Mencast

Annual Report 2015

Rays Of Creative Destruction

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COMPLETE MRO SOLUTIONS PROVIDER IN THE OFFSHORE AND MARINE INDUSTRIES

Mencast Holdings Ltd and its subsidiary corporations ("Mencast" or the "Group") is a regional Maintenance, Repair and Overhaul ("MRO") solutions provider for the global Offshore and Marine industries. Headquartered in Singapore, our Group was successfully listed in June 2008 as the first sponsor-approved listing on Singapore's SGX Catalist and later became the first such company to transfer to the SGX Mainboard.

From its establishment in 1981, the Group grew into a leader in the manufacture and repair of propellers and sterngear equipment and has built on its core competencies to steadily expand business over the last three decades. Today, through organic growth and acquisitions, Mencast has transformed into a complete MRO solutions provider catering to the global Offshore and Marine industries.

Led by a dedicated and experienced management team, and operating from our waterfront facilities and workshops in Singapore, China, Indonesia and Malaysia, Mencast is steadily gaining recognition as a leader in the global Offshore and Marine MRO industry.

At present, our Group services customers through our three business segments, being Offshore &

OFFSHORE & ENGINEERING SEGMENT

Offshore & Engineering segment includes inspection, maintenance and fabrication of offshore structures as well as engineering and other services related to onshore structures which includes Construction & Infrastructure, Oil & Gas, Energy, Utilities, Water Treatment and Reclamation sectors within the region. This Division offers in-depth expertise in turnkey project management and budget development in mechanical structural engineering and installation.

Entities under our Offshore & Engineering segment are recognised as engineering specialist in the design, procurement, fabrication and installation of structural and precision engineering systems and plants. We also have in-house capability to fabricate complex skids, filtration membrane, pressure vessels and storage tanks. Within this segment, we also provide a full range of topside (rope access) services for the Offshore and Inshore industry.

MARINE SEGMENT

Marine segment includes sterngear manufacturing and refurbishment, ship inspection, repair & maintenance services, engineering & fabrication, and marine project management works. Through our waterfront facilities and subsea expertise, we are able to deploy bespoke marine solutions that include customised manufacturing, mobile reclaiming and reconditioning of hull parts, repairing, refurbishing and modification of propellers. For offsite works, we carry out inspection, repair and maintenance at shipyards, anchorages, ports, wharves and jetties, and onboard vessels, such as FPSOs, barges, container shipping vessels and oil tankers. Under this segment, we also provide full range of subsea (diving) services for the Marine industry, particularly in inspection, repair and maintenance.

ENERGY SERVICES SEGMENT

Our Energy Services segment includes custom-designed environmental and energy solutions with the use of high technology and mobile decontaminating plants. Services provided under this segment include semi-robotic oil tank de-sludging, air-fin cooler cleaning, ultra-high pressure hydro cleaning, furnace decoking and pigging, and heat exchange re-tubing. In addition, we also design and launch carbon footprint initiatives for our clients to manage their carbon output.

YEAR IN REVIEW

2015 was a challenging year on many fronts

As oil prices declined rapidly over the course of the year, Mencast swiftly implemented a series of measures. These included raising new funds, recycling capital, and significantly reducing general and administrative costs. The full year impact of some of these initiatives will only be seen in 2016 and will allow us to weather this environment even if oil prices stay at their current level for a prolonged period.

The details of the major corporate activities are as follows:

- In March 2016, we signed a binding term sheet for the proposed acquisition of Stone Marine Singapore as part of a business partnership with Langham Limited of the United Kingdom. This partnership enables us to meet the propeller and sterngear needs of naval and military vessels, also allowing us to offer existing services such as precision machining, rope access and diving services into these premium markets.
- In January 2016, the Group raised $14.8 million in a private placement at a substantial premium to the prevailing market price.
- In December 2015, our Energy Services Division entered into two new contracts with the Asian headquarter of an Oil Supermajor for environmental remediation services, which will generate an estimated incremental revenue of approximately $20 million over the next three years.
- In August 2015, we disposed we completed the 6 Tech Park Crescent, Singapore 638126 at a purchase consideration of $6.1 million, generating a gain of $4.2 million.

The Chairman's Statement outlines the various steps we have already implemented and intend to take in the year ahead. We are resilient and have a ready platform to lift off when the offshore cycle rebounds.

Awards

During 2015, we were honoured to receive the Award of Excellence in Manufacturing at the Singapore Productivity Awards 2015.

2015: Award of Excellence in Manufacturing sector at the Singapore Productivity Awards 2015

2014: Mencast Executive Chairman and CEO, Mr. Glenndle Sim named Best Chief Executive Officer (Companies with less than $300 million in market capitalisation) in the Singapore Corporate Awards 2014

Mencast was awarded the "Top Company to Work for in Asia" at the Asia Corporate Sustainability Award 2014

Awarded "The Enterprise Award" in the Singapore Business Awards

2013 Awarded the "Luminary of Innovation" 2013 Award by Channel News Asia

Won the Gold Award for Best Managed Board (Companies with less than $300 million in market capitalisation)

Honoured with the "EY Entrepreneur of the Year" Award in the Marine and Offshore Engineering Services category

2012 Won the Silver Award for Best Managed Board (Companies with less than $300 million in market capitalisation) at the Singapore Corporate Awards 2012

VISION

Most admired MRO partner and employer in the world

MISSION & STRATEGY

STRATEGY

REVENUE
- Organic M&A into adjacent niches
- Cross Selling

MARGINS
- High utilisation
- Productivity and processes
- Right structure & lean costs

CAPITAL SPREAD
- High ROCE & ROE
- Low WACC
- Fund growth business

ENABLERS

"PARTNER PERFECT"
- Culture of adding value
- Long-term relationships
- Expert solutions

TALENT
- Passion for performance
- Leverage teamwork
- Ownership culture

SCALE
- Cost efficiency
- Market presence
- Able to invest in R&D

FOCUS
- Excellence of execution
- Speed
- Invest in the best

CHAIRMAN'S MESSAGE

"In light of the downturn we are aggressively realigning asset requirements, managing costs and recycling capital in this business Division."

Dear Shareholders

A Challenging Year

In the past year, the oil industry entered its deepest downturn in decades. Rising supply and weak demand have sent oil prices from a high of US$115 per barrel in June 2014 to under US$30 at the start of this year.

In this intense environment, Mencast's revenue declined 31% to $90.6 million. Net profit attributable to shareholders was $1.6 million, down 91% from the prior year.

Weathering the Storm

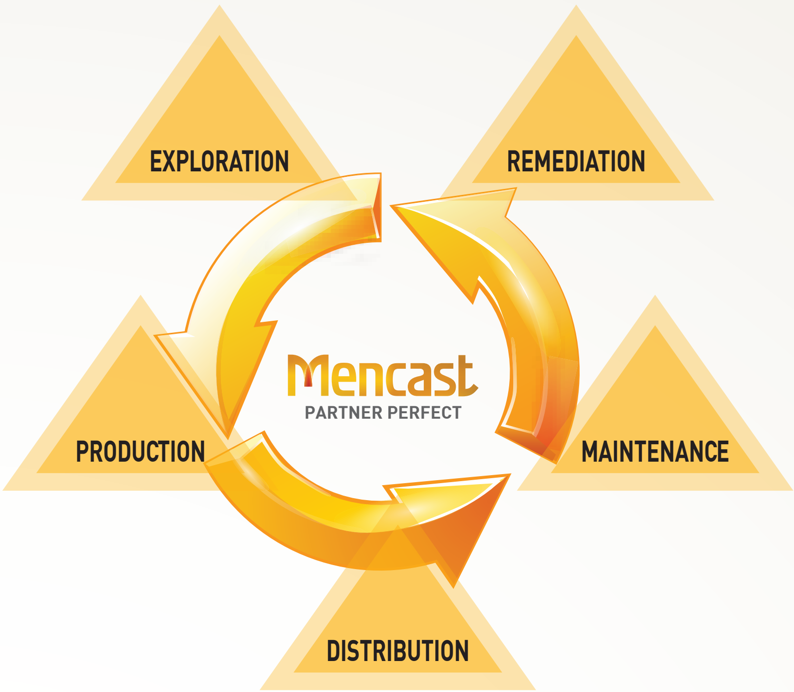
Business diversification helped us avoid the full impact of the contraction in the oil industry. Fabrication has been the most severely affected part of our business, as the upstream sector saw a sharp drop in new orders for rigs and offshore structures. In light of the downturn, we are aggressively realigning asset requirements, managing costs and recycling capital in this business Division.

The marine business was also affected by the weak economic environment with revenue down 14% from the prior year. The business performance was satisfactory in light of market conditions, with $37.3 million of revenue generated at a gross profit margin of 34%.

Sim Soon Ngee Glenndle

Executive Chairman
and Chief Executive Officer

Mencast serves the Global Energy Cycle



Our energy Division performed solidly in 2015. The fundamentals of this business are driven by energy consumption and largely unaffected by lower oil prices. We had new client wins as well as renewals from existing clients. The growth prospects for this segment are good due to the Corporate Social Responsibility and the sustainability propositions we provide to our clients.

Looking Beyond the Cycle

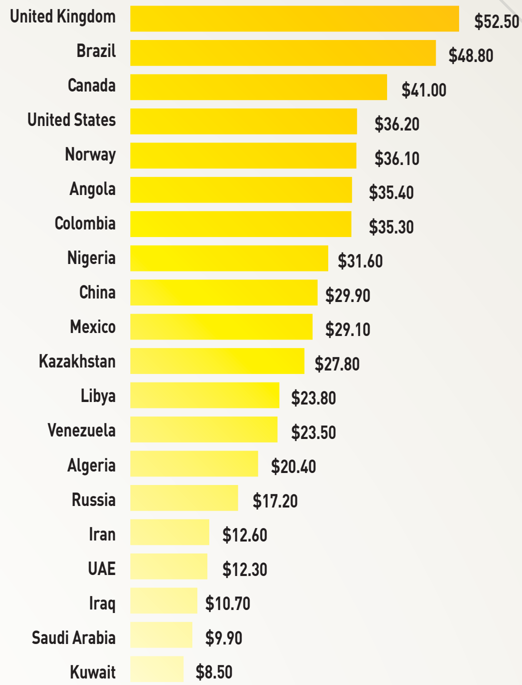
Oil prices are widely forecasted to strengthen in the medium term as current prices are uneconomic for a substantial proportion of producers. Energy demand must also inevitably rise over the medium term as the global population grows and national incomes rise.

For these reasons, we have confidence that the fundamentals for our industry remain strong in the medium term. We plan to look beyond this cycle to seek opportunities that will position us for even greater success in the future.

During lean times, valuations become depressed and opportunities for acquisitions arise that do not exist when the industry is flushed with cash. We will seek to opportunistically acquire assets in close adjacencies.

One such example is our proposed acquisition of Stone Marine Singapore as part of a business partnership with Langham Limited of the United Kingdom. This partnership enables us to meet the propeller and sterngear needs of naval and military vessels, also allowing us to offer existing services such as precision machining, rope access and diving services into these premium markets. Fuller details of this partnership and acquisition are in our announcement of 8th March 2016.

Overall cost of production per barrel (USD)



Source: Rystad Energy's UCube database

Strong execution is integral to our long term success and we are intensely focused on our costs, capital and operational efficiency. The challenge of reducing costs whilst maintaining our service excellence is one that we are attacking with vigour, and we plan to complete it while retaining our capability to benefit from industry recovery in the future.

Financial stability is another key priority. We have been active in strengthening our liquidity position, which includes realigning our asset requirements and refinancing borrowings as required. In January 2016, the Group raised $14.8 million in a private placement at a substantial premium to the prevailing market price.

Appreciation and Thanks

It's been a challenging year and I thank our staff, customers, shareholders, bankers and Board of Directors for their support and working with us as a partner through this tumultuous time.

I'm especially grateful for the resilience of the Mencast team to the market challenges. This is the time for us to prove again that we offer the best value proposition to our customers. Together, we will prove once again that we are Partner Perfect.

Sim Soon Ngee Glenndle
Executive Chairman and Chief Executive Officer

主席致词

尊敬的股东们:

充满挑战的一年

过去的一年里，石油行业进入了数十年来最低迷的时期。供应量增加和需求疲软的现象使油价从2014年6月每桶115美元的高位跌至今年初的每桶低于30美元。

在此艰巨的环境下，明铸造的营收下滑31%至9060万新元。股东应占净利润也为160万新元，比去年减少了91%。

渡过难关

多元化的经营模式使我们免于完全承受石油业紧缩的冲击。在我们的所有业务中，加工制造部门受到的影响最为严重，这是因为上游行业在钻井平台和海上结构方面的新订单锐减所造成。在现时的低迷情势下，我们正积极重新调整此业务部门的资产需求、管控成本和回收资金。

明铸造为全球能源链服务

海事业务也受到经济环境疲弱的影响，营收较上一年同期下降了14%。营业表现就目前的市场情势而言相对令人满意，营收达3730万新元，毛利率为34%。

相比之下，我们的能源事业在2015年表现稳定。此业务的基本面是由能源消耗量主导，因此大致上未受到油价下跌影响。我们不但争取到了新的客户订单，而且还获得现有客户续约。随着企业社会责任的趋势以及我们为客户提供的可持续发展主张，这个业务领域的增长前景良好。

突破逆境

市场普遍预测油价将在中期走强，因为目前的价格对大部分生产商而言并不符合经济效益。能源的需求量必然也会随着全球人口的增长和国民收入增加而在中期内提高。

因此，我们有信心这个行业在中期内将可维持强势的基本结构。我们计划突破目前的服务链去寻求其他能使我们在未来取得更大成果的机会。

每桶油的生产总成本

来源：挪威雷斯塔能源公司（Rystad Energy）的UCube数据库

在不景气的时期，估值会被大幅压低，以往现金充裕时不存在的收购机会也会浮现。我们将会把握良机，逢低买进合宜及相符的资产。

例如，我们并购英国 Langham Limited 公司的业务伙伴对Stone Marine Singapore的方案。这项伙伴关系将有助于满足海军和军用船螺旋桨和船尾齿轮的需求，并使我们能够将现有的精密机械加工、绳索技术作业和潜水等服务带入这些高价值市场。有关该合作和并购项目的详情，请参见我们在2016年3月8日发表的公告中。

强大的执行力是我们长期成功不可或缺的要件，我们也非常重视成本、资本和运营的效率。在降低成本的同时保持我们的卓越服务是我们要积极克服的一项挑战，而我们将完成这项任务并保持卓越的实力，待未来行业复苏时即能获享利益。

财务稳定性是另一首要目标。我们一直积极巩固我们的资金流动性，包括根据需要调整我们的资产要求及进行贷款再融资等。2016年1月，集团通过私募配售的方式以大幅高于现行市价的溢价募得1480万新元的资金。

感谢和表彰

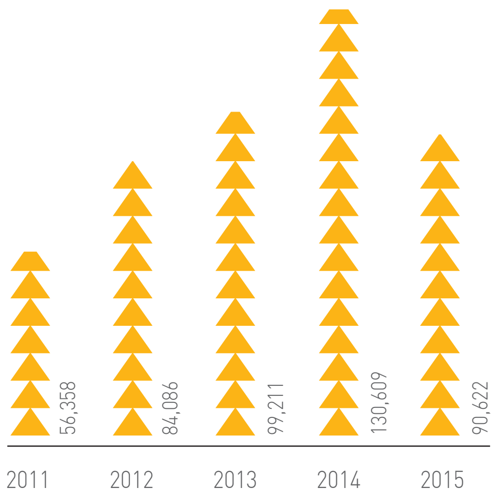
这是个充满挑战的一年，我非常感谢我们的员工、客户、股东、银行和董事会的全力支持，并与我们携手共渡这个动荡艰难的时期。

我特别由衷感谢明铸造的员工团队在面对市场挑战时的坚韧表现。我们再一次证明我们能为客户提供最好的价值主张；未来我们也会共同努力，再度证明我们是完美的伙伴。

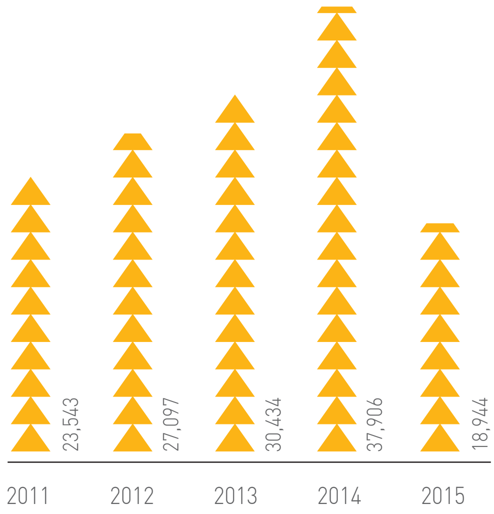
沈询益
执行主席兼行政总裁

FINANCIAL HIGHLIGHTS

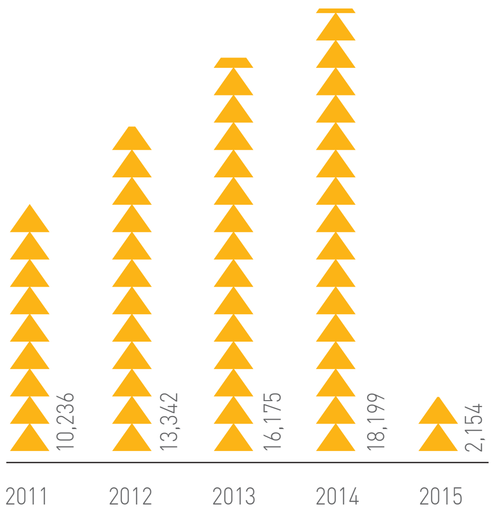
REVENUE ($'000)



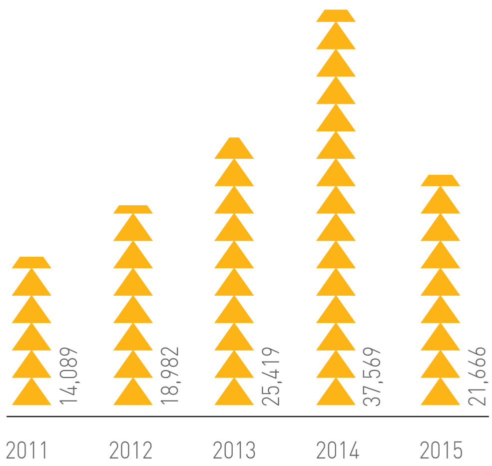
GROSS PROFIT ($'000)



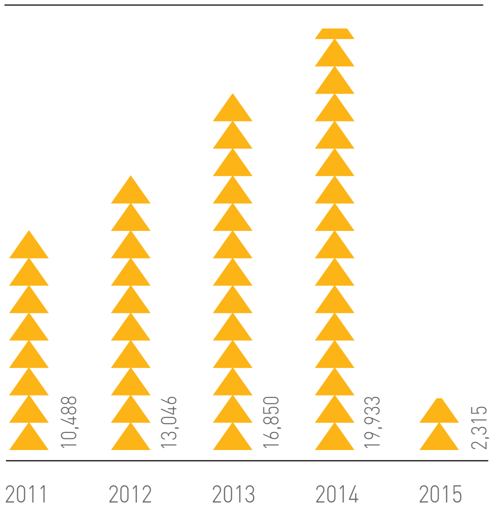
NET PROFIT ($'000)



