



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

**Financial Statements  
for the Second Half Year and Full Year Ended  
31 December 2023**

*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.*

*The contact person for the Sponsor is Ms Charmian Lim (Telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542*

## Contents

|   | Page |
|---|------|
| A. Consolidated Statement of Comprehensive Income   | 2    |
| B. Balance Sheets   | 3    |
| C. Consolidated Statement of Changes in Equity  | 4    |
| D. Consolidated Statement of Cash Flows   | 6    |
| E. Notes to the Consolidated Financial Statements   | 7    |
| F. Other Information Required by Listing Manual Section B: Rules of Catalyst<br>Appendix 7C | 22   |

**A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|  | Group   |                     |                                |  |                    |                                |
|--|---|---------------------|--------------------------------|--|--------------------|--------------------------------|
|  | For the second half year ended<br>31 December |                     |                                | For the full year ended<br>31 December |                    |                                |
|  | 2HY2023<br>(\$'000)                           | 2HY2022<br>(\$'000) | Increase/<br>(decrease)<br>(%) | FY2023<br>(\$'000)                     | FY2022<br>(\$'000) | Increase/<br>(decrease)<br>(%) |
| <b>Continuing Operations</b>   |   |                     |                                |  |                    |                                |
| <b>Revenue</b>   | <b>24,715</b>                                 | 24,635              | -                              | <b>48,417</b>                          | 42,341             | 14                             |
| Cost of sales  | <b>(18,204)</b>                               | (18,314)            | (1)                            | <b>(34,271)</b>                        | (32,449)           | 6                              |
| <b>Gross profit</b>  | <b>6,511</b>                                  | 6,321               | 3                              | <b>14,146</b>                          | 9,892              | 43                             |
| Other gains – net  |   |                     |                                |  |                    |                                |
| - Interest income- bank deposits   | <b>20</b>                                     | 9                   | 122                            | <b>32</b>                              | 19                 | 68                             |
| - (Loss)/write-back of allowance on trade receivables  | <b>(3)</b>                                    | 28                  | NM                             | <b>(60)</b>                            | 42                 | NM                             |
| - Write-off of trade receivables   | <b>(4)</b>                                    | -                   | NM                             | <b>(4)</b>                             | -                  | NM                             |
| - Other  | <b>1,348</b>                                  | 1,199               | 12                             | <b>6,058</b>                           | 4,922              | 23                             |
| Expenses   |   |                     |                                |  |                    |                                |
| - Administrative   | <b>(4,868)</b>                                | (4,649)             | 5                              | <b>(9,958)</b>                         | (9,496)            | 5                              |
| - Finance  | <b>(3,546)</b>                                | (3,341)             | 6                              | <b>(7,429)</b>                         | (5,353)            | 39                             |
| Share of profit/(loss) of associated companies   | -   | 230                 | NM                             | <b>(37)</b>                            | 75                 | NM                             |
| (Loss)/profit before income tax  | <b>(542)</b>                                  | (203)               | 167                            | <b>2,748</b>                           | 101                | 2,621                          |
| Income tax expense   | <b>(84)</b>                                   | (335)               | (75)                           | <b>(244)</b>                           | (335)              | (27)                           |
| <b>(Loss)/profit from continuing operations</b>  | <b>(626)</b>                                  | (538)               | 16                             | <b>2,504</b>                           | (234)              | NM                             |
| <b>Discontinued operations<sup>(3)</sup></b>   |   |                     |                                |  |                    |                                |
| Loss from discontinued operations  | -   | -                   | -                              | -                                      | (496)              | NM                             |
| Gain on disposal of subsidiary corporations<br>classified as held-for-sale   | -   | -                   | -                              | -                                      | 381                | NM                             |
| <b>Total net (loss)/profit</b>   | <b>(626)</b>                                  | (538)               | 16                             | <b>2,504</b>                           | (349)              | NM                             |
| <b>Other comprehensive (loss)/income, net of tax</b>   |   |                     |                                |  |                    |                                |
| Items that may be reclassified subsequently to<br>profit or loss:  |   |                     |                                |  |                    |                                |
| Currency translation differences for foreign<br>operations, loss <sup>(1)</sup>                                      | <b>(163)</b>                                  | (228)               | (29)                           | <b>(46)</b>                            | (433)              | (89)                           |
| Items that will not be reclassified subsequently<br>to profit or loss:   |   |                     |                                |  |                    |                                |
| Fair value gain/(loss) on financial assets, at<br>FVOCI  | <b>4</b>                                      | (4)                 | NM                             | <b>4</b>                               | (4)                | NM                             |
| <b>Total comprehensive (loss)/income</b>   | <b>(785)</b>                                  | (770)               | 2                              | <b>2,462</b>                           | (786)              | NM                             |
| <b>Net (loss)/profit attributable to:</b>  |   |                     |                                |  |                    |                                |
| Equity holders of the Company  | <b>(620)</b>                                  | (626)               | (1)                            | <b>1,461</b>                           | (414)              | NM                             |
| Non-controlling interests  | <b>(6)</b>                                    | 88                  | NM                             | <b>1,043</b>                           | 65                 | 1,505                          |
|  | <b>(626)</b>                                  | (538)               | 16                             | <b>2,504</b>                           | (349)              | NM                             |
| <b>(Loss)/profit attributable to equity holders of the<br/>Company relates to:</b>                                   |   |                     |                                |  |                    |                                |
| (Loss)/profit from continuing operations   | <b>(620)</b>                                  | (626)               | (1)                            | <b>1,461</b>                           | (299)              | NM                             |
| Loss from discontinued operations  | -   | -                   | -                              | -                                      | (115)              | NM                             |
|  | <b>(620)</b>                                  | (626)               | (1)                            | <b>1,461</b>                           | (414)              | NM                             |
| <b>Total comprehensive (loss)/income attributable<br/>to:</b>  |   |                     |                                |  |                    |                                |
| Equity holders of the Company  | <b>(779)</b>                                  | (858)               | (9)                            | <b>1,419</b>                           | (851)              | NM                             |
| Non-controlling interests  | <b>(6)</b>                                    | 88                  | NM                             | <b>1,043</b>                           | 65                 | 1,505                          |
|  | <b>(785)</b>                                  | (770)               | 2                              | <b>2,462</b>                           | (786)              | NM                             |
| <b>(Loss)/earnings per share (“LPS/EPS”)<br/>attributable to equity holders of the Company<br/>(cents per share)</b> |   |                     |                                |  |                    |                                |
| <b>Basic</b>   |   |                     |                                |  |                    |                                |
| - From continuing operations   | <b>(0.14)</b>                                 | (0.14)              | -                              | <b>0.32</b>                            | (0.07)             | NM                             |
| - From discontinued operations   | -   | -                   | -                              | -                                      | (0.02)             | NM                             |
| <b>Diluted</b>   |   |                     |                                |  |                    |                                |
| - From continuing operations   | <b>(0.14)</b>                                 | (0.14)              | -                              | <b>0.32</b>                            | (0.07)             | NM                             |
| - From discontinued operations   | -   | -                   | -                              | -                                      | (0.02)             | NM                             |

<sup>(1)</sup> The currency translation difference arose from the consolidation of a foreign subsidiary which mainly relates to the fluctuations of Indonesian Rupiah against Singapore Dollar.

<sup>(2)</sup> “NM” denotes not meaningful.

