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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND FINANCIAL QUARTER ("2Q2019") IN RESPECT OF THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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		
	2Q2019 ($'000)	2Q2018 ($'000) (Restated)	**Increase/ (decrease) (%)**	**HY2019 ($'000)**	HY2018 ($'000) (Restated)	**Increase/ (decrease) (%)**
Continuing Operations						
Revenue	**16,741**	12,396	35	**33,927**	23,320	45
Cost of sales	**(13,711)**	(10,160)	35	**(31,248)**	(21,136)	48
Gross profit	**3,030**	2,236	36	**2,679**	2,184	23
Other gains – net	**1,017**	789	29	**2,109**	1,998	6
Expenses						
- Administrative	**(2,859)**	(3,396)	(16)	**(5,742)**	(6,542)	(12)
- Finance	**(2,076)**	(1,417)	47	**(4,062)**	(2,795)	45
Loss before income tax	**(888)**	(1,788)	(50)	**(5,016)**	(5,155)	(3)
Income tax	**(5)**	(1)	400	**(5)**	(80)	(94)
Loss from continuing operations	**(893)**	(1,789)	(50)	**(5,021)**	(5,235)	(4)
Discontinued operations						
Profit from discontinued operations	**1,129**	121	833	**2,164**	958	126
Total profit/(loss)	**236**	(1,668)	NM	**(2,857)**	(4,277)	(33)
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss						
Currency translation differences arising from consolidation (1)	**30**	(50)	NM	**81**	(250)	NM
Total comprehensive income/(loss)	**266**	(1,718)	NM	**(2,776)**	(4,527)	(39)
Net (loss)/profit attributable to :						
Equity holders of the Company	**(872)**	(1,726)	(49)	**(4,784)**	(4,760)	1
Non-controlling interests	**1,108**	58	1,810	**1,927**	483	299
	236	(1,668)	NM	**(2,857)**	(4,277)	(33)
(Loss)/profit attributable to equity holders of the Company relates to:						
Profit from continuing operations	**(1,425)**	(1,785)	(20)	**(5,844)**	(5,230)	12
Profit from discontinued operations	**553**	59	837	**1,060**	470	126
	(872)	(1,726)	(49)	**(4,784)**	(4,760)	1
Total comprehensive (loss)/income attributable to :						
Equity holders of the Company	**(842)**	(1,776)	(53)	**(4,703)**	(5,010)	(6)
Non-controlling interests	**1,108**	58	1,810	**1,927**	483	299
	266	(1,718)	NM	**(2,776)**	(4,527)	(39)

(1) The currency translation difference arising from consolidation relates mainly to the fluctuations of Indonesian Rupiah and Chinese Renminbi against Singapore Dollar.
(2) "NM" denotes not meaningful.

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

	The Group					
	For the second quarter ended 30 June			For the half year ended 30 June		
	2Q2019 ($'000)	2Q2018 ($'000) (Restated)	**Increase/ (decrease)** (%)	**HY2019 ($'000)**	HY2018 ($'000) (Restated)	**Increase/ (decrease)** (%)
Continuing operations:						
Included in Other (charges)/credits – net:						
- Foreign exchange loss, net	**(14)**	(138)	(90)	**(16)**	(159)	(90)
- Gain/(loss) on sale of property, plant and equipment[1]	**14**	(39)	NM	**14**	561	(98)
- Government grants[2]	**107**	463	(77)	**190**	644	(70)
- Impairment of trade receivables	**-**	(2)	NM	**-**	(2)	NM
- Rental income[3]	**756**	331	128	**1,456**	615	137
- Sale of scrap metals[4]	**102**	183	(44)	**226**	324	(30)
- Write-back of allowance for impairment of trade receivables	**-**	-	-	**5**	-	NM
- Write-back of long outstanding payables	**-**	50	NM	**146**	50	192
- Other income/(expenses),net[5]	**52**	(59)	NM	**88**	(35)	NM
	1,017	789	29	**2,109**	1,998	6
Included under finance expenses:						
Interest expenses on:						
- Bank borrowings[6]	**1,961**	1,395	41	**3,837**	2,751	39
- Finance lease liabilities[7]	**-**	14	NM	**-**	30	NM
- Bank overdraft	**5**	8	(38)	**11**	14	(21)
- Lease liabilities - leasehold land[7]	**92**	-	NM	**182**	-	NM
- Lease liabilities - hire purchase[7]	**18**	-	NM	**32**	-	NM
	2,076	1,417	47	**4,062**	2,795	45
Included under cost of sales and administrative expenses:						
- Depreciation of property, plant and equipment[8]	**2,376**	2,768	(14)	**4,770**	5,568	(14)
- Depreciation of ROU assets - leasehold land[7]	**269**	-	NM	**537**	-	NM
- Depreciation of ROU assets - hire purchase[7]	**88**	-	NM	**174**	-	NM
	2,733	2,768	(1)	**5,481**	5,568	(2)
Included under income tax:						
- Under provision of current income tax in prior financial years[9]	**5**	-	NM	**5**	74	(93)
Included in Discontinued operations:						
- Foreign exchange (loss)/gain, net	**(6)**	49	NM	**(12)**	7	NM
- Loss on sale of property, plant and equipment	**(118)**	(6)	1,867	**(156)**	(6)	2,500
- Government grants	**(122)**	(120)	2	**(104)**	(87)	20
- Sale of scrap metals	**-**	-	-	**-**	2	NM
- Other income[5]	**5**	2	150	**9**	3	200
- Interest expense from finance lease liabilities	**-**	(21)	NM	**-**	(44)	NM
- Interest expense from Lease liabilities- hire purchase[7]	**(29)**	-	NM	**(39)**	-	NM
- Depreciation of property, plant and equipment[8]	**(419)**	(556)	(25)	**(842)**	(1,124)	(25)
- Depreciation of ROU assets - hire purchase[7]	**(111)**	-	NM	**(221)**	-	NM
	(800)	(652)	23	**(1,365)**	(1,249)	9