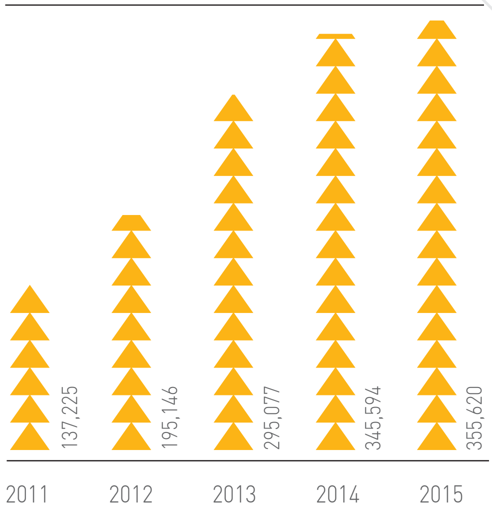
Earnings before interest, tax, depreciation and amortisation ($'000)



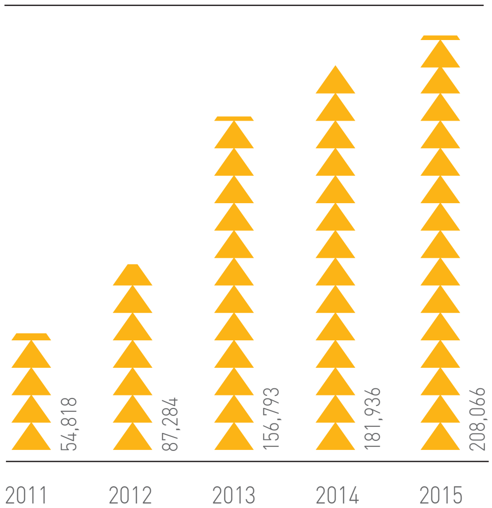
Profit before income tax ($'000)



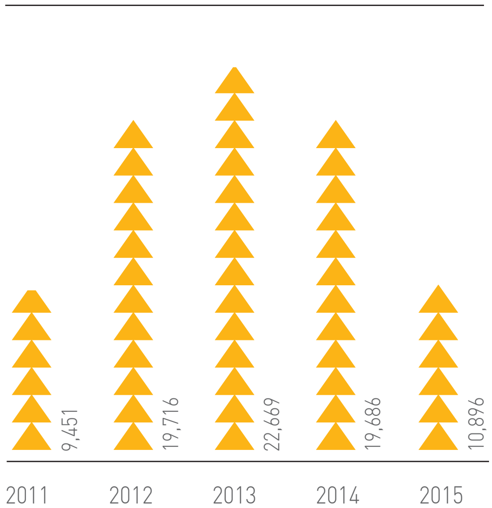
Total Assets ($'000)



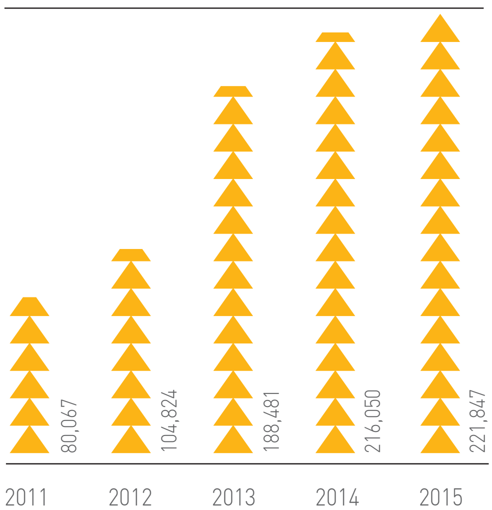
Property, plant and equipment ($'000)



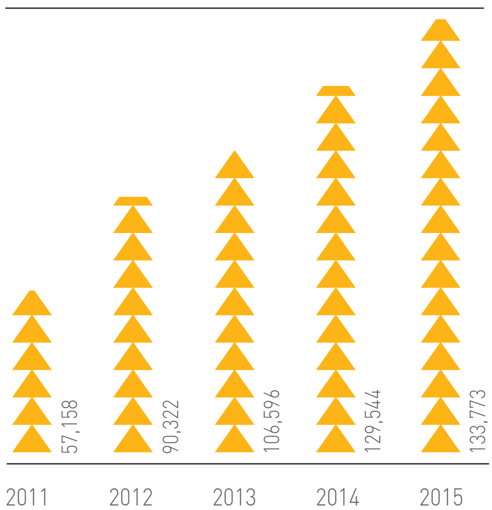
Cash and cash equivalents ($'000)



Total Liabilities ($'000)



Total Equity ($'000)



OPERATIONS REVIEW

MegaVac is a waste recovery system for de-sludging and deslopping of solid and liquid waste in the refineries.

Waste Water Treatment Plant

FINANCIAL REVIEW

Revenue and Gross Profit

FY2015 was a challenging year for Mencast as oil prices continued to decline during the year. The Group's total revenue decreased by $40.0 million or 31% for the financial year ended 31 December 2015 due to:

- A decrease in revenue from the Offshore & Engineering segment of $32.5 million or 45% as a result of a decline in major projects in FY2015 in the tough operating environment for Oil & Gas projects. This decrease was slightly offset by an increase in revenue from precision engineering as new orders from major Oil & Gas equipment manufacturers.

- A decrease in revenue from Marine segment of $6.1 million or 14% due primarily to lower customer orders and a deferral to Q2 FY2016 of certain diving jobs; and

- A decrease in revenue from Energy Services segment of $1.3 million or 9%. The decline was primarily due to revenue from a special project being booked in FY2014 that did not recur in FY2015.

The decline in gross profit and gross profit margin from $37.9 million to $18.9 million or 50% decrease was primarily stemmed from lower revenue. In light of the difficult conditions, management has been adjusting overhead costs as well as implementing initiatives to improve efficiency and preserve margins. As a result, cost of sales decreased by 23% and gross profit margin declined from 29% to 21%.

Operating Expenses

Administrative expenses decreased by 10% or $2.2 million due to streamlining measures as explained below:

- Cost savings in salaries and related expenses due to lower headcount and reduced incentive based remuneration for FY2015; and

- Efficiency initiatives implemented since second half of FY2014 which resulted in reduced insurance expense, travelling and entertainment, and utilities.

Finance expenses increased by $461,000 or 9% to $5.7 million. This was primarily due to higher interest expense on trade financing and short term borrowings.

Other Gains
Other income decreased by $380,000 or 5% due to lower gain on disposal of property, plant and equipment in FY2015 as compared to FY2014. This was partially offset by a net amount of $1.9 million on the write-back of deferred consideration on a previous acquisition recognised in FY2015.

Income Tax
The Group's effective income tax rate of 7% is lower than the statutory income tax rate of 17% mainly due to utilisation of tax losses. The effective income tax rate of 7% was similar to the effective income tax rate in FY2014 of 9%.

Net Profit
As a result of the above, the Group's net profit decreased by $16.0 million or 88% from $18.2 million in FY2014 to $2.2 million in FY2015.

Net profit attributable to non-controlling interests decreased from $739,000 in FY2014 to $572,000 in FY2015 due to revenue from a special project completed in FY2014.

The net profit attributable to equity shareholders of the Company declined by 91% from $17.4 million in FY2014 to $1.6 million in FY2015.

Cash Flow
In FY2015, the Group's net cash from operations was $29.4 million mainly due to cash generated from operations of $16.0 million before working capital changes.

The Group net cash used in investing activities in FY2015 was $6.9 million due mainly to purchases of property, plant and equipment of $16.8 million and payments to former shareholders relating to prior financial years' acquisitions of $2.6 million. This was offset by proceeds from disposal of property, plant and equipment of $11.1 million and a dividend from an investment in joint venture of $674,000.

The Group's financing activities represented a net cash outflow of $29.4 million due to the repayment of bank borrowings and finance lease liabilities and interest payments of $49.0 million, as well as payment of dividends of approximately $3.6 million and offset with the proceeds from bank borrowings of $23.2 million.

BOARD OF DIRECTORS

SIM SOON NGEE GLENNDLE
Executive Chairman &
Chief Executive Officer

WONG BOON HUAT
Executive Director

SUNNY WONG FOOK CHOY
Lead Independent Director

HO CHEW THIM, RAYMOND
Independent Director

LEOW DAVID IVAN
Independent Director

NG CHEE KEONG
Independent Director

SIM SOON NGEE GLENNDLE
Executive Chairman & Chief Executive Officer

Mr Glenndle Sim is the Executive Chairman and Chief Executive Officer of the Mencast Group. He is responsible for the strategic vision, overall management, operations and growth of the Mencast Group of Companies. As well as serving as Chairman of the Board, Glenndle is a member of the Nominating Committee and Corporate Strategy & Communications Committee.

Glenndle graduated from the National University of Singapore with a Bachelor in Business Administration and later obtained a Master of Business Administration from the University of Delaware in the USA. Glenndle also attended the Cast Metal Institute Inc. (USA) in 1996 and completed the certification curriculum in General Foundry Technology and Non-Ferrous Metals Technology. In 2013 & 2014, he attended Harvard Business School's Owner/President Management Program.

Glenndle was named EY Entrepreneur of the Year 2013 in the Marine and Offshore Engineering Services category and bestowed with the award of "Best CEO" in year 2014, for the category of companies with less than $300 million in market capitalisation, at the Singapore Corporate Awards. He was appointed to our Board on 30 January 2008 and was appointed as the Executive Chairman of the Board on 9 October 2009.

WONG BOON HUAT
Executive Director

Mr Wong Boon Huat is the Executive Director of Operations for Mencast Group and a member of the Corporate Strategy & Communications Committee. He is responsible for the operations across Mencast's Offshore & Engineering, Marine and Energy Services segments. He also oversees the formulation and implementation of the Group operation's plans and policies.

Boon Huat founded Top Great Engineering & Marine Pte Ltd, and has been involved in various vocations within the Marine industry. Armed with 31 years of experience in the industry, Boon Huat has contributed significantly to the development and growth of Mencast Group. He was appointed to our Board on 4 August 2011.

SUNNY WONG FOOK CHOY
Lead Independent Director

Mr Sunny Wong is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. A practising advocate and solicitor of the Singapore Supreme Court, Sunny is currently the Managing Director of Wong Tan & Molly Lim LLC.

Sunny graduated from the National University of Singapore with a Bachelor of Laws (Honours) and is currently also a Non-Executive Director of Albedo Limited, Civmec Limited, Excelpoint Technology Ltd, KTL Global Limited and InnoTek Limited. He joined the Board on 29 May 2008.

HO CHEW THIM, RAYMOND
Independent Director

Mr Ho Chew Thim is the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. Raymond is an accountant by vocation and has over 36 years experience in financial management and has held senior financial positions in mainly listed companies and banks. These include China Water Holdings Pte Ltd (an associate of SGX-listed CNA Group Ltd), CNA Group Ltd, Achieva Limited, China World Trade Centre Ltd (an associate of Shangri-La Asia Limited), Poh Tiong Choon Logistics Limited, China-Singapore Suzhou Industrial Park Development Co. Ltd, Deutsche Bank (Singapore Branch), L & M Group Investments Ltd, United Industrial Corporation Limited and United Overseas Bank Limited.

Raymond is also a Non-Executive Director on the Board of Yongmao Holdings Limited, China Kunda Technology Holdings Limited, Hengyang Petrochemical Logistics Limited and DeClout Limited. Raymond is a Fellow Member of Institute of Singapore Chartered Accountants and CPA Australia. He graduated with a Bachelor of Accountancy (First Class Honours) degree from University of Singapore in 1976. He joined our Board on 29 May 2008.

LEOW DAVID IVAN
Independent Director

Mr David Leow is the Chairman of the Corporate Strategy & Communications Committee and a member of the Audit & Remuneration Committees. He is Managing Director of Thaler Global Pte Ltd, a consultancy and investment firm in Singapore.

David's has served in various senior roles including as Director of Business Development for Virgin Asia Management, Vice President of UOB Kay Hian's Equity Capital Markets Group, Vice President of the DBS Bank's Private Equity Group and Associate Director of Research of HSBC Securities in Singapore.

David is a Fellow of the Institute of Chartered Accountants (Australia), a Chartered Accountant of Singapore, charter holder with the Chartered Financial Analysts Institute (USA) and graduated with a Bachelor of Commerce from the University of Western Australia. He is also a graduate of Harvard Business School's Owner/President Management Program. He joined the Board on 10 June 2013.

NG CHEE KEONG
Independent Director

Mr Ng is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Ng joined PSA Corp in 1971 and has held various positions including Group President & CEO, President & CEO (Singapore region) and Global Head of Technical and Operations Development. He retired in January 2005.

Chee Keong received a Bachelor of Social Science (Economics, Upper Honours) from the then University of Singapore. He was awarded the Public Administration Medal (Gold) by the Singapore Government in 1997 and is currently director of Jurong Port Pte Ltd and an Independent Director of Jasper Investment Limited and Samudera Shipping Line Ltd. He joined our Board on 9 October 2009.

KEY MANAGEMENT

RODOLFO S ALVIEDO JR, JOJO
Chief Financial Officer

SIM WEI WEI
Head of Corporate Services

PHUA POH CHENG, JACK
Vice President, Mencast Marine Division
Director, Sterngear Services

HO GIM HAI, SAM
Managing Director,
Vac-Tech Engineering Pte Ltd

CHENG SHAO RONG
Senior Manager, Operations of
Mencast Engineering Pte Ltd

SUN NAI JIANG
Senior Manager, Upstream Operations of
Mencast Engineering Pte Ltd

CHONG YEW CHEE, ROY
Senior Manager, Corporate Sales
& Business Development

WONG BOON HWEE
Head, Marine Division of
Mencast Offshore & Marine Pte Ltd

AUNG WUNNA, EDWARD
Head, Environmental Division of
Mencast Offshore & Marine Pte Ltd

CHRISTOPHER WOO TUCK WAI
Director of Mencast Subsea Pte Ltd

RODOLFO S ALVIEDO JR, JOJO
Chief Financial Officer

Mr. Jojo Alviedo joined our Group in October 2012 and is responsible for the accounting and finance functions of the Group. Jojo has amassed 20 years of international audit and advisory experience across Singapore, Philippines and Vietnam. Prior to joining our Group, Jojo held the post of Corporate Advisory Principal in Nexia TS Public Accounting Corporation, Singapore, as well as Assurance Senior Manager in PricewaterhouseCoopers, Singapore. During this time, he has garnered in-depth experience in International Financial Reporting Standards, group audit, SOX 404 audit as well as initial public offering and reverse takeover projects. He has wide industry experience, including marine, engineering and construction, trading and manufacturing, technology and information, and freight and logistics. Jojo is qualified as Certified Public Accountant in Philippines in 1992.

SIM WEI WEI
Head of Corporate Services

Ms Sim Wei Wei is in-charge of corporate services and strategic planning for our Group, overseeing the coordination and allocation of Group resources for the achievement of Mencast's strategic objectives. She joined Mencast in May 2005 as Admin & HR Executive for implementing human resource policies and procedures, as well as handling general administrative duties. Her responsibilities include various human resource functions such as career development, compensation and benefits, payroll, screening and recruitment of staff. Wei Wei graduated from the Singapore Management University with a Bachelor's degree in Business Management in 2003. Wei Wei is the sister of the Group's Executive Chairman and Chief Executive Officer, Mr Sim Soon Ngee Glenndle.

PHUA POH CHENG, JACK

Vice President, Mencast Marine Division
Director, Sterngear Services

Mr Jack Phua is the Vice President of the Marine Division, overseeing the development of Marine activities that include sterngear and propulsion manufacturing and services. He also holds the position of Director of Sterngear Services after he was appointed in July 2009. Jack is the co-founder of Recon Propeller & Engineering Pte Ltd ("Recon"). He is responsible for business development and customer relations, as well as managing the day-to-day operations of Sterngear business. Recon has been providing propeller repair and modification services to the worldwide Offshore and Marine industries since 1986. Jack has more than 23 years of technical and management experience in the shipbuilding, ship repair and ship maintenance industry and has been instrumental to the growth and development of Recon.

CHONG YEW CHEE, ROY

Senior Manager, Corporate Sales & Business Development

Mr Roy Chong is Senior Manager, Corporate Sales & Business Development, responsible for business development in the region as well as increasing the profile of the Group and the Mencast brand. Roy has more than 17 years of experience in the Marine engine and propulsion system business with German manufacturers and broad experience in the Asian Marine and Offshore industry. He has also served for 6 years with the Republic of Singapore Navy as a Naval Engineering System Specialist. He holds a Diploma in Marine Engineering from the Singapore Maritime Academy and a Diploma in Sales & Marketing from National Productivity Board. He joined our Group in July 2013.

HO GIM HAI, SAM

Managing Director, Vac-Tech Engineering Pte Ltd

Mr Ho Gim Hai is the Managing Director of Vac-Tech Engineering Pte Ltd, and has held the position since 1995. He is in-charge of developing and executing Vac-Tech's strategic plans within the Energy Services segment to penetrate the Oil & Gas hazardous waste management sector, and is accountable for the performance and day-to-day management of the business. Sam is responsible in acquiring new technologies and equipment, and in managing resources efficiently to drive growth and profitability. In addition, Sam will provides stewardship to Vac-Tech to ensure their strategic fit with the Mencast Group's goals and objectives. Sam graduated with a Diploma in Mechanical Engineering.

WONG BOON HWEE

Head, Marine Division of Mencast Offshore & Marine Pte Ltd

Mr Wong Boon Hwee is the Head of the Marine Division in Mencast Offshore & Marine Pte Ltd. His responsibilities include the planning of project processes and procedures, optimising resource management of project activities, overseeing the day-to-day operations of projects and leading a cross-functional team in the timely manner while maintaining a high quality in execution of projects. Boon Hwee has more than 15 years of experience in the Marine industry and is essential to the functionality of Mencast Offshore & Marine Pte Ltd. Boon Hwee is the brother of our Executive Director, Mr Wong Boon Huat.

CHENG SHAO RONG

Senior Manager, Operations of Mencast Engineering Pte Ltd

Mr. Cheng Shao Rong has held the role of Senior Manager in-charge of operations at Mencast Engineering Pte Ltd since his appointment in December 2011. His scope of responsibilities includes the planning, supervision of projects and staff to ensure smooth execution and timely delivery of upstream precision engineering tools and equipment for the customers. He has more than 26 years of experience in the field of precision engineering, including more than 9 years of recent experience with Team Precision Engineering. Shao Rong has an in-depth knowledge of CNC machines and workshop production techniques, having risen up through the rank and file from a machine operator.

AUNG WUNNA, EDWARD

Head, Environmental Division of Mencast Offshore & Marine Pte Ltd

Mr Edward Aung is the Head of the Environmental Division in Mencast Offshore & Marine Pte Ltd. He is the key decision maker for Environmental Division projects and his responsibilities include leading, planning and execution of projects, conducting technical reviews and assisting in major issues. An engineer by training, Edward graduated with a Master of Science in Project Management from the National University of Singapore prior to joining in 2005.

SUN NAI JIANG

Senior Manager, Upstream Operations of Mencast Engineering Pte Ltd

Mr Sun Nai Jiang ("NJ") is Senior Operations Manager, Upstream of Mencast Engineering Pte Ltd. NJ has more than 18 years of experience in manufacturing of which 7 years have been in the Oil & Gas industry at a managerial level. At Mencast, he is responsible for business development and the operations of the precision machining workshop which provides integrated turnkey manufacturing service to the Oil & Gas industry. NJ holds a Bachelor's degree from Nanjing University of Aeronautics and Astronautics as well as a diploma from the University of Ottawa. He joined the Group in May 2013.

