

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016 (“HY2016”)

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) **An income statement, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group					
	For the second quarter ended 30 June			For the half year ended 30 June		
	2Q2016 (\$'000)	2Q2015 (\$'000)	Increase/ (decrease) (%)	HY2016 (\$'000)	HY2015 (\$'000)	Increase/ (decrease) (%)
Revenue	17,307	26,861	(36)	37,376	54,184	(31)
Cost of sales	(12,925)	(20,295)	(36)	(27,761)	(39,928)	(30)
Gross profit	4,382	6,566	(33)	9,615	14,256	(33)
Other gains - net	1,549	750	NM	1,859	1,422	31
Expenses						
- Administrative	(3,380)	(4,834)	(30)	(7,185)	(9,400)	(24)
- Finance	(1,311)	(1,284)	2	(2,808)	(2,482)	13
Profit before income tax	1,240	1,198	4	1,481	3,796	(61)
Income tax	30	68	(56)	28	(325)	NM
Net profit	1,270	1,266	-	1,509	3,471	(57)
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss						
Currency translation differences arising from consolidation	(176)	(20)	NM	(110)	65	NM
Total comprehensive income	1,094	1,246	(12)	1,399	3,536	(60)
Net profit attributable to :						
Equity holders of the Company	387	1,314	(71)	283	2,439	(88)
Non-controlling interests	883	(48)	NM	1,226	1,032	19
	1,270	1,266	-	1,509	3,471	(57)
Total comprehensive income attributable to :						
Equity holders of the Company	211	1,294	(84)	173	2,504	(93)
Non-controlling interests	883	(48)	NM	1,226	1,032	19
	1,094	1,246	(12)	1,399	3,536	(60)

(1) “NM” denotes not meaningful.

(2) The currency translation difference arising from consolidation relates mainly to the fluctuations of Chinese Renminbi and Indonesian Rupiah against Singapore Dollar in HY2016.

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

	The Group					
	2Q2016	2Q2015	Increase/ (decrease)	HY2016	HY2015	Increase/ (decrease)
	(\$'000)	(\$'000)	(%)	(\$'000)	(\$'000)	(%)
<u>Included in other gains:</u>						
- Foreign exchange loss / (gain) - net	271	(75)	NM	221	(80)	NM
- (Gain)/loss on sale of property, plant and equipment	(131)	(9)	NM	(89)	25	NM
- Government grants	(120)	(3)	NM	(271)	(370)	(27)
- Rental income	(278)	(87)	NM	(373)	(190)	96
- Sale of scrap metals	(47)	(79)	(41)	(86)	(152)	(43)
- Write-back of long outstanding payable	-	(452)	(100)	-	(483)	(100)
- Gain on bargain purchase ⁽¹⁾	(1,154)	-	NM	(1,154)	-	NM
- Other income ⁽²⁾	(90)	(45)	(100)	(107)	(172)	(38)
	(1,549)	(750)	NM	(1,859)	(1,422)	31
<u>Included under finance expenses:</u>						
- Interest expense	1,311	1,284	2	2,808	2,482	13
<u>Included under cost of sales and administrative expenses:</u>						
- Depreciation of property, plant and equipment ⁽³⁾	3,062	3,618	(15)	6,069	7,172	(15)
<u>Included under income tax:</u>						
- Over provision of current income tax in prior financial years	(32)	-	NM	(30)	-	NM

Notes:

- (1) The gain on bargain purchase of \$1.2 million relates to the acquisition of business and certain assets of Stone Marine Singapore Private Limited as announced on 14 June 2016.
- (2) Other income relates to miscellaneous income..
- (3) The decrease in depreciation of property, plant and equipment was mainly due to assets of disposal group classified as held-for-sale.
- (4) "NM" denotes not meaningful.

