



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

**Condensed Interim Financial Statements
for the Second Quarter and Six Months Ended
30 June 2021**

Contents

	Page
A. Condensed Interim Consolidated Statement of Comprehensive Income	2
B. Condensed Interim Balance Sheets	3
C. Condensed Interim Consolidated Statement of Changes in Equity	4
D. Condensed Interim Consolidated Statement of Cash Flows	5
E. Notes to the Condensed Interim Consolidated Financial Statements	6
F. Other Information Required by Listing Rule Appendix 7.2	19

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	For the second quarter ended			For the half year ended		
	2Q2021	2Q2020	Increase/	HY2021	HY2020	Increase/
	(\$'000)	(\$'000)	(decrease)	(\$'000)	(\$'000)	(decrease)
		(Restated)	(%)		(Restated)	(%)
Continuing Operations						
Revenue	11,093	9,348	19	22,305	24,223	(8)
Cost of sales	(8,573)	(7,931)	8	(17,830)	(16,533)	8
Gross profit	2,520	1,417	78	4,475	7,690	(42)
Other gains – net						
- Interest income- bank deposit	7	19	(63)	20	39	(49)
- Reversal of allowance on trade receivables	-	-	-	5	-	NM
- Write- off of trade receivables	-	-	-	-	(72)	NM
- Other	1,381	2,775	(50)	3,056	12,779	(76)
Expenses						
- Administrative	(3,054)	(2,644)	16	(5,549)	(5,462)	2
- Finance	(1,005)	(1,606)	(37)	(2,040)	(3,421)	(40)
Share of profit/(loss) of associated company	224	70	220	285	(76)	NM
Profit before income tax	73	31	135	252	11,477	(98)
Income tax	-	(24)	NM	-	(24)	NM
Profit from continuing operations	73	7	943	252	11,453	(98)
Discontinued operations						
Loss from discontinued operations	-	(277)	NM	-	(1,815)	NM
Total profit/(loss)	73	(270)	NM	252	9,638	(97)
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation ⁽¹⁾	(12)	348	NM	(67)	3	NM
Total comprehensive income	61	78	(22)	185	9,641	(98)
Net profit/(loss) attributable to:						
Equity holders of the Company	13	(157)	NM	194	10,548	(98)
Non-controlling interests	60	(113)	NM	58	(910)	NM
	73	(270)	NM	252	9,638	(97)
Profit/(loss) attributable to equity holders of the Company relates to:						
Profit/(loss) from continuing operations	13	(15)	NM	194	11,474	(98)
Loss from discontinued operations	-	(142)	NM	-	(926)	NM
	13	(157)	NM	194	10,548	(98)
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	1	191	(99)	127	10,551	(99)
Non-controlling interests	60	(113)	NM	58	(910)	NM
	61	78	(22)	185	9,641	(98)
Earnings/(loss) per share ("EPS") attributable to equity holders of the Company (cents per share)						
Basic						
- From continuing operations	-	-	-	0.04	2.68	(99)
- From discontinued operations	-	(0.04)	NM	-	(0.22)	NM
Diluted						
- From continuing operations	-	(0.06)	NM	0.04	2.54	(98)
- From discontinued operations	-	(0.03)	NM	-	(0.21)	NM

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

(2) "NM" denotes not meaningful.

(3) The 2Q2020/HY2020 Consolidated Statement of Comprehensive Income were re-stated in compliance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations following the Group's decision to sell its 51% equity interest in Mencast-KSE Pte. Ltd. ("MKSE"). Please see full details in Part E, Note 17- Discontinued operations and disposal of a subsidiary classified as held-for-sale.

B. CONDENSED INTERIM BALANCE SHEETS

	Group		Company	
	HY2021 (\$'000)	FY2020 (\$'000)	HY2021 (\$'000)	FY2020 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	14,669	15,604	3,891	7,040
Trade and other receivables	21,395	20,371	65,860	63,662
Inventories	5,648	5,674	-	-
Contract assets	555	923	372	536
	42,267	42,572	70,123	71,238
Assets of disposal group classified as held-for-sale	70,544	70,544	-	-
	112,811	113,116	70,123	71,238
Non-current assets				
Financial assets, at FVOCI	95	95	-	-
Investments in subsidiary corporations	-	-	56,396	56,396
Investment in an associate company	4,075	4,290	-	-
Property, plant and equipment	99,144	102,328	180	213
Intangible assets	4,781	4,781	-	-
	108,095	111,494	56,576	56,609
Total assets	220,906	224,610	126,699	127,847
LIABILITIES				
Current liabilities				
Trade and other payables	6,367	6,930	26,987	26,181
Contract liabilities	2,797	1,517	-	-
Borrowings	11,700	9,321	2,667	2,223
Current income tax liabilities	796	796	-	-
	21,660	18,564	29,654	28,404
Liabilities directly associated with disposal group classified as held-for-sale	69,322	69,564	-	-
	90,982	88,128	29,654	28,404
Non-current liabilities				
Borrowings	100,987	108,028	49,791	51,125
Deferred income tax liabilities	3,588	3,588	-	-
	104,575	111,616	49,791	51,125
Total liabilities	195,557	199,744	79,445	79,529
NET ASSETS	25,349	24,866	47,254	48,318
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	92,952	92,654	92,952	92,654
Fair value reserve	18	18	-	-
Translation reserve	(582)	(515)	-	-
Accumulated losses	(68,902)	(69,096)	(45,698)	(44,336)
	23,486	23,061	47,254	48,318
Non-controlling interests	1,863	1,805	-	-
Total equity	25,349	24,866	47,254	48,318

