

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 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 fourth quarter ended 31 December			For the year ended 31 December		
	2013 (\$'000)	2012 (\$'000)	Increase/ (decrease) (%)	2013 (\$'000)	2012 (\$'000)	Increase/ (decrease) (%)
Revenue	27,973	27,762	1	99,211	84,086	18
Cost of sales	(20,971)	(19,530)	7	(68,777)	(56,989)	21
Gross profit	7,002	8,232	(15)	30,434	27,097	12
Other gains - net	6,597	3,067	NM	7,258	4,266	70
Expenses						
- Administrative	(5,320)	(6,613)	(20)	(18,372)	(17,045)	8
- Finance	(1,345)	(393)	NM	(2,470)	(1,272)	94
Profit before income tax	6,934	4,293	62	16,850	13,046	29
Income tax (expense)/credit	(242)	853	NM	(675)	296	NM
Net profit	6,692	5,146	30	16,175	13,342	21
Other comprehensive loss that may be reclassified subsequently to profit or loss						
Fair value gains on financial assets, available-for-sale	48	-	NM	48	-	NM
Currency translation differences arising from consolidation	(393)	(51)	NM	(1,771)	(132)	NM
Total comprehensive income	6,347	5,095	25	14,452	13,210	9
Net profit attributable to :						
Equity holders of the Company	6,469	5,166	25	15,721	13,180	19
Non-controlling interests	223	(20)	NM	454	162	NM
	6,692	5,146	30	16,175	13,342	21
Total comprehensive income attributable to :						
Equity holders of the Company	6,124	5,115	20	13,998	13,048	7
Non-controlling interests	223	(20)	NM	454	162	NM
	6,347	5,095	25	14,452	13,210	9

(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.

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

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

	The Group					
	For the fourth quarter ended 31 December			For the year ended 31 December		
	2013 (\$'000)	2012 (\$'000)	Increase/ (decrease) (%)	2013 (\$'000)	2012 (\$'000)	Increase/ (decrease) (%)
Sale of scrap metals	(3)	(52)	NM	(145)	(252)	(42)
Gain on sale of property, plant and equipment	(846)	(2,399)	(65)	(878)	(2,490)	(65)
Foreign exchange (gain)/loss - net	(242)	63	NM	(397)	187	NM
Government grants	(7)	(137)	NM	(96)	(359)	(73)
Other income ⁽¹⁾	(787)	(542)	45	(1,030)	(804)	28
Gain on bargain purchase	(4,711)	-	NM	(4,711)	-	NM
Interest expense	1,345	393	NM	2,470	1,272	94
Depreciation of property, plant and equipment ⁽²⁾	1,842	1,412	30	6,099	4,664	31
Write back of long-outstanding payable	-	(548)	NM	-	(548)	NM
Overprovision of current income tax in prior financial year	(185)	(1,607)	(88)	(248)	(1,607)	(85)
Under/(over) provision of deferred income tax in prior year	935	(267)	NM	935	(267)	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 of waterfront facility at 42E Penjuru Road, which commenced in March 2012, and additions of new machinery and equipment.
- (3) "NM" denotes not meaningful.

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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 2013 (\$'000)	As at 31 December 2012 (\$'000)	As at 31 December 2013 (\$'000)	As at 31 December 2012 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	22,669	19,716	12,968	4,749
Trade and other receivables	59,925	35,797	56,906	8,532
Inventories	9,043	6,100	-	-
	91,637	61,613	69,874	13,281
Non-current assets				
Financial assets, available-for-sale	175	127	-	-
Investment in subsidiaries	-	-	94,251	78,450
Investment in joint venture	881	881	-	-
Property, plant and equipment	156,793	87,284	46	46
Deposits for purchase of property, plant and equipment	1,397	1,774	-	-
Intangible assets	45,180	43,439	-	-
Club memberships	60	28	-	-
Deferred tax asset	-	-	524	-
	204,486	133,533	94,821	78,496
Total assets	296,123	195,146	164,695	91,777
LIABILITIES				
Current liabilities				
Trade and other payables	50,559	41,272	47,813	39,331
Borrowings	28,407	31,220	-	-
Current income tax liabilities	557	291	-	-
	79,523	72,783	47,813	39,331
Non-current liabilities				
Other payables	7,850	-	7,850	-
Borrowings	99,016	29,355	49,391	-
Deferred income tax liabilities	3,138	2,686	-	-
	110,004	32,041	57,241	-
Total liabilities	189,527	104,824	105,054	39,331
NET ASSETS	106,596	90,322	59,641	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	95	47	-	-
Translation reserves	(2,024)	(253)	-	-
Retained earnings / (accumulated losses)	47,570	34,582	1,200	(1,530)
	104,082	88,352	59,641	52,446
Non-controlling interests	2,514	1,970	-	-
Total equity	106,596	90,322	59,641	52,446

