

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 FOURTH QUARTER AND FULL YEAR (“4Q2020” AND “FY2020”) ENDED 31 DECEMBER 2020

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

	Group					
	For the fourth quarter ended 31 December			For the year ended 31 December		
	4Q2020 (\$'000)	4Q2019 (\$'000) (Restated³)	Increase/ (decrease) (%)	FY2020 (\$'000)	FY2019 (\$'000) (Restated³)	Increase/ (decrease) (%)
Continuing Operations						
Revenue	11,978	12,069	(1)	46,872	42,950	9
Cost of sales	(8,955)	(9,952)	(10)	(34,255)	(39,219)	(13)
Gross profit	3,023	2,117	43	12,617	3,731	238
Other (losses)/gains – net	(4,171)	3,421	NM	10,162	8,166	24
Expenses						
- Administrative	(3,378)	(3,472)	(3)	(11,430)	(12,335)	(7)
- Finance	(1,111)	(2,172)	(49)	(5,704)	(8,216)	(31)
Share of profit of associated company	240	231	4	257	308	(17)
(Loss)/profit before income tax	(5,397)	125	NM	5,902	(8,346)	NM
Income tax (expense)/credit	(2)	276	NM	(26)	277	NM
(Loss)/profit from continuing operations	(5,399)	401	NM	5,876	(8,069)	NM
Discontinued operations						
Profit/(loss) from discontinued operations	1,670	(944)	NM	(680)	2,293	NM
Total (loss)/profit	(3,729)	(543)	587	5,196	(5,776)	NM
Other comprehensive income/(loss), net of tax						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation ⁽¹⁾	87	(15)	NM	(81)	115	NM
Items that will not be reclassified subsequently to profit or loss:						
Fair value losses on financial assets, at FVOCI	-	(7)	NM	-	(7)	NM
Total comprehensive (loss)/income	(3,642)	(565)	545	5,115	(5,668)	NM
Net (loss)/profit attributable to :						
Equity holders of the Company	(3,712)	(84)	4,319	6,367	(7,073)	NM
Non-controlling interests	(17)	(459)	(96)	(1,171)	1,297	NM
	(3,729)	(543)	587	5,196	(5,776)	NM
(Loss)/profit attributable to equity holders of the Company relates to:						
(Loss)/profit from continuing operations	(5,413)	398	NM	5,865	(8,531)	NM
Profit/(loss) from discontinued operations	1,701	(482)	NM	502	1,458	(66)
	(3,712)	(84)	4,319	6,367	(7,073)	NM
Total comprehensive (loss)/income attributable to :						
Equity holders of the Company	(3,625)	(106)	3,320	6,286	(6,965)	NM
Non-controlling interests	(17)	(459)	(96)	(1,171)	1,297	NM
	(3,642)	(565)	545	5,115	(5,668)	NM

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

(2) “NM” denotes not meaningful.

(3) The 4Q2019/FY2019 Consolidated Statement of Comprehensive Income were re-stated in compliance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations following the Group’s decision to sell its 51% equity interest in Mencast-KSE Pte. Ltd. (“MKSE”). Please see full details in Paragraph 8-Discontinued operations and Disposal of Subsidiaries classified as held-for-sale.

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

	Group					
	For the fourth quarter ended 31 December			For the year ended 31 December		
	4Q2020 (\$'000)	4Q2019 (\$'000) (Restated)	Increase/ (decrease) (%)	FY2020 (\$'000)	FY2019 (\$'000) (Restated)	Increase/ (decrease) (%)
Continuing operations:						
<u>Included in Other (charges)/credits – net:</u>						
- Allowance for impairment of trade receivables ⁽¹⁾	(194)	(239)	(19)	(194)	(239)	(19)
- Foreign exchange loss, net ⁽²⁾	(147)	(51)	188	(223)	(16)	1,294
- Gain on disposal of non-current assets held-for-sale ⁽³⁾	-	5,038	NM	-	5,038	NM
- Gain on re-measurement of retained investment ⁽⁴⁾	-	-	-	-	1,456	NM
- Gain/(loss) on sale/write-off of property, plant and equipment ⁽⁵⁾	129	(873)	NM	(76)	(1,026)	(93)
- Government grants ⁽⁶⁾	835	55	1,418	3,975	263	1,411
- Impairment loss on property, plant and equipment ⁽⁷⁾	(2,160)	(1,405)	54	(2,160)	(1,405)	54
- Rental income ⁽⁸⁾	646	601	7	3,462	2,867	21
- Reversal of creditor's balances, net ⁽⁹⁾	-	-	-	8,229	-	NM
- Sale of scrap metals ⁽¹⁰⁾	62	211	(71)	366	620	(41)
- Write-back of allowance for impairment of trade receivables ⁽¹⁾	54	8	575	54	13	315
- Warranty claim ⁽¹¹⁾	-	(100)	NM	-	(100)	NM
- Write-off of trade receivables ⁽¹⁾	(5)	-	NM	(77)	-	NM
- Write-back of long outstanding payables ⁽¹²⁾	64	13	392	67	198	(66)
- Impairment loss on disposal group classified as held-for-sale ⁽¹³⁾	(3,500)	-	NM	(3,500)	-	NM
- Other income, net ⁽¹⁴⁾	45	163	(72)	239	497	(52)
	(4,171)	3,421	NM	10,162	8,166	24
<u>Included under finance expenses:</u>						
Interest expenses on:						
- Bank borrowings ⁽¹⁵⁾	955	1,797	(47)	5,043	7,503	(33)
- Bank overdraft	4	4	-	18	20	(10)
- Lease liabilities - leasehold land ⁽¹⁵⁾	147	355	(59)	601	628	(4)
- Lease liabilities - hire purchase ⁽¹⁵⁾	5	16	(69)	42	65	(35)
	1,111	2,172	(49)	5,704	8,216	(31)
<u>Included under cost of sales and administrative expenses:</u>						
- Depreciation of property, plant and equipment ⁽¹⁶⁾	2,170	2,244	(3)	8,617	9,170	(6)
- Depreciation of ROU assets - leasehold land	272	267	2	1,097	1,072	2
- Depreciation of ROU assets - hire purchase ⁽¹⁶⁾	23	91	(75)	231	357	(35)
	2,465	2,602	(5)	9,945	10,599	(6)
<u>Included under income tax:</u>						
- Under/(over) provision of current income tax in prior financial years ⁽¹⁷⁾	2	(45)	NM	26	(45)	NM
- Over provision of deferred income tax in prior financial years ⁽¹⁷⁾	-	(231)	NM	-	(231)	NM
<u>Included in Discontinued operations:</u>						
- Foreign exchange loss, net	-	-	-	-	(12)	NM
- Gain on disposal of a subsidiary classified as held-for-sale ⁽¹⁸⁾	1,731	-	NM	1,731	943	84
- Government grants	-	-	-	-	(104)	NM
- Loss on sale of property, plant and equipment	-	-	-	-	(156)	NM
- Other income	-	-	-	-	9	NM
- Interest expense from bank borrowings	-	(21)	NM	(11)	(123)	(91)
- Interest expense from lease liabilities- hire purchase	-	-	-	-	(39)	NM
- Depreciation of property, plant and equipment	(51)	(85)	40	(447)	(1,159)	(61)
- Depreciation of ROU assets - hire purchase	-	-	-	-	(221)	NM
- Over provision of current income tax in prior financial years	-	(31)	NM	-	(31)	NM
- Over provision of deferred income tax in prior financial years	-	(129)	NM	-	(129)	NM
	1,680	(266)	NM	1,273	(1,022)	NM