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (\$'000)	Treasury shares (\$'000)	Accumulated losses (\$'000)	Fair value reserve* (\$'000)	Translation reserve* (\$'000)	Total (\$'000)	Non-controlling interests (\$'000)	Total equity (\$'000)
Group								
Balance as at 1 January 2021	92,857	(203)	(69,096)	18	(515)	23,061	1,805	24,866
Total comprehensive income/(loss)	-	-	181	-	(55)	126	(2)	124
Balance as at 31 Mar 2021	92,857	(203)	(68,915)	18	(570)	23,187	1,803	24,990
Total comprehensive income/(loss)	-	-	13	-	(12)	1	60	61
Share based payment	58	-	-	-	-	58	-	58
Share Awards under the Scheme	240	-	-	-	-	240	-	240
Balance as at 30 Jun 2021	93,155	(203)	(68,902)	18	(582)	23,486	1,863	25,349
Group								
Balance as at 1 January 2020	92,551	(203)	(75,463)	18	(434)	16,469	2,972	19,441
Total comprehensive income/(loss)	-	-	10,705	-	(345)	10,360	(797)	9,563
Balance as at 31 Mar 2020	92,551	(203)	(64,758)	18	(779)	26,829	2,175	29,004
Total comprehensive (loss)/income	-	-	(157)	-	348	191	(113)	78
Balance as at 30 Jun 2020	92,551	(203)	(64,915)	18	(431)	27,020	2,062	29,082
Company								
Balance as at 1 January 2021	92,857	(203)	(44,336)			48,318		
Total comprehensive loss	-	-	(401)			(401)		
Balance as at 31 Mar 2021	92,857	(203)	(44,737)			47,917		
Total comprehensive loss	-	-	(961)			(961)		
Share based payment	58	-	-			58		
Share Awards under the Scheme	240	-	-			240		
Balance as at 30 Jun 2021	93,155	(203)	(45,698)			47,254		
Balance as at 1 January 2020	92,551	(203)	(41,177)			51,171		
Total comprehensive loss	-	-	(825)			(825)		
Balance as at 31 Mar 2020	92,551	(203)	(42,002)			50,346		
Total comprehensive loss	-	-	(816)			(816)		
Balance as at 30 Jun 2020	92,551	(203)	(42,818)			49,530		

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

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group			
	For the second quarter ended 30 June		For the half year ended 30 June	
	2Q2021 (\$'000)	2Q2020 (\$'000)	HY2021 (\$'000)	HY2020 (\$'000)
Cash flows from operating activities				
Net profit/(loss)	73	(270)	252	9,638
Adjustments for:				
- Income tax expense	-	24	-	24
- Depreciation of property, plant and equipment	2,476	2,643	4,941	5,247
- Shares awards under the Scheme	240	-	240	-
- Gain on disposal of property, plant and equipment	(3)	-	(3)	-
- Dividend income from financial assets, FVOCI	-	(4)	-	(4)
- Reversal of creditor's balances	-	-	-	(8,629)
- Share of (profit)/loss of associated company	(224)	(70)	(285)	76
- Interest income	(7)	(19)	(20)	(39)
- Interest expense	1,005	1,606	2,040	3,432
- Currency translation differences	2	(85)	7	(6)
	3,562	3,825	7,172	9,739
Changes in working capital:				
- Trade and other receivables	(995)	2,269	(524)	647
- Inventories	(512)	(36)	26	(209)
- Contract assets	459	1,779	368	524
- Trade and other payables	1,193	531	(447)	1,547
- Contract liabilities	350	(598)	1,280	(1,234)
Cash generated from operations	4,057	7,770	7,875	11,014
Interest received	7	19	20	39
Income tax paid	-	-	-	-
Net cash provided by operating activities	4,064	7,789	7,895	11,053
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	6	8	6	8
Dividend income from financial assets, at FVOCI	-	4	-	4
Purchase of property, plant and equipment	(489)	(2,641)	(1,834)	(5,396)
Release of short-term bank deposits pledged	-	-	(1)	(1)
Net cash used in investing activities	(483)	(2,629)	(1,829)	(5,385)
Cash flows from financing activities				
Interest paid	(1,232)	(1,600)	(2,098)	(3,427)
Repayment of bank borrowings	(3,191)	(1,093)	(4,256)	(2,998)
Repayment lease liabilities	(366)	(386)	(731)	(753)
Proceeds from bank borrowings	-	191	130	744
Net cash used in financing activities	(4,789)	(2,888)	(6,955)	(6,434)
Net (decrease)/increase in cash and cash equivalents	(1,208)	2,272	(889)	(766)
Cash and cash equivalents at beginning of financial period	15,116	14,475	14,797	17,513
Cash and cash equivalents at end of financial period	13,908	16,747	13,908	16,747

