



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

**Financial Statements
for the Second Half Year and Full Year Ended
31 December 2022**

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	For the second half year ended 31 December			For the full year ended 31 December		
	2HY2022 (\$'000)	2HY2021 (\$'000) (Restated)	Increase/ (decrease) (%)	FY2022 (\$'000)	FY2021 (\$'000) (Restated)	Increase/ (decrease) (%)
Continuing Operations						
Revenue	24,635	26,196	(6)	42,341	45,914	(8)
Cost of sales	(18,314)	(17,099)	7	(32,449)	(32,428)	-
Gross profit	6,321	9,097	(31)	9,892	13,486	(27)
Other gains – net						
- Interest income- bank deposits	9	11	(18)	19	30	(37)
- Write-back/(loss) of allowance on trade receivables	28	(25)	NM	42	(20)	NM
- Other	1,199	2,282	(47)	4,922	5,225	(6)
Expenses						
- Administrative	(4,649)	(5,040)	(8)	(9,496)	(10,309)	(8)
- Finance	(3,341)	(1,847)	81	(5,353)	(3,881)	38
Share of profit of associated companies	230	244	(6)	75	529	(86)
(Loss)/profit before income tax	(203)	4,722	NM	101	5,060	(98)
Income tax (expense)/credit	(335)	1,834	NM	(335)	1,834	NM
(Loss)/profit from continuing operations	(538)	6,556	NM	(234)	6,894	NM
Discontinued operations						
Loss from discontinued operations	-	(182)	NM	(496)	(268)	85
Gain on disposal of subsidiary corporations classified as held-for-sale	-	-	-	381	-	NM
Total net (loss)/profit	(538)	6,374	NM	(349)	6,626	NM
Other comprehensive (loss)/income, net of tax						
Items that may not be reclassified subsequently to profit or loss:						
Currency translation differences for foreign operations, (loss)/gain ⁽¹⁾	(228)	75	NM	(433)	8	NM
Items that will not be reclassified subsequently to profit or loss:						
Fair value losses on financial assets, at FVOCI	(4)	(4)	-	(4)	(4)	-
Total comprehensive (loss)/income	(770)	6,445	NM	(786)	6,630	NM
Net (loss)/profit attributable to:						
Equity holders of the Company	(626)	6,315	NM	(414)	6,509	NM
Non-controlling interests	88	59	49	65	117	(44)
	(538)	6,374	NM	(349)	6,626	NM
(Loss)/profit attributable to equity holders of the Company relates to:						
(Loss)/profit from continuing operations	(626)	6,497	NM	(299)	6,777	NM
Loss from discontinued operations	-	(182)	NM	(115)	(268)	(57)
	(626)	6,315	NM	(414)	6,509	NM
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(858)	6,386	NM	(851)	6,513	NM
Non-controlling interests	88	59	49	65	117	(44)
	(770)	6,445	NM	(786)	6,630	NM
(Loss)/earnings per share ("LPS/EPS") attributable to equity holders of the Company (cents per share)						
Basic						
- From continuing operations	(0.14)	1.45	NM	(0.07)	1.52	NM
- From discontinued operations	-	(0.04)	NM	(0.02)	(0.06)	(67)
Diluted						
- From continuing operations	(0.14)	1.45	NM	(0.07)	1.52	NM
- From discontinued operations	-	(0.04)	NM	(0.02)	(0.06)	(67)

⁽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 2HY2021/FY2021 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. BALANCE SHEETS

	Group		Company	
	FY2022 (\$'000)	FY2021 (\$'000)	FY2022 (\$'000)	FY2021 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	9,026	14,307	1,750	5,351
Trade and other receivables	20,157	20,869	46,172	46,393
Inventories	5,642	5,504	-	-
Contract assets	334	1,194	677	831
	35,159	41,874	48,599	52,575
Assets of disposal group classified as held-for-sale	74,610	70,593	-	-
	109,769	112,467	48,599	52,575
Non-current assets				
Financial assets, at FVOCI	87	91	-	-
Investments in subsidiary corporations	-	-	50,821	55,120
Investments in associated companies	35	4,264	35	137
Property, plant and equipment	86,390	95,859	97	148
Deposits for purchase of property, plant and equipment	-	121	-	-
Intangible assets	4,781	4,781	-	-
	91,293	105,116	50,953	55,405
Total assets	201,062	217,583	99,552	107,980
LIABILITIES				
Current liabilities				
Trade and other payables	5,786	7,963	26,599	26,815
Contract liabilities	2,139	1,315	-	-
Borrowings	11,814	11,101	2,872	2,667
Current income tax liabilities	738	796	-	-
	20,477	21,175	29,471	29,482
Liabilities directly associated with disposal group classified as held-for-sale	68,344	69,120	-	-
	88,821	90,295	29,471	29,482
Non-current liabilities				
Borrowings	79,614	94,005	45,790	48,458
Deferred income tax liabilities	1,752	1,752	-	-
	81,366	95,757	45,790	48,458
Total liabilities	170,187	186,052	75,261	77,940
NET ASSETS	30,875	31,531	24,291	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	10	14	-	-
Translation reserve	(940)	(507)	(44)	(6)
Accumulated losses	(62,988)	(62,574)	(68,747)	(62,906)
	29,164	29,885	24,291	30,040
Non-controlling interests	1,711	1,646	-	-
Total equity	30,875	31,531	24,291	30,040