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Notes:

- (1) Net impairment and write off of trade receivables for 4Q2020/FY2020 and 4Q2019/FY2019 relate to long overdue debts where the debtors are under judicial management or in liquidation.
- (2) Foreign exchange loss in 4Q2020/FY2020 was mainly due to the weakening of Indonesia Rupiah and US dollar currency over SGD.
- (3) Gain on disposal of non-current assets held-for-sale in 4Q2019 and FY2019 was due to disposal of 7 Tuas View Circuit in October 2019 as part of the on-going efforts of the Group to pare down its debts in accordance with its Debt Restructuring Agreement ("DRA").
- (4) Gain on re-measurement of retained investment in FY2019 was due to the retention of 20% equity interest in Vac-Tech Pte. Ltd. ("Vac-Tech"), re-measured at fair value as explained in paragraph 8 - Discontinued operations and Disposal of Subsidiaries classified as held-for-sale.
- (5) Net gain on disposal of property, plant and equipment in 4Q2020/FY2020 was mainly due to disposal of under-utilised vessels:
 - a. in 4Q2020 from Offshore & Engineering segment, net gain of \$191,000; and
 - b. in 3Q2020 from Marine's diving services, net loss of \$214,000.Loss on sale of property, plant and equipment in 4Q2019/FY2019 was mainly due to the sale of old machinery & equipment arising from the relocation of the Group's propulsion operation to Penjuru property, under the Marine segment.
- (6) Increase in government grant receipts in 4Q2020/FY2020 was mainly due to receipts from:
 - a. Job Support Scheme - \$1.91 million;
 - b. Foreign Workers Levy rebates and waiver - \$1.20 million;
 - c. SNEF Work Pro - \$0.23 million
 - d. Property tax rebates - \$0.17 million;
 - e. ASMI's Marine Professional Conversion Programme- \$0.16 million
- (7) Impairment loss on property, plant and equipment in 4Q2020/FY2020 relates to an under-utilised vessel from Offshore & Engineering segment.
Impairment loss on property, plant and equipment in 4Q2019/FY2019 relates to a construction-in-progress -vessel under Offshore & Engineering segment.
- (8) Increase in rental income in 4Q2020/FY2020 was mainly related to the increase in lease rental activities in the Group's properties.
- (9) Gain from reversal of creditor balances, net arose from
 - a. a dispute between a subsidiary of the Group and a main contractor in connection to the construction of a 4-storey factory and an 11-storey office building at 42A Penjuru Road. As announced on 2 March 2020, the dispute has been settled by way of a settlement agreement on the same date. The reversal of the creditor balances of \$8.63 million pertained to retention sum and the drawdown of insurance bond in prior year offset with;
 - b. a full and final settlement of \$0.4 million for all claims in connection with a legal suit brought by a sub-contractor against a subsidiary of the Company, as announced on 24 August 2020.
- (10) The higher sale of scrap materials in 4Q2019/FY2019 as compared to 4Q2020/FY2020 was mainly due to the clean up drive in 7 Tuas View before its disposal on 31 October 2019 as mentioned in Note 3 above.
- (11) Warranty claim of \$100,000 in 4Q2019/FY2019 was related to the disposal of a subsidiary as mentioned in Note 4 above.
- (12) Decrease in write-back of long outstanding payables in FY2020 was mainly due to one-off reversal of long overdue payables of \$146,000 in FY2019 from the heat exchange business.
- (13) Impairment loss on disposal group classified as held-for-sale of \$3.5 million was related to a property of the Group under "Assets of Disposal Group classified as held-for-sale".
- (14) Other income relates to interest income and miscellaneous income/expense.
Other income for FY2020 was mainly due to the receipt of an insurance claim over a vessel of the Group for \$76,000.
Other income for FY2019 relates mainly to consultancy and support services of \$240,000 provided by Mencast Innovation Centre to external party.
- (15) Please refer to Paragraph 8 "Finance expense" for detailed explanation.
- (16) Decrease in depreciation in PPE during 4Q2020/FY2020 was mainly due to the disposal of certain machinery and vessels as disclosed in Note (5) above.
Decrease in depreciation of ROU assets under hire purchase ("HP") in 4Q2020/FY2020 was mainly due to early settlement.
- (17) For FY2019, the over-provision of deferred income tax in prior financial years was mainly due to tax losses incurred by certain subsidiaries and utilisation of capital allowances.
- (18) Please refer to Paragraph 8 – Discontinued Operation and Disposal of subsidiaries classified as held-for-sale.

