

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ("1Q2021") IN RESPECT OF THE FINANCIAL PERIOD ENDED 31 MARCH 2021

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	For the first quarter ended 31 March		
	1Q2021	1Q2020	Increase/ (decrease)
	(\$'000)	(\$'000)	(%)
		(Restated)	
Continuing Operations			
Revenue	11,212	14,875	(25)
Cost of sales	(9,257)	(8,602)	8
Gross profit	1,955	6,273	(69)
Other gains – net			
- Interest income- bank deposit	13	20	(35)
- Reversal of allowance on trade receivables	5	-	NM
- Write- off of trade receivables	-	(72)	NM
- Others	1,675	10,004	(83)
Expenses			
- Administrative	(2,495)	(2,818)	(11)
- Finance	(1,035)	(1,815)	(43)
Share of profit/(loss) of associated company	61	(146)	NM
Profit before income tax	179	11,446	(98)
Income tax expense	-	-	-
Profit from continuing operations	179	11,446	(98)
Discontinued operations			
Loss from discontinued operations	-	(1,538)	NM
Total profit	179	9,908	(98)
Other comprehensive income/(loss), net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation ⁽¹⁾	(55)	(345)	(84)
Total comprehensive income	124	9,563	(99)
Net profit/(loss) attributable to :			
Equity holders of the Company	181	10,705	(98)
Non-controlling interests	(2)	(797)	(100)
	179	9,908	(98)
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit from continuing operations	181	11,489	(98)
Loss from discontinued operations	-	(784)	NM
	181	10,705	(98)
Total comprehensive income/(loss) attributable to :			
Equity holders of the Company	126	10,360	(99)
Non-controlling interests	(2)	(797)	(100)
	124	9,563	(99)

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

(2) "NM" denotes not meaningful.

(3) The 1Q2020 Consolidated Statement of Comprehensive Income were re-stated in compliance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations following the Group's decision to sell its 51% equity interest in Mencast-KSE Pte. Ltd. ("MKSE"). Please see full details in Paragraph 8-Discontinued operations and Disposal of a Subsidiary classified as held-for-sale.

MENCAST HOLDINGS LTD.
(Incorporated in the Republic of Singapore on 30 January 2008)
(Company Registration Number: 200802235C)

1(a)(ii) Notes to statement of comprehensive income

Group		
For the first quarter ended 31 March		
1Q2021	1Q2020	Increase/ (decrease)
(\$'000)	(\$'000)	(%)
	(Restated)	
<u>Continuing operations:</u>		
<u>Included in Other (charges)/credits – net:</u>		
- Foreign exchange gain/(loss), net	58	(6) NM
- Government grants ⁽¹⁾	544	228 139
- Rental income	908	965 (6)
- Sale of scrap metals ⁽²⁾	144	100 44
- Reversal of creditor balances ⁽³⁾	-	8,629 NM
- Write-back of long outstanding payables	-	3 NM
- Other income, net ⁽⁴⁾	21	85 (75)
	1,675	10,004 (83)
<u>Included under finance expenses:</u>		
Interest expenses on:		
- Bank borrowings	881	1,643 (46)
- Bank overdraft	4	5 (20)
- Lease liabilities - leasehold land	145	152 (5)
- Lease liabilities - hire purchase	5	15 (67)
	1,035	1,815 (43)
<u>Included under cost of sales and administrative expenses:</u>		
- Depreciation of property, plant and equipment	2,171	2,143 1
- Depreciation of ROU assets - leasehold land	272	268 1
- Depreciation of ROU assets - hire purchase	22	83 (73)
Depreciation expense	2,465	2,494 (1)
<u>Included in Discontinued operations:</u>		
- Interest expense on bank borrowings	-	(11) NM
- Depreciation of property, plant and equipment	-	(110) NM
	-	(121) NM

Notes:

- (1) Increase in government grant receipts in 1Q2021 was mainly due to Job Support Scheme recognised for \$209,000 and Rental Relief cash grant for \$164,000.
- (2) Increase in sale of scrap materials in 1Q2021 was mainly related to higher scrap sale from the Marine segment as part of their clean up drive in the workshop area.
- (3) The gain in 1Q2020 was due to the reversal of creditor balances arising from a dispute between a subsidiary of the Group and a main contractor in connection to the construction of a 4-storey factory and an 11-storey office building at 42A Penjuru Road. The dispute has been settled by way of a settlement agreement on 2 March 2020. The reversal of the creditor balances pertained to retention sum and the drawdown of insurance bond in prior years.
- (4) Decrease in other income relates mainly to a receipt of an insurance claim of \$75,000 arising from a vessel in 1Q2020.

