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

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	Financial year ended 31 December		Increase / (decrease)
	2012 (S$'000)	2011 (S$'000)	**(%)**
Revenue	**84,086**	56,358	49.20
Cost of sales	**(53,151)**	(32,892)	61.59
Gross profit	**30,935**	23,466	31.83
Other gains	**4,266**	374	NM[1]
Expenses			
- Administrative	**(20,883)**	(12,582)	65.98
- Finance	**(1,272)**	(783)	62.45
- Share of result – joint venture	**-**	13	NM[1]
Profit before income tax	**13,046**	10,488	24.39
Income tax	**296**	(252)	NM[1]
Net profit for the financial year	**13,342**	10,236	30.34
Other comprehensive income/(loss)			
Currency translation differences arising from consolidation	**(132)**	(121)	
Total comprehensive income	**13,210**	10,115	
Net profit attributable to :			
Equity holders of the Company	**13,180**	10,236	28.76
Non-controlling interests	**162**	-	NM [1]
	13,342	10,236	30.34
Total comprehensive income attributable to :			
Equity holders of the Company	**13,048**	10,115	29.00
Non-controlling interests	**162**	-	NM [1]
	13,210	10,115	30.60

Note:

(1) "NM" denotes not meaningful.

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

The Group's profit is arrived at after charging / (crediting):

	Group		
	Financial year ended 31 December		Increase /
	2012 (S$'000)	2011 (S$'000)	(decrease) (%)
Gain on sale of property, plant and equipment [1]	**(2,490)**	(196)	NM[10]
Other income[2]	**(1,951)**	(445)	338.43
Interest income[3]	**(12)**	(19)	(36.84)
Foreign exchange losses[4]	**187**	286	(34.62)
Interest expense [5]	**1,272**	783	62.45
Depreciation of property, plant and equipment [6]	**4,664**	2,818	65.51
Allowance for impairment of trade receivables [7]	**293**	-	NM [10]
Write-back of allowance for impairment of trade receivables [8]	**-**	(128)	NM[10]
(Over)/under provision ofincome tax in prior financial years			
- Current income tax	**(1,607)**	(1,027)	56.48[9]
- Deferred income tax	**-**	(2)	NM[10]

Notes:

(1) Increase in gain on sale of property, plant and equipment mainly due to profit of S$2.4 million from the sale of the property at Loyang Crescent.

(2) Increase in other income of $1.51 million mainly due to write-back of long outstanding payables of $0.55 million, rental income from Loyang Crescent of $0.33 million, grants received from the Singapore government of $0.26 million, sales of scrap metals of S$0.19 milion and other miscelleanous income amounted to S$0.18 million.

(3) Interest income relates to income earned mainly from short-term bank deposits.

(4) Foreign exchange losses in FY2012 were due to the appreciation of the US$ against the S$ in relation to US$ payments made to overseas suppliers for purchase of raw materials.

(5) Increase in interest expense in FY2012 was due mainly to additional working capital loans and construction loans drawndown during the current financial year.

(6) Increase in depreciation of property, plant and equipment was mainly due to depreciation on new plant at 42E Penjuru Road and additions of new machinery and equipment.

(7) Allowance for impairment of trade receivable in FY2012 relates to the allowance for impairment for trade recievables which had been due for more than one year.

(8) Write-back of allowance for impairment of trade receivables in FY2011 referred to the full payment received from a trade receivable which had been fully provided previously.

(9) The over provision of current income tax relates to additional tax incentives such as Productivity Innovation Scheme and utilisation of Group tax relief which were not recognised in prior financial years.

(10) "NM" denotes not meaningful.