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

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 31 December 2020 (\$'000)	As at 31 December 2019 (\$'000)	As at 31 December 2020 (\$'000)	As at 31 December 2019 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	15,604	18,314	7,040	7,934
Trade and other receivables	20,371	14,931	63,662	60,493
Inventories	5,674	4,748	-	-
Contract assets	923	2,945	536	636
	42,572	40,938	71,238	69,063
Assets of disposal group classified as held-for-sale	70,544	74,044	-	-
	113,116	114,982	71,238	69,063
Non-current assets				
Financial assets, at FVOCI	95	95	-	-
Investments in subsidiary corporations	-	-	56,396	59,680
Investment in an associate company	4,290	4,033	-	-
Property, plant and equipment	102,328	118,667	213	262
Deposits for purchase of property, plant and equipment	-	6	-	-
Intangible assets	4,781	4,781	-	-
	111,494	127,582	56,609	59,942
Total assets	224,610	242,564	127,847	129,005
LIABILITIES				
Current liabilities				
Trade and other payables	6,930	21,004	26,181	24,486
Contract liabilities	1,517	3,459	-	-
Borrowings	9,321	103,905	2,223	53,348
Current income tax liabilities	796	796	-	-
	18,564	129,164	28,404	77,834
Liabilities directly associated with disposal group classified as held-for-sale	69,564	73,557	-	-
	88,128	202,721	28,404	77,834
Non-current liabilities				
Borrowings	108,028	16,814	51,125	-
Deferred income tax liabilities	3,588	3,588	-	-
	111,616	20,402	51,125	-
Total liabilities	199,744	223,123	79,529	77,834
NET ASSETS	24,866	19,441	48,318	51,171
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	92,654	92,348	92,654	92,348
Fair value reserve	18	18	-	-
Other reserve	-	-	-	-
Translation reserve	(515)	(434)	-	-
Accumulated losses	(69,096)	(75,463)	(44,336)	(41,177)
	23,061	16,469	48,318	51,171
Non-controlling interests	1,805	2,972	-	-
Total equity	24,866	19,441	48,318	51,171

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

Amount repayable in one year or less, or on demand

	As at 31 December 2020		As at 31 December 2019	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Borrowings				
Bank borrowings	6,171	2,170	91,812	10,416
Lease liabilities – hire purchase	101	-	837	-
Current borrowings	6,272	2,170	92,649	10,416
Included in the disposal group classified as held-for-sale:				
- Bank borrowings	62,717	-	66,217	-
	62,717	-	66,217	10,416
	68,989	2,170	158,866	10,416

Amount repayable after one year

	As at 31 December 2020		As at 31 December 2019	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Borrowings				
Bank borrowings	83,941	8,246	-	-
Lease liabilities- hire purchase	121	-	223	-
Non-current borrowings	84,062	8,246	223	-

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, certain vessels and machineries, short-term bank deposits and corporate guarantees by the Company.

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group			
	For the fourth quarter ended 31 December		For the year ended 31 December	
	4Q2020 (\$'000)	4Q2019 (\$'000)	FY2020 (\$'000)	FY2019 (\$'000)
Cash flows from operating activities				
Net (loss)/profit	(3,729)	(543)	5,196	(5,776)
Adjustments for:				
- Income tax	2	(436)	26	(196)
- Depreciation of property, plant and equipment	2,516	2,687	10,392	11,979
- Award of performance shares to employees	-	-	240	181
- Gain on disposal of a subsidiary classified as held-for-sale	(1,731)	(5,038)	(1,731)	(5,981)
- Gain on re-measurement of retained investment	-	-	-	(1,456)
- Impairment loss on property, plant and equipment	2,160	1,405	2,160	1,405
- (Gain)/loss on disposal of property, plant and equipment	(129)	873	76	1,182
- Dividend income from financial assets, FVOCI	-	(2)	(4)	(6)
- Reversal of creditor's balances	-	-	(8,629)	-
- Share of profit of associated company	(240)	(231)	(257)	(308)
- Impairment loss on disposal group classified as held-for-sale	3,500	-	3,500	-
- Interest income	(19)	(19)	(78)	(54)
- Interest expense	1,111	2,193	5,715	8,378
- Currency translation differences	(10)	7	37	(34)
	3,431	896	16,643	9,314
Changes in working capital:				
- Trade and other receivables	(7,871)	3,750	(7,200)	3,550
- Inventories	(505)	318	(926)	3,170
- Contract assets	610	(348)	628	936
- Trade and other payables	7,065	1,664	7,184	263
- Contract liabilities	(50)	(140)	(1,755)	1,052
Cash generated from operations	2,680	6,140	14,574	18,285
Interest received	19	19	78	54
Income tax (paid)/refund	(1)	45	(1)	(197)
Net cash provided by operating activities	2,698	6,204	14,651	18,142
Cash flows from investing activities				
Dividend income from financial assets, at FVOCI	-	2	4	6
Proceeds from disposal of non-current assets classified as held-for-sale	454	13,500	454	23,413
Proceeds from disposal of property, plant and equipment	2,133	149	3,356	364
Purchase of property, plant and equipment	(1,492)	(553)	(8,003)	(4,928)
(Placement)/release of short-term bank deposits pledged	-	-	(1)	134
Net cash provided by/(used in) investing activities	1,095	13,098	(4,190)	18,989
Cash flows from financing activities				
Interest paid	(965)	(1,805)	(5,181)	(7,683)
Repayment of bank borrowings	(3,372)	(15,334)	(8,645)	(25,072)
Repayment lease liabilities	(512)	(547)	(2,150)	(2,435)
Proceeds from bank borrowings	890	591	2,794	4,453
Proceeds from issuance of subsidiary's shares to non-controlling interest	5	-	5	-
Dividends paid to non-controlling interests	-	-	-	(4,200)
Net cash used in financing activities	(3,954)	(17,095)	(13,177)	(34,937)
Net (decrease)/increase in cash and cash equivalents	(161)	2,207	(2,716)	2,194
Cash and cash equivalents at beginning of financial period/year	14,958	15,306	17,513	15,319
Cash and cash equivalents at end of financial period/year	14,797	17,513	14,797	17,513

