Mencast

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

Condensed Interim Financial Statements
for the Six Months Ended
30 June 2024

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 Jun		
	1HY2024 ($'000)	1HY2023 ($'000)	Increase/ (decrease) (%)
Revenue	**25,461**	23,702	7
Cost of sales	**(19,351)**	(16,067)	20
Gross profit	**6,110**	7,635	(20)
Other gains – net			
- Interest income- bank deposit	**35**	12	192
- Loss of allowance on trade receivables	**-**	(57)	NM
- Other	**1,880**	4,710	(60)
Expenses			
- Administrative	**(5,030)**	(5,090)	(1)
- Finance	**(3,358)**	(3,883)	(14)
Share of loss of associated company	**-**	(37)	NM
(Loss)/profit before income tax	**(363)**	3,290	NM
Income tax expense	**(137)**	(160)	(14)
Net (loss)/profit	**(500)**	3,130	NM
Other comprehensive (loss)/income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences for foreign operations(1) - (Loss)/gain	**(26)**	117	NM
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain on financial assets, at FVOCI	**22**	-	NM
Total comprehensive (loss)/income	**(504)**	3,247	NM
Net (loss)/profit attributable to:			
Equity holders of the Company	**(416)**	2,081	NM
Non-controlling interests	**(84)**	1,049	NM
	(500)	3,130	NM
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	**(419)**	2,198	NM
Non-controlling interests	**(85)**	1,049	NM
	(504)	3,247	NM
(Loss)/earnings per share ("(LPS)/EPS") attributable to equity holders of the Company (cents per share)			
- Basic and diluted	**(0.09)**	0.46	NM

(1) The currency translation difference arose from the consolidation of foreign subsidiaries which mainly relates to the fluctuations of Indonesian Rupiah against Singapore Dollar.
(2) "NM" denotes not meaningful.

B. CONDENSED INTERIM BALANCE SHEETS

	Group		Company	
	1HY2024 ($'000)	FY2023 ($'000)	**1HY2024 ($'000)**	FY2023 ($'000)
ASSETS				
Current assets				
Cash and cash equivalents	**10,009**	10,470	**291**	524
Trade and other receivables	**13,068**	14,041	**36,756**	36,959
Inventories	**5,423**	4,076	**-**	-
Contract assets	**194**	249	**722**	607
	28,694	28,836	**37,769**	38,090
Assets of disposal group classified as held-for-sale	**70,544**	70,544	**-**	-
	99,238	99,380	**37,769**	38,090
Non-current assets				
Financial assets, at FVOCI	**113**	91	**-**	-
Investments in subsidiary corporations	**-**	-	**48,821**	48,821
Investment in an associated company	**-**	-	**-**	-
Property, plant, and equipment	**73,110**	75,860	**17**	39
Deposits for the purchase of property, plant, and equipment	**1,053**	881	**-**	-
Intangible assets	**4,781**	4,781	**-**	-
	79,057	81,613	**48,838**	48,860
Total assets	**178,295**	180,993	**86,607**	86,950
LIABILITIES				
Current liabilities				
Trade and other payables	**7,446**	8,376	**19,879**	17,449
Contract liabilities	**3,764**	1,177	**-**	-
Borrowings	**9,285**	9,705	**2,872**	2,872
Current income tax liabilities	**131**	321	**-**	-
	20,626	19,579	**22,751**	20,321
Liabilities directly associated with disposal group classified as held-for-sale	**66,998**	67,238	**-**	-
	87,624	86,817	**22,751**	20,321
Non-current liabilities				
Borrowings	**56,501**	60,062	**36,465**	37,799
Deferred income tax liabilities	**2,079**	1,752	**-**	-
	58,580	61,814	**36,465**	37,799
Total liabilities	**146,204**	148,631	**59,216**	58,120
NET ASSETS	**32,091**	32,362	**27,391**	28,830
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**93,420**	93,267	**93,420**	93,267
Fair value reserve	**36**	14	**-**	-
Translation reserve	**(969)**	(986)	**-**	(42)
Accumulated losses	**(61,985)**	(61,527)	**(66,029)**	(64,395)
	30,502	30,768	**27,391**	28,830
Non-controlling interests	**1,589**	1,594	**-**	-
Total equity	**32,091**	32,362	**27,391**	28,830

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 2024	**93, 470**	**(203)**	**(61,527)**	**14**	**(986)**	**30,768**	**1,594**	**32,362**
Total comprehensive (loss)/income	**-**	**-**	**(416)**	**22**	**(25)**	**(419)**	**(85)**	**(504)**
Incorporation of new subsidiary corporation	**-**	**-**	**-**	**-**	**-**	**-**	**80**	**80**
Write-off of translation reserve from an associated company[2]	**-**	**-**	**(42)**	**-**	**42**	**-**	**-**	**-**
Share issue pursuant to:								
- Share Awards under the PSAS 2021[3]	**153**	**-**	**-**	**-**	**-**	**153**	**-**	**153**
Balance as at 30 June 2024	**93, 623**	**(203)**	**(61,985)**	**36**	**(969)**	**30,502**	**1,589**	**32,091**
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 corporation	-	-	-	-	-	-	40	40
Share issue pursuant to:								
- Share-based payment	35	-	-	-	-	35	-	35
- Share Awards under the PSAS 2021[3]	150	-	-	-	-	150	-	150
Balance as at 30 June 2023	93,470	(203)	(60,907)	10	(823)	31,547	2,800	34,347