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

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 30 June 2016 (\$'000)	As at 31 December 2015 (\$'000)	As at 30 June 2016 (\$'000)	As at 31 December 2015 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	14,693	10,896	5,321	410
Trade and other receivables	58,871	61,473	102,513	95,731
Inventories	9,193	8,775	-	-
	82,757	81,144	107,834	96,141
Asset of disposal group classified as held-for-sale	20,511	20,511	-	-
	103,268	101,655	107,834	96,141
Non-current assets				
Financial assets, available-for-sale	169	169	-	-
Investments in subsidiaries	-	-	82,030	82,030
Investment in joint venture	207	207	-	-
Property, plant and equipment	224,112	208,066	21	33
Deposits for purchase of property, plant and equipment	1,498	283	-	-
Intangible assets	45,180	45,180	-	-
Club memberships	60	60	-	-
Deferred income tax asset	-	-	524	524
	271,226	253,965	82,575	82,587
Total assets	374,494	355,620	190,409	178,728
LIABILITIES				
Current liabilities				
Trade and other payables	12,494	21,765	59,063	61,786
Borrowings	101,135	103,184	49,955	49,843
Current income tax liabilities	755	775	-	-
	114,384	125,724	109,018	111,629
Liabilities directly associated with disposal group classified as held-for-sale	4,896	5,522	-	-
	119,280	131,246	109,018	111,629
Non-current liabilities				
Borrowings	99,481	86,123	-	-
Deferred income tax liabilities	4,478	4,478	-	-
	103,959	90,601	-	-
Total liabilities	223,239	221,847	109,018	111,629
NET ASSETS	151,255	133,773	81,391	67,099
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	91,645	75,562	91,645	75,562
Fair value reserves	92	92	-	-
Translation reserves	509	509	-	-
Other reserve	(2,661)	(2,551)	-	-
Retained earnings/(accumulated losses)	54,397	54,114	(10,254)	(8,463)
	143,982	127,726	81,391	67,099
Non-controlling interests	7,273	6,047	-	-
Total equity	151,255	133,773	81,391	67,099

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

Amount repayable in one year or less, or on demand

	As at 30 June 2016		As at 31 December 2015	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Borrowings				
Current borrowings	41,069	60,066	40,248	62,936
Borrowings included in the disposal group classified as held-for-sale	2,041	2,855	2,355	3,167
Total	43,110	62,921	42,603	66,103

Amount repayable after one year

	As at 30 June 2016		As at 31 December 2015	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Borrowings				
Non-current borrowings	96,124	3,357	82,395	3,728

Details of any collaterals

The bank borrowings are secured by the Group's leasehold buildings, certain short-term bank deposits and corporate guarantees by the Company.

Finance lease liabilities of the Group are secured by leased machinery and equipment and motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full payment.

