

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 2014

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		
	2014 (\$'000)	2013 (\$'000)	Increase/ (decrease) (%)	2014 (\$'000)	2013 (\$'000)	Increase/ (decrease) (%)
Revenue	25,036	27,973	(10)	130,609	99,211	32
Cost of sales	(14,274)	(20,971)	(32)	(92,703)	(68,777)	35
Gross profit	10,762	7,002	54	37,906	30,434	25
Other gains - net	5,448	6,597	(17)	8,126	7,258	12
Expenses						
- Administrative	(6,804)	(5,320)	28	(20,904)	(18,372)	14
- Finance	(1,478)	(1,345)	10	(5,195)	(2,470)	NM
Profit before income tax ⁽¹⁾	7,928	6,934	14	19,933	16,850	18
Income tax expense	(660)	(242)	NM	(1,734)	(675)	NM
Net profit	7,268	6,692	9	18,199	16,175	13
Other comprehensive loss that may be reclassified subsequently to profit or loss						
Fair value (loss)/gain on financial assets, available-for-sale	(3)	48	NM	(3)	48	NM
Currency translation differences arising from consolidation ⁽²⁾	486	(393)	NM	43	(1,771)	NM
Total comprehensive income	7,751	6,347	22	18,239	14,452	26
Net profit attributable to :						
Equity holders of the Company	7,136	6,469	10	17,460	15,721	11
Non-controlling interests	132	223	(41)	739	454	63
	7,268	6,692	9	18,199	16,175	13
Total comprehensive income attributable to :						
Equity holders of the Company	7,619	6,124	24	17,500	13,998	25
Non-controlling interests	132	223	(41)	739	454	63
	7,751	6,347	22	18,239	14,452	26

(1) Profit from operations (excluding non-recurring items such as gain on sale of property, plant and equipment, gain on bargain purchase and write-back of long outstanding payable) amounted to \$14,573,000 in FY2014 as compared to \$10,887,000 in FY2013.

(2) The currency translation difference arising from consolidation relates mainly to the fluctuations of Indonesian Rupiah against Singapore Dollar in FY2014.

(3) "NM" denotes not meaningful.

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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		
	2014 (\$'000)	2013 (\$'000)	Increase/ (decrease) (%)	2014 (\$'000)	2013 (\$'000)	Increase/ (decrease) (%)
Gain on sale of property, plant and equipment	(4,479)	(846)	NM	(4,540)	(878)	NM
Write back of long-outstanding payable	(308)	(374)	(18)	(820)	(374)	NM
Rental income	(154)	(50)	NM	(543)	(81)	NM
Foreign exchange gain - net	(302)	(242)	25	(525)	(397)	32
Government grants	(3)	(7)	(57)	(504)	(96)	NM
Sale of scrap metals	(66)	(3)	NM	(432)	(147)	NM
Other income ⁽¹⁾	(136)	(364)	(63)	(762)	(574)	33
Gain on bargain purchase	-	(4,711)	NM	-	(4,711)	NM
Depreciation of property, plant and equipment ⁽²⁾	2,669	1,842	45	12,441	6,099	104
Allowance for impairment of trade receivables	982	203	NM	1,008	203	NM
Write back of allowance for impairment of trade receivables	(33)	-	NM	(456)	(109)	NM
Interest expense	1,478	1,345	10	5,195	2,470	110
Under/(over) provision of current income tax in prior financial years	68	(185)	NM	140	(248)	NM
(Over)/under provision of deferred income tax in prior years	(215)	935	NM	(215)	935	NM

Notes:

