & Engineering segment</u>

Overall, revenue from Offshore & Engineering segment increased by $10.4 million or 45% due to:

- Influx of jobs from major customers that have been delayed from FY2012 Q4 and new job orders received during HY2013 that were completed in the nine months ended 30 September 2013. In addition, the waterfront facility has full nine months operations as compared to nine months ended 30 September 2012 where the waterfront was only operational from FY2012 Q2.

- Higher revenue from rope access services as a result of higher demand for such services from existing and new customers.

- Increase in revenue from precision engineering services in HY2013 due to new orders from customers of the Group as a result of the increase in capabilities because of the additional investments in new equipment such as CNC horizontal boring machine, travelling milling machine and grinding machine. Such increase was tapered down in FY2013 Q3 due to on-going qualification audits by new Oil & Gas customers.

These also explain the higher revenue from Offshore & Engineering segment in FY2013 Q3 as compared to FY2012 Q3.

<u>Marine segment</u>

Marginal increase in revenue from Marine segment of $406,000 or 1% mainly due to:

- Increase in revenue from sterngear manufacturing of $3.6 million or 67% from $11.8 million for the nine months ended 30 September 2012 to $8.7 million for the nine months ended 30 September 2013 arising from significant increase in orders from major customers.

- The increase in revenue from sterngear manufacturing was offset by the decrease in revenue from sterngear repair services of $3.0 million or 25% as the demand for sterngear repair services slowed down from FY2013 Q2.

These also explain the increase in revenue from Marine segment in FY2013 Q3 as compared to FY2012 Q3.

<u>Energy Services segment</u>

The revenue, cost of sales and gross profit of the new Energy segment was contributed solely by the subsidiary, Vac-Tech, which was acquired in 2nd half of FY2012.

The increase in revenue of $4.1 million was mainly due commencement of jobs in FY2013 Q2 after securing contracts with major customers.

Cost of sales, gross profit and gross profit margin

Cost of sales and gross profit increased by $9.7 million or 26% and $5.2 million or 28% respectively, in tandem with the increase in revenue.

Gross profit margin slightly improved from 32% for the nine months ended 30 September 2012 to 33% for the nine months ended 30 September 2013 due to the marginal improvements in the Offshore & Engineering and Marine segments' gross profit margins in FY2013 Q3.

These also explain the fluctuations in cost of sales and gross profit in FY2013 Q3 as compared to FY2012 Q3.

The gross profit margin in FY2013 Q3 of 27% is higher than the gross profit margin in FY2012 Q3 of 22% due to cost recognised when the jobs were completed during FY2012 Q3.

Administrative expenses

The Group's administrative expenses increased by $3.2 million or 33% from $9.8 million for the nine months ended 30 September 2012 to $13.1 million for the nine months ended 30 September 2013. The increase was mainly due to:

- Increase in administrative expenses of Vac-Tech of $387,000 as it only became part of the Group in 2nd half of FY2012;

- The recruitment of key personnel since 2nd half of FY2012 to complement the expansion of the Group; and

- Increase in fixed costs in relation to the new properties at 42A and 42B Penjuru Road (e.g. land rent, property tax, and utilities).

These also explain the higher administrative expenses in FY2013 Q3 as compared to FY2012 Q3.

Finance expenses

The Group's finance expenses increased by $246,000 or 24% from $879,000 for the nine months ended 30 September 2012 to $1.1 million for the nine months ended 30 September 2013 as a result of higher bank borrowings. This also explains the higher finance expenses in FY2013 Q3 as compared to FY2012 Q3.

Income tax

The Group's income tax represent the current income tax provision calculated based on each subsidiaries' effective income tax rates ranging from 5% to 10%. The lower income tax was due to overprovision of current income tax.

Net profit

The Group's net profit increased by $1.3 million or 16% from $8.2 million for the nine months ended 30 September 2012 to $9.5 million for the nine months ended 30 September 2013 as a result of the above.

