

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTH FINANCIAL PERIOD ENDED 30 JUNE 2015 (“HY2015”)**

**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 second quarter ended 30 June			For the half year ended 30 June		
	2015 (\$'000)	2014 (\$'000)	Increase/ (decrease) (%)	2015 (\$'000)	2014 (\$'000)	Increase/ (decrease) (%)
<b>Revenue</b>	<b>26,861</b>	43,911	(39)	<b>54,184</b>	74,686	(27)
Cost of sales	<b>(20,295)</b>	(31,491)	(36)	<b>(39,928)</b>	(53,818)	(26)
<b>Gross profit</b>	<b>6,566</b>	12,420	(47)	<b>14,256</b>	20,868	(32)
Other gains - net	<b>750</b>	571	31	<b>1,723</b>	1,415	22
Expenses						
- Administrative	<b>(4,834)</b>	(5,422)	(11)	<b>(9,701)</b>	(10,940)	(11)
- Finance	<b>(1,284)</b>	(1,020)	26	<b>(2,482)</b>	(2,177)	14
Profit before income tax	<b>1,198</b>	6,549	(82)	<b>3,796</b>	9,166	(59)
Income tax	<b>68</b>	(528)	NM	<b>(325)</b>	(700)	(54)
<b>Net profit</b>	<b>1,266</b>	6,021	(79)	<b>3,471</b>	8,466	(59)
<b>Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss</b>						
Currency translation differences arising from consolidation	<b>(20)</b>	(516)	NM	<b>65</b>	(508)	NM
<b>Total comprehensive income</b>	<b>1,246</b>	5,505	(77)	<b>3,536</b>	7,958	(56)
<b>Net profit attributable to :</b>						
Equity holders of the Company	<b>1,314</b>	5,920	(76)	<b>2,439</b>	7,888	(69)
Non-controlling interests	<b>(48)</b>	101	NM	<b>1,032</b>	578	79
	<b>1,266</b>	6,021	(79)	<b>3,471</b>	8,466	(59)
<b>Total comprehensive income attributable to :</b>						
Equity holders of the Company	<b>1,294</b>	5,404	(78)	<b>2,504</b>	7,380	(66)
Non-controlling interests	<b>(48)</b>	101	NM	<b>1,032</b>	578	79
	<b>1,246</b>	5,505	(77)	<b>3,536</b>	7,958	(56)

(1) “NM” denotes not meaningful.

(2) The currency translation difference arising from consolidation relates mainly to the fluctuations of Chinese Renminbi and Indonesian Rupiah against Singapore Dollar in HY2015.

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

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

	<b>The Group</b>					
	<b>For the second quarter ended 30 June</b>			<b>For the half year ended 30 June</b>		
	<b>2015 (\$'000)</b>	<b>2014 (\$'000)</b>	<b>Increase/ (decrease) (%)</b>	<b>2015 (\$'000)</b>	<b>2014 (\$'000)</b>	<b>Increase/ (decrease) (%)</b>
<u>Included in other gains:</u>						
- Foreign exchange (gain)/loss - net	<b>(75)</b>	163	NM	<b>(80)</b>	(125)	(36)
- (Gain)/loss on sale of property, plant and equipment	<b>(9)</b>	2	NM	<b>25</b>	(3)	NM
- Government grants	<b>(3)</b>	(266)	NM	<b>(370)</b>	(430)	(14)
- Recovery of bad debts	-	(45)	(100)	-	(45)	(100)
- Rental income	<b>(87)</b>	(107)	(19)	<b>(190)</b>	(237)	(20)
- Sale of scrap metals	<b>(79)</b>	(217)	64	<b>(152)</b>	(243)	(37)
- Write-back of long outstanding payable	<b>(452)</b>	(23)	NM	<b>(483)</b>	(23)	NM
- Write-back of allowance for impairment of trade receivables	-	-	-	<b>(301)</b>	(187)	61
- Other income <sup>(1)</sup>	<b>(45)</b>	(78)	(42)	<b>(172)</b>	(122)	36
	<b>(750)</b>	(571)	31	<b>(1,723)</b>	(1,415)	22
<u>Included under finance expenses:</u>						
- Interest expense	<b>1,284</b>	1,020	26	<b>2,482</b>	2,177	14
<u>Included under cost of sales and administrative expenses:</u>						
- Depreciation of property, plant and equipment <sup>(2)</sup>	<b>3,618</b>	3,846	(6)	<b>7,172</b>	6,565	9
<u>Included under income tax:</u>						
- Under provision of current income tax in prior financial years	-	-	-	-	72	100