<sup>(3)</sup> The Discontinued Operations presented in FY2022 was a result of the disposal of the Company's 100% equity interest in Unidive 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            |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | FY2023<br>(\$'000) | FY2022<br>(\$'000) | FY2023<br>(\$'000) | FY2022<br>(\$'000) |
| <b>ASSETS</b>   |                    |                    |                    |                    |
| <b>Current assets</b>   |                    |                    |                    |                    |
| Cash and cash equivalents   | 10,470             | 9,026              | 524                | 1,750              |
| Trade and other receivables   | 14,041             | 20,157             | 36,959             | 46,172             |
| Inventories   | 4,076              | 5,642              | -                  | -                  |
| Contract assets   | 249                | 334                | 607                | 677                |
|   | <b>28,836</b>      | 35,159             | <b>38,090</b>      | 48,599             |
| Assets of disposal group classified as held-for-sale                            | 70,544             | 74,610             | -                  | -                  |
|   | <b>99,380</b>      | 109,769            | <b>38,090</b>      | 48,599             |
| <b>Non-current assets</b>   |                    |                    |                    |                    |
| Financial assets, at FVOCI  | 91                 | 87                 | -                  | -                  |
| Investments in subsidiary corporations  | -                  | -                  | 48,821             | 50,821             |
| Investments in associated companies   | -                  | 35                 | -                  | 35                 |
| Property, plant and equipment   | 75,860             | 86,390             | 39                 | 97                 |
| Deposits for purchase of property, plant and equipment                          | 881                | -                  | -                  | -                  |
| Intangible assets   | 4,781              | 4,781              | -                  | -                  |
|   | <b>81,613</b>      | 91,293             | <b>48,860</b>      | 50,953             |
| <b>Total assets</b>   | <b>180,993</b>     | 201,062            | <b>86,950</b>      | 99,552             |
| <b>LIABILITIES</b>  |                    |                    |                    |                    |
| <b>Current liabilities</b>  |                    |                    |                    |                    |
| Trade and other payables  | 8,376              | 5,786              | 17,449             | 26,599             |
| Contract liabilities  | 1,177              | 2,139              | -                  | -                  |
| Borrowings  | 9,705              | 11,814             | 2,872              | 2,872              |
| Current income tax liabilities  | 321                | 738                | -                  | -                  |
|   | <b>19,579</b>      | 20,477             | <b>20,321</b>      | 29,471             |
| Liabilities directly associated with disposal group classified as held-for-sale | 67,238             | 68,344             | -                  | -                  |
|   | <b>86,817</b>      | 88,821             | <b>20,321</b>      | 29,471             |
| <b>Non-current liabilities</b>  |                    |                    |                    |                    |
| Borrowings  | 60,062             | 79,614             | 37,799             | 45,790             |
| Deferred income tax liabilities   | 1,752              | 1,752              | -                  | -                  |
|   | <b>61,814</b>      | 81,366             | <b>37,799</b>      | 45,790             |
| <b>Total liabilities</b>  | <b>148,631</b>     | 170,187            | <b>58,120</b>      | 75,261             |
| <b>NET ASSETS</b>   | <b>32,362</b>      | 30,875             | <b>28,830</b>      | 24,291             |
| <b>EQUITY</b>   |                    |                    |                    |                    |
| <b>Capital and reserves attributable to equity holders of the Company</b>       |                    |                    |                    |                    |
| Share capital   | 93,267             | 93,082             | 93,267             | 93,082             |
| Fair value reserve  | 14                 | 10                 | -                  | -                  |
| Translation reserve   | (986)              | (940)              | (42)               | (44)               |
| Accumulated losses  | (61,527)           | (62,988)           | (64,395)           | (68,747)           |
|   | <b>30,768</b>      | 29,164             | <b>28,830</b>      | 24,291             |
| Non-controlling interests   | 1,594              | 1,711              | -                  | -                  |
| <b>Total equity</b>   | <b>32,362</b>      | 30,875             | <b>28,830</b>      | 24,291             |



### C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Share capital<br>(\$'000) | Treasury shares<br>(\$'000) | Fair value reserve <sup>(1)</sup><br>(\$'000) | Translation reserve <sup>(1)</sup><br>(\$'000) | Accumulated losses<br>(\$'000) | Total<br>(\$'000) | Non-controlling interests<br>(\$'000) | Total equity<br>(\$'000) |
|---|---------------------------|-----------------------------|---|--|--------------------------------|-------------------|---------------------------------------|--------------------------|
| <b>Group</b>                                      |                           |                             |   |  |                                |                   |                                       |                          |
| <b>Balance as at 1 January 2023</b>               | <b>93,285</b>             | <b>(203)</b>                | <b>10</b>                                     | <b>(940)</b>                                   | <b>(62,988)</b>                | <b>29,164</b>     | <b>1,711</b>                          | <b>30,875</b>            |
| Total comprehensive income                        | -                         | -                           | -   | 117  | 2,081                          | 2,198             | 1,049                                 | 3,247                    |
| Incorporation of new subsidiary corporations      | -                         | -                           | -   | -  | -                              | -                 | 40                                    | 40                       |
| Share issue pursuant to:                          |                           |                             |   |  |                                |                   |                                       |                          |
| - Share based payment                             | 35                        | -                           | -   | -  | -                              | 35                | -                                     | 35                       |
| - Share Awards under the PSAS 2021 <sup>(2)</sup> | 150                       | -                           | -   | -  | -                              | 150               | -                                     | 150                      |
| <b>Balance as at 30 June 2023</b>                 | <b>93,470</b>             | <b>(203)</b>                | <b>10</b>                                     | <b>(823)</b>                                   | <b>(60,907)</b>                | <b>31,547</b>     | <b>2,800</b>                          | <b>34,347</b>            |
| Total comprehensive income/(loss)                 | -                         | -                           | 4   | (163)  | (620)                          | (779)             | (6)                                   | (785)                    |
| Dividends payable to non-controlling interests    | -                         | -                           | -   | -  | -                              | -                 | (1,200)                               | (1,200)                  |
| <b>Balance as at 31 December 2023</b>             | <b>93,470</b>             | <b>(203)</b>                | <b>14</b>                                     | <b>(986)</b>                                   | <b>(61,527)</b>                | <b>30,768</b>     | <b>1,594</b>                          | <b>32,362</b>            |
| <b>Group</b>                                      |                           |                             |   |  |                                |                   |                                       |                          |
| 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 <sup>(2)</sup> | 95                        | -                           | -   | -  | -                              | 95                | -                                     | 95                       |
| Balance as at 30 June 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 December 2022                    | 93,285                    | (203)                       | 10  | (940)  | (62,988)                       | 29,164            | 1,711                                 | 30,875                   |

<sup>(1)</sup> Fair value and translation reserves are not available for distribution.

<sup>(2)</sup> 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<br>(\$'000) | Treasury shares<br>(\$'000) | Translation reserve <sup>(1)</sup><br>(\$'000) | Accumulated losses<br>(\$'000) | Total equity<br>(\$'000) |
|---|---------------------------|-----------------------------|--|--------------------------------|--------------------------|
| <b>Company</b>                                    |                           |                             |  |                                |                          |
| <b>Balance as at 1 January 2023</b>               | <b>93,285</b>             | <b>(203)</b>                | <b>(44)</b>                                    | <b>(68,747)</b>                | <b>24,291</b>            |
| Total comprehensive income/(loss)                 | -                         | -                           | 2  | (2,038)                        | (2,036)                  |
| Share issue pursuant to:                          |                           |                             |  |                                |                          |
| - Share based payment                             | 35                        | -                           | -  | -                              | 35                       |
| - Share Awards under the PSAS 2021 <sup>(2)</sup> | 150                       | -                           | -  | -                              | 150                      |
| <b>Balance as at 30 June 2023</b>                 | <b>93,470</b>             | <b>(203)</b>                | <b>(42)</b>                                    | <b>(70,785)</b>                | <b>22,440</b>            |
| Total comprehensive income                        | -                         | -                           | -  | 6,390                          | 6,390                    |
| <b>Balance as at 31 December 2023</b>             | <b>93,470</b>             | <b>(203)</b>                | <b>(42)</b>                                    | <b>(64,395)</b>                | <b>28,830</b>            |
| <br>  |                           |                             |  |                                |                          |
| <b>Company</b>                                    |                           |                             |  |                                |                          |
| 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 <sup>(2)</sup> | 95                        | -                           | -  | -                              | 95                       |
| Balance as at 30 June 2022                        | 93,285                    | (203)                       | (18)   | (65,006)                       | 28,058                   |
| Total comprehensive loss                          | -                         | -                           | (26)   | (3,741)                        | (3,767)                  |
| Balance as at 31 December 2022                    | 93,285                    | (203)                       | (44)   | (68,747)                       | 24,291                   |

<sup>(1)</sup> Translation reserve is not available for distribution.

