MENCAST HOLDINGS LTD.
AND ITS SUBSIDIARY CORPORATIONS
(Company Registration No.200802235C)

Condensed Interim Financial Statements for the Six Months Ended 30 June 2022

Contents

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group For the half year ended 30 June		
	HY2022 ($'000)	HY2021 ($'000) (Restated)	Increase/ (decrease) (%)
Continuing Operations			
Revenue	**17,706**	19,718	(10)
Cost of sales	**(14,135)**	(15,329)	(8)
Gross profit	**3,571**	4,389	(19)
Other gains – net			
- Interest income- bank deposit	**10**	19	(47)
- Reversal of allowance on trade receivables	**14**	5	180
- Other	**3,723**	2,943	27
Expenses			
- Administrative	**(4,847)**	(5,269)	(8)
- Finance	**(2,012)**	(2,034)	(1)
Share of (loss)/profit of associated companies	**(155)**	285	NM
Profit before income tax	**304**	338	(10)
Income tax	**-**	-	-
Profit from continuing operations	**304**	338	(10)
Discontinued operations			
Loss from discontinued operations	**(496)**	(86)	477
Gain on disposal of subsidiary corporations	**381**	-	NM
Total profit	**189**	252	(25)
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation (1)	**(205)**	(67)	(206)
Total comprehensive income	**(16)**	185	NM
Net profit/(loss) attributable to:			
Equity holders of the Company	**212**	194	9
Non-controlling interests	**(23)**	58	NM
	189	252	(25)
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit from continuing operations	**327**	280	17
Loss from discontinued operations	**(115)**	(86)	34
	212	194	9
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	**7**	127	(94)
Non-controlling interests	**(23)**	58	NM
	(16)	185	NM
Earnings/(loss) per share ("EPS") attributable to equity holders of the Company (cents per share)			
Basic			
- From continuing operations	**0.07**	0.06	17
- From discontinued operations	**(0.02)**	(0.02)	-
Diluted			
- From continuing operations	**0.07**	0.06	17
- From discontinued operations	**(0.02)**	(0.02)	-

(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 HY2021 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 100% equity interest in Mencast Subsea Pte. Ltd. and its subsidiary corporations ("**Subsea Group**"). Please see full details in Part E, Note 17- Discontinued operations and disposal of subsidiary corporations classified as held-for-sale.

B. CONDENSED INTERIM BALANCE SHEETS

	Group		Company	
	HY2022 ($'000)	FY2021 ($'000)	**HY2022 ($'000)**	FY2021 ($'000)
ASSETS				
Current assets				
Cash and cash equivalents	**11,885**	14,307	**4,224**	5,351
Trade and other receivables	**19,946**	20,869	**48,649**	46,393
Inventories	**6,627**	5,504	**-**	-
Contract assets	**387**	1,194	**495**	831
	38,845	41,874	**53,368**	52,575
Assets of disposal group classified as held-for-sale	**71,161**	70,593	**-**	-
	110,006	112,467	**53,368**	52,575
Non-current assets				
Financial assets, at FVOCI	**91**	91	**-**	-
Investments in subsidiary corporations	**-**	-	**50,821**	55,120
Investment in associated companies	**3,897**	4,264	**52**	137
Property, plant and equipment	**90,036**	95,859	**117**	148
Deposits for purchase of property, plant and equipment	**-**	121	**-**	-
Intangible assets	**4,781**	4,781	**-**	-
	98,805	105,116	**50,990**	55,405
Total assets	**208,811**	217,583	**104,358**	107,980
LIABILITIES				
Current liabilities				
Trade and other payables	**4,396**	7,963	**26,304**	26,815
Contract liabilities	**3,261**	1,315	**-**	-
Borrowings	**10,486**	11,101	**2,872**	2,667
Current income tax liabilities	**796**	796	**-**	-
	18,939	21,175	**29,176**	29,482
Liabilities directly associated with disposal group classified as held-for-sale	**70,271**	69,120	**-**	-
	89,210	90,295	**29,176**	29,482
Non-current liabilities				
Borrowings	**86,204**	94,005	**47,124**	48,458
Deferred income tax liabilities	**1,752**	1,752	**-**	-
	87,956	95,757	**47,124**	48,458
Total liabilities	**177,166**	186,052	**76,300**	77,940
NET ASSETS	**31,645**	31,531	**28,058**	30,040
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**93,082**	92,952	**93,082**	92,952
Fair value reserve	**14**	14	**-**	-
Translation reserve	**(712)**	(507)	**(18)**	(6)
Accumulated losses	**(62,362)**	(62,574)	**(65,006)**	(62,906)
	30,022	29,885	**28,058**	30,040
Non-controlling interests	**1,623**	1,646	**-**	-
Total equity	**31,645**	31,531	**28,058**	30,040