**Notes:**

- (1) Other income relates to miscellaneous income.
- (2) Increase in depreciation of property, plant and equipment in HY2015 was mainly due to depreciation of new machinery and equipment, trucks and workshop at 42B Penjuru Road which only commenced depreciation in second half of FY2014. The decrease in depreciation of property, plant and equipment in FY2015 Q2 as compared to FY2014 Q2 was mainly due to depreciation of building and equipment which were disposed in FY2014 Q4.
- (3) "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 30 June 2015 (\$'000)	As at 31 December 2014 (\$'000)	As at 30 June 2015 (\$'000)	As at 31 December 2014 (\$'000)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	12,206	19,686	3,727	259
Trade and other receivables	76,257	85,479	82,929	85,476
Inventories	10,738	10,328	-	-
	<b>99,201</b>	<b>115,493</b>	<b>86,656</b>	<b>85,735</b>
<b>Non-current assets</b>				
Financial assets, available-for-sale	172	172	-	-
Investments in subsidiaries	-	-	91,731	94,251
Investment in joint venture	207	881	-	-
Property, plant and equipment	202,986	181,936	49	63
Deposits for purchase of property, plant and equipment	5,043	1,872	-	-
Intangible assets	45,180	45,180	-	-
Club memberships	60	60	-	-
Deferred income tax asset	-	-	594	524
	<b>253,648</b>	<b>230,101</b>	<b>92,374</b>	<b>94,838</b>
<b>Total assets</b>	<b>352,849</b>	<b>345,594</b>	<b>179,030</b>	<b>180,573</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	29,802	34,902	56,989	57,194
Borrowings	74,857	70,013	-	-
Current income tax liabilities	1,127	869	-	-
	<b>105,786</b>	<b>105,784</b>	<b>56,989</b>	<b>57,194</b>
<b>Non-current liabilities</b>				
Other payables	1,892	5,100	2,350	5,100
Borrowings	102,916	100,713	49,730	49,617
Deferred income tax liabilities	4,160	4,453	-	-
	<b>108,968</b>	<b>110,266</b>	<b>52,080</b>	<b>54,717</b>
<b>Total liabilities</b>	<b>214,754</b>	<b>216,050</b>	<b>109,069</b>	<b>111,911</b>
<b>NET ASSETS</b>	<b>138,095</b>	<b>129,544</b>	<b>69,961</b>	<b>68,662</b>
<b>EQUITY</b>				
Capital and reserves attributable to equity holders of the Company				
Share capital	74,652	72,027	74,652	72,027
Fair value reserves	92	92	-	-
Translation reserves	(2,046)	(1,981)	-	-
Other reserve	509	-	-	-
Retained earnings / (accumulated losses)	58,592	56,153	(4,691)	(3,365)
	<b>131,799</b>	<b>126,291</b>	<b>69,961</b>	<b>68,662</b>
Non-controlling interests	6,296	3,253	-	-
<b>Total equity</b>	<b>138,095</b>	<b>129,544</b>	<b>69,961</b>	<b>68,662</b>

**MENCAST HOLDINGS LTD.**  
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**Note to statement of financial position:**

Included in the Group's property, plant and equipment are eight properties which are carried at cost less accumulated depreciation. The Group engaged third-party valuers, to carry out a valuation of these properties. Set out below are the fair values of the eight properties:

Location	Description	Land Area (sqm)	Latest Valuation Date	NBV as at 30 June 2015 (\$'000)	Fair values (\$'000)	Excess of fair values over NBV (\$'000)
7 Tuas View Circuit, Singapore	Office building, dormitory & workshop	8,501	Feb 2014	8,764	14,700	5,936
12 Kwong Min Road, Singapore	Office building, dormitory & workshop	4,623	Jul 2015	3,839	8,500	4,661
6 Tech Park Crescent, Singapore <sup>(a)</sup>	Office building, dormitory & workshop	1,718	Jun 2015	1,816	6,102	4,286
42E Penjuru Road, Singapore	Waterfront, office building & workshop	19,266	Feb 2014	20,642	33,000	12,358
42B Penjuru Road, Singapore	Office building & workshop	16,200	Oct 2013	19,874	28,000	8,126
107 Gul Circle, Singapore	Office building & workshop	12,618	Oct 2013	5,612	6,500	888
11 Tuas Basin Close, Singapore	Waterfront, office building & workshop	14,730	Dec 2013	7,010	8,500	1,490
No.6 Xinghua Gangqu Dadao, Changshu, Jiangsu, China	Office building & workshop	34,433	Mar 2015	7,788	8,396	608
<b>Total</b>		<b>112,089</b>		<b>75,345</b>	<b>113,698</b>	<b>38,353</b>

(a) The property at 6 Tech Park Crescent has been sold to a third party at \$6,102,000. The sale is expected to be completed on 14 August 2015.

The basis of valuation to determine the fair values of the properties was based on the properties' higher-and-best-use using the Direct Market Comparison Method. The fair values are presented for information purposes only and are not recognised in the Group's financial statements.

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

**Amount repayable in one year or less, or on demand**

<b>As at 30 June 2015</b>		<b>As at 31 December 2014</b>	
<b>Secured (\$'000)</b>	<b>Unsecured (\$'000)</b>	<b>Secured (\$'000)</b>	<b>Unsecured (\$'000)</b>
<b>62,961</b>	<b>11,896</b>	<b>56,380</b>	<b>13,633</b>

**Amount repayable after one year**

<b>As at 30 June 2015</b>		<b>As at 31 December 2014</b>	
<b>Secured (\$'000)</b>	<b>Unsecured (\$'000)</b>	<b>Secured (\$'000)</b>	<b>Unsecured (\$'000)</b>
<b>50,354</b>	<b>52,562</b>	<b>44,341</b>	<b>56,372</b>

**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.

The unsecured borrowing that is repayable after one year includes \$49.7 million relating to the proceeds from the issuance of \$50.0 million fixed rate notes due on 12 September 2016 ("Series 1 Notes") under the \$200.0 million multicurrency Medium Term Note programme. The Series 1 Notes bear interest at the fixed rate of 5.75% per annum payable semi-annually in arrears.