<sup>(2)</sup> 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<br>year ended 31 Dec |                     | For the full year<br>ended 31 Dec |                    |
|  | 2HY2023<br>(\$'000)                      | 2HY2022<br>(\$'000) | FY2023<br>(\$'000)                | FY2022<br>(\$'000) |
| <b>Cash flows from operating activities</b>  |  |                     |                                   |                    |
| Net (loss)/profit  | (626)                                    | (538)               | 2,504                             | (349)              |
| Adjustments for:   |  |                     |                                   |                    |
| - Income tax expense   | 84                                       | 335                 | 244                               | 335                |
| - Depreciation of property, plant and equipment  | 4,180                                    | 4,292               | 8,291                             | 9,078              |
| - Dividend income from financial assets, FVOCI   | -  | (5)                 | (3)                               | (5)                |
| - Discount on Net Working Capital  | 82                                       | -                   | 82                                | -                  |
| - Gain on disposal of subsidiary corporations  | -  | -                   | -                                 | (381)              |
| - Impairment loss on property, plant, and equipment  | 38                                       | -                   | 38                                | -                  |
| - Loss from lease modification   | -  | 603                 | -                                 | 587                |
| - Loss/(gain) on disposal of non-current assets held-for-sale                                | 41                                       | -                   | (3,858)                           | (145)              |
| - Loss/(gain) on disposal of property, plant and equipment                                   | 127                                      | (47)                | 1,022                             | (51)               |
| - Shares awards under the PSAS 2021  | -  | -                   | 150                               | 95                 |
| - Share of (profit)/loss of associated companies   | -  | (230)               | 37                                | (75)               |
| - Share of loss of associated company classified as non-current assets held-for-sale         | -  | -                   | 65                                | -                  |
| - Interest income  | (20)                                     | (9)                 | (32)                              | (20)               |
| - Interest expense   | 3,546                                    | 3,341               | 7,429                             | 5,364              |
| - Currency translation differences   | (2)                                      | 66                  | (26)                              | 64                 |
|  | <b>7,450</b>                             | <b>7,808</b>        | <b>15,943</b>                     | <b>14,497</b>      |
| Changes in working capital, net of disposal of subsidiary corporations:                      |  |                     |                                   |                    |
| - Trade and other receivables  | (1,123)                                  | (511)               | 1,445                             | (381)              |
| - Inventories  | 1,420                                    | 985                 | 1,566                             | (138)              |
| - Contract assets  | (31)                                     | 53                  | 85                                | 805                |
| - Trade and other payables   | 1,863                                    | 1,045               | 1,550                             | (1,723)            |
| - Contract liabilities   | (1,533)                                  | (1,122)             | (962)                             | 824                |
| Cash generated from operations   | <b>8,046</b>                             | <b>8,258</b>        | <b>19,627</b>                     | <b>13,884</b>      |
| Interest received  | 20                                       | 9                   | 32                                | 20                 |
| Income tax refund/(paid)   | 77                                       | (393)               | (661)                             | (393)              |
| <b>Net cash provided by operating activities</b>   | <b>8,143</b>                             | <b>7,874</b>        | <b>18,998</b>                     | <b>13,511</b>      |
| <b>Cash flows from investing activities</b>  |  |                     |                                   |                    |
| Dividend income from financial assets, at FVOCI  | -  | 5                   | 3                                 | 5                  |
| Dividend received from investment in an associated company                                   | -  | 300                 | -                                 | 500                |
| Proceeds/(net cash out flow) from disposal of non-current assets classified as held-for-sale | 894                                      | -                   | 6,764                             | (27)               |
| Proceeds from disposal of property, plant and equipment                                      | 5,125                                    | 47                  | 9,692                             | 51                 |
| Net proceeds from disposal of subsidiary corporations  | -  | -                   | -                                 | 1,947              |
| Purchase of property, plant and equipment  | (2,232)                                  | (825)               | (3,486)                           | (2,417)            |
| Short-term bank deposits pledged   | (7)                                      | -                   | (7)                               | -                  |
| <b>Net cash provided by/(used in) investing activities</b>                                   | <b>3,780</b>                             | <b>(473)</b>        | <b>12,966</b>                     | <b>59</b>          |
| <b>Cash flows from financing activities</b>  |  |                     |                                   |                    |
| Interest paid  | (3,588)                                  | (3,071)             | (7,520)                           | (4,878)            |
| Repayment of bank borrowings   | (10,619)                                 | (7,530)             | (21,048)                          | (13,806)           |
| Repayment lease liabilities  | (699)                                    | (872)               | (1,856)                           | (1,600)            |
| Increase/(decrease) of trade financing   | 416                                      | 1,444               | (143)                             | 1,709              |
| Proceeds from issuance of subsidiary's shares to non-controlling                             | 25                                       | -                   | 40                                | -                  |
| <b>Net cash used in financing activities</b>   | <b>(14,465)</b>                          | <b>(10,029)</b>     | <b>(30,527)</b>                   | <b>(18,575)</b>    |
| Net (decrease)/increase in cash and cash equivalents   | (2,542)                                  | (2,628)             | 1,437                             | (5,005)            |
| Cash and cash equivalents at beginning of financial period/year                              | <b>12,500</b>                            | <b>11,149</b>       | <b>8,521</b>                      | <b>13,526</b>      |
| <b>Cash and cash equivalents at end of financial period/year</b>                             | <b>9,958</b>                             | <b>8,521</b>        | <b>9,958</b>                      | <b>8,521</b>       |

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

|                                  | As at<br>31 Dec<br>2023<br>(\$'000) | As at<br>31 Dec<br>2022<br>(\$'000) |
|----------------------------------|-------------------------------------|-------------------------------------|
| Cash and bank balances           | 10,470                              | 9,026                               |
| Short-term bank deposits pledged | (512)                               | (505)                               |
|                                  | <b>9,958</b>                        | <b>8,521</b>                        |

## E. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

Mencast Holdings Ltd. (the “**Company**”) is listed on the Catalist board of the 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 2023 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 (“**2HY2023**”) and Full Year (“**FY2023**”) ended 31 December 2023 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 unaudited financial statements for the period ended 30 June 2023 (“**1HY2023**”).

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 1HY2023 and FY2022.

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 the 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 ("O&E") - Includes offshore structures, engineering, manufacturing, inspection, and maintenance.
- (b) Marine - Includes stern gear 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 wastewater, oily sludge, slop, mud oil, contaminated soil, solid wastes, and filter cakes.

#### 4.1 The reportable segment information is as follows:

|  | <u>The Group</u>                      |                    |                                | Total for<br>continuing<br>operations<br>(\$'000) |
|--|---------------------------------------|--------------------|--------------------------------|---|
|  | Offshore &<br>Engineering<br>(\$'000) | Marine<br>(\$'000) | Energy<br>Services<br>(\$'000) |   |
| <b>2HY2023</b>                         |                                       |                    |                                |   |
| <b>Revenue</b>                         |                                       |                    |                                |   |
| Total segment revenue                  | 2,614                                 | 15,347             | 8,087                          | 26,048  |
| Inter-segment revenue                  | -                                     | (1,317)            | (16)                           | (1,333)   |
| Revenue from external parties          | <u>2,614</u>                          | <u>14,030</u>      | <u>8,071</u>                   | <u>24,715</u>                                     |
| <b>Gross (loss)/profit</b>             | <u>(1,255)</u>                        | <u>5,811</u>       | <u>1,955</u>                   | <u>6,511</u>                                      |
| Other gains – net                      |                                       |                    |                                | 1,361   |
| Expenses                               |                                       |                    |                                |   |
| - Administrative                       |                                       |                    |                                | (4,868)   |
| - Finance                              |                                       |                    |                                | <u>(3,546)</u>                                    |
| Loss before income tax                 |                                       |                    |                                | (542)   |
| Income tax expense                     |                                       |                    |                                | <u>(84)</u>                                       |
| <b>Loss from continuing operations</b> |                                       |                    |                                | <u><u>(626)</u></u>                               |

## 4. Segment and revenue information (continued)

### 4.1 Reportable Segments (continued)

|   | <u>The Group</u>                      |                    |                                | Total for<br>continuing<br>operations<br>(\$'000) |
|---|---------------------------------------|--------------------|--------------------------------|---|
|   | Offshore &<br>Engineering<br>(\$'000) | Marine<br>(\$'000) | Energy<br>Services<br>(\$'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>                   | 6,321   |
| 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>(538)</u>                                      |

|  | <u>The Group</u>                      |                      |                                | Total for<br>continuing<br>operations<br>(\$'000) |
|--|---------------------------------------|----------------------|--------------------------------|---|
|  | Offshore &<br>Engineering<br>(\$'000) | Marine<br>(\$'000)   | Energy<br>Services<br>(\$'000) |   |
| <b>FY2023</b>                            |                                       |                      |                                |   |
| <b>Revenue</b>                           |                                       |                      |                                |   |
| Total segment revenue                    | <b>4,868</b>                          | <b>26,817</b>        | <b>19,204</b>                  | <b>50,889</b>                                     |
| Inter-segment revenue                    | -                                     | <b>(2,446)</b>       | <b>(26)</b>                    | <b>(2,472)</b>                                    |
| Revenue from external parties            | <u><b>4,868</b></u>                   | <u><b>24,371</b></u> | <u><b>19,178</b></u>           | <u><b>48,417</b></u>                              |
| <b>Gross (loss)/profit</b>               | <u><b>(2,663)</b></u>                 | <u><b>9,383</b></u>  | <u><b>7,426</b></u>            | <b>14,146</b>                                     |
| Other gains – net                        |                                       |                      |                                | <b>6,026</b>                                      |
| Expenses                                 |                                       |                      |                                |   |
| - Administrative                         |                                       |                      |                                | <b>(9,958)</b>                                    |
| - Finance                                |                                       |                      |                                | <b>(7,429)</b>                                    |
| Share of loss of associated companies    |                                       |                      |                                | <u><b>(37)</b></u>                                |
| Profit before income tax                 |                                       |                      |                                | <b>2,748</b>                                      |
| Income tax expense                       |                                       |                      |                                | <u><b>(244)</b></u>                               |
| <b>Profit from continuing operations</b> |                                       |                      |                                | <u><b>2,504</b></u>                               |