CHRISTOPHER WOO TUCK WAI

Director of Mencast Subsea Pte Ltd

Mr Christopher Woo is Director of Mencast Subsea Pte Ltd as well as Unidive Marine Services Malaysia Sdn Bhd. His responsibilities include managing the entire sales team and overseeing the Operations function. He also holds planning and project management responsibilities. Christopher has 16 years of sales experiences, including servicing multinational companies. He graduated with Diploma in Nautical Studies from Singapore Polytechnic and joined the Group in August 2004.

INVESTOR RELATIONS

Since listing on the SGX in 2008, Mencast has actively worked to build a robust investor relations program to engage and communicate with investors on a timely basis. This program is designed to allow investors to understand our business and risk profile, and help achieve a fair valuation.

Our investor relations program provides periodic updates on our operations and business performance as well as reaching out to analysts and investors to understand their questions and address these through medium such as announcements, analyst meetings and conferences.

To give weight to the importance of stakeholder communications outlined in the "Code of Corporate Governance" issued by the Monetary Authority of Singapore, Mencast formed the "Corporate Strategy and Communications Committee" chaired by one of our Independent Directors and is overseen by the Board or Directors.

Our corporate governance and corporate communications initiatives were recognised at the 2013 Singapore Corporate Awards with our Board being conferred the prestigious Gold Medal for "Best Managed Board" in our category of companies below $300 million in market capitalisation.

Mencast provides access to senior management such as our CEO and CFO at these meetings as well as site tours to provide shareholders deep insight into our business and strategy. Our policy is to allow equal access to information and we do not practice selective dissemination. All information presented to fund managers/analysts are available on SGX Net/our website (www.mencast.com.sg) prior to presentation.

To allow market sensitive news to be incorporated into prices in an orderly manner, such announcements are targeted for release outside of market trading hours.

Total Shareholder Returns

Low oil prices have led to the FTSE ST Oil & Gas declined by approximately 60% from the start of 2014 and our share price has seen similar falls over the same period. Despite this, our share price continues to trade significantly in excess of our IPO price once adjusted for splits, bonuses and dividends. Total Shareholder Return ("TSR") since listing in 2008 is 50% equivalent to an annual TSR of 6%. Over the same time period, NAV per share has increased 149%, equivalent to a CAGR of 14%.

FINANCIAL CALENDAR

25 Feb 2016
Full Year Results

17 Dec 2015
$20 million Oil Supermajor Contract Renewal

13 Nov 2015
Third Quarter Results

06 Aug 2015
Half Year Results

15 May 2015
First Quarter Results

27 Apr 2015
Annual General Meeting

25 Feb 2015
Full Year Results

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility ("CSR") is an integral part of our business as well as embedded in our approach to operations. This reflects our role as a contributing member of society and our belief that sustainability is essential to the longevity of our business.

Our approach to CSR is based upon three integrated pillars:

CSR as a Business

Sustainable environmental and energy solutions are an attractive and growing market. Even though progress is sometimes uneven, imperatives such as protecting the environment, conserving resources and climate change will over time result in government and private industry spending an increasing share of revenue in CSR related activities.

Safe, Efficient and Responsible Business

Our processes and tools are designed to manage safety and optimise resource usage as well as being a profitable way to run business, thus minimising our environmental impact and helps sustain our business for the long term.

Community Membership

Mencast takes a long term view that we will be part of our community of customers, suppliers, staff and general public for decades to come. We help to develop our community by creating jobs, conducting skills upgrading and building careers, as well as sourcing responsibly and paying taxes on profits. We also support community projects that are based on the needs of the local communities.

CSR IN ACTION

In spite of the economic downturn, Mencast continues our mission of Corporate Social Responsibility in the areas of Human Resources, Sustainability and Community Care.

In 2015, we commissioned Sunseap's proven energy saving solar systems with 1.2MW of peak output at our Penjuru Road facilities. The newly installed solar systems serve as a green alternative to Mencast's current grid based energy supply as well as enhancing the overall value of the facility.

Other environmental initiatives in place at Mencast include eco-friendly sourcing of materials and the use of green processes in daily operations.

"MENCAST LENDS A HAND"

Following our meaningful voluntary work at Sunlove Home, a charitable home for the intellectually disabled in year 2014, we continued our charity support to Sunlove Home to distribute meals and spend quality time with the residents on 20 November 2015.

PEOPLE DEVELOPMENT

PEOPLE UPGRADING/SKILL UPGRADING

Mencast recognises the crucial part every employee plays in our success. We are committed to being an employer of choice through recognising the contributions of employees and providing opportunities for all staff to maximise their potential and abilities.

Mencast offers employees valuable resources for potential based career development. These include internal and external training programmes, on-the-job learning, mentoring and professional development programs.

Examples of on-going training are below at Mencast Subsea.

a. Rope Access Department Training Summary

Mencast Subsea's Rope Access personnel undertake periodic skills development, briefings and guidance on hands-on equipment handling, equipment safety, equipment documentation, and knowledge testing.

Training is for all levels of site technicians on individual and group basis.

Periodic in-house trainings include:

1. Training Course Primer
2. Course Upgrade Review
3. Course Failure Review
4. Periodic Refresher
5. Rescue Drill
6. New Equipment Briefing

b. Strategic Actions Diving/survey Department

Last year, our diving subsidiary, Mencast Subsea Pte Ltd was accredited as an approved ITE OJT center to conduct in-house training of commercial diving.

Within the short span of 3 months, 20 staff have attended the in-house courses at their customised swimming tank within the premise of 42B building.

On-the-job training programs conducted include:

1. Basic Diving Physics
2. Anatomy and Physiology of Diving
3. Diving Tables
4. Diving Code/Standards
5. Diving With Surface Supplied Air
6. Surface Compression Chambers
7. Diving Equipment and Technical Support
8. Rescue Dives and Tendering
9. Diving Safety & Hazardous Conditions
10. Basic Types of Subsea Tools

Through these in house training of commercial diving, Mencast achieves the following objectives:

- To train and inspire Mencast diving personnel to excel at their profession.
- To enhance safety standards and awareness.
- To allow dive crews to meet the most demanding existing and emerging demands of the Marine market.
- To provide our clients with the best possible expertise and services.

As a training-oriented employer, Mencast seeks to develop each employee to their fullest potential, thus retaining them within the Group and exposing them to the different opportunities available within each subsidiary. Such actions correspond with our hiring philosophy of "Hire for Attitude, Train for Skills".

GROUP STRUCTURE

MENCAST HOLDINGS LTD

OFFSHORE & ENGINEERING

100%
MENCAST SUBSEA PTE LTD
(Singapore)

100%
MENCAST ENGINEERING PTE LTD
(Singapore)

100%
S&W PTE LTD
(Singapore)

100%
MENCAST OFFSHORE & MARINE PTE LTD
(Singapore)

100%
TOP GREAT ENGINEERING & MARINE PTE LTD
(Singapore)

MARINE

100%
MENCAST MARINE PTE LTD
(Singapore)

100%
RECON PROPELLER & ENGINEERING PTE LTD
(Singapore)

ENERGY SERVICES

70%
MENCAST ENERGY PTE LTD
(Singapore)

49%
VAC-TECH ENGINEERING PTE LTD
(Singapore)

100%
MENCAST CENTRE OF EXCELLENCE PTE LTD
(Singapore)

100%
MENCAST PROCUREMENT (SINGAPORE) PTE LTD
(Singapore)

51%
MAG OFFSHORE MARINE PTE LTD
(Singapore)

FINANCIAL CONTENTS

CORPORATE GOVERNANCE STATEMENT

The board of directors (the "**Board**") of Mencast Holdings Ltd. (the "**Company**") is committed to achieving a high standard of corporate governance within the Company and its subsidiary corporations (the "**Group**") and to putting in place effective self-regulatory corporate practices to protect the interests of the Company's shareholders ("**Shareholders**") and enhance long-term Shareholders' value. The Company adopts practices based on the Code of Corporate Governance 2012 (the "**Code**"). The Board is pleased to report on the compliance of the Company with the Code except where otherwise stated and such compliance is regularly reviewed to ensure transparency and accountability.

Principle 1: The Board's Conduct of Its Affairs

The Board is collectively responsible for the long-term success of the Company and works with Management to achieve this objective and Management remains accountable to the Board.

Apart from its statutory duties and responsibilities, the Board supervises the management of the businesses and affairs of the Group. The Board reviews and approves the Group's strategic plans, key operational initiatives, major funding and investment proposals, review management performance, identify the key stakeholder groups and recognises that their perceptions affect the Company's reputation, identifies principal risks of the Group's businesses and establishes a framework of prudent and effective controls which enables risks to be assessed and managed; set the Company's values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met as well as considers sustainability issues such as environmental and social factors as part of its strategic formulation.

The Board is responsible for the approval of the quarterly results announcement, annual report and accounts, major investments and fundings, material acquisitions and disposal of assets and interested person transactions of a material nature.

To facilitate effective management, certain functions have been delegated by the Board to the following committees:

- Audit Committee ["AC"]
- Nominating Committee ["NC"]
- Remuneration Committee ["RC"]
- Corporate Strategy and Communications Committee ["CSCC"]

These committees operate under clear defined terms of references and operating procedures. The Chairman of the respective committees reports the outcome of the committee meetings to the Board.

The Board meets formally at least four times in a year. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. To assist the Board in fulfilling its responsibilities, the Board will be provided with management reports containing complete, adequate and timely information and papers containing relevant background or explanatory information required to support the decision making process.

The Company's Constitution also provides for telephone conference and video conferencing meetings. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolution. Directors may, at any time, request for further explanation, briefings or informal discussions on any aspect of the Group's operations or business issues from Management.

CORPORATE GOVERNANCE STATEMENT

The number of formal Board and other committee meetings held during the financial year ended 31 December 2015 ("**FY2015**") and the attendance of each director of the Company ("**Director**") where relevant, is set out as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee	Corporate Strategy and Communications Committee
No. of meetings held	4	4	1	1	1
		No. of meetings attended			
Sim Soon Ngee Glenndle	4	4[1]	1	1[1]	1
Wong Boon Huat	4	4[1]	1[1]	1[1]	1
Sunny Wong Fook Choy	4	4	1	1	1[1]
Ho Chew Thim, Raymond	4	4	1	1	1[1]
Leow Daivd Ivan	4	4	1[1]	1	1
Ng Chee Keong	4	4	1	1	1[1]

1 By Invitation

Newly appointed directors, if any, will receive comprehensive induction briefings and orientations by the Executive Directors and Management to ensure that they are familiar with the Company's business and governance practice. Existing directors are encouraged to attend the relevant training courses that could enhance the knowledge of directors to perform its duties as directors of the Company and the Company will fund the training of the directors.

Principle 2: Board Composition and Guidance

The Board currently has six members, comprising two Executive Directors and four Independent Directors. As at the date of this report, the Board comprises the following members:

Sim Soon Ngee Glenndle	Executive Chairman and Chief Executive Officer ("**CEO**")
Wong Boon Huat	Executive Director
Sunny Wong Fook Choy	Lead Independent Director
Ho Chew Thim, Raymond	Independent Director
Leow Daivd Ivan	Independent Director
Ng Chee Keong	Independent Director

Where the Chairman of the Board and the CEO is the same person, the independent directors should make up at least half of the Board. The Company had complied with the requirement as the independent directors make up two-third of the Board.

The Board is of the opinion that its current size and composition is appropriate for decision making, taking into account the scope and nature of the Group's operations. The concept of independence adopted by the Board is in accordance with the definition of an independent director in the Code. An "independent director" is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independence business judgment with a view to the best interest of the Company.

To assess and review the independence of each director, each independent director is required to complete a Director's Independence Confirmation Form annually to confirm his independence. The Nominating Committee of the Company ("NC") has confirmed that for the period under review, all non-executive independent directors are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

CORPORATE GOVERNANCE STATEMENT

The Board consists of high calibre members with a wealth of experience and knowledge in business. They contribute valuable direction and insight, drawing from their vast experience in matter relating to accounting, finance, legal, business, industry knowledge and general corporate matters. The NC is of the opinion that the current Board composition represents a well balanced mix of expertise and experience to provide core competencies necessary to meet the Company's requirements.

As recommended by the Code, the Independent Directors meet without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. Such meetings are arranged by the Lead Independent Director as warranted by particular circumstances.

The Board has no dissenting view on the CEO's statement to Shareholders for the financial year in review.

Principle 3: Chairman and CEO

Sim Soon Ngee Glenndle is both the Chairman of the Board and the CEO of the Company. As the Executive Chairman and the CEO, he gives guidance on the corporate direction of the Group, which includes the scheduling and chairing of Board meetings and controlling the quality, quantity and timeliness of information supplied to the Board. As the CEO, he sets the business strategies and directions for the Group and manages the business operations of the Group.

The Board is of the opinion that based on the Group's current size and operation, it is not necessary to separate the roles of the chairman and the CEO. The Board is also of the view that it is in the best interests of the Company to adopt a single leadership culture.

To enhance the independence of the Board, Mr Sunny Wong Fook Choy, the Company's Lead Independent Director, coordinates the activities of the independent non-executive Directors and act as the principal liaison between the independent non-executive Directors and Chairman on sensitive issues.

Shareholders of the Company with serious concerns that could have a material impact on the Group, for which contact through the normal channels of the Chairman, CEO or the Chief Financial Officer ("CFO") have failed to resolve or is inappropriate, are able to contact the Lead Independent Director.

The Nominating Committee, Remuneration Committee, Corporate Strategy and Communications Committee and Audit Committee of the Company are also all chaired by Independent Directors. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision making by the Directors is independent and based on collective decision-making without our Executive Chairman and CEO being able to exercise considerable concentration of power or influence.

Nominating Committee

Principle 4: Board Membership
Principle 5: Board Performance

The Nominating Committee of the Company ("NC") comprises the following members, the majority of the members, including the Chairman of the NC, are independent non-executive Directors:

Sunny Wong Fook Choy	Chairman, Lead Independent Director
Ho Chew Thim, Raymond	Member, Independent Director
Ng Chee Keong	Member, Independent Director
Sim Soon Ngee Glenndle	Member, Executive Director

CORPORATE GOVERNANCE STATEMENT

The principal functions of the NC include:

- making recommendations to the Board on the appointment and re-appointment of Directors;
- making plans for succession, in particular for the Chairman and CEO;
- assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board;
- reviewing the training and professional development programs for the Board;
- evaluating the independence of the Directors; and
- regularly reviewing the Board structure, size and composition having regard to the scope and nature of the operations of the Group and the core competencies of the Directors as a group.

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new Directors through the business network of the Board members or engage independent professional advisers to assist in the search for suitable candidates.

The NC will generally identify suitable candidates skilled in core competencies such as accounting or finance, business or management expertise, or industry knowledge. If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate open discussion. Upon appointment, arrangements will be made for the new director to attend various briefings with the management team.

Board renewal must be an ongoing process to ensure good governance and to maintain relevance to the changing needs of the Group. Pursuant to the Company's Constitution, one-third of directors, including the CEO who also serves on the board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. This results in all directors having to retire at least once in three years. All newly appointed directors by the Board shall only hold office until the next annual general meeting ("**AGM**"), and be eligible for re-election at the AGM.

At the upcoming AGM, Messrs Sunny Wong Fook Choy and Ho Chew Thim, Raymond shall retire and being eligible, have agreed to stand for re-election.

The Board's performance is a function of the experience and expertise that each of the Directors bring with them. The NC would assess on an annual basis, the effectiveness of the Board as a whole. Each Director is required to complete a Board Performance Evaluation Form ("**Evaluation Form**") annually, to facilitate the NC in its assessment of the performance of the Directors. Through the Evaluation Form, feedback is collated from the Board on various aspects of the Board's performance and the Company Secretary will compile the results of the evaluation form for the purpose of discussion during the NC meeting. During the meeting, the NC Chairman will then based on the results, ascertain key areas for improvement and requisite follow-up actions.

The NC considers that the multiple Board representations held presently by the Directors do not impede their performance in carrying out their duties to the Company after taking into account his actual conduct on the Board and has ascertained that for the period under review, the directors were able to carry out and had been adequately carrying out their duties as Directors of the Company.

CORPORATE GOVERNANCE STATEMENT

The dates of first appointment and last re-election of each Director, together with their current and preceding three years' directorship in other listed companies and other principal commitments, are set out below:

Further Information on Board of Directors

Sim Soon Ngee Glenndle
Executive Chairman & Chief Executive Officer
Date of first appointment as a director: 30 January 2008
Date of last re-election as a director: 27 April 2015

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
Nominating Committee Corporate Strategy and Communications Committee	Houston Technology Center - Asia MIS Investment Pte Ltd Mencast Energy Pte Ltd*	Nil

* Subsidiaries of Mencast Holdings Ltd.

Wong Boon Huat
Executive Director
Date of first appointment as a director: 4 August 2011
Date of last re-election as a director: 27 April 2015

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
Corporate Strategy and Communications Committee	Chinyee Engineering & Machinery Pte Ltd* Mencast Procurement (Singapore) Pte Ltd* Mencast Energeers Pte Ltd* Mencast Offshore & Marine Pte Ltd* Mencast Centre of Excellence Pte Ltd* Mencast Energy Pte Ltd* Mencast Engineering Pte Ltd* Mencast Marine Pte Ltd* Mencast Subsea Pte Ltd* S&W Pte Ltd* Top Great group of Companies Vac-Tech Engineering Pte Ltd*	Nil

* Subsidiaries of Mencast Holdings Ltd.

CORPORATE GOVERNANCE STATEMENT

Sunny Wong Fook Choy
Lead Independent Director
Date of first appointment as a director: 29 May 2008
Date of last re-election as a director: 26 April 2013

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
Nominating Committee (Chairman) Audit Committee Remuneration Committee	Albedo Limited Civmec Limited Excelpoint Technology Ltd. InnoTek Limited KTL Global Limited Wong Tan & Molly Lim LLC WTML Management Services Pte Ltd	Nil

Ho Chew Thim, Raymond
Independent Director
Date of first appointment as a director: 29 May 2008
Date of last re-election as a director: 25 April 2014

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
Audit Committee (Chairman) Nominating Committee Remuneration Committee	China Kunda Technology Holdings Limited DeClout Limited Hengyang Petrochemical Logistics Limited Yongmao Holdings Limited	R H Energy Ltd

Leow David Ivan
Independent Director
Date of first appointment as a director: 7 June 2013
Date of last re-election as a director: 25 April 2014

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
Corporate Strategy and Communications Committee (Chairman) Audit Committee Remuneration Committee	MEC Asian Fund Thaler Global Pte Ltd	Nil

CORPORATE GOVERNANCE STATEMENT

Ng Chee Keong
Independent Director
Date of first appointment as a director: 9 October 2009
Date of last re-election as a director: 25 April 2014

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
Remuneration Committee (Chairman) Nominating Committee Audit Committee	Jasper Investments Ltd Jurong Port Ltd Jurong Port Jakarta Holding Pte Ltd Jurong Port Marunda Holding Pte Ltd PT Pelabuhan Tegar Indonesia Samudera Shipping Line Ltd	Centre of Maritime Studies, NUS Mermaid Maritime Public Company Otto Marine Pte Ltd

Principle 6: Access to Information

The management of the Company provides Board members with quarterly management accounts and other financial statements to enable the Board to fulfil its responsibilities. Board members have full and independent access to senior management and the Company Secretary at all times. In the furtherance assess of their duties, the Board or an individual Board member may seek independent professional advice, if necessary, at the Company's expense.