**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 second quarter ended 30 June		For the half year ended 30 June	
	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)
<b>Cash flows from operating activities</b>				
Net profit	1,266	6,021	3,471	8,466
Adjustments for:				
- Income tax	(68)	528	325	700
- Depreciation of property, plant and equipment	3,618	3,846	7,172	6,565
- (Gain)/loss on disposal of property, plant and equipment	(9)	2	25	(3)
- Interest income	(1)	(4)	(3)	(6)
- Interest expense	1,284	1,020	2,482	2,177
- Currency translation differences	(136)	(234)	(65)	(483)
	<b>5,954</b>	11,179	<b>13,407</b>	17,416
Changes in working capital:				
- Trade and other receivables	6,410	(19,016)	9,230	(30,018)
- Inventories	1,518	234	(410)	(264)
- Trade and other payables	(2,146)	4,956	(8,624)	4,296
Cash (used in)/generated from operations	<b>11,736</b>	(2,647)	<b>13,603</b>	(8,570)
Interest received	1	4	3	6
Income tax paid	(170)	(170)	(360)	(286)
<b>Net cash (used in)/provided by operating activities</b>	<b>11,567</b>	(2,813)	<b>13,246</b>	(8,850)
<b>Cash flows from investing activities</b>				
Payments of other payables relating to prior financial years' acquisitions	(975)	(5,241)	(1,375)	(7,654)
Dividend from investment in joint venture	-	-	674	-
Proceeds from disposal of property, plant and equipment	1,207	81	1,301	219
Purchase of property, plant and equipment	(8,903)	(7,090)	(16,197)	(16,144)
Release/ of short-term bank deposits pledged	507	2,022	455	1,862
<b>Net cash used in investing activities</b>	<b>(8,164)</b>	(10,228)	<b>(15,142)</b>	(21,717)
<b>Cash flows from financing activities</b>				
Dividend paid	-	(8,876)	-	(8,876)
Interest paid	(1,227)	(246)	(2,369)	(2,064)
Repayment of borrowings	(3,902)	(1,629)	(10,598)	(5,909)
Repayment of finance lease liabilities	(1,874)	(1,698)	(3,769)	(3,704)
Proceeds from borrowings	6,660	16,264	12,458	42,192
<b>Net cash (used in)/provided by financing activities</b>	<b>(343)</b>	3,815	<b>(4,278)</b>	21,639
Net increase/(decrease) in cash and cash equivalents	<b>3,060</b>	(9,226)	<b>(6,174)</b>	(8,928)
Cash and cash equivalents at beginning of financial period	<b>4,936</b>	14,820	<b>14,170</b>	14,522
<b>Cash and cash equivalents at end of financial period</b>	<b>7,996</b>	5,594	<b>7,996</b>	5,594

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

	As at 30 June 2015 (\$'000)	As at 30 June 2014 (\$'000)
Cash and bank balances	12,206	11,836
Short-term bank deposits pledged	(2,579)	(3,082)
Bank overdrafts included in borrowings	(1,630)	(3,160)
	<b>7,997</b>	<b>5,594</b>

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

**STATEMENT OF CHANGES IN EQUITY**

	Share capital (\$'000)	Treasury shares (\$'000)	Retained earnings / (accumulated losses) (\$'000)	Fair value reserve (\$'000)	Translation reserve (\$'000)	Other reserve (\$'000)	Total (\$'000)	Non-controlling interests (\$'000)	Total equity (\$'000)
<b>Group</b>									
<b>Balance as at 1 January 2015</b>	72,220	(193)	56,153	92	(1,981)	-	126,291	3,253	129,544
Disposal of non-controlling interests without a change in control	-	-	-	-	-	509	509	2,011	2,520
Total comprehensive income	-	-	1,125	-	85	-	1,210	1,080	2,290
<b>Balance as at 31 March 2015</b>	72,220	(193)	57,278	92	(1,896)	509	128,010	6,344	134,354
Issue of new shares for acquisitions in prior financial years	2,625	-	-	-	-	-	2,625	-	2,625
Total comprehensive income/(loss)	-	-	1,314	-	(150)	-	1,164	(48)	1,116
<b>Balance as at 30 June 2015</b>	74,845	(193)	58,592	92	(2,046)	509	131,799	6,296	138,095
<b>Balance as at 1 January 2014</b>	58,576	(135)	47,570	95	(2,024)	-	104,082	2,514	106,596
Issue of new shares for acquisitions in prior financial years	1000	-	-	-	-	-	1000	-	1000
Total comprehensive income	-	-	1,968	-	8	-	1,976	477	2,453
<b>Balance as at 31 March 2014</b>	59,576	(135)	49,538	95	(2,016)	-	107,058	2,991	110,049
Dividend paid <sup>(a)</sup>	-	-	(8,876)	-	-	-	(8,876)	-	(8,876)
Issue of new shares for acquisitions in prior financial years	850	-	-	-	-	-	850	-	850
Total comprehensive income/(loss)	-	-	5,920	-	(516)	-	5,404	101	5,505
<b>Balance as at 30 June 2014</b>	60,426	(135)	46,582	95	(2,532)	-	104,436	3,092	107,528