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C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital ($'000)	Treasury shares ($'000)	Accumulated losses ($'000)	Fair value reserve[1] ($'000)	Translation reserve[1] ($'000)	Total ($'000)	Non-controlling interests ($'000)	Total equity ($'000)
Group								
Balance as at 1 January 2022	**93,155**	**(203)**	**(62,574)**	**14**	**(507)**	**29,885**	**1,646**	**31,531**
Total comprehensive income/(loss)			**212**	**-**	**(205)**	**7**	**(23)**	**(16)**
Share issue pursuant to:								
- Share based payment	**35**	**-**	**-**	**-**	**-**	**35**	**-**	**35**
- Share Awards under the PSAS 2021[2]	**95**	**-**	**-**	**-**	**-**	**95**	**-**	**95**
Balance as at 30 Jun 2022	**93,285**	**(203)**	**(62,362)**	**14**	**(712)**	**30,022**	**1,623**	**31,645**
Group								
Balance as at 1 January 2021	92,857	(203)	(69,096)	18	(515)	23,061	1,805	24,866
Total comprehensive income/(loss)	-	-	194	-	(67)	127	58	185
Share issue pursuant to:								
Share based payment	58	-	-	-	-	58	-	58
Share Awards under the PSAS 2021[2]	240	-	-	-	-	240	-	240
Balance as at 30 Jun 2021	93,155	(203)	(68,902)	18	(582)	23,486	1,863	25,349

	Share capital ($'000)	Treasury shares ($'000)	Translation reserve[1] ($'000)	Accumulated losses ($'000)	Total equity ($'000)
Company					
Balance as at 1 January 2022	**93,155**	**(203)**	**(6)**	**(62,906)**	**30,040**
Total comprehensive loss	**-**	**-**	**(12)**	**(2,100)**	**(2,112)**
Share issue pursuant to:					
- Share based payment	**35**	**-**	**-**	**-**	**35**
- Share Awards under the PSAS 2021[2]	**95**	**-**	**-**	**-**	**95**
Balance as at 30 Jun 2022	**93,285**	**(203)**	**(18)**	**(65,006)**	**28,058**
Balance as at 1 January 2021	92,857	(203)	-	(44,336)	48,318
Total comprehensive loss	-	-	-	(1,362)	(1,362)
Share issue pursuant to:					
- Share based payment	58	-	-	-	58
- Share Awards under the PSAS 2021[2]	240	-	-	-	240
Balance as at 30 Jun 2021	93,155	(203)	-	(45,698)	47,254

(1) Fair value and translation reserves are not available for distribution.
(2) PSAS 2021 – Mencast Performance Share Award Scheme 2021 was approved and adopted on 30 April 2021

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group For the half year ended 30 June	
	HY2022 ($'000)	HY2021 ($'000)
Cash flows from operating activities		
Net profit	**189**	252
Adjustments for:		
- Depreciation of property, plant and equipment	**4,786**	4,941
- Shares Awards under the PSAS 2021	**95**	240
- Gain from lease modification	**(16)**	-
- Gain on disposal of property, plant and equipment	**(4)**	(3)
- Gain on disposal of non-current assets held-for-sale	**(145)**	-
- Gain on disposal of subsidiary corporations	**(381)**	-
- Share of loss/(profit) of associated companies	**155**	(285)
- Interest income	**(11)**	(20)
- Interest expense	**2,023**	2,040
- Currency translation differences	**(2)**	7
	6,689	7,172
Changes in working capital:		
- Trade and other receivables	**130**	(524)
- Inventories	**(1,123)**	26
- Contract assets	**752**	368
- Trade and other payables	**(2,768)**	(447)
- Contract liabilities	**1,946**	1,280
Cash generated from operations	**5,626**	7,875
Interest received	**11**	20
Net cash provided by operating activities	**5,637**	7,895
Cash flows from investing activities		
Dividend received from investment in an associated company	**200**	-
Proceeds from disposal of non-current assets classified as held-for-sale	**(27)**	-
Proceeds from disposal of property, plant and equipment	**4**	6
Proceeds from disposal of subsidiary corporations	**1,947**	-
Purchase of property, plant and equipment	**(1,592)**	(1,834)
Release of short-term bank deposits pledged	**-**	(1)
Net cash provided by/(used in) investing activities	**532**	(1,829)
Cash flows from financing activities		
Interest paid	**(1,807)**	(2,098)
Repayment of bank borrowings	**(6,276)**	(4,256)
Repayment lease liabilities	**(728)**	(731)
Proceeds from bank borrowings	**265**	130
Net cash used in financing activities	**(8,546)**	(6,955)
Net decrease in cash and cash equivalents	**(2,377)**	(889)
Cash and cash equivalents at beginning of financial period	**13,526**	14,797
Cash and cash equivalents at end of financial period	**11,149**	13,908

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

	As at 30 June 2022 ($'000)	As at 30 June 2021 ($'000)
Cash and bank balances	**11,885**	14,669
Short-term bank deposits pledged	**(505)**	(505)
Bank overdrafts included in disposal group/borrowings	**(231)**	(256)
	11,149	13,908

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Mencast Holdings Ltd. (the "**Company**") is listed on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**") and incorporated and domiciled in Singapore. The address of its registered office is 42E Penjuru Road, Mencast Central, Singapore 609161.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise of the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding.