The Company Secretary attend all of the Board and committee meetings and is responsible for ensuring that Board procedures are being followed and the Company complies with the requirement of the Singapore Companies Act (the "Act"), and other rules and regulations, which are applicable to the Company.

The appointment and removal of the Company Secretary is subject to approval of the Board.

Remuneration Committee

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

The Remuneration Committee of the Company ("**RC**") comprises the following members, all of whom are independent non-executive Directors:

Ng Chee Keong	Chairman, Independent Director
Sunny Wong Fook Choy	Member, Lead Independent Director
Ho Chew Thim, Raymond	Member, Independent Director
Leow David Ivan	Member, Independent Director

CORPORATE GOVERNANCE STATEMENT

The functions of the RC include:

- Recommending to the Board a framework of remuneration for the Board and the key executives of the Group, covering all aspects of remuneration such as Directors' fees, salaries, allowances, bonuses, options and benefit-in-kind;

- Proposing to the Board, appropriate and meaningful measures for assessing the executive Directors' performance;

- Determining the specific remuneration package for our CEO; and

- Considering and recommending to the Board the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration and details of the specific remuneration packages of the directors and key executives of the Group to those required by law or by the Code.

In performing its function, the RC endeavours to establish an appropriate remuneration policy to attract, retain and motivate senior executives and executive Directors, while at the same time ensuring that the reward in each case takes into account individual performance as well as the Group's performance.

The Company advocates a performance based remuneration system for executive Directors and key executives that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus and participation in an employee share option scheme or performance share award scheme based on the Group's performance and linking it to the individual's performance.

In determining such remuneration packages, the RC ensure that they are adequate by considering, in consultation with the CEO, amongst other factors, the respective individuals' responsibilities, skills, expertise and contribution to the Group's performance, and whether they are competitive and sufficient to ensure that the Group is able to attract and retain the best available executive talent.

The RC also administers the Company's share-based remuneration incentive plans, namely, the Mencast Employee Share Option Scheme ("**ESOS**") and Mencast Performance Share Award Scheme ("**PSAS**").

The purpose of the ESOS is to provide an opportunity for full time employees and Directors of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services.

The rationale of PSAS is to complement the ESOS and to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate the Group's Executive Directors, key management and selected employees when and after pre-determined performance target(s) being achieved. Performance targets set under the PSAS are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The PSAS is to provide the Company with a more comprehensive set of remuneration tools and further strengthen its competitiveness in attracting and retaining superior talent.

Both ESOS and PSAS are structured to link rewards to corporate and individual performance and they are aligned with the interests of shareholders and promote the long-term success of the Company.

During FY2015, the Company has granted 345,781 shares under the PSAS. No options were granted under the ESOS.

The remuneration of non-executive directors is determined so as to be appropriate to the level of contribution. Independent Directors receive Directors' fees in accordance with factors such as responsibilities, effort and time spent for serving on the Board and Board committees. The Directors' fees are recommended by the Board for approval by Shareholders at the AGM of the Company.

CORPORATE GOVERNANCE STATEMENT

No Directors participate in decisions on their own remuneration.

The Company has entered into Service Agreements with Mr Sim Soon Ngee Glenndle, the Executive Chairman and CEO for a fixed period of three years commencing from 25 June 2008 and Mr Wong Boon Huat, the Executive Director for a fixed period of three years commencing from 4 August 2011, and thereafter each renewable for a fixed period of three years. The Service Agreements of Mr Sim Soon Ngee Glenndle and Mr Wong Boon Huat were renewed on 18 November 2014.

The following table shows a breakdown of the annual remuneration of the Directors of the Group for FY2015.

Name of Director	Salary and Other Benefits	Performance Bonus[1]	Directors' Fees[2]	Total
	%	%	%	%
$250,001 to $500,000				
Sim Soon Ngee Glenndle	100	-	-	100
Wong Boon Huat	100	-	-	100
$250,000 and below				
Sunny Wong Fook Choy	-	-	100	100
Ho Chew Thim, Raymond	-	-	100	100
Leow David Ivan	-	-	100	100
Ng Chee Keong	-	-	100	100

For competitive reasons, the Company is not disclosing each individual Director's remuneration instead we are disclosing remuneration in bands of $250,000.

The remuneration of the 10 Key Executives of the Group (excluding the Executive Directors in the above table) is set out below:

Name of Key Executive	Salary and Other Benefits	Performance Bonus[1]	Total
	%	%	%
Below $250,000			
Rodolfo S Alviedo Jr, Jojo	100	-	100
Sim Wei Wei[3]	100	-	100
Phua Poh Cheng, Jack	100	-	100
Ho Gim Hai, Sam	100	-	100
Cheng Shao Rong	100	-	100
Sun Nai Jiang	100	-	100
Chong Yew Chee Roy	100	-	100
Wong Boon Hwee[4]	100	-	100
Aung Wunna, Edward	100	-	100
Christopher Woo Tuck Wai	100	-	100

CORPORATE GOVERNANCE STATEMENT

Notes:

(1) Performance bonus is determined in accordance with the respective service agreement

(2) Directors' fees are subject to Shareholders' approval at the AGM to be held on 26 April 2016.

(3) Sim Wei Wei is the daughter of substantial shareholder, Chua Kim Choo and sister of CEO, Sim Soon Ngee Glenndle.

(4) The total remuneration paid to the ten key executives in FY2015 is $1,471,000. This includes the total remuneration of the top five key executives (who are not Directors or the CEO) of the Company.

The breakdown of the total remuneration of employees who are immediate family members of the executive directors for the year ended 31 December 2015 is set out below:

Name of Employee	Salary and Other Benefits	Performance Bonus[1]	Directors' Fees[2]	Total
	%	%	%	%
$150,001 to $$200,000				
Wong Boon Hwee	100	-	-	100
$50,001 to $100,000				
Sim Wei Wei	100	-	-	100
Wong Boon Tian	100	-	-	100
Wong Boon Chit	100	-	-	100

Wong Boon Hwee, Wong Boon Tian and Wong Boon Chit are brothers of the Executive Director, Wong Boon Huat.

Other than as specified above, there are no immediate family members of a Director or substantial shareholder whose remuneration exceeds $50,000 for FY2015.

There is no termination, retirement and post-employment benefits granted to Directors, the CEO and the Key Executives.

Principle 10: Accountability

The Board is accountable to the Shareholders while the management is accountable to the Board. The management provides all Board members with management reports and accounts which represent balanced, understandable assessment of the Group's performance, position and prospects on a regular basis. In presenting the annual financial statements, quarterly and other announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed analysis and a balanced and understandable assessment of the company's performance, position and prospects. Financial reports and other price sensitive information are disseminated to shareholders through announcement via SGXNET, press releases and the Company's website. The Company's Annual Report is accessible on the Company's website.

CORPORATE GOVERNANCE STATEMENT

Principle 11: Risk Management and Internal Controls

Enterprise Risk Management Committee ("ERMC")

The Board and AC are assisted by the ERMC to evaluate the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. The ERMC was formed in year 2012 as part of the Group's efforts to strengthen its risk management processes and framework, in overseeing the formulation, update and maintenance of an adequate and effective risk management and internal control systems.

The ERMC oversees the risk management framework and policies of the Group. It is responsible for, among other things, reviewing the Group's strategy, policies, enterprise risk management framework, processes and procedures for identifying, measuring, reporting and mitigating key risks in the Group's businesses and operations.

The ERMC comprises the following members:

Name	Department	Designation	ERM Role
Glenndle Sim	Corporate	Executive Chairman/CEO	ERM Sponsor
Jojo Alviedo	Corporate	CFO	ERM Champion
Ellyn Kusumo	Corporate	Financial Controller	ERM Co-ordinator
Wong Boon Huat	Corporate	Executive Director	Member
Chong Yew Chee, Roy	Corporate	Senior Manager, Corporate Sales & Business Development	Member
Janis Anne Mojica	Corporate	Financial Controller	Member
Sim Wei Wei	Corporate	Head of Corporate Services	Member
Phua Poh Cheng, Jack	Marine	Vice President, Mencast Marine Division	Member
Christopher Woo Tuck Wai	Offshore & Engineering	Director - Mencast Subsea	Member
Aung Wunna, Edward	Offshore & Engineering	Head of Environmental	Member
Sun Nai Jiang	Offshore & Engineering	Senior Manager – Upstream Operations	Member
Ho Gim Hai	Energy Services	Managing Director – Vac-Tech	Member

The Company had engaged Mazars LLP as an independent consultant to assist in setting up the Enterprise Risk Management ('ERM') and to document the framework that enables Management to address the financial, operational, information technology and compliance risks of the key operating units. The process involved the identification of major risks through workshops conducted for the Group's various business units whereby the business units key risks of financial, operational, information technology and compliance nature, as well as the countermeasures in place or required to mitigate these risks were summarised for review by the AC. The documentation provided an overview of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type in the business units and the various assurance mechanisms in place.

The Board had received assurance from the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and regarding the effectiveness of the Company's risk management and internal control systems.

CORPORATE GOVERNANCE STATEMENT

During the financial year, the Group's Independent Auditor and Internal Auditor had conducted annual review of the effectiveness of the Group's internal controls. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Based on the internal controls established and maintained by the Group, works performed by the Independent and Internal auditors, and reviews performed by the Management and AC, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate and effective as at 31 December 2015 to address financial, operational, information technology and compliance risks, which the Group considers relevant and material to its operations.

Audit Committee

Principle 12: Audit Committee
Principle 13: Internal Audit

The Audit Committee of the Company ("**AC**") comprises four members, all of whom are independent non-executive Directors. The AC Chairman and members have the recent and relevant accounting and financial management expertise or experience to discharge their responsibilities:

Ho Chew Thim, Raymond	Chairman, Independent Director
Sunny Wong Fook Choy	Member, Lead Independent Director
Leow David Ivan	Member, Independent Director
Ng Chee Keong	Member, Independent Director

The AC carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the committee carried out the following:

- Reviews the scope and results of internal audit procedures with the Internal Auditor and the effectiveness of the Company's internal audit function;
- Reviews the adequacy of the Group's internal controls, including financial, operational compliance and information technology controls and risk management policies and systems;
- Reviews with the Independent Auditor the audit plan and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- Reviews the assistance given by management to the Independent Auditor, and discusses problems and concerns, if any, arising from the statutory audit, with the management;
- Reviews the balance sheet of the Company and the consolidated financial statements of the Group for the financial year before their submission to the Board of Directors, as well as the Independent Auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;
- Reviews the quarterly and annual financial statements of the Group before submission to the Board for approval, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

CORPORATE GOVERNANCE STATEMENT

- Reviews and discusses with the Independent Auditor any suspected fraud and irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management response;

- Reviews non-audit services performed by the Independent Auditor to ensure that the nature and extent of such services will not prejudice the independence and objectivity of the Independent Auditor before recommending to the Board;

- Reviews the independence and objectivity of the Independent Auditor;

- Evaluated quality of work carried out by Independent Auditor;

- Considers the appointment and re-appointment of the Independent Auditor and approve the remuneration and terms of engagement of the Independent Auditor; and

- Reviews transactions falling within the scope of Chapter 9 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual.

The AC shall also undertake:

- Such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

- Such other functions and duties as may be required by statute or the Listing Rules, and by such amendments made thereto from time to time.

To effectively discharge its responsibility, the AC has full access to, and the co-operation of, the management and has full discretion to invite any Director and other relevant party to attend its meetings. Full resources are made available to the AC to enable it to discharge its function properly.

The AC has full access to the Independent Auditor and Internal Auditor and meets them at least once a year without the presence of management.

Changes to accounting standards and issues which have a direct impact on financial statements will be highlighted to the AC from time to time by the Independent Auditor. The Independent Auditor will work with Management to ensure that the Group complies with the new accounting standards, if applicable.

During the year under review, the aggregate amount of fees paid to the Independent Auditor for the audit services amounted to $189,000. There was no non-audit services fees being paid to the independent Auditors for the financial year ended 31 December 2015. Having satisfied the independence of the Independent Auditor, the AC, with the concurrence of the Board, has recommended the re-appointment of Nexia TS Public Accounting Corporation ("**Nexia**") at the upcoming AGM.

Save for two foreign-incorporated subsidiary corporations which are not principal subsidiary corporations, all the Company's subsidiary corporations are audited by Nexia and its member firms. The Board and AC are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. The Group is in compliance with Rule 712 and Rule 716 of the Listing Manual of SGX-ST in relation to its Independent Auditor.

The Group has put in place a Whistle Blowing Policy (the "**Policy**"), which provides a channel for employees of the Group to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The Policy is to assist the AC in managing allegations of fraud or other misconduct; disciplinary and civil actions that are initiated following the completion of the investigations are appropriate and fair; and actions taken to correct the weakness in the existing system of internal processes which allowed the perpetration of the fraud and/or misconduct and to prevent recurrence.

CORPORATE GOVERNANCE STATEMENT

The internal audit function has been outsourced to a professional firm, Mazars LLP ("**the Internal Auditor**") in order to satisfy and comply with the requirements of best practices set out in the Code. The Internal Auditor reports directly to the AC on audit related matters and reports to the Chief Financial Officer of the Company on administrative-related matters. The Internal Auditor plans its audit schedules in consultation with, but independent of, the management. The audit schedules are approved by the AC.

The AC approves the hiring, removal, evaluation and compensation of the accounting/audit firm or corporation to which the internal audit function is outsourced. The Internal Auditor had unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The Internal Auditor carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditor.

The AC and Board reviews the adequacy and effectiveness of the internal audit function annually and they are satisfied that the Internal Auditor has adequate resources and appropriate standing within the Group and the Company.

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

Corporate Strategy and Communications Committee

The Corporate Strategy and Communications Committee of the Company ("**CSCC**") comprise the following members:

Leow David Ivan	Chairman, Independent Director
Sim Soon Ngee Glenndle	Member, Executive Chairman and Chief Executive Officer
Wong Boon Huat	Member, Executive Director

The primary role of the CSCC is to:

a) Develop and oversee the Group's corporate strategy by reviewing the strategic plans and initiatives that management shall be responsible for, including the setting of annual and multi-year goals and proposed major corporate and business initiatives of the Group, including financial and capital market activities and;

b) Communicate, as appropriate, the Group's corporate strategy and initiatives to external stakeholders, including current and potential investors, business partners, financial institutions and intermediaries, media and the public.

The CSCC reviews and provides recommendations to management and the Board with respect to the Group's corporate strategy and external communications. The CSCC also assists management and the Board with the review of individual proposals made by management as required by the Board as appropriate.

The Company's corporate governance practices are designed to promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions about the Company.

CORPORATE GOVERNANCE STATEMENT

The Board also endeavours to maintain regular, timely and effective communication with Shareholders and investors. Full year and quarterly results and information on material matters required by the Listing Rules are promptly disseminated to Shareholders through announcements made via the SGXNET followed by a news release. Such releases are also made available for future viewing on the Company's website at www.mencast.com.sg.

The Board welcomes the view of Shareholders on matters affecting the Group. Shareholders are informed of meetings through notices published in the newspapers and reports or circulars sent to all Shareholders.

The Company takes steps to engage investors or shareholders and solicit and understand the views of the shareholder through various corporate presentations where the Company briefs shareholders and other relevant stakeholders on its financial performance and business. Time is set aside for a Question & Answer session at every briefing.

At general meetings, Shareholders are given the opportunity to pose any questions to the Directors or management relating to the Group's business or performance. The general meeting is the principal forum for any dialogue the shareholders may have with the Directors and management of the Company. It is the Company's policy that all Directors, including the Chairman of the AC, NC, RC and CSCC as well as the Independent Auditor are present at the general meetings to receive shareholder feedback and address shareholders' queries.

The Company's Constitution allows a shareholder to appoint one or two proxies to attend and vote instead of the shareholder. The Company's Constitution allow a shareholder to vote in absentia. Shareholders that hold their shares through nominee or custodial services are allowed upon prior request through their nominee, to attend the AGM as observers without being constrained by the two-proxy rule.

Each item of special business in the notices of the shareholders' general meetings is accompanied as appropriate, by an explanation for the proposed resolution. Except for resolutions that are interdependent and linked so as to form one significant proposal, separate resolutions are presented for voting for each substantially separate issue.

All minutes of general meetings are available to shareholders upon request. Resolutions are passed at the general meetings by poll, if required. As the number of shareholders who attend the meetings are not large, it is not cost effective to have voting by - electronic polling. The results are also announced through SGXNET on the same day.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis.

Other than the disposal of the Group's 21% equity interest in Vac-Tech without losing control as announced on 15 January 2015, there was no material interested person transaction during the financial year under review.

Material Contracts

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiary corporations involving the interest of any Director or controlling Shareholder either still subsisting as at the financial year under review or if not subsisting, were entered into at the end of the financial year ended 31 December 2015.

CORPORATE GOVERNANCE STATEMENT

Securities Transactions

The Company has adopted internal regulations with respect to dealings in securities by Directors and officers of the Group which complies with Rule 1207(19) of the SGX-ST Listing Manual. The Directors, management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Shares during the periods commencing two weeks before the announcement of the Group's financial results for the first three quarter or one month before the announcement of the Group's full year financial results, and ending on the date of announcement of such result, or when they are in procession of unpublished price-sensitive information of the Group. In addition, the officers of the Company are advised not to deal with the Shares for short-term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 49 to 114 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors of the Company in office at the date of this statement are as follows:

Sim Soon Ngee Glenndle
Wong Boon Huat
Sunny Wong Fook Choy
Ho Chew Thim, Raymond
Leow David Ivan
Ng Chee Keong

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" and "Performance Shares" on pages 43 to 44 of this statement.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
The Company	**At 31.12.2015**	At 1.1.2015	**At 31.12.2015**	At 1.1.2015
(No. of ordinary shares)				
Sim Soon Ngee Glenndle	**75,669,100**	75,600,000	**70,734,800**	70,734,800
Wong Boon Huat	**28,005,306**	28,005,306	**-**	-
Sunny Wong Fook Choy	**150,000**	150,000	**-**	-
Ho Chew Thim, Raymond	**150,000**	150,000	**-**	-
Leow David Ivan	**6,012,000**	6,012,000	**-**	-

The directors' interests in the ordinary shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

By virtue of Section 7 of the Singapore Companies Act, Sim Soon Ngee Glenndle is deemed to have interests in the shares of all the subsidiary corporations at the beginning and at the end of the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Share options

The Company established the Mencast Employee Share Option Scheme (the "ESOS") on 30 May 2008 for granting of options to full-time employees and directors of the Company and its subsidiary corporations. The total number of ordinary shares over which the Company may grant under the ESOS shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

The Scheme is administered by the Remuneration Committee ("RC") which consists of directors (including directors or persons who may be participants of the ESOS). A member of the RC who is also a participant of the ESOS must not be involved in its deliberation in respect of options granted or to be granted to him.

The exercise price for each ordinary share in respect of which an option is exercisable shall be determined by the Committee as follows:

(i) at a price equal to the average of the last dealt prices for the five consecutive Market Days immediately preceding the relevant date of grant of the relevant option; or

(ii) at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price.

Options granted with the exercise price set at Market Price shall only be exercisable after 12 months of the date of grant of that option. Options granted with the exercise price set at a discount to Market Price shall only be exercisable after 24 months from the date of grant of that option. Options granted under the ESOS will have a life span of ten years.