The unsecured borrowing that is repayable within one year includes \$49.96 million relating to the proceeds from the issuance of \$50.00 million fixed rate notes due on 12 September 2016 ("Series 1 Notes") under the \$200.00 million multicurrency Medium Term Note programme. The Series 1 Notes bear interest at the fixed rate of 5.75% per annum payable semi-annually in arrears.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group			
	2Q2016	2Q2015	HY2016	HY2015
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cash flows from operating activities				
Net profit	1,270	1,266	1,509	3,471
Adjustments for:				
- Income tax	(30)	(68)	(28)	325
- Depreciation of property, plant and equipment	3,062	3,618	6,069	7,172
- (Gain)/loss on disposal of property, plant and equipment	(131)	(9)	(89)	25
- Gain on bargain purchase	(1,154)	-	(1,154)	-
- Interest income	(2)	(1)	(4)	(3)
- Interest expense	1,311	1,284	2,808	2,482
- Currency translation differences	(171)	(136)	(110)	(65)
	<u>4,155</u>	<u>5,954</u>	<u>9,001</u>	<u>13,407</u>
Changes in working capital:				
- Trade and other receivables	4,738	6,410	2,602	9,230
- Inventories	41	1,518	(119)	(410)
- Trade and other payables	(4,673)	(2,146)	(8,455)	(8,624)
Cash generated from operations	<u>4,261</u>	<u>11,736</u>	<u>3,029</u>	<u>13,603</u>
Interest received	2	1	4	3
Income tax refund/(paid)	30	(170)	28	(360)
Net cash provided by operating activities	<u>4,293</u>	<u>11,567</u>	<u>3,061</u>	<u>13,246</u>
Cash flows from investing activities				
Payments of other payables relating to prior financial years' acquisitions	(400)	(975)	(400)	(1,375)
Dividend from investment in joint venture	-	-	-	674
Proceeds from disposal of property, plant and equipment	1,111	1,207	1,362	1,301
Purchase of property, plant and equipment	(2,372)	(8,903)	(6,436)	(16,197)
Release/ of short-term bank deposits pledged	-	507	(1)	455
Net cash used in investing activities	<u>(1,661)</u>	<u>(8,164)</u>	<u>(5,475)</u>	<u>(15,142)</u>
Cash flows from financing activities				
Interest paid	(2,277)	(1,227)	(3,136)	(2,369)
Repayment of borrowings	(2,696)	(3,902)	(8,815)	(10,598)
Repayment of finance lease liabilities	(1,580)	(1,874)	(3,213)	(3,769)
Proceeds from borrowings	694	6,660	6,523	12,458
Proceeds from private placement	-	-	14,708	-
Net cash (used in)/provided by financing activities	<u>(5,859)</u>	<u>(343)</u>	<u>6,067</u>	<u>(4,278)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(3,227)</u>	<u>3,060</u>	<u>3,653</u>	<u>(6,174)</u>
Cash and cash equivalents at beginning of financial period	<u>14,154</u>	<u>4,936</u>	<u>7,274</u>	<u>14,170</u>
Cash and cash equivalents at end of financial period	<u>10,927</u>	<u>7,996</u>	<u>10,927</u>	<u>7,996</u>

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

	As at 30 June 2016 (\$'000)	As at 30 June 2015 (\$'000)
Cash and bank balances	14,693	12,206
Short-term bank deposits pledged	(2,719)	(2,580)
Bank overdrafts included in borrowings	(1,047)	(1,630)
	<u>10,927</u>	<u>7,996</u>

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

	Share capital (\$'000)	Treasury shares (\$'000)	Retained earnings / (accumulated losses) (\$'000)	Fair value reserve (\$'000)	Translation reserve (\$'000)	Other reserve (\$'000)	Total (\$'000)	Non-controlling interests (\$'000)	Total equity (\$'000)
Group									
Balance as at 1 January 2016	75,765	(203)	54,114	92	(2,551)	509	127,726	6,047	133,773
Issue of new shares from private placement (net of transaction cost)	14,708	-	-	-	-	-	14,708	-	14,708
Issue of new shares for acquisition of business in prior financial years	1,375	-	-	-	-	-	1,375	-	1,375
Total comprehensive (loss)/income	-	-	(104)	-	66	-	(38)	343	305
Balance as at 31 March 2016	91,848	(203)	54,010	92	(2,485)	509	143,771	6,390	150,161
Total comprehensive income/(loss)	-	-	387	-	(176)	-	211	883	1,094
Balance as at 30 June 2016	91,848	(203)	54,397	92	(2,661)	509	143,982	7,273	151,255
Balance as at 1 January 2015	72,220	(193)	56,153	92	(1,981)	-	126,291	3,253	129,544
Disposal of non-controlling interests without a change in control	-	-	-	-	-	509	509	2,011	2,520
Additional investment by non-controlling interest	-	-	-	-	-	-	-	210	210
Total comprehensive income	-	-	1,125	-	85	-	1,210	1,080	2,290
Balance as at 31 March 2015	72,220	(193)	57,278	92	(1,896)	509	128,010	6,554	134,564
Issue of new shares for acquisitions in prior financial years	2,625	-	-	-	-	-	2,625	-	2,625
Total comprehensive income/(loss)	-	-	1,314	-	(150)	-	1,164	(48)	1,116
Balance as at 30 June 2015	74,845	(193)	58,592	92	(2,046)	509	131,799	6,506	138,305