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share capital (\$'000)	Treasury shares (\$'000)	Fair value reserve ⁽¹⁾ (\$'000)	Translation reserve ⁽¹⁾ (\$'000)	Accumulated losses (\$'000)	Total (\$'000)	Non-controlling interests (\$'000)	Total equity (\$'000)
Balance as at 1 January 2022	93,155	(203)	14	(507)	(62,574)	29,885	1,646	31,531
Total comprehensive (loss)/income	-	-	-	(205)	212	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)	14	(712)	(62,362)	30,022	1,623	31,645
Total comprehensive (loss)/income	-	-	(4)	(228)	(626)	(858)	88	(770)
Balance as at 31 Dec 2022	93,285	(203)	10	(940)	(62,988)	29,164	1,711	30,875
Balance as at 1 January 2021	92,857	(203)	18	(515)	(69,096)	23,061	1,805	24,866
Total comprehensive (loss)/income	-	-	-	(67)	194	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)	18	(582)	(68,902)	23,486	1,863	25,349
Total comprehensive (loss)/income	-	-	(4)	75	6,315	6,386	59	6,445
Effect of dilution on shareholdings in subsidiary corporation	-	-	-	-	13	13	(13)	-
Disposal of non-controlling interest in a subsidiary corporation	-	-	-	-	-	-	(83)	(83)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(180)	(180)
Balance as at 31 Dec 2021	93,155	(203)	14	(507)	(62,574)	29,885	1,646	31,531

⁽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.



C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	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
Total comprehensive loss	-	-	(26)	(3,741)	(3,767)
Balance as at 31 Dec 2022	93,285	(203)	(44)	(68,747)	24,291
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
Total comprehensive loss	-	-	(6)	(17,208)	(17,214)
Balance as at 31 Dec 2021	93,155	(203)	(6)	(62,906)	30,040

⁽¹⁾ Translation reserve is not available for distribution.

⁽²⁾ PSAS 2021 – Mencast Performance Share Award Scheme 2021 was approved and adopted on 30 April 2021.

D. CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group			
	For the second half year ended 31 Dec		For the full year ended 31 Dec	
	2HY2022 (\$'000)	2HY2021 (\$'000)	FY2022 (\$'000)	FY2021 (\$'000)
Cash flows from operating activities				
Net (loss)/profit	(538)	6,374	(349)	6,626
Adjustments for:				
- Income tax expense/(credit)	335	(1,829)	335	(1,829)
- Depreciation of property, plant and equipment	4,292	5,041	9,078	9,982
- Dividend income from financial assets, FVOCI	(5)	(8)	(5)	(8)
- Loss from lease modification	603	-	587	-
- Gain on re-measurement of retained investment	-	(119)	-	(119)
- Gain on disposal of non-current assets held-for-sale	-	-	(145)	-
- Gain on disposal of property, plant and equipment	(47)	(40)	(51)	(43)
- Gain on disposal of subsidiary corporations	-	-	(381)	-
- Impairment loss on property, plant, and equipment	-	84	-	84
- Shares awards under the PSAS 2021	-	-	95	240
- Share of profit of associated companies	(230)	(244)	(75)	(529)
- Interest income	(9)	(12)	(20)	(32)
- Interest expense	3,341	1,853	5,364	3,893
- Currency translation differences	66	(15)	64	(8)
	7,808	11,085	14,497	18,257
Changes in working capital, net of effects from disposal of subsidiary corporations:				
- Trade and other receivables	(211)	(340)	(81)	(864)
- Inventories	985	144	(138)	170
- Contract assets	53	(639)	805	(271)
- Trade and other payables	1,045	2,148	(1,723)	1,701
- Contract liabilities	(1,122)	(1,482)	824	(202)
Cash generated from operations	8,558	10,916	14,184	18,791
Interest received	9	12	20	32
Income tax paid	(393)	(7)	(393)	(7)
Net cash provided by operating activities	8,174	10,921	13,811	18,816
Cash flows from investing activities				
Dividend income from financial assets, at FVOCI	5	8	5	8
Dividend received from investment in an associated company	-	500	200	500
Deemed disposal of a subsidiary corporation	-	(48)	-	(48)
Proceeds from disposal of non-current assets classified as held-for-sale	-	-	(27)	-
Proceeds from disposal of property, plant and equipment	47	77	51	83
Net proceeds from disposal of subsidiary corporations	-	-	1,947	-
Purchase of property, plant and equipment	(825)	(2,035)	(2,417)	(3,869)
Release of short-term bank deposits pledged	-	-	-	(1)
Net cash used in investing activities	(773)	(1,498)	(241)	(3,327)
Cash flows from financing activities				
Interest paid	(3,071)	(1,868)	(4,878)	(3,966)
Repayment of bank borrowings	(7,530)	(7,211)	(13,806)	(11,260)
Repayment lease liabilities	(872)	(726)	(1,600)	(1,457)
Increase/(decrease) of trade financing	1,444	-	1,709	(77)
Net cash used in financing activities	(10,029)	(9,805)	(18,575)	(16,760)
Net decrease in cash and cash equivalents	(2,628)	(382)	(5,005)	(1,271)
Cash and cash equivalents at beginning of financial period/year	11,149	13,908	13,526	14,797
Cash and cash equivalents at end of financial period/year	8,521	13,526	8,521	13,526

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

	As at 31 Dec 2022 (\$'000)	As at 31 Dec 2021 (\$'000)
Cash and bank balances	9,026	14,307
Short-term bank deposits pledged	(505)	(505)
Bank overdrafts included in borrowings	-	(306)
	8,521	13,496
Cash and bank balances reclassified to disposal group	-	30
	8,521	13,526

E. NOTES TO THE 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 consolidated financial statements as at and for the financial period/year ended 31 December 2022 comprise of the Company and its subsidiary corporations (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; and
- e. Manufacture of electrical machinery, apparatus, appliances and supplies, general cleaning services.