Under the rules of the ESOS, there are no fixed periods for the grant of options. As such, offers for the grant of options may be made at any time at the discretion of the RC. However, no options shall be granted during the period of 30 days immediately preceding the date of announcement of interim or final results (as the case may be).

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second Market Day from the date on which the aforesaid announcement is made.

The lapsing of option is provided for upon the occurrence of certain events, which include:

(a) termination of the participant's employment;
(b) bankruptcy of the participant;
(c) death of the participant;
(d) take-over of the Company; and
(e) the winding-up of the Company (voluntary or otherwise).

Since the commencement of the ESOS till the end of the financial year, no option has been granted under the ESOS.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiary corporations.

There were no unissued shares of the Company and its subsidiary corporations under option at the end of the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Performance shares

The Mencast Performance Share Award Scheme (the "Scheme") was approved by members of the Company at Extraordinary General Meeting ("EGM") held on 10 November 2010 which provides for the award of fully paid-up ordinary shares in the share capital of the Company, free of charge to Group executive, Non-executive Directors and certain key executives when and after pre-determined performance target(s) are being achieved.

Controlling shareholders or associates of a controlling shareholder who meet the eligibility criteria are also eligible to participate in the Scheme provided that the participation of and the terms of each grant and the actual number of awards granted under the Scheme to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in separate resolutions for each such person.

The Scheme is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for Participants to achieve these targets. The directors believe that the Scheme will help to achieve the following positive objectives:

(a) reward, retain and motivate employees to achieve increased performance;
(b) provide Company with comprehensive set of remuneration tools and further strengthen its competitiveness in attracting and retaining superior local and foreign talent; and
(c) encourage greater dedication and loyalty by enabling the Company to give recognition for past contributions and services as well as motivating Scheme Participants generally to contribute towards the Group's long-term prosperity.

The Scheme is administered by directors which comprises one independent director at all times.

The Scheme shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the date on which the Scheme is adopted by the Company in general meeting, provided always that the Scheme may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting, and of any relevant authorities which may then be required.

The Company may deliver shares pursuant to awards granted under the Scheme by way of:

(i) issuance of new shares; and/or
(ii) delivery of existing shares purchased from the market or shares held in treasury.

The total number of ordinary shares over which the Company may grant under the Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding the date on which the award is granted.

The adoption of the Scheme is to complement the existing Mencast Employee Share Option Scheme (the "ESOS").

On 22 August 2014, the Company, pursuant to the Mencast Performance Share Award Scheme, granted $168,000 worth of Share Awards to eligible employees of the Company over two (2) to three (3) tranches. The Tranche 1 and Tranche 2 were awarded on 11 September 2014 and 17 September 2015 respectively (Note 25 (a)) and the remaining tranche 3 will be vested over 24 months from date of the grant.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

Ho Chew Thim, Raymond (Chairman)
Sunny Wong Fook Choy
Leow David Ivan
Ng Chee Keong

All members of the Audit Committee are independent and non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the Committee:

- Reviewed the scope and results of internal audit procedures with the internal auditor;
- Reviewed the adequacy of the Group's internal financial controls, operational and compliance controls and risk management policies and systems;
- Reviewed with the independent auditor the audit plan and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- Reviewed the assistance given by management to the independent auditor, and discusses problems and concerns, if any, arising from the statutory audit, with the management;
- Reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;
- Reviewed the quarterly and annual financial statements of the Group before submission to the Board for approval, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- Reviewed and discussed with the independent auditor any suspected fraud and irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management response;
- Reviewed non-audit services performed by the independent auditor to ensure that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor before recommending to the Board;
- Reviewed the independence and objectivity of the independent auditor;
- Considered the appointment and re-appointment of the independent auditor and approve the remuneration and terms of engagement of the independent auditor; and
- Reviewed transactions falling within the scope of Chapter 9 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

The Audit Committee has recommended to the board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting ("AGM") of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

....
Sim Soon Ngee Glenndle
Director

....
Wong Boon Huat
Director

1 April 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Mencast Holdings Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Mencast Holdings Ltd (the "Company") and its subsidiary corporations (the "Group") as set out on pages 49 to 114, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the Members of Mencast Holdings Ltd

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Low See Lien
Appointed since financial year ended 31 December 2015

Singapore

1 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	4	**90,622**	130,609
Cost of sales		**(71,678)**	(92,703)
Gross profit		**18,944**	37,906
Other gains – net	5	**7,746**	8,126
Expenses			
- Administrative		**(18,719)**	(20,904)
- Finance	8	**(5,656)**	(5,195)
Profit before income tax		**2,315**	19,933
Income tax expense	9	**(161)**	(1,734)
Net profit for the financial year		**2,154**	18,199
Other comprehensive (loss)/income, net of tax, that may be reclassified subsequently to profit or loss:			
Fair value loss on available-for-sale financial assets		**-**	(3)
Currency translation differences arising from consolidation		**(570)**	43
Total comprehensive income		**1,584**	18,239
Net profit attributable to:			
Equity holders of the Company		**1,582**	17,460
Non-controlling interests		**572**	739
		2,154	18,199
Total comprehensive income attributable to:			
Equity holders of the Company		**1,012**	17,500
Non-controlling interests		**572**	739
		1,584	18,239
Earnings per share attributable to equity holders of the Company (cents per share)			
- Basic and diluted	10	**0.44**	5.06

The accompanying notes form an integrral part of these financial statements.

BALANCE SHEETS

As at 31 December 2015

	Note	Group		Company	
		2015	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**10,896**	19,686	**410**	259
Trade and other receivables	12	**61,473**	85,479	**95,731**	85,476
Inventories	13	**8,775**	10,328	**-**	-
		81,144	115,493	**96,141**	85,735
Assets of disposal group classified as held-for-sale	15	**20,511**	-	**-**	-
		101,655	115,493	**96,141**	85,735
Non-current assets					
Available-for-sale financial assets	16	**169**	172	**-**	-
Investments in subsidiary corporations	17	**-**	-	**82,030**	94,251
Investment in joint venture	18	**207**	881	**-**	-
Property, plant and equipment	19	**208,066**	181,936	**33**	63
Deposits for purchase of property, plant and equipment		**283**	1,872	**-**	-
Intangible assets	20	**45,180**	45,180	**-**	-
Club memberships		**60**	60	**-**	-
Deferred income tax assets	24	**-**	-	**524**	524
		253,965	230,101	**82,587**	94,838
Total assets		**355,620**	345,594	**178,728**	180,573
LIABILITIES					
Current liabilities					
Trade and other payables	21	**21,765**	34,902	**61,786**	57,194
Borrowings	22	**103,184**	70,013	**49,843**	-
Current income tax liabilities		**775**	869	**-**	-
		125,724	105,784	**111,629**	57,194
Liabilities directly associated with disposal group classified as held-for-sale	15	**5,522**	-	**-**	-
		131,246	105,784	**111,629**	57,194

The accompanying notes form an integrral part of these financial statements.

BALANCE SHEETS

As at 31 December 2015

	Note	Group		Company	
		2015	2014	**2015**	2014
	Note	**$'000**	$'000	**$'000**	$'000
Non-current liabilities					
Other payables	21	**-**	5,100	**-**	5,100
Borrowings	22	**86,123**	100,713	**-**	49,617
Deferred income tax liabilities	24	**4,478**	4,453	**-**	-
		90,601	110,266	**-**	54,717
Total liabilities		**221,847**	216,050	**111,629**	111,911
NET ASSETS		**133,773**	129,544	**67,099**	68,662
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	25	**75,562**	72,027	**75,562**	72,027
Fair value reserve		**92**	92	**-**	-
Translation reserve		**(2,551)**	(1,981)	**-**	-
Other reserve		**509**	-	**-**	-
Retained profits/(accumulated losses)		**54,114**	56,153	**(8,463)**	(3,365)
		127,726	126,291	**67,099**	68,662
Non-controlling interests		**6,047**	3,253	**-**	-
Total equity		**133,773**	129,544	**67,099**	68,662

The accompanying notes form an integrral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

		Attributable to equity holders of the Company							
	Note	Share capital $'000	Fair value reserve* $'000	Translation reserve* $'000	Other reserve*[1] $'000	Retained profits** $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group									
2015									
Beginning of financial year		72,027	92	(1,981)	-	56,153	126,291	3,253	129,544
Issue of new shares for acquisitions in prior financial years	25	3,475	-	-	-	-	3,475	-	3,475
Purchase of treasury shares	25	(10)	-	-	-	-	(10)	-	(10)
Award of performance shares to employees	25	70	-	-	-	-	70	-	70
Disposal of interests without loss of control		-	-	-	509	-	509	2,011	2,520
Additional investment by non-controlling interest		-	-	-	-	-	-	211	211
Dividends paid relating to 2014	26	-	-	-	-	(3,621)	(3,621)	-	(3,621)
Total comprehensive (loss)/income for the financial year		-	-	(570)	-	1,582	1,012	572	1,584
End of financial year		**75,562**	**92**	**(2,551)**	**509**	**54,114**	**127,726**	**6,047**	**133,773**
2014									
Beginning of financial year		58,441	95	(2,024)	-	47,570	104,082	2,514	106,596
Issue of new shares for acquisitions in prior financial years	25	1,850	-	-	-	-	1,850	-	1,850
Purchase of treasury shares	25	(136)	-	-	-	-	(136)	-	(136)
Award of performance shares to employees	25	72	-	-	-	-	72	-	72
Issue of new shares pursuant to rights issue	25	11,800	-	-	-	-	11,800	-	11,800
Dividends paid relating to 2013	26	-	-	-	-	(8,877)	(8,877)	-	(8,877)
Total comprehensive (loss)/income for the financial year		-	(3)	43	-	17,460	17,500	739	18,239
End of financial year		**72,027**	**92**	**(1,981)**	**-**	**56,153**	**126,291**	**3,253**	**129,544**

* Fair value, translation and other reserves are not available for distribution.

** The retained profits of the Group and the Company are distributable.

[1] Difference between consideration and the change in carrying amounts of non-controlling interest in respect of partial disposal of a subsidiary corporation without loss of control.

The accompanying notes form an integrral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Net profit		**2,154**	18,199
Adjustments for:			
- Income tax expense	9	**161**	1,734
- Depreciation of property, plant and equipment	19	**13,695**	12,441
- Write-back of deferred consideration on a previous acquisition	5	**(1,892)**	-
- Gain on disposal of property, plant and equipment	5	**(4,183)**	(4,540)
- Dividend income on available-for-sale financial assets	5	**(2)**	(7)
- Award of performance shares	25	**70**	72
- Interest income	5	**(19)**	(14)
- Interest expense	8	**5,656**	5,195
- Currency translation differences		**(318)**	87
		15,958	33,167
Change in working capital			
- Trade and other receivables		**27,620**	(26,600)
- Inventories		**1,553**	(1,285)
- Trade and other payables		**(15,518)**	(5,526)
Cash generated from operations		**29,613**	(244)
Interest received		**19**	14
Income tax paid		**(230)**	(107)
Net cash provided by/(used in) operating activities		**29,402**	(337)
Cash flows from investing activities			
Dividend received on available-for-sale financial assets		**2**	7
Dividend received from investment in joint venture	18	**674**	-
Interest paid		**(1,247)**	(417)
Proceeds from disposal of property, plant and equipment		**11,133**	7,460
Proceeds from disposal of available-for-sale financial assets		**3**	-
Payments of other payables relating to prior financial years' acquisitions		**(2,625)**	(9,985)
Purchase of property, plant and equipment		**(16,787)**	(10,428)
Deposits for purchase of property, plant and equipment		**1,589**	(475)
Release of short-term bank deposits pledged		**317**	1,909
Net cash used in investing activities		**(6,941)**	(11,929)
Cash flows from financing activities			
Dividends paid	26	**(3,621)**	(8,877)
Interest paid		**(4,925)**	(4,551)
Repayment of bank borrowings		**(37,272)**	(36,502)
Repayment of finance lease liabilities		**(6,759)**	(7,621)
Proceeds from bank borrowings		**23,230**	57,801
Proceeds from rights issue	25	**-**	11,800
Purchase of treasury shares	25	**(10)**	(136)
Net cash (used in)/provided by financing activities		**(29,357)**	11,914
Net decrease in cash and cash equivalents		**(6,896)**	(352)
Cash and cash equivalents at beginning of financial year		**14,170**	14,522
Cash and cash equivalents at end of financial year	11	**7,274**	14,170

The accompanying notes form an integrral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements were authorised for issue in accordance with a resolution of Board of Directors of Mencast Holdings Ltd on 1 April 2016.

1. General information

Mencast Holdings Ltd (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 42E Penjuru Road, Mencast Central, Singapore 609161.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 17 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern

In preparing the financial statements, the Directors have considered the operations of the Group as going concern notwithstanding that as at 31 December 2015, the Group's current liabilities exceed its current assets by $29.5 million (2014: not applicable) mainly due to the $50 million Series 1 Notes which will mature in September 2016. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Nevertheless, the Directors prepared the financial statements of the Group on a going concern basis as they believe the Group will be able to meet its obligations as and when they fall due because of the following measures:

(i) Completion of private placement exercise whereby the Company issued 54,640,000 ordinary shares with the proceeds of $14.8 million in January 2016 (Note 32(a));

(ii) Planned disposal of subsidiary corporations' buildings on leasehold land with expected realisable value of about $23.2 million (Note 15);

(iii) Management expects to receive support from its primary bankers to finance the settlement of Series 1 Notes in September 2016. The Group has received an indicative letter of offer from one bank for $20 million and another bank has indicated it will also be issuing an indicative letter of offer; and

(iv) Positive cash flows from operations are projected for the financial year ending 31 December 2016.

In the event that the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Sale of goods

Revenue from sale of goods is recognised when the Group has delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(ii) Rendering of services

Repair and overhaul services

Revenue from repair and overhaul services is recognised in the period in which the services are rendered and accepted by customers, hence, advances from customers are deferred and classified as "deferred revenue" under "trade and other payables". Labour and overhead costs incurred relating to reconditioning services are deferred and classified as "deferred cost" under "inventories" until the revenue is recognised. Unbilled revenue on completed services is recognised as "accrued revenue" under "trade and other receivables".

Maintenance service

Revenue from maintenance service is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total service to be performed. Advances from customers are deferred and classified as "deferred revenue" under "trade and other payables". Labour and overhead costs incurred relating to maintenance services are deferred and classified as "deferred cost" under "inventories" until the revenue is recognised. Unbilled revenue on completed services is recognised as "accrued revenue" under "trade and other receivables".

(iii) Construction contracts

Please refer to the paragraph 2.9 "Construction contracts" for the accounting policy for revenue from construction contracts.

(iv) Interest income

Interest income is recognised using the effective interest method.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vi) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(vii) Sales of scrap

Revenue from sale of scrap is recognised when the Group has delivered the scrap to the customer, the customer has accepted the scrap and the collectability of the related receivables is reasonably assured.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other gains - net.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net result of operations and its net assets, which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises of the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph 2.7 "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph 2.10 "Investments in subsidiary corporations and joint venture" for the accounting policy on investments in subsidiary corporations and joint venture in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Joint venture

Joint venture is an entity over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investment in joint venture is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Joint venture (continued)

(i) Acquisitions

Investment in joint venture is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint venture represents the excess of the cost of acquisition of the joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investment.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its joint venture's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the joint venture is adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposal

Investment in joint venture is derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph 2.10 "Investments in subsidiary corporations and joint venture" for the accounting policy on investments in subsidiary corporations and joint venture in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Buildings on leasehold land*

Buildings on leasehold land are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to paragraph 2.8 on borrowing costs).

(b) *Depreciation*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings on leasehold land	Over the lease periods of 28 to 60 years
Machinery and equipment	10 - 15 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	5 to 10 years
Vessels	15 years
Computers	1 to 3 years
Renovation	5 years

No depreciation is provided on construction-in-progress.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within 'Other gains – net'.

2.6 Club memberships

Club memberships are stated at cost less impairment loss, if any.

2.7 Intangible assets

Goodwill on acquisitions

Goodwill on acquisitions of subsidiary corporations and businesses on or after 1 January 2010 represents the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiary corporations and businesses prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on joint venture is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of the properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.9 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.10 Investments in subsidiary corporations and joint venture

Investments in subsidiary corporations and joint venture are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.11 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Property, plant and equipment*
Investments in subsidiary corporations and joint venture

Property, plant and equipment and investments in subsidiary corporations and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.12 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition, and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date. There are no financial assets categorised at fair value through profit or loss and held-to-maturity.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial and subsequent measurement*

Financial assets are initially recognised at fair value plus transaction costs.

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.12 Financial assets (continued)

(d) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in paragraph 2.12(d)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.14 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.15 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.16 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method.

2.17 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.18 Leases

(a) When the Group is the lessee:

The Group leases motor vehicles and certain plant and machinery under finance leases and land under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor:

The Group leases office and workshop space under operating leases.

Lessor – Operating leases

Leases of office and workshop space where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.19 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable variable selling expenses.

2.20 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.21 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.22 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(c) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for the shares or right over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or granted, excluding the impact of any non-market vesting conditions. The amount is determined by reference to the fair value of the performance shares on the grant date. This fair value is recognised in profit or loss over the vesting period of the share-based payment scheme with the corresponding increase in equity. The value of charge is adjusted in profit or loss over the remaining vesting period to reflect expected and actual levels of shares vesting with the adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

(d) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liabilities for annual leave as a result of services rendered by employees up to balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.23 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.25 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts and short-term bank deposits pledged. Bank overdrafts are presented as current borrowings on the balance sheet.

2.26 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity instruments are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

2.27 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.28 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Impairment test for goodwill*

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. The recoverable amounts of cash-generating units, where goodwill is allocated, have been determined based on value-in-use calculations. These calculations require the use of estimates. The carrying amount of goodwill is disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Critical accounting estimates, assumptions and judgements (continued)

(b) *Construction contracts*

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists. Details of construction contracts are disclosed in Note 14.

If the percentage of completion on uncompleted contracts at the balance sheet date had been higher/lower by 10% from management's estimates, the Group's profit would have been higher/lower by $1,553,000 and $2,017,000 respectively.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by $1,834,000 and $1,659,000 respectively.