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	Share capital (\$'000)	Treasury shares (\$'000)	(Accumulated losses) (\$'000)	Total equity (\$'000)
Company				
Balance as at 1 January 2016	75,765	(203)	(8,463)	67,099
Issue of new shares from private placement (net of transaction cost)	14,708	-	-	14,708
Issue of new shares for acquisition of business in prior financial years	1,375	-	-	1,375
Total comprehensive loss	-	-	(878)	(878)
Balance as at 31 March 2016	91,848	(203)	(9,341)	82,304
Total comprehensive loss	-	-	(913)	(913)
Balance as at 30 June 2016	91,848	(203)	(10,254)	81,391
Balance as at 1 January 2015	72,220	(193)	(3,365)	68,662
Total comprehensive loss	-	-	(502)	(502)
Balance as at 31 March 2015	72,220	(193)	(3,867)	68,160
Issue of new shares for acquisitions in prior financial years	2,625	-	-	2,625
Total comprehensive loss	-	-	(824)	(824)
Balance as at 30 June 2015	74,845	(193)	(4,691)	69,961

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The details of the changes in issued share capital of the Company from 1 January 2016 to 30 June 2016 are as follows:

CHANGES IN ISSUED SHARE CAPITAL	Number of shares (‘000)	Paid-up capital (\$‘000)
Issued share capital as at 1 January 2016	364,269	75,562
Issue of new shares from private placement (net of transaction cost)	54,640	14,708
Issue of new shares for acquisitions in prior financial years	2,742	1,375
Issued share capital as at 30 June 2016 excluding treasury shares	421,651	91,645

Save as disclosed above, the Company did not have any outstanding options or convertibles as at 30 June 2016 and 31 December 2015.

There were 455,025 treasury shares held by the Company as at 30 June 2016.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 June 2016 (‘000)	As at 31 December 2015 (‘000)
Total number of issued shares (excluding treasury shares)	421,651	364,269

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 30 June 2016.

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

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

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current financial period compared with those audited financial statements for the financial year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current financial period, the Group and the Company adopted the new Financial Reporting Standards ("FRS") and Amendments to FRS that are effective for annual periods beginning on or after 1 January 2016.

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

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	The Group			
	2Q2016	2Q2015	HY2016	HY2015
Earnings attributable to equity holders of the Company (\$'000)	387	1,314	283	2,439
Weighted average number of shares outstanding for basic EPS ('000)	421,651	360,489	384,099	358,799
Basic EPS attributable to equity holders of the Company (SGD cents)	0.09	0.36	0.07	0.68
Weighted average number of shares outstanding for basic EPS ('000)	421,651	360,489	384,099	358,799
Adjustment for 2014 Performance Share Award to be issued ('000)	61	301	61	301
	421,712	360,790	384,160	359,100
Diluted EPS attributable to equity holders of the Company (SGD cents)	0.09	0.36	0.07	0.68

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

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

NET ASSET VALUE (“NAV”)

	Group		Company	
	As at		As at	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
NAV per ordinary share (SGD cents)	34.15	35.06	19.30	18.42
Number of shares used in computation of NAV per share ('000)	421,651	364,269	421,651	364,269

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF INCOME STATEMENT OF THE GROUP

HY2016 vs HY2015

Revenue

<u>Revenue by segment</u>	HY 2016		HY 2015	
	(\$'000)	(%)	(\$'000)	(%)
Offshore & Engineering	15,609	42	25,992	48
Marine	13,765	37	20,579	38
Energy Services	8,002	21	7,613	14
	37,376	100	54,184	100

Notes:

- (1) Offshore & Engineering includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access services.
- (2) Marine includes stearngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This also includes diving services.
- (3) Energy Services includes oil sludge and slop reclamation, hydro cleaning oil and gas tanks, encapsulation of wastes before landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

The Group's revenue was \$37.4 million for the half year ended 30 June 2016. This was 31% lower than HY2015 of \$54.2 million due to the effects of lower oil prices leading to a lower demand in general and the offshore and engineering segment in particular.