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 2012 (S$'000)	As at 31 December 2011 (S$'000)	**As at 31 December 2012 (S$'000)**	As at 31 December 2011 (S$'000)
ASSETS				
Current assets				
Cash and cash equivalents	**19,716**	9,451	**4,749**	4,076
Trade and other receivables	**34,491**	25,929	**8,594**	6,590
Inventories	**6,100**	6,436	**-**	-
	60,307	41,816	**13,343**	10,666
Non-current assets				
Financial assets, available-for-sale	**127**	127	**-**	-
Investment in subsidiaries	**-**	-	**78,450**	63,750
Investment in joint venture	**881**	907	**-**	-
Property, plant and equipment	**87,284**	54,818	**46**	-
Deposits for purchase of property, plant and equipment	**1,774**	970	**-**	-
Intangible assets	**43,439**	38,559	**-**	-
Club memberships	**28**	28	**-**	-
	133,533	95,409	**78,496**	63,750
Total assets	**193,840**	137,225	**91,839**	74,416
LIABILITIES				
Current liabilities				
Trade and other payables	**39,966**	26,682	**39,331**	31,248
Current income tax liabilities	**291**	1,199	**-**	-
Borrowings	**31,220**	16,856	**-**	-
	71,477	44,737	**39,331**	31,248
Non-current liabilities				
Other payables	**-**	11,513	**-**	11,513
Borrowings	**29,355**	22,487	**-**	-
Deferred income tax liabilities	**2,686**	1,330	**-**	-
	32,041	35,330	**-**	11,513
Total liabilities	**103,518**	80,067	**39,331**	42,761
NET ASSETS	**90,322**	57,158	**52,508**	31,655
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**53,976**	33,538	**53,976**	33,538
Fair value reserves	**47**	47	**-**	-
Translation reserves	**(253)**	(121)	**-**	-
Retained earnings / (accumulated losses)	**34,582**	23,694	**(1,468)**	(1,883)
	88,352	57,158	**52,508**	31,655
Non-controlling interests	**1,970**	-	**-**	-
Total equity	**90,322**	57,158	**52,508**	31,655

Note to balance sheet:

Included in the Group's property, plant equipment are six properties which are carried at cost less accumulated depreciation. In February 2013, the Group engaged Robert Khan & Co, third-party valuer, to carry out a valuation of the Group's properties. Set out below are the fair values of the six properties:

Locations	Descriptions	Land Area (sqm)	Remaining years	NBV at 31 December 2012 (S$'000)	Valuation February 2013 (S$'000)	Excess of valuation over NBV (S$'000)
7 Tuas View Circuit	Office building & workshop	8,501	39	7,453	12,000	4,547
12 Kwong Min Road	Office building, dormitory & workshop	4,623	16	3,604	8,000	4,396
39 Tuas Avenue 13	Office building & workshop	3,012	5	2,017	6,100	4,083
6 Tech Park Crescent	Office building, dormitory & workshop	1,718	41	1,942	5,600	3,658
42E Penjuru Road	Waterfront, office building & workshop	19,266	23	17,615	32,000	14,385
4 Penjuru Place #01-17	Office building	547	23	463	1,400	937
Total		37,667		33,094	65,100	32,006

The basis of valuation to determine the market value of the property is arrived using the estimated amount for which a property should exchange on the date of the valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherin the parties had each acted knowledgeably, prudently and without complusion.

The excess of valuation over the net book value of $32.01 million is equivalent to $0.14 per share unrealised gain.

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 2012		As at 31 December 2011	
Secured (S$'000)	**Unsecured (S$'000)**	Secured (S$'000)	Unsecured (S$'000)
31,220	**-**	16,856	-

Amount repayable after one year

As at 31 December 2012		As at 31 December 2011	
Secured (S$'000)	**Unsecured (S$'000)**	Secured (S$'000)	Unsecured (S$'000)
29,355	**-**	22,487	-

Details of any collaterals

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

Finance lease liabilities of the Group are secured by leased machinery and equipment and motor vehicles, 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