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

	As at 30 June 2021 (\$'000)	As at 30 June 2020 (\$'000)
Cash and bank balances	14,669	17,551
Short-term bank deposits pledged	(505)	(504)
Bank overdrafts included in borrowings	(256)	(300)
	13,908	16,747

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 second quarter and six months ended 30 June 2021 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. Provision of underwater commercial diving;
- f. Manufacture of electrical machinery, apparatus, appliances and supplies; general cleaning services.

2. Basis of preparation

The condensed interim financial statements for the second quarter (“**2Q2021**”) and six months (“**HY2021**”) ended 30 June 2021 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 ended 31 March 2021 (“**1Q2021**”) and 31 December 2020 (“**FY2020**”).

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 1Q2021 and FY2020.

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 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:

	<u>The Group</u>			Total for continuing operations (\$'000)
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000)	
<u>2Q2021</u>				
Revenue				
Total segment revenue	2,182	5,614	3,487	11,283
Inter-segment revenue	-	(189)	(1)	(190)
Revenue from external parties	<u>2,182</u>	<u>5,425</u>	<u>3,486</u>	<u>11,093</u>
Gross (loss)/profit	<u>(174)</u>	<u>1,233</u>	<u>1,461</u>	2,520
Other gains - net				1,388
Expenses				
- Administrative				(3,054)
- Finance				(1,005)
Share of profit of associated company				224
Profit before income tax				<u>73</u>
Income tax expense				-
Profit from continuing operations				<u>73</u>

4. Segment and revenue information (continued)

4.1 Reportable Segments (continued)

	<u>The Group</u>			Total for continuing operations
	Offshore & Engineering (\$'000)	Marine (\$'000) (Restated)	Energy (\$'000)	(\$'000) (Restated)
<u>2Q2020</u>				
Revenue				
Total segment revenue	2,907	4,508	2,200	9,615
Inter-segment revenue	-	(260)	(7)	(267)
Revenue from external parties	2,907	4,248	2,193	9,348
Gross (loss)/profit	485	494	438	1,417
Other gains - net				2,794
Expenses				
- Administrative				(2,644)
- Finance				(1,606)
Share of profit of associated company				70
Profit before income tax				31
Income tax expense				(24)
Profit from continuing operations				7

	<u>The Group</u>			Total for continuing operations
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000)	(\$'000)
<u>HY2021</u>				
Revenue				
Total segment revenue	4,392	11,357	6,846	22,595
Inter-segment revenue	(8)	(269)	(13)	(290)
Revenue from external parties	4,384	11,088	6,833	22,305
Gross (loss)/profit	(536)	2,253	2,758	4,475
Other gains – net				3,081
Expenses				
- Administrative				(5,549)
- Finance				(2,040)
Share of profit of associated company				285
Profit before income tax				252
Income tax expense				-
Profit from continuing operations				252

4. Segment and revenue information (continued)

4.1 Reportable Segments (continued)

	<u>The Group</u>			Total for continuing operations
	Offshore & Engineering (\$'000)	Marine (\$'000) (Restated)	Energy (\$'000)	(\$'000) (Restated)
<u>HY2020</u>				
Revenue				
Total segmental revenue	6,210	13,611	5,340	25,161
Inter-segmental revenue	(25)	(901)	(12)	(938)
Revenue from external parties	6,185	12,710	5,328	24,223
Gross profit	650	5,219	1,821	7,690
Other gains - net				
- reversal of creditor's balances, net	-	8,629	-	8,629
- other gains, net	-	-	-	4,117
Other gains – net				12,746
Expenses				
- Administrative				(5,462)
- Finance				(3,421)
Share of loss of associated company				(76)
Profit before income tax				11,477
Income tax expense				(24)
Profit from continuing operations				11,453