## 4. Segment and revenue information (continued)

### 4.1 Reportable Segments (continued)

|   | <u>The Group</u>                      |                    |                                | Total for<br>continuing<br>operations<br>(\$'000) |
|---|---------------------------------------|--------------------|--------------------------------|---|
|   | Offshore &<br>Engineering<br>(\$'000) | Marine<br>(\$'000) | Energy<br>Services<br>(\$'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           | <u>7,159</u>                          | <u>21,929</u>      | <u>13,253</u>                  | <u>42,341</u>                                     |
| Gross (loss)/profit                     | <u>(1,591)</u>                        | <u>8,100</u>       | <u>3,383</u>                   | 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         |                                       |                    |                                | <u>(234)</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<br>time<br>\$'000 | Over time<br>\$'000 | Total<br>\$'000 |
|---|---------------------------------|---------------------|-----------------|
|   | <b>2HY2023</b>                  |                     |                 |
| Construction contracts  |                                 |                     |                 |
| - Singapore   | -                               | 8                   | 8               |
| - Asia  | -                               | 975                 | 975             |
|   | <u>-</u>                        | <u>983</u>          | <u>983</u>      |
| Sale of goods   |                                 |                     |                 |
| - Singapore   | 8,131                           | -                   | 8,131           |
| - Asia  | 1,276                           | -                   | 1,276           |
| - Rest of the world   | 244                             | -                   | 244             |
|   | <u>9,651</u>                    | <u>-</u>            | <u>9,651</u>    |
| Services income from maintenance, repair and<br>overhaul and waste management |                                 |                     |                 |
| - Singapore   | 12,431                          | -                   | 12,431          |
| - Asia  | 543                             | -                   | 543             |
| - Rest of the world   | 1,107                           | -                   | 1,107           |
|   | <u>14,081</u>                   | <u>-</u>            | <u>14,081</u>   |
| Total   | <u>23,732</u>                   | <u>983</u>          | <u>24,715</u>   |

## 4. Segment and revenue information (continued)

### 4.2 Disaggregation of revenue (continued)

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

|   | At a point in<br>time<br>\$'000 | Over time<br>\$'000 | Total<br>\$'000 |
|---|---------------------------------|---------------------|-----------------|
| <b>FY2023</b>   |                                 |                     |                 |
| Construction contracts  |                                 |                     |                 |
| - Singapore   | -                               | 8                   | 8               |
| - Asia  | -                               | 2,190               | 2,190           |
|   | -                               | 2,198               | 2,198           |
| Sale of goods   |                                 |                     |                 |
| - Singapore   | 13,039                          | -                   | 13,039          |
| - Asia  | 1,864                           | -                   | 1,864           |
| - Rest of the world   | 464                             | -                   | 464             |
|   | 15,367                          | -                   | 15,367          |
| Services income from maintenance, repair and<br>overhaul and waste management |                                 |                     |                 |
| - Singapore   | 27,399                          | -                   | 27,399          |
| - Asia  | 1,345                           | -                   | 1,345           |
| - Rest of the world   | 2,108                           | -                   | 2,108           |
|   | 30,852                          | -                   | 30,852          |
| <b>Total</b>  | <b>46,219</b>                   | <b>2,198</b>        | <b>48,417</b>   |

## 4. Segment and revenue information (continued)

### 4.2 Disaggregation of revenue (continued)

|   | At a point in<br>time<br>\$'000 | Over time<br>\$'000 | Total<br>\$'000 |
|---|---------------------------------|---------------------|-----------------|
| FY2022  |                                 |                     |                 |
| Construction contracts  |                                 |                     |                 |
| - Singapore   | -                               | 885                 | 885             |
| - Asia  | -                               | 3,260               | 3,260           |
|   | -                               | 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<br>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          |

#### 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:

|  | <b>Group</b>                |                 |                                 |
|--|-----------------------------|-----------------|---------------------------------|
|  | <b>Financial year ended</b> | <b>2022</b>     | <b>Increase/<br/>(decrease)</b> |
|  | <b>2023</b>                 |                 | <b>(%)</b>                      |
|  | <b>(\$'000)</b>             | <b>(\$'000)</b> |                                 |
| Revenue reported for:  |                             |                 |                                 |
| First Half Year ended 30 June  | <b>23,702</b>               | 17,706          | 34                              |
| Second Half Year ended 31 December   | <b>24,715</b>               | 24,635          | -                               |
|  | <b>48,417</b>               | 42,341          | 14                              |
| Net profit/(loss) from continuing operations before<br>deducting non-controlling interests reported for: |                             |                 |                                 |
| First Half Year ended 30 June  | <b>3,130</b>                | 304             | 930                             |
| Second Half Year ended 31 December   | <b>(626)</b>                | (538)           | 16                              |
|  | <b>2,504</b>                | (234)           | 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<br>31 Dec |                     |                                | For the full year ended<br>31 Dec |                    |                                |
|  | 2HY2023<br>(\$'000)                      | 2HY2022<br>(\$'000) | Increase/<br>(decrease)<br>(%) | FY2023<br>(\$'000)                | FY2022<br>(\$'000) | Increase/<br>(decrease)<br>(%) |
| <b>Continuing operations:</b>  |  |                     |                                |                                   |                    |                                |
| <u>Included in Other (charges)/credits – net:</u>  |  |                     |                                |                                   |                    |                                |
| - Dividend income from financial assets, FVOCI   | -  | 5                   | NM                             | 3                                 | 5                  | (40)                           |
| - Discount on Net Working Capital <sup>(1)</sup>   | (82)                                     | -                   | NM                             | (82)                              | -                  | NM                             |
| - Foreign exchange gain/(loss), net <sup>(2)</sup>   | 12                                       | (213)               | NM                             | (60)                              | (142)              | (58)                           |
| - Gain on recovery of prior losses from cancellation of customer's contract <sup>(3)</sup>           | -  | -                   | NM                             | -                                 | 929                | NM                             |
| - Government grants <sup>(4)</sup>   | 103                                      | 97                  | 6                              | 175                               | 363                | (52)                           |
| - Impairment loss on property, plant and equipment   | (38)                                     | -                   | NM                             | (38)                              | -                  | NM                             |
| - Loss/(gain) on disposal of non-current assets held-for-sale <sup>(5)</sup>                         | (41)                                     | -                   | NM                             | 3,858                             | 145                | 2,561                          |
| - Loss/(gain) on disposal of property, plant and equipment <sup>(6)</sup>                            | (127)                                    | 47                  | NM                             | (1,022)                           | 51                 | NM                             |
| - Loss from lease modification <sup>(7)</sup>  | -  | (603)               | NM                             | -                                 | (587)              | NM                             |
| - Rental income <sup>(8)</sup>   | 1,131                                    | 1,262               | (10)                           | 2,442                             | 2,564              | (5)                            |
| - Sale of scrap <sup>(9)</sup>   | 331                                      | 425                 | (22)                           | 651                               | 856                | (24)                           |
| - Share of loss of associated company classified as non-current assets held-for-sale <sup>(10)</sup> | -  | -                   | -                              | (65)                              | -                  | NM                             |
| - Write-back/(reversal of write-back)/of long outstanding payables/accruals <sup>(11)</sup>          | 44                                       | (2)                 | NM                             | 44                                | 494                | (91)                           |
| - Write down of inventories  | (7)                                      | -                   | NM                             | (7)                               | -                  | NM                             |
| - Other income, net <sup>(12)</sup>  | 22                                       | 181                 | (88)                           | 159                               | 244                | (35)                           |
|  | <b>1,348</b>                             | <b>1,199</b>        | <b>12</b>                      | <b>6,058</b>                      | <b>4,922</b>       | <b>23</b>                      |
| <u>Included under finance expenses:</u>  |  |                     |                                |                                   |                    |                                |
| Interest expenses on:  |  |                     |                                |                                   |                    |                                |
| - Bank borrowings  | 3,244                                    | 3,060               | 6                              | 6,814                             | 4,786              | 42                             |
| - Bank overdraft   | -  | 1                   | NM                             | -                                 | 9                  | NM                             |
| - Trade financing  | 31                                       | 19                  | 63                             | 74                                | 19                 | 289                            |
| - Lease liabilities - leasehold land   | 264                                      | 258                 | 2                              | 530                               | 531                | -                              |
| - Lease liabilities - hire purchase  | 7  | 3                   | 133                            | 11                                | 8                  | 38                             |
|  | <b>3,546</b>                             | <b>3,341</b>        | <b>6</b>                       | <b>7,429</b>                      | <b>5,353</b>       | <b>39</b>                      |
| <u>Included under cost of sales and administrative expenses:</u>                                     |  |                     |                                |                                   |                    |                                |
| - Depreciation of property, plant and equipment  | 3,714                                    | 3,804               | (2)                            | 7,370                             | 7,632              | (3)                            |
| - Depreciation of ROU assets - leasehold land  | 421                                      | 460                 | (8)                            | 843                               | 996                | (15)                           |
| - Depreciation of ROU assets - hire purchase   | 45                                       | 28                  | 61                             | 78                                | 57                 | 37                             |
|  | <b>4,180</b>                             | <b>4,292</b>        | <b>(3)</b>                     | <b>8,291</b>                      | <b>8,685</b>       | <b>(5)</b>                     |
| <u>Included under income tax expense/(credit):</u>   |  |                     |                                |                                   |                    |                                |
| - Under-provision of current income tax in prior financial years <sup>(13)</sup>                     | 4  | 335                 | (99)                           | 4                                 | 335                | (99)                           |
| <u>Included in Discontinued operations:</u>  |  |                     |                                |                                   |                    |                                |
| - Interest expense on bank borrowings  | -  | -                   | -                              | -                                 | (11)               | NM                             |
| - Depreciation of property, plant and equipment  | -  | -                   | -                              | -                                 | (393)              | NM                             |
| - Government grant   | -  | -                   | -                              | -                                 | 49                 | NM                             |
| - Other income   | -  | -                   | -                              | -                                 | 64                 | NM                             |
|  | <b>-</b>                                 | <b>-</b>            | <b>-</b>                       | <b>-</b>                          | <b>(291)</b>       | <b>NM</b>                      |