(c) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 60 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2015 was $208,066,000 (2014: $181,936,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(d) *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment on a monthly basis. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Details of trade and other receivables and allowance for impairment are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4. Revenue

	Group	
	2015	2014
	$'000	$'000
Revenue from construction contracts	**35,363**	31,499
Service income from maintenance, repair and overhaul	**33,672**	85,659
Sale of goods	**21,587**	13,451
	90,622	130,609

5. Other gains – net

	Group	
	2015	2014
	$'000	$'000
Dividend income on available-for-sale financial assets	**2**	7
Foreign currency exchange gain – net	**93**	525
Gain on disposal of property, plant and equipment	**4,183**	4,540
Government grants	**478**	504
Interest income – bank deposits	**19**	14
Rental income on operating lease	**395**	543
Sales of scrap	**255**	432
Write-back of deferred consideration on a previous acquisition	**1,892**	-
Write-back of long-outstanding payables and accruals	**104**	820
Other income	**325**	741
	7,746	8,126

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

6. Expenses by nature

	Group	
	2015	2014
	$'000	$'000
Purchases of raw materials	**9,338**	17,824
Advertisement	**79**	194
Fees on audit services paid/payable to:		
- Auditor of the Company	**189**	222
- Other auditors*	**43**	44
Fees on non-audit services paid/payable to other auditors*	**75**	135
Allowance for impairment of trade receivables – net (Note 29(b)(ii))	**712**	599
Commission	**349**	111
Depreciation of property, plant and equipment (Note 19)	**13,695**	12,441
Directors' fees	**226**	254
Donation	**31**	220
Employee compensation (Note 7)	**32,785**	35,702
Employee welfare	**1,282**	1,739
Entertainment and refreshment	**252**	367
Freight and handling charges	**454**	451
Insurance	**1,092**	1,487
Property tax	**1,431**	1,378
Printing and stationery	**224**	260
Professional fees	**1,547**	1,711
Repairs and maintenance	**2,376**	2,509
Rental expense on operating leases	**4,217**	4,772
Security fees	**264**	373
Subcontractors' cost	**11,574**	23,039
Surveyor and testing fees	**1,114**	1,635
Telephone	**392**	420
Transportation	**575**	663
Travelling	**550**	1,122
Utilities	**2,367**	2,478
Write-back of allowance for impairment of trade receivables	**(333)**	–
Other	**1,944**	2,742
Changes in inventories	**1,553**	(1,285)
Total cost of sales and administrative expenses	**90,397**	113,607

* Includes the network member firms of Nexia International.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

7. Employee compensation

	Group	
	2015	2014
	$'000	$'000
Wages and salaries	**28,196**	31,060
Employers' contribution to defined contribution plans including Central Provident Fund	**4,196**	4,179
Other short-term benefits	**323**	391
Performance shares expense (Note 25)	**70**	72
	32,785	35,702

8. Finance expenses

	Group	
	2015	2014
	$'000	$'000
Interest expense on:		
- Bank borrowings	**3,277**	1,970
- Finance lease liabilities	**525**	541
- Series 1 Notes	**3,101**	3,101
	6,903	5,612
Less: Borrowing costs capitalised in property, plant and equipment	**(1,247)**	(417)
	5,656	5,195

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9. Income taxes

	Group	
	2015	2014
	$'000	$'000
Income tax expenses		
Tax expense attributable to profit is made up of:		
Profit for the financial year		
- Current income tax - Singapore	**246**	279
- Deferred income tax (Note 24)	**351**	1,776
	597	2,055
(Over)/under provision in prior financial years		
- Current income tax - Singapore	**(110)**	124
- Current income tax – Malaysia	**-**	16
- Deferred income tax (Note 24)	**(326)**	(461)
	161	1,734

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2015	2014
	$'000	$'000
Profit before income tax	**2,315**	19,933
Tax calculated at tax rate of 17% (2014: 17%)	**394**	3,389
Effects of:		
- different tax rates in other countries	**30**	24
- statutory tax exemption	**(52)**	(130)
- tax incentive under Productivity and Innovation Credit	**(251)**	(822)
- expenses not deductible for tax purposes	**1,545**	749
- income not subject to tax	**(1,033)**	(723)
- deferred income tax asset not recognised	-	(282)
- tax rebate	**(40)**	(150)
- other	**4**	-
Tax charge	**597**	2,055

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	2014
Net profit attributable to equity holders of the Company ($'000)	**1,582**	17,460
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**361,035**	345,320
Basic earnings per share (cents per share)	**0.44**	5.06

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

The Company has Performance Share Award as dilutive potential ordinary shares.

The weighted average number of shares on issue has been adjusted as if all dilutive performance shares were issued on the grant date. The number of shares that could have been issued were based on the weighted average of the closing market prices of the Shares over the last 5 market days immediately preceding the grant date.

	Group	
	2015	2014
Net profit attributable to equity holders of the Company ($'000)	**1,582**	17,460
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**361,035**	345,320
Adjustment for		
- Performance Share Award	**53**	58
	361,088	345,378
Diluted earnings per share (cents per share)	**0.44**	5.06

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

11. Cash and cash equivalents

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**7,827**	16,197	**410**	259
Short-term bank deposits	**3,069**	3,489	**-**	-
	10,896	19,686	**410**	259

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2015	2014
	$'000	$'000
Cash and bank balances (as above)	**10,896**	19,686
Less : Short-term bank deposits pledged	**(2,718)**	(3,035)
Less : Bank overdrafts (Note 22)	**(904)**	(2,481)
Cash and cash equivalents per consolidated statement of cash flows	**7,274**	14,170

Certain short-term bank deposits are pledged to secure certain bank borrowings (Note 22).

12. Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**32,520**	49,741	**-**	-
Less: Allowance for impairment of trade receivables - non-related parties (Note 29(b)(ii))	**(1,267)**	(1,851)	**-**	-
Trade receivables – net	**31,253**	47,890	**-**	-
Construction contracts				
- Due from customers (Note 14)	**17,404**	20,228	**-**	-
Non-trade amounts due from subsidiary corporations	**-**	-	**91,575**	83,727
Accrued revenue	**6,952**	12,033	**1,783**	1,528
Advances to suppliers	**894**	674	**-**	-
Advances to staff	**47**	23	**-**	-
Deposits	**547**	1,080	**11**	5
Prepayments	**1,190**	950	**68**	70
Other receivables				
- Non-related parties	**1,216**	2,601	**2,294**	146
- Related party	**1,970**	-	**-**	-
	61,473	85,479	**95,731**	85,476

The non-trade amounts due from subsidiary corporations are unsecured, repayable on demand and interest-free, except for certain advances to subsidiary corporations amounting to $30,929,000 (2014: $29,629,000) which bear interest at 5.75% (2014: 5.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

13. Inventories

	Group	
	2015	2014
	$'000	$'000
Raw materials	**5,511**	5,910
Work-in-progress	**1,547**	3,185
Finished goods	**983**	988
Deferred costs	**734**	245
	8,775	10,328

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $10,891,000 (2014: $16,539,000).

14. Construction contracts

	Group	
	2015	2014
	$'000	$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**40,690**	52,501
Less: Progress billings	**(23,356)**	(37,092)
	17,334	15,409
Presented as:		
Due from customers on construction contracts (Note 12)	**17,404**	20,228
Due to customers on construction contracts (Note 21)	**(70)**	(4,819)
	17,334	15,409

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15. Disposal group classified as held-for-sale

	Group 2015 $'000
Details of the assets in disposal group classified as held-for-sale are as follows:	
Property, plant and equipment (Note 19):	
- Buildings on leasehold land	**19,871**
- Renovation	**535**
- Furniture and Fixtures	**105**
	20,511
Details of the liabilities directly associated with disposal group classified as held-for-sale is as follows:	
Bank borrowings:	**2,355**
- Secured	**3,167**
- Unsecured	**5,522**

The Group reclassified certain assets and liabilities under disposal group as held-for-sale with a net asset amount of $14,989,000 as part of the key initiatives of management to dispose some under-utilised assets for cost savings and to improve the cash flow position.

Bank borrowings include secured liabilities of $2,355,000 for the Group's buildings on leasehold land. Unsecured liabilities of $3,167,000 pertains to bank borrowings to finance the construction of office building & workshop in Changshu, Jiangsu, China (Note 19). The Company has issued corporate guarantees to banks on these unsecured borrowings.

16. Available-for-sale financial assets

	Group 2015 $'000	Group 2014 $'000
Beginning of financial year	**172**	175
Fair value loss recognised in other comprehensive income	**-**	(3)
Disposal	**(3)**	-
End of financial year	**169**	172

Available-for-sale financial assets are analysed as follows:

	Group 2015 $'000	Group 2014 $'000
Listed securities:		
- equity securities - Singapore	**-**	4
- equity securities - Malaysia	**169**	168
	169	172

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For the financial year ended 31 December 2015

17. Investments in subsidiary corporations

	Company 2015 $'000	Company 2014 $'000
Equity investments at cost		
Beginning of financial year	**94,251**	94,251
Disposal of investment in subsidiary corporations without loss of control	**(12,221)**	-
End of financial year	**82,030**	94,251

Details of subsidiary corporations are as follows:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent 2015 %	Proportion of ordinary shares directly held by parent 2014 %	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by the Group 2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	Proportion of ordinary shares held by non-controlling interests 2014 %
Mencast Marine Pte Ltd[a]	Manufacture, supply and refurbishment and reconditioning of sterngear	Singapore	**100**	100	**100**	100	**-**	-
Mencast Engineering Pte Ltd[a]	Supply of oil & gas equipment and precision engineering services	Singapore	**100**	100	**100**	100	**-**	-
Mencast Offshore & Marine Pte Ltd[a]	Provision of mechanical engineering works, and repair of ships, tankers and other ocean-going vessels	Singapore	**100**	100	**100**	100	**-**	-
Mencast Energy Pte Ltd[a]	Manufacture of marine parts & equipment	Singapore	**70**	70	**70**	70	**30**	30
Mencast Centre of Excellence Pte Ltd[a]	Provision of training services	Singapore	**100**	100	**100**	100	**-**	-
Recon Propeller & Engineering Pte Ltd[a]	Sterngear services	Singapore	**100**	100	**100**	100	**-**	-
Mencast Procurement (Singapore) Pte Ltd[a]	Trading of materials and equipment for the marine oil & gas	Singapore	**100**	100	**100**	100	**-**	-
Top Great Engineering & Marine Pte Ltd ("Top Great")[a]	Provision of mechanical engineering works, and repair of ships, tankers and other ocean going vessels	Singapore	**100**	100	**100**	100	**-**	-
Mencast Subsea Pte Ltd ("Subsea)[a]	Provision of underwater commercial diving and top side (rope access) services	Singapore	**100**	100	**100**	100	**-**	-
S&W Pte Ltd ("S&W") [a]	Fabrication of heat exchanger, pressure vessel, air cooler heat exchanger and skid packager	Singapore	**100**	100	**100**	100	**-**	-
MAG Offshore Marine Pte. Ltd.[e]	Inactive	Singapore	**51**	51	**51**	51	**49**	49

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2015	2014	**2015**	2014	**2015**	2014
			%	%	**%**	%	**%**	%
Mencast Marine (HK) Limited[e]	Inactive	Hong Kong	**-**	-	**100**	100	**-**	-
Mencast Energeers Pte Ltd[a]	Inactive	Singapore	**-**	-	**70**	70	**30**	30
Vac-Tech Engineering Pte Ltd[a]	Sludge treatment, catalyst handling, environmental services and industrial cleaning services	Singapore	**-**	70	**49**	70	**51**	30
Chinyee Engineering & Machinery Pte Ltd[a]	Supply of oil & gas equipment and precision engineering services	Singapore	**-**	100	**100**	100	**-**	-
PT. Mencast Offshore & Marine[b]	Fabrication of steel structure, ship building and repairs	Indonesia	**-**	-	**100**	100	**-**	-
Mencast Engineering Sdn Bhd[c]	Engineering construction and development work	Malaysia	**-**	-	**100**	100	**-**	-
Top Great Holdings Pte Ltd[a]	Investment holding	Singapore	**-**	-	**100**	100	**-**	-
Top Great Engineering Services LLC[d]	Inactive	Sultanate of Oman	**-**	-	**100**	100	**-**	-
Mencast Offshore Sdn Bhd[c]	Inactive	Malaysia	**-**	-	**100**	100	**-**	-
Unidive Marine Services (Malaysia) Sdn Bhd[c]	Underwater commercial diving services provider	Malaysia	**-**	-	**100**	100	**-**	-
Unidive Offshore Pte Ltd[e]	Inactive	Singapore	**-**	-	**100**	100	**-**	-
Industrial Rope Access Pte Ltd[e]	Struck off	Singapore	**-**	-	**-**	100	**-**	-
Changshu Honghua Equipment Co., Ltd[f]	Inactive	China	**-**	-	**100**	100	**-**	-
S&W Process Equipment (Changshu) Co. Ltd.[f]	Fabrication of heat exchanger, pressure vessel, air cooler heat exchanger and skid packager	China	**-**	-	**100**	100	**-**	-

(a) Audited by Nexia TS Public Accounting Corporation, Singapore.
(b) Audited by Riyanto, SE, AK, Indonesia.
(c) Audited by SSY Partners, Malaysia, a member firm of Nexia International.
(d) Audited by MHMY Auditors, Sultanate of Oman.
(e) Not required to be audited under the laws of the country of incorporation. Audited by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes.
(f) Audited by Shanghai Nexia TS CPAS, China, a member firm of Nexia International.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

17. Investments in subsidiary corporations (continued)

Significant restrictions

Cash in bank of $108,000 are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange regulations provide for restrictions on remitting capital from the country, other than through normal dividends.

Carrying value of non-controlling interests

	2015	2014
	$'000	$'000
Vac-Tech Engineering Pte Ltd (representing 51% (2014: 30%) non-controlling interest)	**5,818**	3,024
Other subsidiary corporations with immaterial non-controlling interest	**229**	229
Total	**6,047**	3,253

Summarised financial information of subsidiary corporation with material non-controlling interests

Set out below are the summarised financial information for the subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

During the year, the Group partially disposed off its investment in Vac-Tech Engineering Pte Ltd without losing its control. This transaction is treated as transaction with non-controlling interests.

There were no transactions with non-controlling interests for the financial year ended 31 December 2014.

Summarised Balance Sheet

	Vac-Tech	
	2015	2014
	$'000	$'000
Current		
Assets	**8,380**	9,448
Liabilities	**(7,528)**	(7,926)
Total current net assets	**852**	1,522
Non-current		
Assets	**12,790**	11,739
Liabilities	**(2,943)**	(3,683)
Total non-current net assets	**9,847**	8,056
Net assets	**10,699**	9,578

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For the financial year ended 31 December 2015

17. Investments in subsidiary corporations (continued)

Summarised Income Statement

	Vac-Tech	
	2015	2014
	$'000	$'000
Revenue	**13,293**	14,486
Profit before income tax	**1,291**	2,744
Income tax expense	**(169)**	(279)
Total comprehensive income, representing net profit	**1,122**	2,465
Total comprehensive income allocated to non-controlling interests	**572**	739

Summarised Cash Flows

	Vac-Tech	
	2015	2014
	$'000	$'000
Cash flows from operating activities		
Cash generated from operations	**4,825**	2,917
Income tax paid	**(187)**	-
Net cash provided by operating activities	**4,638**	2,917
Net cash used in investing activities	**(2,016)**	(1,114)
Net cash used in financing activities	**(1,513)**	(1,150)
Net increase in cash and cash equivalents	**1,109**	653
Cash and cash equivalents at beginning of year	**2,429**	1,776
Cash and cash equivalents at end of year	**3,538**	2,429

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

18. Investment in joint venture

	Group	
	2015	2014
	$'000	$'000
Equity investment at cost		
Beginning of financial year	**881**	881
Dividend received	**(674)**	-
End of financial year	**207**	881

Details of joint venture are as follows:

Name of company	Principal activities	Country of business/ incorporation	Effective equity holding	
			2015	2014
			%	%
Towell Top Great Engineering Services LLC[a]	Inactive	Sultanate of Oman	**50**	50

(a) Audited by HC Shah & Co, Sultanate of Oman.

The joint venture is regarded by the Directors as not material to the Group.

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For the financial year ended 31 December 2015

19. Property, plant and equipment

Group	Buildings on leasehold land	Machinery and equipment	Furniture and fittings	Office equipment	Motor vehicles	Vessels	Computers	Renovation	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015										
Cost										
Beginning of financial year	95,939	79,482	1,708	733	4,453	6,118	1,847	1,497	22,613	214,390
Currency translation differences	(267)	(65)	2	46	170	–	14	(3)	–	(103)
Additions	1,670	12,371	37	179	1,499	5,711	181	469	48,158	70,275
Reclassified to disposal group (Note 15)	(23,637)	–	(493)	–	–	–	–	(672)	–	(24,802)
Reclassification	(1,761)	1,761	–	–	–	–	–	–	–	–
Disposals	(2,178)	(11,288)	(78)	–	(730)	(286)	(14)	(298)	–	(14,872)
End of financial year	69,766	82,261	1,176	958	5,392	11,543	2,028	993	70,771	244,888
Accumulated depreciation										
Beginning of financial year	8,608	17,141	715	494	2,431	1,344	1,093	628	–	32,454
Currency translation differences	33	348	222	5	180	–	–	(3)	–	785
Depreciation charge (Note 6)	4,076	7,880	257	111	510	267	383	211	–	13,695
Reclassified to disposal group (Note 15)	(3,766)	–	(388)	–	–	–	–	(137)	–	(4,291)
Disposals	(367)	(4,526)	(71)	–	(504)	(52)	(14)	(287)	–	(5,821)
End of financial year	8,584	20,843	735	610	2,617	1,559	1,462	412	–	36,822
Net book value										
End of financial year	**61,182**	**61,418**	**441**	**348**	**2,775**	**9,984**	**566**	**581**	**70,771**	**208,066**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. Property, plant and equipment (continued)

Group	Buildings on leasehold land	Machinery and equipment	Furniture and fittings	Office equipment	Motor vehicles	Vessels	Computers	Renovation	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014										
Cost										
Beginning of financial year	88,356	72,297	1,432	790	4,756	5,352	1,456	739	3,572	178,750
Currency translation differences	(87)	(3)	(1)	(1)	(3)	(5)	(2)	-	-	(102)
Additions	9,937	5,472	370	68	843	771	504	811	21,815	40,591
Reclassification	-	3,364	(31)	(74)	(515)	-	-	-	(2,744)	-
Disposals	(2,267)	(1,648)	(62)	(50)	(628)	-	(111)	(53)	(30)	(4,849)
End of financial year	95,939	79,482	1,708	733	4,453	6,118	1,847	1,497	22,613	214,390
Accumulated depreciation										
Beginning of financial year	4,581	11,595	515	407	2,407	1,100	822	530	-	21,957
Currency translation differences	(4)	(8)	(1)	-	(1)	-	(1)	-	-	(15)
Depreciation charge (Note 6)	4,436	6,415	263	131	475	244	327	150	-	12,441
Disposals	(405)	(861)	(62)	(44)	(450)	-	(55)	(52)	-	(1,929)
End of financial year	8,608	17,141	715	494	2,431	1,344	1,093	628	-	32,454
Net book value										
End of financial year	**87,331**	**62,341**	**993**	**239**	**2,022**	**4,774**	**754**	**869**	**22,613**	**181,936**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. Property, plant and equipment (continued)

Company	Office equipment	Computers	Renovation	Total
	$'000	$'000	$'000	$'000
2015				
Cost				
Beginning of financial year	2	84	24	110
Additions	-	2	-	2
End of financial year	2	86	24	112
Accumulated depreciation				
Beginning of financial year	-	37	10	47
Depreciation charge	1	27	4	32
End of financial year	1	64	14	79
Net book value				
End of financial year	**1**	**22**	**10**	**33**
2014				
Cost				
Beginning of financial year	1	38	24	63
Additions	1	46	-	47
End of financial year	2	84	24	110
Accumulated depreciation				
Beginning of financial year	-	12	5	17
Depreciation charge	-	25	5	30
End of financial year	-	37	10	47
Net book value				
End of financial year	**2**	**47**	**14**	**63**

Additions during the financial year included machinery and equipment and motor vehicles acquired under finance leases amounting to $1,290,000 (2014: $2,888,000).

Building on leasehold land and construction in progress financed by construction loan amounted to $45,191,000 (2014: $27,232,000).

The carrying amounts of machinery and equipment and motor vehicles held under finance leases are $22,475,000 (2014: $26,522,000) at the balance sheet date.