- (1) Other income relates to interest income, dividend income and miscellaneous income.
- (2) The increase in depreciation of property, plant and equipment was mainly due to depreciation of workshop and office space at 42B Penjuru Road, properties of newly acquired subsidiaries 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 2014 (\$'000)	As at 31 December 2013 (\$'000)	As at 31 December 2014 (\$'000)	As at 31 December 2013 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	19,686	22,669	259	12,968
Trade and other receivables	81,520	58,879	85,476	29,272
Inventories	10,328	9,043	-	-
	111,534	90,591	85,735	42,240
Non-current assets				
Financial assets, available-for-sale	172	175	-	-
Investment in subsidiaries	-	-	94,251	94,251
Investment in joint venture	881	881	-	-
Property, plant and equipment	181,936	156,793	63	46
Deposits for purchase of property, plant and equipment	1,872	1,397	-	-
Intangible assets	45,180	45,180	-	-
Club memberships	60	60	-	-
Deferred tax asset	-	-	524	524
	230,101	204,486	94,838	94,821
Total assets	341,635	295,077	180,573	137,061
LIABILITIES				
Current liabilities				
Trade and other payables	31,867	49,513	57,194	20,179
Borrowings	70,013	28,407	-	-
Current income tax liabilities	338	557	-	-
	102,218	78,477	57,194	20,179
Non-current liabilities				
Other payables	5,100	7,850	5,100	7,850
Borrowings	100,713	99,016	49,617	49,391
Deferred income tax liabilities	4,060	3,138	-	-
	109,873	110,004	54,717	57,241
Total liabilities	212,091	188,481	111,911	77,420
NET ASSETS	129,544	106,596	68,662	59,641
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	72,027	58,441	72,027	58,441
Fair value reserves	92	95	-	-
Translation reserves	(1,981)	(2,024)	-	-
Retained earnings / (accumulated losses)	56,153	47,570	(3,365)	1,200
	126,291	104,082	68,662	59,641
Non-controlling interests	3,253	2,514	-	-
Total equity	129,544	106,596	68,662	59,641

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Note to statement of financial position:

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

Location	Description	Land Area (sqm)	Remaining years	NBV as at 31 December 2014 (\$'000)	Fair values (\$'000)	Excess of fair values over NBV (\$'000)
7 Tuas View Circuit	Office building & workshop	8,501	38	7,158	14,700	7,542
12 Kwong Min Road	Office building, dormitory & workshop	4,623	15	3,123	7,300	4,177
6 Tech Park Crescent	Office building, dormitory & workshop	1,718	40	1,841	5,700	3,859
42E Penjuru Road	Waterfront, office building & workshop	19,266	22	20,890	33,000	12,110
42B Penjuru Road	Office building & workshop	16,200	27	20,182	28,000	7,818
107 Gul Circle	Office building & workshop	12,618	4.3	5,869	6,500	631
11 Tuas Basin Close	Waterfront, office building	14,730	7.6	7,622	8,500	878
No.6 Xinghua Gangqu Dadao	Office building & workshop	34,433	45	8,118	8,313	195
Total				74,803	112,013	37,210

The basis of valuation to determine the fair values of the properties was based on the properties' higher-and-best-use using the Direct Market Comparison Method. The fair values are presented for information purposes only and are not recognised in the Group's financial statements.

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 2014		As at 31 December 2013	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
56,380	13,633	24,107	4,300

Amount repayable after one year

As at 31 December 2014		As at 31 December 2013	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
44,341	56,372	45,000	54,016