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	Share capital (\$'000)	Treasury shares (\$'000)	Retained earnings / (accumulated losses) (\$'000)	Total equity (\$'000)
<b>Company</b>				
<b>Balance as at 1 January 2015</b>	72,220	(193)	(3,365)	68,662
Total comprehensive loss	-	-	(502)	(502)
<b>Balance as at 31 March 2015</b>	72,220	(193)	(3,867)	68,160
Issue of new shares for acquisitions in prior financial years	2,625	-	-	2,625
Total comprehensive income	-	-	(824)	(824)
<b>Balance as at 30 June 2015</b>	74,845	(193)	(4,691)	69,961
<b>Balance as at 1 January 2014</b>	58,576	(135)	1,200	59,641
Issue of new shares for acquisitions in prior financial years	1,000	-	-	1,000
Total comprehensive income	-	-	(825)	(825)
<b>Balance as at 31 March 2014</b>	59,576	(135)	375	59,816
Dividend paid <sup>(a)</sup>	-	-	(8,876)	(8,876)
Issue of new shares for acquisitions in prior financial years	850	-	-	850
Total comprehensive loss	-	-	199	199
<b>Balance as at 30 June 2014</b>	60,426	(135)	(8,302)	51,989

(a) On 2 July 2015, the Group paid the cash dividend of \$0.01 per share amounting to \$3,621,000. Such dividend payment will be reflected in the statement of changes in equity in FY2015 Q3.



- 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 2015 to 30 June 2015 are as follows:-

**CHANGES IN ISSUED SHARE CAPITAL**

	Number of shares (‘000)	Paid-up capital (\$’000)
<b>Issued share capital as at 1 January 2015</b>	357,091	72,027
Issue of new shares for acquisitions in prior financial years	5,044	2,625
<b>Issued share capital as at 30 June 2015 excluding treasury shares</b>	<u>362,135</u>	<u>74,652</u>

Save as disclosed above, the Company did not have any outstanding options or convertibles as at 30 June 2015 and 31 December 2014.

- 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 30 June 2015 (‘000)	As at 31 December 2014 (‘000)
Total number of issued shares (excluding treasury shares)	<u>362,135</u>	<u>357,091</u>

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

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 30 June 2015.

**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 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.**

Except as disclosed in Note 5 below, the Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current financial period compared with those audited financial statements for the financial year ended 31 December 2014.

**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.**

In the current financial period, the Group and the Company adopted the new Financial Reporting Standards ("FRS") and Amendments to FRS that are effective for annual periods beginning on or after 1 January 2015.

The adoption of the new FRSs and Amendments to FRSs did not result in any substantial change to the Group and the Company's accounting policies nor any material impact on the financial statements of the Group.

**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 second quarter ended 30 June 2015		For the half year ended 30 June 2015	
		2014		2014
Earnings attributable to equity holders of the Company (\$'000)	<b>1,314</b>	5,920	<b>2,439</b>	7,888
Weighted average number of shares outstanding for basic EPS ('000)	<b>359,518</b>	336,237	<b>358,799</b>	335,106
Basic EPS attributable to equity holders of the Company (SGD cents)	<b>0.37</b>	1.76	<b>0.68</b>	2.35
Weighted average number of shares outstanding for basic EPS ('000)	<b>359,518</b>	336,237	<b>358,799</b>	336,237
Adjustment for 2014 Performance Share Award to be issued ('000)	<b>301</b>	-	<b>301</b>	-
	<b>359,819</b>	336,237	<b>359,100</b>	336,237
Diluted EPS attributable to equity holders of the Company (SGD cents)	<b>0.37</b>	1.76	<b>0.68</b>	2.35

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

For comparative purposes, the weighted average number of ordinary shares outstanding for HY2014 have been adjusted for the effect of the bonus element of 39,319,513 shares in relation to the rights issue completed on 16 July 2014.