Offshore & Engineering segment

Revenue from the Offshore & Engineering segment was \$15.6 million. This was a decrease of \$10.4 million or 40% as compared to HY2015, but an increase of 11% or 1.5 million from \$14.1 million for the six-month ended from 1 July to 31 December 2015 due to completion of jobs contracted under our order books as at 31 December 2015 and finalisation of additional variation orders with certain customers.

Revenue for this segment in 2Q2016 of \$5.4 million has decreased as compared to 1Q2016 of \$10.2 million as a result of the completion of the projects brought forward from FY2015 and decrease in order book.

Marine segment

Revenue from the Marine segment declined to \$13.8 million or 33% as compared to \$20.6 million in HY2015 due to the uncertain business environment impacting demand during HY2016. This also explains the decrease in revenue in 2Q2016 as compared to 2Q2015.

Revenue from Marine segment in 2Q2016 of \$7.2 million has increased by 11% as compared to 1Q2016 of \$6.5 million. The increase was mainly due to orders for new build in 1Q2016 which have been progressively completed in 2Q2016.

Energy Services segment

Revenue from Energy Services remains steady at \$8.0 million on half year comparative but it showed a boost in revenue during 2Q2016 from \$2.9 million in 2Q2015 to \$4.6 million mainly due to overseas project and continuous support from the major oil players.

These also explain the increase in revenue from Energy Services from \$3.3 million in 1Q2016 to \$4.7 million in 2Q2016 as well as the increase in revenue in 2Q2016 as compared to 2Q2015.

Cost of sales, gross profit and gross profit margin

Gross profit was \$9.6 million in HY2016. This was a decline of \$4.6 million as compared to HY2015.

Gross profit margin remained stable at 26% as compared to HY2015 due to cost management. Cost of sales decreased by 30% in HY2016, in line with the revenue decline.

This also explains the fluctuations in cost of sales, gross profit and gross profit margin in 2Q2016 as compared to 2Q2015.

Other income

HY2016 vs HY2015

Other income increased by \$437,000 or 31% mainly due to gain on bargain purchase of \$1.2 million in relation to acquisition of business and certain assets of Stone Marine Singapore Private Limited and partially offset by;

- write-back of long-outstanding payables and accruals of \$483,000 in HY2015 as compared to nil in HY2016;
- higher foreign currency exchange loss recorded in HY2016 and;
- lower government grant of \$370,000 in HY2015 to \$271,000 in HY2016. This decline was mainly due to an one-off training grant received from Spring Singapore during HY2015.

These also explain the increase in other income in 2Q2016 as compared to 2Q2015.

Administrative expenses

HY2016 vs HY2015

The Group's administrative expenses decreased by 24% or \$2.2 million mainly due to tight cost management and measures to increase efficiency and eliminate redundancy across the Group. This lowered our costs for wages, welfare and medical insurance by approximately \$1.2 million from \$4.8 million in HY2015 to \$3.6 million in HY2016;

These also explain the lower administrative expense in 2Q2016 as compared to 2Q2015.

Finance expenses

The Group's finance expenses increased by \$326,000 or 13% is mainly attributable to the increase in utilisation of trade facilities coupled with higher interest rates imposed on short term loans and long term borrowings.

Finance expense in 2Q2016 marginally increased as compared to 2Q2015.

Income tax

The Group's effective income tax rate of 1% is lower than the statutory income tax rate of 17% mainly due to utilisation of tax losses.

Net profit

The Group's net profit decreased by \$2.0 million or 57% from \$3.5 million in HY2015 to \$1.5 million in HY2016 as a result of the above.

The net profit attributable to non-controlling interests remains stable from \$1.0 million to \$1.2 million mainly due to the continuous support from major oil players in the market under the Energy Services segment.

Due to lower oil prices leading to lower demand, the Group's net profit attributable to Equity holders of the Company of \$283,000 significantly decreased compared to \$3.4 million net profit in HY2015.

