

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 2019

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

	The Group					
	For the fourth quarter ended 31 December			For the year ended 31 December		
	4Q2019 (\$'000)	4Q2018 (\$'000) (Restated)	Increase/ (decrease) (%)	FY2019 (\$'000)	FY2018 (\$'000) (Restated)	Increase/ (decrease) (%)
Continuing Operations						
Revenue	15,107	20,630	(27)	60,456	59,417	2
Cost of sales	(14,039)	(19,987)	(30)	(57,409)	(55,158)	4
Gross profit	1,068	643	66	3,047	4,259	(28)
Other gains – net	3,421	2,645	29	9,109	6,542	39
Expenses						
- Administrative	(3,506)	(3,760)	(7)	(12,502)	(14,083)	(11)
- Finance	(2,193)	(1,532)	43	(8,339)	(5,822)	43
Share of profit of associated company	231	-	NM	308	-	NM
Loss before income tax	(979)	(2,004)	(51)	(8,377)	(9,104)	(8)
Income tax	436	200	118	437	28	1,461
Loss from continuing operations	(543)	(1,804)	(70)	(7,940)	(9,076)	(13)
Discontinued operations						
Profit from discontinued operations	-	1,545	NM	2,164	2,463	(12)
Total loss	(543)	(259)	110	(5,776)	(6,613)	(13)
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss						
Fair value loss on financial assets, at FVOCI	(7)	(7)	-	(7)	(7)	-
Currency translation differences arising from consolidation ⁽¹⁾	(15)	775	NM	115	178	(35)
Total comprehensive (loss)/gain	(565)	509	NM	(5,668)	(6,442)	(12)
Net (loss)/profit attributable to :						
Equity holders of the Company	(84)	(1,229)	(93)	(7,073)	(8,165)	(13)
Non-controlling interests	(459)	970	NM	1,297	1,552	(16)
	(543)	(259)	110	(5,776)	(6,613)	(13)
(Loss)/profit attributable to equity holders of the Company relates to:						
Loss from continuing operations	(84)	(1,986)	(96)	(8,133)	(9,372)	(13)
Profit from discontinued operations	-	757	NM	1,060	1,207	(12)
	(84)	(1,229)	(93)	(7,073)	(8,165)	(13)
Total comprehensive (loss)/income attributable to :						
Equity holders of the Company	(106)	(461)	(77)	(6,965)	(7,994)	(13)
Non-controlling interests	(459)	970	NM	1,297	1,552	(16)
	(565)	509	NM	(5,668)	(6,442)	(12)

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

(2) "NM" denotes not meaningful.

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

	The Group					
	For the fourth quarter ended 31 December			For the year ended 31 December		
	4Q2019 (\$'000)	4Q2018 (\$'000) (Restated)	Increase/ (decrease) (%)	FY2019 (\$'000)	FY2018 (\$'000) (Restated)	Increase/ (decrease) (%)
Continuing operations:						
<u>Included in Other (charges)/credits – net:</u>						
- Foreign exchange loss, net	(62)	(5)	1,140	(27)	(211)	(87)
- Gain on disposal of non-current assets held-for-sale ⁽¹⁾	5,038	2,183	131	5,981	2,183	174
- Gain on re-measurement of retained investment ⁽²⁾	-	-	-	1,456	-	NM
- (Loss)/gain on sale/write-off of property, plant and equipment ⁽³⁾	(873)	12	NM	(1,026)	775	NM
- Government grants ⁽⁴⁾	55	17	224	263	1,376	(81)
- Impairment loss on property, plant and equipment ⁽⁵⁾	(1,405)	-	NM	(1,405)	-	NM
- Impairment of trade receivables	(239)	(162)	48	(239)	(164)	46
- Rental income ⁽⁶⁾	601	747	(20)	2,867	1,951	47
- Sale of scrap metals ⁽⁷⁾	211	151	40	620	843	(26)
- Write-back of allowance for impairment of trade receivables	8	-	NM	13	-	NM
- Warranty claim ⁽⁸⁾	(100)	-	NM	(100)	-	NM
- Write-back of long outstanding payables	24	67	(64)	209	133	57
- Write down of inventories ⁽⁹⁾	-	(416)	NM	-	(416)	NM
- Other income, net ⁽¹⁰⁾	163	51	220	497	72	590
	3,421	2,645	29	9,109	6,542	39
<u>Included under finance expenses:</u>						
Interest expenses on:						
- Bank borrowings ⁽¹¹⁾	1,818	1,511	20	7,626	5,737	33
- Finance lease liabilities ⁽¹²⁾	-	13	NM	-	55	NM
- Bank overdraft	4	8	(50)	20	30	(33)
- Lease liabilities - leasehold land ⁽¹²⁾	355	-	-	628	-	NM
- Lease liabilities - hire purchase ⁽¹²⁾	16	-	-	65	-	NM
	2,193	1,532	43	8,339	5,822	43
<u>Included under cost of sales and administrative expenses:</u>						
- Depreciation of property, plant and equipment ⁽¹³⁾	2,329	2,416	(4)	9,487	10,646	(11)
- Depreciation of ROU assets - leasehold land ⁽¹²⁾	267	-	NM	1,072	-	NM
- Depreciation of ROU assets - hire purchase ⁽¹²⁾	91	-	NM	357	-	NM
	2,687	2,416	11	10,916	10,646	3
<u>Included under income tax:</u>						
- Over-provision of current income tax in prior financial years ⁽¹⁴⁾	(76)	(699)	(89)	(76)	(661)	(89)
- Over-provision of deferred income tax in prior financial years ⁽¹⁴⁾	(360)	(509)	(29)	(360)	(513)	(30)
- Deferred income tax expense	-	300	NM	-	300	NM
Included in Discontinued operations:						
- Foreign exchange gain/(loss), net	-	1	NM	(12)	29	NM
- Gain/(loss) on sale of property, plant and equipment	-	24	NM	(156)	18	NM
- Government grants	-	126	NM	(104)	41	NM
- Sale of scrap metals	-	-	NM	-	2	NM
- Write-back of allowance for impairment of trade receivables	-	4	NM	-	4	NM
- Other income ⁽¹⁰⁾	-	4	NM	9	11	(18)
- Interest expense from finance lease liabilities	-	(19)	NM	-	(84)	NM
- Interest expense from lease liabilities - hire purchase ⁽¹²⁾	-	-	NM	(39)	-	NM
- Depreciation of property, plant and equipment ⁽¹³⁾	-	(541)	NM	(842)	(2,200)	(62)
- Depreciation of ROU assets - hire purchase ⁽¹²⁾	-	-	NM	(221)	-	NM
	-	(401)	NM	(1,365)	(2,179)	(37)