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 31 March 2021 (\$'000)	As at 31 December 2020 (\$'000)	As at 31 March 2021 (\$'000)	As at 31 December 2020 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	15,906	15,604	4,359	7,040
Trade and other receivables	19,900	20,371	66,115	63,662
Inventories	5,136	5,674	-	-
Contract assets	1,014	923	553	536
	41,956	42,572	71,027	71,238
Assets of disposal group classified as held-for-sale	70,544	70,544	-	-
	112,500	113,116	71,027	71,238
Non-current assets				
Financial assets, FVOCI	95	95	-	-
Investments in subsidiary corporations	-	-	56,396	56,396
Investment in an associated company	4,351	4,290	-	-
Property, plant and equipment	101,148	102,328	197	213
Intangible assets	4,781	4,781	-	-
	110,375	111,494	56,593	56,609
Total assets	222,875	224,610	127,620	127,847
LIABILITIES				
Current liabilities				
Trade and other payables	5,459	6,930	26,578	26,181
Contract liabilities	2,447	1,517	-	-
Borrowings	11,145	9,321	2,667	2,223
Current income tax liabilities	796	796	-	-
	19,847	18,564	29,245	28,404
Liabilities directly associated with disposal group classified as held-for-sale	69,443	69,564	-	-
	89,290	88,128	29,245	28,404
Non-current liabilities				
Borrowings	105,007	108,028	50,458	51,125
Deferred income tax liabilities	3,588	3,588	-	-
	108,595	111,616	50,458	51,125
Total liabilities	197,885	199,744	79,703	79,529
NET ASSETS	24,990	24,866	47,917	48,318
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	92,654	92,654	92,654	92,654
Fair value reserve	18	18	-	-
Translation reserve	(570)	(515)	-	-
Accumulated losses	(68,915)	(69,096)	(44,737)	(44,336)
	23,187	23,061	47,917	48,318
Non-controlling interests	1,803	1,805	-	-
Total equity	24,990	24,866	47,917	48,318

1 (b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 31 March 2021		As at 31 December 2020	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Borrowings				
Bank borrowings	7,539	2,638	6,171	2,170
Lease liabilities – hire purchase	85	-	101	-
Current borrowings	7,624	2,638	6,272	2,170
Included in the disposal group classified as held-for-sale:				
-Bank borrowings	62,717	-	62,717	-
	62,717	-	62,717	-
	70,341	2,638	68,989	2,170

Amount repayable after one year

	As at 31 March 2021		As at 31 December 2020	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Borrowings				
Bank borrowings	81,800	7,598	83,941	8,246
Lease liabilities- hire purchase	110	-	121	-
Non-current borrowings	81,910	7,598	84,062	8,246

The Group's borrowings disclosed above do not include the lease liabilities on leasehold land arising from SFRS(I)16.

Details of any collaterals

The bank borrowings are secured by the Group's buildings on leasehold land, certain vessels, certain machinery and equipment, short-term bank deposits and corporate guarantees by the Company.

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

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1Q2021	1Q2020
	(\$'000)	(\$'000)
Cash flows from operating activities		
Net profit	179	9,908
Adjustments for:		
-Income tax expense	-	-
-Depreciation of property, plant and equipment	2,465	2,604
-Share of (profit)/loss of associated company	(61)	146
-Reversal of creditor's balances	-	(8,629)
-Interest income	(13)	(20)
-Interest expense	1,035	1,826
-Currency translation differences	5	79
	<u>3,610</u>	<u>5,914</u>
Changes in working capital:		
-Trade and other receivables	471	(1,622)
-Inventories	538	(173)
-Contract assets	(91)	(1,255)
-Trade and other payables	(1,640)	1,016
-Contract liabilities	930	(636)
Cash generated from operations	<u>3,818</u>	<u>3,244</u>
Interest received	13	20
Net cash provided by operating activities	<u>3,831</u>	<u>3,264</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,345)	(2,755)
Placement of short-term bank deposits pledged	(1)	(1)
Net cash used in investing activities	<u>(1,346)</u>	<u>(2,756)</u>
Cash flows from financing activities		
Interest paid	(866)	(1,827)
Repayment of bank borrowings	(1,065)	(1,905)
Repayment of lease liabilities	(365)	(367)
Proceeds from bank borrowings	130	553
Net cash used in financing activities	<u>(2,166)</u>	<u>(3,546)</u>
Net increase/(decrease) in cash and cash equivalents	319	(3,038)
Cash and cash equivalents at beginning of financial period	<u>14,797</u>	<u>17,513</u>
Cash and cash equivalents at end of financial period	<u>15,116</u>	<u>14,475</u>