(1) *Fair value and translation reserves are not available for distribution.*
(2) *Resulted from the internal reorganisation of Menji Technology Development (Shanghai) Co., Ltd. as announced on 23 January 2024.*
(3) *PSAS 2021 – Mencast Performance Share Award Scheme 2021 was approved and adopted on 30 April 2021, subject to a maximum period of ten (10) years from the adoption date.*

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital ($'000)	Treasury shares ($'000)	Translation reserve[1] ($'000)	Accumulated losses ($'000)	Total equity ($'000)
Company					
Balance as at 1 January 2024	**93, 470**	**(203)**	**(42)**	**(64,395)**	**28,830**
Total comprehensive loss	**-**	**-**	**-**	**(1,592)**	**(1,592)**
Write-off of translation reserve from an associated company[2]	**-**	**-**	**42**	**(42)**	**-**
Share issue pursuant to:					
- Share Awards under the PSAS 2021[3]	**153**	**-**	**-**	**-**	**153**
Balance as at 30 June 2024	**93, 623**	**(203)**	**-**	**(66,029)**	**27,391**
Company					
Balance as at 1 January 2023	93,285	(203)	(44)	(68,747)	24,291
Total comprehensive income/(loss)	-	-	2	(2,038)	(2,036)
Share issue pursuant to:					
- Share-based payment	35	-	-	-	35
- Share Awards under the PSAS 2021[3]	150	-	-	-	150
Balance as at 30 June 2023	93,470	(203)	(42)	(70,785)	22,440

[1] *Translation reserve is not available for distribution.*
[2] *Resulted from the internal reorganisation of Menji Technology Development (Shanghai) Co., Ltd. as announced on 23 January 2024.*
[3] *PSAS 2021 – Mencast Performance Share Award Scheme 2021 was approved and adopted on 30 April 2021, subject to a maximum period of ten (10) years from the adoption date.*

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group For the half year ended 30 June	
	1HY2024	1HY2023
	($'000)	($'000)
Cash flows from operating activities		
Net (loss)/profit	**(500)**	3,130
Adjustments for:		
- Income tax expense	**137**	160
- Depreciation of property, plant and equipment	**3,934**	4,111
- Dividend income from financial assets, at FVOCI	**-**	(3)
- Loss/(gain) on disposal of non-current assets held-for-sale	**61**	(3,834)
- Loss on disposal of property, plant, and equipment	**54**	895
- Share Awards under the PSAS 2021	**153**	150
- Share of loss of associated company	**-**	37
- Interest income	**(35)**	(12)
- Interest expense	**3,358**	3,883
- Currency translation differences	**(23)**	(24)
	7,139	8,493
Changes in working capital:		
- Trade and other receivables	**49**	2,568
- Inventories	**(1,347)**	146
- Contract assets	**55**	116
- Trade and other payables	**(1,676)**	(313)
- Contract liabilities	**2,587**	571
Cash generated from operations	**6,807**	11,581
Interest received	**35**	12
Income tax paid	**-**	(738)
Net cash provided by operating activities	**6,842**	10,855
Cash flows from investing activities		
Dividend income from financial assets, at FVOCI	**-**	3
Acquisition of a subsidiary, net of cash acquired	**191**	-
Proceeds from disposal of non-current assets classified as held-for-sale	**1,034**	5,870
Proceeds from disposal of property, plant and equipment	**30**	4,567
Purchase of property, plant, and equipment	**(734)**	(1,254)
Short-term bank deposits pledged	**(6)**	-
Net cash provided by investing activities	**515**	9,186
Cash flows from financing activities		
Interest paid	**(3,366)**	(3,932)
Repayment of bank borrowings	**(5,436)**	(10,429)
Repayment lease liabilities	**(679)**	(1,157)
Increase/(decrease) of trade financing	**1,657**	(559)
Proceeds from issuance of subsidiary corporation's shares to non-controlling interest	**-**	15
Net cash used in financing activities	**(7,824)**	(16,062)
Net (decrease)/increase in cash and cash equivalents	**(467)**	3,979
Cash and cash equivalents at the beginning of the financial period	**9,958**	8,521
Cash and cash equivalents at the end of the financial period	**9,491**	12,500

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

	As at 30 June 2024 ($'000)	As at 30 June 2023 ($'000)
Cash and cash equivalents	**10,009**	13,005
Short-term bank deposits pledged	**(518)**	(505)
	9,491	12,500

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 2024 comprised the Company and its subsidiary corporations (collectively, the "**Group**").

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

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

2. Basis of preparation

The interim financial statements for the six months ("**1HY2024**") ended 30 June 2024 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 ("**2HY2023/FY2023**").

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 dollars ("**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 2HY2023/FY2023.