Notes:

- (1) Gain on disposal of non-current assets held-for-sale in 4Q2019 and FY2019 was mainly due to the on-going efforts of the Group to pare down its debts in accordance with its Debt Restructuring Agreement ("DRA") as follows:
 - a. disposal of 7 Tuas View Circuit in October 2019;
 - b. disposal of 50% equity interest in Vac-Tech as explained in Paragraph 8 – Discontinued Operation and Disposal of a subsidiary classified as held-for-sale. The disposal was legally completed in September 2019.
- (2) Gain on re-measurement of retained investment in FY2019 was due to the retention of 20% equity interest in Vac-Tech, re-measured at fair value as explained in Note 1 above.
- (3) Loss on sale of property, plant and equipment in 4Q2019/FY2019 was mainly due to the sale of old machinery & equipment arising from the relocation of the Group's propulsion operation to Penjuru property, under the Marine segment.
 In FY2018, a gain of \$775,000 was mainly arose from:
 - a. an incremental adjustment of \$530,000 to the sales consideration for 11 Tuas Basin Close property upon successfully obtaining the approval of JTC on extension of lease tenure to 31 December 2021;
 - b. the disposal of under-utilised machinery and equipment in the Group's overseas operation.
- (4) The reduction in government grants receipt of \$1.1 million in FY2019 was mainly due to lower grant receipts from Marine Professional Conversion Programme of \$51,000 in 4Q2019/FY2019 as compared to \$1.1 million in FY2018;
- (5) Impairment loss on property, plant and equipment in 4Q2019/FY2019 relates to a construction-in-progress of vessel under Offshore & Engineering segment
- (6) Increase in rental income in FY2019 was mainly related to the increase in lease rental activities in the Group's properties.
- (7) Decrease in sale of scrap materials in FY2019 was mainly due to lower scrap sale, in line with a lower revenue in the Marine segment's MRO services.
 The Group registered \$60,000 higher sale of scrap in 4Q2019 as compared to 4Q2018 mainly due to clean up drive in 7 Tuas View before its disposal as mentioned in Note 1 above.
- (8) Warranty claim of \$100,000 in 4Q2019/FY2019 was related to disposal of a subsidiary as mentioned in Note 1 above.
- (9) The write-down of inventories in FY2018 was due to inventories obsolescence incurred under the Offshore & Engineering segment.
- (10) Other income relates mainly to consultancy and support services of \$240,000 provided by Innovation Centre to external party and increases in interest income and miscellaneous income/expense.
- (11) Increase in interest expense in 4Q2019/FY2019 was mainly due to the following:
 - expensing of interest of \$0.3 million in 4Q2019 and \$1.5 million in FY2019 in relation to a construction loan for 42A Penjuru Road property. During 4Q2018/FY2018, such interest expense was recognised as borrowing costs capitalised in property, plant and equipment.
 - higher interest rates for certain term loans as a result of contractual repricing of interest rates.
- (12) The interest expense on lease liabilities and depreciation of right-of-use assets in 4Q2019/FY2019 arose from the adoption of SFRS(I) 16 Leases.
- (13) The decrease in depreciation of property, plant and equipment in 4Q2019/FY2019 was mainly due to the following:
 - reduction in depreciation of nil/\$234,000 in 4Q2019/FY2019 in relation to a China property classified under disposal group in HY2018 and subsequently disposed in 4Q2018;
 - reduction of depreciation of \$184,000/\$806,000 in 4Q2019/FY2019 in relation to disposal of machinery and equipment in FY2018;
 - reclassification of certain fixed assets under hire purchase as explained in Note 12 above.
- (14) For FY2018, the over-provision of current income tax in prior financial years was mainly due to the reversal of income tax payable arising from the usage of group tax relief in prior years. The over-provision in deferred income tax in prior financial years was mainly due to tax losses incurred by certain subsidiaries and utilisation of capital allowances during the year. The deferred tax expenses were mainly due to additional CAPEX from dredging business and the utilisation of prior year tax losses by a subsidiary.

