Mencast

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

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

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group For the half year ended 30 June		
	HY2023 ($'000)	HY2022 ($'000)	Increase/ (decrease) (%)
Continuing Operations			
Revenue	**23,702**	17,706	34
Cost of sales	**(16,067)**	(14,135)	14
Gross profit	**7,635**	3,571	114
Other gains – net			
- Interest income- bank deposit	**12**	10	20
- (Loss)/reversal of allowance on trade receivables	**(57)**	14	NM
- Other	**4,710**	3,723	27
Expenses			
- Administrative	**(5,090)**	(4,847)	5
- Finance	**(3,883)**	(2,012)	93
Share of loss of associated companies	**(37)**	(155)	(76)
Profit before income tax	**3,290**	304	982
Income tax expense	**(160)**	-	NM
Profit from continuing operations	**3,130**	304	930
Discontinued operations			
Loss from discontinued operations	**-**	(496)	NM
Gain on disposal of subsidiary corporations	**-**	381	NM
Total profit	**3,130**	189	1,556
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation (1)	**117**	(205)	NM
Total comprehensive income	**3,247**	(16)	NM
Net profit attributable to:			
Equity holders of the Company	**2,081**	212	882
Non-controlling interests	**1,049**	(23)	NM
	3,130	189	1,556
Profit attributable to equity holders of the Company relates to:			
Profit from continuing operations	**2,081**	327	536
Loss from discontinued operations	**-**	(115)	NM
	2,081	212	882
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	**2,198**	7	31,300
Non-controlling interests	**1,049**	(23)	NM
	3,247	(16)	NM
Earnings/(loss) per share ("EPS") attributable to equity holders of the Company (cents per share)			
Basic			
- From continuing operations	**0.46**	0.07	557
- From discontinued operations	**-**	(0.02)	NM
Diluted			
- From continuing operations	**0.46**	0.07	557
- From discontinued operations	**-**	(0.02)	NM

(1) The currency translation difference arose from the consolidation of a foreign subsidiary which mainly relates to the fluctuations of Indonesian Rupiah against Singapore Dollar.
(2) "NM" denotes not meaningful.
(3) The Discontinued Operations presented in HY2022 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. CONDENSED INTERIM BALANCE SHEETS

	Group		Company	
	HY2023 ($'000)	FY2022 ($'000)	**HY2022 ($'000)**	FY2022 ($'000)
ASSETS				
Current assets				
Cash and cash equivalents	**13,005**	9,026	**112**	1,750
Trade and other receivables	**19,644**	20,157	**46,128**	46,172
Inventories	**5,496**	5,642	**-**	-
Contract assets	**218**	334	**611**	677
	38,363	35,159	**46,851**	48,599
Assets of disposal group classified as held-for-sale	**70,544**	74,610	**-**	-
	108,907	109,769	**46,851**	48,599
Non-current assets				
Financial assets, at FVOCI	**87**	87	**-**	-
Investments in subsidiary corporations	**-**	-	**50,821**	50,821
Investment in associated company	**-**	35	**-**	35
Property, plant and equipment	**78,451**	86,390	**68**	97
Deposits for purchase of property, plant and equipment	**-**	-	**-**	-
Intangible assets	**4,781**	4,781	**-**	-
	83,319	91,293	**50,889**	50,953
Total assets	**192,226**	201,062	**97,740**	99,552
LIABILITIES				
Current liabilities				
Trade and other payables	**5,389**	5,786	**31,255**	26,599
Contract liabilities	**2,710**	2,139	**-**	-
Borrowings	**11,170**	11,814	**2,871**	2,872
Current income tax liabilities	**160**	738	**-**	-
	19,429	20,477	**34,126**	29,471
Liabilities directly associated with disposal group classified as held-for-sale	**67,551**	68,344	**-**	-
	86,980	88,821	**34,126**	29,471
Non-current liabilities				
Borrowings	**69,147**	79,614	**41,174**	45,790
Deferred income tax liabilities	**1,752**	1,752	**-**	-
	70,899	81,366	**41,174**	45,790
Total liabilities	**157,879**	170,187	**75,300**	75,261
NET ASSETS	**34,347**	30,875	**22,440**	24,291
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**93,267**	93,082	**93,267**	93,082
Fair value reserve	**10**	10	**-**	-
Translation reserve	**(823)**	(940)	**(42)**	(44)
Accumulated losses	**(60,907)**	(62,988)	**(70,785)**	(68,747)
	31,547	29,164	**22,440**	24,291
Non-controlling interests	**2,800**	1,711	**-**	-
Total equity	**34,347**	30,875	**22,440**	24,291