2. Basis of preparation

The financial statements for the Second Half Year (“**2HY2022**”) and Full Year (“**FY2022**”) ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed 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 financial statements for the period ended 30 June 2022 (“**1HY2022**”).

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 financial statements are presented in Singapore dollar (“**SGD**” or “**\$**”) which is the functional currency of the Company and have been rounded to the nearest thousand (“**\$’000**”).

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period/year. 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 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 1HY2022 and 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.

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/year 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 – Depreciation and 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/year.

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, ("O&E") and maintenance.
- (b) Marine - Includes sterngear manufacturing and refurbishment works, ship inspection, repair and maintenance services and engineering and fabrication 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.

4.1 The reportable segment information is as follows:

	<u>The Group</u>			Total for continuing operations
	Offshore & Engineering	Marine	Energy Services	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
2HY2022				
Revenue				
Total segment revenue	3,222	15,009	6,774	25,005
Inter-segment revenue	-	(357)	(13)	(370)
Revenue from external parties	<u>3,222</u>	<u>14,652</u>	<u>6,761</u>	<u>24,635</u>
Gross (loss)/profit	<u>(913)</u>	<u>5,926</u>	<u>1,308</u>	<u>6,321</u>
Other gains – net				1,236
Expenses				
- Administrative				(4,649)
- Finance				(3,341)
Share of profit of associated companies				<u>230</u>
Loss before income tax				(203)
Income tax expense				<u>(335)</u>
Loss from continuing operations				<u><u>(538)</u></u>

4. Segment and revenue information (continued)

4.1 Reportable Segments (continued)

	<u>The Group</u>			Total for continuing operations (\$'000) (Restated)
	Offshore & Engineering (\$'000)	Marine (\$'000) (Restated)	Energy Services (\$'000)	
2HY2021				
Revenue				
Total segment revenue	5,377	13,900	7,390	26,667
Inter-segment revenue	(3)	(455)	(13)	(471)
Revenue from external parties	5,374	13,445	7,377	26,196
Gross (loss)/profit	(794)	7,396	2,495	9,097
Other gains – net				
- Impairment loss on property, plant and equipment	(84)	-	-	(84)
- Write down of inventories	(109)	-	-	(109)
- Other gains, net	-	-	-	2,461
Other gains – net				2,268
Expenses				
- Administrative				(5,040)
- Finance				(1,847)
Share of profit of associated companies				244
Profit before income tax				4,722
Income tax credit				1,834
Profit from continuing operations				6,556

	<u>The Group</u>			Total for continuing operations (\$'000)
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy Services (\$'000)	
FY2022				
Revenue				
Total segment revenue	7,160	23,412	13,279	43,851
Inter-segment revenue	(1)	(1,483)	(26)	(1,510)
Revenue from external parties	7,159	21,929	13,253	42,341
Gross (loss)/profit	(1,591)	8,100	3,383	9,892
Other gains – net				4,983
Expenses				
- Administrative				(9,496)
- Finance				(5,353)
Share of profit of associated companies				75
Profit before income tax				101
Income tax expense				(335)
Loss from continuing operations				(234)

4. Segment and revenue information (continued)

4.1 Reportable Segments (continued)

	<u>The Group</u>			Total for continuing operations (\$'000) (Restated)
	Offshore & Engineering (\$'000) (Restated)	Marine (\$'000) (Restated)	Energy Services (\$'000)	
FY2021				
Revenue				
Total segment revenue	9,763	22,675	14,236	46,674
Inter-segment revenue	(11)	(723)	(26)	(760)
Revenue from external parties	<u>9,752</u>	<u>21,952</u>	<u>14,210</u>	<u>45,914</u>
Gross (loss)/profit	<u>(1,336)</u>	<u>9,569</u>	<u>5,253</u>	13,486
Other gains – net				
- Impairment loss on property, plant and equipment	(84)	-	-	(84)
- Write down of inventories	(109)	-	-	(109)
- Other gains, net	-	-	-	5,428
Other gains, net				5,235
Expenses				
- Administrative				(10,309)
- Finance				(3,881)
Share of profit of associated companies				<u>529</u>
Profit before income tax				5,060
Income tax credit				<u>1,834</u>
Profit from continuing operations				<u>6,894</u>

4.2 Disaggregation of revenue

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

	At a point in time \$'000	Over time \$'000	Total \$'000
	2HY2022		
Construction contracts			
- Singapore	-	176	176
- Asia	-	1,534	1,534
- Rest of the world	-	-	-
	<u>-</u>	<u>1,710</u>	<u>1,710</u>
Sale of goods			
- Singapore	10,140	-	10,140
- Asia	1,113	-	1,113
- Rest of the world	445	-	445
	<u>11,698</u>	<u>-</u>	<u>11,698</u>
Services income from maintenance, repair and overhaul and waste management			
- Singapore	10,984	-	10,984
- Asia	92	-	92
- Rest of the world	151	-	151
	<u>11,227</u>	<u>-</u>	<u>11,227</u>
Total	<u>22,925</u>	<u>1,710</u>	<u>24,635</u>

4. Segment and revenue information (continued)

4.2 Disaggregation of revenue (continued)

	At a point in time \$'000 (Restated)	Over time \$'000	Total \$'000 (Restated)
2HY2021			
Construction contracts			
- Singapore	-	1,609	1,609
- Asia	-	1,421	1,421
- Rest of the world	-	-	-
	-	3,030	3,030
Sale of goods			
- Singapore	9,712	-	9,712
- Asia	289	-	289
- Rest of the world	437	-	437
	10,438	-	10,438
Services income from maintenance, repair and overhaul and waste management			
- Singapore	11,567	-	11,567
- Asia	979	-	979
- Rest of the world	182	-	182
	12,728	-	12,728
Total	23,166	3,030	26,196