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
<u>2Q2021</u>			
Construction contracts			
- Singapore	-	652	652
- Asia	-	232	232
- Rest of the world	-	-	-
	-	884	884
Sale of goods			
- Singapore	1,980	-	1,980
- Asia	409	-	409
- Rest of the world	-	-	-
	2,389	-	2,389
Services income from maintenance, repair and overhaul and waste management			
- Singapore	6,692	-	6,692
- Asia	755	-	755
- Rest of the world	373	-	373
	7,820	-	7,820
Total	10,209	884	11,093

4. Segment and revenue information (continued)

4.2 Disaggregation of revenue (continued)

	At a point in time \$'000	Over time \$'000 (Restated)	Total \$'000 (Restated)
2Q2020			
Construction contracts			
- Singapore	-	474	474
- Asia	-	665	665
- Rest of the world	-	-	-
	-	1,139	1,139
Sale of goods			
- Singapore	3,293	-	3,293
- Asia	-	-	-
- Rest of the world	-	-	-
	3,293	-	3,293
Services income from maintenance, repair and overhaul and waste management			
- Singapore	4,418	-	4,418
- Asia	385	-	385
- Rest of the world	113	-	113
	4,916	-	4,916
Total	8,209	1,139	9,348
HY2021			
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	12,604	-	12,604
- Asia	1,608	-	1,608
- Rest of the world	527	-	527
	14,739	-	14,739
Total	20,414	1,891	22,305

4. Segment and revenue information (continued)

4.2 Disaggregation of revenue (continued)

	At a point in time \$'000	Over time \$'000 (Restated)	Total \$'000 (Restated)
<u>HY2020</u>			
Construction contracts			
- Singapore	-	1,171	1,171
- Asia	-	937	937
- Rest of the world	-	-	-
	-	2,108	2,108
Sale of goods			
- Singapore	8,777	-	8,777
- Asia	145	-	145
- Rest of the world	40	-	40
	8,962	-	8,962
Services income from maintenance, repair and overhaul and waste management			
- Singapore	11,203	-	11,203
- Asia	1,734	-	1,734
- Rest of the world	216	-	216
	13,153	-	13,153
Total	22,115	2,108	24,223

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.

4. Segment and revenue information (continued)

4.2 Disaggregation of revenue (continued)

A breakdown of revenue for continuing operations as follows:

	Group		
	Financial year ended		
	30 June 2021 (\$'000)	30 June 2020 (\$'000) (Restated)	Increase/ (decrease) (%)
Revenue reported for:			
First Quarter ended 31 March	11,212	14,875	(25)
Second Quarter ended 30 June	11,093	9,348	19
	22,305	24,223	(8)
Net profit from continuing operations before deducting non-controlling interests reported for:			
First Quarter ended 31 March	179	11,446	(98)
Second Quarter ended 30 June	73	7	943
	252	11,453	(98)

5. Profit before income tax

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

	Group					
	For the second quarter ended 30 June			For the half year ended 30 June		
	2Q2021 (\$'000)	2Q2020 (\$'000) (Restated)	Increase/ (decrease) (%)	HY2021 (\$'000)	HY2020 (\$'000) (Restated)	Increase/ (decrease) (%)
Continuing operations:						
<u>Included in Other (charges)/credits – net:</u>						
- Foreign exchange (loss)/gain, net ⁽¹⁾	(6)	47	NM	52	41	27
- Gain on sale/write-off of property, plant and equipment	3	-	NM	3	-	NM
- Government grants ⁽²⁾	233	1,673	(86)	777	1,901	(59)
- Rental income ⁽³⁾	812	936	(13)	1,720	1,901	(10)
- Reversal of creditor's balances ⁽⁴⁾	-	-	-	-	8,629	NM
- Sale of scrap metals ⁽⁵⁾	167	103	62	311	203	53
- Write-back of long outstanding payables ⁽⁶⁾	119	-	NM	119	3	3867
- Other income, net ⁽⁷⁾	53	16	231	74	101	(27)
	1,381	2,775	(50)	3,056	12,779	(76)
<u>Included under finance expenses:</u>						
Interest expenses on:						
- Bank borrowings	854	1,435	(40)	1,735	3,078	(44)
- Bank overdraft	4	4	-	8	9	(11)
- Lease liabilities - leasehold land	143	153	(7)	288	305	(6)
- Lease liabilities - hire purchase	4	14	(71)	9	29	(69)
	1,005	1,606	(37)	2,040	3,421	(40)
<u>Included under cost of sales and administrative expenses:</u>						
- Depreciation of property, plant and equipment	2,180	2,143	2	4,351	4,286	2
- Depreciation of ROU assets - leasehold land	273	285	(4)	545	553	(1)
- Depreciation of ROU assets - hire purchase	23	82	(72)	45	165	(73)
	2,476	2,510	(1)	4,941	5,004	(1)
<u>Included under income tax:</u>						
- Under-provision of current income tax in prior financial years ⁽⁸⁾	-	24	NM	-	24	NM
Included in Discontinued operations:						
- Interest expense on bank borrowings	-	-	-	-	(11)	NM
- Depreciation of property, plant and equipment	-	(133)	NM	-	(243)	NM
	-	(133)	NM	-	(254)	NM