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital ($'000)	Treasury shares ($'000)	Accumulated losses ($'000)	Fair value reserve[1] ($'000)	Translation reserve[1] ($'000)	Total ($'000)	Non-controlling interests ($'000)	Total equity ($'000)
Group								
Balance as at 1 January 2023	**93,285**	**(203)**	**(62,988)**	**10**	**(940)**	**29,164**	**1,711**	**30,875**
Total comprehensive income	**-**	**-**	**2,081**	**-**	**117**	**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[2]	**150**	**-**	**-**	**-**	**-**	**150**	**-**	**150**
Balance as at 30 June 2023	**93,470**	**(203)**	**(60,907)**	**10**	**(823)**	**31,547**	**2,800**	**34,347**
Group								
Balance as at 1 January 2022	93,155	(203)	(62,574)	14	(507)	29,885	1,646	31,531
Total comprehensive income/(loss)			212	-	(205)	7	(23)	(16)
- Share issue pursuant to:								
- Share based payment	35	-	-	-	-	35	-	35
Share Awards under the PSAS 2021[2]	95	-	-	-	-	95	-	95
Balance as at 30 June 2022	93,285	(203)	(62,362)	14	(712)	30,022	1,623	31,645

	Share capital ($'000)	Treasury shares ($'000)	Translation reserve[1] ($'000)	Accumulated losses ($'000)	Total equity ($'000)
Company					
Balance as at 1 January 2023	**93,285**	**(203)**	**(44)**	**(68,747)**	**24,291**
Total comprehensive loss	**-**	**-**	**2**	**(2,038)**	**(2,036)**
Share issue pursuant to:					
- Share based payment	**35**	**-**	**-**	**-**	**35**
- Share Awards under the PSAS 2021[2]	**150**	**-**	**-**	**-**	**150**
Balance as at 30 June 2023	**93,470**	**(203)**	**(42)**	**(70,785)**	**22,440**
Balance as at 1 January 2022	93,155	(203)	(6)	(62,906)	30,040
Total comprehensive loss	-	-	(12)	(2,100)	(2,112)
Share issue pursuant to:					
- Share based payment	35	-	-	-	35
- Share Awards under the PSAS 2021[2]	95	-	-	-	95
Balance as at 30 Jun 2022	93,285	(203)	(18)	(65,006)	28,058