Notes:

(1) Gain on the sale of property, plant and equipment in HY2018 arose mainly from an incremental adjustment of $530,000 to the sales consideration for 11 Tuas Basin Close property upon successfully obtaining the approval of JTC on extension of lease tenure to 31 December 2021.

(2) The reduction in government grants of $454,000 (HY2019) and $356,000 (2Q2019) was mainly due to the absence of grant receipts from Workpro LED Job Redesign programme and Marine Professional Conversion Programme.

(3) Increase in rental income for HY2019 and 2Q2019 was mainly related to the increase in lease rental activities in Group's properties.

(4) Decrease in sale of scrap materials in HY2019 and 2Q2019 was mainly due to lower scrap sale, in line with a lower revenue in the Marine segment's MRO services.

(5) Other income relates to interest income and miscellaneous income/expense.

(6) Increase in interest expense in HY2019/2Q2019 was mainly due to the following:
- expensing of interest of $0.8 million in HY2019 and $0.4 million in 2Q2019 in relation to a construction loan for 42A Penjuru Road property. For HY2018/2Q2018, such interest expense was recognised as borrowing costs capitalised in property, plant and equipment.
- higher interest rates for certain term loans as a result of contractual repricing of interest rates.

(7) The interest expense on lease liabilities and depreciation of right-of-use assets in HY2019/2Q2019 arose from the adoption of SFRS(I) 16 *Leases*.

(8) The decrease in depreciation of property, plant and equipment in HY2019/2Q2019 was mainly due to the following:
- reduction in depreciation of $218,000/$113,000 in HY2019/2Q2019 in relation to a China property disposed in 4Q2018;
- reduction in depreciation of $121,000/$60,000 in HY2019/2Q2019 in relation to assets classified to disposal group in 4Q2018;
- reduction of depreciation of $372,000/$203,000 in HY2019/2Q2019 in relation to disposal of machinery and equipment in FY2018;
- reclassification of certain fixed assets under hire purchase as explained in Note 5 above.

(9) Under provision of current income tax in prior financial years arose from foreign subsidiaries.

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 2019 ($'000)	As at 31 December 2018 ($'000)	**As at 30 June 2019 ($'000)**	As at 31 December 2018 ($'000)
ASSETS				
Current assets				
Cash and cash equivalents	**12,756**	16,385	**6,189**	105
Trade and other receivables	**19,025**	21,701	**60,098**	67,399
Inventories	**3,875**	7,918	**-**	-
Contract assets	**4,336**	7,008	**544**	650
	39,992	53,012	**66,831**	68,154
Assets of disposal group classified as held-for-sale	**106,338**	74,347	**-**	-
	146,330	127,359	**66,831**	68,154
Non-current assets				
Financial assets, FVOCI	**102**	102	**-**	-
Investment in subsidiaries	**-**	-	**69,880**	69,880
Property, plant and equipment	**124,896**	119,990	**1**	-
Deposits for purchase of property, plant and equipment	**71**	13	**-**	-
Intangible assets	**4,781**	9,661	**-**	-
	129,850	129,766	**69,881**	69,880
Total assets	**276,180**	257,125	**136,712**	138,034
LIABILITIES				
Current liabilities				
Trade and other payables	**18,736**	23,967	**25,146**	24,383
Contract liabilities	**2,395**	2,407	**-**	-
Borrowings	**114,867**	115,927	**54,402**	54,402
Current income tax liabilities	**827**	1,214	**-**	-
	136,825	143,515	**79,548**	78,785
Liabilities directly associated with disposal group classified as held-for-sale	**89,824**	74,347	**-**	-
	226,649	217,862	**79,548**	78,785
Non-current liabilities				
Borrowings	**16,909**	1,162	**-**	-
Deferred income tax liabilities	**3,948**	5,151	**-**	-
	20,857	6,313	**-**	-
Total liabilities	**247,506**	224,175	**79,548**	78,785
NET ASSETS	**28,674**	32,950	**57,164**	59,249
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**92,077**	92,077	**92,077**	92,077
Fair value reserve	**25**	25	**-**	-
Other reserve	**509**	509	**-**	-
Translation reserve	**(468)**	(549)	**-**	-
Accumulated losses	**(71,710)**	(66,926)	**(34,913)**	(32,828)
	20,433	25,136	**57,164**	59,249
Non-controlling interests	**8,241**	7,814	**-**	-
Total equity	**28,674**	32,950	**57,164**	59,249