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 note:

- 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, contract assets, and other 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 the majority of the assets and liabilities can be utilised or discharged by different operating segments across the Group.

The Group's activities comprise the following segments:

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

(b) Marine - Includes stern gear manufacturing and refurbishment works, ship inspection, repair and maintenance services, and engineering and fabrication work.

(c) Energy services - Include waste treatment and recovery waste system. Capabilities of waste treatment plants include treatment of wastewater, oily sludge, slop, mud oil, contaminated soil, solid wastes, and filter cakes.

4.1 The reportable segment information is as follows:

	The Group			
	Offshore & Engineering ($'000)	**Marine ($'000)**	**Energy services ($'000)**	**Total ($'000)**
1HY2024				
Revenue				
Total segment revenue	**2,496**	**12,635**	**11,174**	**26,305**
Inter-segment revenue	**-**	**(828)**	**(16)**	**(844)**
Revenue from external parties	**2,496**	**11,807**	**11,158**	**25,461**
Gross (loss)/profit	**(10)**	**5,251**	**869**	**6,110**
Other gains – net				**1,915**
Expenses				
- Administrative				**(5,030)**
- Finance				**(3,358)**
Share of loss of associated companies				**-**
Loss before income tax				**(363)**
Income tax expense				**(137)**
Net Loss				**(500)**

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 services ($'000)	Total ($'000)
1HY2023				
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)
Net profit				3,130

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**
1HY2024			
Construction contracts			
- Singapore	**-**	**32**	**32**
- Asia	**-**	**859**	**859**
- Rest of the world	**-**	**-**	**-**
	-	**891**	**891**
Sale of goods			
- Singapore	**5,412**	**-**	**5,412**
- Asia	**1,006**	**-**	**1,006**
- Rest of the world	**221**	**-**	**221**
	6,639	**-**	**6,639**
Services income from maintenance, repair and overhaul and waste management			
- Singapore	**15,742**	**-**	**15,742**
- Asia	**1,237**	**-**	**1,237**
- Rest of the world	**952**	**-**	**952**
	17,931	**-**	**17,931**
Total	**24,570**	**891**	**25,461**

4. Segment and revenue information (continued)

4.2 Disaggregation of revenue (continued)

	At a point in time $'000	Over time $'000	Total $'000
1HY2023			
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

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.

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

5. (Loss)/profit before income tax

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

	For the half year ended 30 June		
	1HY2024 ($'000)	1HY2023 ($'000)	Increase/ (decrease) (%)
Included in Other credits/(charges) – net:			
- Foreign exchange gain/(loss), net[1]	**48**	(72)	NM
- (Loss)/gain on disposal of non-current assets held-for-sale[2]	**(61)**	3,834	NM
- Government grants[3]	**102**	72	42
- Loss on sale of property, plant and equipment[4]	**(54)**	(895)	(94)
- Rental income	**1,250**	1,311	(5)
- Sale of scrap metals[5]	**575**	320	80
- Other income, net[6]	**20**	140	(86)
	1,880	4,710	(60)
Included under finance expenses:			
Interest expenses on:			
- Bank borrowings	**3,028**	3,570	(15)
- Trade financing	**55**	43	28
- Lease liabilities - leasehold land	**268**	266	1
- Lease liabilities - hire purchase	**7**	4	75
	3,358	3,883	(14)
Included under cost of sales and administrative expenses:			
- Depreciation of property, plant and equipment	**3,440**	3,656	(6)
- Depreciation of ROU assets - leasehold land	**463**	422	10
- Depreciation of ROU assets - hire purchase	**31**	33	(6)
	3,934	4,111	(4)
Included under income tax (credit)/expense:			
- (Over) provision of current income tax in prior financial years	**(320)**	-	NM
- Under provision of deferred income tax in prior financial years	**327**	-	NM

Note:

(1) Foreign exchange gain of $48,000 in 1HY2024 was mainly due to the strengthening of USD currency over SGD for bank balances in USD currency.

Foreign exchange loss of $72,000 in 1HY2023 mainly arose on the 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.

(2) The loss on disposal of non-current assets held-for-sale in 1HY2024 of $61,000 was due to the adjustments on the third and final payment tranche in accordance with the sale and purchase agreement ("**SPA**") for 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 1HY2023, the gain on disposal of non-current assets held-for-sale of $3.83 million was due to the disposal of the Group's remaining 20% equity interest in Vac-Tech.

Overall, the Group registered a net gain from disposal of Vac-Tech of $3.73 million before deducting any incidental costs.

(3) The receipts of government grant in 1HY2024 and 1HY2023 were mainly from the Progressive Wage Credit Scheme payout.

(4) Loss on disposal of property, plant and equipment of $54,000 in 1HY2024 was mainly due to the disposal of an obsolete lathe machine under the Marine segment.

In 1HY2023, the loss on disposal of property, plant and equipment of $895,000 was mainly due to the disposal of:
- a property located in Batam Indonesia, $92,000;
- machinery, workshop equipment and motor vehicle of $803,000.