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

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group For the half year ended 30 June	
	HY2023 ($'000)	HY2022 ($'000)
Cash flows from operating activities		
Net profit	**3,130**	189
Adjustments for:		
- Income tax expense	**160**	-
- Depreciation of property, plant and equipment	**4,111**	4,786
- Dividend income from financial assets, at FVOCI	**(3)**	-
- Gain from lease modification	**-**	(16)
- Gain on disposal of non-current assets held-for-sale	**(3,899)**	(145)
- Gain on disposal of subsidiary corporations	**-**	(381)
- Loss/(gain) on disposal of property, plant and equipment	**895**	(4)
- Shares Awards under the PSAS 2021	**150**	95
- Share of loss of associated companies	**37**	155
- Share of loss of associated company classified as non-current assets held-for-sale	**65**	-
- Interest income	**(12)**	(11)
- Interest expense	**3,883**	2,023
- Currency translation differences	**(24)**	(2)
	8,493	6,689
Changes in working capital:		
- Trade and other receivables	**2,568**	130
- Inventories	**146**	(1,123)
- Contract assets	**116**	752
- Trade and other payables	**(313)**	(2,768)
- Contract liabilities	**571**	1,946
Cash generated from operations	**11,581**	5,626
Interest received	**12**	11
Income tax paid	**(738)**	-
Net cash provided by operating activities	**10,855**	5,637
Cash flows from investing activities		
Dividend income from financial assets, at FVOCI	**3**	-
Dividend received from investment in an associated company	**-**	200
Proceeds from disposal of non-current assets classified as held-for-sale	**5,870**	(27)
Proceeds from disposal of property, plant and equipment	**4,567**	4
Proceeds from disposal of subsidiary corporations	**-**	1,947
Purchase of property, plant and equipment	**(1,254)**	(1,592)
Net cash provided by investing activities	**9,186**	532
Cash flows from financing activities		
Interest paid	**(3,932)**	(1,807)
Repayment of bank borrowings	**(10,429)**	(6,276)
Repayment lease liabilities	**(1,157)**	(728)
(Decrease)/increase of trade financing	**(559)**	265
Proceeds from issuance of subsidiary corporation's shares to non-controlling interest	**15**	-
Net cash used in financing activities	**(16,062)**	(8,546)
Net decrease in cash and cash equivalents	**3,979**	(2,377)
Cash and cash equivalents at beginning of financial period	**8,521**	13,526
Cash and cash equivalents at end of financial period	**12,500**	11,149

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

	As at 30 June 2023 ($'000)	As at 30 June 2022 ($'000)
Cash and bank balances	**13,005**	11,885
Short-term bank deposits pledged	**(505)**	(505)
Bank overdrafts included in disposal group/borrowings	**-**	(231)
	12,500	11,149

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Mencast Holdings Ltd. (the "**Company**") is listed on the 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 condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise of the Company and its subsidiaries (collectively, the "**Group**").

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

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

2. Basis of preparation

The interim financial statements for the six months ("**HY2023**") ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last financial statements for the period/year ended 31 December ("**2HY2022/FY2022**").

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

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

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the period/year ended 2HY2022/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.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Basis of preparation (continued)

2.2 Use of judgements and estimates (continued)

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

- Note 4.2 – Construction Contracts

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

- Note 8 – Provision for expected credit losses of trade receivables
- Note 10 – Impairment of disposal group classified as held-for-sale
- Note 12 – 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.

4. Segment and revenue information

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

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

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

The Group's activities comprise the following segments:

(a) Offshore & Engineering - Includes offshore structures, engineering, manufacturing, inspection, and maintenance.

(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 waste water, oily sludge, slop, mud oil, contaminated soil, solid wastes, and filter cakes.

4.1 The reportable segment information is as follows:

	The Group			
	Offshore & Engineering ($'000)	**Marine ($'000)**	**Energy ($'000)**	**Total for continuing operations ($'000)**
HY2023				
Revenue				
Total segment revenue	**2,254**	**11,470**	**11,117**	**24,841**
Inter-segment revenue	**-**	**(1,129)**	**(10)**	**(1,139)**
Revenue from external parties	**2,254**	**10,341**	**11,107**	**23,702**
Gross (loss)/profit	**(1,408)**	**3,572**	**5,471**	**7,635**
Other gains – net				**4,665**
Expenses				
- Administrative				**(5,090)**
- Finance				**(3,883)**
Share of loss of associated companies				**(37)**
Profit before income tax				**3,290**
Income tax expense				**(160)**
Profit from continuing operations				**3,130**

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Segment and revenue information (continued)

4.1 Reportable Segments (continued)

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

4.2 Disaggregation of revenue

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

	At a point in time $'000	**Over time $'000**	**Total $'000**
HY2023			
Construction contracts			
- Singapore	**-**	**-**	**-**
- Asia	**-**	**1,215**	**1,215**
- Rest of the world	**-**	**-**	**-**
	-	**1,215**	**1,215**
Sale of goods			
- Singapore	**4,908**	**-**	**4,908**
- Asia	**588**	**-**	**588**
- Rest of the world	**220**	**-**	**220**
	5,716	**-**	**5,716**
Services income from maintenance, repair and overhaul and waste management			
- Singapore	**14,968**	**-**	**14,968**
- Asia	**802**	**-**	**802**
- Rest of the world	**1,001**	**-**	**1,001**
	16,771	**-**	**16,771**
Total	**22,487**	**1,215**	**23,702**

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Segment and revenue information (continued)

4.2 Disaggregation of revenue (continued)

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

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.