- 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")**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
NAV per ordinary share (SGD cents)	<b>36.39</b>	35.37	<b>19.32</b>	19.23
Number of shares used in computation of NAV per share ('000)	<b>362,135</b>	357,091	<b>362,135</b>	357,091

- 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**

**HY2015 vs HY2014**

**Revenue**

	<b>HY 2015</b>		<b>HY 2014</b>	
	<b>(\$'000)</b>	<b>(%)</b>	<b>(\$'000)</b>	<b>(%)</b>
<u>Revenue by segment</u>				
Offshore & Engineering	<b>25,992</b>	48	45,593	61
Marine	<b>20,579</b>	38	22,099	30
Energy Services	<b>7,613</b>	14	6,994	9
	<b>54,184</b>	100	74,686	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) Energy Services includes oil sludge and slop reclamation, hydro cleaning oil and gas tanks, encapsulation of wastes before landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

The overall decrease in Group's revenue of \$20.5 million or 27% in HY2015 is explained below:

Offshore & Engineering segment

Revenue from Offshore & Engineering segment decreased by \$19.6 million or 43% due to:

- Decrease in revenue from construction contracts as a result of (a) decrease in orders from recurring customers; and (b) most of the major contracts secured in FY2013 – FY2014 have been substantially completed and there are no major contracts secured during HY2015 due to the slow down in the Oil & Gas market;
- Such decrease was slightly offset by the increase in revenue from precision engineering business as new orders from major Oil & Gas equipment manufacturers were secured since latter part of FY2014.

These also explain the lower revenue from Offshore & Engineering segment in FY2015 Q2 as compared to FY2014 Q2.

Marine segment

Revenue from Marine segment decreased by \$1.5 million or 7% mainly due to decrease in revenue from diving and berthing services offset by the increase in revenue from sterngear repair services.

These also explain the lower revenue from Marine segment in FY2015 Q2 as compared to FY2014 Q2.

Energy Services segment

Revenue from Energy Services segment increased by \$619,000 or 9% due to increase in demand for tank cleaning services as well as variation orders from existing contracts.

Revenue from Energy Services segment in FY2015 Q2 as compared to FY2014 Q2 decreased by \$557,000 or 16% as certain projects have been delayed to second half of FY2015.

**Cost of sales, gross profit and gross profit margin**

*HY2015 vs HY2014*

Cost of sales and gross profit decreased by \$13.8 million or 26% and \$6.6 million or 32% respectively, in line with the decrease in revenue.

Gross profit margin decreased from 28% in HY2014 to 26% in HY2015 mainly due to lower margin for Offshore & Engineering projects.

These also explain the fluctuations in cost of sales, gross profit and gross profit margin in FY2015 Q2 as compared to FY2014 Q2.

### **Other income**

#### *HY2015 vs HY2014*

Other income increased by \$308,000 mainly due to write back of allowance for impairment of trade receivables and write-back of long-outstanding payables.

These also explain the increase in other income in FY2015 Q2 as compared to FY2014 Q2.

### **Administrative expenses**

#### *HY2015 vs HY2014*

The Group's administrative expenses decreased by \$1.2 million or 11% due to:

- lower staff cost and related staff expenses arising from cost savings in salaries and related expenses as a result of decrease in head count; and
- decrease in insurance expense, travelling and entertainment, and utilities arising from cost cutting initiatives implemented since second half of FY2014.

These also explain the lower administrative expense in FY2015 Q2 as compared to FY2014 Q2.

### **Finance expenses**

The Group's finance expenses increased by \$305,000 or 14% as a result of the increase in utilisation of trade facilities.