The principal activities of its subsidiary corporations are as follows:
a. Manufacture, supply and refurbishment and reconditioning of stern gear;
b. Collection of waste (including treatment and disposal of waste and recycling of non-metal waste);
c. Fabrication of steel structure, ship building and repairs;
d. Manufacturing and precision machining services for parts used in machines and equipment;
e. Manufacture of electrical machinery, apparatus, appliances and supplies; general cleaning services.

2. Basis of preparation

The condensed interim financial statements for the six months ("**HY2022**") ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period/year ended 31 December ("**2HY2021/FY2021**").

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the period/year ended 2HY2021/FY2021.

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

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2. Basis of preparation (continued)

2.2 Use of judgements and estimates (continued)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 4.2 – Construction Contracts

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

- Note 8 – Provision for expected credit losses of trade receivables
- Note 10 – Impairment of disposal group classified as held-for-sale
- Note 12 – Impairment of property, plant and equipment
- Note 13 – Impairment test of goodwill: key assumptions underlying recoverable amounts

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

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

The Board of Directors assesses the performance of the operating segments based on revenue and gross profit. Administrative and finance expenses, and other gains are not allocated to segments.

Segmental assets and liabilities are not monitored as majority of the assets and liabilities can be utilised or discharged by different operating segments across the Group.

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 stern gear manufacturing and refurbishment works, ship inspection, repair and maintenance services and engineering and fabrication works. This also includes diving services.
(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.

4.1 The reportable segment information is as follows:

	The Group			
	Offshore & Engineering ($'000)	**Marine ($'000)**	**Energy ($'000)**	**Total for continuing operations ($'000)**
HY2022				
Revenue				
Total segment revenue	**3,938**	**8,403**	**6,505**	**18,846**
Inter-segment revenue	**(1)**	**(1,126)**	**(13)**	**(1,140)**
Revenue from external parties	**3,937**	**7,277**	**6,492**	**17,706**
Gross (loss)/profit	**(678)**	**2,174**	**2,075**	**3,571**
Other gains – net				**3,747**
Expenses				
- Administrative				**(4,847)**
- Finance				**(2,012)**
Share of profit of associated companies				**(155)**
Profit before income tax				**304**
Income tax expense				**-**
Profit from continuing operations				**304**

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4. **Segment and revenue information** (continued)

4.1 Reportable Segments (continued)

	The Group			
HY2021	Offshore & Engineering ($'000) (Restated)	Marine ($'000) (Restated)	Energy ($'000)	Total for continuing operations ($'000) (Restated)
Revenue				
Total segment revenue	4,386	8,775	6,846	20,007
Inter-segment revenue	(8)	(268)	(13)	(289)
Revenue from external parties	4,378	8,507	6,833	19,718
Gross (loss)/profit	(542)	2,173	2,758	4,389
Other gains – net				2,967
Expenses				
- Administrative				(5,269)
- Finance				(2,034)
Share of profit of an associated company				285
Profit before income tax				338
Income tax expense				-
Profit from continuing operations				338

4.2 Disaggregation of revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following nature of revenue and geographical regions.

	At a point in time $'000	**Over time $'000**	**Total $'000**
HY2022			
Construction contracts			
- Singapore	**-**	**709**	**709**
- Asia	**-**	**1,726**	**1,726**
- Rest of the world	**-**	**-**	**-**
	-	**2,435**	**2,435**
Sale of goods			
- Singapore	**3,960**	**-**	**3,960**
- Asia	**267**	**-**	**267**
- Rest of the world	**713**	**-**	**713**
	4,940	**-**	**4,940**
Services income from maintenance, repair and overhaul and waste management			
- Singapore	**9,803**	**-**	**9,803**
- Asia	**393**	**-**	**393**
- Rest of the world	**135**	**-**	**135**
	10,331	**-**	**10,331**
Total	**15,271**	**2,435**	**17,706**

4. **Segment and revenue information** (continued)

4.2 Disaggregation of revenue (continued)

HY2021	At a point in time $'000 (Restated)	Over time $'000	Total $'000 (Restated)
Construction contracts			
- Singapore	-	1,480	1,480
- Asia	-	408	408
- Rest of the world	-	3	3
	-	1,891	1,891
Sale of goods			
- Singapore	4,444	-	4,444
- Asia	794	-	794
- Rest of the world	437	-	437
	5,675	-	5,675
Services income from maintenance, repair and overhaul and waste management			
- Singapore	11,056	-	11,056
- Asia	848	-	848
- Rest of the world	248	-	248
	12,152	-	12,152
Total	17,827	1,891	19,718

Construction contracts

The Group has ongoing contracts to construct specialised equipment. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised equipment. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant judgement is used to estimate the total contract costs to complete. In making these estimates, Management has relied on the expertise of the surveying engineers to determine the progress of the construction and also on past experience from completed projects.