### Note:

- (1) As part of the sale & purchase agreement (“SPA”), the Net Working Capital (“NWC”), of Subsea Group as at 30 June 2022 shall belong to the Company and upon completion, the NWC shall be due and owing by the purchasers of Subsea Group to the Company as receivables and payable to the Company in the manner as set out in SPA. As at 31 December 2023, the Company has fully collected the NWC after giving some customers a total discount of \$82,000.

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

(2) Foreign exchange loss in FY2023 was mainly due to the following:

- a. strengthening of SGD over USD for net receivables and bank balances in USD currency; and
- b. strengthening of SGD over Indonesia Rupiah in relation to the receipt from disposal of Batam property.

Foreign exchange loss in 2HY2022/FY2022 was mainly due to the following:

- a. weakening of SGD over USD for the net payments and payables in USD currency; and
- b. weakening of Indonesia Rupiah for the net collections and receivables of an Indonesian subsidiary.

(3) The gain in FY2022 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) The decrease in government grant receipts in FY2023 as compared to FY2022 was mainly due to the absence of foreign workers rebates and waiver of approximately \$217,000.

The government grant receipts in 2HY2023 of \$103,000 remains comparable with \$97,000 received during 2HY2022.

(5) The gain on disposal of non-current assets held-for-sale in FY2023 was due to the disposal of the Group's remaining 20% equity interest in Vac-Tech Engineering Pte Ltd ("**Vac-Tech**"), which was legally completed on 1 February 2023. The Group ceased to hold any interest in Vac-Tech thereafter.

During 2HY2023, the Group recognised a \$41,000 decrease in its gain on disposal of Vac-Tech recognised during 1HY2023 as a result of the settlement of the adjusted second tranche amount as stipulated in the sale and purchase agreement.

For FY2022, the gain on disposal of non-current assets held-for-sale of \$145,000 was related to the disposal of a wholly owned foreign subsidiary of the Group.

(6) During FY2023, the loss on disposal of property, plant and equipment of \$1.02 million was mainly from the disposal of the following:

- > property located in Batam Indonesia of \$106,000;
- > machinery and workshop equipment and motor vehicle of approximately net amount of \$763,000; and
- > a crane barge vessel for a loss of \$153,000.

(7) Loss from lease modification was a result of pre-termination of JTC lease at 107 Gul Circle Singapore 629593.

(8) The marginal decrease in rental income in FY2023 was due to non-renewal of certain leases in the Group's properties.

(9) In FY2023, scrap sales decreased by \$205,000 mainly due to lower scrap sales from the Offshore & Engineering segment in tandem with lower revenue from precision engineering and offshore structure and steel fabrication.

(10) The share of loss of associated company classified as non-current assets held-for-sale is from the share on loss of Vac-Tech in the month of January 2023. It was presented separately as a result of reclassification of the investment in associated company – Vac-Tech to assets of disposal group classified as held-for-sale on the consolidated balance sheet as at FY2022 as explained in Note 5 above.

(11) The write-back of long outstanding payables/accruals of \$44,000 in 2HY2023/FY2023, was mainly due to reversal of over-accrual of certain professional fees in the prior year.

The write-back of long outstanding payables/accruals in FY2022 was mainly due to a reversal of prior years' accrual in relation to a service provider.

(12) Other income relates to miscellaneous income/expenses.

Other income for FY2023 was mainly due to the Group's additional claim on its share of the solar energy export revenue sharing scheme of \$107,000 in prior years and VPC parking of \$42,000.

Other income for 2HY2022/FY2022 was mainly related to:

- a. receipt of a service income from providing logistics arrangement in 2HY2022 of \$117,000;
- b. compensation received from logistic service provider in 2HY2022 of \$28,000; and
- c. forfeiture of rental deposit and VPC parking during FY2022 of \$63,000.

(13) Please see Part E Note 7 for the explanation on the decrease in income tax expense.

## 6. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

| Nature of Transactions                                 | 2HY2023<br>\$'000 | 2HY2022<br>\$'000 | FY2023<br>\$'000 | FY2022<br>\$'000 |
|--|-------------------|-------------------|------------------|------------------|
| Sale of products and services rendered                 | 60                | 2,190             | 1,001            | 4,379            |
| Miscellaneous income                                   | -                 | 18                | 5                | 28               |
| Recharges of common costs – utility charges and others | -                 | 30                | 19               | 64               |
| Purchase of products and services                      | -                 | (518)             | (98)             | (879)            |

## 6. Related party transactions (continued)

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel, directors and their close family members or are associated companies of the Group.

The decrease in transactions with associated companies was mainly due to the disposal of one of its associated companies, namely Vac-Tech Engineering Pte. Ltd. ("**Vac-Tech**"). On 1 February 2023, the disposal was completed in accordance with the terms and conditions of the sale and purchase agreement dated 17 December 2022, and the Group has ceased to hold any interest in Vac-Tech.

## 7. Income tax expense

Please see Part E Note 5.(13) for the details on under provision of current income tax in prior financial years.

For FY2023, the Group recognised a provision for current income tax expense of \$240,000 attributable to profit from Marine segment (FY2022: Nil).

For 2HY2023/FY2023, the Group recorded an under-provision of \$4,000 of current income tax in prior years mainly from Marine segment (2HY2022/FY2022: \$335,000)

## 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 2023 and 2022:

|  | <u>Group</u>     |                  | <u>Company</u>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | FY2023<br>\$'000 | FY2022<br>\$'000 | FY2023<br>\$'000 | FY2022<br>\$'000 |
| <b>Financial assets</b>                    |                  |                  |                  |                  |
| Financial assets, at FVOCI                 | 91               | 87               | -                | -                |
| Cash and cash equivalents                  | 10,470           | 9,026            | 524              | 1,750            |
| Trade and other receivables <sup>1,4</sup> | 12,638           | 19,259           | 36,930           | 46,143           |
| Contract assets <sup>2</sup>               | 249              | 316              | 607              | 677              |
|  | <u>23,448</u>    | <u>28,688</u>    | <u>38,061</u>    | <u>48,570</u>    |
| <b>Financial liabilities</b>               |                  |                  |                  |                  |
| Trade and other payables <sup>4</sup>      | 8,376            | 5,786            | 17,449           | 26,599           |
| Borrowings <sup>3</sup>                    | 137,005          | 159,772          | 40,671           | 48,662           |
|  | <u>145,381</u>   | <u>165,558</u>   | <u>58,120</u>    | <u>75,261</u>    |

### Notes:

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

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

Management determines the expected credit losses 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 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 2023, 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)*

|                            | <b>Group</b>  |               |
|----------------------------|---------------|---------------|
|                            | <b>FY2023</b> | <b>FY2022</b> |
|                            | <b>\$'000</b> | <b>\$'000</b> |
| Financial assets, at FVOCI | <b>91</b>     | <b>87</b>     |

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

During the financial year ended 31 December 2023, the Group recognised fair value gain of \$4,000 (FY2022: fair value loss of \$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 2023, the carrying amount of assets and liabilities held-for-sale/disposal was \$70,544,000 and \$67,238,000, respectively (FY2022: \$74,610,000 and \$68,344,000).