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

	As at 31 December 2020 (\$'000)	As at 31 December 2019 (\$'000)
Cash and bank balances	15,604	18,314
Short-term bank deposits pledged	(504)	(503)
Bank overdrafts included in borrowings	(303)	(298)
	14,797	17,513

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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.

	Share capital (\$'000)	Treasury shares (\$'000)	Accumulated losses (\$'000)	Fair value reserve (\$'000)	Translation reserve (\$'000)	Other reserve ⁽¹⁾ (\$'000)	Total (\$'000)	Non-controlling interests (\$'000)	Total equity (\$'000)
Group									
Balance as at 1 January 2020	92,551	(203)	(75,463)	18	(434)	-	16,469	2,972	19,441
Total comprehensive income/(loss)	-	-	10,705	-	(345)	-	10,360	(797)	9,563
Balance as at 31 March 2020	92,551	(203)	(64,758)	18	(779)	-	26,829	2,175	29,004
Total comprehensive (loss)/income	-	-	(157)	-	348	-	191	(113)	78
Balance as at 30 June 2020	92,551	(203)	(64,915)	18	(431)	-	27,020	2,062	29,082
Award of performance shares to employees	240	-	-	-	-	-	240	-	240
Incorporation of a new subsidiary	-	-	-	-	-	-	-	224	224
Total comprehensive (loss)	-	-	(469)	-	(171)	-	(640)	(244)	(884)
Balance as at 30 September 2020	92,791	(203)	(65,384)	18	(602)	-	26,620	2,042	28,662
Shares for Directors' fees (in lieu of cash)	66	-	-	-	-	-	66	-	66
Incorporation of a new subsidiary	-	-	-	-	-	-	-	5	5
Share capital reduction of a subsidiary	-	-	-	-	-	-	-	(1,350)	(1,350)
Disposal of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	1,125	1,125
Total comprehensive (loss)/income	-	-	(3,712)	-	87	-	(3,625)	(17)	(3,642)
Balance as at 31 December 2020	92,857	(203)	(69,096)	18	(515)	-	23,061	1,805	24,866
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 March 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
Total comprehensive (loss)/income	-	-	(2,205)	-	49	(509)	(2,665)	(171)	(2,836)
Shares for Directors' fees (in lieu of cash)	90	-	-	-	-	-	90	-	90
Award of performance shares to employees	181	-	-	-	-	-	181	-	181
Disposal of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	(3,403)	(3,403)
Transaction with owners, recognised directly in equity	-	-	(1,464)	-	-	-	(1,464)	1,464	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(2,700)	(2,700)
Balance as at 30 September 2019	92,551	(203)	(75,379)	25	(419)	-	16,575	3,431	20,006
Total comprehensive loss	-	-	(84)	(7)	(15)	-	(106)	(459)	(565)
Balance as at 31 December 2019	92,551	(203)	(75,463)	18	(434)	-	16,469	2,972	19,441

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

⁽¹⁾ Differences 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 prior to 2019. During 2019, the Group completed the disposal of Vac-Tech and the amount in other reserve was reversed in full and included in the calculation of gain on disposal of non-current assets held-for-sale.

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	Share capital (\$'000)	Treasury shares (\$'000)	Accumulated losses (\$'000)	Total equity (\$'000)
Company				
Balance as at 1 January 2020	92,551	(203)	(41,177)	51,171
Total comprehensive loss	-	-	(825)	(825)
Balance as at 31 March 2020	92,551	(203)	(42,002)	50,346
Total comprehensive loss	-	-	(816)	(816)
Balance as at 30 June 2020	92,551	(203)	(42,818)	49,530
Award of performance shares to employees	240	-	-	240
Total comprehensive loss	-	-	(591)	(591)
Balance as at 30 September 2020	92,791	(203)	(43,409)	49,179
Total comprehensive loss	-	-	(927)	(927)
Shares for Directors' fees (in lieu of cash)	66	-	-	66
Balance as at 31 December 2020	92,857	(203)	(44,336)	48,318
Balance as at 1 January 2019	92,280	(203)	(32,828)	59,249
Total comprehensive loss	-	-	(1,146)	(1,146)
Balance as at 31 March 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
Total comprehensive loss	-	-	5,294	5,294
Shares for Directors' fees (in lieu of cash)	90	-	-	90
Award of performance shares to employees	181	-	-	181
Balance as at 30 September 2019	92,551	(203)	(29,619)	62,729
Total comprehensive loss	-	-	(11,558)	(11,558)
Balance as at 31 December 2019	92,551	(203)	(41,177)	51,171

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.**

The details of the changes in issued share capital of the Company from 1 January 2020 to 31 December 2020 are as follows:

CHANGES IN ISSUED SHARE CAPITAL

	Number of shares (‘000)	Paid-up capital (\$'000)
Issued share capital as at 1 January 2020	428,849	92,348
Award of performance shares to employees	10,434	240
Shares for Directors' fees (in lieu of cash)	1,853	66
Issued share capital as at 31 December 2020 excluding treasury shares	441,136	92,654

As at 31 December 2020, the total number of treasury shares held was 455,025 (31 December 2019: 455,025).

The Company has no outstanding options or convertibles as at 31 December 2020 and 31 December 2019.