- 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 December 2019 (\$'000)	As at 31 December 2018 (\$'000)	As at 31 December 2019 (\$'000)	As at 31 December 2018 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	18,314	16,385	7,934	105
Trade and other receivables	14,931	21,701	60,493	67,399
Inventories	4,748	7,918	-	-
Contract assets	2,945	7,008	636	650
	40,938	53,012	69,063	68,154
Assets of disposal group classified as held-for-sale	74,044	74,347	-	-
	114,982	127,359	69,063	68,154
Non-current assets				
Financial assets, FVOCI	95	102	-	-
Investment in subsidiaries	-	-	59,680	69,880
Investment in associated company	4,033	-	-	-
Property, plant and equipment	118,667	119,990	262	-
Deposits for purchase of property, plant and equipment	6	13	-	-
Intangible assets	4,781	9,661	-	-
	127,582	129,766	59,942	69,880
Total assets	242,564	257,125	129,005	138,034
LIABILITIES				
Current liabilities				
Trade and other payables	21,004	23,967	24,463	24,383
Contract liabilities	3,459	2,407	-	-
Borrowings	103,905	115,927	53,348	54,402
Current income tax liabilities	796	1,214	-	-
	129,164	143,515	77,811	78,785
Liabilities directly associated with disposal group classified as held-for-sale	73,557	74,347	-	-
	202,721	217,862	77,811	78,785
Non-current liabilities				
Borrowings	16,814	1,162	-	-
Deferred income tax liabilities	3,588	5,151	-	-
	20,402	6,313	-	-
Total liabilities	223,123	224,175	77,811	78,785
NET ASSETS	19,441	32,950	51,194	59,249
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	92,348	92,077	92,348	92,077
Fair value reserve	18	25	-	-
Other reserve	-	509	-	-
Translation reserve	(434)	(549)	-	-
Accumulated losses	(75,463)	(66,926)	(41,154)	(32,828)
	16,469	25,136	51,194	59,249
Non-controlling interests	2,972	7,814	-	-
Total equity	19,441	32,950	51,194	59,249

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 December 2019		As at 31 December 2018	
Borrowings	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Bank borrowings	91,812	10,416	101,506	12,362
Lease liabilities – hire purchase	837	-	-	-
Finance lease liabilities	-	-	2,059	-
Current borrowings	92,649	10,416	103,565	12,362
Included in the disposal group classified as held-for-sale: - Bank borrowings	66,217	-	74,347	-
	66,217	-	74,347	-
	158,866	10,416	177,912	12,362

Amount repayable after one year

	As at 31 December 2019		As at 31 December 2018	
Borrowings	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Bank borrowings	-	-	980	-
Lease liabilities- hire purchase	223	-	-	-
Finance lease liabilities	-	-	182	-
Non-current borrowings	223	-	1,162	-

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 leasehold buildings, vessels, certain short-term bank deposits and corporate guarantees by the Company.

Certain lease liabilities- hire purchase (FY2018: Finance lease liabilities) of the Group are secured by leased machinery and equipment, motor vehicles and office equipment, as the legal title is retained by the lessor and will be transferred to the Group upon full payment.

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

	The Group			
	For the fourth quarter ended 31 December		For the year ended 31 December	
	4Q2019 (\$'000)	4Q2018 (\$'000)	FY2019 (\$'000)	FY2018 (\$'000)
Cash flows from operating activities				
Net loss	(543)	(259)	(5,776)	(6,613)
Adjustments for:				
- Income tax	(436)	75	(196)	433
- Depreciation of property, plant and equipment	2,687	2,957	11,979	12,846
- Gain on disposal of non-current assets held-for-sale	(5,038)	(2,183)	(5,981)	(2,183)
- Gain on re-measurement of retained investment	-	-	(1,456)	-
- Impairment loss on property, plant and equipment	1,405	-	1,405	-
- Loss/(gain) on disposal of property, plant and equipment	873	(36)	1,182	(793)
- Loss on cancellation of club membership	-	13	-	13
- Dividend income from Financial assets, FVOCI	(2)	(7)	(6)	(7)
- Share of profit of associated company	(231)	-	(308)	-
- Award of performance shares to employees	-	-	181	240
- Interest income	(19)	(9)	(54)	(30)
- Interest expense	2,193	1,551	8,378	5,906
- Currency translation differences	7	52	(34)	5
	896	2,154	9,314	9,817
Changes in working capital:				
- Trade and other receivables	3,750	(5,289)	3,550	(4,579)
- Inventories	318	(680)	3,170	646
- Contract assets	(348)	609	936	(3,234)
- Trade and other payables	1,664	6,194	263	9,705
- Contract liabilities	(140)	(942)	1,052	(1,418)
Cash generated from operations	6,140	2,046	18,285	10,937
Interest received	19	9	54	30
Income tax refund/(paid)	45	(48)	(197)	(481)
Net cash provided by operating activities	6,204	2,007	18,142	10,486
Cash flows from investing activities				
Proceeds from disposal of non-current assets classified as held-for-sale	13,500	8,893	23,413	8,893
Proceeds from disposal of property, plant and equipment	149	267	364	1,701
Proceeds from cancellation of club membership	-	47	-	47
Dividend income from financial assets, at FVOCI	2	7	6	7
Purchase of property, plant and equipment	(553)	(1,622)	(4,928)	(7,259)
Release of short-term bank deposits pledged	-	-	134	2,080
Net cash provided by investing activities	13,098	7,592	18,989	5,469
Cash flows from financing activities				
Interest paid	(1,805)	(3,369)	(7,683)	(8,746)
Repayment of bank borrowings	(15,334)	(1,628)	(25,072)	(15,709)
Repayment of finance lease liabilities	(547)	-	(2,435)	-
Repayment of lease liabilities - hire purchase	-	(289)	-	(1,298)
Proceeds from bank borrowings	591	1,734	4,453	14,569
Proceeds from issuance of subsidiary's shares to non-controlling interest	-	-	-	147
Dividends paid to non-controlling interests	-	(300)	(4,200)	(1,200)
Net cash used in financing activities	(17,095)	(3,852)	(34,937)	(12,237)
Net increase in cash and cash equivalents	2,207	5,747	2,194	3,718
Cash and cash equivalents at beginning of financial period/year	15,306	9,572	15,319	11,601
Cash and cash equivalents at end of financial period/year	17,513	15,319	17,513	15,319

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

	As at 31 December 2019 (\$'000)	As at 31 December 2018 (\$'000)
Cash and bank balances	18,314	16,385
Short-term bank deposits pledged	(503)	(637)
Bank overdrafts included in borrowings	(298)	(429)
	17,513	15,319