The balances as at 31 December 2023 comprised of the following:

- a. As part of the Amended Debt Restructuring Agreement (“**Further Amended DRA**”), the Group is committed to disposing of key property to pare down its debt. The carrying amounts of its assets and liabilities were \$70.54 million and \$67.24 million, respectively.
- b. On 17 December 2022, Mencast Energy Pte. Ltd (“**Mencast Energy**”), a 70% subsidiary corporation of the Company, signed a Sale and Purchase agreement (“**SPA**”), to dispose its remaining 20% equity interest in Vac-Tech Engineering Pte. Ltd. (“**Vac-Tech**”), which consists of 600,000 shares.

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) of 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 resulted in a net gain on disposal of an associated company classified as non-current assets held-for-sale amounting to \$3,858,000 as disclosed in Part E, Note 5.(5). Subsequently, the Group has ceased to hold any interest in Vac-Tech.

- c. Disposal of S & W Process Equipment (Changshu) Co. Ltd. (“**SWP**”)

On 27 December 2021, the Company entered into a sale and purchase agreement (“SPA”), for the disposal of its entire stake in SWP, for an aggregate consideration of Renminbi 1 under the terms and conditions of the SPA. SWP, a company incorporated in the People’s Republic of China, is a wholly owned subsidiary corporation of the Company with no operation and has been inactive over the past few years.

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

### c. Disposal of S & W Process Equipment (Changshu) Co. Ltd. (“SWP”) (continued)

Following the Group’s decision to sell SWP and in compliance with SFRS(I) 5 Non-current Assets Held-for-Sale and Discontinued Operations, the carrying amount of its assets and liabilities of approximately \$49,000 and \$37,000 respectively 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 as at 31 December 2021.

The proposed disposal of the entire stake in SWP took place on 11 February 2022 and resulted in a gain of \$145,000 on disposal of non-current assets held-for-sale as disclosed in Part E, Note 5.(5).

For the financial year ended 31 December 2023, Management has reviewed and concluded that the requirements of SFRS(I) 5 were met.

#### 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 years ended 31 December 2023 and 2022.

## 11. Investment in associated companies

|  | <u>Group</u>     |                  | <u>Company</u>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | FY2023<br>\$’000 | FY2022<br>\$’000 | FY2023<br>\$’000 | FY2022<br>\$’000 |
| <i>Equity investment</i>                       |                  |                  |                  |                  |
| Beginning of financial year                    | 35               | 4,264            | 35               | 137              |
| Dividends declared                             | -                | (200)            | -                | -                |
| Share of (loss)/profit of associated companies | (37)             | 75               | (37)             | (64)             |
| Reclassified to disposal group                 | -                | (4,066)          | -                | -                |
| Currency translation difference                | 2                | (38)             | 2                | (38)             |
| End of financial year                          | <u>-</u>         | <u>35</u>        | <u>-</u>         | <u>35</u>        |

As at 31 December 2023, the Group has one associated company (31 December 2022: two associated companies) namely:

### a. Menji Singapore and its subsidiary corporation (“Menji Group”)

As at 31 December 2023, the carrying amount of investment in Menji Group is \$Nil (FY2022: \$35,000) as the Group and Company’s share of losses in Menji Group has exceeded its interest, hence the Group and the Company do not recognise further losses.

### b. 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.

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.

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

As at 31 December 2023, the Group registered a net book value of \$75.86 million (FY2022: \$86.39 million). The decrease in PPE was mainly from the following:

- depreciation expense on PPE and ROU assets amounting to \$8.29 million;
- disposal of PPE of approximately \$10.71 million, mainly from the following:
  - Batam property and machinery and equipment of approximately, \$5.28 million;
  - crane barge vessel with a net book value of \$5.35 million;
- impairment of \$38,000 and currency translation difference of \$22,000; offset with

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

- d. addition in PPE of \$8.53 million mainly arose from 2 dredger vessels for \$5.65 million acquired from a customer and capital expenditures incurred by the Energy Services segment of approximately \$2.27 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 2023, impairment charges of \$38,000 (FY2022: \$Nil) were 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 2023, the Group has a capital commitment of approximately \$3,550,000 mainly for new build propellers business (FY2022: \$721,000).

## 13. Goodwill

|  | <b>Group</b>        |                     |
|--|---------------------|---------------------|
|  | <b>FY2023</b>       | <b>FY2022</b>       |
|  | <b>\$'000</b>       | <b>\$'000</b>       |
| <i>Cost</i>                                      |                     |                     |
| Beginning of financial year                      | 27,523              | 40,300              |
| Disposal of subsidiary corporations <sup>1</sup> | -                   | (12,777)            |
| End of financial year                            | <u>27,523</u>       | <u>27,523</u>       |
| <i>Accumulated impairment</i>                    |                     |                     |
| Beginning of financial year                      | (22,742)            | (35,519)            |
| Disposal of subsidiary corporations <sup>1</sup> | -                   | 12,777              |
| End of financial year                            | <u>(22,742)</u>     | <u>(22,742)</u>     |
| <b>Net book value</b>                            | <u><b>4,781</b></u> | <u><b>4,781</b></u> |

<sup>1</sup> The above pertains to disposal of Subsea Group as disclosed in Part E, Note 17.

### 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:

|       | <b>FY2023</b>                  |                                  | <b>FY2022</b>                  |                                  |
|-------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|       | <b>Growth rate<sup>1</sup></b> | <b>Discount rate<sup>2</sup></b> | <b>Growth rate<sup>1</sup></b> | <b>Discount rate<sup>2</sup></b> |
| Recon | <u>3%</u>                      | <u>10%</u>                       | <u>3%</u>                      | <u>9%</u>                        |

<sup>1</sup> Weighted average growth-rate used to extrapolate cash flows beyond the budget period

<sup>2</sup> 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   | FY2023              |                       | FY2022              |                       |
|--|---------------------|-----------------------|---------------------|-----------------------|
|  | Secured<br>(\$'000) | Unsecured<br>(\$'000) | Secured<br>(\$'000) | Unsecured<br>(\$'000) |
| Bank borrowings  | 6,172               | 2,736                 | 8,388               | 2,714                 |
| Lease liabilities -hire purchase                               | 93                  | -                     | 32                  | -                     |
| Current borrowings   | 6,265               | 2,736                 | 8,420               | 2,714                 |
| Included in the disposal group<br>classified as held-for-sale: |                     |                       |                     |                       |
| - Bank borrowings  | 62,717              | -                     | 62,717              | -                     |
|  | 62,717              | -                     | 62,717              | -                     |
|  | 68,982              | 2,736                 | 71,137              | 2,714                 |

### Amount repayable after one year

| Borrowings                       | FY2023              |                       | FY2022              |                       |
|----------------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                                  | Secured<br>(\$'000) | Unsecured<br>(\$'000) | Secured<br>(\$'000) | Unsecured<br>(\$'000) |
| Bank borrowings                  | 46,248              | 444                   | 62,601              | 3,088                 |
| Lease liabilities -hire purchase | 222                 | -                     | 73                  | -                     |
| Non-current borrowings           | 46,470              | 444                   | 62,674              | 3,088                 |

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

The 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.

On 13 February 2024, the Group entered into a letter agreement dated 6 February 2024 to amend certain terms of the Amended DRA ("**Further Amended DRA**") which amongst others, state that all financial covenants have been waived by the Lenders till 31 March 2026.