	Group	
	Financial year ended 31 December	
	2012	2011
	(S$'000)	(S$'000)
Cash flows from operating activities		
Net profit	**13,342**	10,236
Adjustments for:-		
- Income tax	**(296)**	252
- Depreciation of property, plant and equipment	**4,664**	2,818
- Share of profit of joint venture	**-**	(13)
- Gain on disposal of property, plant and equipment	**(2,490)**	(196)
- Dividend income	**(7)**	(5)
- Interest income	**(12)**	(19)
- Interest expense	**1,272**	783
- Currency translation differences	**70**	(121)
	16,543	13,735
Changes in working capital, net of effects from acquisitions of subsidiary and business:		
- Trade and other receivables	**(7,209)**	(1,953)
- Inventories	**336**	1,506
- Trade and other payables	**2,838**	(3,373)
Cash generated from operations	**12,508**	9,915
Interest received	**12**	19
Income tax credit / (paid)	**464**	(888)
Net cash provided by operating activities	**12,984**	9,046
Cash flows from investing activities		
Dividend received	**7**	5
Proceeds from disposal of property, plant and equipment	**6,260**	243
Aquisition of subsidiary and business, net of cash acquired[1]	**(143)**	(7,830)
Payments of other payables relating to prior financial years' acquisitions	**(2,813)**	(1,800)
Purchase of property, plant and equipment	**(33,684)**	(15,012)
Placement of short-term bank deposits pledged	**(1,677)**	(4,441)
Net cash used in investing activities	**(32,050)**	(28,835)
Cash flows from financing activities		
Dividend paid	**(2,292)**	(1,876)
Interest paid	**(1,272)**	(783)
Repayment of borrowings	**(4,610)**	(8,380)
Repayment of finance lease liabilities	**(3,079)**	(1,243)
Proceeds from borrowings	**27,667**	24,416
Proceeds from issuance of shares	**11,925**	-
Proceeds from issuance of subsidiary's shares to non-controlling interests	**300**	-
Net cash provided by financing activities	**28,639**	12,134
Net increase / (decrease) in cash and cash equivalents	**9,573**	(7,655)
Cash and cash equivalents at beginning of financial year	**3,949**	11,604
Cash and cash equivalents at end of financial year[2]	**13,522**	3,949

Note:

(1) **Acquisitions of subsidiaries**

On 7 May 2012, the Company acquired 70% of the issued and paid-up share capital of Vac-Tech Engineering Pte Ltd ("Vac-Tech") for a purchase consideration of S$8.4 million. As set out in the sale and purchase agreement, the Company took effective control of Vac-Tech ("Vac-Tech Acquisition") on 1 May 2012. The principal activities of Vac-Tech are to carry on the business of sludge treament, catalyst handling, environmental services and industrial cleaning services.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		($'000)
(a)	Purchase consideration:	
	Cash paid	2,500
	Consideration settled via issuance of ordinary shares	1,700
		4,200
	Outstanding portion of purchase consideration	
	- Cash	2,500
	- To be settled via issuance of ordinary shares	1,700
		4,200
		8,400
(b)	Effect on cash flows of the Group:	
	Cash paid (as above)	2,500
	Less: cash and cash equivalents in subsidiary acquired	(2,357)
	Cash outflow on acquisition	143
(c)	The fair values of identifiable assets acquired and liabilities assumed	
	Cash and cash equivalents	2,357
	Property, plant and equipment	4,413
	Trade and other receivables	1,353
	Total assets	8,123
	Trade and other payables	2,753
	Borrowings	62
	Deferred income tax liabilities	280
	Total liabilities	3,095
	Total identifiable net assets	5,028
	Less: Non-controlling interests	(1,508)
	Add: Goodwill	4,880
	Consideration transferred for the business	8,400

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

	2012 (S$'000)	2011 (S$'000)
Cash and bank balances	**19,716**	9,451
Short-term bank deposits pledged	**(6,118)**	(4,441)
Bank overdrafts included in borrowings	**(76)**	(1,061)
	13,522	3,949

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.