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 \$49.6 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		For the year ended	
	31 December 2014 (\$'000)	2013 (\$'000)	31 December 2014 (\$'000)	2013 (\$'000)
Cash flows from operating activities				
Net profit	7,268	6,692	18,199	16,175
Adjustments for:				
- Income tax	660	242	1,734	675
- Depreciation of property, plant and equipment	2,669	1,842	12,441	6,099
- Gain on disposal of property, plant and equipment	(4,479)	(846)	(4,540)	(878)
- Gain on bargain purchase	-	(4,711)	-	(4,711)
- Loss on disposal of club membership	-	-	-	8
- Award of FY2013 performance shares	-	-	72	-
- Interest income	(10)	(21)	(14)	(25)
- Interest expense	1,478	1,345	5,195	2,470
- Currency translation differences	475	(584)	89	(1,503)
	8,061	3,956	33,176	18,303
Changes in working capital:				
- Trade and other receivables	9,556	4,174	(22,641)	(13,079)
- Inventories	1,164	(1)	(1,285)	205
- Trade and other payables	(9,189)	(2,534)	(10,359)	403
Cash generated from operations	9,592	5,595	(1,109)	5,832
Interest received	10	21	14	25
Income tax refunded/(paid)	352	(10)	(107)	50
Net cash provided by/(used in) operating activities	9,954	5,606	(1,202)	5,907
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired	-	(2,637)	-	(2,637)
Payments of other payables relating to prior financial years' acquisitions	-	(2,559)	(9,985)	(4,468)
Dividend received on financial assets, available-for-sale	-	3	-	7
Proceeds from disposal of property, plant and equipment	7,013	1,858	7,504	2,182
Proceeds from disposal of club membership	-	-	-	20
Purchase of property, plant and equipment	(15,668)	(6,686)	(37,444)	(29,056)
Release of short-term bank deposits pledged	344	1,006	1,909	1,174
Net cash used in investing activities	(8,311)	(9,015)	(38,016)	(32,778)
Cash flows from financing activities				
Dividend paid	-	-	(8,877)	(2,733)
Interest paid	(390)	(1,507)	(3,938)	(2,470)
Repayments of bank borrowings	(18,945)	(28,757)	(36,658)	(40,365)
Repayment of finance lease liabilities	(1,825)	(1,508)	(8,358)	(4,375)
Proceeds from bank borrowings	24,475	5,646	85,033	28,614
Proceeds from Series 1 Notes	-	-	-	49,335
Proceeds from rights issue	-	-	11,800	-
Purchase of treasury shares	(92)	-	(136)	(135)
Net cash provided by/(used in) financing activities	3,223	(26,126)	38,866	27,871
Net increase/(decrease) in cash and cash equivalents	4,866	(29,535)	(352)	1,000
Cash and cash equivalents at beginning of financial period	9,304	44,057	14,522	13,522
Cash and cash equivalents at end of financial period	14,170	14,522	14,170	14,522

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

	As at 31 December 2014 (\$'000)	As at 31 December 2013 (\$'000)
Cash and bank balances	19,686	22,669
Short-term bank deposits pledged	(3,035)	(4,944)
Bank overdrafts included in borrowings	(2,481)	(3,203)
	14,170	14,522

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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 (\$'000)	Translation reserves (\$'000)	Fair Value reserves (\$'000)	Total (\$'000)	Non-controlling interests (\$'000)	Total equity (\$'000)
Group								
Balance as at 1 January 2014	58,576	(135)	47,570	(2,024)	95	104,082	2,514	106,596
Issue of new shares for acquisition of business in prior financial years*	1,000	-	-	-	-	1,000	-	1,000
Total comprehensive income	-	-	1,968	8	-	1,976	477	2,453
Balance as at 31 March 2014	59,576	(135)	49,538	(2,016)	95	107,058	2,991	110,049
Dividend paid	-	-	(8,877)	-	-	(8,877)	-	(8,877)
Issue of new shares for acquisitions of subsidiaries in prior financial years**	850	-	-	-	-	850	-	850
Total comprehensive income/(loss)	-	-	5,920	(516)	-	5,404	101	5,505
Balance as at 30 June 2014	60,426	(135)	46,581	(2,532)	95	104,435	3,092	107,527
Issue of new shares pursuant to rights issue	11,800	-	-	-	-	11,800	-	11,800
Share buy back	-	(44)	-	-	-	(44)	-	(44)
Award of FY2013 performance shares to employees	(6)	78	-	-	-	72	-	72
Total comprehensive income	-	-	2,436	65	-	2,501	29	2,530
Balance as at 30 September 2014	72,220	(101)	49,017	(2,467)	95	118,764	3,121	121,885
Share buy back	-	(92)	-	-	-	(92)	-	(92)
Total comprehensive income	-	-	7,136	486	(3)	7,619	132	7,751
Balance as at 31 December 2014	72,220	(193)	56,153	(1,981)	92	126,291	3,253	129,544