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 2019		As at 31 December 2018	
Borrowings	**Secured ($'000)**	**Unsecured ($'000)**	Secured ($'000)	Unsecured ($'000)
Bank borrowings	**102,280**	**10,618**	101,506	12,362
Lease liabilities – hire purchase	**897**	**-**	-	-
Finance lease liabilities	**-**	**-**	2,059	-
Current borrowings	**103,177**	**10,618**	103,565	12,362
Included in the disposal group classified as held-for-sale:				
- Bank borrowings	**74,347**	**-**	74,347	-
- Lease liabilities – hire purchase	**959**	**-**	-	-
	75,306	**-**	74,347	-
	178,483	**10,618**	177,912	12,362

Amount repayable after one year

	As at 30 June 2019		As at 31 December 2018	
Borrowings	**Secured ($'000)**	**Unsecured ($'000)**	Secured ($'000)	Unsecured ($'000)
Bank borrowings	-	-	980	-
Lease liabilities- hire purchase	277	-	-	-
Finance lease liabilities	-	-	182	-
Non-current borrowings	**277**	**-**	1,162	-

The Group's borrowings disclosed above do not include the lease liabilities on leasehold land arising from SFRS(I)16.

Details of any collaterals

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

Certain lease liabilities- hire purchase (FY2018: Finance lease liabilities) of the Group are secured by leased machinery and equipment, motor vehicles and office equipment, as the legal title is retained by the lessor and will be transferred to the Group upon full payment.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group			
	For the second quarter ended 30 June		For the half year ended 30 June	
	2Q2019 ($'000)	2Q2018 ($'000)	**HY2019 ($'000)**	HY2018 ($'000)
Cash flows from operating activities				
Net profit/(loss)	**236**	(1,668)	**(2,857)**	(4,277)
Adjustments for:				
- Income tax	**131**	27	**246**	199
- Depreciation of property, plant and equipment	**3,263**	3,324	**6,544**	6,692
- Loss/(gain) on disposal of property, plant and equipment	**104**	45	**142**	(555)
- Interest income	**(15)**	(12)	**(22)**	(14)
- Interest expense	**2,105**	1,438	**4,101**	2,839
- Currency translation differences	**(3)**	38	**(17)**	(101)
	5,821	3,192	**8,137**	4,783
Changes in working capital:				
- Trade and other receivables	**628**	2,386	**(546)**	1,573
- Inventories	**1,415**	(1,213)	**4,043**	(746)
- Contract assets	**1,071**	(1,410)	**(455)**	(1,190)
- Trade and other payables	**(3,375)**	1,105	**(1,776)**	522
- Contract liabilities	**(365)**	(570)	**(12)**	225
Cash generated from operations	**5,195**	3,490	**9,391**	5,167
Interest received	**15**	12	**22**	14
Income tax paid	**(217)**	(196)	**(248)**	(254)
Net cash provided by operating activities	**4,993**	3,306	**9,165**	4,927
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**41**	571	**41**	1,227
Dividend income from financial assets, at FVOCI	**2**	-	**2**	-
Purchase of property, plant and equipment	**(1,343)**	(355)	**(3,071)**	(1,737)
(Placement)/release of short-term bank deposits pledged	**-**	(53)	**135**	2,007
Net cash (used in)/provided by investing activities	**(1,300)**	163	**(2,893)**	1,497
Cash flows from financing activities				
Interest paid	**(2,015)**	(1,092)	**(3,874)**	(3,022)
Repayment of bank borrowings	**(1,624)**	(5,113)	**(4,835)**	(13,393)
Repayment of finance lease liabilities	**-**	(316)	**-**	(700)
Repayment of lease liabilities - hire purchase	**(615)**	-	**(1,325)**	-
Proceeds from bank borrowings	**1,215**	3,362	**2,999**	7,947
Proceeds from issuance of subsidiary's shares to non-controlling interest	**-**	147	**-**	147
Dividends paid to non-controlling interests	**(1,500)**	(300)	**(1,500)**	(900)
Net cash used in financing activities	**(4,539)**	(3,312)	**(8,535)**	(9,921)
Net (decrease)/increase in cash and cash equivalents	**(846)**	157	**(2,263)**	(3,497)
Cash and cash equivalents at beginning of financial period	**13,902**	7,947	**15,319**	11,601
Cash and cash equivalents at end of financial period	**13,056**	8,104	**13,056**	8,104