STATEMENT OF CHANGES IN EQUITY

	Share capital (S$'000)	Retained earnings / (accumulated losses) (S$'000)	Translation reserves (S$'000)	Fair value reserves (S$'000)	Total (S$'000)	Non-controlling interests (S$'000)	Total equity (S$'000)
Group							
Balance as at 1 January 2012	33,538	23,694	(121)	47	57,158	-	57,158
Issue of new shares for acquisitions in previous financial year *	6,813	-	-	-	6,813	-	6,813
Placement of new shares	11,925	-	-	-	11,925	-	11,925
Issue of new shares for acquisition of subsidiary**	1,700	-	-	-	1,700	1,508	3,208
Dividends paid relating to 2011	-	(2,292)	-	-	(2,292)	-	(2,292)
Issue of subsidiary's shares to non-controlling interests	-	-	-	-	-	300	300
Total comprehensive income	-	13,180	(132)	-	13,048	162	13,210
Balance as at 31 December 2012	53,976	34,582	(253)	47	88,352	1,970	90,322
Balance as at 1 January 2011	25,126	15,334	-	47	40,507	-	40,507
Issue of new shares for acquisitions of subsidiaries						-	
and business	8,412	-	-	-	8,412	-	8,412
Dividends paid relating to 2010	-	(1,876)	-	-	(1,876)	-	(1,876)
Total comprehensive income for the financial year	-	10,236	(121)	-	10,115	-	10,115
Balance as at 31 December 2011	33,538	23,694	(121)	47	57,158	-	57,158

***** *The issue of new shares for acquisitions of subsidiaries and business in previous financial year relates to (a) 1st tranche of shares issued for acqusition of Team Assets; (b) 2nd tranche of shares issued for acquisition of Top Great Engineering & Marine Pte Ltd ("Top Great"); and (c) 3rd tranche of shares issued for acquisition of Mencast Subsea Pte Ltd ("Mencast Subsea") (formerly known as Unidive Marine Services Pte Ltd).*

** *The issue of new shares for acquisition of subsidiary relates to 1st tranche of shares issued for acquisition of 70% equity interest in Vac-Tech Engineering Pte Ltd ("Vac-Tech").*

STATEMENT OF CHANGES IN EQUITY

	Share capital (S$'000)	Retained earnings / (accumulated losses) (S$'000)	Translation reserves (S$'000)	Fair value reserves (S$'000)	Total (S$'000)	Non-controlling interests (S$'000)	Total equity (S$'000)
Company							
Balance as at 1 January 2012	33,538	(1,883)	-	-	31,655	-	31,655
Issue of new shares for acquisitions in previous financial year	6,813	-	-	-	6,813	-	6,813
Placement of new shares	11,925	-	-	-	11,925	-	11,925
Issue of new shares for acquisition of subsidiary	1,700	-	-	-	1,700	-	1,700
Dividends paid relating to 2011	-	(2,292)	-	-	(2,292)	-	(2,292)
Total comprehensive income	-	2,707	-	-	2,707	-	2,707
Balance as at 31 December 2012	53,976	(1,468)	-	-	52,508	-	52,508
Balance as at 1 January 2011	25,126	(1,223)	-	-	23,903	-	23,903
Issue of new shares for acquisitions of subsidiaries and business	8,412	-	-	-	8,412	-	8,412
Dividends paid relating to 2010	-	(1,876)	-	-	(1,876)	-	(1,876)
Total comprehensive income for the financial year	-	1,216	-	-	1,216	-	1,216
Balance as at 31 December 2011	33,538	(1,883)	-	-	31,655	-	31,655

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 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.