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	Share capital (\$'000)	Treasury shares (\$'000)	Retained earnings (\$'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 of business 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 of subsidiaries 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	58,576	(135)	47,570	(2,024)	95	104,082	2,514	106,596

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	Share capital (\$'000)	Treasury shares (\$'000)	Retained earnings/ (accumulated losses) (\$'000)	Total equity (\$'000)
Company				
Balance as at 1 January 2014	58,576	(135)	1,200	59,641
Issue of new shares for acquisition of business in prior financial years*	1,000	-	-	1,000
Total comprehensive loss	-	-	(825)	(825)
Balance as at 31 March 2014	59,576	(135)	375	59,816
Dividend paid	-	-	(8,877)	(8,877)
Issue of new shares for acquisition of subsidiaries in prior financial years**	850	-	-	850
Total comprehensive income	-	-	200	200
Balance as at 30 June 2014	60,426	(135)	(8,302)	51,989
Issue of new shares pursuant to rights issue	11,800	-	-	11,800
Share buy back	-	(44)	-	(44)
Award of FY2013 performance shares to employees	(6)	78	-	72
Total comprehensive loss	-	-	(161)	(161)
Balance as at 30 September 2014	72,220	(101)	(8,463)	63,656
Share buy back	-	(92)	-	(92)
Total comprehensive income	-	-	5,098	5,098
Balance as at 31 December 2014	72,220	(193)	(3,365)	68,662
Balance as at 1 January 2013	53,976	-	(1,530)	52,446
Issue of new shares for acquisition of business 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 of subsidiaries 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

* 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 subsidiaries in prior financial years relates to shares issued for acquisition of Top Great, Subsea and 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 2014 to 31 December 2014 are as follows:

CHANGES IN ISSUED SHARE CAPITAL	Number of shares ('000)	Paid-up capital (S\$'000)
Issued share capital as at 1 January 2014	293,666	58,441
Issue of new shares for acquisition of business in prior financial years*	2,201	1,000
Issued share capital as at 31 March 2014	<u>295,867</u>	<u>59,441</u>
Issue of new shares for acquisition of subsidiary in prior financial years**	1,838	850
Issued share capital as at 30 June 2014	<u>297,705</u>	<u>60,291</u>
Issue of new shares pursuant to rights issue	59,541	11,800
Share buy back	(87)	(44)
Award of FY2013 performance shares to employees	144	72
Issued share capital as at 30 September 2014	<u>357,303</u>	<u>72,119</u>
Share buy back	(212)	(92)
Issued share capital as at 31 December 2014 excluding treasury shares	<u><u>357,091</u></u>	<u><u>72,027</u></u>

* *The issue of new shares for acquisition of business in prior financial years relates to 3rd tranche of shares issued for acquisition of Team Assets.*

** *The issue of new shares for acquisition of subsidiary in prior financial years relates to 2nd tranche of shares issued for acquisition of Vac-Tech.*

On 16 July 2014, the Company issued and allotted 59,540,977 Rights Shares. The Rights Shares rank *pari passu* in all respects with the previously issued shares.

Save as disclosed above, the Company did not have any outstanding options or convertibles as at 31 December 2014 and 31 December 2013.

- 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 2014	As at 31 December 2013
Total number of issued shares (excluding treasury shares)	<u><u>357,090,838</u></u>	<u><u>293,665,948</u></u>

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 2014 except for 143,975 shares that were awarded to employees as performance shares on 11 September 2014,

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

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

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current financial period compared with those audited financial statements for the financial year ended 31 December 2014.

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 year, the Group and the Company adopted the new Financial Reporting Standards ("FRS") and Amendments to FRS that are effective for annual periods beginning on or after 1 January 2014.