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

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)	Other reserve ^(a) (\$'000)	Total (\$'000)	Non-controlling interests (\$'000)	Total equity (\$'000)
Group									
Balance as at 1 January 2019	92,280	(203)	(66,926)	25	(549)	509	25,136	7,814	32,950
Total comprehensive (loss)/income	-	-	(3,912)	-	51	-	(3,861)	819	(3,042)
Balance as at 31 Mar 2019	92,280	(203)	(70,838)	25	(498)	509	21,275	8,633	29,908
Total comprehensive (loss)/income	-	-	(872)	-	30	-	(842)	1,108	266
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,500)	(1,500)
Balance as at 30 June 2019	92,280	(203)	(71,710)	25	(468)	509	20,433	8,241	28,674
Total comprehensive (loss)/income	-	-	(2,205)	-	49	(509)	(2,665)	(171)	(2,836)
Shares for Directors' fees (in lieu of cash)	90	-	-	-	-	-	90	-	90
Award of performance shares to employees	181	-	-	-	-	-	181	-	181
Disposal of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	(3,403)	(3,403)
Transaction with owners, recognised directly in equity	-	-	(1,464)	-	-	-	(1,464)	1,464	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(2,700)	(2,700)
Balance as at 30 September 2019	92,551	(203)	(75,379)	25	(419)	-	16,575	3,431	20,006
Total comprehensive income/(loss)	-	-	(84)	(7)	(15)	-	(106)	(459)	(565)
Balance as at 31 December 2019	92,551	(203)	(75,463)	18	(434)	-	16,469	2,972	19,441
Balance as at 1 January 2018	91,950	(203)	(58,761)	32	(727)	509	32,800	7,315	40,115
Total comprehensive (loss)/income	-	-	(3,034)	-	(200)	-	(3,234)	425	(2,809)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(600)	(600)
Balance as at 31 March 2018	91,950	(203)	(61,795)	32	(927)	509	29,566	7,140	36,706
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(300)	(300)
Incorporation of a new subsidiary	-	-	-	-	-	-	-	147	147
Total comprehensive (loss)/income	-	-	(1,726)	-	(50)	-	(1,776)	58	(1,718)
Balance as at 30 June 2018	91,950	(203)	(63,521)	32	(977)	509	27,790	7,045	34,835
Total comprehensive (loss)/income	-	-	(2,176)	-	(347)	-	(2,523)	99	(2,424)
Shares for Directors' fees (in lieu of cash)	90	-	-	-	-	-	90	-	90
Award of performance shares to employees	240	-	-	-	-	-	240	-	240
Balance as at 30 September 2018	92,280	(203)	(65,697)	32	(1,324)	509	25,597	7,144	32,741
Total comprehensive (loss)/income	-	-	(1,229)	(7)	775	-	(461)	970	509
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(300)	(300)
Balance as at 31 December 2018	92,280	(203)	(66,926)	25	(549)	509	25,136	7,814	32,950

^(a) Differences between consideration and the change in carrying amounts of non-controlling interest in respect of partial disposal of a subsidiary corporation without loss of controls.

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

Company

Balance as at 1 January 2019

Total comprehensive loss

Balance as at 31 Mar 2019

Total comprehensive loss

Balance as at 30 June 2019

Total comprehensive loss

Shares for Directors' fees (in lieu of cash)

Award of performance shares to employees

Balance as at 30 September 2019

Total comprehensive loss

Balance as at 31 December 2019

Balance as at 1 January 2018

Total comprehensive loss

Balance as at 31 Mar 2018

Total comprehensive loss

Balance as at 30 June 2018

Total comprehensive loss

Shares for Directors' fees (in lieu of cash)

Award of performance shares to employees

Balance as at 30 September 2018

Total comprehensive loss

Balance as at 31 December 2018

Share capital (\$'000)	Treasury shares (\$'000)	Accumulated losses (\$'000)	Total equity (\$'000)
92,280	(203)	(32,828)	59,249
-	-	(1,146)	(1,146)
92,280	(203)	(33,974)	58,103
-	-	(939)	(939)
92,280	(203)	(34,913)	57,164
-	-	5,294	5,294
90	-	-	90
181	-	-	181
92,551	(203)	(29,619)	62,729
-	-	(11,535)	(1,335)
92,551	(203)	(41,154)	61,394
91,950	(203)	(29,527)	62,220
-	-	(1,161)	(1,161)
91,950	(203)	(30,688)	61,059
-	-	(269)	(269)
91,950	(203)	(30,957)	60,790
-	-	(1,114)	(1,114)
90	-	-	90
240	-	-	240
92,280	(203)	(32,071)	60,006
-	-	(817)	(817)
92,280	(203)	(32,888)	59,189

- 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.**

The details of the changes in issued share capital of the Company from 1 January 2019 to 31 December 2019 are as follows:

CHANGES IN ISSUED SHARE CAPITAL

	Number of shares (‘000)	Paid-up capital (\$'000)
Issued share capital as at 1 January 2019	425,919	92,077
Shares for Directors' fees (in lieu of cash)	930	90
Award of performance shares to employees	2,000	181
Issued share capital as at 31 December 2019 excluding treasury shares	428,849	92,348

As at 31 December 2019, the total number of treasury shares held was 455,025 (31 December 2018: 455,025).

The Company has no outstanding options or convertibles as at 31 December 2019 and 31 December 2018.

- 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 December 2019	As at 31 December 2018
Total number of issued shares (excluding treasury shares) (in '000)	428,849	425,919

- 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 December 2019.

- 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/year compared with the audited financial statements for the financial year ended 31 December 2018, except that the Group and the Company have adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019.

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.

The Group has adopted SFRS(I) 16 *Leases* retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard. Under the new standard, the Group has recognised right-of-use ("ROU") assets and lease liabilities except for short-term and low-value leases. The accounting for lessors did not change significantly.

On the adoption of SFRS(1) 16, the associated ROU assets for certain machinery and equipment, motor vehicles and office equipment held under finance leases in FY2018 were restated as at 1 January 2019 with the carrying amount of \$6,185,000 to ROU assets.