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Note to statement of financial position:

Included in the Group's property, plant and equipment are nine properties which are carried at cost less accumulated depreciation. In FY2013 Q4 and FY2014 Q1, 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 nine properties:

Location	Description	Land Area (sqm)	Remaining years	NBV as at 31 December 2013 (\$'000)	Fair values (\$'000)	Excess of fair values over NBV (\$'000)
7 Tuas View Circuit	Office building & workshop	8,501	39	7,306	14,700	7,394
12 Kwong Min Road	Office building, dormitory & workshop	4,623	16	3,364	7,300	3,936
39 Tuas Avenue 13	Office building & workshop	3,012	5	1,940	6,500	4,560
6 Tech Park Crescent	Office building, dormitory & workshop	1,718	41	1,892	5,700	3,808
42E Penjuru Road	Waterfront, office building & workshop	19,266	23	29,300	33,000	3,700
42B Penjuru Road	Office building & workshop	16,200	28	19,598	28,000	8,402
107 Gul Circle	Office building & workshop	12,618	5.3	6,398	6,500	102
11 Tuas Basin Close	Waterfront, office building	14,730	8.6	8,415	8,500	85
No.6 Xinghua Gangqu Dadao	Office building & workshop	34,433	46	8,298	8,313	15
Total				86,511	118,513	32,002

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 31 December 2013		As at 31 December 2012	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
24,107	4,300	29,677	1,543

Amount repayable after one year

As at 31 December 2013		As at 31 December 2012	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
45,000	54,016	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 fourth quarter ended 31 December		For the year ended 31 December	
	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)
Cash flows from operating activities				
Net profit	6,692	5,146	16,175	13,342
Adjustments for:-				
- Income tax	242	(853)	675	(296)
- Depreciation of property, plant and equipment	1,842	1,412	6,099	4,664
- Gain on disposal of property, plant and equipment	(846)	(2,399)	(878)	(2,490)
- Gain on bargain purchase	(4,711)	-	(4,711)	-
- Loss on disposal of club membership	-	-	8	-
- Dividend income on financial assets, available-for-sale	(3)	-	(7)	(7)
- Interest income	(21)	-	(25)	(12)
- Interest expense	1,345	393	2,470	1,272
- Currency translation differences	(494)	(187)	(1,497)	71
	4,046	3,512	18,309	16,544
Changes in working capital:				
- Trade and other receivables	4,174	3,862	(14,125)	(8,515)
- Inventories	(1)	331	205	336
- Trade and other payables	(2,534)	1,046	1,449	4,143
Cash generated from operations	5,685	8,751	5,838	12,508
Interest received	21	-	25	12
Income tax (paid)/refunded	(10)	67	43	464
Net cash provided by operating activities	5,696	8,818	5,906	12,984
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired	(2,637)	-	(2,637)	(143)
Payments of other payables relating to prior financial years' acquisitions	(2,559)	1	(4,468)	(2,812)
Dividend received on financial assets, available-for-sale	3	-	7	7
Proceeds from disposal of property, plant and equipment	1,858	5,890	2,181	6,260
Proceeds from disposal of club membership	-	-	20	-
Purchase of property, plant and equipment	(6,686)	(13,328)	(29,054)	(33,685)
Release/(placement) of short-term bank deposits pledged	1,006	52	1,174	(1,677)
Net cash used in investing activities	(9,015)	(7,385)	(32,777)	(32,050)
Cash flows from financing activities				
Dividend paid	-	-	(2,733)	(2,292)
Interest paid	(1,507)	(393)	(2,470)	(1,272)
Repayments of bank borrowings	(28,757)	2,128	(40,365)	(4,610)
Repayment of finance lease liabilities	(1,508)	(681)	(4,375)	(3,079)
Proceeds from bank borrowings	5,646	3,576	28,614	27,667
Proceeds from Series 1 Notes	-	-	49,335	-
Proceeds from placement of new shares	-	-	-	11,925
Proceeds from issuance of subsidiary's shares to non-controlling interests	-	354	-	300
Purchase of treasury shares	-	-	(135)	-
Net cash (used in)/provided by financing activities	(26,126)	4,984	27,871	28,639
Net (decrease)/increase in cash and cash equivalents	(29,535)	6,417	1,000	9,573
Cash and cash equivalents at beginning of financial period	44,057	7,105	13,522	3,949
Cash and cash equivalents at end of financial period	14,522	13,522	14,522	13,522