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

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 2014 (\$'000)	2013 (\$'000)	For the year ended 31 December 2014 (\$'000)	2013 (\$'000)
Earnings attributable to equity holders of the Company (\$'000)	7,136	6,469	17,460	15,721
Weighted average number of shares outstanding for basic EPS ('000)	357,229	333,426	345,320	330,029
Basic and Diluted EPS attributable to equity holders of the Company (SGD cents)	2.00	1.94	5.06	4.76

Basic and Diluted EPS is computed by dividing the earnings attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding at the end of the respective financial period. The comparative weighted average number of ordinary shares outstanding have been adjusted for the effect of the bonus element of 39,319,513 shares in relation to the rights issue completed on 16 July 2014.

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.

	Group		Company	
	As at 31 December 2014	31 December 2013	As at 31 December 2014	31 December 2013
NAV per ordinary share (SGD cents)	35.37	31.26	19.23	17.91
Number of shares used in computation of NAV per share ('000)	357,091	332,985	357,091	332,985

The comparative number of shares used in computation of NAV per share have been adjusted for the effect of the bonus element of 39,319,513 shares in relation to the rights issue completed on 16 July 2014.

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

FY2014 vs FY2013

Revenue

	For the year ended 31 December 2014		For the year ended 31 December 2013	
	(\$'000)	(%)	(\$'000)	(%)
<u>Revenue by segment</u>				
Offshore & Engineering	72,661	56	48,746	49
Marine	43,462	33	41,613	42
Energy Services	14,486	11	8,852	9
	130,609	100	99,211	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 \$31.4 million or 32% for the year ended 31 December 2014 is explained below:

Offshore & Engineering segment

Overall, revenue from Offshore & Engineering segment increased by \$23.9 million or 49% due to:

- New projects awarded in FY2014 from both new and existing customers.
- Increase in revenue from precision engineering business arising from orders received from major Oil & Gas equipment manufacturers since Q2 FY2014; and
- Revenue contributions of \$18.8 million from the newly acquired subsidiaries. In FY2013, Chinyee only contributed two months operations which accounted for \$860,000 of revenue while S&W contributed one month operations with revenue contribution of \$1.1 million.

The revenue from Offshore & Engineering segment in Q4 FY2014 tapered down as compared to Q4 FY2013 as most of the new projects awarded in FY2014 have been completed.

Marine segment

Revenue from Marine segment increased by \$1.8 million or 4% mainly due to:

- Increase in revenue from diving services by \$2.1 million;
- Increase in revenue from sterngear repair services of \$1.7 million

Such increases were offset by the decrease in revenue from sterngear manufacturing services and berthing services.

These also explain the increase in revenue from Marine segment in Q4 FY2014 as compared to Q4 FY2013.

Energy Services segment

Revenue from Energy Services increased by \$5.6 million or 64% due to:

- Commencement of jobs since Q2 FY2013 after securing long-term contracts with major Oil & Gas customers; and
- Revenue from new services provided to refineries.

These also explain the higher revenue from Energy Services segment in Q4 FY2014 as compared to Q4 FY2013.

Cost of sales, gross profit and gross profit margin

Cost of sales and gross profit increased by \$23.9 million or 35% and \$7.5 million or 25% respectively, in tandem with the increase in revenue.

Gross profit margin decreased from 31% in FY2013 to 29% in FY2014 mainly due to lower margin for Offshore & Engineering segment due to materials and subcontractors' cost.

Cost of sales in Q4 FY2014 decreased by \$6.7 million or 32% as compared to Q4 FY2013 due to slow down in fabrication works which resulted to reduction in materials and subcontractors' cost. Consequently, gross profit increased by \$3.8 million or 54%.

Gross profit margin improved from 25% in Q4 FY2013 to 43% in Q4 FY2014 as a result of the savings in materials and subcontractors's cost, and better margin from repair and service jobs.

Other income

Other income increased by \$868,000 mainly due to gain on sale of property, plant and equipment, increase in government grants, rental income, sales of scrap, net foreign exchange gain and write back of long-outstanding payables.

The decrease in other income in Q4 FY2014 as compared to Q4 FY2013 was mainly due to gain on bargain purchase of \$4.7 million arising from the acquisition of S & W, which was recognised in Q4 FY2013. Such gain is approximately \$204,000 higher than the gain on sale of property of Recon of \$4.5 million which is recognised in Q4 FY 2014.