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

	As at 30 June 2019 ($'000)	**As at 30 June 2018 ($'000)**
Cash and bank balances	**12,756**	9,260
Short-term bank deposits pledged	**(502)**	(710)
Bank overdrafts included in borrowings	**(315)**	(484)
	11,939	8,066
Cash and bank balances reclassified to disposal group	**1,117**	38
	13,056	8,104

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.

	Share capital	Treasury shares	Retained profits/ (accumulated losses)	Fair value reserve	Translation reserve	Other reserve[(a)]	Total	Non-controlling interests	Total equity
	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Group									
Balance as at 1 January 2019	92,280	(203)	**(66,926)**	25	(549)	509	25,136	7,814	32,950
Total comprehensive (loss)/income	-	-	**(3,912)**	-	51	-	(3,861)	819	(3,042)
Balance as at 31 Mar 2019	**92,280**	**(203)**	**(70,838)**	**25**	**(498)**	**509**	**21,275**	**8,633**	**29,908**
Total comprehensive (loss)/income	-	-	**(872)**	-	30	-	(842)	1,108	266
Dividends paid to non-controlling interests	-	-	**-**	-	-	-	-	(1,500)	(1,500)
Balance as at 30 June 2019	**92,280**	**(203)**	**(71,710)**	**25**	**(468)**	**509**	**20,433**	**8,241**	**28,674**
Balance as at 1 January 2018	91,950	(203)	**(58,761)**	32	(727)	509	32,800	7,315	40,115
Total comprehensive (loss)/income	-	-	**(3,034)**	-	(200)	-	(3,234)	425	(2,809)
Dividends paid to non-controlling interests	-	-	**-**	-	-	-	-	(600)	(600)
Balance as at 31 March 2018	**91,950**	**(203)**	**(61,795)**	**32**	**(927)**	**509**	**29,566**	**7,140**	**36,706**
Dividends paid to non-controlling interests	-	-	**-**	-	-	-	-	(300)	(300)
Incorporation of a new subsidiary	-	-	**-**	-	-	-	-	147	147
Total comprehensive (loss)/income	-	-	**(1,726)**	-	(50)	-	(1,776)	58	(1,718)
Balance as at 30 June 2018	**91,950**	**(203)**	**(63,521)**	**32**	**(977)**	**509**	**27,790**	**7,045**	**34,835**

[(a)] *As at 30 June 2019, the other reserve of $509,000 is directly associated with the disposal group classified as held-for sale.*

	Share capital ($'000)	Treasury shares ($'000)	Accumulated losses ($'000)	Total equity ($'000)
Company				
Balance as at 1 January 2019	**92,280**	(203)	(32,828)	59,249
Total comprehensive loss	**-**	-	(1,146)	(1,146)
Balance as at 31 Mar 2019	**92,280**	(203)	(33,974)	58,103
Total comprehensive loss	**-**	-	(939)	(939)
Balance as at 30 June 2019	**92,280**	**(203)**	**(34,913)**	**57,164**
Balance as at 1 January 2018	**91,950**	(203)	(29,527)	62,220
Total comprehensive loss	**-**	-	(1,161)	(1,161)
Balance as at 31 Mar 2018	**91,950**	(203)	(30,688)	61,059
Total comprehensive loss	**-**	-	(269)	(269)
Balance as at 30 June 2018	**91,950**	**(203)**	**(30,957)**	**60,790**

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 and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

As at 30 June 2019, there are no changes in the Company’s share capital since its last reporting period ended 31 March 2019.

As at 30 June 2019, the total number of treasury shares held was 455,025 (30 June 2018: 455,025).

The Company has no outstanding options or convertibles as at 30 June 2019 and 31 December 2018.

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 2019	As at 31 December 2018
Total number of issued shares (excluding treasury shares) (in ‘000)	**425,919**	**425,919**

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 were no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 30 June 2019.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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.