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

	As at 31 December 2013 (\$'000)	As at 31 December 2012 (\$'000)
Cash and bank balances	22,669	19,716
Short-term bank deposits pledged	(4,944)	(6,118)
Bank overdrafts included in borrowings	(3,203)	(76)
	<u>14,522</u>	<u>13,522</u>

(2) Acquisitions of subsidiaries

During the financial year, the Company acquired the entire issued and paid-up share capital of Chinyee Engineering & Machinery Pte Ltd ("Chinyee") and S&W Pte Ltd ("S&W") for purchase considerations of \$9.5 million and \$5.1 million respectively. The Company took effective control of Chinyee and S&W on 1 December 2013. The principal activities of Chinyee are to provide precision manufactured components and assemblies. The principal activities of S&W are to manufacture, repair, supply and design heat exchangers, pressure vessels, air cooler heat exchangers and skid packager.

Details of the consideration to be paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	(\$'000)
(a) Purchase consideration:	
Cash to be paid	10,591
Consideration to be settled via issuance of ordinary shares	<u>4,000</u>
	<u>14,591</u>
(b) Effect on cash flows of the Group:	
Cash paid (as above)	-
Less: cash and cash equivalents in subsidiaries acquired (net of bank overdraft)	<u>(2,637)</u>
Cash outflow on acquisition	<u>(2,637)</u>
(c) The fair values of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	773
Trade and other receivables	10,003
Inventories	3,148
Property, plant and equipment	39,727
Club membership	60
Total assets	<u>53,711</u>
Trade and other payables	(14,049)
Borrowings	<u>(22,101)</u>
Total liabilities	<u>(36,150)</u>
Total identifiable net assets	17,561
Add/(deduct):	
- Goodwill	1,741
- Gain on bargain purchase	<u>(4,711)</u>
Consideration transferred for the business	<u>14,591</u>

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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

	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
Total comprehensive income/(loss)	-	-	6,469	(393)	48	6,124	223	6,347
Balance as at 31 December 2013	58,976	(135)	47,570	(2,024)	95	104,082	2,514	106,596

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	Share capital	Treasury shares	Retained earnings /(accumulated losses)	Translation reserves	Fair value reserves	Total	Non-controlling interests	Total equity
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Group								
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 acquisition of subsidiary**	1,700	-	-	-	-	1,700	1,508	3,208
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	1,690	84,927
Issue of subsidiary's shares to non-controlling interests	-	-	-	-	-	-	300	300
Total comprehensive income	-	-	5,166	(51)	-	5,115	(20)	5,095
Balance as at 31 December 2012	53,976	-	34,582	(253)	47	88,352	1,970	90,322

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	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
Total comprehensive income	-	-	7,011	7,011
Balance as at 31 December 2013	58,576	(135)	1,200	59,641
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
Total comprehensive income	-	-	768	768
Balance as at 31 December 2012	53,976	-	(1,530)	52,446

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

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

- 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 31 December 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**	9,183,674	3,600,000
Bonus shares	56,946,452	-
Treasury shares arising from share buy back	(250,000)	(135,000)
Issued share capital as at 31 December 2013 excluding treasury shares	293,665,948	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 31 December 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 31 December 2013	As at 31 December 2012
Total number of issued shares (excluding treasury shares)	293,665,948	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 31 December 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 fourth quarter ended 31 December		For the year ended 31 December	
	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)
Earnings attributable to equity holders of the Company (\$'000)	6,468	5,166	15,721	13,180
Weighted average number of shares outstanding for basic EPS ('000)	294,106	285,249	290,709	269,455
Basic EPS attributable to equity holders of the Company (SGD cents)	2.20	1.81	5.41	4.89

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 31 December 2013 has been adjusted to include the issue of one bonus share for every four existing ordinary shares.