Administrative expenses

The Group's administrative expenses increased by \$2.5 million or 14% due to full year effect of the two newly acquired subsidiaries of \$4.5 million.

Such increase was offset by the savings arising from:

- lower staff cost at managerial level as a result of the Group's integration exercise; and
- decrease in professional fees and office repairs and maintenance.

The higher administrative expense in Q4 FY2014 as compared to Q4 FY2013 was mainly due to accrual of staff bonus.

Finance expenses

The Group's finance expenses increased by \$2.7 million or 110% as a result of higher bank borrowings and issuance of Series 1 Notes in September 2013. This also explains the higher finance expenses in Q4 FY2014 as compared to Q4 FY2013.

Income tax

The Group's effective income tax rate of 9% is lower than the statutory income tax rate of 17% mainly due to tax incentives under the Productivity Innovation Credit ("PIC") and utilisation of carry forward tax losses. The effective income tax rate in FY2014 of 9% is higher than the effective income tax rate in FY2013 of 4% due to higher PIC allowance claimed in FY2013.

Net profit

The Group's profit from operations (excluding non-recurring income) increased from \$10.9 million in FY2013 to \$14.6 million in FY2014 as a result of increase in revenue of 32% offset by the increase in cost of sales of 35% and administrative expenses of 16% arising from capacity expansions and consolidation of recent acquisitions.

The Group's net profit increased by \$2.0 million or 13% from \$16.2 million for the year ended 31 December 2013 to \$18.2 million for the year ended 31 December 2014 as a result of the above. The net profit attributable to equity holders of the Company also increased by \$1.7 million or 11% in FY2014.

REVIEW OF FINANCIAL POSITION

Current assets

The increase in current assets of \$20.9 million from \$90.6 million as at 31 December 2013 to \$111.5 million as at 31 December 2014 is mainly attributable to:

- Increase in trade and other receivables of \$22.6 million or 38% due to increase in revenue and increase in number of days to collect accounts receivable by 22 days.
- Increase in inventories of \$1.3 million or 14% due to increase in materials for on-going projects.
- Decrease in cash and cash equivalents of \$3.0 million or 13% mainly due to purchase of property, plant and equipment and cash used for working capital purposes.

Non-current assets

The increase in non-current assets of \$25.6 million from \$204.5 million as at 31 December 2013 to \$230.1 million as at 31 December 2014 is attributable to increase in property, plant and equipment and deposits for purchase of property, plant and equipment of \$25.6 million or 16% in relation to:

- Acquisition of workshop land in Johor Bahru Malaysia
- Progressive payment for construction of crane barge to support our offshore activities
- Progressive payment for construction of property at 42A Penjuru Road and dormitory at 7 Tuas View Circuit
- Purchases of commercial vehicles and other machinery and equipment

Current liabilities

The increase in current liabilities of \$23.7 million from \$78.5 million as at 31 December 2013 to \$102.2 million as at 31 December 2014 is due to:

- The decrease in trade and other payables of \$17.6 million as compared to the balance as at 31 December 2013 is mainly due to partial settlement of the deferred consideration in relation to prior years' acquisitions and payments to suppliers.
- The increase in current borrowings of \$41.6 million as compared to current borrowings as at 31 December 2013 due to utilisation of LC/TR, finance leases, as well as drawdown of short-term loans to finance certain purchases of equipment and for working capital purposes.

Non-current liabilities

The increase in non-current borrowings of \$1.7 million as compared to non-current borrowings as at 31 December 2013 is mainly due to the drawdown of construction loan pertaining to the construction of property at 42A Penjuru Road.

REVIEW OF STATEMENT OF CASH FLOWS

The Group has a net cash outflow from operating activities of \$1.2 million mainly due to increase in trade and other receivables of \$22.6 million, increase in inventories of \$1.3 million and decrease in trade and other payables of \$10.4 million offset by the cash operating profit of \$33.2 million.