5. Profit before income tax (continued)

Note:

- (1) Foreign exchange loss in 2Q2021 was mainly due to strengthening of SGD currency over USD for net collections and receivables in USD currency.
- (2) Decrease in government grant receipts in 2Q2021/HY2021 was mainly due to:

Nature of Government grant	2Q2021 S\$'000	2Q2020 S\$'000	HY2021 S\$'000	HY2020 S\$'000
Jobs Support Scheme	138	1,024	347	1,024
Foreign worker levy rebates and waiver	64	400	106	400
SNEF- Workpro	-	137	-	137
ASMI Professional Conversion Programme	-	-	-	155

- (3) Decrease in rental income in 2Q2021/HY2021 was mainly related to the lower lease rental activities from external parties in the Group's properties.
- (4) The gain in HY2020 was due to the reversal of creditor balances arising from a dispute between a subsidiary of the Group and a main contractor in connection to the construction of a 4-storey factory and an 11-storey office building at 42A Penjuru Road. As announced on 2 March 2020, the dispute has been settled by way of a settlement agreement on the same date. The reversal of the creditor balances pertained to retention sum and the drawdown of insurance bond in prior years.
- (5) Increase in sale of scrap materials in 2Q2021/HY2021 was mainly related to higher scrap sale from the Marine segment.
- (6) Increase in write-back of long outstanding payables/accruals in 2Q2021/HY2021 was mainly related to the reversal of expired warranty claim of \$100,000 arising from the disposal of a subsidiary in previous years.
- (7) The increase in other income for 2Q2021/HY2021 was mainly from a one-off transaction of \$40,000 paid by a customer for special survey cost of a vessel for chartering.
- (8) For 2Q2020/HY2020, the under-provision of current income tax in prior financial years arose from a Malaysian subsidiary.

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	2Q2021 S\$'000	2Q2020 S\$'000	HY2021 S\$'000	HY2020 S\$'000
Sale of products and services rendered	1,470	1,298	3,164	3,334
Miscellaneous income	5	3	8	4
Recharges of common costs:				
- utility charges	9	13	18	22
- other	-	6	-	9
Purchase of products and services	(219)	(235)	(526)	(376)

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

7. Income tax expense

The income tax expense of the Group in HY2020/2Q2020 arose from the under-provision of current income tax in prior years as disclosed in Note 5.

There was no provision for current income tax in HY2021/2Q2021 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 2021 and 31 December 2020:

	<u>Group</u>		<u>Company</u>	
	HY2021 \$'000	FY2020 \$'000	HY2021 \$'000	FY2020 \$'000
Financial assets				
Financial assets, at FVOCI	95	95	-	-
Cash and cash equivalents	14,669	15,604	3,891	7,040
Trade and other receivables ^{1,4}	20,267	19,683	65,792	63,495
Contract assets ²	518	862	372	536
	<u>35,549</u>	<u>36,244</u>	<u>70,055</u>	<u>71,071</u>
Financial liabilities				
Trade and other payables ⁴	6,367	6,930	26,987	26,181
Borrowings ³	182,009	186,913	52,458	53,348
	<u>188,376</u>	<u>193,843</u>	<u>79,445</u>	<u>79,529</u>

Note:

1. excluding prepayment and advances to suppliers
2. excluding deferred costs
3. including liabilities under disposal group classified as held-for-sale
4. including receivables from/payables to an associated company

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 2021, 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:

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

	<u>Group</u>	
	HY2021 \$'000	FY2020 \$'000
Financial assets, at FVOCI	<u>95</u>	<u>95</u>

9. Financial assets, at FVOCI (continued)

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

As at 30 June 2021, the carrying amount of assets and liabilities held-for-sale were \$70,544,000 and \$69,322,000 respectively (FY2020: \$70,544,000 and \$69,564,000). The balances are related to effort to dispose certain properties to pare down its debt in accordance with the Amended Debt Restructuring Agreement (“DRA”).

For the financial period ended 30 June 2021, 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 2021.