- 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 2013	31 December 2012	31 December 2013	31 December 2012
NAV per ordinary share (SGD cents)	33.44	31.02	20.31	18.41
Number of shares used in computation of NAV per share ('000)	293,666	284,808	293,666	284,808

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

FY2013 vs FY2012

Revenue

<u>Revenue by segment</u>	For the year ended 31 December 2013		For the year ended 31 December 2012	
	(\$'000)	(%)	(\$'000)	(%)
Offshore & Engineering	48,746	49	34,880	42
Marine	41,613	42	46,315	55
Energy Services	8,852	9	2,891	3
	99,211	100	84,086	100

Notes:

- (1) Offshore & Engineering includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access services.
- (2) Marine includes stearn gear 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 \$15.1 million or 18% for the year ended 31 December 2013 is explained below:

Offshore & Engineering segment

Overall, revenue from Offshore & Engineering segment increased by \$13.9 million or 40% due to:

- Influx of jobs from major customers that have been delayed from FY2012 Q4 and new job orders received during 1st half of FY2013 that were completed in 2nd half of FY2013. In addition, the waterfront facility has full twelve months of operations as compared to FY2012 where the waterfront was only operational from FY2012 Q2.
- Higher revenue from rope access services as a result of higher demand for such services in 1st half of FY2013.
- Increase in revenue from precision engineering services in 1st half of FY2013 arising from new orders 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 2nd half of FY2013 due to on-going qualification audits by new Oil & Gas customers.

These also explain the higher revenue from Offshore & Engineering segment in FY2013 Q4 as compared to FY2012 Q4.

Marine segment

Revenue from Marine segment decreased by \$4.7 million or 10% mainly due to:

- Decrease in revenue from sterngear repair services of \$4.3 million or 26% as the demand for sterngear repair services slowed down from FY2013 Q2.
- Decrease in revenue from diving services of \$2.7 million or 22% due to slow down in market condition.
- The above decrease was offset by the increase in revenue from sterngear manufacturing of \$3.3 million or 39% from \$8.5 million in FY2012 to \$11.8 million in FY2013 arising from the significant increase in orders from major customers in the 1st half of FY2013.

These also explain the decrease in revenue from Marine segment in FY2013 Q4 as compared to FY2012 Q4.

Energy Services segment

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

The increase in revenue of \$4.1 million was mainly due to 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 \$11.8 million or 21% and \$3.3 million or 12% respectively, in tandem with the increase in revenue.

Gross profit margin of 31% in FY2013 remains comparable with gross profit margin of 32% in FY2012.

These also explain the fluctuations in cost of sales and gross profit in FY2013 Q4 as compared to FY2012 Q4. Gross profit margin of 25% in FY2013 Q4 decreased as compared to gross profit margin of 32% in FY2012 Q4 due to marginal increase in revenue in FY2013 Q4 that was not enough to cover the fixed cost.

Other income

The increase in other income of \$3.0 million or 70% was mainly due to the gain on bargain purchase in relation to acquisition of S&W offset by the decrease in gain on disposal of property, plant and equipment.

These also explain the increase in other income in FY2013 Q4 as compared to FY2012 Q4.

Administrative expenses

The Group's administrative expenses increased by \$1.3 million or 8% from \$17 million in FY2012 to \$18.4 million in FY2013. The increase was mainly due to:

- Increase in administrative expenses of Vac-Tech of \$436,000 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 and property tax).

The lower administrative expense in FY2013 Q4 as compared to FY2012 Q4 was purely timing difference as certain expenses such as bonus were accrued on a monthly basis in FY2013.

Finance expenses

The Group's finance expenses increased by \$1.2 million or 94% from \$1.3 in FY2012 to \$2.5 million in FY2013 as a result of higher bank borrowings and issuance of Series 1 Notes. This also explains the higher finance expenses in FY2013 Q4 as compared to FY2012 Q4.

Income tax

The Group's effective income tax rate of 4% is significantly lower than the statutory income tax rate of 17% mainly due to tax incentives under the Productivity Innovation Credit ("PIC"). The income tax credit in FY2012 was also due to tax incentives under PIC.