## 15. Share capital

|                                       | ← No. of ordinary shares →         |                            |               | ← Amount →                 |                              |                 |
|---------------------------------------|------------------------------------|----------------------------|---------------|----------------------------|------------------------------|-----------------|
|                                       | Issued<br>share<br>capital<br>'000 | Treasury<br>shares<br>'000 | Total<br>'000 | Share<br>capital<br>\$'000 | Treasury<br>shares<br>\$'000 | Total<br>\$'000 |
| <u>Group and Company</u>              |                                    |                            |               |                            |                              |                 |
| <b>FY2023</b>                         |                                    |                            |               |                            |                              |                 |
| Beginning of financial year           | 452,405                            | (455)                      | 451,950       | 93,285                     | (203)                        | 93,082          |
| Share issue pursuant to:              |                                    |                            |               |                            |                              |                 |
| - Share-based payment                 | 727                                | -                          | 727           | 35                         | -                            | 35              |
| - Share Awards under the<br>PSAS 2021 | 3,409                              | -                          | 3,409         | 150                        | -                            | 150             |
| End of financial year                 | 456,541                            | (455)                      | 456,086       | 93,470                     | (203)                        | 93,267          |

## 15. Share capital (continued)

|                                       | ← No. of ordinary shares → |                    |                | ← Amount →       |                    |               |
|---------------------------------------|----------------------------|--------------------|----------------|------------------|--------------------|---------------|
|                                       | Issued<br>share<br>capital | Treasury<br>shares | Total          | Share<br>capital | Treasury<br>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<br>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> |

The Group and the Company has a total issued and outstanding shares of 456,086,000 as at 31 December 2023 (31 December 2022: 451,950,000 shares).

The Company has no outstanding options or convertibles as at 31 December 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

As at 31 December 2023, the total number of treasury shares held was 455,000 (31 December 2022: 455,000).

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 31 December 2023.

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 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 Shareholders in relation to Proposed Adoption of Mencast Performance Share Award Scheme 2021 disclosed on the Mencast website.

On 12 June 2023, the Company allotted and issued an aggregate of 3,409,000 (FY2022: 3,064,000) 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) 727,000 shares to the Independent Directors of the Company in accordance with Independent Directors' fee arrangement for the financial year ended 31 December 2022 (as approved by Shareholders of the Company at the annual general meeting held on 26 April 2023), 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        |         |
|---|----------------|---------|----------------|---------|
|   | FY2023         | FY2022  | FY2023         | FY2022  |
| NAV per ordinary share (SGD cents)                              | <b>6.75</b>    | 6.45    | <b>6.32</b>    | 5.37    |
| Number of shares used in computation of<br>NAV per share ('000) | <b>456,086</b> | 451,950 | <b>456,086</b> | 451,950 |

**16. Net asset value and (Loss)/earnings per share (continued)**

**(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 2HY2023 of 456,086,000 shares (2HY2022: 451,950,000 shares) and during FY2023 of 454,205,000 shares (FY2022: 450,343,000 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 2HY2023 (2HY2022: Nil) and FY2023 (FY2022: Nil).

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

**Disposal of 100% Equity Interest in Subsea Group**

On 10 June 2022, the Company entered into a sale and purchase agreement (“SPA”) for the disposal of the Company’s entire 100% stake in Unidive Subsea Pte. Ltd. (formerly known as Mencast Subsea Pte. Ltd.) (“Subsea”), represented by 500,000 ordinary shares in Subsea for an aggregate consideration of \$2,100,000 under the terms and conditions of the SPA.

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

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 financial year’s financial results have been restated to reflect this change in presentation in the Consolidated Statement of Comprehensive Income.

On 30 June 2022, the completion of the proposed disposal of Subsea Group took place and resulted in a gain on disposal of subsidiary corporations amounted to \$381,000.

The results of the discontinued operations are as follows:

|   | FY2022<br>\$’000 |
|---|------------------|
| Revenue   | 2,497            |
| Expenses  | (3,106)          |
| Other gains – net                                   | 494              |
| Loss before income tax from discontinued operations | (115)            |
| Income tax expense                                  | -                |
| Loss after tax from discontinued operations         | <u>(115)</u>     |

**18. Contingencies**

Group

During the financial year ended 31 December 2019, a wholly owned subsidiary corporation of the Company provided a corporate guarantee to a major customer for a five-year contract secured. The guarantee expires on 30 November 2024.

## 18. Contingencies (continued)

### Company

The Company has given an undertaking to provide continued financial support to certain subsidiary corporations in the normal course of business.

The Company has issued corporate guarantees to banks for borrowings of certain subsidiary corporations which are not secured over the assets of the subsidiary corporations. These bank borrowings amount to \$3,180,000 (FY2022: \$5,802,000) at the balance sheet date.

## 19. Events occurring after balance sheet date

### a. Incorporation of a new subsidiary proposed internal re-organisation within Menji Group

On 23 January 2024, the Group has incorporated a new subsidiary in Singapore namely, Menji Development Pte. Ltd. (“**Menji Development**”) with an issued capital of \$200,000 for 200,000 ordinary shares.

The Group holds a 60% shareholding in Menji Development through Mencast Investment Holdings Pte. Ltd.

Menji Development is expected to market, produce and distribute eco-building materials and products from Phomi MCM Co., Ltd in Singapore and in other overseas markets.

The Group had also undertaken an internal re-organisation exercise involving Menji Pte Ltd, transferring its entire shareholding interests in Menji Shanghai to Menji Development post incorporation.

Following the re-organisation, the Group’s effective interest in Menji Shanghai increased from 49.73% to 60.0%, whereas the Group continues to hold 49.73% equity interest in Menji Pte Ltd and remains as an associated company of the Group.

The incorporation of Menji Development and the re-organisation is not expected to have any material impact on the net tangible assets per share or earnings per share of the Group for the current financial year ending 31 December 2024.

For further information, please see the Company’s Announcement dated 23 January 2024.

### b. Strike off of Mencast Energeers Pte. Ltd.

Mencast Energeers Pte. Ltd. (“**Mencast Energeers**”), a 70% owned subsidiary of the Group through Mencast Energy and dormant entity, had been struck off from the ACRA Register on 5 February 2024. Mencast Energeers had been inactive since its incorporation.

## 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 2023 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 2HY2023 and FY2023 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's revenue rose by \$6.08 million, or 14%, from \$42.34 million in FY2022 to \$48.42 million in FY2023. The revenue increase was primarily attributable to Energy Services and Marine segment as indicated below:

- Energy Services segment – climbed by \$5.93 million;
- Marine segment – increased by \$2.44 million; offset with
- Offshore & Engineering segment – declined by \$2.29 million.

#### Offshore & Engineering segment

In FY2023, Offshore & Engineering segment (“O&E”)’s revenue decreased by \$2.29 million or 32% to \$4.87 million as compared to FY2022. This was mainly due to:

- a decrease in offshore structure and steel fabrication work in FY2023, following the Group's review to reduce these activities due to a competitive operating environment and margin compression. Revenue decreased by \$1.45 million, from \$3.99 million in FY2022 to \$2.54 million in FY2023; and
- Precision engineering business recorded a \$2.32 million revenue in FY2023, down from \$3.12 million in FY2022, due to lower volume of work done for two customers.

This also explains the variation in Offshore & Engineering segment revenue in 2HY2023 over 2HY2022.

#### Marine segment

The Marine segment's revenue increased by \$2.44 million or 11%, from \$21.93 million in FY2022 to \$24.37 million in FY2023 which was attributable to:

- \$3.13 million increase in the segment's MRO (maintenance, repairs and overhaul) services from \$7.92 million in FY2022 to \$11.05 million in FY2023. Revenue from propulsion system MRO services and Ship repair works increased by \$2.76 million and \$0.37 million, respectively; however, partially offset by
- revenue from new build propellers decreased by approximately \$0.69 million from \$14.01 million in FY2022 to \$13.32 million in FY2023.

This also explains the difference in Marine segment revenue in 2HY2023 over 2HY2022, with the exception of MRO Ship repair revenue, which decreased by \$0.44 million in 2HY2023 mainly from one customer.

#### Energy Services segment

In FY2023, revenue from the waste treatment business increased by 45% to \$19.18 million in FY2023, from \$13.25 million in FY2022. This was due to increased demands from key accounts, effective implementation of new processing capacity and customer base expansion.

This also explains the variation in Energy Services segment revenue in 2HY2023 over 2HY2022.



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

### Review of Statement of Comprehensive Income (continued)

#### Cost of sales, gross profit and gross profit margin

The Group's cost of sales rose by \$1.82 million or 6%, from \$32.45 million in FY2022 to \$34.27 million in FY2023, in tandem with an increase in revenue from Energy Services and Marine segments, respectively.

In line with the higher revenue, the Group's gross profit increased by \$4.26 million from \$9.89 million in FY2022 to \$14.15 million in FY2023. The increase was driven by improved margin contributions from the Energy services business, as well as Marine's MRO and new build propellers.

As a result, the Group's gross profit margin, as a percentage over revenue grew by 6 percentage point, from 23% in FY2022 to 29% in FY2023.

This also explains the variation in Energy Services segment's gross profit in 2HY2023 over 2HY2022.