	At a point in time \$'000	Over time \$'000	Total \$'000
FY2022			
Construction contracts			
- Singapore	-	885	885
- Asia	-	3,260	3,260
- Rest of the world	-	-	-
	-	4,145	4,145
Sale of goods			
- Singapore	14,100	-	14,100
- Asia	1,380	-	1,380
- Rest of the world	1,158	-	1,158
	16,638	-	16,638
Services income from maintenance, repair and overhaul and waste management			
- Singapore	20,787	-	20,787
- Asia	485	-	485
- Rest of the world	286	-	286
	21,558	-	21,558
Total	38,196	4,145	42,341

4. Segment and revenue information (continued)

4.2 Disaggregation of revenue (continued)

	At a point in time \$'000 (Restated)	Over time \$'000	Total \$'000 (Restated)
<u>FY2021</u>			
Construction contracts			
- Singapore	-	3,089	3,089
- Asia	-	1,829	1,829
- Rest of the world	-	3	3
	-	4,921	4,921
Sale of goods			
- Singapore	14,156	-	14,156
- Asia	1,083	-	1,083
- Rest of the world	874	-	874
	16,113	-	16,113
Services income from maintenance, repair and overhaul and waste management			
- Singapore	22,623	-	22,623
- Asia	1,827	-	1,827
- Rest of the world	430	-	430
	24,880	-	24,880
Total	40,993	4,921	45,914

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.

A breakdown of revenue for continuing operations as follows:

	Group		
	Financial year ended 2022 (\$'000)	2021 (\$'000) (Restated)	Increase/ (decrease) (%)
Revenue reported for:			
First Half Year ended 30 June	17,706	19,718	(10)
Second Half Year ended 31 Dec	24,635	26,196	(6)
	42,341	45,914	(8)
Net profit/(loss) from continuing operations before deducting non-controlling interests reported for:			
First Half Year ended 30 June	304	338	(10)
Second Half Year ended 31 Dec	(538)	6,556	NM
	(234)	6,894	NM

5. (Loss)/profit before income tax

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

	Group			Group		
	For the second half year ended 31 Dec			For the full year ended 31 Dec		
	2HY2022 (\$'000)	2HY2021 (\$'000) (Restated)	Increase/ (decrease) (%)	FY2022 (\$'000)	FY2021 (\$'000) (Restated)	Increase/ (decrease) (%)
Continuing operations:						
<u>Included in Other (charges)/credits – net:</u>						
- Dividend income from financial assets, FVOCI	5	8	(38)	5	8	(38)
- Foreign exchange (loss)/gain, net ⁽¹⁾	(213)	40	NM	(142)	93	NM
- 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 re-measurement of retained investment ⁽⁴⁾	-	119	NM	-	119	NM
- Gain on disposal of property, plant and equipment	47	14	236	51	17	200
- Government grants ⁽⁵⁾	97	575	(83)	363	1,238	(71)
- Impairment loss on property, plant and equipment ⁽⁶⁾	-	(84)	NM	-	(84)	NM
- Loss from lease modification ⁽⁷⁾	(603)	-	NM	(587)	-	NM
- Rental income ⁽⁸⁾	1,262	1,279	(1)	2,564	2,999	(15)
- Sale of scrap ⁽⁹⁾	425	397	7	856	708	21
- (Reversal of write-back)/ write-back of long outstanding payables ⁽¹⁰⁾	(2)	8	NM	494	127	289
- Write down of inventories ⁽¹¹⁾	-	(109)	NM	-	(109)	NM
- Other income, net ⁽¹²⁾	181	35	417	244	109	124
	1,199	2,282	(47)	4,922	5,225	(6)
<u>Included under finance expenses:</u>						
<u>Interest expenses on:</u>						
- Bank borrowings	3,079	1,551	99	4,805	3,280	46
- Bank overdraft	1	9	(89)	9	17	(47)
- Lease liabilities - leasehold land	258	280	(8)	531	568	(7)
- Lease liabilities - hire purchase	3	7	(57)	8	16	(50)
	3,341	1,847	81	5,353	3,881	38
<u>Included under cost of sales and administrative expenses:</u>						
- Depreciation of property, plant and equipment	3,804	4,067	(6)	7,632	8,034	(5)
- Depreciation of ROU assets - leasehold land	460	536	(14)	996	1,073	(7)
- Depreciation of ROU assets - hire purchase	28	42	(33)	57	84	(32)
	4,292	4,645	(8)	8,685	9,191	(6)
<u>Included under income tax expense/(credit):</u>						
- Under-provision of current income tax in prior financial years ⁽¹³⁾	335	1	33,400	335	1	33,400
- (Over) provision of deferred income tax in prior financial years ⁽¹³⁾	-	(1,835)	NM	-	(1,835)	NM
<u>Included in Discontinued operations:</u>						
- Interest expense on bank borrowings	-	(6)	NM	(11)	(12)	(8)
- Depreciation of property, plant and equipment	-	(396)	NM	(393)	(791)	(50)
- Government grant	-	64	NM	49	178	(72)
- Other income	-	35	NM	64	35	83
- Under-provision of current income tax in prior financial years	-	6	NM	-	6	NM
- (Over) provision of deferred income tax in prior financial years	-	(1)	NM	-	(1)	NM
	-	(298)	NM	(291)	(585)	(50)

Note:

- (1) Foreign exchange loss in 2HY2022/FY2022 was mainly due to the following:
- weakening of SGD dollar currency over USD for the net payments and payables in USD currency; and
 - weakening of Indonesia Rupiah for the net collections and receivables of an Indonesian subsidiary.
- (2) The gain on disposal of non-current assets held-for-sale was related to the disposal of a wholly owned foreign subsidiary of the Group.