The details of the changes in issued share capital of the Company from 1 January 2012 to 31 December 2012 are as follows:-

CHANGES IN ISSUED SHARE CAPITAL

	Number of shares	Paid-up capital (S$)
Issued share capital as at 1 January 2012	187,491,247	33,538,377
Issue of new shares for acquisitions of subsidiaries and business in previous financial year *	13,092,835	6,812,500
Placement of New Shares	22,500,000	11,925,000
Issue of new shares for acquisition of subsidiary **	2,941,176	1,700,000
Issued share capital as at 31 December 2012	226,025,258	53,975,877

* *The issue of new shares for acquisitions of subsidiaries and business in previous financial year relates to (a) 1st tranche of shares issued for acquisition of Team Assets; (b) 2nd tranche of shares issued for acquisition of Top Great; and (c) 3rd tranche of shares issued for acquisition of Mencast Subsea.*

** *The issue of new shares for acquisition of subsidiary relates to 1st tranche of shares issued for acquisition of 70% equity interest in Vac-Tech.*

The Company did not have any outstanding options or convertibles or treasury shares as at 31 December 2012 and 31 December 2011.

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 2012	As at 31 December 2011
Total number of issued shares (excluding treasury shares)	**226,025,258**	187,491,247

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.

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 auditors.

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

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 adopted the same accounting policies and methods of computation in the financial statements for FY2012 as those adopted in the audited financial statements for FY2011.

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

Not applicable.

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

EARNINGS PER SHARE ("EPS")

	Group	
	Financial year ended	
	31 December 2012	31 December 2011
Earnings attributable to equity holders of the Company (S$'000)	**13,180**	10,236
Weighted average number of shares used in computation of basic EPS	**210,231,587**	177,475,573
Basic EPS attributable to equilty holders of the Company (SGD cents)	**6.27**	5.77
Diluted EPS attributable to equity holders of the Company (SGD cents)	**6.27**	5.77

Basic EPS is computed by dividing the earnings attributable to the equity holders of the Company in each financial year by the weighted average number of ordinary shares outstanding at the end of the respective financial year.

Diluted EPS for FY2012 and FY2011 were the same as basic EPS because there were no potential dilutive ordinary shares existing during the respective financial year.

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 2012	31 December 2011	**31 December 2012**	31 December 2011
NAV per ordinary share (SGD cents)	**39.96**	30.49	**23.23**	16.88
Number of shares used in computation of NAV per share	**226,025,258**	187,491,247	**226,025,258**	187,491,247

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

FY2012 vs FY2011

Revenue, Cost of sales and Gross profit

	FY2012				FY2011			
	Offshore & Engineering ($'000)	**Marine ($'000)**	**Energy ($'000)**	**Total ($'000)**	Offshore & Engineering ($'000)	Marine ($'000)	Energy ($'000)	Total ($'000)
Revenue	**34,880**	**46,315**	**2,891**	**84,086**	18,259	38,099	-	56,358
Cost of sales	**(23,308)**	**(28,598)**	**(1,245)**	**(53,151)**	(8,674)	(24,218)	-	(32,892)
Gross profit	**11,572**	**17,717**	**1,646**	**30,935**	9,585	13,881	-	23,466
Gross profit margin	***33.18%***	***38.25%***	***56.94%***	***36.79%***	*52.49%*	*36.43%*	-	*41.64%*

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) Energy includes oil sludge and slop reclamation, hydro cleaning oil and gas tanks, encapsulation of wastes prior for landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

The overall increase in Group's revenue of $27.73 million or 49.20% , cost of sales of $20.26 million or 61.59% and gross profit of $7.47 million or 31.83% is explained below:

Offshore & Engineering segment

Revenue from Offshore & Engineering segment increased by $16.62 million or 91.03% mainly due to:
- Full-year revenue contribution from this business segment as compared to FY2011 whereby Top Great, Mencast Subsea (rope access services only) and Team business only contributed eight months, seven months and one month revenue respectively.
- Increase in Offshore & Engineering works as a result of the increase in production capacity arising from the completion of the waterfront and workshop at 42E Penjuru Road in Q2FY2012 which is larger than the previous workshop at 24 Loyang Crescent. This enabled the Group to secure bigger projects from major players in the Offshore and Oil & Gas industries.
- New rope access jobs from major customers in the Oil & Gas industry.