(5) The increase in the sale of scrap materials in 1HY2024 was mainly due to higher scrap sales from the Marine segment of $303,000, from $29,000 in 1HY2023 to $332,000 in 1H2024. It was partially offset by a $48,000 decline in scrap sales from the Offshore & Engineering segment which was in line with a lower revenue from the precision engineering business in 1HY2024.

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

Other income for 1HY2024 was mainly related to VPC parking of $19,000.

Other income for 1HY2023 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.

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

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	**1HY2024 $'000**	1HY2023 $'000
Sale of goods and/or services	**17**	941
Purchases of products and services	**-**	(98)
Miscellaneous income	**-**	5
Recharges of common costs	**-**	19
Consideration for the reorganisation of Menji Shanghai	**91**	-

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 nature of transactions with associated companies are explained as follows:

i. 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-Tec**h"). On 1 February 2023, the proposed disposal was completed in accordance with the terms and conditions of the SPA dated 17 December 2022, and the Group has ceased to hold any interest in Vac-Tech.

ii. On 23 January 2024, the Group incorporated a new subsidiary corporation in Singapore namely, Menji Development Pte. Ltd. ("**Menji Development**") with an issued capital of $200,000 for 200,000 ordinary shares. The Group holds a 60% equity interest in Menji Development through Mencast Investment Holdings Pte. Ltd. On the same day, the Group had also undertaken an internal reorganisation exercise involving Menji Pte. Ltd. ("**Menji Singapore**") by transferring its entire equity interests in Menji Technology Development (Shanghai) Co., Ltd., 旻集科技发展（上海）有限公司 ("**Menji Shanghai**") for $91,000 based on the total identifiable net assets as at date of transfer to Menji Development post incorporation. Please refer to Part E, Note 18 for further details.

Following the reorganisation, the Group's effective interests in Menji Shanghai increased from 49.73% to 60.0%, whereas the Group continues to hold 49.73% equity interests in Menji Pte. Ltd. and remains as an associated company of the Group.

7. Income tax expense

For 1HY2024, the Group recognised an income tax expense of $137,000 (1HY2023: $160,000) due to the following:

i. Provision of current income tax of $130,000 for 1HY2024 (1HY2023: $160,000) mainly due to the remaining chargeable income from Marine segment after deducting available group relief.

ii. Under-provision of deferred income tax from prior financial year of $327,000 (1HY2023: $Nil) mainly due to timing difference on the depreciation of certain machinery and equipment from the precision engineering business.

iii. Over-provision of current income tax in prior years of $320,000 (1HY2023: $Nil) from Marine segment after deducting available group relief.

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 2024 and 31 December 2023:

	Group		Company	
	1HY2024	FY2023	**1HY2024**	FY2023
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets, at FVOCI	**113**	91	**-**	-
Cash and cash equivalents[4]	**10,009**	10,470	**291**	524
Trade and other receivables[1,3]	**12,621**	12,638	**36,719**	36,930
Contract assets	**194**	249	**722**	607
	22,937	23,448	**37,732**	38,061
Financial liabilities				
Trade and other payables[3]	**7,446**	8,376	**19,879**	17,449
Borrowings[2]	**132,784**	137,005	**39,337**	40,671
	140,230	145,381	**59,216**	58,120

Note:
1. excluded the prepayment and advances to suppliers
2. included the liabilities under disposal group classified as held-for-sale
3. included the receivables from and payables to associated companies of $1.84 million and $91,000 (FY2023: $1.81 million and $21,000) respectively
4. Please see significant restrictions below.

Significant restrictions

Cash in bank of $19,000 as at 30 June 2024 (FY2023: $Nil) is held in the People's Republic of China ("**PRC**") and are subject to local exchange control regulations. These local exchange regulations provide for restrictions on remitting capital from the country, other than through normal dividends.

Provision for expected credit losses ("ECL") of:

i. Trade receivables and contract assets

Management determines the expected credit losses ("ECL") of trade receivables and contract assets 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) Non-credit-impaired debtors; and (ii) Credit-impaired debtors, i.e., who are in the process and/ or under liquidation, bankruptcy and lawsuit.

For non-credit-impaired debtors, the Group uses an allowance matrix to measure the lifetime expected credit loss allowances for trade receivables and contract assets. The allowance matrix is based on its historical observed default rates (over period of 36 months) over the expected life of the trade receivables and contract assets and is adjusted for forward-looking estimates. At every balance sheet date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For credit-impaired debtors, the Group determines the impairment of trade receivables and contract assets by making debtor-specific assessment for credit-impaired debtors.

In measuring the expected credit loss for credit-impaired debtors, the Group has considered settlement arrangements entered into with various customers, such as instalment plans and contra settlements/arrangements with customers. The Group also considers available reasonable and supportive forward-looking information which includes actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations.

For 1HY2024, a loss allowance of $Nil (1HY2023: $57,000) for trade receivables was recognised.

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

8. Financial assets and financial liabilities (continued)

Provision for expected credit losses ("ECL") of: (continued)

ii. Other receivables

The Group and the Company use the general approach for assessment of ECL for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each balance sheet date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment.