5. (Loss)/profit before income tax (continued)

- (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 years.
- (4) Gain on re-measurement of retained investment in 2HY2021/FY2021 was due to retention of 49.73% equity interest in Menji Pte Ltd (“**Menji Singapore**”) and its subsidiary corporation (“**Menji Group**”), re-measured at fair value as explained in Note 11.b – Investment in associated companies.
- (5) Decrease in government grant receipts in 2HY2022/FY2022 was mainly due to:

Nature of Government grant	2HY2022 \$'000	2HY2021 \$'000	FY2022 \$'000	FY2021 \$'000
Jobs Support Scheme	-	150	-	420
Foreign worker levy rebates and waiver	26	203	217	299
Enhanced work-life balance	-	144	-	144
Rental Relief Framework	-	-	-	164

- (6) Impairment loss on property, plant and equipment in 2HY2021/FY2021 was related to under- utilised machinery and equipment in the Offshore & Engineering segment.
- (7) Loss from lease modification was a result of pre-termination of JTC lease at 107 Gul Circle Singapore 629593.
- (8) Decrease in rental income in FY2022 was mainly due to non-renewal of certain leases in the Group’s properties.
- (9) Increase in sale of scrap materials in 2HY2022/FY2022 was mainly related to higher scrap sale from the Offshore & Engineering segment.
- (10) Increase in write-back of long outstanding payables/accruals in FY2022 was mainly related to a reversal of prior year’s accrual in relation to a service provider.
- Write-back of long outstanding payables/accruals in FY2021 was mainly related to the reversal of an expired warranty of \$100,000 arising from the disposal of a subsidiary in previous years.
- (11) The write down of inventories in 2HY2021/FY2021 was due to inventories obsolescence under the Offshore & Engineering segment.
- (12) Other income relates to miscellaneous income/expenses. Other income for 2HY2022/FY2022 was mainly related to:
- receipt of a service income from providing logistics arrangement in 2HY2022 of \$117,000;
 - compensation received from logistic service provider in 2HY2022 of \$28,000; and
 - forfeiture of rental deposit and VPC parking during FY2022 of \$63,000.
- The other income for FY2021 was mainly from a one-off transaction of \$40,000 paid by a customer for special survey cost of a vessel for chartering.
- (13) Please see Part E Note 7 for the explanation on the increase in income tax (expense)/credit.

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	2HY2022 \$'000	2HY2021 \$'000 (Restated)	FY2022 \$'000	FY2021 \$'000 (Restated)
Sale of products and services rendered	2,051	2,689	4,102	5,853
Miscellaneous income	18	17	28	25
Recharges of common costs – utility charges and others	30	28	64	46
Purchase of products and services	(518)	(1,050)	(879)	(1,575)

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

7. Income tax (expense)/credit

Please see Part E Note 5 for the details on over/under provision of deferred/current income tax in prior financial years.

For 2HY2022/ FY2022, the Group recorded an under-provision of current income tax in prior years mainly from Marine segment (2HY2021/FY2021: Nil).

In 2HY2021/FY2021, the Group recognised an over-provision of deferred income tax in prior years mainly due to deferred tax liabilities discharged upon finalisation of tax in current financial year for disposal of property that took place in prior year.

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 31 December 2022 and 2021:

	<u>Group</u>		<u>Company</u>	
	FY2022	FY2021	FY2022	FY2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets, at FVOCI	87	91	-	-
Cash and cash equivalents ¹	9,026	14,337	1,750	5,351
Trade and other receivables ^{2,5}	19,259	20,142	46,143	46,349
Contract assets ³	316	1,109	677	831
	<u>28,688</u>	<u>35,679</u>	<u>48,570</u>	<u>52,531</u>
Financial liabilities				
Trade and other payables ⁵	5,786	7,963	26,599	26,815
Borrowings ⁴	159,772	174,226	48,662	51,125
	<u>165,558</u>	<u>182,189</u>	<u>75,261</u>	<u>77,940</u>

Notes:

1. included in FY2021 the cash and cash equivalent under assets of disposal group classified as held-for-sale
2. excluded the prepayment and advances to suppliers
3. excluded the deferred costs
4. included the liabilities under disposal group classified as held-for-sale
5. included the receivables from/payables to associated companies

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

Management determines the expected credit losses ("ECL") of trade receivables by applying the simplified approach to measure the lifetime ECL for trade receivables. The Group categorises its trade receivables by its past due status based on invoice date and segregates debtors into two categories based on certain shared credit risk characteristics (i) Normal customers; and (ii) Customers with higher credit risk, i.e., those are in the process and/ or under liquidation, bankruptcy and lawsuit.

The ECL rates for each category of debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions. The adequacy of estimated credit losses is also assessed by management in conjunction with the exercise above.

As at 31 December 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	
	FY2022	FY2021
	\$'000	\$'000
Financial assets, at FVOCI	<u>87</u>	<u>91</u>

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

During the financial year ended 31 December 2022, the Group recognised fair value loss of \$4,000 (FY2021: \$4,000).

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

As at 31 December 2022, the carrying amount of assets and liabilities held-for-sale/disposal were \$74,610,000 and \$68,344,000 respectively (FY2021: \$70,593,000 and \$69,120,000).

The balances as at 31 December 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 \$68.34 million respectively.
- b. On 17 December 2022, Mencast Energy Pte. Ltd (“**Mencast Energy**”), a 70% subsidiary corporation of the Company, entered into a Sale and Purchase agreement (“**SPA**”), for the disposal of its remaining 20% equity interest in Vac-Tech Engineering Pte. Ltd. (“**Vac-Tech**”), represented by 600,000 shares in Vac-Tech.