The increase in cost of sales for Offshore & Engineering segment of 168.71% was higher than the increase in revenue of 91.03% mainly due to:
- Increase in sub-contractors cost due to labour restrictions.
- Higher overhead cost such as utilities as a result of increase in capacity and higher depreciation cost of new plant and machinery.
- Increase in staff cost arising from increase in headcount and higher foreign workers' levy.

Consequently, the gross profit margin from Offshore & Engineering segment decreased from 52.49% in FY2011 to 33.18% in FY2012.

Marine segment

Revenue from Marine segment increased by $8.22 million or 21.56% mainly due to:
- Full-year revenue contribution from diving services of Mencast Subsea of $12.11 million as compared to FY2011 whereby Mencast Subsea only contributed seven months revenue of $5.57 million.
- Increase Marine works as a result of the increase in production capacity arising from the completion of the workshop at 42E Penjuru Road in Q2FY2012. Certain Marine jobs are serviced at the workshop at Penjuru.

The cost of sales for Marine segment increased in tandem with the increase in revenue.

Gross profit margin slightly improved from 36.43% in FY2011 to 38.25% in FY2012 due to jobs that command better profit margins.

Energy segment

The revenue, cost of sales and gross profit of the new Energy segment was contributed solely by the newly acquired subsidiary Vac-Tech from 1 May to 31 December 2012.

Other gains

The Group's other gains increased by $3.89 million from $0.37 million in FY2011 to $4.27 million in FY2012. The increase was due mainly to the profit on sale of property at Loyang Crescent amounting to $2.41 million and other income of $1.48 million as explained in 1(a)(ii) above.

Administrative expenses

The Group's administrative expenses increased by $8.30 million or 66.98% from $12.58 million in FY2011 to $20.88 million in FY2012. The increase was mainly due to full year administrative expenses in FY2012 attributable to Mencast Offshore & Marine Pte Ltd, Top Great, Mencast Subsea and Team business as compared to eight months, seven months and one month respectively in FY2011, and eight months attributable to newly acquired subsidary Vac-Tech.

Other than the above, the increase was attributable to the branding exercise, the recruitment of key personnel to complement the expansion of the Group and the increase in fixed costs in relation to the new properties at 42E and 42B Penjuru Road (e.g. land rent, property tax, dormitory and utilities).

Finance expenses

The Group's finance expenses increased by $0.49 million or 62.45% from $0.78 million in FY2011 to $1.27 million in FY2012 due mainly to additional working capital loans and construction loans drawdown in the current financial year amounting to $27.67 million.

Income tax

The Group's income tax in FY2012 was a credit of $0.30 million as compared to a tax expense of $0.25 million in FY 2011. The credit was due to overprovision of current income tax in prior financial years amounting to $1.61 million (as explained in 1(a)(ii)(9) above) offset by deferred income tax liability amounting to $1.08 million.

Net profit

The Group's net profit increased by $3.11 million or 30.34% from $10.24 million in FY2011 to $13.34 million in FY2012 as a result of the above.

REVIEW OF FINANCIAL POSITION

Current assets

The increase in current assets of $18.49 million from $41.82 million as at 31 December 2011 to $60.31 million as at 31 December 2012 is explained as follows:

- Increase in cash and cash equivalents of $10.26 million due mainly to proceeds from private placement of new shares of the Company of $11.90 million and proceeds from sale of property at 24 Loyang Crescent offset by the payment for acquisition of Vac-Tech, construction of 42B Penjuru Road and working capital requirements.

- Increase in trade and other receivables of $8.56 million due mainly to more billings for new projects as a result of increased production capacity as well as longer repayment period and deposits to suppliers.

- Decrease in inventories of $0.34 million due mainly to completion of new build jobs as at end of the financial year.

Non-current assets

The increase in non-current assets of $38.12 million from $95.41 million as at 31 December 2011 to $133.53 million as at 31 December 2012 is explained as follows:

- Increase in property, plant and equipment of $32.47 million due mainly to the completion of the building at 42E Penjuru Road, construction of ATDU plant, construction of building at 42B Penjuru Road and acquisition of various equipment.