Net profit

The Group's net profit increased by \$2.8 million or 21% from \$13.3 million for the year ended 31 December 2012 to \$16.2 million for the year ended 31 December 2013 as a result of the above.

REVIEW OF FINANCIAL POSITION

Current assets

The increase in current assets of \$30.0 million from \$61.6 million as at 31 December 2012 to \$91.6 million as at 31 December 2013 is mainly attributable to:

- Increase in cash and cash equivalents of approximately \$3.0 million or 15% from \$19.7 million as at 31 December 2012 to \$22.7 million as at 31 December 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; and
 - Repayment of bank borrowings and finance lease liabilities.
- Increase in trade and other receivables by \$24.1 million or 67% from \$35.8 million as at 31 December 2012 to \$59.9 million as at 31 December 2013 due to increase in revenue and the trade and other receivables of newly acquired subsidiaries.
- Increase in inventories of \$2.9 million or 48% mainly due to inventories of newly acquired subsidiaries.

Non-current assets

The increase in non-current assets of \$71.0 million or 53% from \$133.5 million as at 31 December 2012 to \$204.5 million as at 31 December 2013 due to:

- Increase in property, plant and equipment of \$69.5 million or 80% arising from:
 - (a) Acquisition of newly acquired subsidiaries;
 - (b) Additional construction costs at 42E Penjuru Road, blasting and painting workshop and equipment in Batam;
 - (c) Construction of the property at 42B Penjuru Road;
 - (d) Purchase of CNC travelling milling machine and grinding machine for oil and gas industries; and
 - (e) Purchase of vacuum trucks, wheel loader and diving equipment.
- Goodwill of \$1.7 million arising from the acquisition of Chinyee.

Current liabilities

Current liabilities increased from \$72.8 million as at 31 December 2012 to \$79.5 million as at 31 December 2013 due to:

- The increase in trade and other payables of \$17.1 million as compared to the balance as at 31 December 2012 is mainly due to trade and other payables of newly acquired subsidiaries and purchase consideration payable to the vendors of Chinyee and S&W offset by:
 - (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.
- Decrease in current borrowings of \$2.8 million as compared to current borrowings as at 31 December 2012 due to repayments of LC/TR, finance leases, and short-term loans offset by the bank borrowings of newly acquired subsidiaries.

Non-current liabilities

The increase in non-current borrowings of \$69.7 million as compared to current borrowings as at 31 December 2012 is mainly 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, increase in finance leases and bank borrowings of newly acquired subsidiary, S&W.

REVIEW OF STATEMENT CASH FLOWS

The Group's cash and cash equivalents increased by \$1.00 million from \$13.52 million as at 31 December 2012 to \$14.52 million as at 31 December 2013.

The Group's operating activities provided cash inflow of \$5.91 million due mainly to another profitable year. Accordingly both trade and other receivables and trade and other payables increased by \$14.25 million and \$1.45 million, respectively.

The Group had a net cash outflow from investing activities of \$32.78 million due mainly to purchases of property, plant and equipment of \$29.05 million, payments of other payables relating to prior financial year's acquisitions of \$4.47 million.

The Group's financing activities provided net cash inflow of \$27.87 million due mainly to the proceeds from Series 1 Notes of \$49.34 million and proceeds from borrowings of \$28.61 million. These were offset by repayments of borrowings and finance lease liabilities of \$44.74 million in aggregate as well as payment of dividends of \$2.73 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 Offshore & Engineering industry continues to enjoy growth and the number of job inquiries received by the Group has been strong. The Group's new 1.5 hectares facility at 42B Penjuru Road is currently undergoing customer qualification with several industry leaders in the O&G industry which will enable us to secure orders from FY2014 Q2. This, combined with our 2.0 hectares Penjuru waterfront facilities will enable us to service a larger share of the growing domestic market.

Additionally with the acquisition of S&W, the Group has a 3.4 hectare workshop facility in Changshu which gives the Group a new presence in the O&G and marine market in the PRC.

In the Marine segment, the outlook for sterngear manufacturing is positive while sterngear repair and maintenance services remains challenging. The Group completed its workshop facility in Batam (approx 5 hectares) in FY2013 Q3 which enhances our capacity significantly as well as giving us a larger market presence in the region.