Following the Group’s decision to sell Vac-Tech and in compliance with SFRS(I) 5 Non-Current Assets Held-for-Sale and Discontinued Operations, the Investment in associated company (Vac-Tech) amounting to approximately S\$4.07 million, was reclassified as Assets of disposal group classified as held-for-sale on the consolidated balance sheet.

On 1 February 2023, the proposed disposal of Vac-Tech was completed in accordance with the terms of the SPA, and the Group has ceased to hold any interest in Vac-Tech.

- 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 corporation 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 year ended 31 December 2022, Management has reviewed and concluded that the requirements of SFRS(I) 5 were met.

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

Impairment testing

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.

No impairment charge was recognised for the financial year ended 31 December 2022 (FY2021: Nil).

11. Investment in associated companies

	<u>Group</u>		<u>Company</u>	
	FY2022 \$'000	FY2021 \$'000	FY2022 \$'000	FY2021 \$'000
<i>Equity investment</i>				
Beginning of financial year	4,264	4,290	137	-
Addition	-	251	-	251
Dividends declared	(200)	(800)	-	-
Share of profit/(loss) of associated companies	75	529	(64)	(108)
Reclassified to disposal group	(4,066)	-	-	-
Currency translation difference	(38)	(6)	(38)	(6)
End of financial year	35	4,264	35	137

As at 31 December 2022, the Group has two associated companies namely:

a. Vac-Tech Engineering Pte Ltd (“Vac-Tech”)

As explained in Note 10.b, the Group reclassified the carrying value of its investment in Vac-Tech to disposal group classified as held-for-sale as at 31 December 2022.

During the financial year 2022, Vac-Tech declared dividends of \$1.0 million as interim dividend for the financial year ended 31 December 2022. The Group’s share of the interim dividend amounting to \$200,000 was received by the Company in 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”).

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.

11. Investment in associated companies (continued)

b. Menji Singapore and its subsidiary corporation (continued)

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 31 December 2022, the Group registered a net book value of \$86.39 million (FY2021: 95.86 million). The decrease in PPE was mainly from the following:

- a. depreciation expense on PPE and ROU assets amounting to \$9.08 million;
- b. significant disposal of PPE resulted from:
 - deemed disposal of a property due to pre-termination of lease of \$0.90 million; and
 - disposal of subsidiaries of \$1.71 million;
- c. currency translation difference on a foreign subsidiary, \$0.32 million; offset with
- d. addition in PPE of \$2.54 million (31 December 2021: \$3.81 million) mainly arose from capital expenditures incurred by the Energy Services segment of approximately \$1.50 million.

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”).

During the financial year ended 31 December 2022, impairment charges of \$Nil (FY2021: \$84,000) was recognised for property, plant, and equipment as the estimated recoverable amounts are less than carrying value and/ or fair value less costs to sell.

Capital commitment

As at 31 December 2022, the Group has a capital commitment of approximately \$721,000 (FY2021: \$1,838,000).

13. Goodwill

	<u>Group</u>	
	FY2022	FY2021
	\$'000	\$'000
Cost	40,300	40,300
Accumulated impairment	<u>(35,519)</u>	<u>(35,519)</u>
Net book value	<u>4,781</u>	<u>4,781</u>

Impairment testing

For the purpose of annual impairment testing for goodwill, the Group determines the recoverable amount of the cash generating units based on value-in-use based on financial budgets approved by Management.

Key assumptions used for value-in-use calculations:

	FY2022		FY2021	
	Growth rate ¹	Discount rate ²	Growth rate ¹	Discount rate ²
Recon	<u>3%</u>	<u>9%</u>	<u>2%</u>	<u>9%</u>

¹ Weighted average growth-rate used to extrapolate cash flows beyond the budget period

² Pre-tax discount rate applied to the pre-tax cash flow projections

14. Borrowings

Amount repayable in one year or less, or on demand

Borrowings	FY2022		FY2021	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Bank borrowings	8,388	2,714	7,420	2,718
Lease liabilities -hire purchase	32	-	45	-
Current borrowings	8,420	2,714	7,465	2,718
Included in the disposal group classified as held-for-sale:				
- Bank borrowings	62,717	-	62,717	-
	62,717	-	62,717	-
	71,137	2,714	70,182	2,718

Amount repayable after one year

Borrowings	FY2022		FY2021	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Bank borrowings	62,601	3,088	73,382	5,674
Lease liabilities -hire purchase	73	-	108	-
Non-current borrowings	62,674	3,088	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, vessel, short-term bank deposits and corporate guarantees by the Company.

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

Financial covenants

The Group's bank borrowings are subjected to financial covenant clauses whereby the Group is required to meet certain key financial ratios. The Group did not fulfil the gearing ratio and minimum tangible net worth as required in some of the Group's loan agreements. Compliance with these covenants have been waived by the Lenders till 31 March 2024.

15. Share capital

	← No. of ordinary shares →			← Amount →		
	Issued share capital	Treasury shares	Total	Share capital	Treasury shares	Total
	'000	'000	'000	\$'000	\$'000	\$'000
<u>Group and Company</u>						
FY2022						
Beginning of financial year	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 year	<u>452,405</u>	<u>(455)</u>	<u>451,950</u>	<u>93,285</u>	<u>(203)</u>	<u>93,082</u>

	← No. of ordinary shares →			← Amount →		
	Issued share capital	Treasury shares	Total	Share capital	Treasury shares	Total
	'000	'000	'000	\$'000	\$'000	\$'000
<u>Group and Company</u>						
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	<u>448,216</u>	<u>(455)</u>	<u>447,761</u>	<u>93,155</u>	<u>(203)</u>	<u>92,952</u>

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

The Company has no outstanding options or convertibles as at 31 December 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

As at 31 December 2022, the total number of treasury shares held was 455,000 (31 December 2021: 455,000).