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Profit before income tax

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

	For the half year ended 30 June		
	HY2023 ($'000)	HY2022 ($'000)	Increase/ (decrease) (%)
Continuing operations:			
Included in Other (charges)/credits – net:			
- Foreign exchange (loss)/gain, net(1)	**(72)**	71	NM
- Gain on disposal of non-current assets held-for-sale(2)	**3,899**	145	2,589
- Gain on recovery of prior losses from cancellation of customer's contract(3)	**-**	929	NM
- Government grants(4)	**72**	266	(73)
- (Loss)/gain on sale of property, plant and equipment(5)	**(895)**	4	NM
- Rental income	**1,311**	1,302	(1)
- Sale of scrap metals(6)	**320**	431	(26)
- Share of loss of associated company classified as non-current assets held-for-sale(7)	**(65)**	-	NM
- Write-back of long outstanding payables(8)	**-**	496	NM
- Other income, net(9)	**140**	79	77
	4,710	3,723	27
Included under finance expenses:			
Interest expenses on:			
- Bank borrowings	**3,570**	1,726	107
- Bank overdraft	**-**	8	NM
- Trade financing	**43**	-	NM
- Lease liabilities - leasehold land	**266**	273	(3)
- Lease liabilities - hire purchase	**4**	5	(20)
	3,883	2,012	93
Included under cost of sales and administrative expenses:			
- Depreciation of property, plant and equipment	**3,656**	3,828	(4)
- Depreciation of ROU assets - leasehold land	**422**	536	(21)
- Depreciation of ROU assets - hire purchase	**33**	29	14
	4,111	4,393	(6)
Included in Discontinued operations:			
- Write-back of long outstanding payables	**-**	24	NM
- Government grants	**-**	49	NM
- Other income, net	**-**	40	NM
- Interest expense on bank borrowings	**-**	(10)	NM
- Interest expense on leasehold land	**-**	(1)	NM
- Depreciation of property, plant and equipment	**-**	(383)	NM
- Depreciation of ROU assets - leasehold land	**-**	(8)	NM
- Depreciation of ROU assets - hire purchase	**-**	(2)	NM

Note:

(1) Foreign exchange loss of $72,000 in HY2023 mainly arose on receipt of approximately Indonesian Rupiah 46 billion in relation to the disposal of a property located in Batam, Indonesia. This disposal was legally completed on 5 April 2023.

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

(2) The gain on disposal of non-current assets held-for-sale in HY2023 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.

In HY2022, the gain on disposal of non-current assets held-for-sale was related to the disposal of a dormant wholly owned foreign subsidiary of the Group.

(3) This gain in HY2022 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 HY2023 as compared to HY2022 was mainly due to the absence of foreign workers rebates and waiver of approximately $191,000.

(5) Loss on disposal of property, plant and equipment of $895,000 was mainly from the disposal of:
- property located in Batam Indonesia, $92,000;
- machinery and workshop equipment and motor vehicle of $803,000.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Profit before income tax (continued)

Note: (continued)

(6) The decrease in sale of scrap materials in HY2023 as compared to HY2022 was mainly due to lower scrap sales of approximately $91,000 from the Offshore & Engineering segment because of lower revenue from precision engineering and offshore structure & steel fabrication business.

(7) 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 2 above.

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

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

Other income for HY2023 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 $25,000.

Other income for HY2022 was mainly related to forfeiture of rental deposit and VPC parking.