REVIEW OF FINANCIAL POSITION

Current assets

The increase in current assets of $47.2 million from $61.6 million as at 31 December 2012 to $108.8 million as at 30 September 2013 is mainly attributable to:

- Increase in cash and cash equivalents of approximately $30.4 million or 154% from $19.7 million as at 31 December 2012 to $50.1 million as at 30 September 2013 due to net proceeds from Series 1 Notes and bank borrowings offset by:
  - Purchases of property, plant and equipment;
  - Repayment of deferred consideration in relation to previous M&A;
  - Repayment of bank borrowings and finance lease liabilities.

- Increase in trade and other receivables by $16.7 million or 47% from $35.8 million as at 31 December 2012 to $52.8 million as at 30 September 2013 due to increase in revenue where a significant portion of revenue were only billed in August and September.

Non-current assets

The increase in non-current assets of $24.8 million from $133.5 million as at 31 December 2012 to $158.4 million as at 30 September 2013 due to:

- Increase in property, plant and equipment of $25.6 million or 29% in relation to renovation costs at 42E Penjuru Road and blasting and painting workshop and equipment in Batam, construction of the property at 42B Penjuru Road property, purchase of CNC travelling milling machine and grinding machine for oil and gas industries, acquisition of vacuum trucks and wheel loader and purchase of diving equipment.

- Decrease in deposits for property, plant and equipment from $1.8 million as at 31 December 2012 to $1.0 million which have been reclassified to property, plant and equipment upon receipt of the machinery and equipment.

Current liabilities

Current liabilities marginally increased from $72.8 million as at 31 December 2012 to $72.9 million as at 30 September 2013 due to:

- The decrease in trade and other payables of $5.3 million as compared to the balance as at 31 December 2012 as a result of:
  (a) Decrease in trade and other payables arising from payments to contractors for the construction and renovation works at 42E and 42B Penjuru Road and payments of trade payables.
  (b) Partial settlement of the amounts due to former shareholders and owners of Top Great and Team business respectively.

- Increase in current borrowings of $4.9 million as compared to current borrowings as at 31 December 2012 due to utilisation of LC/TR, finance leases, as well as drawdown of short-term loans to finance certain purchases of equipment.

Non-current liabilities

The increase in non-current borrowings of $62.0 million as at 30 September 2013 was due to the net proceeds from MTN of $49.3 million and drawdown of renovation loan pertaining to 42E Penjuru Road, construction loan for 42B Penjuru Road and increase in finance leases.

REVIEW OF CASHFLOW STATEMENT

The Group's cash and cash equivalents increased by $30.4 million from $19.7 million as at 31 December 2012 to $50.1 million as at 30 September 2013.

The Group has a net cash inflow from operating activities of $341,000 due to cash operating profit of $14.3 million offset by low collections of trade receivables for the nine months ended 30 September 2013 as a significant portion of the revenue were billed only in the months of August and September, decrease in inventories and increase in trade and other payables.

The Group had a net cash outflow from investing activities of $32.8 million due mainly to purchases of property, plant and equipment of $31.4 million and payments of other payables relating to prior financial year's acquisitions of $1.9 million.

The Group's financing activities provided net cash inflow of $63.0 million due mainly to the proceeds from Series 1 Notes of $49.3 million and bank borrowings of approximately $20.2 million offset by repayments of finance lease liabilities of $2.9 million, payment of dividends of $2.7 million and payments of interest of $963,000.

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.

In the Offshore & Engineering segment, the number of orders from new and existing local customers continues to remain strong. With the receipt of temporary occupation permit of the workshop at 42B Penjuru Road (approx 1.5 hectares) in April 2013, the capacity for the Offshore & Engineering business has increased. The combined capacity of our Penjuru waterfront facilities (approx 3.5 hectares) will enable us to capture a bigger share of the growing domestic market. The Group will closely monitor the overseas market for high-value projects.

In the Marine segment, the outlook for sterngear manufacturing is positive while sterngear repair and maintenance services remains challenging.

The outlook for the Energy Services segment looks positive with the long-term contracts secured from major customers.

Group's order book as at 30 September 2013 stands at $32.1 million (as at 31 December 2012: $23.8 million).

The Group will also continue to assess potential M&A opportunities.

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 was 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 half year ended 30 September 2013. 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 2013 to be false or misleading in any material aspect.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sim Soon Ngee Glenndle
Executive Chairman and Chief Executive Officer

Wong Boon Huat
Executive Director

5 November 2013