REVIEW OF FINANCIAL POSITION

Current assets

Current assets increased marginally from \$81.1 million as at 31 December 2015 to \$82.8 million as at 30 June 2016 as a result of:

- (a) Increase in cash and cash equivalents of \$3.8 million or 35% due to proceeds from private placement in January 2016 offset by the cash and cash equivalents used for CAPEX, payments of bank borrowings and for working capital purposes.
- (b) Decrease in trade and other receivables of \$2.6 million or 4% was mainly due to collection of trade receivables.
- (c) The increase in inventories relates mainly to inventories acquired from Stone Marine Singapore Private Limited.

Non-current assets

The increase in non-current assets of \$17.3 million from \$254.0 million as at 31 December 2015 to \$271.2 million as at 30 June 2016 is attributable to:

- progressive payment for construction of property at 42A Penjuru Road of approximately \$13.3 million;
- increase in deposit for the purchase of machineries \$1.2 million.

Current liabilities

Current liabilities decreased from \$131.2 million as at 31 December 2015 to \$119.3 million as at 30 June 2016 due to payments of trade payables and bank borrowings.

Non-current liabilities

The increase in non-current liabilities of \$13.4 million from \$90.6 million as at 31 December 2015 to \$104.0 million as at 30 June 2016 is mainly due to the drawdown of construction loan pertaining to the construction of property at 42A Penjuru Road and partially offset by loan repayment.

Disposal Group classified as held-for-sale

The Group reclassified certain assets and liabilities under disposal group as held-for-sale as part of the key initiatives of management to dispose some under utilised assets for cost savings and improve the cash flow position.

Net current liabilities position

As at 30 June 2016, the Group is in net current liabilities position of \$16.0 million as compared to net current liabilities of \$29.6 million as at 31 December 2015. The reduction was primarily due to proceeds from the private placement of \$14.7 million which was completed in January 2016.

REVIEW OF CASHFLOW STATEMENT

The Group has a net cash inflow from operating activities of \$3.1 million mainly due to collections of trade and other receivables of \$2.6 million and cash generated from operations of \$9.0 million offset by the payments of trade and other payables of \$8.5 million.

The Group has a net cash outflow from investing activities of \$5.5 million due mainly to purchases of property, plant and equipment of \$6.4 million and payments of deferred consideration relating to prior financial year's acquisitions of \$400,000 offset by the proceeds from disposal of property, plant and equipment.

The Group's cash inflow from financing activities of \$6.1 million relates mainly to net proceeds from private placement of \$14.7 million offset by repayment of borrowings.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group continues to see reinstatement of past enquiries which were shelved last year. However, the general macro view in our marine and offshore industry is still weak.

Our Energy Services segment has been performing well and, barring unforeseen circumstances, we expect this segment to grow.

The Group has received Temporary Occupation Permit for its property at 42A Penjuru Road on 4 August 2016. CAPEX for the second half of the year is expected to be minimal.

The Group has signed a bank term sheet and is finalising the loan agreement to refinance the Series 1 Notes.

Group's order book as at 30 June 2016 stands at \$10.0 million (as at 31 December 2015: \$12.1 million).

11 **Dividend**

(a) *Current financial period reported on*

Any dividend declared for the current financial period reported on?

None.

(b) *Corresponding period of the immediately preceding financial year*

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

None.

(c) *Date payable*

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13 Interested Person Transactions.

There were no interested person transactions, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the half year ended 30 June 2016. The Company does not have a general mandate from shareholders for interested person transactions.

14 Negative Assurance on Interim Financial Statements.

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the half year ended 30 June 2016 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720 (1) of the SGX Listing Manual.

16 Use of proceeds as at 30 June 2016

Issuance of 54,640,000 ordinary shares at \$0.27 for each new share for \$14,707,640 (net of transaction cost of \$45,160).

Use of proceeds	Amount allocated (\$'million)	Amount utilised (\$'million)	Balance amount (\$'million)
Payment of existing borrowings	14.7	8.8	5.9

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

BY ORDER OF THE BOARD

Sim Soon Ngee Glenndle
Executive Chairman and Chief Executive Officer

8 August 2016