11. Investment in an associated company

	<u>Group</u>	
	HY2021	FY2020
	\$'000	\$'000
<i>Equity investment</i>		
Beginning of financial period/year	4,290	4,033
Dividends declared	(500)	-
Share of profit of associated company	285	257
End of financial period/year	<u>4,075</u>	<u>4,290</u>

On 30 June 2021, Vac-Tech Engineering Pte Ltd, a 20% owned associated company of the Group, declared dividends of \$2.50 million. The Group's share of \$500,000 is payable in 5 tranches for 5 months beginning July 2021.

12. Property, plant and equipment (“PPE”)

During the six months ended 30 June 2021, the Group's addition in PPE of \$1.83 million (31 December 2020: \$8.04 million) mainly arose from capital expenditures incurred by the Energy Services segment of approximately \$1.42 million. The increase in PPE was offset mainly by depreciation expense on PPE and ROU assets amounting to \$4.94 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”).

The Management had assessed and concluded that there was no indication of impairment as at 30 June 2021.

13. Goodwill

	Group	
	HY2021	FY2020
	\$'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 2021 based on the CGU's business performance. The Group performed its annual impairment test in December 2020. 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 2020.

14. Borrowings

Amount repayable in one year or less, or on demand

Borrowings	HY2021		FY2020	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Bank borrowings	8,012	2,734	6,171	2,170
Lease liabilities – hire purchase	68	-	101	-
Current borrowings	8,080	2,734	6,272	2,170
Included in the disposal group classified as held-for-sale:				
- Bank borrowings	62,717	-	62,717	-
	62,717	-	62,717	-
	70,797	2,734	68,989	2,170

Amount repayable after one year

Borrowings	HY2021		FY2020	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Bank borrowings	78,658	6,951	83,941	8,246
Lease liabilities- hire purchase	99	-	121	-
Non-current borrowings	78,757	6,951	84,062	8,246

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	Treasury shares	Total	Share capital	Treasury shares	Total
	'000	'000	'000	\$'000	\$'000	\$'000
<u>Group and Company</u>						
HY2021						
Beginning of financial period	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 period	<u>448,216</u>	<u>(455)</u>	<u>447,761</u>	<u>93,155</u>	<u>(203)</u>	<u>92,952</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>						
FY2020						
Beginning of financial year	429,304	(455)	428,849	92,551	(203)	92,348
Share issue pursuant to:						
- Share-based payment	1,853	-	1,853	66	-	66
- Share Awards under the PSAS 2010	10,434	-	10,434	240	-	240
End of financial year	<u>441,591</u>	<u>(455)</u>	<u>441,136</u>	<u>92,857</u>	<u>(203)</u>	<u>92,654</u>

The Group and the Company has a total issued and outstanding shares of 447,760,724 as at 30 June 2021 (31 December 2020: 441,135,524 shares).

The Company has no outstanding options or convertibles as at 30 June 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

As at 30 June 2021, the total number of treasury shares held was 455,025 (30 June 2020: 455,025).

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 30 June 2021.

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.

16. Net asset value and Earnings per share

Net asset value ("NAV")

	Group		Company	
	HY2021	FY2020	HY2021	FY2020
NAV per ordinary share (SGD cents)	5.25	5.23	10.55	10.95
Number of shares used in computation of NAV per share ('000)	<u>447,761</u>	<u>441,136</u>	<u>447,761</u>	<u>441,136</u>

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 HY2021 of 441,721,000 shares (HY2020: 428,849,000 shares) and during 2Q2021 of 442,300,000 shares (2Q2020: 428,849,000 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.

The Company does not have any dilutive potential ordinary shares for HY2021 (HY2020: 13,338,000 shares) and 2Q2021 (2Q2020: 13,338,000 shares).

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

Disposal of 51% Equity Interest in Mencast-KSE Pte Ltd. (“MKSE”)

As announced on 2 October 2020, Mencast Investment Holdings Pte. Ltd., a wholly owned subsidiary of the Company, had entered into a Sale and Purchase agreement (“SPA”) for the disposal of 51% equity interest in MKSE, represented by 153,000 shares in MKSE.

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

The completion of the proposed disposal of MKSE has taken place on 12 November 2020 and resulted to a gain on disposal of non-current assets held-for-sale of \$1.73 million as disclosed in 4Q2020 Financial Results Announcement.

For comparative purpose, the results of the discontinued operations are as follows:

	HY2020 \$’000
Revenue	2,564
Expenses	(4,379)
Other losses – net	-
Loss before income tax from discontinued operations	(1,815)
Income tax expense	-
Loss after tax from discontinued operations	(1,815)
Total comprehensive loss, representing net loss	(1,815)

18. Subsequent events

As announced on 28 July 2021, Menji Pte. Ltd, a 55.2% owned subsidiary of the Company (the “Purchaser”) and 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 Menji Shanghai 旻集科技发展（上海）有限公司 dated 11 May 2021 (the “Original SPA”), by way of a supplemental agreement entered into between the parties on 28 July 2021 (the “Supplemental Agreement”).