No loss allowance was recognised by the Group for these financial assets for 1HY2024/ FY2023.

As at 30 June 2024, 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	
	1HY2024	FY2023
	$'000	$'000
Financial assets, at FVOCI	**113**	91

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

During the financial period ended 30 June 2024, the Group recognised fair value gain of $22,000 (FY2023: fair value gain of $4,000).

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

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

10. Disposal group classified as held-for-sale

As at 30 June 2024, the carrying amount of assets and liabilities held-for-sale were $70,544,000 and $66,998,000 respectively (FY2023: $70,544,000 and $67,238,000).

The balances as at 30 June 2024, comprised the following:

a. As part of the Amended Debt Restructuring Agreement ("**Further Amended DRA**"), the Group is committed to disposing of a key property to pare down its debt. The carrying amounts of its assets and liabilities were $70,544,000 and $66,998,000 respectively (FY2023: $70,544,000 and $67,238,000).

b. Disposal of Vac-Tech

On 17 December 2022, Mencast Energy Pte. Ltd., a 70% subsidiary corporation of the Company, signed a Sale and Purchase agreement ("**SPA**"), to dispose of its remaining 20% equity interest in Vac-Tech, which consists of 600,000 shares.

Following the Group's decision to sell Vac-Tech, and in compliance with SFRS(I) 5 Non-Current Assets Held-for-Sale and Discontinued Operations, the investment in the associated company (Vac-Tech) of approximately $4.07 million was reclassified as assets of disposal group classified as held-for-sale on the consolidated balance sheet.

On 1 February 2023, the proposed disposal of Vac-Tech was completed in accordance with the terms of the SPA and resulted in a net gain on disposal of an associated company classified as non-current assets held-for-sale amounting to $3,793,000. Subsequently, the Group ceased to hold any interest in Vac-Tech.

As at 31 December 2023, the Group has other receivables related to third and final tranche payment of $1,095,000 from the disposal of Vac-Tech, subject to adjustments pursuant to the SPA.

Subsequently, on 3 April 2024, the Group received the third and final tranche payment of $1,034,000, with a shortfall of $61,000 from the $1,095,000 recognised in FY2023 after taking effect the net cash and net working capital adjustments pursuant to the SPA.

Overall, the Group recognised a net gain on disposal of Vac-Tech of $3.73 million before deducting any incidental costs.

For the financial period/year 1HY2024/FY2023, 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 2024 (FY2023: Nil).

	Group		Company	
	1HY2024	FY2023	**1HY2024**	FY2023
	$'000	$'000	**$'000**	$'000
Equity investment				
Beginning of financial period/year	**-**	35	**-**	35
Share of loss of associated companies	**-**	(37)	**-**	(37)
Currency translation difference	**-**	2	**-**	2
End of financial period/year	**-**	-	**-**	-

As at 30 June 2024, the Group has one associated company – Menji Singapore.

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

11. Investment in an associated company (continued)

i. Menji Singapore

As explained in Part E, Note 6, on 23 January 2024, the Group had undertaken an internal reorganisation exercise involving Menji Singapore, transferring its entire equity interests in Menji Shanghai for $91,000 to Menji Development post incorporation.

Following the reorganisation, Menji Shanghai is no longer a subsidiary of Menji Singapore whereas the Group continues to hold 49.73% equity interests in Menji Singapore and it remains as an associated company of the Group.

As at 30 June 2024, the carrying amount of investment in Menji Singapore is $Nil (FY2023: $Nil) as the Group and Company's share of losses in Menji Singapore has exceeded its interest, hence the Group and the Company do not recognise further losses.

ii. Vac-Tech

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 2024, the Group registered a net book value of $73.11 million (FY2023: $75.86 million).

The decrease in PPE was mainly attributable to the:
a. depreciation expense on PPE and ROU assets amounting to $3.93 million;
b. disposal of PPE with a net book value of approximately $84,000 which resulted to a loss on disposal of PPE for $54,000 as explained in Part E Note 5.(4)
c. loss on foreign currency translation of PPE from foreign subsidiaries, $4,000; offset with
d. addition in PPE of $0.98 million mainly for the purchase of machinery and equipment for Marine propulsion business of approximately $0.63 million and Energy segment of $0.19 million.
e. addition of PPE following the reorganisation of Menji Shanghai, $0.29 million.

Also, the Group recognised deposits for the purchase of property, plant, and equipment of $1.05 million as at 30 June 2024 (FY2023: $0.88 million) mainly for Marine segment.

Impairment testing

Property, plant, and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash generating unit ("**CGU**") have been determined based on fair value less costs to sell and value-in-use ("**VIU**").

During the financial period ended 30 June 2024, impairment charges of $Nil (FY2023: $38,000) were recognised for property, plant, and equipment as the estimated recoverable amounts are less than carrying value and/or fair value less costs to sell.

Capital commitment

As at 30 June 2024, the Group has a capital commitment of approximately $2,706,000 (FY2023: $3,550,000) mainly for the new build propellers business of Marine segment.