- Increase in deposits for purchase of property, plant and equipment which will be delivered in FY2013.

- Increase in intangible assets of $4.88 million due to the goodwill arising from the acquisition of Vac-Tech.

Current liabilities

The increase in current liabilities of $26.74 million from $44.74 million as at 31 December 2011 to $71.48 million as at 31 December 2012 is explained as follows:

- Reclassification of amounts payable to previous owners of Top Great, Mencast Subsea and Team business of $11.51 million from non-current liabilities in relation to the balance of the purchase consideration from acquisitions in FY2011 which are due in FY2013 and the 2nd tranche of the purchase consideration for Vac-Tech of $4.20 million payable to non-controlling interests arising from the acquisition of Vac-Tech. This was offset by the payments to previous owners of Top Great, Mencast Subsea and Team business, via issuance of the Company's ordinary shares, of $6.81 million and cash payment of $2.81 million in FY2012.

- Increase in current trade and other payables of $6.29 million due mainly to increase in costs incurred for the new projects of $4.29 million, provision for bonus and performance incentives of $1.69 million and payable to contractor for the 42B Penjuru Road property of $1.61 million. These were offset by the decrease in advances from customers of $1.30 million due mainly to completion of projects.

- Increase in current borrowings of $14.36 million due mainly to utilisation of LC/TR facilities, finance lease, as well as drawdown of short-term loans to finance purchases of certain equipment and for working capital requirements.

Non-current liabilities

The decrease in non-current liabilities of $3.29 million from $35.33 million as at 31 December 2011 to $32.04 million as at 31 December 2012 is explained as follows:

- Decrease in non-current other payables of approximately $11.51 million due to balance of purchase consideration payable to previous owners of Top Great, Mencast Subsea and Team business which are due in FY2013 and have been reclassified to current liabilities as at the balance sheet date.

- Increase in non-current borrowings of approximately $6.87 million due mainly to drawdown of construction loans pertaining to the construction of buildings at 42E and 42B Penjuru Road.

REVIEW OF CASHFLOW STATEMENT

The Group's cash and cash equivalents increased by $9.57 million from $3.95 million as at 31 December 2011 to $13.52 million as at 31 December 2012.

The Group's operating activities provided cash inflow of $12.98 million due mainly to another profitable year. Accordingly both trade and other receivables and trade and other payables increased by $7.21 million and $2.84 million respectively.

The Group had a net cash outflow from investing activities of $32.05 million due mainly purchases of property, plant and equipment of $33.68 million and payments of other payables relating to prior financial year's acquisitions of approximately $2.81 million. These were offset by the proceeds from disposal of property, plant and equipment of approximately $6.26 million

The Group's financing activities provided net cash inflow of $28.64 million due mainly to the proceeds from issuance of new shares of the Company of approximately $11.92 million and the proceeds from borrowings of approximately $27.67 million. These were offset by repayments of borrowings and finance lease liabilities as well as payment of dividends.

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.

In the Offshore & Engineering segment, with the completion of the waterfront at Penjuru Road, the number of orders from new and existing local customers have increased in FY2012. Hence the domestic market is expected to continue to play a bigger role in optimizing the utilisation of the waterfront. The Group will continue to closely monitor the overseas market for high-valued projects.

In the Marine segment, sterngear manufacturing and repair and maintenance services remains competitive.

Group's order book as at 31 December 2012 stands at $23.79 million (As at 31 December 2011: $19.10 million).

Construction of the workshop on the additional land at 42B Penjuru Road is on track and the temporary occupation permit ("TOP") is expected by 2nd half of FY2013. This new workshop will increase our capacity for the Offshore & Engineering business.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes.