The Group had a net cash outflow from investing activities of \$38.0 million due mainly to purchases of property, plant and equipment of \$37.4 million and payments of deferred consideration relating to prior financial year's acquisitions of \$10.0 million offset by the proceeds from the sale of property, plant and equipment of \$7.5 million.

The Group's financing activities provided net cash inflow of \$38.9 million due mainly to the proceeds from rights issue of \$11.8 million and borrowings of \$85.0 million offset by repayments of borrowings and finance lease liabilities, and payments of dividends and interest of \$57.8 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.

Our Offshore & Engineering and Energy Services divisions are extending their leadership and now generate 67% of Group's revenue (FY2013: 58%).

In the Marine segment, the demands for sterngear repair and maintenance services started to increase since Q2 FY2014 whilst the sterngear manufacturing market remains challenging.

The decline in oil price has affected the Oil and Gas industry and has driven spending cutbacks amongst national (NOCs) and international (IOCs) oil companies as well as the other market participants cutback their spending budgets. To date, the impact to our business has not been intense but protracted low oil prices would make for a tough environment for our customers and will affect demand for our services in this sector.

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

Group's order book as at 31 December 2014 stands at \$32.1 million (as at 31 December 2013: \$33.5 million).

11 Dividend

(a) Current financial period reported on

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

Name of dividend: First and Final

Dividend type: Cash

Dividend amount per ordinary share: \$0.01 per ordinary share

Tax rate: One-tier tax-exempt

(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 & Final	Special
Dividend Type	Cash	Cash
Dividend per share	\$0.01	\$0.02

(a) Date payable

To be announced later.

(b) Books closure date

The books closure date for the proposed first and final dividend of 1 cent per share will be announced at a later date.

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 financial year ended 31 December 2014. 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			Total (\$'000)
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000)	
<u>FY 2014</u>				
Revenue				
Revenue from external parties	72,661	43,462	14,486	130,609
Gross profit	14,193	18,752	4,961	37,906
Other gains				8,126
Expenses				
- Administrative				(20,904)
- Finance				(5,195)
Profit before income tax				19,933
Income tax				(1,734)
Net profit for the financial year				18,199

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

	The Group			Total (\$'000)
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000)	
FY 2013				
Revenue				
Revenue from external parties	48,746	41,613	8,852	99,211
Gross profit	<u>12,640</u>	<u>15,513</u>	<u>2,281</u>	30,434
Other gains				7,258
Expenses				
- Administrative				(18,372)
- Finance				<u>(2,470)</u>
Profit before income tax				16,850
Income tax				<u>(675)</u>
Net profit for the financial year				<u>16,175</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 2014 (\$'000)	31 December 2013 (\$'000)
Singapore	97,749	83,134
Asia ⁽¹⁾	20,362	10,536
Rest of the world ⁽²⁾	12,498	5,541
	<u>130,609</u>	<u>99,211</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 all geographical segments were due mainly to the contributions of the two newly acquired subsidiaries and contracts from new and existing customers.

16 A breakdown of sales as follows:

	Group		
	Financial year ended		Increase / (decrease) (%)
	31 December 2014 (\$'000)	31 December 2013 (\$'000)	
Sales reported for:			
First half ended 30 June	74,686	45,640	64
Second half ended 31 December	55,923	53,571	4
	130,609	99,211	
Net profit before deducting non- controlling interests reported for:			
First half ended 30 June	8,466	7,688	10
Second half ended 31 December	9,733	8,487	26
	18,199	16,175	

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 (FY2014) (\$'000)	Previous Full Year (FY2013) (\$'000)
Total annual dividend		
Ordinary – First and Final	7,397	2,733
Special dividend	1,480	-
	8,877	2,733

- 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	34	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 HR and Corporate Services since 2013. Oversee, coordinate and allocate the Group resources for the achievement of Mencast's strategic objectives.	No change.
Wong Boon Hwee	44	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

25 February 2015