13. Goodwill

	Group	
	1HY2024	FY2023
	$'000	$'000
Cost		
Beginning and end of financial period/year	**27,523**	27,523
Accumulated impairment		
Beginning and end of financial period/year	**(22,742)**	(22,742)
Net book value	**4,781**	4,781

Impairment testing

No impairment indicators were identified as at 30 June 2024 based on the CGU's business performance. The Group performed its annual impairment test in December 2023. 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 2023.

14. Borrowings

Amount repayable in one year or less, or on demand

	1HY2024		FY2023	
Borrowings	**Secured ($'000)**	**Unsecured ($'000)**	Secured ($'000)	Unsecured ($'000)
Bank borrowings	**6,498**	**1,873**	6,172	2,736
Lease liabilities – hire purchase	**95**	**-**	93	-
Current borrowings	**6,593**	**1,873**	6,265	2,736
Included in the disposal group classified as held-for-sale:				
- Bank borrowings	**62,717**	**-**	62,717	-
	69,310	**1,873**	68,982	2,736

Amount repayable after one year

	1HY2024		FY2023	
Borrowings	**Secured ($'000)**	**Unsecured ($'000)**	Secured ($'000)	Unsecured ($'000)
Bank borrowings	**43,450**	**-**	46,248	444
Lease liabilities – hire purchase	**175**	**-**	222	-
Non-current borrowings	**43,625**	**-**	46,470	444

The Group's borrowings disclosed above do not include the lease liabilities on leasehold land arising from SFRS(I)16, the details of which are as follows:

	Group	
Lease liabilities – leasehold land included under:	**1HY2024 ($'000)**	FY2023 ($'000)
Current borrowings	**819**	704
Disposal group classified as held-for-sale	**4,281**	4,521
Non-current borrowings	**12,876**	13,148
Total	**17,976**	18,373

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

14. Borrowings (continued)

Details of any collaterals

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

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

Financial covenants

The Group's bank borrowings are subjected to financial covenant clauses whereby the Group is required to meet certain key financial ratios, any breach of which would result in an event of default under the relevant existing facility agreements.

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

15. Share capital

	No. of ordinary shares			**Amount**		
	Issued share capital '000	**Treasury shares '000**	**Total '000**	**Share capital $'000**	**Treasury shares $'000**	**Total $'000**
Group and Company						
1HY2024						
Beginning of financial period	**456,541**	**(455)**	**456,086**	**93,470**	**(203)**	**93,267**
Share issue pursuant to:						
- Share Awards under the PSAS 2021	**5,099**	**-**	**5,099**	**153**	**-**	**153**
End of financial period	**461,640**	**(455)**	**461,185**	**93,623**	**(203)**	**93,420**

	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						
FY2023						
Beginning of financial year	452,405	(455)	451,950	93,285	(203)	93,082
Share issue pursuant to:						
- Share-based payment	727	-	727	35	-	35
- Share Awards under the PSAS 2021	3,409	-	3,409	150	-	150
End of financial year	456,541	(455)	456,086	93,470	(203)	93,267

The Group and the Company have a total issued and outstanding shares of 461,185,000 as at 30 June 2024 (31 December 2023: 456,086,000 shares).

The Company has no outstanding options or convertibles as at 30 June 2024 and 30 June 2023.

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

15. Share capital(continued)

The Company's subsidiary corporations do not hold any shares in the Company as at 30 June 2024 and 30 June 2023.

As at 30 June 2024, the total number of treasury shares held was 455,000 (30 June 2023: 455,000).

There were no sales, transfers, disposals, cancellations and/or uses of treasury shares as at end of 30 June 2024.

The Mencast Performance Share Award Scheme 2021 (the "**PSAS 2021**", a 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 (that includes Group Executive Directors) and Group Non-Executive Directors. For more details and information on PSAS 2021, please refer to the Circular to Shareholders in relation to the Proposed Adoption of Mencast Performance Share Award Scheme 2021 disclosed on the Mencast website.

<u>1HY2024</u>

On 28 May 2024, the Company allotted and issued a total of 5,099,000 ordinary shares of the Company to eligible employees of the Group under PSAS 2021.

<u>FY2023</u>

On 12 June 2023, the Company allotted and issued a total of 3,409,000 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 received $139,000 in cash and the remaining $35,000 in shares.

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

Net asset value ("NAV")

	Group		Company	
	1HY2024	FY2023	**1HY2024**	FY2023
NAV per ordinary share (SGD cents)	**6.61**	6.75	**5.94**	6.32
Number of shares used in the computation of NAV per share ('000)	**461,185**	456,086	**461,185**	456,086

(Loss)/earnings per share ("(LPS/EPS")

(a) <u>Basic (loss)/earnings per share</u>

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during 1HY2024 of 456,926,000 shares (1HY2023: 452,293,000 shares).

(b) <u>Diluted (loss)/earnings per share</u>

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

There are no dilutive potential ordinary shares for 1HY2024 (1HY2023: Nil).