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

	As at	As at
	31 March	31 March
	2021	2020
	(\$'000)	(\$'000)
Cash and bank balances	15,906	15,281
Short-term bank deposits pledged	(505)	(504)
Bank overdrafts included in borrowings	(285)	(302)
	<u>15,116</u>	<u>14,475</u>

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital (\$'000)	Treasury shares (\$'000)	Accumulated losses (\$'000)	Fair value reserve* (\$'000)	Translation reserve* (\$'000)	Total (\$'000)	Non-controlling interests (\$'000)	Total equity (\$'000)
Group								
Balance as at 1 January 2021	92,857	(203)	(69,096)	18	(515)	23,061	1,805	24,866
Total comprehensive income/(loss)	-	-	181	-	(55)	126	(2)	124
Balance as at 31 Mar 2021	92,857	(203)	(68,915)	18	(570)	23,187	1,803	24,990
Group								
Balance as at 1 January 2020	92,551	(203)	(75,463)	18	(434)	16,469	2,972	19,441
Total comprehensive (loss)/income	-	-	10,705	-	(345)	10,360	(797)	9,563
Balance as at 31 Mar 2020	92,551	(203)	(64,758)	18	(779)	26,829	2,175	29,004

	Share capital (\$'000)	Treasury shares (\$'000)	Accumulated losses (\$'000)	Total equity (\$'000)
Company				
Balance as at 1 January 2021	92,857	(203)	(44,336)	48,318
Total comprehensive loss	-	-	(401)	(401)
Balance as at 31 Mar 2021	92,857	(203)	(44,737)	47,917
Balance as at 1 January 2020	92,551	(203)	(41,177)	51,171
Total comprehensive loss	-	-	(825)	(825)
Balance as at 31 Mar 2020	92,551	(203)	(42,002)	50,346

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

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

As at 31 March 2021, there were no changes in the Company's share capital since its last reporting period ended 31 December 2020.

As at 31 March 2021, the total number of treasury shares held was 455,025 (31 March 2020: 455,025).

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

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 March 2021	As at 31 December 2020
Total number of issued shares (excluding treasury shares) (in '000)	<u>441,136</u>	<u>441,136</u>

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 31 March 2021.

- 1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

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

The figures have not been audited or reviewed by the independent auditor.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3.a Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited financial statements for the financial year ended 31 December 2020, except that the Group and the Company have adopted all new and amended Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for annual financial periods beginning on or after 1 January 2021.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	The Group					
	For the first quarter ended 31 March					
	Continuing operations 1Q2021	Discontinued operations 1Q2021	Total 1Q2021	Continuing operations 1Q2020	Discontinued operations 1Q2020	Total 1Q2020
Net earnings/(loss) attributable to equity holders of the Company (\$'000)	181	-	181	11,489	(784)	10,705
Weighted average number of shares outstanding for basic and diluted EPS ('000)	441,136	-	441,136	428,849	428,849	428,849
Basic and diluted EPS attributable to equity holders of the Company (SGD cents)	<u>0.04</u>	<u>-</u>	<u>0.04</u>	<u>2.68</u>	<u>(0.18)</u>	<u>2.50</u>

Basic EPS is computed by dividing the net profit/(loss) attributable to the equity holders of the Company in each financial period/year by the weighted average number of ordinary shares outstanding at the end of the respective financial period/year.

For the purpose of calculating Diluted EPS, 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 the financial period ended 1Q2021 and 1Q2020 respectively.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

NET ASSET VALUE ("NAV")

	Group		Company	
	As at		As at	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
NAV per ordinary share (SGD cents)	5.26	5.23	10.86	10.95
Number of shares used in computation of NAV per share ('000)	<u>441,136</u>	<u>441,136</u>	<u>441,136</u>	<u>441,136</u>

8 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 INCOME STATEMENT OF THE GROUP – CONTINUING OPERATIONS

1Q2021 vs 1Q2020

Revenue

<u>Revenue by segment</u>	1Q2021		1Q2020	
	(\$'000)	(%)	(\$'000)	(%)
Offshore & Engineering	2,202	20	3,278	22
Marine	5,663	50	8,462	57
Energy Services	3,347	30	3,135	21
	11,212	100	14,875	100

Notes:

- (1) Offshore & Engineering includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access services.
- (2) Marine includes sterngear manufacturing and refurbishment works, ship inspection, maintenance, repair & overhaul ("MRO") services and engineering & fabrication works. This also includes diving services.
- (3) Energy Services comprise of waste treatment and recovery waste system. Capabilities of waste treatment plant include treatment of waste water, oily sludge, slope, mud oil, contaminated soil, solid wastes and filter cakes.