Certain bank borrowings are secured by buildings on leasehold land and construction on progress of the Group with carrying amounts of $57,616,000 (2014: $66,685,000) (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. Property, plant and equipment (continued)

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

Location	Description	Land Area	Latest valuation Date	Net book value as at 31 December 2015	Fair values	Excess of fair values over net book value
		(sqm)		($'000)	($'000)	($'000)
7 Tuas View Circuit	Office building, dormitory & workshop	8,501	Jan 2016	8,810	15,000	6,190
12 Kwong Min Road	Office building, dormitory & workshop	4,623	Aug 2015	3,807	8,500	4,693
42E Penjuru Road	Waterfront, office building & workshop	19,266	Aug 2015	20,981	34,000	13,019
42B Penjuru Road	Office building & workshop	16,200	Jan 2016	19,523	29,000	9,477
107 Gul Circle*	Office building & workshop	12,618	Nov 2015	5,755	7,500	1,745
11 Tuas Basin Close*	Waterfront, office building & workshop	14,730	Dec 2013	7,286	8,500	1,214
No.6 Xinghua Gangqu Dadao Changshu, Jiangsu, China*	Office building & workshop	34,433	Mar 2015	7,470	8,396	926
Total		110,371		73,632	110,896	37,264

The basis of valuation to determine the fair value of the properties was based on properties' highest-and-best-use. The estimated market values are presented for information purposes only and are not recognised in the Group's financial statements.

* These properties are included in the "Assets of disposal group classified as held-for-sale" on the balance sheet as at 31 December 2015 (Note 15).

The fair values above are within level 3 of the fair value hierarchy (Note 29(e)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. Intangible assets

	Group	
	2015	2014
Composition:	**$'000**	$'000
Goodwill arising on acquisition of business (a)	**3,488**	3,488
Goodwill arising on consolidation (b)	**41,692**	41,692
	45,180	45,180

(a) Goodwill arising on acquisition of business

	Group	
	2015	2014
	$'000	$'000
Beginning and end of financial year	**3,488**	3,488

(b) Goodwill arising on consolidation

	Group	
	2015	2014
	$'000	$'000
Beginning and end of financial year	**41,692**	41,692

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to operating entities as follows:

	Group	
	2015	2014
	$'000	$'000
Recon	**4,781**	4,781
Top Great/Offshore	**17,513**	17,513
Subsea	**12,777**	12,777
MEPL/Chinyee	**5,229**	5,229
Vac-Tech	**4,880**	4,880
	45,180	45,180

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period. There was no impairment of goodwill allocated to Recon, Top Great/Offshore, Subsea, MEPL/Chinyee and Vac-Tech as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. Intangible assets (continued)

Key assumptions used for value-in-use calculations:

	2015			2014		
	EBITDA margin[1]	**Growth rate[2]**	**Discount rate[3]**	EBITDA margin[1]	Growth rate[2]	Discount rate[3]
Recon	**38%**	**3%**	**11%**	26%	3%	11%
Top Great/Offshore	**31%**	**3%**	**13%**	14%	3%	13%
Subsea	**33%**	**3%**	**11%**	30%	3%	11%
MEPL/Chinyee	**34%**	**3%**	**13%**	25%	3%	13%
Vac-Tech	**30%**	**3%**	**11%**	34%	3%	11%

1 Budgeted EBITDA margin (Earnings before interest, tax, depreciation and amortisation divided by revenue)
2 Weighted average growth rate used to extrapolate cash flows beyond the budget period
3 Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted EBITDA margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

21. Trade and other payables

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Trade payables				
- non-related parties	**9,761**	14,540	**-**	-
Construction contracts				
- Due to customers (Note 14)	**70**	4,819	**-**	-
Advances from customers	**430**	394	**-**	-
Deferred revenue	**675**	652	**-**	-
Amount due to subsidiary corporations (non-trade)	**-**	-	**56,979**	48,571
Amount due to non-controlling interests of Vac-Tech (non-trade)	**-**	2,100	**-**	2,100
Amount due to former shareholder of Chinyee (non-trade)	**2,750**	5,500	**2,750**	5,500
Amount due to former shareholder of S&W (non-trade)	**-**	3,600	**-**	3,600
Accruals for operating expenses	**1,808**	5,005	**1,336**	1,548
Other payables-non-related parties	**6,271**	3,392	**721**	975
	21,765	40,002	**61,786**	62,294
Less non-current portion of:				
Amount due to former shareholder of Chinyee (non-trade)	**-**	2,750	**-**	2,750
Amount due to former shareholder of S&W (non-trade)	**-**	2,350	**-**	2,350
	-	5,100	**-**	5,100
	21,765	34,902	**61,786**	57,194

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21. Trade and other payables (continued)

The non-trade amount due to subsidiary corporations is unsecured, interest-free and is repayable on demand.

As at 31 December 2015, the amounts due to former shareholders of Chinyee pertains to the balance of purchase consideration of $2,750,000 (2014: $5,500,000), which consist of $1,375,000 (2014: $2,750,000) to be settled by cash and $1,375,000 (2014: $2,750,000) to be settled via issuance of ordinary shares of the Company. These amounts are to be settled in accordance with the terms and conditions of the sales and purchase agreements and supplemental agreements. These amounts are unsecured and interest-free.

The fair values of non-current portion of amounts due to former shareholder of Chinyee and S&W approximate its carrying amounts.

22. Borrowings

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Series 1 Notes	**49,843**	-	**49,843**	-
Bank borrowings	**46,938**	60,714	**-**	-
Bank overdraft (Note 11)	**904**	2,481	**-**	-
Finance lease liabilities (Note 23)	**5,499**	6,818	**-**	-
	103,184	70,013	**49,843**	-
Non-current				
Series 1 Notes	**-**	49,617	**-**	49,617
Bank borrowings	**81,901**	42,724	**-**	-
Finance lease liabilities (Note 23)	**4,222**	8,372	**-**	-
	86,123	100,713	**-**	49,617
Total borrowings	**189,307**	170,726	**49,843**	49,617

In 2013, the Company established a $200,000,000 Multicurrency Medium Term Note Programme (the "Programme"), under which the Issuer may issue notes (the "Notes") from time to time. Under the Programme, Notes may be issued in series or tranches, in any currency, in various amounts and tenors, and may bear interest at fixed, floating, variable, or hybrid rates or (in the case of Zero Coupon Notes) may not bear any interest, in each case as may be agreed between the relevant dealer(s) of the Notes and the Company. The Notes and coupons of all series constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company. The Company issued fixed rate notes denominated in Singapore dollar with a total nominal value of $50,000,000 ("Series 1 Notes") under the Programme. The Series 1 Notes were issued at an issue price of 100% of the principal amount in denominations of $250,000 with interest at a fixed rate of 5.75% per annum payable semi-annually in arrears. The Series 1 Notes are due for repayment on 12 September 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22. Borrowings (continued)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
6 months or less	**41,541**	57,941	**-**	-
6 - 12 months	**11,800**	10,642	**-**	-
1 - 5 years	**63,823**	36,592	**-**	-
Over 5 years	**22,300**	15,934	**-**	-
	139,464	121,109	**-**	-

(a) Security granted

Bank borrowings include secured liabilities of $126,177,000 (2014: $100,721,000) for the Group. Bank borrowings of the Group are secured over certain short-term bank deposits (Note 11) and certain buildings on leasehold land and construction in progress (Note 19). Finance lease liabilities of the Group are effectively secured over the leased machinery and equipment, and motor vehicles (Note 19), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

(b) Fair value of non-current borrowings

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Series 1 Notes	**-**	46,618	**-**	46,618
Bank borrowings	**80,200**	39,775	**-**	-
Finance lease liabilities	**4,222**	8,372	**-**	-

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group		Company	
	2015	2014	**2015**	2014
	%	%	**%**	%
Series 1 Notes	**-**	6.50	**-**	6.50
Bank borrowings	**3.85**	2.75	**-**	-
Finance lease liabilities	**3.27**	3.54	**-**	-

The fair values above are within level 3 of the fair values hierarchy (Note29(e)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23. Finance lease liabilities

The Group leases certain machinery and equipment, and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	2015	2014
	$'000	$'000
Minimum lease payments due		
- Not later than one year	**5,830**	7,223
- Between one and five years	**4,554**	8,877
	10,384	16,100
Less: Future finance charges	**(663)**	(910)
Present value of finance lease liabilities	**9,721**	15,190

The present values of finance lease liabilities are analysed as follows:

- Not later than one year (Note 22)	**5,499**	6,818
- Between one and five years (Note 22)	**4,222**	8,372
	9,721	15,190

24. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Deferred income tax assets to be recovered after one year	**-**	**-**	**(524)**	(524)
Deferred income tax liabilities to be settled after one year	**4,478**	4,453	**-**	-
	4,478	4,453	**(524)**	(524)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Deferred income taxes (continued)

The movement in deferred income tax liabilities/(assets) prior to offsetting is as follows:

	Accelerated tax depreciation	Tax losses	Total
	$'000	$'000	$'000
Group			
2015			
Beginning of financial year	**5,122**	**(669)**	**4,453**
Tax charged to profit or loss (Note 9)	**1,021**	**(670)**	**351**
Over provision in prior financial years	**(326)**	**–**	**(326)**
End of financial year	**5,817**	**(1,339)**	**4,478**
2014			
Beginning of financial year	3,738	(600)	3,138
Tax charged to profit or loss (Note 9)	1,776	-	1,776
Over provision in prior financial years	(392)	(69)	(461)
End of financial year	5,122	(669)	4,453
Company			
2015			
Beginning and end of financial year	**(3)**	**(521)**	**(524)**
2014			
Beginning and end of financial year	(3)	(521)	(524)

Deferred income tax assts are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $6,656,000 (2014: $6,656,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. Share capital and treasury shares

	No. of ordinary shares			Amount		
	Issued share capital	Treasury shares	Total	Share capital	Treasury shares	Total
	'000	'000	'000	$'000	$'000	$'000
Group and Company						
2015						
Beginning of financial year	357,496	(405)	357,091	72,220	(193)	72,027
Shares issued	6,882	-	6,882	3,475	-	3,475
Award of performance shares to employees	346	-	346	70	-	70
Purchase of treasury shares	-	(50)	(50)	-	(10)	(10)
End of financial year	**364,724**	**(455)**	**364,269**	**75,765**	**(203)**	**75,562**
2014						
Beginning of financial year	293,916	(250)	293,666	58,576	(135)	58,441
Shares issued	3,231	-	3,231	1,850	-	1,850
Bonus shares	808	-	808	-	-	-
Issue of new shares pursuant to rights issue	59,541	-	59,541	11,800	-	11,800
Award of performance shares to employees	-	144	144	(6)	78	72
Purchase of treasury shares	-	(299)	(299)	-	(136)	(136)
End of financial year	**357,496**	**(405)**	**357,091**	**72,220**	**(193)**	**72,027**

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

On 21 April 2015, the Company issued and allotted an aggregate of 2,302,464 consideration shares, comprising the 1st Tranche consideration shares of 1,203,080 and the 2nd Tranche consideration shares of 1,099,384 for total consideration of $625,000 each pursuant to acquisition of S & W and S & W Process Equipment.

The Company has issued and allotted on 7 May 2015 an aggregate of 2,741,774 2nd Tranche consideration shares for total consideration of $1,375,000 pursuant to acquisition of Chinyee Engineering & Machinery Pte Ltd.

On 29 September 2015, pursuant to acquisition of Vac – Tech Engineering Pte Ltd, the Company has allotted and issued 1,838,235 2nd Tranche - Part 2 consideration shares (as adjusted to take into account the Bonus Issue shares of 367,647) for total consideration of $850,000.

On 17 September 2015, the Company has allotted and issued an aggregate of 345,781 ordinary shares in the Company to eligible employees of the Group (Note 25(c)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. Share capital and treasury shares (continued)

On 19 February 2014, the Company issued and allotted 2,200,704 new ordinary shares (as adjusted to take into account the Bonus Issue shares of 440,140) in the capital of the Company for total consideration of $1,000,000 as 3rd tranche consideration shares pursuant to acquisition of the business of Team.

On 9 May 2014, the Company issued and allotted 1,838,235 new ordinary shares (as adjusted to take into account the Bonus Issue shares of 367,647) in the capital of the Company for total consideration of $850,000 as 2nd tranche - Part 1 consideration shares pursuant to acquisition of Vac-Tech.

On 17 July 2014, the Company completed its Rights Issue through allotment and issuance of 59,540,977 new ordinary shares at $0.20 for each rights share for a total consideration of $11,800,000.

All the newly shares issued during the year rank *pari passu* in all respects with the previously issued shares.

(a) Treasury shares

The Company acquired 50,000 (2014: 299,000) ordinary shares in the Company in the open market during the financial year. The total amount paid to acquire the ordinary shares was $10,000 (2014: $136,000) and this was presented as a component within share capital.

On 11 September 2014, the Company transferred and used 143,975 treasury shares to eligible employees of the Company and its subsidiary corporations pursuant to the Grant of Share Awards under the Mencast Performance Share Award Scheme (Note 25(c)).

(b) Share options

The Company established the Mencast Employee Share Option Scheme (the "ESOS") on 30 May 2008 for granting of options to full-time employees and directors of the Company and its subsidiary corporations. The total number of ordinary shares over which the Company may grant under the ESOS shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

The Scheme is administered by the Remuneration Committee ("RC") which consists of directors (including directors or persons who may be participants of the ESOS). A member of the RC who is also a participant of the ESOS must not be involved in its deliberation in respect of options granted or to be granted to him.

The exercise price for each ordinary share in respect of which an option is exercisable shall be determined by the Committee as follows:

(i) at a price equal to the average of the last dealt prices for the five consecutive Market Days immediately preceding the relevant date of grant of the relevant option; or

(ii) at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price.

Options granted with the exercise price set at Market Price shall only be exercisable after 12 months of the date of grant of that option. Options granted with the exercise price set at a discount to Market Price shall only be exercisable after 24 months from the date of grant of that option. Options granted under the ESOS will have a life span of ten years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. Share capital and treasury shares (continued)

(b) Share options (continued)

Under the rules of the ESOS, there are no fixed periods for the grant of options. As such, offers for the grant of options may be made at any time at the discretion of the RC. However, no options shall be granted during the period of 30 days immediately preceding the date of announcement of interim or final results (as the case may be).

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second Market Day from the date on which the aforesaid announcement is made.

The lapsing of option is provided for upon the occurrence of certain events, which include:

(a) termination of the participant's employment;
(b) bankruptcy of the participant;
(c) death of the participant;
(d) take-over of the Company; and
(e) the winding-up of the Company (voluntary or otherwise)

Since the commencement of the ESOS till the end of the financial year, no option has been granted under the ESOS.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiary corporations.

There were no unissued shares of the Company and its subsidiary corporations under option at the end of the financial year.

(c) Performance shares

The Mencast Performance Share Award Scheme (the "Scheme") was approved by members of the Company at extraordinary general meeting ("EGM") held on 10 November 2010 which provides for the award of fully paid-up ordinary shares in the share capital of the Company, free of charge to Group executive and non-executive Directors when and after pre-determined performance target(s) are being achieved.

Controlling shareholders or associates of a controlling shareholder who meet the eligibility criteria are also eligible to participate in the Scheme provided that the participation of and the terms of each grant and the actual number of awards granted under the Scheme to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in separate resolutions for each such person.

The Scheme is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for Participants to achieve these targets. The directors believe that the Scheme will help to achieve the following positive objectives:

(a) reward, retain and motivate employees to achieve increased performance;

(b) provide Company with comprehensive set of remuneration tools and further strengthen its competitiveness in attracting and retaining superior local and foreign talent; and

(c) encourage greater dedication and loyalty by enabling the Company to give recognition for past contributions and services as well as motivating Scheme Participants generally to contribute towards the Group's long-term prosperity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. Share capital and treasury shares (continued)

(c) Performance shares (continued)

The Scheme is administered by the directors which comprises one independent director at all times.

The Scheme shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the date on which the Scheme is adopted by the Company in general meeting, provided always that the Scheme may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting, and of any relevant authorities which may then be required.

The Company may deliver shares pursuant to awards granted under the Scheme by way of:

(i) issuance of new shares; and/or

(ii) delivery of existing shares purchased from the market or shares held in treasury

The total number of ordinary shares over which the Company may grant under the Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding the date on which the award is granted.

The adoption of the Scheme is to complement the existing Mencast Employee Share Option Scheme (the "ESOS").

On 22 August 2014, the Company, pursuant to the Mencast Performance Share Award Scheme, granted $168,000 worth of Share Awards to eligible employees of the Company over two (2) to three (3) tranches. The Tranche 1 and Tranche 2 were awarded on 11 September 2014 and 17 September 2015, respectively, (Note 25(a)) and the remaining tranche 3 will be vested over 24 months from date of the grant.

26. Dividends

	Group and Company	
	2015	2014
	$'000	$'000
Ordinary dividends paid		
First and final exempt dividend paid in respect of the previous financial year of $0.01 (2014: $0.01) per share	**3,621**	2,959
Special one-tier tax exempt dividends paid in respect of previous financial year of Nil (2014: $0.02) per share	**-**	5,918
	3,621	8,877

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27. Contingencies

The Company has given an undertaking to provide continued financial support to certain subsidiary corporations in the normal course of business.

The Company has issued corporate guarantees to banks for borrowings of certain subsidiary corporations which are not secured over the assets of the subsidiary corporations. These bank borrowings amount to $13,287,000 (2014: $20,388,000) (Note 29(b)) at the balance sheet date.

The directors estimated that the fair value of the corporate guarantee is negligible in the view that consequential benefits to be derived from its guarantee are not material and therefore not recognised. The subsidiary corporations which the guarantee are provided are in favorable equity position with no default in the payment of borrowings.

28. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2015	2014
	$'000	$'000
Property, plant and equipment	**30,145**	61,806

(b) Operating lease commitments – where the Group is a lessee

The Group leases land from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2015	2014
	$'000	$'000
Not later than one year	**2,567**	2,548
Later than one year but not later than five years	**11,150**	10,478
Later than five years	**40,226**	41,283
	53,943	54,309

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28. Commitments (continued)

(c) Operating lease commitments – where the Group is a lessor

The Group leases out the building to non-related parties under non-cancellable operating lease at a fixed rate.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2015	2014
	$'000	$'000
Not later than one year	**380**	180
Later than one year but not later than five years	**888**	-
	1,268	180

29. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set. The finance personnel identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares weekly reports for review by the Chief Financial Officer. Regular reports are also submitted to the Board of Directors.