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

Group's order book as at 31 December 2013 stands at \$33.5 million (as at 31 December 2012: \$23.8 million).

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes.

Name of Dividend	First & Final	Special
Dividend Type	Cash	Cash
Dividend per share	\$0.01	\$0.02

(b) Corresponding period of the immediately preceding financial year

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

Name of dividend: First and Final

Dividend type: Cash

Dividend amount per ordinary share: \$0.012 per ordinary share

Tax rate: One-tier tax-exempt

(c) Date payable

To be announced later.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 30 April 2014 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, up to 5.00 p.m. on 30 April 2014 will be registered to determine shareholders' entitlement to the proposed first and final and special dividends ("Dividends"). Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 30 April 2014 will be entitled to the proposed Dividends.

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 31 December 2013. 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, manufacturing, inspection and maintenance. This also includes rope access services.
- (b) Marine - includes stearn gear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This also includes diving services.
- (c) Energy - 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 segment information are as follows:

	The Group			
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000)	Total (\$'000)
<u>FY 2013</u>				
Revenue				
Revenue from external parties	48,746	41,613	8,852	99,211
Gross profit	12,640	15,513	2,281	30,434
Other gains				7,258
Expenses				
- Administrative				(17,407)
- Finance				(2,470)
- Share of result of joint venture				-
Profit before income tax				<u>17,815</u>
Income tax				<u>(1,640)</u>
Net profit for the financial year				<u>16,175</u>

MENCAST HOLDINGS LTD.
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(Company Registration Number: 200802235C)

	The Group			Total (\$'000)
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000)	
FY 2012				
Revenue				
Revenue from external parties	34,880	46,315	2,891	84,086
Gross profit	<u>8,774</u>	<u>16,677</u>	<u>1,646</u>	27,097
Other gains				4,266
Expenses				
- Administrative				(17,045)
- Finance				(1,272)
- Share of result of joint venture				-
Profit before income tax				<u>13,046</u>
Income tax				296
Net profit for the financial year				<u><u>13,342</u></u>

Geographical Segments

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

	Financial year ended	
	31 December 2013 (\$'000)	31 December 2012 (\$'000)
Singapore	83,134	71,220
Asia ⁽¹⁾	10,536	7,989
Rest of the world ⁽²⁾	5,541	4,877
	<u>99,211</u>	<u>84,086</u>

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 from customers in Singapore and Asia were due mainly to the full-year revenue contributions from Offshore & Engineering and Energy Services segments.

16 A breakdown of sales as follows:

	Group		
	Financial year ended		
	31 December 2013 (\$'000)	31 December 2012 (\$'000)	Increase / (decrease) (%)
Sales reported for:			
First half ended 30 June	45,640	34,637	31.77
Second half ended 31 December	53,571	49,449	8.34
	99,211	84,086	
Net profit before deducting non-controlling interests reported for:			
First half ended 30 June	7,688	6,910	11.26
Second half ended 31 December	8,487	6,432	31.95
	16,175	13,342	

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:

	Latest Full Year (FY2013) (\$'000)	Previous Full Year (FY2012) (\$'000)
Total annual dividend		
Ordinary – First and Final	2,733	2,712

18 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
Sim Wei Wei	33	Daughter of substantial shareholder of the Company, Chua Kim Choo, and sister of Executive Chairman and Chief Executive Officer of the Company, Sim Soon Ngee Glendle.	Head of Corporate Services of the Company since 1 April 2013. Oversees and coordinating and allocation of Group resources for the achievement of Mencast's strategic objectives.	Administration & Human Resource Manager of the Company since July 2008 up to 31 March 2013. Oversee the office, administrative and human resource matters of the Company and its subsidiaries.

MENCAST HOLDINGS LTD.
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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
Sim Wei Wei				Administration and Human Resource Director of the Company's subsidiary, Mencast Marine Pte Ltd ("MMPL") since August 2010 up to 31 March 2013. Oversee the human resource and administrative functions of MMPL.
Wong Boon Hwee	43	Brother of the Executive Director of the Company, Wong Boon Huat	Director 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.

BY ORDER OF THE BOARD

Sim Soon Ngee Glendle
 Executive Chairman and Chief Executive Officer

21 February 2014