Overall, the Group revenue declined by 25% or \$3.7 million from \$14.9 million in 1Q2020 to \$11.2 million in 1Q2021. This was mainly attributable to the Offshore & Engineering and Marine segments registering a reduction in revenue of \$1.1 million and \$2.8 million respectively.

Offshore & Engineering segment

The \$1.1 million decline in revenue for Offshore & Engineering segment was mainly a result of scaling down the Group's rope access business, registering a \$0.7 million decline in revenue. Precision engineering business also recorded a lower revenue of \$0.3 million to \$1.2 million in 1Q2021 mainly due to lower volume of work done for a customer in 1Q2021 as compared to 1Q2020.

Marine segment

Revenue for the Marine segment declined by \$2.8 million or 33%, from \$8.5 million in 1Q2020 to \$5.7 million in 1Q2021 which was attributable to:

- the absence in deliveries of high value new built propellers in excess of \$1.0 million, revenue decreased by \$2.1 million, from \$4.3 million in 1Q2020 to \$2.3 million in 1Q2021;
- decline in the segment's MRO (maintenance, repairs and overhaul) services by \$0.8 million, from \$2.9 million in 1Q2020 to \$2.1 million in 1Q2021 due to lower orders from customers; partially offset by
- increase in revenue from diving services of approximately \$86,000 to \$1.3 million in 1Q2021.

Energy Services segment

Revenue from the waste treatment business remained relatively the same for both reporting periods at slightly over \$3.0 million.

Cost of sales, gross profit and gross profit margin

Cost of sales increased by 8% or \$0.7 million, from \$8.6 million in 1Q2020 to \$9.3 million in 1Q2021, mainly arose from the Energy Services segment incurring higher running costs in the treatment of waste. The Group's diving business also incurred equipment rental of approximately \$125,000 for a one-off overseas project.

Gross profit of the Group decreased by \$4.3 million to \$2.0 million in 1Q2021, as compared to \$6.3 million in 1Q2020. The decrease was mainly due to the absence in delivery of high value new built propellers and weaker demand for precision engineering products and MRO services.

Consequently, the Group's gross profit margin as a percentage over revenue was 17% in 1Q2021 as compared to 42% in 1Q2020.

Other gains/(losses) - net

Detailed explanations of these gains/(losses) were highlighted in paragraph 1(a)(ii).

Administrative expenses

Administrative expenses decreased by \$0.3 million or 11% from \$2.8 million in 1Q2020 to \$2.5 million in 1Q2021 mainly due to the following:

- lower employees compensation and welfare by approximately \$195,000 arising from natural attrition and a temporary pay-cut across the Group beginning June 2020;
- decrease in professional fees of \$75,000; and
- cost savings from travelling and transportation expenses of approximately \$54,000.

Finance expenses

The finance expenses of the Group declined by 43% or \$0.8 million from \$1.8 million in 1Q2020 to \$1.0 million in 1Q2021, mainly due to lower interest rates charged on certain borrowings, as well as a reduction in the Group's borrowings, in line with settlement of bank borrowings arising from assets divestment.

Share of profit/(loss) of associated company

Better performance from the Group's sole associated company in 1Q2021 has led to a recognition of the share of profit of \$61,000 as compared to share of loss of \$146,000 in 1Q2020.

Income tax

There was no provision for income tax in 1Q2021 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.

Profit from continuing operations

Consequent to the above, the Group recorded a profit of \$0.2 million in 1Q2021 as compared to \$11.4 million in 1Q2020. Excluding the non-recurring gain of \$8.6 million (as explained in Note 4 of paragraph 1(a)(ii)), profit from continuing operations in 1Q2020 would have been \$2.8 million.

REVIEW OF FINANCIAL POSITION

Current assets

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

- decrease in inventories of \$0.5 million mainly due to recent deliveries of new built propellers;
- net decrease in trade and other receivables of \$0.5 million mainly due to higher collections from customers;
- increase in contract assets of \$91,000 mainly due to deferred cost in relation to chartering of a vessel in 2Q2021.
- increase in cash and cash equivalents of \$0.3 million (please refer to detailed Statement of Cash Flows in paragraph 1(c)).