5. Profit before income tax

Profit before income tax has been arrived after (charging)/crediting:

	For the half year ended 30 June		
	HY2022 **($'000)**	HY2021 ($'000) (Restated)	Increase/ (decrease) (%)
Continuing operations:			
Included in Other (charges)/credits – net:			
- Foreign exchange gain, net[1]	**71**	53	34
- Gain on disposal of non-current assets held-for-sale[2]	**145**	-	NM
- Gain on recovery of prior losses from cancellation of customer's contract[3]	**929**	-	NM
- Gain on sale of property, plant and equipment	**4**	3	33
- Government grants[4]	**266**	663	(60)
- Rental income[5]	**1,302**	1,720	(24)
- Sale of scrap metals[6]	**431**	311	39
- Write-back of long outstanding payables[7]	**496**	119	317
- Other income, net[8]	**79**	74	7
	3,723	2,943	27
Included under finance expenses:			
Interest expenses on:			
- Bank borrowings	**1,726**	1,729	-
- Bank overdraft	**8**	8	-
- Lease liabilities - leasehold land	**273**	288	(5)
- Lease liabilities - hire purchase	**5**	9	(44)
	2,012	2,034	(1)
Included under cost of sales and administrative expenses:			
- Depreciation of property, plant and equipment	**3,828**	3,967	(4)
- Depreciation of ROU assets - leasehold land	**536**	537	-
- Depreciation of ROU assets - hire purchase	**29**	42	(31)
	4,393	4,546	(3)
Included in Discontinued operations:			
- Write-back of long outstanding payables	**24**	-	NM
- Other income, net	**40**	-	NM
- Interest expense on bank borrowings	**(10)**	(6)	67
- Interest expense on leasehold land	**(1)**	-	NM
- Depreciation of property, plant and equipment	**(383)**	(384)	-
- Depreciation of ROU assets - leasehold land	**(8)**	(8)	-
- Depreciation of ROU assets - hire purchase	**(2)**	(3)	(33)

Note:

(1) Foreign exchange gain of $71,000 in HY2022 was mainly due to strengthening of USD currency over SGD for net collections and receivables in USD currency.

(2) The gain on disposal of non-current assets held-for-sale was related to the disposal of a dormant wholly owned foreign subsidiary of the Group.

(3) This gain was mainly due to the continued effort of management in seeking a partial settlement, whereby the losses arising from the cancellation of customer contracts were recognised in prior year.

(4) Decrease in government grant receipts in HY2022 was mainly due to:

	Continuing Operations	
Nature of Government grant	**HY2022 S$'000**	HY2021 S$'000
Jobs Support Scheme	**-**	269
Foreign worker levy rebates and waiver	**191**	96
Rental Relief Framework	**-**	164
Special Employment Credit	**11**	42

(5) Decrease in rental income in HY2022 was mainly related to non-renewal of lease in the Group's properties.

(6) Increase in sale of scrap materials in HY2022 was mainly related to higher scrap sale from the Offshore & Engineering segment as a result of higher revenue from offshore structure and steel fabrication business.

5. Profit before income tax (continued)

Note: (continued)

(7) Increase in write-back of long outstanding payables/accruals in HY2022 was mainly related to reversal of net payables to a certain supplier as part of the settlement agreement.

(8) Other income relates to miscellaneous income/expenses. Other income for HY2022 was mainly related to forfeiture of rental deposit and VPC parking.

6. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the Group has the following significant related party transactions with its associated company, namely Vac-Tech Engineering Pte Ltd.

Nature of Transactions (from continuing operations)	**HY2022 S$'000**	HY2021 S$'000 (Restated)
Sale of products and services rendered	**2,051**	3,164
Miscellaneous income	**10**	8
Recharges of common costs - utility charges	**34**	18
Purchase of products and services	**(361)**	(525)

The transactions took place between the Group and related parties at arm's length terms.

7. Income tax expense

There was no provision for current income tax in HY2022/HY2021 as the Group has unrecognised tax losses and capital allowance as at balance sheet date that can be carried forward and utilised to offset future taxable income subject to meeting certain statutory requirements.

8. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group at amortised cost as at 30 June 2022 and 31 December 2021:

	Group		Company	
	HY2022 $'000	FY2021 $'000	**HY2022 $'000**	FY2021 $'000
Financial assets				
Financial assets, at FVOCI	**91**	91	**-**	-
Cash and cash equivalents[1]	**11,885**	14,337	**4,224**	5,351
Trade and other receivables[2,5]	**19,049**	20,142	**48,609**	46,349
Contract assets[3]	**357**	1,109	**495**	831
	31,382	35,679	**53,328**	52,531
Financial liabilities				
Trade and other payables[5]	**4,396**	7,963	**26,304**	26,815
Borrowings[4]	**166,961**	174,226	**49,996**	51,125
	171,357	182,189	**76,300**	77,940

Note:
1. including cash and cash equivalent under assets of disposal group classified as held-for-sale
2. excluding prepayment and advances to suppliers
3. excluding deferred costs
4. including liabilities under disposal group classified as held-for-sale
5. including receivables from/payables to associated companies

8. Financial assets and financial liabilities (continued)

Provision for expected credit losses ("**ECL**") of trade receivables

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across different geographical regions and applies credit evaluations by customer. Accordingly, Management determines the expected credit losses by grouping the receivables across geographical regions in each revenue segment.

At each subsequent balance sheet date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the balance sheet date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As at 30 June 2022, the Group assessed that the ECL provision recorded is adequate.

9. Financial assets, at FVOCI

Fair value measurements

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

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

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

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

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

	Group	
	HY2022	FY2021
	$'000	$'000
Financial assets, at FVOCI	**91**	91

Financial assets, at FVOCI are equity securities listed in Malaysia.