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.

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 2021 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 2Q2021 and HY2021 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 revenue declined by 8% or \$1.92 million from \$24.22 million in HY2020 to \$22.30 million in HY2021. This was mainly attributable to the Offshore & Engineering and Marine segments with a revenue decline of \$1.80 million and \$1.62 million respectively. The decline from these two segments were offset with an increase in Energy Services segment of \$1.50 million.

Offshore & Engineering segment

The \$1.80 million decline in revenue for Offshore & Engineering segment was mainly due to:

- scaling down of the Group's rope access business, recording a \$0.98 million decline in revenue;
- Precision engineering business also recorded a lower revenue of \$0.80 million to \$2.62 million in HY2021 mainly due to lower volume of work done for a customer in HY2021 as compared to HY2020.

These also explained the fluctuation in Offshore & Engineering segment revenue in 2Q2021 as compared to 2Q2020.

Marine segment

Revenue for the Marine segment declined by \$1.62 million or 13%, from \$12.71 million in HY2020 to \$11.09 million in HY2021 which was attributable to:

- reduction in the number of deliveries of high value new built propellers in excess of \$0.5 million, hence revenue decreased by \$2.58 million, from \$6.12 million in HY2020 to \$3.54 million in HY2021; offset with
- increase in revenue from diving services of approximately \$0.68 million to \$1.17 million in HY2021;
- increase in the segment's MRO (maintenance, repairs and overhaul) services by \$0.27 million, from \$4.70 million in HY2020 to \$4.97 million in HY2021, due to a slight improvement in orders from customers.

These also explained the fluctuation in Marine segment revenue in 2Q2021 as compared to 2Q2020.

Energy Services segment

Revenue from the waste treatment business increased by \$1.51 million or 28% from \$5.33 million in HY2020 to \$6.83 million in HY2021 as a result of higher demands from recurring customers.

These also explained the fluctuation in Energy Services segment revenue in 2Q2021 as compared to 2Q2020.

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

Cost of sales, gross profit and gross profit margin

Cost of sales increased by 8% or \$1.30 million to \$17.83 million in HY2021, mainly arose from the Energy Services segment incurring higher running costs in the treatment of waste and a progressive increase in plant capacity. The Group's diving business also incurred higher costs in line with the increase in revenue.

Gross profit of the Group decreased by \$3.22 million from \$7.69 million in HY2020 to \$4.47 million in HY2021. The decrease was mainly due to the absence in delivery of high value new built propellers and weaker demand for precision engineering products.

Consequently, the Group's gross profit margin, as a percentage over revenue, decreased from 32% in HY2020 to 20% in HY2021.

2Q2021 gross profit increased by \$1.10 million or 78% to \$2.52 million in 2Q2021, as compared to \$1.42 million in 2Q2020. The increase was mainly attributable to Energy Services gross profit contribution of \$1.46 million in 2Q2021 as compared to \$0.44 million in 2Q2020 (as disclosed in Part E, Note 4.1), in line with the increase in revenue.

The Marine segment also registered an increase in gross profit contribution of approximately \$0.74 million in 2Q2021 as compared to 2Q2020 mainly from MRO services and diving services.

Other gains/(losses) - net

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

Administrative expenses

Administrative expenses remained relatively the same for both reporting periods HY2021/HY2020 at \$5.5 million.

2Q2021 administrative expenses of \$3.05 million increased by \$410,000 or 16% from \$2.64 million in 2Q2020 mainly due to the issuance of share awards to key management personnel of \$240,000 under the PSAS 2021 scheme, as disclosed in Part E, Note 15.

Finance expenses

The finance expenses of the Group of \$2.04 million in HY2021 decreased by 40% or \$1.38 million from \$3.42 million in HY2020 mainly due to lower interest rates charged on certain borrowings, as well as a reduction in the Group's borrowings, in line with settlement of bank borrowings arising from assets divestment.

These also explained the fluctuation in finance expenses in 2Q2021 as compared to 2Q2020.

Share of profit/(loss) of associated company

Better performance from the Group's sole associated company in HY2021 resulted to its share of profit of \$285,000 as compared to share of loss of \$76,000 in HY2020.

These also explained the fluctuation in share of profit/(loss) of associated company in 2Q2021 as compared to 2Q2020.