Non-current assets

As at 31 March 2021, the Group's non-current assets of \$110.4 million were lowered by \$1.1 million as compared to \$111.5 million as at 31 December 2020. The decrease was mainly due to the following:

- depreciation expense on property, plant and equipment and ROU assets amounting to \$2.5 million; offset by
- additions in property, plant and equipment of \$1.3 million mainly arose from capital expenditures incurred by the Energy Services segment of approximately \$1.1 million;
- increase in investment in an associated company by \$61,000 being the recognition of the Group's share of profit for 1Q2021.

Current liabilities

The Group's current liabilities increased by \$1.2 million or 1% to \$89.3 million, as compared to \$88.1 million as at 31 December 2020, mainly due to:

- increase in current borrowings of \$1.8 million, mainly due to reclassification of non-current to current borrowings, measured against the commencement of monthly principal repayment (effective in the month of March 2021) and reporting balance sheet dates. Accordingly, the current borrowings as at 31 December 2020 were computed on a 10-month basis starting from March to December 2021 whereas for the current borrowings as at 31 March 2021, it was computed on a 12-month basis from April 2021 to March 2022;
- increase in contract liabilities of \$930,000 mainly from deposits and advances received from a customer of approximately \$514,000 for chartering a vessel; offset with
- decrease in trade and other payables of \$1.5 million mainly due to payment of external suppliers and release of rental relief payable to tenants upon receipt of cash grant from the government;
- decrease in liabilities directly associated with disposal group classified as held-for-sale of \$121,000 for the payment of leasehold rental.

Non-current liabilities

Non-current liabilities of the Group as at 31 March 2021 reduced by \$3.0 million or 3% from \$111.6 million as at 31 December 2020 to \$108.6 million as at 31 March 2021 mainly due to reduction in non-current borrowings as explained in current borrowings above.

REVIEW OF STATEMENT OF CASH FLOWS

Overall, the Group's cash and cash equivalents in 1Q2021 increased by \$302,000 from \$15.6 million as at 31 December 2020 to \$15.9 million as at 31 March 2021. The Group reported a net cash provided by operating activities of \$3.8 million in 1Q2021 due mainly to its operating income before changes in working capital of \$3.6 million and net increase on working capital of \$0.2 million.

Net cash used in investing activities for 1Q2021 was \$1.3 million mainly due to additions on property, plant and equipment as part of the capacity expansion in Energy Services segment.

Net cash used in financing activities of \$2.2 million during 1Q2021 was a result of repayments of term loans, lease liabilities and payment of interests of approximately \$2.3 million, offset by proceeds from bank borrowings of \$0.1 million.

DISCONTINUED OPERATIONS AND DISPOSAL OF A SUBSIDIARY CLASSIFIED AS HELD-FOR-SALE

Disposal of 51% Equity Interest in MKSE

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

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

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

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

	1Q2020 \$'000
Revenue	2,564
Expenses	(4,102)
Other losses – net	-
Loss before income tax from discontinued operations	(1,538)
Income tax expense	-
Loss after tax from discontinued operations	(1,538)
Total comprehensive loss, representing net loss	(1,538)

- 9** **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10** **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group expects the resurgence of COVID-19, continued border controls restriction, tightening of economic and social activities in Singapore and many countries around the world will continue to affect our customers who operate mainly in the marine, offshore, energy, oil and gas industries. The Group expects the effects of the COVID-19 pandemic to continue to evolve, and the overall business environment to remain challenging, particularly for the marine, offshore and engineering business segments.

The Group will strategically expand its presence and capacity of its waste treatment plant to serve existing customers, as well as to grow the customer base in the Energy segment. This enhancement is expected to diversify and stabilise our Group's business.

While the Group is mindful of the challenges and the impact of a prolonged outbreak of the Covid-19, it will continue to seek new business, exercise prudence and place greater emphasis on operational costs containment and savings.

- 11** **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.

- 12** **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 31 March 2021 as the Company has no distributable reserves.

13 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 1Q2021 were as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
McLink Asia Pte Ltd MPS Solutions Pte Ltd Sigi Beauty Pte Ltd Ole Investment Pte Ltd Ole Motorsports Pte Ltd	Associates	Nil*	Nil**

* Amount is less than \$100,000

** There is no subsisting shareholders mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST.

14 Negative Assurance on Interim Financial Statements

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the first quarter ended 31 March 2021 to be false or misleading in any material aspect.

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

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720 (1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

Sim Soon Ngee Glendle
 Executive Chairman and Chief Executive Officer

14 May 2021