Name of dividend	First and Final
Dividend type	Cash
Dividend amount per ordinary share	1.20 cent per ordinary share
Tax rate	One-tier tax exempt

(b) Corresponding period of the immediately preceding financial year

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

Name of dividend	First and Final
Dividend type	Cash
Dividend amount per ordinary share	1.20 cent per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

The date payable for the proposed first and final dividend of 1.20 cent per share will be announced at a later date.

(d) Books closure date

The books closure date for the proposed first and final dividend of 1.20 cent per share will be announced at a later date.

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

Not applicable.

13 INTERESTED PERSON TRANSACTIONS

The Group does not have IPT mandate.

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, manufacturing, 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.

(c) Energy - includes oil sludge and slop reclamation, hydro cleaning oil and gas tanks, encapsulation of wastes prior for landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

The segment information are as follows:

	The Group			
	Offshore & Engineering ($'000)	**Marine ($'000)**	**Energy ($'000)**	**Total ($'000)**
FY 2012				
Revenue				
Revenue from external parties	**34,880**	**46,315**	**2,891**	**84,086**
Gross profit	**11,572**	**17,716**	**1,647**	**30,935**
Other gains				**4,266**
Expenses				
- Administrative				**(20,883)**
- Finance				**(1,272)**
- Share of result of joint venture				**-**
Profit before income tax				**13,046**
Income tax				**296**
Net profit for the financial year				**13,342**
FY 2011				
Revenue				
Revenue from external parties	18,259	38,099	-	56,358
Gross profit	9,585	13,881	-	23,466
Other gains				374
Expenses				
- Administrative				(12,582)
- Finance				(783)
- Share of result of joint venture				13
Profit before income tax				10,488
Income tax				(252)
Net profit for the financial year				10,236

Geographical Segments

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

	Financial year ended	
	31 December 2012 ($'000)	31 December 2011 ($'000**)**
Singapore	**71,220**	46,583
Asia [(1)]	**7,989**	4,167
Rest of the world [(2)]	**4,877**	5,608
	84,086	56,358

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 from customers in Singapore and Asia were due mainly to the full-year revenue contributions from Top Great, Mencast Subsea and Team business, and increase in revenue from the acquisition of Vac-Tech.

16 A breakdown of sales as follows:

	Group		
	Financial year ended		
	31 December 2012 ($'000)	31 December 2011 ($'000)	**increase / (decrease) (%)**
Sales reported for:			
First half ended 30 June	**34,637**	24,401	41.95
Second half ended 31 December	**49,449**	31,957	54.74
	84,086	56,358	
Net profit before deducting non-controlling interests reported for:			
First half ended 30 June	**6,910**	5,410	27.73
Second half ended 31 December	**6,432**	4,826	33.28
	13,342	10,236	

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:

Total annual dividend	Latest Full Year (FY2012) ($'000)	Previous Full Year (FY2011) ($'000)
Ordinary – First and Final	**2,712**	2,250

18 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
Sim Wei Wei	32	Daughter of substantial shareholder of the Company, Chua Kim Choo, and sister of Executive Chairman and Chief Executive Officer of the Company, Sim Soon Ngee Glenndle.	Administration & Human Resource Manager of the Company since July 2008. Oversees the office, administrative and human resource matters of the Company and its subsidiaries. Administration and Human Resource Director of the Company's subsidiary, Mencast Marine Pte Ltd ("MMPL") since August 2010. Oversees the human resource and administrative functions of MMPL.	No change.

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	42	Brother of the Executive Director of the Company, Wong Boon Huat	Director of Marine division of Top Great Engineering & Marine Pte Ltd ("TGEM")since 2000. Overseeing the day-to-day operation of projects in the marine repairs work and new fabrications. Director of Marine division of Mencast Offshore & Marine Pte Ltd since 2012. Overseeing the day-to-day operation of projects in the marine repairs work and new fabrications.	No change.

BY ORDER OF THE BOARD

Sim Soon Ngee Glenndle
Executive Chairman and Chief Executive Officer

26 February 2013