Also, the Group recognised ROU assets equal to lease liabilities of approximately \$28.1 million in relation to leasehold land which had previously been classified as 'operating leases' under the principles of FRS 17 *Leases*. These liabilities were measured at present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. Subsequent to initial recognition, the Group depreciates the ROU assets over the remaining lease term and recognise interest expenses on the lease liabilities.

In accordance with the standard, the ROU assets and lease liabilities were presented under property, plant and equipment and borrowings respectively, unless the costs and liabilities are included in the carrying amount of another asset/liability applying other applicable Standards.

The adoption of SFRS(I) 16 resulted in an increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation ("EBITDA") and gearing ratio. The impact on the statement of comprehensive income and balance sheet is as follow:

	FY2019
	\$'000
<u>Consolidated Statement of Comprehensive Income:</u>	
(Decrease) in cost of sales and administrative expenses- rental expenses	(2,004)
Increase in cost of sales and administrative expenses – depreciation of leasehold land	1,072
Increase in finance expenses on lease liabilities on leasehold land	628
Increase in EBITDA	2,004
<u>Statement of Financial Position:</u>	
Increase in current assets- assets of disposal group classified as held-for-sale	7,828
Increase in non-current assets – property, plant and equipment	17,168
Increase in current liabilities – liabilities directly associated with disposal group classified as held-for-sale	7,340
Increase in current liabilities – lease liabilities	840
Increase in non-current liabilities – lease liabilities	16,591

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 fourth quarter ended 31 December					
	Continuing operations 4Q2019	Discontinued operations 4Q2019	Total 4Q2019	Continuing operations 4Q2018	Discontinued operations 4Q2018	Total 4Q2018
Net (loss)/earnings attributable to equity holders of the Company (\$'000)	(84)	-	(84)	(1,986)	757	(1,229)
Weighted average number of shares outstanding for basic and diluted EPS ('000)	428,849	428,849	428,849	425,919	425,919	425,919
Basic and diluted EPS attributable to equity holders of the Company (SGD cents)	(0.02)	-	(0.02)	(0.47)	0.18	(0.29)

	The Group					
	For the year ended 31 December					
	Continuing operations FY2019	Discontinued operations FY2019	Total FY2019	Continuing operations FY2018	Discontinued operations FY2018	Total FY2018
Net(loss)/earnings attributable to equity holders of the Company (\$'000)	(8,133)	1,060	(7,073)	(9,372)	1,207	(8,165)
Weighted average number of shares outstanding for basic and diluted EPS ('000)	427,268	427,268	427,268	423,419	423,419	423,419
Basic and diluted EPS attributable to equity holders of the Company (SGD cents)	(1.90)	0.25	(1.66)	(2.21)	(0.29)	(1.93)

Basic and Diluted EPS is computed by dividing the net (loss)/earnings 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.

There are no dilutive potential ordinary shares for the financial period/year ended 4Q2019/4Q2018 and FY2019/FY2018 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 December 2019	31 December 2018	31 December 2019	31 December 2018
NAV per ordinary share (SGD cents)	3.84	5.90	11.94	13.91
Number of shares used in computation of NAV per share ('000)	428,849	425,919	428,849	425,919

- 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

FY2019 vs FY2018 and 4Q2019 vs 4Q2018

Revenue

<u>Revenue by segment</u>	4Q2019 (\$'000)	(%)	4Q2018 (\$'000) (Restated)	(%)	FY2019 (\$'000)	(%)	FY2018 (\$'000) (Restated)	(%)
Offshore & Engineering	2,224	15	3,449	17	9,274	15	14,596	25
Marine	10,798	71	16,311	79	45,289	75	43,400	73
Energy Services	2,085	14	870	4	5,893	10	1,421	2
	15,107	100	20,630	100	60,456	100	59,417	100

Notes:

- (1) Offshore & Engineering includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access services.
- (2) Marine includes stearngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This also includes diving services.
- (3) With the sale of Vac-Tech, the remaining business in 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.

The Group recorded a total revenue of \$60.5 million in FY2019, higher by \$1.1 million than the revenue of \$59.4 million in FY2018. The increase was largely attributable to the Energy Services segment and Marine segment registering an increase in revenue of \$4.4 million and \$1.9 million respectively but was affected by lower revenue of \$5.3 million from the Offshore & Engineering segment.

Offshore & Engineering segment

The Offshore & Engineering segment continued to be affected by slow market sentiment with revenue declining by \$5.3 million or 36%, from \$14.6 million in FY2018 to \$9.3 million in FY2019. The reduction in revenue was mainly due to lower work orders in its offshore structure and fabrication business of \$4.2 million and precision engineering business of \$1.3 million.

These also explain the \$1.2 million decline in revenue from Offshore & Engineering segment in 4Q2019 as compared to 4Q2018.

Marine segment

Revenue for the Marine segment rose by \$1.9 million or 4%, from \$43.4 million in FY2018 to \$45.3 million in FY2019 which was attributable to:

- increase in revenue contribution from dredging and reclamation business by \$5.3 million to \$17.5 million in FY2019 as compared to \$12.2 million in FY2018;
- the revenue from new built propellers and diving services registered an increase in FY2019 of \$543,000 and \$269,000 respectively; offset by
- decline in the segment's MRO (maintenance, repairs and overhaul) services by \$4.3 million to \$11.7 million in FY2019 due to lower orders from customers.

4Q2019 revenue from Marine segment of \$10.8 million declined by \$5.5 million or 34% as compared to \$16.3 million in 4Q2018, mainly due to:

- lower volume of activity in dredging and reclamation services by \$5.9 million or 66% from \$8.9 million in 4Q2018 to \$3.0 million in 4Q2019 due to delay of reclamation progress;
- lower works order of \$0.9 million from customers under the MRO services; mitigated by
- increase in revenue for new built propellers of \$0.9 million to \$3.0 million in 4Q2019; and
- diving services registering higher volume of activities in 4Q2019 of \$1.3 million as compared to \$0.9 million in 4Q2018.