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited financial statements for the financial year ended 31 December 2018, except that the Group and the Company have adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019.

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.

The Group has adopted SFRS(I) 16 *Leases* retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard. Under the new standard, the Group has recognised right-of-use ("ROU") assets and lease liabilities except for short-term and low-value leases. The accounting for lessors did not change significantly.

On the adoption of SFRS(1) 16, the associated ROU assets for certain machinery and equipment, motor vehicles and office equipment held under finance leases in FY2018 were restated as at 1 January 2019 with the carrying amount of $6,185,000 to ROU assets.

Also, the Group recognised ROU assets equal to lease liabilities of approximately $28.1 million in relation to leasehold land which had previously been classified as 'operating leases' under the principles of FRS 17 *Leases*. These liabilities were measured at present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. Subsequent to initial recognition, the Group depreciates the ROU assets over the remaining lease term and recognise interest expenses on the lease liabilities.

In accordance with the standard, the ROU assets and lease liabilities were presented under property, plant and equipment and borrowings respectively, unless the costs and liabilities are included in the carrying amount of another asset/liability applying other applicable Standards.

The adoption of SFRS(I) 16 resulted in an increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation ("EBITDA") and gearing ratio. The impact on the statement of comprehensive income and balance sheet is as follow:

	HY2019 $'000
Consolidated Statement of Comprehensive Income:	
(Decrease) in cost of sales and administrative expenses- rental expenses	(1,009)
Increase in cost of sales and administrative expenses – depreciation of leasehold land	537
Increase in finance expenses on lease liabilities on leasehold land	182
Increase in EBITDA	1,009
Statement of Financial Position:	
Increase in current assets- assets of disposal group classified as held-for-sale	9,812
Increase in non-current assets – property, plant and equipment	17,704
Increase in current liabilities – liabilities directly associated with disposal group classified as held-for-sale	9,522
Increase in current liabilities – lease liabilities	1,072
Increase in non-current liabilities – lease liabilities	16,632

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

	The Group For the second quarter ended 30 June					
	Continuing operations 2Q2019	**Discontinued operations 2Q2019**	**Total 2Q2019**	Continuing operations 2Q2018	Discontinued operations 2Q2018	Total 2Q2018
Net (loss)/earnings attributable to equity holders of the Company ($'000)	**(1,425)**	**553**	**(872)**	(1,785)	59	(1,726)
Weighted average number of shares outstanding for basic and diluted EPS ('000)	**425,919**	**425,919**	**425,919**	422,240	422,240	422,240
Basic and diluted EPS attributable to equilty holders of the Company (SGD cents)	**(0.33)**	**0.13**	**(0.20)**	(0.42)	0.01	(0.41)

	The Group For the half year ended 30 June					
	Continuing operations HY2019	**Discontinued operations HY2019**	**Total HY2019**	Continuing operations HY2018	Discontinued operations HY2018	Total HY2018
Net(loss)/earnings attributable to equity holders of the Company ($'000)	**(5,844)**	**1,060**	**(4,784)**	(5,230)	470	(4,760)
Weighted average number of shares outstanding for basic and diluted EPS ('000)	**425,919**	**425,919**	**425,919**	422,240	422,240	422,240
Basic and diluted EPS attributable to equilty holders of the Company (SGD cents)	**(1.37)**	**0.25**	**(1.12)**	(1.24)	0.11	(1.13)

Basic and Diluted EPS is computed by dividing the net loss 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.

There are no dilutive potential ordinary shares for the financial period ended 2Q2019/2Q2018 and HY2019/HY2018 respectively.

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 2019	31 December 2018	**30 June 2019**	31 December 2018
NAV per ordinary share (SGD cents)	**4.80**	5.90	**13.42**	13.91
Number of shares used in computation of NAV per share ('000)	**425,919**	425,919	**425,919**	425,919

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 – CONTINUING OPERATIONS

HY2019 vs HY2018 and 2Q2019 vs 2Q2018

Revenue

Revenue by segment	**2Q2019 ($'000)**	**(%)**	**2Q2018 ($'000) (Restated)**	**(%)**	**HY2019 ($'000)**	**(%)**	**HY2018 ($'000) (Restated)**	**(%)**
Offshore & Engineering	**2,688**	**16**	**4,255**	**34**	**5,079**	**15**	**7,794**	**33**
Marine	**13,318**	**80**	**8,129**	**66**	**27,202**	**80**	**15,521**	**67**
Energy Services	**735**	**4**	**12**	**-**	**1,646**	**5**	**5**	**-**
	16,741	**100**	**12,396**	**100**	**33,927**	**100**	**23,320**	**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) With the proposed sale of Vac-Tech, the remaining business in Energy Services would comprise of waste treatment and recovery waste system. Capabilities of waste treatment plant include treatment of waste water, oily sludge, slope, mud oil, contaminated soil, solid wastes and filter cakes.