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 31 December 2022.

The Mencast Performance Share Award Scheme 2021 (the "PSAS 2021", replacement of 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 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 (Loss)/earnings per share

Net asset value (“NAV”)

	Group		Company	
	FY2022	FY2021	FY2022	FY2021
NAV per ordinary share (SGD cents)	6.45	6.67	5.37	6.71
Number of shares used in computation of NAV per share ('000)	451,950	447,761	451,950	447,761

(Loss)/earnings per share (“(LPS)/EPS”)

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during 2HY2022 of 451,950,000 shares (2HY2021: 447,761,000 shares) and during FY2022 of 450,343,000 shares (FY2021: 444,766,000 shares).

(b) Diluted (loss)/earnings per share

For the purpose of calculating diluted (loss)/earnings per share, (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.

The Company has no dilutive potential ordinary shares for 2HY2022 (2HY2021: Nil) and FY2022 (FY2021: Nil).

17. Discontinued operations and disposal of 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 year’s 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:

	FY2022 \$'000	FY2021 \$'000
Revenue	2,497	5,369
Expenses	(3,106)	(5,845)
Other gains – net	494	213
Loss before income tax from discontinued operations	(115)	(263)
Income tax expense	-	(5)
Loss after tax from discontinued operations	(115)	(268)

18. Events occurring after balance sheet date

As disclosed on Note 10.b, the proposed disposal of Vac-Tech was completed in accordance with the terms of the SPA, and the Group ceased to hold any interest in Vac-Tech on 1 February 2023.

F. OTHER INFORMATION REQUIRED BY LISTING MANUAL SECTION B: RULES OF CATALIST (“CATALIST RULES”) APPENDIX 7C

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

The financial position of Mencast Holdings Ltd. and its subsidiaries as at 31 December 2022 and the related consolidated statement of profit or loss and other comprehensive income, statements of changes in equity and consolidated statement of cash flows for 2HY2022 and FY2022 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

Revenue

Overall, the Group recorded a revenue of \$42.34 million in FY2022, lowered by 8% or \$3.57 million from \$45.91 million in FY2021. The lower revenue was mainly attributable to the Offshore & Engineering and Energy Services segment.

Offshore & Engineering segment

Revenue for Offshore & Engineering segment decreased by \$2.59 million, from \$9.75 million in FY2021 to \$7.16 million in FY2022. The decline was mainly attributable to:

- a) lower revenue contribution from precision engineering business of \$1.92 million, from \$5.04 million in FY2021 to \$3.12 million in FY2022, mainly due to lower volume of work done of approximately \$1.60 million for a customer in FY2022 as compared to FY2021; and
- b) lower revenue contribution in the offshore structure and steel fabrication business of approximately \$0.67 million, from \$4.66 million in FY2021 to \$3.99 million in FY2022. This was mainly due to a higher competitive operating environment leading to fewer repairs and other marine related services undertaken by the Group in FY2022.

These also explained the fluctuation in Offshore & Engineering segment revenue in 2HY2022 as compared to 2HY2021.

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

Review of Statement of Comprehensive Income (continued)

Revenue (continued)

Marine segment

Revenue for the Marine segment remained relatively constant at approximately \$21.93 million and \$21.95 million for FY2022 and FY2021 respectively due to:

- a) an increase in revenue for the MRO (maintenance, repairs and overhaul) services segment by \$0.51 million, from \$7.41 million in FY2021 to \$7.92 million in FY2022, mainly due to higher demands and/or volume of work done for recurring customers; and
- b) increased demands for new build propellers leading to a higher revenue contribution of \$2.00 million, from \$12.01 million in FY2021 to \$14.01 million in FY2022; offset by
- c) the absence of retainer fee and a short-term chartering income of \$2.53 million in FY2022.

These also explained the fluctuation in Marine segment revenue in 2HY2022 as compared to 2HY2021.

Energy Services segment

Revenue from the waste treatment business decreased by 7% or approximately \$0.96 million from \$14.21 million in FY2021 to \$13.25 million in FY2022 affected by a reduction in work orders from a major customer.

This also explained the fluctuation in Energy Services segment revenue in 2HY2022 as compared to 2HY2021.

Cost of sales, gross profit and gross profit margin

Despite the decline in Group's revenue for FY2022, the cost of sales remained relatively the same for both periods FY2022/FY2021 at \$32.45 million/\$32.43 million, due to inflationary pressure on direct cost of production.

Overall, the gross profit of the Group decreased by \$3.60 million from \$13.49 million in FY2021 to \$9.89 million in FY2022 due mainly from the Energy Services and Marine segment incurring higher energy, materials and running costs in FY2022.

Consequently, the Group's gross profit margin, as a percentage over revenue, decreased from 29% in FY2021 to 23% in FY2022.

These also explained the decrease in gross profit and gross profit margin for 2HY2022 as compared to 2HY2021.

Other gains/(losses) - net

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

Administrative expenses

Administrative expenses in FY2021 of \$10.31 million decreased by \$0.81 million or 8% to \$9.50 million in FY2022 mainly due to lower:

- depreciation charges of approximately \$0.40 million;
- professional fee expenses of \$0.24 million; and
- bank charges of \$0.25 million.

These also explained the decrease in administrative expenses in 2HY2022 as compared to 2HY2021.