6. Related party transactions

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

Nature of Transactions with associated companies (from continuing operations)	**HY2023 S$'000**	HY2022 S$'000
Sale of goods and/or services	**941**	2,188
Purchases of products and services	**(98)**	(357)
Miscellaneous income	**5**	10
Recharges of common costs	**19**	34

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, proposed 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

For HY2023, the Group recognised a provision for current income tax expense of $160,000 attributable to profit from Marine segments.

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

During HY2023/HY2022, there were no recorded over/under provisions of deferred/current income tax in prior financial periods.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group at amortised cost as at 30 June 2023 and 31 December 2022:

	Group		Company	
	HY2023	FY2022	**HY2023**	FY2022
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets, at FVOCI	**87**	87	**-**	-
Cash and cash equivalents[1]	**13,005**	9,026	**112**	1,750
Trade and other receivables[2,5]	**19,094**	19,259	**46,090**	46,143
Contract assets[3]	**218**	316	**611**	677
	32,404	28,688	**46,813**	48,570
Financial liabilities				
Trade and other payables[5]	**5,389**	5,786	**31,255**	26,599
Borrowings[4]	**147,868**	159,772	**44,045**	48,662
	153,257	165,558	**75,300**	75,261

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

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

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

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

As at 30 June 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)

	Group	
	HY2023	FY2022
	$'000	$'000
Financial assets, at FVOCI	**87**	87

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Financial assets, at FVOCI (continued)

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

During the financial period ended 30 June 2023, the Group recognised fair value loss of $Nil (FY2022: $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/disposal

As at 30 June 2023, the carrying amount of assets and liabilities held-for-sale/disposal were $70,544,000 and $67,551,000 respectively (FY2022: $74,610,000 and $68,344,000).

The balances as at 30 June 2023, comprised of the following:

a. related to certain commitments under Amended Debt Restructuring Agreement ("**DRA**") to dispose certain properties to pare down its debt. The carrying amount of its assets and liabilities were $70.54 million and $67.55 million respectively (FY2022: $70.54 million and $68.34 million).

b. On 17 December 2022, Mencast Energy Pte. Ltd, a 70% subsidiary corporation of the Company, entered into a Sale and Purchase agreement ("**SPA**"), for the disposal of its remaining 20% equity interest in Vac-Tech Engineering Pte. Ltd. ("**Vac-Tech**"), represented by 600,000 shares in Vac-Tech for an aggregate consideration of $7.9 million under the terms and conditions of the SPA.

   Following the Group's decision to sell Vac-Tech and in compliance with SFRS(I) 5 Non-Current Assets Held-for-Sale and Discontinued Operations, the investment in associated company (Vac-Tech) amounting to approximately S$4.07 million, was reclassified as assets of disposal group classified as held-for-sale on the consolidated balance sheet 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 resulted in a gain on disposal of an associated company amounting to $3,899,000 as disclosed in Part E, Note 5.(2). 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.

   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.(2).

For the financial period ended 30 June 2023, Management has reviewed and concluded that the requirements of SFRS(I) 5 were met.

11. Investment in an associated company

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.

The Management had assessed and concluded that there was no indication of impairment as at 30 June 2023 (FY2022: Nil).

	Group		Company	
	HY2023	FY2022	**HY2023**	FY2022
	$'000	$'000	**$'000**	$'000
Equity investment				
Beginning of financial period/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 period/year	**-**	35	**-**	35

As at 30 June 2023, the Group has one associated company – Menji Singapore and its subsidiary corporation.

a. Menji Singapore and its subsidiary corporation ("**Menji Group**")

   As at 30 June 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 30 June 2023, the Group registered a net book value of $78.45 million (FY2022: $86.39 million).
The decrease in PPE was mainly attributable to:

a. depreciation expense on PPE and ROU assets amounting to $4.11 million;
b. significant disposal of PPE resulted from disposal of Batam property and machinery and equipment of approximately, $5.40 million; offset with
c. addition in PPE of $1.50 million mainly arose from capital expenditures incurred by the Energy Services segment of approximately $1.27 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**").

The Management had assessed and concluded that there was no indication of impairment as at 30 June 2023 (FY2022: $Nil).