Overall, the Group generated a total revenue of $33.9 million in HY2019, 45% higher than the revenue of $23.3 million in HY2018. The increase was largely attributable to the Marine segment and Energy Services segment registering an increase in revenue of $11.7 million and $1.6 million respectively, but was mitigated by lower revenue of $2.7 million from the Offshore & Engineering segment.

Offshore & Engineering segment

The Offshore & Engineering segment remains affected by slow market sentiment with revenue declined by 35% or $2.7 million, from $7.8 million in HY2018 to $5.1 million in HY2019. The reduction in revenue was mainly due to lower work orders from its offshore structure and fabrication of $2.1 million and from precision engineering business of $0.8 million.

These also explain the lower revenue from Offshore & Engineering segment in 2Q2019 as compared to 2Q2018.

Marine segment

Revenue for the Marine segment rose by $11.7 million or 75% to $27.2 million in HY2019 which was attributable to:
- the dredging and reclamation business of 51%-owned Mencast-KSE Pte Ltd contributing a revenue of $12.0 million;
- increase in the number of deliveries of new built propellers posted a 21% increase in revenue from $5.7 million to $6.9 million; offset by
- decline in the segment's MRO (maintenance, repairs and overhaul) services by $1.4 million to $6.0 million in HY2019; and
- lower volume activity of $0.1 million in diving services.

These also explain the higher revenue from Marine segment in 2Q2019 as compared to 2Q2018.

Energy Services segment

In light of the proposed sale of Vac-Tech (as announced on 28 June 2019), the remaining business of this segment comprise of waste treatment and recovery waste system.

Revenue from the waste treatment business in HY2019 increased from $5,000 in HY2018 to $1.6 million, due mainly to a larger customer base.

These also explained the fluctuation in revenue in 2Q2019 as compared to 2Q2018.

Cost of sales, gross profit and gross profit margin

Cost of sales increased by 48% or $10.1 million from $21.1 million in HY2018 to $31.2 million in HY2019, in line with the increase in Group's revenue.

Gross profit in HY2019 increased by $0.5 million when compared to HY2018, due mainly to contributions from the dredging and reclamation business, offset by a decline in Offshore & Engineering segment and diving services.

Consequently, the gross profit margin declined by 1.5% to 7.9% in HY2019 mainly due to lower revenue from Offshore & Engineering segment and diving services which were not sufficient to cover its fixed running costs.

These also explained the fluctuations in cost of sales, gross profit and gross profit margin in 2Q2019 as compared to 2Q2018.

Other gains/(losses) - net

Detailed explanations of these gains/(losses) were highlighted in paragraph 1(a)(ii).

Administrative expenses

The Group's administrative expenses decreased by approximately $800,000 from HY2018 of $6.5 million to $5.7 million in HY2019 mainly due to the following:

- reduction in depreciation of $218,000 in relation to a China property being disposed in 4Q2018;
- reduction in depreciation of $121,000 due mainly to assets being classified to disposal group in 4Q2018;
- decrease in professional and consultancy fees of $123,000; and
- effects of adoption of SFRS(I) 16 on the rental expense of leasehold land, offset with additional depreciation expenses and amortisation of finance expense as disclosed in paragraph 5.

The above also explained the decrease in administrative expenses in 2Q2019 as compared to 2Q2018.

Finance expenses

Finance expenses increased by $1.3 million or 45% from $2.8 million in HY2018 to $4.1 million in HY2019, due mainly to the expensing of $0.8 million interest in connection to a construction loan for 42A Penjuru Road property as opposed to capitalising the said interest to property, plant and equipment in HY2018. Additional finance cost in respect of the amortisation of lease liability of $182,000 was also included in HY2019, as explained in Notes 6 and 7 in paragraph 1(a)(ii).

This also explained the increase in finance expenses in 2Q2019 as compared to 2Q2018.

Income tax

The tax expense of the Group in HY2019 arose from the under-provision of current income tax in prior years as disclosed in paragraph 1(a)(ii).

Loss from continuing operations

As a result of the above, the Group recorded a loss from continuing operations of $5.0 million in HY2019 as compared to $5.2 million in HY2018. Loss for 2Q2019 was $893,000 as compared to $1.8 million in corresponding period last year.