Income tax expense

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

Profit from continuing operations

Consequent to the above, the Group recorded a profit of \$0.25 million in HY2021 as compared to \$11.45 million in HY2020. The reduction in profits was mainly a result of lower gross profit contributions (as explained above), lower receipts from government grants and the absence of a non-recurring gain (net) of \$8.63 million in HY2021 (as explained in Part E, Note 5).

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

Review of Balance Sheet

Current assets

Overall, the Group's current assets remain stable at \$113.0 million for the period/year ended 30 June 2021 and 31 December 2020.

- decrease in cash and cash equivalents of \$0.94 million (please refer to Part D. Condensed Interim Consolidated Statement of Cash Flows);
- decrease in contract assets of \$0.37 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 diving business; offset with
- net increase in trade and other receivables of \$1.02 million mainly due to dividend receivables from associated company of \$0.5 million and increase in advances to suppliers of \$0.41 million.

Non-current assets

The Group's non-current assets of \$108.10 million as at 30 June 2021 was down by 3% or \$3.39 million, from \$111.49 million as at 31 December 2020. The decrease was mainly due to:

- decrease in property, plant and equipment amounting to \$3.18 million as explained in Part E, Note 12;
- decrease in investment in an associated company of \$0.22 million as disclosed in Part E, Note 11.

Current liabilities

The Group's current liabilities increased by \$2.85 million or 3% to \$90.98 million as at 30 June 2021, as compared to \$88.13 million as at 31 December 2020, mainly due to:

- increase in current borrowings of \$2.38 million, mainly due to reclassification of non-current to current borrowings, measured against the commencement of monthly principal repayment (effective in the month of March 2021) and reporting balance sheet dates. Accordingly, the current borrowings as at 31 December 2020 were computed on a 10-month basis starting from March to December 2021 whereas for the current borrowings as at 30 June 2021, it was computed on a 12-month basis from July 2021 to June 2022;
- increase in contract liabilities of \$1.28 million mainly from deposits and advances received from customers of approximately \$0.34 million and \$0.69 million respectively, in connection to the chartering of a vessel and for new built propellers; offset with
- decrease in trade and other payables of \$0.56 million mainly due to the release of approximately \$0.37 million rental relief payable to tenants upon receipt of cash grant from the government and the reversal of warranty claim of \$100,000 as explained in Part E, Note 5, paragraph 6;
- decrease in liabilities directly associated with disposal group classified as held-for-sale of \$142,000 for the payment of leasehold rental.

Non-current liabilities

Non-current liabilities of the Group as at 30 June 2021 reduced by \$7.04 million or 7%, from \$111.62 million as at 31 December 2020 to \$104.58 million as at 30 June 2021. This was mainly due to reduction in non-current borrowings as explained in current borrowings above.

Review of Condensed Interim Statement of Cash Flows

Overall, the Group's cash and cash equivalents in HY2021 declined by \$0.93 million, from \$15.60 million as at 31 December 2020 to \$14.67 million as at 30 June 2021. The Group reported a net cash provided by operating activities of \$7.89 million in HY2021 due mainly to its operating income before changes in working capital of \$7.17 million and net increase on working capital of \$0.72 million.

Net cash used in investing activities for HY2021 was \$1.83 million mainly due to additions on property, plant and equipment as part of the capacity expansion in Energy Services segment.

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

Review of Condensed Interim Statement of Cash Flows (continued)

Net cash used in financing activities of \$6.96 million during HY2021 was a result of repayments of term loans, lease liabilities and payment of interests of approximately \$7.09 million, offset by proceeds from bank borrowings of \$0.13 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 continues to deal with the ongoing challenges that were brought on by the COVID-19 pandemic in the current reporting period. Demands from customers who are in the marine, offshore, oil and gas industry remain cautious though there are some signs of recovery. The resurgence of COVID-19 and with the spread of new variants, various forms of pandemic-related movement controls, tightening of economic and social activities in Singapore and many countries will continue to affect our customers in these industries. The Group expects the business environment under its Offshore & Engineering and Marine segments to remain challenging amidst margin compression, rising material and operating costs.

As mentioned in our past results announcements, the Group's Energy segment has plans to expand its presence and capacity of its waste treatment plant. While improvements and upgrading works are being reviewed, it is also working on commissioning new equipment in respect of meeting higher health, safety, environmental and regulatory requirements. Barring unforeseen circumstances, the segment expects the capacity expansion plans and enhancement works to be ready in 4Q2021. The segment will also strategically seek to expand its customer base.

The Group will continue to seek new business opportunities and developments but will remain prudent and focus on operational cost containment to ensure resiliency in its businesses.

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 2021 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 2Q2021/HY2021 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 second quarter/half year ended 30 June 2021 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

13 August 2021