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Capital commitment

As at 30 June 2023, the Group has a capital commitment of approximately $864,000 (FY2022: $1,058,000) due mainly to the on-going capital expenditures in the Energy segment of approximately $815,000 (FY2022: $721,000).

13. Goodwill

	Group	
	HY2023	FY2022
	$'000	$'000
Cost		
Beginning of financial period/year	**27,523**	40,300
Disposal of subsidiary corporations[1]	**-**	(12,777)
End of financial period/year	**27,523**	27,523
Accumulated impairment		
Beginning of financial period/year	**(22,742)**	(35,519)
Disposal of subsidiary corporations[1]	**-**	12,777
End of financial period/year	**(22,742)**	(22,742)
Net book value	**4,781**	4,781

[1] The above pertains to disposal of Subsea Group as disclosed in Part E, Note 17.

Impairment testing

No impairment indicators were identified as at 30 June 2023 based on the CGU's business performance. The Group performed its annual impairment test in December 2022. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

14. Borrowings

Amount repayable in one year or less, or on demand

	HY2023		FY2022	
Borrowings	**Secured ($'000)**	**Unsecured ($'000)**	Secured ($'000)	Unsecured ($'000)
Bank borrowings	**7,671**	**2,729**	8,388	2,714
Lease liabilities – hire purchase	**78**	**-**	32	-
Current borrowings	**7,749**	**2,729**	8,420	2,714
Included in the disposal group classified as held-for-sale:				
- Bank borrowings	**62,717**	**-**	62,717	-
	62,717	**-**	62,717	-
	70,466	**2,729**	71,137	2,714

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Borrowings (continued)

Amount repayable after one year

	HY2023		FY2022	
Borrowings	**Secured ($'000)**	**Unsecured ($'000)**	Secured ($'000)	Unsecured ($'000)
Bank borrowings	**53,627**	**1,776**	62,601	3,088
Lease liabilities – hire purchase	**241**	**-**	73	-
Non-current borrowings	**53,868**	**1,776**	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, certain vessels, 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. Compliance with these covenants have been waived by the lenders till 31 March 2024.

15. Share capital

	No. of ordinary shares			**Amount**		
	Issued share capital '000	**Treasury shares '000**	**Total '000**	**Share capital $'000**	**Treasury shares $'000**	**Total $'000**
Group and Company						
HY2023						
Beginning of financial period	**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 PSAS 2021	**3,409**	**-**	**3,409**	**150**	**-**	**150**
End of financial period	**456,541**	**(455)**	**456,086**	**93,470**	**(203)**	**93,267**

	No. of ordinary shares			Amount		
	Issued share capital '000	Treasury shares '000	Total '000	Share capital $'000	Treasury shares $'000	Total $'000
Group and Company						
FY2022						
Beginning of financial year	448,216	(455)	447,761	93,155	(203)	92,952
Share issue pursuant to:						
- Share-based payment	1,125	-	1,125	35	-	35
- Share Awards under the PSAS 2021	3,064	-	3,064	95	-	95
End of financial year	452,405	(455)	451,950	93,285	(203)	93,082

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Share capital (continued)

The Group and the Company has a total issued and outstanding shares of 456,086,000 as at 30 June 2023 (31 December 2022: 451,950,000 shares).

The Company has no outstanding options or convertibles as at 30 June 2023 and 30 June 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 30 June 2022.

As at 30 June 2023, the total number of treasury shares held was 455,000 (30 June 2022: 455,000).

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

Net asset value ("NAV")

	Group		Company	
	HY2023	FY2022	**HY2023**	FY2022
NAV per ordinary share (SGD cents)	**6.92**	6.45	**4.92**	5.37
Number of shares used in computation of NAV per share ('000)	**456,086**	451,950	**456,086**	451,950

Earnings per share ("EPS")

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during HY2023 of 452,293,000 shares (HY2022: 448,710,000 shares).