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

	As at 31 December 2020	As at 31 December 2019
Total number of issued shares (excluding treasury shares) (in '000)	441,136	428,849

- 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 31 December 2020.

- 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 modifications or emphasis of a matter).

Not applicable.

3.a Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

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/year compared with the audited financial statements for the financial year ended 31 December 2019, except that the Group and the Company have adopted all new and amended Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for annual financial periods beginning on or after 1 January 2020.

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.

Not applicable.

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

	The Group					
	For the fourth quarter ended 31 December					Total 4Q2019
	Continuing operations 4Q2020	Discontinued operations 4Q2020	Total 4Q2020	Continuing operations 4Q2019 (Restated)	Discontinued operations 4Q2019 (Restated)	
Net (loss)/profit attributable to equity holders of the Company (\$'000)	(5,413)	1,701	(3,712)	398	(482)	(84)
Weighted average number of shares outstanding for basic ('000)	440,753	440,753	440,753	428,849	428,849	428,849
Basic and Diluted EPS attributable to equity holders of the Company (SGD cents)	(1.23)	0.39	(0.84)	0.09	(0.11)	(0.02)

	The Group					
	For the year ended 31 December					Total FY2019
	Continuing operations FY2020	Discontinued operations FY2020	Total FY2020	Continuing operations FY2019 (Restated)	Discontinued operations FY2019 (Restated)	
Net profit/(loss) attributable to equity holders of the Company (\$'000)	5,865	502	6,367	(8,531)	1,458	(7,073)
Weighted average number of shares outstanding for basic EPS ('000)	432,297	432,297	432,297	427,268	427,268	427,268
Basic and diluted EPS attributable to equity holders of the Company (SGD cents)	1.36	0.12	1.47	(2.00)	0.34	(1.66)

Basic EPS is computed by dividing the net (loss)/profit attributable to the equity holders of the Company in each financial period/year by the weighted average number of ordinary shares outstanding at the end of the respective financial period/year.

For the purpose of calculating Diluted EPS, (loss)/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.

There are no dilutive potential ordinary shares.

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

NET ASSET VALUE (“NAV”)

	Group		Company	
	As at		As at	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
NAV per ordinary share (SGD cents)	5.23	3.84	10.95	11.93
Number of shares used in computation of NAV per share ('000)	441,136	428,849	441,136	428,849

- 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

4Q2020 vs 4Q2019 and FY2020 vs FY2019

Revenue

Revenue by Segment	4Q2020		4Q2019		FY2020		FY2019	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
Offshore & Engineering	2,074	17	2,224	19	10,339	22	9,274	21
Marine	4,768	40	7,760	64	21,958	47	27,783	65
Energy Services	5,136	43	2,085	17	14,575	31	5,893	14
	11,978	100	12,069	100	46,872	100	42,950	100

Notes:

- (1) Offshore & Engineering includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access services.
(2) Marine includes sterngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This also includes diving services.
(3) With the sale of Vac-Tech, the remaining business in Energy Services 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.

The overall increase in Group’s revenue of \$3.92 million or 9% for FY2020 is mainly attributable from Energy Services segment and Offshore & Engineering segment with an increase of \$8.68 million and \$1.07 million in FY2020 respectively. This was, however, offset by a decrease in revenue in the Marine segment of \$5.83 million.

Offshore & Engineering segment

The revenue from Offshore & Engineering segment (“O&E”) of \$10.34 million in FY2020 increased by \$1.07 million or 11%, from \$9.27 million in FY2019, which was mainly due to:

- higher demands from customers in the precision engineering business resulting to 14% increase in revenue contribution or approximately \$0.65 million, from \$4.72 million in FY2019 to \$5.37 million in FY2020;
- increase in work orders from the rope access business by approximately \$0.57 million;
- higher revenue from heat exchanger business by \$0.42 million; offset by
- lower work orders in the offshore structure and fabrication business of \$0.57 million, from \$3.65 million to \$3.08 million as it remains affected by slow market sentiment.

4Q2020 revenue from O&E declined by \$0.15 million, mainly due to:

- decrease in revenue from precision engineering business and rope access business of \$0.53 million and \$0.12 million respectively; offset by
- increase in revenue contribution from offshore structure and fabrication business and heat exchanger business by \$0.25 million each.

Marine segment

Revenue for the Marine segment declined by \$5.82 million or 21%, from \$27.78 million in FY2019 to \$21.96 million in FY2020 due to the following:

- decrease in MRO (maintenance, repairs and overhaul) services by \$3.06 million, from \$11.73 million in FY2019 to \$8.67 million in FY2020. Demand for MRO services were affected by Covid-19 related movement controls which resulted in slow-downs and delays;
- reduction in revenue of approximately \$1.69 million due to lower deliveries for new built propellers; and
- lower work orders from diving services of approximately \$1.07 million.

These also explained the fluctuation in revenue in 4Q2020 as compared to 4Q2019.

Energy Services segment

Revenue from waste management business continues to record volume growth for FY2020 with a 147% increase in revenue, from \$5.89 million in FY2019 to \$14.58 million in FY2020. The increase was mainly due to the segment’s continuous efforts in capacity expansion enabling the Group to accept higher demands from recurring customers.

These also explained the fluctuation in revenue in 4Q2020 as compared to 4Q2019.

Cost of sales, gross profit and gross profit margin

Cost of sales of \$34.26 million in FY2020 decreased by 13% or \$4.96 million, from \$39.22 million in FY2019. Gross profit of \$12.62 million in FY2020 was up by 238% or approximately \$8.89 million from \$3.73 million in FY2019, due mainly to:

- healthy contribution in gross profit margin from Energy segment’s waste management business in line with the increase in revenue;
- higher gross profit contribution from O&E segment’s precision engineering business and rope access services; mitigated by
- lower gross margin from marine segment and from the offshore structure and fabrication business.