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

10. Disposal group classified as held-for-sale/disposal

As at 30 June 2022, the carrying amount of assets and liabilities held-for-sale/disposal were $71,161,000 and $70,271,000 respectively (FY2021: $70,593,000 and $69,120,000).

The balances as at 30 June 2022, comprised of the following:

a. related to certain commitments under Amended Debt Restructuring Agreement ("**DRA**") to dispose certain properties to pare down its debt. The carrying amount of its assets and liabilities were $70.54 million and $68.83 million respectively.

b. As announced on 8 June 2022, the Group will be terminating its lease of the premises at 107 Gul Circle, Singapore 629593 (the "Premises") on 31 August 2022 and it will be returning the Premises to the JTC Corporation on such date. Accordingly, the related assets and liabilities of $0.62 million and $1.44 million respectively were accounted for under disposal group classified as held-for-sale as at date of reporting.

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10. Disposal group classified as held-for-sale/disposal (continued)

c. Completion on the proposed disposal of the entire stake in S & W Process Equipment ("**SWP**") had taken place on 11 February 2022. SWP is a wholly-owned subsidiary of the Company without operation and has been inactive over the past few years. The carrying amount of its assets and liabilities of approximately $49,000 and $37,000 respectively were included in the disposal group as at FY2021.

For the financial period ended 30 June 2022, Management has reviewed and concluded that the requirements of SFRS(I) 5 was met.

Impairment testing

For a property accounted under asset of disposal group, impairment is tested whenever there is any objective evidence or indication that this asset may be impaired.

For the purpose of impairment testing, judgement is required from the management in the measurement of the property at the lower of carrying amount and fair value less cost to sell.

The Management had assessed and concluded that there was no indication of impairment as at 30 June 2022.

11. Investment in associated companies

	Group		Company	
	HY2022	FY2021	**HY2022**	FY2021
	$'000	$'000	**$'000**	$'000
Equity investment				
Beginning of financial period/year	**4,264**	4,290	**137**	-
Addition	**-**	251	**-**	251
Dividends declared	**(200)**	(800)	**-**	-
Share of profit of associated companies	**(155)**	529	**(73)**	(108)
Currency translation difference	**(12)**	(6)	**(12)**	(6)
End of financial period/year	**3,897**	4,264	**52**	137

As at 30 June 2022, the Group has two associated companies namely:

a. Vac-Tech Engineering Pte Ltd ("Vac-Tech")

A 20% owned associated company of the Group. Vac-Tech declared dividends of $1.0 million as interim dividend for the financial year ending 31 December 2022. The Group's share of $200,000 was received on March 2022.

b. Menji Singapore and its subsidiary corporation

On 28 July 2021, Menji Singapore, a 55.2% owned subsidiary corporation of the Company (the "**Purchaser**") and Mr Gong Kun (the "**Seller**") have mutually agreed in writing to vary and amend the terms of the sale and purchase agreement in relation to the proposed acquisition of 100% of the registered share capital in Menji Shanghai 旻集科技发展（上海）有限公司("**Menji Shanghai**") dated 11 May 2021, by way of a supplemental agreement entered into between the parties on 28 July 2021 (the "**Supplemental Agreement**"). The consideration of the proposed acquisition is RMB 1.

Pursuant to the Supplemental Agreement, the Seller and the Purchaser have mutually agreed that the unpaid registered capital of Menji Shanghai shall be increased from RMB1,000,000 to RMB10,000,000 in order to enable Menji Shanghai to bid for and enter into contracts with parties which impose minimum requirements on the registered capital of the bidding company.

On 20 August 2021, the acquisition of Menji Shanghai was completed and accounted as a wholly owned subsidiary corporation of Menji Singapore (the "**Menji Group**").

11. Investment in an associated company (continued)

b. Menji Singapore and its subsidiary corporation (continued)

On 30 September 2021, Menji Singapore entered into Share Subscription Agreement for the allotment and issuance of 55,000 ordinary shares to Mr. Gong for a consideration of $50,000 (the "**Transaction**").

Consequently, the Company's shareholdings in Menji Group reduced from 55.20% to approximately 49.73%. Menji Group ceased to be the subsidiary corporation and became the associated company accounted for using the equity method of accounting.

As a result of the Transaction, the Group recorded a decrease in accumulated losses of $13,000 and a decrease in non-controlling interest amounting to $13,000 during the financial year 2021. The Group has not recognised the financial impact of the acquisition of Menji Shanghai until the date of deemed disposal of Menji Group as the Management assessed that the financial impact to the Group is immaterial. A gain on re-measurement of retained investment as an associated company, amounting to $119,000 was recognised by the Group.

12. Property, plant and equipment ("PPE")

As at 30 June 2022, the Group registered addition in PPE of $1.71 million (31 December 2021: $3.81 million) mainly arose from capital expenditures incurred by the Energy Services segment of approximately $1.07 million. The increase in PPE was offset by depreciation expense on PPE and ROU assets amounting to $4.79 million and reclassification from property, plant and equipment to disposal group of $0.62 million directly related to 107 Gul Circle as explained in Part E, Note 10.