Mencast

17. Contingencies

Group

During the financial year ended 31 December 2019, a wholly owned subsidiary corporation of the Company, Mencast Offshore & Marine Pte. Ltd. ("MOMPL") provided a corporate guarantee to a major customer for a five-year contract secured by its associated company - Vac-Tech. The Group had ceased to hold any interest in Vac-Tech on 1 February 2023 (Part E, Note 11.ii). Based on the master services agreement between MOMPL and Vac-Tech, MOMPL cannot revoke the guarantee and the guarantee will continue till its expiry 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.

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 $1,873,000 (FY2023: $3,180,000) at the balance sheet date.

The Board of Directors estimated that the fair value of the corporate guarantees is negligible in the view that consequential liabilities to be derived from its guarantees to the banks, a multinational customer and financial support provided to certain subsidiary corporations are not material and therefore not recognised.

18. Business combination

As disclosed in Part E, Note 6 and 11, on 23 January 2024, the Group had undertaken an internal reorganisation exercise involving Menji Singapore, transferring its entire equity interests in Menji Shanghai for $91,000 to Menji Development.

The Group's effective interest in Menji Shanghai increased from 49.73% to 60.0% (i.e. by 10.27%) as a result of the internal reorganisation, and accounted as indirect subsidiary corporation of the Company.

Menji Shanghai is presently engaged in the provision of engineering and construction services, and the wholesale of building and construction materials in the People's Republic of China ("**PRC**").

Details of the consideration and the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the date of internal reorganisation:

	$'000
(a) Purchase consideration:	
Cash to be paid	**91**
(b) Effect on cash flows of the Group	
Cash paid	-
Less: cash and bank balances in subsidiary corporation	(191)
Cash inflow on acquisition	**(191)**
(c) Identifiable assets acquired and liabilities assumed	
Cash and bank balances	191
Trade and other receivables	91
Property, plant, and equipment	295
Total assets	577
Trade and other payables	248
Borrowings - lease liabilities	238
Total liabilities	486
Total identifiable net assets	**91**
Less: Non-controlling interest	(37)
Consideration transferred for the business	**54**

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

18. Business combination (continued)

Revenue and profit contribution

Menji Shanghai contributed revenue of $175,000 and net loss of $47,000 to the Group during the period from 23 January 2024 to 30 June 2024.

Had Menji Shanghai been acquired by Menji Development from 1 January 2024, consolidated revenue remains the same at $25.46 million and consolidated losses after tax would have been $581,000.

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 the financial position of Mencast Holdings Ltd. and its subsidiary corporations as at 30 June 2024 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 1HY2024 and certain explanatory notes have not been audited or reviewed.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Statement of Comprehensive Income

Revenue

Overall, the Group's revenue for 1HY2024 rose by 7% or $1.76 million from $23.70 million in 1HY2023 to $25.46 million in 1HY2024. The increase in revenue was mainly due to the following segments:

- Marine segment – up by $1.47 million;
- Offshore & Engineering segment – higher by $0.24 million; and
- Energy services segment – marginally increased by $51,000.

Offshore & Engineering segment

The increase in revenue in the Offshore & Engineering segment of $0.24 million was primarily due to higher revenue contribution from an Indonesia subsidiary of the Group in the offshore structure and steel fabrication business of $155,000 in 1HY2024.

Marine segment

Marine segment revenue increased by $1.47 million from $10.34 million in 1HY2023 to $11.81 million in 1HY2024 mainly due to:

- increase in revenue for new build propeller of $0.96 million, from $4.84 million in 1HY2023 to $5.80 million in 1HY2024; and
- increase in Marine's MRO (maintenance, repairs and overhaul) service revenue by $0.51 million, from $5.50 million in 1HY2023 to $6.01 million in 1HY2024. Propulsion system MRO service revenue contributed to an increase of $0.61 million offset with the decline in ship repair works by $0.10 million.

Energy Services segment

Revenue from the Energy services segment remained relatively the same for both reporting periods 1HY2024 and 1HY2023 at $11.1 million.

Mencast

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)

Cost of sales, gross profit ("GP") and gross profit margin

In 1HY2024, cost of sales increased by 20% or $3.28 million to $19.35 million compared to $16.07 million in 1HY2023. The Energy services segment included a $4.13 million revenue for a fast-track contract, but with a single-digit gross margin, which resulted in increased cost of sales and lower overall gross profit. The Group's gross profit decreased by 20% or $1.52 million, from $7.63 million in 1HY2023 to $6.11 million in 1HY2024. The following factors contributed to the decline in gross profit:

- GP from Energy services segment declined by $4.60 million due to:
  - a reduction in the volume of work orders from the waste treatment; offset with
  - the marginal contribution to the gross profit from a fast-track contract of $0.33 million;

offset with

- an increase in the GP of approximately $1.68 million from MRO services and new built propellers from the Marine segment; and
- a drop in gross losses of approximately $1.28 million from the Offshore & Engineering segment's offshore structure & steel fabrication and precision engineering due to costs saving as a result of assets divestment in prior year. Menji Shanghai also contributed to the gross profit contribution of $0.12 million.

Consequently, the Group's gross profit margin (as a percentage over revenue) was down by 8 percentage point, from 32% in 1HY2023 to 24% in 1HY2024.