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets as at 30 June 2019 amounted to $146.3 million, increased by 15% or $19.0 million as compared to $127.3 million as at 31 December 2018. The increase was mainly attributable to the following:

- increase in asset of disposal group classified as held-for-sale of $32.0 million arising from:
  - recognition of right-of-use assets on leasehold land of $9.8 million for certain properties that have been identified to be disposed of;
  - reclassification of Vac-tech's current and non-current assets of $7.5 million and $9.8 million respectively in connection to the proposed sale of Vac-Tech;

  - reclassification of intangible asset of $4.9 million from non-current assets, which was related to goodwill recognised by the Group arising from acquisition of Vac-Tech in prior years; offset with
- decrease in cash and cash equivalents of $3.6 million (please refer to detailed Statement of Cash Flows in paragraph 1(c);
- decrease in trade and other receivables and contract assets of $6.3 million was mainly related to Vac-Tech being reclassified to disposal group classified as held-for-sale;
- decrease in inventories of $4.0 million or 51% was mainly due to deliveries of new built propellers to customers in 2Q2019 under the Marine segment.

Non-current assets

Property, plant and equipment increased by $4.9 million, from $120.0 million to $124.9 million was mainly due to:
- following the adoption of SFRS(1) 16 Leases on 1 January 2019, most of the leases where the Group is the lessee was brought into the balance sheet as right-of-use assets valued at $17.7 million as at 30 June 2019, as disclosed in paragraph 5;
- additions in property, plant and equipment of $1.9 million mainly arising from the dredging and reclamation business; offset by
- reclassification of Vac-Tech's fixed assets and deposits for the purchase of PPE of $9.8 million to assets of disposal group classified as held-for-sale; and
- depreciation expense on property,plant and equipment and ROU assets (hire purchase) of $4.9 million.

Intangible assets decreased by $4.9 million, from $9.7 million to $4.8 million as at 30 June 2019, mainly due to the reclassification of goodwill to disposal group classified as held-for-sale under current assets. This goodwill relates to the Group's acquisition of Vac-Tech in prior years.

Current liabilities

As at 30 June 2019, current liabilities increased by $8.8 million or 4% to $226.6 million, as compared to $217.9 million as at 31 December 2018, mainly due to:
- increase in lease liabilities of $10.6 million arising from the adoption of SFRS(I) 16, of which approximately $9.5 million is related to those properties owned by the Group which were identified for sale and thus accounted for in liabilities directly associated with disposal group classified as held-for-sale. The balance amount of $1.1 million was classified under current borrowings (refer to paragraph 5 for detailed explanation);
- reclassification of non-current liabilities of $1.2 million to current liabilities, being classified as disposal group held-for-sale in relation to the proposed sale of Vac-Tech as announced on 28 June 2019; partially offset with
- reduction in current bank borrowings upon settlement of IFS loan of $1.6 million.

Non-current liabilities

Non-current liabilities increased by $14.5 million from $6.3 million as at 31 December 2018 to $20.9 million as at 30 June 2019. The increase was mainly due to the recognition of lease liabilities of $16.6 million upon adoption of SFRS(I) 16 Leases, offset with the reclassification of non-current liabilities of $1.2 million to disposal group classified as held-for-sale in connection to the proposed sale of Vac-Tech as explained above.

REVIEW OF STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents as at 30 June 2019 were approximately $13.1 million including cash and bank balances of Vac-Tech classified as held-for-sale of $1.1 million. The Group reported a net cash inflow from operating activities of $9.2 million in HY2019 due mainly to its operating income before changes in working capital of $8.1 million and decrease in inventories for new built propellers delivered during the current period.

Net cash used in investing activities was $2.9 million for HY2019 mainly arose from the purchase of property, plant and equipment:

- dredging and reclamation business of approximately $1.4 million;
- deposits amounting to $1.0 million were paid for the purchase of certain equipment;
- asset enhancement of waste treatment plant of $0.3 million.

Net cash used in financing activities of $8.5 million during HY2019 was mainly a result of repayments of term loans, lease liabilities and payment of interests of approximately $10.0 million and dividend payment of $1.5 million, offset by proceeds from bank borrowings of $3.0 million.

DISCONTINUED OPERATIONS AND SUBSIDIARY CLASSIFIED AS HELD-FOR-SALE

As announced on 28 June 2019, the Company's 70%-owned subsidiary, Mencast Energy, had entered into a sale and purchase agreement for the disposal of its 50% equity interest in Vac-Tech Engineering Pte Ltd ("Vac-Tech") represented by 1.5 million shares in Vac-Tech.