Impairment testing

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

The recoverable amounts of these assets and, where applicable, cash generating unit ("**CGU**") have been determined based on fair value less costs to sell and value-in-use ("**VIU**").

The Management had assessed and concluded that there was no indication of impairment as at 30 June 2022.

Capital commitment

As at 30 June 2022, the Group has a capital commitment of approximately $1,058,000 (FY2021: $1,838,000) due mainly to the on-going capital expenditures in the Energy segment of approximately $725,000.

13. Goodwill

	Group	
	HY2022	FY2021
	$'000	$'000
Cost	**40,300**	40,300
Accumulated impairment	**(35,519)**	(35,519)
Net book value	**4,781**	4,781

Impairment testing

No impairment indicators were identified as at 30 June 2022 based on the CGU's business performance. The Group performed its annual impairment test in December 2021. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

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14. Borrowings

Amount repayable in one year or less, or on demand

Borrowings	HY2022 Secured ($'000)	HY2022 Unsecured ($'000)	FY2021 Secured ($'000)	FY2021 Unsecured ($'000)
Bank borrowings	**7,065**	**2,720**	7,420	2,718
Lease liabilities – hire purchase	**33**	**-**	45	-
Current borrowings	**7,098**	**2,720**	7,465	2,718
Included in the disposal group classified as held-for-sale:				
- Bank borrowings	**64,119**	**-**	62,717	-
	64,119	**-**	62,717	-
	71,217	**2,720**	70,182	2,718

Amount repayable after one year

Borrowings	HY2022 Secured ($'000)	HY2022 Unsecured ($'000)	FY2021 Secured ($'000)	FY2021 Unsecured ($'000)
Bank borrowings	**67,545**	**4,375**	73,382	5,674
Lease liabilities- hire purchase	**89**	**-**	108	-
Non-current borrowings	**67,634**	**4,375**	73,490	5,674

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 buildings on leasehold land, certain vessels, certain machinery and equipment, short-term bank deposits and corporate guarantees by the Company.

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

15. Share capital

	No. of ordinary shares			Amount		
	Issued share capital '000	Treasury shares '000	Total '000	Share capital $'000	Treasury shares $'000	Total $'000
Group and Company						
HY2022						
Beginning of financial period	**448,216**	**(455)**	**447,761**	**93,155**	**(203)**	**92,952**
Share issue pursuant to:						
- Share-based payment	**1,125**	**-**	**1,125**	**35**	**-**	**35**
- Share Awards under the PSAS 2021	**3,064**	**-**	**3,064**	**95**	**-**	**95**
End of financial period	**452,405**	**(455)**	**451,950**	**93,285**	**(203)**	**93,082**

15. Share capital (continued)

	No. of ordinary shares			Amount		
	Issued share capital '000	Treasury shares '000	Total '000	Share capital $'000	Treasury shares $'000	Total $'000
Group and Company						
FY2021						
Beginning of financial year	441,591	(455)	441,136	92,857	(203)	92,654
Share issue pursuant to:						
- Share-based payment	1,292	-	1,292	58	-	58
- Share Awards under the PSAS 2021	5,333	-	5,333	240	-	240
End of financial year	448,216	(455)	447,761	93,155	(203)	92,952

The Group and the Company has a total issued and outstanding shares of 451,950,000 as at 30 June 2022 (31 December 2021: 447,761,000 shares).

The Company has no outstanding options or convertibles as at 30 June 2022 and 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 30 June 2021.

As at 30 June 2022, the total number of treasury shares held was 455,025 (30 June 2021: 455,025).

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 30 June 2022.

The Mencast Performance Share Award Scheme 2021 (the "PSAS 2021", to replace the expired PSAS 2010) was approved by members of the Company at an Extraordinary General Meeting ("EGM") held on 30 April 2021 which provides for the award of fully paid-up ordinary shares in the share capital of the Company, free of charge to Group employees (which includes Group Executive Directors) and Group Non-Executive Directors. For more details and information on PSAS 2021, please see the Circular to Shareholder in relation to Proposed Adoption of Mencast Performance Share Award Scheme 2021 disclosed in Mencast website.

On 12 May 2022, the Company has allotted and issued an aggregate of 3,064,000 (FY2021: 5,333,000) ordinary shares of the Company to eligible employees of the Group under PSAS 2021.

Also, on the same date, pursuant to the PSAS 2021, the Company granted (and automatically vests on same date of grant) 1,125,000 shares to the Independent Directors of the Company in accordance with Independent Directors' fee arrangement for the financial year ended 31 December 2021 (as approved by Shareholders of the Company at the annual general meeting held on 29 April 2022), whereby the Independent Directors shall receive $139,000 in cash and the remaining $35,000 in shares.

16. Net asset value and Earnings per share

Net asset value ("NAV")

	Group		Company	
	HY2021	FY2021	**HY2021**	FY2021
NAV per ordinary share (SGD cents)	**6.64**	6.67	**6.21**	6.71
Number of shares used in computation of NAV per share ('000)	**451,950**	447,761	**451,950**	447,761

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16. Net asset value and Earnings per share (continued)

Earnings per share ("EPS")

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during HY2022 of 448,710,000 shares (HY2021: 447,721,000 shares).