Consequently, gross profit margin for FY2020 increased by 18%, from 9% in FY2019 to 27% in FY2020.

These also explained the fluctuations in cost of sales, gross profit and gross profit margin in 4Q2020 as compared to 4Q2019.

Other gains/(losses) - net

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

Administrative expenses

Administrative expenses of the Group decreased by \$905,000 or 7% in FY2020 from \$12.34 million in FY2019 to \$11.43 million in FY2020 mainly due to:

- a. lower employees compensation of \$0.54 million arising from natural attrition and a temporary pay-cut across the Group beginning June 2020;
- b. reduction in travelling and transportation expenses of approximately \$0.22 million; and
- c. the absence of property related expenses of approximately \$0.35 million in relation to the divestment of one of the Group's properties in 4Q2019.

The Group's administrative expenses for 4Q2020 marginally decreased by 3% from \$3.47 million in 4Q2019 to \$3.38 million in 4Q2020.

Finance expenses

The finance expenses of the Group declined by 31% or \$2.51 million from \$8.22 million in FY2019 to \$5.70 million in FY2020 was mainly due to lower interest rates charged on certain Group's borrowings, as well as a reduction in the Group's borrowings, in line with the Group's asset divestment exercises since 2019.

This also explained the decrease in finance expenses in 4Q2020 as compared to 4Q2019.

Share of profit of Associated company

The Group recognised a lower share of profit of associated company of \$0.26 million in FY2020 as compared to \$0.31 million in FY2019 mainly due to a reduction in profit contributions from its associated company.

The Group recognised a marginal increase in its share of profits in 4Q2020 as compared to 4Q2019.

Income tax

Detailed explanations of income tax expense were highlighted in Note 17 of paragraph 1(a)(ii).

Profit from continuing operations

Consequent to the above, the Group recorded a profit of \$5.88 million for FY2020 as compared to a loss from continuing operation of \$8.07 million for FY2019.

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets decreased by \$1.87 million or 2% from \$114.98 million as at 31 December 2019 to \$113.12 million as at 31 December 2020 was mainly due to the following:

- deconsolidation of MKSE's current assets of approximately \$2.12 million in 4Q2020 mainly composed of contract assets of \$1.39 million and trade and other receivables of \$0.61 million;
- the balance reduction in contract assets of \$0.61 million was a result of higher billings to customers where the right to payment had been unconditional. These billings were mainly related to diving business;
- decrease in asset of disposal group classified as held-for-sale was due to write down of fair values of the property for \$3.5 million;
- decrease in cash and cash equivalents of \$2.71 million (please refer to detailed Statement of Cash Flows in paragraph 1(c)); offset with
- increase in trade and other receivables of \$5.44 million was mainly due to receivables from Energy services segment as shown from the increase in its revenue;
- increase in inventories of \$0.9 million was mainly due to higher finished goods inventories for new built propellers under the Marine segment.

Non-current assets

Non-current assets decreased by \$16.09 million or 13% from \$127.58 million as at 31 December 2019 to \$111.49 million as at 31 December 2020. The reduction was mainly related to property, plant and equipment as explained below:

- disposal of MKSE with fixed assets of approximately \$8.28 million;
- depreciation charge on property, plant and equipment and ROU assets of \$9.95 million;
- impairment of a vessel of \$2.16 million under the offshore & engineering segment;
- disposal of certain vessels and machinery with a net book value of \$3.43 million; offset by
- additions in property, plant and equipment of approximately \$8.00 million mainly due to machinery and equipment procurement by the Energy services and Marine segment to enhance its capacity requirements.

Current liabilities

Current liabilities dropped sharply by \$114.59 million or 57%, from \$202.72 million as at 31 December 2019 to \$88.13 million as at 31 December 2020 mainly due to:

- reclassification of approximately \$92.19 million of current borrowings to non-current liabilities after taking into consideration the Amended Debt Restructuring Agreement ("Amended DRA") executed on 26 August 2020, whereby borrowings under the Amended DRA were reprofiled with repayment terms that varies from 48 months to 120 months (calculated on the basis of a 240-month period with a final bullet repayment of the balance due and after taking into any adjustments from divestments of certain identified assets in the 120th month). The monthly principal repayment is scheduled to commence in March 2020;
- net repayment of borrowings of approximately \$6.04 million mainly due to:
 - full settlement of a term loan of \$1.36 million for the dredging and reclamation business;
 - partial settlement of a term loan of \$1.20 million arising from the sale of a vessel to which the proceeds were utilised to pay down a secured loan with a financial institution; and
 - the balance amount of \$3.29 million was related to settlement of invoice financing due.

- decrease in trade and other payables of \$14.07 million was mainly due to:
 - the reversal of creditor balances of \$8.63 million pertaining to retention sum and insurance bond, as explained in Note (9)a. of Paragraph 1(a)(ii); and
 - deconsolidation of trade and other payables of approximately \$12.51 million in relation to the disposal of MKSE; and
- reduction in contract liabilities of \$1.94 million mainly related to:
 - the reversal of advance payments received from customers upon the delivery of finished goods and completion of work orders for the Marine segment and Offshore & Engineering segment respectively; and
 - deconsolidation of \$0.19 million related to the disposal of 51% equity interest in MKSE.

Non-current liabilities

The non-current liabilities of the Group increased by \$91.21 million or 447% from \$20.40 million as at 31 December 2019 to \$111.62 million as at 31 December 2020 mainly due to reclassification of current borrowings to non-current liabilities, as explained above in the note to current liabilities.

REVIEW OF STATEMENT OF CASH FLOWS

The cash and cash equivalents of the Group as at 31 December 2020 were approximately \$14.80 million. Overall, the cash and cash equivalents decreased by \$2.72 million as shown in paragraph 1(c) Statement of Cash Flows. The Group has a net cash inflow from operating activities of \$14.65 million during FY2020 mainly from its operating income before changes in working capital of \$16.64 million, offset with a net decrease in working capital of approximately \$1.99 million.