Energy Services segment

Following the disposal of 50% equity interest in Vac-Tech, the remaining business of this segment comprise of waste treatment and recovery waste system.

Revenue from the waste treatment business in FY2019 increased by \$4.5 million from \$1.4 million in FY2018 to \$5.9 million, due mainly to a larger customer base, as well as higher demands from recurring customers.

These also explained the fluctuation in revenue in 4Q2019 as compared to 4Q2018.

Cost of sales, gross profit and gross profit margin

Cost of sales increased by 4% or \$2.2 million from \$55.2 million in FY2018 to \$57.4 million in FY2019 which is in line with the increase in Group's revenue.

Gross profit in FY2019 decreased by \$1.2 million when compared to FY2018, due mainly to lower revenue from offshore structure and fabrication and precision engineering business and lower gross profit from the dredging and reclamation business. This was,

however, mitigated by the higher gross profit from the Energy segment waste treatment services.

Consequently, the gross profit margin declined by 2.1% from 7.2% in FY2018 to 5.0% in FY2019.

These also explained the fluctuations in cost of sales, gross profit and gross profit margin in 4Q2019 as compared to 4Q2018.

Other gains/(losses) - net

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

Administrative expenses

Administrative expenses decreased by approximately \$1.6 million from \$14.1 million in FY2018 to \$12.5 million in FY2019 mainly due to the following:

- cost savings of approximately \$859,000 from the disposal of a China subsidiary in 4Q2018;
- reduction in depreciation of \$214,000 due mainly to assets classified to disposal group in 4Q2018;
- decrease in professional and legal fees of \$162,000; and
- effects of adoption of SFRS(I) 16 on the rental expense of leasehold land, offset with additional depreciation expenses and amortisation of finance expense as disclosed in paragraph 5.

The above also explained the decrease in administrative expenses in 4Q2019 as compared to 4Q2018.

Finance expenses

The Group's finance expenses rose by \$2.5 million or 43% from \$5.8 million in FY2018 to \$8.3 million in FY2019, due mainly to the expensing of \$1.5 million interest in connection to a construction loan for 42A Penjuru Road property as opposed to capitalising the said interest to property, plant and equipment in FY2018. Additional finance cost in respect of the amortisation of lease liability of \$628,000 was also included in FY2019, as explained in Notes 9 and 10 in paragraph 1(a)(ii).

This also explained the increase in finance expenses in 4Q2019 as compared to 4Q2018.

Share of profit of Associated company

Following the completion of disposal of 50% equity interest in Vac-Tech, the Group recognised a share of profit of associated company of \$231,000/\$308,000 for the period ended 4Q2019/FY2019 from its 20% retained investment.

Income tax

The tax expense of the Group in 4Q2019/FY2019 arose from the over-provision of current income tax and deferred income tax in prior years as disclosed in paragraph 1(a)(ii).

The tax expense in 4Q2018/FY2018 arose mainly from over-provision of current income tax in prior years of \$0.7 million and deferred income tax of \$0.5 million from MRO and diving businesses and offset with the current income tax of \$0.8 million from its new built business.

Loss from continuing operations

Consequent to the above, the Group recorded a loss from continuing operations of \$8.1 million in FY2019 as compared to \$9.4 million in FY2018. Loss for 4Q2019 was \$0.1 million as compared to \$2.0 million loss in corresponding period last year.

REVIEW OF FINANCIAL POSITION

Current assets

As at 31 December 2019 the Group's current assets amounted to \$115.0 million, decreased by \$12.4 million or 10% mainly attributable to the following:

- decrease in trade and other receivables and contract assets of \$10.8 million which was mainly related to disposal of Vac-Tech and lower trade receivables and contract assets from dredging business;
- decrease in inventories of \$3.2 million or 40% was mainly due to deliveries of new built propellers to customers in 4Q2019 under the Marine segment; offset with
- increase in cash and cash equivalents of \$1.9 million (please refer to detailed Statement of Cash Flows in paragraph 1(c).

Non-current assets

The Group's non-current assets as at 31 December 2019 amounted to \$127.6 million which remain comparable to \$129.8 million as at 31 December 2018. The \$2.2 million decrease was mainly attributable to the following:

- deconsolidation of fixed assets and goodwill of \$14.7 million related to disposal of Vac-Tech;
- depreciation expense on property, plant and equipment and ROU assets (hire purchase) from continuing operation of \$10.9 million;
- impairment of a vessel from offshore & engineering segment; offset by
- initial recognition of investment in associated company for the 20% retained investment after the completion of disposal of 50% equity interest in Vac-Tech;
- adoption of SFRS(1) 16 Leases on 1 January 2019, most of the leases where the Group is the lessee was brought into the balance sheet as right-of-use assets valued at \$17.2 million as at 31 December 2019, as disclosed in paragraph 5;
- additions in property, plant and equipment from continuing operations of \$3.9 million mainly arising from the dredging and reclamation business and capital expenditure from Energy segment of approximately \$2.8 million.

Current liabilities

As at 31 December 2019, the current liabilities of the Group amounted to \$202.7 million, decreased by \$15.1 million or 7% from \$217.8 million as at 31 December 2018 due to:

- payment of certain bank borrowings of \$18.4 million arising from the proceeds from the disposal of a property and subsidiaries recognised under disposal group during the year;
- deconsolidation of Vac-Tech's current liabilities of approximately \$4.7 million in 3Q2019; offset with
- increase in lease liabilities of \$8.2 million arising from the adoption of SFRS(I) 16, of which approximately \$7.3 million is related to a property owned by the Group which was identified for sale and thus accounted for in liabilities directly associated with disposal group classified as held-for-sale. The balance amount of \$0.8 million was classified under current borrowings (refer to paragraph 5 for detailed explanation);

Non-current liabilities

Non-current liabilities of the Group increased by \$14.1 million to \$20.4 million as at 31 December 2019 as compared to \$6.3 million as at 31 December 2018. The increase was mainly due to the recognition of lease liabilities of \$16.6 million upon adoption of SFRS(I) 16 Leases (refer to paragraph 5 for detailed explanation), offset with the deconsolidation of non-current liabilities of \$1.2 million arising from the disposal of Vac-Tech as explained above.