Following the Group's decision to sell Vac-Tech and in compliance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of Vac-Tech including the goodwill arising from its consolidation were classified as Assets of disposal group classified as held-for-sale and Liabilities directly associated with disposal group classified as held-for-sale respectively on the consolidated balance sheet. Its financial results have been reclassfied to "Discontinued Operations" for the current financial period reported on and the prior period financial results have been restated to reflect this change in presentation in the Consolidated Statement of Comprehensive Income. The change in classification and presentation has no effect to the profit or loss after tax and net asset value of the Group.

The summarised net profit for HY2019 and HY2018 from Discontinued Operations are presented as follows:

	HY2019 $'000	HY2018 $'000
Revenue	**9,832**	7,190
Cost of sales	**(6,335)**	(4,914)
Gross profit	**3,497**	2,276
Other losses – net	**(263)**	(81)
Expenses		
- Administrative	**(790)**	(1,074)
- Finance	**(39)**	(44)
Profit before income tax	**2,405**	1,077
Income tax expense	**(241)**	(119)
Total comprehensive income, representing net profit	**2,164**	958

Summarised Balance Sheet of a subsidiary classified as held-for-sale

	HY2019	FY2018
	$'000	$'000
Current		
Assets	**7,464**	8,052
Liabilities	**(4,730)**	(2,499)
Tota current net assets	**2,734**	5,553
Non-current		
Assets	**9,835**	9,856
Liabilities	**(1,225)**	(1,229)
Tota non-current net assets	**8,610**	8,627
Net assets	**11,344**	14,180

Summarised Cash Flows of a subsidiary classified as held-for-sale

	HY2019	HY2018
	$'000	$'000
Net cash provided by operating activities	**2,102**	2,098
Net cash used in investing activities	**(1,198)**	(193)
Net cash used in financing activities	**(2,187)**	(2,489)
Net cash outflow	**(1,283)**	(584)

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 reported improved results in the current quarter and year-to-date reporting periods in terms of revenue, gross profits, operating cash flows as well as reduced losses in comparison to previous year same quarter / half year results.

Notwithstanding the improved conditions and an encouraging increase in customer enquiries, the Group expects market conditions to remain challenging for the next twelve months with a high market uncertainty.

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.

No interim dividend has been declared or recommended for the current reporting period ended 30 June 2019 as the Group had registered a loss.

13 Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	HY2019 \$'000	HY2019 \$'000
Vac-Tech Engineering Pte. Ltd.		
- Rental Charges	267	-
- Waste Disposal	284	-

The Group does not have a general mandate from its shareholders for recurring 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 second quarter ended 30 June 2019 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 Net Current Liabilities Position and Loan Restructuring

As at 30 June 2019, the Group was in net current liabilities position of $80.3 million. The Group had pursued and/or completed the following course of actions:

a) As announced on 15th February 2019, the proposed disposal of Changshu Honghua was completed upon receipt of the third and final tranche of the purchase consideration.

b) As announced on 1st February 2019, the Group had completed its debt restructuring exercise by entering into a Debt Restructuring Agreement (the "DRA") with its lenders. The material terms of the DRA were highlighted in previous announcement dated 1st February 2019.

c) The Group, has on 25th March 2019, granted to an independent third party purchaser an option to purchase one of the Group's properties situated at 7 Tuas View Circuit, Singapore 637642 for a consideration of $13.5 million. As announced on 5th April 2019, the purchaser had on 3rd April 2019 exercised the option.

d) As announced on 1st April 2019, the Group had written to UOB to request for an extension of time (from 31 March 2019 to 30th September 2019) to complete the sale of certain identified properties and to deleverage the debt under the Group's existing facility agreements with the Lenders by an agreed amount. UOB has, by way of a letter dated 13th May 2019, agreed to the Group's request for the extension of time until 30 September 2019.

e) As announced on 28 June 2019, Mencast Energy Pte Ltd, a 70% owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with Grand Victor Corp Pte. Ltd. for the disposal of 50% equity interest in Vac-Tech Engineering Pte Ltd ("Vac-Tech"), represented by 1,500,000 shares in Vac-Tech, on the terms and conditions of the SPA. Net proceeds from the proposed disposal is intended to be applied towards the repayment of bank borrowings and working capital requirements of the Group.

Pursuant to the above, the Board is of the view that the Group is able to meet its obligations as and when they fall due. The validity of the going concern assumption is contingent upon:

1) The continual support from its lenders which is critical to the completion of the Group's debt restructuring plans;

2) The planned divestment of those identifiable properties and assets;

3) The Group is able to generate positive cash flows from operations in conjunction with the moratorium of loan principal repayments during the debt restructuring period.

The Company will make appropriate announcements as and when there is any material development.

BY ORDER OF THE BOARD

SIM SOON NGEE GLENNDLE
Executive Chairman and Chief Executive Officer

8 August 2019