

MENCAST HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company registration no.: 200802235C)

DIFFERENCES BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Board of Directors of Mencast Holdings Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s Financial Statement and Dividend Announcement for the financial year ended 31 December 2017 (“**FY2017**”) released via the SGXNet on 23 February 2018 (the “**Announcement**”).

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board wishes to highlight that there were certain material differences between the audited financial statements of the Company for FY2017 (“**Audited Results**”) and the Announcement, following new developments which are described in the Notes as well as discussions with the Group’s independent auditor and the finalisation of the audit. A summary of the material differences and explanation for the adjustments to the Balance Sheet (Group and Company) and Consolidated Statement of Cash Flows is set out as below. These adjustments have no impact on the Group’s statement of comprehensive income for FY2017.

Balance Sheet (Group)

	Audited Results	Announcement	Difference	Note
	S\$’000	S\$’000	S\$’000	
Current Liabilities:				
Borrowings	190,389	45,030	145,359	1
Non-current Liabilities:				
Borrowings	3,238	148,597	(145,359)	1

Balance Sheet (Company)

	Audited Results	Announcement	Difference	Note
	S\$’000	S\$’000	S\$’000	
Current Liabilities:				
Borrowings	54,522	750	53,772	1
Non-current Liabilities:				
Borrowings	-	53,772	(53,772)	1

Consolidated Statement of Cash Flows

	Audited Results	Announcement	Difference	Note
	S\$'000	S\$'000	S\$'000	
Trade and other receivables	14,479	20,726	(6,247)	2
Trade and other payables	9,500	15,541	(6,041)	3
Purchase of property, plant and equipment	(2,914)	(6,208)	3,294	4
Release/(placement) of short-termed bank deposits pledged	678	178	500	5
Repayment of bank borrowings	(27,527)	(27,027)	(500)	5
Proceeds from bank borrowings	24,925	15,931	8,994	6

Notes:-

- 1) For the financial year ended 31 December 2017, the Group had continued to experience revenue reductions and incurred a net loss after tax of S\$80.66 million, which led to non-conformity of various financial covenants imposed by the banks. Subsequent to the release of our unaudited results on 23 February 2018, the Group was informed by the banks that its application for a waiver was not granted pending the outcome of our on-going discussions with banks in respect of the Group's debt restructuring proposal. Due to this, non-current term loans amounting to S\$145,359,000 and S\$53,772,000 for the Group and Company respectively were reclassified to current borrowings on the balance sheet of the Group and Company as at 31 December 2017.
- 2) The difference in cash inflow of S\$6.247 million in trade and other receivables under the Audited Results was due to reclassifications of S\$2.953 million and S\$3.294 million to trade and other payables and purchase of property, plant and equipment respectively. This reclassification was made to reflect its non-cash flow effect that arose from the cancellation of a customer contract where related costs for the construction of two vessels were incurred in prior year. One of the vessels, amounting to S\$3.294 million, was capitalised for internal use.
- 3) The difference in cash inflow of S\$6.041 million in trade and other payables under the Audited Results was mainly due to the reclassification of S\$8.994 million to proceeds from bank borrowings. The S\$8.994 million cash inflow reduction in trade and other payables was offset by the S\$2.953 million reclassification (as explained in Note 2 above).
- 4) As explained in Note 2, there should not have any cash outflow effect on purchase of property, plant and equipment and as such the difference of S\$3.294 million between the Audited Results and the Announcement.
- 5) Reclassification of S\$0.5 million between short term deposit pledged and repayment of bank borrowings.

- 6) The reclassification of S\$8.994 million from trade and other payables to proceeds from bank borrowings has the effect of reflecting the increase in cash proceeds from bank borrowings in relation to the utilisation of trust receipt financing (part of working capital loan facilities) for the procurement of materials for the Group's businesses.

BY ORDER OF THE BOARD

SIM SOON NGEE GLENN DLE
EXECUTIVE CHAIRMAN & CHIEF EXECUTIVE OFFICER
4 April 2018



About Mencast

Mencast Holdings Ltd. and its subsidiaries ("Mencast" or the "Group") is a regional maintenance, repair and overhaul ("MRO") solutions provider for the global Offshore, Oil & Gas and Marine sectors. Headquartered in Singapore, our Group was successfully listed in June 2008 as the first sponsor-approved listing on Singapore's SGX Catalist and later became the first such company to transfer to the SGX Mainboard.

For more information on Mencast, visit <http://www.mencast.com.sg>

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