(b) Diluted earnings/(loss) per share

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) 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 for HY2022 (HY2021: Nil).

17. Discontinued operations and disposal of a subsidiary corporations classified as held-for-sale

Disposal of 100% Equity Interest in Mencast Subsea Pte Ltd. and its subsidiary corporations ("Subsea Group")

On 10 June 2022, the Company entered into a sale and purchase agreement ("SPA") for the disposal of the Company's entire stake in Mencast Subsea Pte Ltd. ("Mencast Subsea"), represented by 500,000 ordinary shares in Mencast Subsea.

Mencast Subsea is the holding company of Unidive Offshore Private Limited ("Unidive SG"), a company incorporated in Singapore, and Unidive Marine Services (Malaysia) Sdn Bhd ("Unidive MY"), a company incorporated in Malaysia, and collectively known as the Subsea Group.

On 30 June 2022, the completion of the proposed disposal of Mencast Subsea took place and resulted in a gain on disposal of subsidiary corporations of approximately $381,000. Unidive SG and Unidive MY ceased to be indirectly wholly owned subsidiaries of the Company.

In compliance with SFRS(I) 5 Non-current Assets Held-for-Sale and Discontinued Operations, Subsea Group's financial results have been reclassified to "Discontinued Operations" as of 30 June 2022 and its prior periods' financial results have been restated to reflect this change in presentation in the Consolidated Statement of Comprehensive Income.

The results of the discontinued operations are as follows:

	HY2022 $'000	HY2021 $'000
Revenue	**2,497**	2,587
Expenses	**(3,106)**	(2,787)
Other gains – net	**494**	114
Loss before income tax from discontinued operations	**(115)**	(86)
Income tax expense	**-**	-
Loss after tax from discontinued operations	**(115)**	(86)

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F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

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

The interim statements of financial position of Mencast Holdings Ltd. and its subsidiaries as at 30 June 2022 and the related interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for HY2022 and certain explanatory notes have not been audited or reviewed.

2. 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 Statement of Comprehensive Income – Continuing Operations

Revenue

Overall, the Group's revenue declined by $2.01 million or 10%, from $19.72 million in HY2021 to $17.71 million in HY2022, across its three segments:

- Marine segment - lowered by $1.23 million;
- Offshore & Engineering segment – lowered by $0.44 million;
- Energy services – lowered by $0.34 million

<u>Offshore & Engineering segment</u>

The $1.23 million decline in revenue for Offshore & Engineering segment was mainly due to:

- decline in revenue from precision engineering business of $1.02 million from $2.62 million in HY2021 mainly due to lower volume of work done of approximately $1.0 million for a customer in HY2022 as compared to HY2021;
- decrease in order from heat exchanger business from $53,000 in HY2021 to $3,000 only in HY2022; offset with
- higher volume of work done on offshore structure and steel fabrication in HY2022 of $2.42 million from $1.71 million in HY2021.

<u>Marine segment</u>

Revenue for the Marine segment declined by $1.23 million or 14%, from $8.51 million in HY2021 to $7.28 million in HY2022, which was attributable to:

- decrease in the segment's MRO (maintenance, repairs and overhaul) services by $1.38 million, from $4.97 million in HY2021 to $3.59 million, mainly due to lower demands and/or volume of work done for recurring customers; offset with
- marginal increase of $151,000 from new build propellers from $3.54 million in HY2021 as compared to $3.69 million in HY2022.

<u>Energy Services segment</u>

Revenue from the waste treatment business decreased marginally by $0.34 million or 5% from $6.83 million in HY2021 to $6.49 million in HY2022 because of lower work orders from a major customer.

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2. A review of the performance of the group (continued)

Cost of sales, gross profit and gross profit margin

Cost of sales decreased by 8% or $1.19 million to $14.14 million in HY2022, mainly arose from the decline in Marine segment of $1.23 million which was in line with a lower revenue.

Overall, the gross profit of the Group decreased by $0.82 million from $4.39 million in HY2021 to $3.57 million in HY2022. The decrease was mainly from the Energy Services segment incurring higher energy and running costs in the treatment of waste.

Consequently, the Group's gross profit margin, as a percentage over revenue, decreased from 22% in HY2021 to 20% in HY2022.

Other gains/(losses) - net

Detailed explanations of these gains/(losses) were highlighted in Part E, Note 5.

Administrative expenses

Administrative expenses decreased by $422,000 or 8% mainly due to lower professional fee of $202,000 and bank charges of $191,000.

Finance expenses

Finance expenses remained relatively the same for both reporting periods HY2022/HY2021 at $2.0 million.

Share of loss of associated companies

The Group recorded a share of losses of $155,000 from its two associated companies in HY2022 as compared to share of net profit of $285,000 mainly due to loss from operations from its two associated companies during HY2022.

Income tax expense

Detailed explanations of income tax expense were highlighted in Part E, Note 7.

Profit from continuing operations

The Group recorded a net profit from continuing operations of approximately $0.3 million for both reporting periods.