(b) Diluted earnings/(loss) per share

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

There are no dilutive potential ordinary shares for HY2023 (HY2022: 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:

	HY2022 $'000
Revenue	2,497
Expenses	(3,106)
Other gains – net	113
Loss before income tax from discontinued operations	(496)
Income tax expense	-
Loss after tax from discontinued operations	(496)
Pre/post tax gain on disposal of a subsidiary corporation classified as held-for-sale	381
Net loss for the period from discontinued operations	(115)

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.

Company

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

On 22 August 2022, the Company issued a corporate guarantee of approximately $1,255,000 to a customer for the receipt of 50% deposits of the purchase price by its wholly owned subsidiary corporation. The guarantee shall continue in force until all the obligations under the purchase orders have been duly performed by its wholly owned subsidiary corporation.

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 $4,505,000 (2022: $5,802,000) at the balance sheet date.

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

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

The interim statements of financial position of Mencast Holdings Ltd. and its subsidiaries as at 30 June 2023 and the related interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for HY2023 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

The Group's revenue for HY2023 rose by 34% or $6.00 million to $23.70 million, as compared to $17.71 million in the corresponding period last year. The increase in revenue was mainly due from the following segments:

- Energy services segment – up by $4.62 million;
- Marine segment – higher by $3.06 million; offset with
- Offshore & Engineering segment – lowered by $1.68 million.

Offshore & Engineering segment

The decrease in revenue in the Offshore & Engineering segment of $1.68 million was primarily due to the following factors:

- lower revenue contribution in the offshore structure and steel fabrication business in HY2023 of $1.13 million, from $2.34 million in HY2022 to $1.21 million in HY2023, following the Group's review to reduce these activities due to a competitive operating environment and margin compression; and
- decline in revenue from precision engineering business of $0.55 million from $1.59 million in HY2022 mainly due to lower volume of work done for two customers.

Marine segment

Marine segment revenue increased by $3.06 million or 42%, from $7.28 million in HY2022 to $10.34 million in HY2023, which was attributable to:

- increase in Marine's MRO (maintenance, repairs and overhaul) service revenue by $1.91 million, from $3.59 million in HY2022 to $5.50 million in HY2023. Ship repair works and propulsion system MRO service revenue contributed to increases of $0.81 million and $1.10 million respectively; and
- a 31% increase in revenue for new build propeller, from $3.69 million in HY2022 to $4.84 million in HY2023.

Energy Services segment

The Energy Services segment reported a revenue growth of 71% to $11.11 million in HY2023 ($6.49 million in HY2022), driven by increased demands from key accounts, effective implementation of expansion of existing/ new processing capacity resulting in generation of revenue streams and broadening of customer base.

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

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

Cost of sales of $16.07 million in HY2023 increased by $1.93 million or 14% in line with the increase in revenue generated by Energy Services and Marine segments.

Overall, the gross profit of the Group jumped by 114% or $4.06 million, from $3.57 million in HY2022 to $7.63 million in HY2023. The increase was attributable to the higher margin contributions from the Energy Services segment and Marine's MRO and new build propeller, which are in line with the higher revenue.

Consequently, the Group's gross profit margin (as a percentage over revenue) was up by 12%, from 20% in HY2022 to 32% in HY2023.

Other gains/(losses) - net

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

Administrative expenses

Administrative expenses increased by $243,000 or 5% mainly due to professional fees and general expenses incurred in relation to the disposal of Vac-Tech of approximately $331,000.

Finance expenses

Finance expenses for HY2023 increased by $1.87 million or 93%, from $2.01 million in HY2022 to $3.88 million in HY2023 mainly due to higher effective interest rate on bank borrowings.

Share of loss of associated companies

The Group recorded a lower share of losses of $37,000 from its remaining associated company, Menji Group in HY2023 as compared to $155,000 from its two associated companies in HY2022 comprising of Menji Group and Vac-Tech.

Income tax expense

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

Profit from continuing operations

As a result of the foregoing, net profit from continuing operations increased by $2.83 million or 930%, from $304,000 as of HY2022 to $3.13 million as of HY2023.