REVIEW OF STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents as at 31 December 2019 were approximately \$17.5 million. The Group reported a net cash inflow from operating activities of \$18.1 million in FY2019 due mainly to its operating income before changes in working capital of \$9.3 million and decrease in trade and other receivables, contract assets and inventories of approximately \$7.7 million as explained above.

Net cash provided by investing activities was \$19.0 million for FY2019 mainly arose from the:

- proceeds of \$23.4 million from disposal of a subsidiary and a property previously classified in assets held-for-sale; offset with
- purchase of property, plant and equipment of \$4.9 million mainly for:
 - dredging and reclamation business of approximately \$1.5 million;
 - asset enhancement of waste treatment plant of \$1.3 million.
 - capital expenditures of \$1.2 million incurred by Vac-Tech during 1H2019;

Net cash used in financing activities of \$34.9 million during FY2019 was mainly a result of repayments of term loans, lease liabilities and payment of interests and dividends of approximately \$39.3 million, offset by proceeds from bank borrowings of \$4.4 million.

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

As previously announced on 28 June 2019, Mencast Energy Pte. Ltd. ("Mencast Energy") entered into a sale and purchase agreement for the disposal of 50% equity interest in Vac-Tech Engineering Pte Ltd ("Vac-Tech"). Prior to disposal, Mencast Energy holds 2.1 million shares in Vac-Tech representing 70% of its existing issued and paid-up share capital.

As at 30 June 2019, 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 assets and liabilities of Vac-Tech including the goodwill arising from its consolidation 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. Its financial results have been reclassified to "Discontinued Operations" for the current financial period/year reported on and the prior period/year financial results have been restated to reflect this change in presentation in the Consolidated Statement of Comprehensive Income. The change in classification and presentation has no effect to the profit or loss after tax and net asset value of the Group.

On 24 September 2019, Mencast Energy had completed the disposal of its 50% equity interest in Vac-Tech. The gain on its disposal and its retained investment of 20% were presented in paragraph 1(a)(ii).

The summarised net profit for FY2019 and FY2018 from Discontinued Operations are presented as follows:

	FY2019 \$'000	FY2018 \$'000
Revenue	9,832	16,051
Cost of sales	(6,335)	(11,125)
Gross profit	3,497	4,926
Other losses – net	(263)	105
Expenses		
- Administrative	(790)	(2,023)
- Finance	(39)	(84)
Profit before income tax	2,405	2,924
Income tax expense	(241)	(461)
Total comprehensive income, representing net profit	2,164	2,463

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 market conditions of the marine, offshore, O&G industry to remain challenging. With the recent outbreak of the Covid-19, there are many uncertainties that may threaten these industries which at this juncture is difficult to estimate. The Group will continue to seek new business, exercise prudence and place greater emphasis on operational costs containment and savings.

While the Group is mindful of the challenges and the impact of a prolonged outbreak of the Covid-19, it remains focussed on expanding the capacity and increasing the efficiency of its waste treatment plant to serve its growing customer base in the Energy segment. This segment is expected to diversify and stabilise our Group's business.

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 year ended 31 December 2019 as the Group had registered a loss.

13 Interested Person Transactions

Name of Interested Person	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 <u>Rule 920</u>)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to <u>Rule</u> <u>920</u> (excluding transactions less than \$100,000)
	FY2019	FY2019
	\$'000	\$'000
Vac-Tech Engineering Pte. Ltd.		
- Rental Charges	267	-
- Waste Disposal	284	-

The Group has no general mandate from its shareholders for recurring interested person transactions.

PART II: ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14 Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issue's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group's activities comprise the following segments:

- (a) Offshore & Engineering – includes offshore structures, engineering, manucturing, inspection and maintenance. This also includes rope access services.
- (b) Marine – includes stearngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This also includes diving services and dredging and reclamation works.
- (c) Energy Services – include 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.

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

The segment information is as follows:

	<u>The Group</u>			Total for continuing operations (\$'000)
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000)	
<u>FY2019</u>				
Revenue				
Total segmental revenue	9,421	47,051	6,997	63,469
Inter-segmental revenue	(147)	(1,762)	(1,104)	(3,013)
Revenue from external parties	9,274	45,289	5,893	60,456
Gross (loss)/profit	(4,144)	6,255	936	3,047
Other gains/(losses) - net				
- gain on disposal of non-current assets held-for-sale	-	5,038	943	5,981
- gain on remeasurement of retained investment	-	-	1,456	1,456
- impairment loss on property, plant and equipment	(1,405)	-	-	(1,405)
- warranty claim	-	-	(100)	(100)
other gains, net				3,177
Other gains – net				9,109
Expenses				
- Administrative				(12,502)
- Finance				(8,339)
Share of profit of associated company	-	-	308	308
Loss before income tax				(8,377)
Income tax expense				437
Loss from continuing operations				(7,940)

	<u>The Group</u>			Total for continuing operations (\$'000)
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000) (restated)	(restated)
<u>FY2018</u>				
Revenue				
Total segmental revenue	14,987	45,469	2,335	62,791
Inter-segmental revenue	(391)	(2,069)	(914)	(3,374)
Revenue from external parties	14,596	43,400	1,421	59,417
Gross (loss)/profit	(3,978)	8,356	(119)	4,259
Other gains/(losses) – net				
- gain on disposal of non-current assets held-for-sale	2,183	-	-	2,183
- write down of inventories	(416)	-	-	(416)
- other gains, net				4,775
Other gains – net				6,542
Expenses				
- Administrative				(14,083)
- Finance				(5,822)
Loss before income tax				(9,104)
Income tax expense				28
Loss from continuing operations				(9,076)