Review of Balance Sheet

Current assets

As at 30 June 2022, the Group's current assets decreased by $2.46 million or 2% from $112.47 million as at 31 December 2021 due to:

- decrease in cash and cash equivalents by 17% or $2.42 million as explained (please refer Review of Condensed Interim Consolidated Statement of Cash Flows);
- net decrease in trade and other receivables of $0.92 million in line with the reduction in Group's revenue;
- decrease in contract assets of $0.81 million was a result of higher billings to customers where the right to payment became unconditional. These billings were mainly related to the Group's offshore structure & steel fabrication business and diving business; offset with
- increase in inventories of $1.12 million mainly due to higher volume of on-going projects expected to be delivered in 2HY2022; and
- increase in assets of disposal group by $0.57 million mainly due to reclassification from property, plant and equipment to disposal group of $0.62 million directly related to 107 Gul Circle, as explained in Part E, Note 10.

2. A review of the performance of the group (continued)

Non-current assets

The Group's non-current assets of $98.81 million as at 30 June 2022 was down by 6% or $6.31 million, from $105.12 million as at 31 December 2021. The decrease was mainly due to:
- decrease in property, plant and equipment of $5.82 million as explained in Part E, Note 12;
- decrease in investment in associated companies of $0.37 million as disclosed in Part E, Note 11.

Current liabilities

The Group's current liabilities decreased by $1.09 million or 1% to $89.21 million as at 30 June 2022, as compared to $90.30 million as at 31 December 2021, mainly due to:
- decrease in trade and other payables of $3.57 million, mainly due to payment of trade and offsetting of payables, accruals and GST payables;
- decrease in current borrowings of $0.62 million, due to the following:
  - reclassification from current borrowings to liabilities under disposal group of approximately $0.78 million directly related to 107 Gul Circle as explained in Part E, Note 10;
  - payment of Subsea borrowings as part of SPA; offset with
- increase in contract liabilities mainly from advances received from customers of approximately $2.08 million for new built propellers;
- increase in liabilities under disposal group, as explained above.

Non-current liabilities

Non-current liabilities of the Group as at 30 June 2022 reduced by $7.80 million or 8%, from $95.76 million as at 31 December 2021 to $87.96 million as at 30 June 2022. This was mainly due to reduction in non-current borrowings as a result of monthly repayment of bank loans and lease liabilities.

Review of Condensed Interim Statement of Cash Flows

Overall, the Group's cash and cash equivalents in HY2022 declined by $2.42 million, from $14.31 million as at 31 December 2021 to $11.89 million as at 30 June 2022. The Group reported a net cash provided in operating activities of $5.64 million as a result of its operating income before changes in working capital of $6.69 million and net increase in working capital of $1.05 million.

Net cash provided by investing activities of $0.53 million mainly due to the following:
a) proceeds from disposal of subsidiary corporations of $1.95 million; and
b) dividend income received from an associated company for $200,000; offset with
c) purchase of PPE of $1.59 million of which $1.07 million was related to capacity expansion on Energy Services segment.

Net cash used in financing activities of $8.55 million was mainly related to the net payment of bank borrowings $6.01 million, lease liabilities of $0.73 million and interest payments of $1.81 million.

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

Not applicable.

4. 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.

Amidst the current macroeconomic factors such as rising interest & inflation rates, higher raw material, commodities and energy costs, the performance of the Group remained relatively similar as compared to last year same period, notwithstanding the cessation of government grants of $0.4 million for the current reporting period.

In view of the current volatile environment, the Group expects the overall business environment under its Marine and Energy segments to be challenging, although typically the 2H operating performance, before exceptional and non-recurring item, would be better than the 1H operating performance.

The Group will exercise caution while continuing to pursue organic growth as well as to grow and expand its existing core business. With the current level of high oil prices, customers enquiries for the Marine segment's MRO services are improving generally. The order book for new build propellers is healthier in the second half of 2022 with outstanding orders of approximately $7.0 million.

The performance of the Group's Energy segment has temporarily impacted its plant activities owing to COVID-19 virus. Work commitments were re-scheduled to the month of July and August 2022 accordingly.

The segment is currently seeking new licenses to expand its waste management businesses.

The Group continues to strive for new business opportunities while controlling its operational cost to ensure resiliency in its businesses.

The Group had embarked on ESG initiatives leveraging our integrated engineering and manufacturing capabilities to explore and expand to new growth areas.

5. 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.

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

No dividend has been declared or recommended for the current reporting period ended 30 June 2022 as the Company has no distributable reserves.

7. Interested Person Transactions

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

Transactions entered into with interested persons during HY2022 were as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period 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)
McLink Asia Pte Ltd MPS Solutions Pte Ltd Sigi Beauty Pte Ltd Ole Investment Pte Ltd Ole Motorsports Pte Ltd	Associates	Nil*	Nil**

* Amount is less than $100,000
** There is no subsisting shareholders mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST.

8. Negative Assurance on Interim Financial Statements

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the half year ended 30 June 2022 to be false or misleading in any material aspect.

9. 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.

BY ORDER OF THE BOARD

Sim Soon Ngee Glenndle
Executive Chairman and Chief Executive Officer

11 August 2022