The Group registered a gross profit of \$5.81 million in 2HY2023 as compared to a gross profit of \$5.93 million in 2HY2022 from Marine segment. This marginal decrease of 2% was attributable to lower gross profit from MRO shipyard.

Whereas for O&E segment reported a gross loss of \$2.66 million in FY2023 as compared to a gross loss of \$1.59 million in FY2022, mainly due to lower revenue in FY2023 as explained above. This also explains the reason for the difference in gross loss in O&E segment in 2HY2023 as compared to 2HY2022.

#### Other gains/(losses) - net

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

#### Administrative expenses

Administrative expenses increased by \$462,000 or 5% mainly due to professional fees and general expenses spent in connection with the disposal of:

- an associated company, Vac-Tech; and
- certain property, plant and equipment as disclosed in Part E, Note 12.

For 2HY2023, the Group registered a total of \$4.87 million in administrative expenses as compared to \$4.65 million in 2HY2022. The increase was mainly due to professional fees spent in relation to the disposal of crane barge vessel in 2HY2023 of approximately \$201,000.

#### Finance expenses

The increase in finance expenses from \$5.35 million in FY2022 to \$7.43 million in FY2023, or a 39% increase, was primarily caused by higher effective interest rates on bank borrowings.

This also explains the fluctuation in finance expenses in 2HY2023 as compared to 2HY2022.

#### Share of profit/(loss) of associated companies

The Group registered a share of losses of \$37,000 from its remaining associated company, Menji Group in FY2023 as compared to \$75,000 net gain from its two associated companies in FY2022 comprising of Menji Group and Vac-Tech.

On 31 December 2022, the Group reclassified the investment in associated company from Vac-Tech to Asset of disposal group classified as held-for-sale as disclosed in Part E Note 10.b and Note 11.b respectively.

This also explains the fluctuation in share of profit of associated companies in 2HY2023 as compared to 2HY2022.

#### Income tax (expense)/credit

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

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

### Review of Statement of Comprehensive Income (continued)

#### (Loss)/profit from continuing operations

Consequently, the Group reported a profit from continuing operations of \$2.50 million in FY2023, compared to a loss from continuing operations of \$0.23 million in FY2022. The profit was primarily due to:

- increased gross profit contributions as explained above; and
- gain from disposal of an associated company as indicated in Part E Note 5.(10) above.

### Review of Balance Sheet

#### Current assets

As at 31 December 2023, the Group's current assets were \$99.38 million, a 9% decrease from \$109.77 million as at 31 December 2022 due to:

- decrease in assets of disposal group of \$4.07 million mainly due to the legal completion of disposal of Vac-Tech as explained in Part E, Note 5.(10);
- decrease in trade and other receivables of approximately \$6.12 million. The reduction was caused by the following:
  - Group's participation into a sale and charter agreement with one of its customers, in which the Group acquired two dredging vessels for a total consideration of \$5.65 million to set off against the trade and non-trade receivables balances due from the customer;
  - Collection of approximately \$378,000 from NWC as explained in Part E, Note 5.(1).
- decline in inventories of \$1.57 million due to timing of new build propellers delivery;
- decrease in contract assets of \$85,000 was mainly due to lower volume of projects from offshore structure and steel fabrication business; offset with
- increase in cash and cash equivalents by 16% or \$1.44 million (please refer to Part D. Consolidated Statement of Cash Flows).

#### Non-current assets

As at 31 December 2023, the Group's non-current assets were \$81.61 million, down by 11% or \$9.68 million, from \$91.29 million as at 31 December 2022. The decline was mainly attributable to:

- a \$10.53 million decrease in property, plant and equipment as explained in Part E, Note 12; partially offset with
- \$0.88 million deposit placed for capital expenditures linked to new build propellers.

#### Current liabilities

The Group's current liabilities decreased by \$2.00 million, or 2%, from \$88.82 million as at 31 December 2022 to \$86.82 million as at 31 December 2023 mainly attributable to:

- decrease in contract liabilities of \$0.96 million, mainly due to lower advances received from customers for new build propeller projects;
- decrease in liabilities directly associated with disposal group classified as held-for-sale of \$1.11 million for the leasehold rental payments;
- decrease in current borrowings of \$2.10 million primarily due to repayment of loan borrowings resulting from disposal of the crane barge vessel and Batam property during FY2023; and
- current income tax liabilities decreased by \$0.42 million due to a \$0.66 million payment of income tax payables registered in FY2022 offset by provision of current income tax of \$0.24 million; offset with
- the increase in trade and other payables of approximately \$2.59 million was due to:
  - a. procurement of consumables and raw materials from Energy services and Marine's new build propeller businesses; and
  - b. dividends payable to non-controlling interests for \$1.20 million.

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

### Review of Balance Sheet (continued)

#### Non-current liabilities

As at 31 December 2023, the Group's non-current liabilities were \$61.81 million, down by \$19.56 million or 24% from \$81.37 million as at 31 December 2022. The drop was mainly due to repayment of bank loans and lease liabilities, as well as early settlement of outstanding loans resulting from the disposal of crane barge vessel and the Batam property.

#### Review of Full Year Consolidated Statement of Cash Flows

The Group has a net cash inflow from operating activities of \$19.00 million mainly due to:

- higher operating income before changes in working capital of \$15.94 million;
- net increase in working capital of \$3.68 million; offset with
- income tax paid, \$0.66 million.

Net cash provided by investing activities of \$12.97 million mainly due to the following:

- proceeds from disposal of non-current assets classified as held-for-sale of \$6.76 million in relation to Vac-Tech;
- net proceeds from disposal of PPE of \$4.27 million and \$5.19 million in relation to the Batam property and the crane barge vessel, respectively; offset with
- net cash purchase of PPE of \$3.49 million, of which \$2.27 million was related to capacity expansion on Energy Services segment.

Net cash used in financing activities of \$30.53 million was mainly related to the following:

- repayment of bank borrowings \$21.05 million;
- interest payments of \$7.52 million;
- repayment of lease liabilities of \$1.86 million; and
- net repayment of trade financing of \$0.14 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 has improved its sales and profitability compared to the same period last year. It remains cautious given the volatility of the business due to economic and geopolitical uncertainties, increased interest rates and inflationary pressures on material costs, production costs, personnel, etc. These costs are not expected to abate and will continue to challenge the Group's core business segments.

The Group will take proactive measures to monitor market demand in its core business, prioritise cost containment and continuously review its production processes to improve operational efficiency.

The Group's Energy Service segment continues to grow and will look for opportunities to increase its revenue by expanding its waste treatment capacity and developing new treatment processes to create new revenue streams.

The Marine segment, which manufactures propulsion systems, will continue its marketing efforts to acquire orders for newbuilds, strategically expand its presence in overseas markets and further consolidate its leading position in the industry by developing its own technological and additive manufacturing capabilities.

**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 2023 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 FY2023 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       | Associates             | \$30,000*   | Nil***  |
| MPS Solutions Pte Ltd     |                        | \$92,000*   |   |
| Sigi Beauty Pte Ltd       |                        | -   |   |
| Ole Investment Pte Ltd    |                        | -   |   |
| Ole Motorsports Pte Ltd   |                        | Nil**   |   |

\* McLink Asia Pte Ltd and MPS Solutions Pte Ltd are owned by the brother of Mr. Wong Boon Huat, director and substantial shareholder of Mencast Holdings Ltd.

\*\* Amount is less than \$100,000

\*\*\* There is no subsisting shareholders mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules.

**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 | 52  | Brother of the Executive Director of the Company, Wong Boon Huat     | <p>Head of Marine division of Top Great Engineering &amp; Marine Pte Ltd ("TGEM") and Mencast Offshore &amp; Marine Pte Ltd since 2000 and 2012 respectively.</p> <p>Overseeing the day-to-day operation of projects in the marine repairs work and new fabrications.</p> | No change.  |

**11. Disclosure pursuant to Rule 706A of the Catalist Rules**

Save as disclosed in the Company's announcements dated (i) 17 December 2022 and 1 February 2023 in relation to the disposal of 20% equity interest in Vac-Tech; and (ii) 30 March 2023 in relation to the joint investment between the Company, Mr. Gong Kun and Mr. Chen Xia for the incorporation of Menji International Pte. Ltd. ("**Menji International**"). The Company holds 60.0% of the total issued and paid-up share capital of Menji International, there was no acquisition or sale of shares by the Company in FY2023 which requires disclosure pursuant to Rule 706A of the Catalist Rules.

**BY ORDER OF THE BOARD**

Sim Soon Ngee Glenndle  
Executive Chairman and Chief Executive Officer

26 February 2024