Geographical Segments

Group's revenue for continuing operations by geographical market which is analysed based on the country of domicile of the customers is as follows:

	For the year ended 31 December	
	FY2019 (\$'000)	FY2018 (\$'000)
Singapore	54,062	44,216
Asia ⁽¹⁾	6,117	10,876
Rest of the world ⁽²⁾	277	4,325
	60,456	59,417

Notes:

- (1) Asia refers to customers from Malaysia, Brunei, China, Indonesia, the Philippines, Thailand, Vietnam, Hong Kong, India, Sri Lanka, Maldives and Australia.
(2) Rest of the world refers to customers from Europe, the Middle East and USA.

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The increase in revenue of \$9.8 million in the Singapore market for FY2019 was mainly due to the higher revenue contribution from dredging and reclamation business of approximately \$5.3 million and additional \$4.3 million from Energy services' waste treatment business.
Revenue from Asia and rest of the world declined by \$4.8 million and \$4.0 million respectively resulted from lower revenue from Marine's MRO business and Offshore & Engineering segment.

16 A breakdown of sales for continuing operations as follows:

	Group		
	Financial year ended		
	31 December 2019 (\$'000)	31 December 2018 (\$'000) (restated)	Increase/ (decrease) (%)
Revenue reported for:			
First half ended 30 June	33,927	23,320	45
Second half ended 31 December	26,529	36,097	(27)
	60,456	59,417	2
Net loss from continuing operations before deducting non-controlling interests reported for:			
First half ended 30 June	(5,021)	(5,235)	(4)
Second half ended 31 December	(2,919)	(3,841)	(24)
	(7,940)	(9,076)	(13)

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

Nil.

18 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.

- 19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Wong Boon Hwee	48	Brother of the Executive Director of the Company, Wong Boon Huat	Head of Marine division of Top Great Engineering & Marine Pte Ltd ("TGEM") and Mencast Offshore & Marine Pte Ltd since 2000 and 2012 respectively. Overseeing the day-to-day operation of projects in the marine repairs work and new fabrications.	No change.

20 Net Current Liabilities Position and Loan Restructuring

As at 31 December 2019, the Group was in net current liabilities position of \$87.7 million.

In light of the Group's debt restructuring exercise, it had pursued and/or completed the following course of actions. The Group refers to:

- its announcement dated 1st February 2019 where it had completed its debt restructuring exercise by entering into a Debt Restructuring Agreement (the "DRA") with its lenders. The material terms of the DRA were highlighted in the same announcement.
- its announcement dated 15th February 2019 in relation to, amongst others, the completion on the disposal of Changshu Honghua upon receipt of the third and final tranche of the purchase consideration.
- its announcement dated 25th March 2019 in relation to, amongst others, the granting of an option to purchase to an independent third-party purchaser for one of the Group's properties situated at 7 Tuas View Circuit, Singapore 637642 for a consideration of \$13.5 million. On 3rd April 2019, the purchaser had exercised the option. As announced on 31st October 2019, the disposal has been completed and the Group received a net proceed of \$13.3 million (excluding GST) which was applied to the repayment of bank borrowings.
- its announcement dated 1st April 2019 whereby the Group had written to UOB to request for an extension of time (from 31 March 2019 to 30th September 2019) to complete the sale of certain identified properties and to deleverage the debt under the Group's existing facility agreements with the Lenders by an agreed amount. UOB has, by way of a letter dated 13th May 2019, agreed to the Group's request for the extension of time until 30 September 2019. Further to this, the Group had on 11 September 2019 written to UOB to seek for a further extension of time until February 2020. As announced on 26th September 2019, the Group had obtained the written consent from UOB by way of a letter dated 24th September 2019.
- its announcement dated 28 June 2019 in relation to Mencast Energy Pte Ltd, a 70% owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with Grand Victor Corp Pte. Ltd. for the disposal of 50% equity interest in Vac-Tech Engineering Pte Ltd ("Vac-Tech"), represented by 1,500,000 shares in Vac-Tech, on the terms and conditions of the SPA. Net proceeds from the proposed

disposal is intended to be applied towards the repayment of bank borrowings and working capital requirements of the Group. As announced on 24th September 2019, the disposal was completed on the said date and the Group had utilized \$3.5 million to pay down its bank borrowings.

- The Company wishes to highlight that the current DRA is expiring on 29th February 2020. This DRA requires the Group to meet an asset disposal timeline. The Group has not met this timeline due to market conditions.
- As at current reporting date, the Company, together with its advisors, are in active discussions with its Lenders with regards an extension of the DRA.
- The Company, together with RSMCA, have sought and have obtained the consent of its Lenders to an extension of the deadline of the DRA to end of March. The Company is working towards finalising the terms of the refinancing by end of March.

In this regard, the Board has considered the feasibility of the above measures and are of the view that preparing the financial statements using the going concern basis remains appropriate. The validity of the going concern assumption is contingent upon:

- 1) The continual support from its lenders which is critical to the completion of the Group's revised debt refinancing plan;
- 2) The divestment of those identifiable properties and assets;
- 3) The Group is able to generate positive cash flows from operations and no further deterioration to the Group's net current liabilities position.

No definitive agreements in relation to the DRA or any debt refinancing plan and/or assets divestment have been entered into by the Group as at the date of this announcement. There can be no assurance or reasonable certainty that any discussions or any refinancing options will materialise or be successfully concluded. The Company will make appropriate announcements as and when there is any material development.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Sim Soon Ngee Glenndle
Executive Chairman and Chief Executive Officer

28 February 2020