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

Review of Statement of Comprehensive Income (continued)

Finance expenses

The interest expenses of the Group increased by 38% or \$1.47 million from \$3.88 million in FY2021 to \$5.35 million in FY2022 mainly due to higher effective interest rates on bank borrowings.

This also explained the fluctuation in finance expenses in 2HY2022 as compared to 2HY2021.

Share of profit of associated companies

The Group recorded a lower share of profit of \$75,000 from two of its associated companies in FY2022, as compared to a share of net profit of \$529,000 in FY2021 mainly due to decline in profit from operations of Vac-Tech during FY2022.

This also explained the fluctuation in share of profit of associated companies in 2HY2022 as compared to 2HY2021.

Income tax (expense)/credit

Detailed explanations of income tax (expense)/credit were highlighted in Part E, Note 5 and Note 7 respectively.

(Loss)/profit from continuing operations

Consequent to the above, the Group recorded a loss of \$234,000 in FY2022 as compared to a profit of \$6.89 million in FY2021.

Review of Balance Sheet

Current assets

Current assets were down by 2% or \$2.70 million, from \$112.47 million as at 31 December 2021 to \$109.77 million as at 31 December 2022. The decrease was attributable to:

- a) a decrease in cash and cash equivalents by \$5.28 million as explained (please refer to Part D. Consolidated Statement of Cash Flows);
- b) net decrease in trade and other receivables of \$0.71 million in line with the reduction in Group's revenue;
- c) decrease in contract assets registered of \$0.86 million, mainly related to disposal of Subsea group in 1HY2022; offset with
- d) a marginal increase in inventories of \$0.14 million, mainly due to higher volume of on-going projects expected to be delivered in financial period ended 30 June 2023 ("1HY2023"), offset with lower finished goods inventory due to high delivery of new propellers during 4Q2022; and
- e) an increase in assets of disposal group by \$4.02 million due to a reclassification of investment in associated company to disposal group of \$4.07 million. This reclassification is directly related to the disposal of Vac-Tech as explained in Part E, Note 10.b.

Non-current assets

As at 31 December 2022, the Group's non-current assets decreased by 13% or \$13.83 million, from \$105.12 million as at 31 December 2021 to \$91.29 million as at 31 December 2022. The decrease was mainly due to:

- a) decline in property, plant and equipment of \$9.47 million as explained in Part E, Note 12; and
- b) reclassification of investment in associated companies of \$4.07 million from non-current assets to current assets under the "Assets of disposal group classified as held for sale", as disclosed in Part E, Note 11.

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

Review of Balance Sheet (continued)

Current liabilities

The Group's current liabilities decreased by \$1.48 million to \$88.82 million as at 31 December 2022, as compared to \$90.30 million as at 31 December 2021. The decline was attributable to:

- a) a decrease in trade and other payables of \$2.17 million, mainly due to suppliers' payment and offsetting of trade payables, accruals and GST payables;
- b) a decrease in liabilities under disposal group of \$0.78 million, due to repayment of bank borrowings and lease liabilities; offset with
- c) an increase in contract liabilities of \$0.82 million, mainly from advances received from customers for new build propellers; and
- d) an increase in current borrowings of \$0.71 million, mainly due to higher utilization of trade financing facilities.

Non-current liabilities

As at 31 December 2022, the Group's non-current liabilities reduced by \$14.39 million, from \$95.76 million as at 31 December 2021 to \$81.37 million as at 31 December 2022. This decrease was mainly in relation to repayment of banks loans and lease liabilities, as well as early settlement of loans outstanding arising from the termination of 107 Gul Circle lease and the disposal of Subsea Group.

Review of Full Year Consolidated Statement of Cash Flows

Overall, the Group's cash and cash equivalents in FY2022 of \$9.03 million, were reduced by \$5.28 million from \$14.31 million as at 31 December 2021.

The Group reported a net cash provided by operating activities of \$13.81 million as a result of its operating income before changes in working capital of \$14.50 million and net decrease in working capital of \$0.31 million.

Net cash used in investing activities of \$0.24 million was mainly due to the following:

- a) payment for the purchase of PPE of \$2.42 million of which \$1.50 million was related to capacity expansion on Energy Services segment; offset with
- b) proceeds from disposal of subsidiary corporations of \$1.95 million; and
- c) dividend income received from an associated company for \$200,000.

Net cash used in financing activities of \$18.58 million was mainly due to the following:

- a) repayment of bank borrowings of \$13.81 million;
- b) repayment of lease liabilities of \$1.60 million; and
- c) interest payments of \$4.88 million; offset with
- d) net utilisation of trade financing of \$1.71 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.**

The Group expects macro headwinds such as elevated interest & inflation rates, higher raw material, commodities, and energy costs to continue into 2023. Based on the current volatile economic environment, the Group's business costs across its three operating segments (Offshore & Engineering, Marine and Energy Service segments) will be challenging.

The Group will continue to focus on rationalizing major expenses, liquidity management and restructure under-performing assets and businesses.

Against this backdrop, the Group will exercise caution in its pursuit of organic growth as well as to strive for new operational / manufacturing developments to generate new revenue stream and work on opportunities to grow its customer base with new customers and/or markets to ensure resiliency in its business segments.

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 year ended 31 December 2022 as the Company has no distributable reserves.

7. **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.

8. Interested Person Transactions

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

Transactions entered into with interested persons during 2HY2022/FY2022 were as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period/year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
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 Catalist Rules of SGX-ST.

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

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Rules of the SGX-ST.

10. 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(10) 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	51	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.

BY ORDER OF THE BOARD

Sim Soon Ngee Glennle
Executive Chairman and Chief Executive Officer

24 February 2023