Net cash used in investing activities was \$4.19 million for FY2020 mainly arose from capital investments in the Marine and Energy services segments.

Net cash used in financing activities of \$13.18 million during FY2020 was mainly a result of repayments of term loans, lease liabilities and payment of interests of approximately \$15.98 million, offset by proceeds from bank borrowings of \$2.79 million.

DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES CLASSIFIED AS HELD-FOR-SALE

(A) Disposal of 51% Equity Interest in MKSE

As announced on 02 October 2020, Mencast Investment Holdings Pte. Ltd., a wholly owned subsidiary of the Company, had entered into a Sale and Purchase agreement (“SPA”) for the disposal of 51% equity interest in MKSE, represented by 153,000 shares in MKSE.

Following the Group’s decision to sell MKSE and in compliance with SFRS(I) 5 Non-current Assets Held-for-Sale and Discontinued Operations, the assets and liabilities of MKSE 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 as at 30 September 2020. Its financial results have been reclassified to “Discontinued Operations” as of 30 September and its prior periods’ financial results have been restated to reflect this change in presentation in the Consolidated Statement of Comprehensive Income.

The completion of the proposed disposal of MKSE has taken place on 12 November 2020 and resulted to a gain on disposal of non-current assets held-for-sale of \$1.73 million as disclosed in Note 18 of paragraph 1(a)(ii).

(B) Disposal of 50% equity interest in Vac-Tech

On 28 June 2019, Mencast Energy Pte. Ltd., a 70% subsidiary of the Company, entered into a SPA for the disposal of 50% equity interest in Vac-Tech, represented by 1,500,000 shares in Vac-Tech. Prior to disposal, Mencast Energy holds 2.1 million shares in Vac-Tech representing 70% of its existing issued and paid-up share capital.

On 1 July 2019, the control over the subsidiary has been transferred to the purchaser in accordance with the SPA.

The transfer of share certificate signifying the legal completion of the disposal of its 50% equity interest in Vac-Tech took place on 24 September 2019, as announced on the same date.

The disposal of Vac-Tech resulted to gain on re-measurement of retained investment of \$1,456,000 and gain on disposal of a subsidiary classified as held-for-sale of \$943,000 as disclosed in paragraph 1(a)(ii) Note 4 and Note 18 respectively.

The summarised net profit for FY2020 and FY2019 from Discontinued Operations are presented as follows:

	FY2020 \$'000 (MKSE)	FY2019 \$'000 (VT + MKSE)
Revenue	2,564	27,338
Cost of sales	<u>(4,940)</u>	<u>(24,525)</u>
Gross (loss)/profit	(2,376)	2,813
Other losses – net	1,731	680
Expenses		
- Administrative	(24)	(957)
- Finance	<u>(11)</u>	<u>(162)</u>
(Loss)/profit before income tax	(680)	2,374
Income tax expense	<u>-</u>	<u>(81)</u>
Total comprehensive (loss)/income, representing net (loss)/profit	<u>(680)</u>	<u>2,293</u>

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.

As earlier announced, the Group had successfully completed the Group's debt restructuring exercise on 26 August 2020. This allows Mencast Group to embark on a steadier platform, going forward.

In spite of the COVID-19 situation and uncertain business conditions, the Group's continuing operations achieved a 9.1% increase in revenue, from \$42.95 million last year to \$46.87 million in FY2020. For the first time in 5 years, the Group's continuing operations also reported its net profit before tax of \$5.90 million in FY2020, a significant reversal from a net loss before tax of \$8.35 million in FY2019.

Excluding non-recurring gains (as highlighted in paragraph 1(a)(ii), note 9) and non-cash allowances for impairment on property, plant & equipment and disposal group classified

as held for sale, the Group's continuing operations would have recorded an adjusted net profit before tax of \$3.33 million, inclusive support from government grants (FY2019: adjusted loss before tax of \$13.44 million). Excluding COVID-19 government related grants such as job support scheme, foreign workers levy and property tax rebates of approximately \$3.28 million, the Group would have attained a breakeven position of \$53,000 profit before tax as compared to an adjusted loss before tax of \$13.44 million last year. Our adjusted net profit before tax for FY2020 would have been even better if not for the COVID-19 situation where the business activities of our customers were affected by the circuit breaker measures, movement control or lockdown in Singapore.

The Group also ended the reporting year with an EBITDA and cash position of \$18.1 million and \$15.6 million, respectively. These positive developments reflect the effectiveness of management's intensive effort in executing the Group's turnaround roadmap for the last 3 years.

With the completion of the debt restructuring exercise, a stronger balance sheet and a net profit position, the Group is cautiously optimistic that it will continue its momentum in 2021.

We will continue to focus on the development and enhancement of its waste management business under the Energy segment by ways of increasing its capacity, developing new revenue stream, business collaborations to diversify its customer and market base.

The Group remains committed to execute its turnaround strategies, to rationalise and reduce operating costs across its business segments as well as continue to drive growth by exploring viable opportunities both in Singapore and overseas, and to seek out strategic partners and potential investments.

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) Record date

Not applicable.

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

No dividend has been declared or recommended for the current financial year ended 31 December 2020 as the Company has no distributable reserves.

13 Interested Person Transactions

The Company has not obtained a general mandate from shareholders for interested person transactions. There were no interested person transactions of S\$100,000 and above being entered into by the Group during FY2020.

PART II: ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14 Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group's activities comprise the following segments:

- (a) Offshore & Engineering – includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access services.
- (b) Marine – includes stearn gear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This also includes diving services and dredging and reclamation works.
- (c) Energy Services – include 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.