The Group's exposure to currency risk is not significant as it operates mainly in Singapore. Revenue and expenses are predominantly denominated in Singapore Dollar.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United State Dollar ("USD").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Financial risk management (continued)

(a) Market risk

(i) Currency risk

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 December 2015				
Financial assets				
Cash and cash equivalents and available-for-sale financial assets	**9,712**	**896**	**457**	**11,065**
Trade and other receivables	**50,892**	**4,533**	**3,964**	**59,389**
Intercompany balances	**206,704**	**189**	**1,951**	**208,844**
	267,308	**5,618**	**6,372**	**279,298**
Financial liabilities				
Trade and other payables	**(13,651)**	**(2,740)**	**(4,199)**	**(20,590)**
Intercompany balances	**(206,704)**	**(189)**	**(1,951)**	**(208,844)**
Borrowings*	**(194,632)**	**–**	**(197)**	**(194,829)**
	(414,987)	**(2,929)**	**(6,347)**	**(424,263)**
Net financial (liabilities)/assets	**(147,679)**	**2,689**	**25**	**(144,965)**
Add: Net non-financial assets	**251,147**	**–**	**27,591**	**278,738**
Currency profile including non-financial assets	**103,468**	**2,689**	**27,616**	**133,773**
Currency exposure of net financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	**(2,256)**	**2,689**	**(1,722)**	**(1,289)**

** Borrowings include the liabilities directly associated with disposal group classified as held-for-sale.*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 December 2014				
Financial assets				
Cash and cash equivalents and available-for-sale financial assets	17,114	1,338	1,406	19,858
Trade and other receivables	71,596	5,946	6,313	83,855
Intercompany balances	101,857	-	1,389	103,246
	190,567	7,284	9,108	206,959
Financial liabilities				
Trade and other payables	(17,387)	(4,115)	(12,635)	(34,137)
Intercompany balances	(101,857)	-	(1,389)	(103,246)
Borrowings	(167,944)	-	(2,782)	(170,726)
	(287,188)	(4,115)	(16,806)	(308,109)
Net financial (liabilities)/assets	(96,621)	3,169	(7,698)	(101,150)
Add: Net non-financial assets	216,425	-	14,269	230,694
Currency profile including non-financial assets	119,804	3,169	6,571	129,544
Currency exposure of net financial assets net of those denominated in the respective entities' functional currencies	86	3,169	555	3,810

If the USD change against the SGD by 5% (2014: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position to the net profit and equity of the Group will not be significant.

The Company is not exposed to currency risk since all its financial assets and liabilities as at 31 December 2015 and 2014 are denominated in Singapore Dollar.

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments classified as available-for-sale financial assets. These securities are listed in Singapore and Malaysia.

Further details of these equity investments can be found in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

Equity price sensitivity

In respect of equity investments classified as available-for-sale financial assets, if equity prices had been 10% higher or lower, with all other variables including tax rate being held constant, the impact to the net profit and equity of the Group will not be significant.

Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate bank borrowings that are mainly denominated in SGD. The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group.

If the SGD variable interest rates had been higher/lower by 0.5% (2014: 0.5%) with all other variables including tax rate being held constant, the net profit would have been lower/higher by $434,000 (2014:$616,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining deposit where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management at operating entity level based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at operating entity level by the respective management and at the Group level by the Corporate Finance department.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Financial risk management (continued)

(b) Credit risk (continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Group	
	2015	2014
	$'000	$'000
Corporate guarantees provided to banks on subsidiary corporations' loans (Note 27)	**13,287**	20,388

The trade receivables of the Group include 1 debtor (2014: 1 debtor) that individually represented 12% (2014: 13%) of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
By types of customers				
Non-related parties				
- Multi-national companies	**14,137**	14,510	**-**	-
- Other companies	**17,116**	33,380	**-**	-
	31,253	47,890	**-**	-

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Past due <3 months	**11,894**	20,796	**-**	-
Past due 3 to 6 months	**2,850**	10,070	**-**	-
Past due over 6 months	**9,110**	12,754	**-**	-
	23,854	43,620	**-**	-

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Gross amount	**2,918**	2,538	**-**	-
Less: Allowance for impairment	**(1,267)**	(1,851)	**-**	-
	1,651	687	**-**	-
Beginning of financial year	**1,851**	1,252	**-**	-
Allowance made	**712**	986	**-**	-
Write-back of allowance	**-**	(387)	**-**	-
Allowance utilised	**(1,296)**	-	**-**	-
End of financial year	**1,267**	1,851	**-**	-

The impaired trade receivables are mainly from sales to customer which has suffered significant losses in its operations.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 11.

Management monitors rolling forecasts of the Group's and Company's liquidity reserve and cash and cash equivalents (Note 11) on the basis of expected cash flow. This is generally carried out at local level in the operating entities of the Group in accordance with the practice and limits set by the Group. These limits vary by operating entity to take into account the working capital requirement of each entity. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Group	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
At 31 December 2015				
Trade and other payables	**(19,215)**	**-**	**-**	**-**
Borrowings	**(104,386)**	**(23,310)**	**(51,058)**	**(23,790)**
At 31 December 2014				
Trade and other payables	(25,562)	(1,375)	(2,350)	-
Borrowings	(70,013)	(71,917)	(16,042)	(18,246)

** Borrowings include the liabilities directly associated with disposal group classified as held-for-sale.*

Company	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
At 31 December 2015				
Trade and other payables	**(60,411)**	**-**	**-**	**-**
Borrowings	**(49,843)**	**-**	**-**	**-**
Financial guarantees*	**(16,454)**	**-**	**-**	**-**
At 31 December 2014				
Trade and other payables	(53,719)	(1,375)	(2,350)	-
Borrowings	-	(52,009)	-	-
Financial guarantees	(20,388)	-	-	-

** The financial guarantees include the unsecured liabilities directly associated with disposal group classified as held-for-sale.*

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on debt to equity ratio. The Group and the Company are also required by the banks to maintain debt to equity ratio not exceeding 1.50 times. The Group's and the Company's strategies which are unchanged from 2014 are to maintain debt to equity ratio within 1.50 times.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Financial risk management (continued)

(d) Capital risk (continued)

Debt to equity ratio is calculated as borrowings divided by total equity. Borrowings comprised bank borrowings, bank overdraft, finance lease liabilities and Series 1 Notes.

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Borrowings*	**194,829**	170,726	**49,843**	49,617
Total equity	**133,773**	129,544	**67,099**	68,662
Debt to equity ratio	**1.46 times**	1.32 times	**0.74 times**	0.72 times

** Borrowings include the liabilities directly associated with disposal group classified as held-for-sale (Note 15).*

The Group and the Company have complied with externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

(e) Fair value measurements

The following table presents assets measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) Level 2; and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

	Group	
	2015	2014
	$'000	$'000
Assets		
Available-for-sale financial assets	**169**	172

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amount of current borrowings approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 16 to the financial statements except for the following:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Loans and receivables	**70,285**	103,541	**96,073**	85,665
Financial liabilities at amortised cost	**215,419**	204,863	**111,629**	111,911

30. Related party transactions

Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2015	2014
	$'000	$'000
Wages and salaries	**2,357**	3,415
Employer's contribution to defined contribution plans, including Central Provident Fund	**177**	148
	2,534	3,563

Key management personnel compensation includes directors' remuneration amounting to $647,000 (2014: $1,475,000).

31. Segment information

The Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Group's operating segments are its strategic business units which offer different services and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Board of Directors assesses the performance of the operating segments based on revenue and gross profit. Administrative and finance expenses, and other gains are not allocated to segments. Segmental assets and liabilities are not monitored as majority of the assets and liabilities can be utilised or discharged by different operating segments across the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. Segment information (continued)

The Group's activities comprise the following segments:

(a) Marine - Includes sterngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This also includes diving services.

(b) Offshore & Engineering - Includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access 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:

	Group			
	Offshore & Engineering	Marine	Energy Services	Total
	$'000	$'000	$'000	$'000
2015				
Revenue				
Revenue from external parties	**40,138**	**37,322**	**13,162**	**90,622**
Gross profit	**3,727**	**12,654**	**2,563**	**18,944**
Other gains - net				**7,746**
Expenses				
- Administrative				**(18,719)**
- Finance				**(5,656)**
Profit before income tax				**2,315**
Income tax				**(161)**
Net profit for the financial year				**2,154**
2014				
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 - net				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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. Segment information (continued)

The following table provides an analysis of the Group's revenue by geographical market which is analysed based on the country of domicile of the customers:

	Group	
	2015	2014
	$'000	$'000
Singapore	**69,184**	97,749
Asia [1]	**15,698**	20,362
Rest of the world [2]	**5,740**	12,498
Total	**90,622**	130,609

(1) Asia refers to customers from Malaysia, Brunei, China, Indonesia, 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 United States of America.

Revenue of $10,932,000 (2014: $16,812,000) is derived from one (2014: one) external customer. This revenue is attributable to Singapore offshore & engineering and marine segments.

The following table provides an analysis of the Group's non-current assets by geography which is analysed based on the location of the non-current assets:

	Group	
	2015	2014
	$'000	$'000
Singapore	**236,103**	201,893
Asia [1]	**17,647**	27,312
Middle East	**215**	896
Total	**253,965**	230,101

(1) Asia refers to non-current assets located in China, Indonesia and Malaysia.

32. Events occurring after balance sheet date

a. Private Placement of new ordinary shares

On 25 January 2016 the Company has allotted and issued an aggregate of 54,640,000 new shares at an issue price of $0.27 per new share for cash totalling to $14,752,800 pursuant to Subscription Agreement entered on 3 December 2015.

The new shares rank *pari passu* in all respects with all other existing shares in issue.

Following the completion of the above issuance, the total number of issued shares in the capital of the Company (excluding treasury shares) has increased from 364,269,092 shares to 418,909,092 shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

32. Events occurring after balance sheet date (continued)

b. Proposed acquisition of the entire issued and paid-up share capital of Stone Marine Singapore Private Limited

On 8 March 2016, the Company entered into a binding term sheet with Stone Marine Overseas Limited ("Stone Marine") and Langham Industries Limited in relation to the proposed acquisition of the entire issued and paid-up share capital of Stone Marine for a cash consideration of approximately $2.5 million minus the aggregate amount of all outstanding debt of Stone Marine (but excluding the shareholder's loan by the Vendor to Stone Marine).

The completion of the above Sales and Purchase Agreement is conditional upon, *inter alia*, the receipt of approvals from relevant authorities in relation to the transaction. Upon completion of the transaction, Stone Marine will become a wholly-owned subsidiary corporation of Mencast.

33. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 and which the Group has not early adopted:

- FRS 16 *Property plant and equipment and FRS 38 Intangible assets* (effective for annual periods beginning on or after 1 January 2016)

  This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

  The amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2016)

  This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. New or revised accounting standards and interpretations (continued)

- FRS 110 *Consolidated financial statements and FRS 28 Investments in associates and joint ventures* (effective for annual periods beginning on or after 1 January 2016*)

  These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary corporation.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

  ** In August 2015, the IASB has published an Exposure Draft to propose deferring the effective date of the amendment indefinitely. Earlier application of the amendment continues to be permitted. No deferral has been made for similar amendment to FRS 110 and FRS 28 as at the date of this publication.*

- FRS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

  This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. New or revised accounting standards and interpretations (continued)

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss.

  The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

  Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

STATISTICS OF SHAREHOLDINGS

As at 20 March 2016

SHARE CAPITAL

Number of ordinary shares (excluding treasury shares)	:	418,909,092
Number of treasury shares held	:	455,025
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary shares

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	14	2.07	144	0.00
100 - 1,000	37	5.47	32,559	0.01
1,001 - 10,000	175	25.89	925,150	0.22
10,001 - 1,000,000	418	61.84	41,317,828	9.86
1,000,001 AND ABOVE	32	4.73	376,633,411	89.91
TOTAL	**676**	**100.00**	**418,909,092**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE) LIMITED	73,935,400	17.65
2	BANK OF SINGAPORE NOMINEES PTE. LTD.	64,640,902	15.43
3	WONG SWEE CHUN	47,931,000	11.44
4	CHUA KIM CHOO	41,716,800	9.96
5	SIM WEI WEI (SHEN WEIWEI)	14,664,000	3.50
6	SIM SOON YING (SHEN SHUNYING)	14,354,000	3.43
7	WONG CHEE HERNG	12,544,400	2.99
8	UOB KAY HIAN PRIVATE LIMITED	12,070,000	2.88
9	GOH KAI KUI	9,706,000	2.32
10	PANG YOKE MIN	7,500,000	1.79
11	TAT LEE HOLDINGS PTE LTD	6,931,235	1.65
12	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,794,500	1.62
13	DBS NOMINEES (PRIVATE) LIMITED	6,791,500	1.62
14	VENSTAR INVESTMENTS LTD	5,712,000	1.36
15	NG KENG TEONG	5,463,100	1.30
16	HUANG ZHIYONG	5,179,000	1.24
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,846,000	0.92
18	SONG BONG JOO	3,837,632	0.92
19	GAY CHEE CHEONG	3,708,000	0.89
20	CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,667,666	0.88
	TOTAL	**350,993,135**	**83.79**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Sim Soon Ngee Glenndle[1]	75,669,100	18.06	70,734,800	16.89
Chua Kim Choo	41,716,800	9.96	104,687,100	24.99
Sim Wei Wei	14,664,000	3.50	131,739,900	31.45
Sim Soon Ying	14,354,000	3.43	132,049,900	31.52
Wong Swee Chun[2]	47,931,000	11.44	1,509,900	0.36
Gay Chee Cheong[3]	23,373,000	5.58	9,175,000	2.19
Chua Siok Lan[3]	9,000,000	2.15	23,548,000	5.62
Ni Wei Ming[3]	175,000	0.04	32,373,000	7.73
Wong Boon Huat	28,005,306	6.69		

Notes:

[1] 46,500,000 shares registered in the name of Raffles Nominees (Pte) Limited. Sim Soon Ngee Glenndle is deemed interested in the shares of Chua Kim Choo, Sim Wei Wei and Sim Soon Ying. Sim Soon Ngee Gleendle is the son of Chua Kim Choo and the brother of Sim Wei Wei and Sim Soon Ying. Each is deemed to have an interest in the shares held by each other.

[2] Wong Swee Chun is deemed interested in the shares of S C Wong Holdings Pte. Ltd.

[3] Gay Chee Cheong is deemed interested in the shares of Chua Siok Lan and Ni Weiming. Gay Chee Cheong is the husband of Chua Siok Lan and father of Ni Weiming. Each is deemed to have an interest in the shares held by each other.

[4] 28,005,306 shares registered in the name of Singapore Nominees Pte. Ltd.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

Based on information available and to the best knowledge of the Company, as at 18 March 2016, approximately 37.29% of the ordinary shares of the Company are held by the public. The Company is therefore in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Company has 455,025 treasury shares as at 18 March 2016.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Mencast Holdings Ltd. (the "**Company**") will be held at 42B Penjuru Road, Level 2 Auditorium, Singapore 609163 on Tuesday, 26 April 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following directors of the Company ("Directors") retiring pursuant to Article 89 of the Constitution of the Company:

   Mr Sunny Wong Fook Choy **(Resolution 2)**
   Mr Ho Chew Thim, Raymond **(Resolution 3)**

3. To approve the payment of Directors' fees of $225,920 for the financial year ended 31 December 2015 (previous year: $225,920). **(Resolution 4)**

4. To re-appoint Nexia TS Public Accounting Corporation as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares in the capital of the Company ("Shares")**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (**excluding treasury shares**) shall be based on the total number of issued shares (**excluding treasury shares**) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 6)**

7. Authority to issue shares under the Mencast Employee Share Option Scheme

That pursuant to Section 161 of the Companies Act, the Directors be authorised and empowered to offer and grant options ("**Options**") under the prevailing Mencast Employee Share Option Scheme (the "**ESOS**") and to issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the exercise of Options, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of Shares to be allotted and issued pursuant to the ESOS, when added to the number of Shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

8. Authority to issue shares under the Mencast Performance Share Award Scheme

That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to offer and grant awards ("Awards") in accordance with the provisions of the Mencast Performance Share Award Scheme (the "Scheme') and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the Awards under the Scheme, provided that the aggregate number of Shares to be allotted and issued pursuant to the Scheme, when added to the number of Shares issued and issuable in respect of all Awards, and all Shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the total issued Shares (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)] **(Resolution 8)**

9. Renewal of Share Buy-Back Mandate

That for the purposes of Sections 76C and 76E of the Companies Act, the Directors be and are hereby authorised to make purchases or otherwise acquire issued Shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares) (as ascertained as at the date of AGM) at the price of up to but not exceeding the Maximum Price as defined in the Appendix attached, and this authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM is held or required by law to be held; the date on which the purchase(s) of Share(s) by the Company is carried out to the full extent mandated; or the date on which the authority contained in the Share Buy-Back Mandate is revoked or varied by shareholders of the Company in general meeting.
[See Explanatory Note (iv)] **(Resolution 9)**

By Order of the Board

Cho Form Po
Company Secretary
Singapore, 11 April 2016

Explanatory Notes:

i. The Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

ii. The Ordinary Resolution 7, if passed, will empower the Directors, to issue Shares pursuant to the exercise of Options granted or to be granted under the ESOS. The aggregate number of Shares which may be issued pursuant to the ESOS and any other share-based schemes (if applicable) shall not exceed in aggregate (for the entire duration of the ESOS) fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

iii. The Ordinary Resolution 8, if passed, will empower the Directors to offer and grant Awards under the Scheme in accordance with the provisions of the Scheme and to issue from time to time such number of fully paid Shares as may be required to be issued pursuant to the vesting of the Awards subject to the maximum number of Shares prescribed under the terms and conditions of the Scheme. The aggregate number of Shares which may be issued pursuant to the Scheme and any other share-based schemes (if applicable) shall not exceed in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) from time to time.

iv. The Ordinary Resolution 9 is to renew the Share Buy-Back Mandate and to permit the Company to purchase or acquire Shares at the Maximum Price as defined in the Appendix attached. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 are set out in greater detail in the Appendix attached.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 42E Penjuru Road, Mencast Central, Singapore 609161 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

MENCAST HOLDINGS LTD.

Company Registration No. 200802235C

(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We,____

of____

being a member/members of Mencast Holdings Ltd. (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 42B Penjuru Road, Level 2 Auditorium, Singapore 609163 on Tuesday, 26 April 2016 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Resolutions relating to:**	**Number of Votes For[1]**	**Number of Votes Against[1]**
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2015		
2	Re-election of Mr Sunny Wong Fook Choy as a Director		
3	Re-election of Mr Ho Chew Thim, Raymond as a Director		
4	Approval of Directors' fees amounting to $225,920		
5	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor of the Company		
6	Authority to issue new shares in the capital of the Company		
7	Authority to issue shares under the Mencast Employee Share Option Scheme		
8	Authority to issue shares under the Mencast Performance Share Award Scheme		
9	Renewal of Share Buy-Back Mandate		

If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________day of ________________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 42E Penjuru Road, Mencast Central, Singapore 609161 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2016.

General:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Sim Soon Ngee Glenndle
Executive Chairman &
Chief Executive Officer

Wong Boon Huat
Executive Director

Non-Executive Directors:

Sunny Wong Fook Choy
Lead Independent Director

Ho Chew Thim, Raymond
Independent Director

Leow David Ivan
Independent Director

Ng Chee Keong
Independent Director

AUDIT COMMITTEE

Ho Chew Thim, Raymond
Chairman

Sunny Wong Fook Choy

Leow David Ivan

Ng Chee Keong

NOMINATING COMMITTEE

Sunny Wong Fook Choy
Chairman

Ho Chew Thim, Raymond

Ng Chee Keong

Sim Soon Ngee Glenndle

REMUNERATION COMMITTEE

Ng Chee Keong
Chairman

Sunny Wong Fook Choy

Ho Chew Thim, Raymond

Leow David Ivan

CORPORATE STRATEGY & COMMUNICATIONS COMMITTEE

Leow David Ivan
Chairman

Sim Soon Ngee Glenndle

Wong Boon Huat

SECRETARY

Cho Form Po

REGISTERED OFFICE

42E Penjuru Road,
Mencast Central,
Singapore 609161

SHARE REGISTRAR

Boardroom Corporate &
Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITOR

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road
Shaw Tower #30-00
Singapore 189702
Director-In-Charge
Low See Lien
Appointed since financial year ended 31 December 2015

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Limited

MENCAST HOLDINGS LTD

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Mencast Central,
Singapore 609161
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