Review of Balance Sheet

Current assets

The Group's current assets as at 30 June 2023 decreased by $0.86 million or 1% from $109.77 million as at 31 December 2022 was attributable to the following:

- 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 10.b.;
- net decrease in trade and other receivables and contract assets of $0.51 million and $0.12 million respectively due mainly to higher collections from customers; and

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

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

Review of Balance Sheet (continued)

Current assets (continued)

- decrease in inventories of $0.15 million mainly due to higher consumption of consumables in precision engineering business of $0.11 million; offset with
- increase in cash and cash equivalents by 44% or $3.98 million as explained (please refer Review of Condensed Interim Consolidated Statement of Cash Flows).

Non-current assets

The Group's non-current assets of $83.32 million as at 30 June 2023 was down by 9% or $7.97 million, from $91.29 million as at 31 December 2022. The decrease was mainly due to:

- decrease in property, plant and equipment of $7.94 million as explained in Part E, Note 12;
- decrease in investment in associated companies of $0.04 million as disclosed in Part E, Note 11.a.

Current liabilities

The Group's current liabilities decreased by $1.84 million or 2% from $88.82 million as at 31 December 2022, to $86.98 million as at 30 June 2023, mainly due to:

- decrease in trade and other payables of $0.40 million, mainly due to payment of accruals;
- decrease in current borrowings of $0.64 million, due to net repayment of trade financing;
- decrease in current income tax liabilities of $0.58 million, arising from current income tax payment of $0.74 million offset with provision of current income tax of $0.16 million; and
- decrease in liabilities under disposal group of approximately $0.79 million mainly due to monthly repayment of borrowings; offset with
- increase in contract liabilities of $0.57 million due mainly to advances received from customers of approximately $0.64 million for new build propellers.

Non-current liabilities

The Group registered a decrease in non-current liabilities of approximately $10.47 million or 13% from $81.37 million as at 31 December 2022 to $70.90 million as at 30 June 2023 due to a reduction in non-current borrowings because of monthly repayment of bank loans and lease liabilities.

Review of Condensed Interim Statement of Cash Flows

The Group has a net cash inflow from operating activities of $10.85 million due to:

- higher operating income before changes in working capital of $8.49 million;
- net increase in working capital of $3.10 million; offset with
- income tax paid, $0.74 million.

Net cash provided by investing activities of $9.19 million due to the following:

- proceeds from disposal of non-current assets classified as held-for-sale of $5.87 million;
- proceeds from disposal of PPE of $4.57 million; offset with
- purchase of PPE of $1.25 million of which $1.27 million was related to capacity expansion on Energy Services segment.

Net cash used in financing activities of $16.06 million was related to the:

- repayment of bank borrowings $10.43 million;
- interest payments of $3.93 million;
- repayment of lease liabilities of $1.15 million; and
- net repayment of trade financing of $0.55 million.

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

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 improved its revenue and profitability compared to the corresponding period last year. However, it continued to face high interest costs and inflationary pressures such as materials, personnel and utilities. For the remainder of 2023, these costs are expected to remain at high levels and present continued challenges to the Group's operating segments (Offshore & Engineering, Marine and Energy Service).

The Group will continue to focus on mitigating these challenges by expanding its waste treatment capabilities and processes to further drive revenue growth. The Marine segment's production of propulsion systems will continue to strategically expand its presence in overseas markets and further consolidate its leadership position in the industry by developing its own technological and additive manufacturing capabilities.

The Group will intensify its marketing efforts to improve sales performance while continuing its cost containment measures to keep costs down.

5. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

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

No dividend has been declared or recommended for the current reporting period ended 30 June 2023 as the Company has no distributable reserves.

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

7. Interested Person Transactions

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

Transactions entered into with interested persons during HY2023 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	**$14,000***	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.

8. Negative confirmation by the Board on Interim Financial Statements pursuant to Rule 705(5) of the Catalist Rules

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the half year ended 30 June 2023 to be false or misleading in any material aspect.

9. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Catalist 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 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 with Mr. Gong Kun and Mr. Chen Xia, there was no acquisition or sale of shares by the Company in HY2023 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

11 August 2023