The segment information is as follows:

	<u>The Group</u>			Total for continuing operations
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000)	(\$'000)
<u>FY2020</u>				
Revenue				
Total segmental revenue	10,382	23,573	14,592	48,547
Inter-segmental revenue	(43)	(1,615)	(17)	(1,675)
Revenue from external parties	<u>10,339</u>	<u>21,958</u>	<u>14,575</u>	<u>46,872</u>
Gross (loss)/profit	<u>(1,497)</u>	<u>7,051</u>	<u>7,063</u>	<u>12,617</u>
Other gains/(losses) - net				
- impairment loss on property, plant and equipment	(2,160)	-	-	(2,160)
- reversal of creditor's balances, net	-	8,229	-	8,229
- write down of fair values of disposal group classified as held-for-sale	-	(3,500)	-	(3,500)
- other gains, net	-	-	-	7,593
Other gains – net				<u>10,162</u>
Expenses				
- Administrative				(11,430)
- Finance				(5,704)
Share of profit of associated company				<u>257</u>
Profit before income tax				<u>5,902</u>
Income tax expense				(26)
Profit from continuing operations				<u>5,876</u>

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	<u>The Group</u>			Total for continuing operations (\$'000) (Restated)
	Offshore & Engineering (\$'000)	Marine (\$'000) (Restated)	Energy (\$'000)	
FY2019				
Revenue				
Total segmental revenue	9,421	29,545	6,997	45,963
Inter-segmental revenue	(147)	(1,762)	(1,104)	(3,013)
Revenue from external parties	<u>9,274</u>	<u>27,783</u>	<u>5,893</u>	<u>42,950</u>
Gross (loss)/profit	<u>(4,144)</u>	<u>6,939</u>	<u>936</u>	<u>3,731</u>
Other gains/(losses) - net				
- gain on disposal of non-current assets held-for-sale	-	5,038	-	5,038
- gain on remeasurement of retained investment	-	-	1,456	1,456
- impairment loss on property, plant and equipment	(1,405)	-	-	(1,405)
other gains, net				<u>3,077</u>
Other gains – net				8,166
Expenses				
- Administrative				(12,335)
- Finance				(8,216)
Share of profit of associated company	-	-	308	<u>308</u>
Loss before income tax				(8,346)
Income tax credit				<u>277</u>
Loss from continuing operations				<u>(8,069)</u>

Geographical Segments

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

	For the year ended 31 December	
	FY2020 (\$'000)	FY2019 (\$'000) (Restated)
Singapore	40,843	36,556
Asia ⁽¹⁾	5,548	6,117
Rest of the world ⁽²⁾	481	277
	<u>46,872</u>	<u>42,950</u>

Notes:

- (1) Asia refers to customers from Malaysia, Brunei, China, Indonesia, the Philippines, Thailand, Vietnam, Hong Kong, India, Sri Lanka, Maldives and Australia.
- (2) Rest of the world refers to customers from Europe, the Middle East and USA.

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The increase in revenue of \$4.29 million in the Singapore market for FY2020 was mainly due to the higher revenue contribution from Energy services' waste treatment business. In addition, the increase in revenue from the rest of the world by \$0.20 million was mainly from Marine's diving and MRO business.

Revenue from Asia declined by \$0.57 million mainly resulted from lower revenue from Marine's MRO business.

16 A breakdown of sales for continuing operations as follows:

	Group		Increase/ (decrease) (%)
	Financial year ended		
	31 December 2020 (\$'000)	31 December 2019 (\$'000) (restated)	
Revenue reported for:			
First half ended 30 June	24,223	21,975	10
Second half ended 31 December	22,649	20,975	8
	46,872	42,950	9
Net profit/(loss) from continuing operations before deducting non-controlling interests reported for:			
First half ended 30 June	11,453	(6,708)	NM
Second half ended 31 December	(5,577)	(1,361)	310
	5,876	(8,069)	NM

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

Nil.

18 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.

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Wong Boon Hwee	49	Brother of the Executive Director of the Company, Wong Boon Huat	Head of Marine division of Top Great Engineering & Marine Pte Ltd ("TGEM") and Mencast Offshore & Marine Pte Ltd since 2000 and 2012 respectively. Overseeing the day-to-day operation of projects in the marine repairs work and new fabrications.	No change.

20 Loan Restructuring / Net Current Liabilities Position

As announced in the Group's quarterly results announcements over the past and previous financial quarters / years, the ability of the Group to continue as a going concern is contingent upon the continual support of its lenders, which is critical to the completion of the Group's financing restructuring exercise as well as the completion of the planned divestment of certain Group's assets.

Prior to the conclusion of the Amended DRA at end August 2020, Group was in net liabilities position of \$87.74 million as at 31 December 2019, \$78.00 million as at 31 March 2020 and \$78.69 million as at 30 June 2020, a result of reclassifying most of the borrowings in non-current liabilities to current liabilities.

This position has, however, been reversed upon entering into an Amendment and Restatement Agreement with the Lenders on 26 August 2020 whereby the outstanding loans have been re-profiled to repayment terms of 4 and 10 years, and accordingly, loans that are due after one year are reclassified from current liabilities to non-current liabilities (details of which are explained in Paragraph 8 under the header "Review of Financial Position").

Consequently, the Group reported a net current asset position of \$24.99 million and \$23.16 million as at 31 December 2020 and 30 September 2020, respectively.

The Board has considered the feasibility of the above measure and in conjunction with the commentaries stated in Paragraph 10 of the results announcement, it is of the view that preparing the financial statements using the going concern basis remains appropriate. The validity of the going concern assumption is contingent upon:

- 1) The continual support from its lenders in respect of the Amended DRA;
- 2) The divestment of those identified properties and assets;
- 3) The Group is able to generate positive cash flows from operations.
- 4) The Group maintaining its net current assets position which was achieved since the 3Q2020.

The Company will make appropriate announcements as and when there are material developments.

BY ORDER OF THE BOARD

Sim Soon Ngee Glennle
Executive Chairman and Chief Executive Officer

26 February 2021