Other gains/(losses) - net

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

Administrative expenses

Administrative expenses remained relatively the same for both reporting periods 1HY2024/1HY2023 at $5.0 million.

Finance expenses

The Group's finance expenses of $3.36 million for 1HY2024 decreased by 14% or approximately $0.52 million from $3.88 million in 1HY2023 mainly due to the reduction in the Group's borrowings, in line with settlement of bank borrowings in prior year arising from assets divestment.

Share of loss of associated companies

The Group recorded a share of loss of $37,000 from its remaining associated company in 1HY2023 compared to $Nil in 1HY2024. The Group and the Company's share of losses in its associated company has already exceeded its interest as at FY2023, hence the Group and the Company have not recognised further losses in 1HY2024.

Income tax expense

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

Net (loss)/profit

Consequent to the above, the Group recorded a net loss before tax of $0.36 million in 1HY2024 as compared to a net profit before tax of $3.29 million in 1HY2023.

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

Current assets

Overall, the Group's current assets remained stable at $99.24 million and $99.38 million for the period/year ended 30 June 2024 and 31 December 2023 respectively, details are explained below:

- inventories increased by $1.35 million from $4.08 million in FY2023, mainly due to higher volume of secured and on-going orders for new build propellers in the Marine segment; offset with
- net decrease in trade and other receivables of $0.97 million mainly due to the $1.03 million receipt of the third and final payment tranche in relation to the disposal of Vac-Tech as explained in Part E, Note 10.b; and
- net decreases in cash and cash equivalents by $0.46 million as explained in the Review of Condensed Interim Consolidated Statement of Cash Flows section below.

Non-current assets

The Group's non-current assets of $79.05 million as at 30 June 2024 decreased by 3% or $2.56 million from $81.61 million as at 31 December 2023, as a result of the following:

- a net decrease in property, plant, and equipment ("PPE") of $2.58 million as explained in details in Part E, Note 12; offset with
- a fair value gain of $22,000 from financial assets, at FVOCI as disclosed in Part E, Note 9.

Current liabilities

The Group's current liabilities increased by $0.80 million or 1% from $86.82 million as at 31 December 2023, to $87.62 million as at 30 June 2024, because of the following:

- increase in contract liabilities of $2.59 million due mainly to advances received from customers of approximately $2.43 million for new build propellers; offset with
- decrease in trade and other payables of $0.93 million, mainly due to payment of accruals and payables to suppliers;
- net decrease in current borrowings of $0.42 million mainly due to repayment of borrowings;
- decrease in current income tax liabilities of $0.19 million, as explained in detail in Part E, Note 7; and
- decrease in liabilities under disposal group of approximately $0.24 million mainly due to monthly repayment of borrowings.

Non-current liabilities

The Group recorded a 5% decline or $3.23 million on its non-current liabilities from $61.81 million as at 31 December 2023 to $58.58 million as at 30 June 2024 attributable to:

- repayment of bank loans and lease liabilities; offset with
- under-provision of deferred income tax liabilities in prior years as explained in Part E, Note 7.i.

Review of Condensed Interim Statement of Cash Flows

The Group reported a net cash inflow from operating activities of $6.84 million due to higher operating income before changes in working capital of $7.17 million (net of interest received), offset with net decrease in working capital of $0.33 million.

Net cash provided by investing activities of $0.52 million was mainly due to the following:

- proceeds in relation to third and final tranche payment for the disposal of Vac-Tech of $1.03 million;
- additional cash receipt of $0.19 million as a result of business combination of Menji Shanghai (as disclosed in Part E Note 18); and
- proceeds from the disposal of PPE of $30,000; offset with
- cash outlay of $0.73 million for the purchase of PPE, mainly for the operational needs in the Marine segment.

Cash outflow from financing activities amounted to approximately $7.82 million, due mainly to repayment of bank borrowings, lease liabilities, and interest expenses; offset with the increase in trade financing for 1HY2024.

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 current elevated interest costs and inflationary pressures are likely to persist throughout 2024. Together with the prevailing economic volatility, the Group anticipates a challenging business environment within its three operating segments (Offshore & Engineering, Marine, and Energy Services).

The Group is committed to mitigating these challenges through the streamlining of major expenditures, prudent liquidity management, increased marketing endeavour aimed at driving sales performance, and proactive measures to realign current processes to achieve greater efficiencies.

In light of the foregoing, the Group will exercise prudence in its quest for organic growth and focus on pursuing new revenue streams. Additionally, the Group is diligently seeking opportunities to broaden its customer base by engaging with new clientele and/or markets to strengthen the resilience of its core business segments.

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 2024 as the Company has no distributable reserves.

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 1HY2024 were as follows:

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

* Amount is less than $100,000

** There is no subsisting shareholders mandate for interested person transactions pursuant to Rule 920 of the 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 2024 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 announcement dated 23 January 2024 in relation to the incorporation of Menji Development and the internal reorganisation exercise involving Menji Singapore transferring its entire equity interests in Menji Shanghai, there was no acquisition or sale of shares by the Company in 1HY2024 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

13 August 2024