This also explains the higher finance cost in FY2014 Q2 as compared to FY2013 Q2.

### **Income tax**

The Group's effective income tax rate of 9% is lower than the statutory income tax rate of 17% mainly due to utilisation of carry forward tax losses. The effective income tax rate of 9% remains comparable with the effective income tax rate in HY2014 of 8%.

### **Net profit**

The Group's net profit decreased by \$5.0 million or 59% from \$8.5 million in HY2014 to \$3.5 million in HY2015 as a result of the above.

The net profit attributable to non-controlling interests increased from \$578,000 in HY2014 to \$1.0 million in HY2015 and is mainly due to the 21% effective dilution of the Group's equity interest in Vac-Tech as announced on 15 January 2015 which increased the non-controlling interests.

Arising from the decrease in net profit and higher increase in net profit attributable to noncontrolling interests, the net profit attributable to equity shareholders of the Company declined by 69% from \$7.9 million in HY2014 to \$2.4 million in HY2015.

## **REVIEW OF FINANCIAL POSITION**

### **Current assets**

The decrease in current assets of \$16 million from \$115.5 million as at 31 December 2014 to \$99.2 million as at 30 June 2015 is mainly attributable to:

- (a) decrease in cash and cash equivalents of \$7.5 million or 38% which was mainly used for working capital purposes.
- (b) decrease in trade and other receivables of \$9.2 million or 11% is due to decrease in revenue and collections of long-outstanding receivables.

### **Non-current assets**

The increase in non-current assets of \$23.5 million from \$230.1 million as at 31 December 2014 to \$253.6 million as at 30 June 2015 is attributable to increase in property, plant and equipment and deposits for purchase of property, plant and equipment arising from:

- progressive payment for construction of property at 42A Penjur Road;
- progressive payment for construction of crane barge to support our offshore activities; and
- purchases of commercial vehicles, vessels and other equipment.

### **Current liabilities**

Current liabilities as at 30 June 2015 remain at the same level of the balance as at 31 December 2014.

Trade and other payables decreased due to the payments of supplier via the utilisation of trade facilities which resulted to a corresponding increase in current borrowings.

### **Non-current liabilities**

The increase in non-current liabilities of \$1.3 million from \$110.3 million as at 31 December 2015 to \$109.0 million as at 30 June 2015 is mainly due to the drawdown of construction loan pertaining to the construction of property at 42A Penjur Road and partially offset by loan repayment.

## **REVIEW OF CASHFLOW STATEMENT**

The Group has a net cash inflow from operating activities of \$13.2 million mainly due to collections of trade and other receivables of \$9.2 million and cash generated from operations of \$13.4 million offset by the payments of trade and other payables of \$8.6 million.

The Group has a net cash outflow from investing activities of \$15.1 million due mainly to purchases of property, plant and equipment of \$16.2 million and payments of deferred consideration relating to prior financial year's acquisitions of \$1.4 million offset by the proceeds from disposal of property, plant and equipment.

The Group's cash outflow from financing activities arises mainly from payments of interest of \$2.4 million and repayment of finance lease liabilities of \$3.8 million.

**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 protracted low oil prices continue to adversely affect our customers and their demand for our services in the Oil & Gas sector especially our Offshore division.

In the Marine segment, the demand for sterngear repair and maintenance services as well as the sterngear manufacturing market remains challenging.

Our Energy Services segment has been growing and, barring unforeseen circumstances, we expect this trend to continue.

Group's order book as at 30 June 2015 stands at \$18.5 million (as at 31 December 2014: \$32.1 million).

**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)    *Books closure date***

Not applicable.

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

Not applicable.



**13 Interested Person Transactions.**

Other than the deemed disposal of the Group's 21% equity interest in Vac-Tech as announced on 15 January 2015, there were no interested person transactions, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the half year ended 30 June 2015. The Company does not have a general mandate from shareholders for interested person transactions.

**14 Negative Assurance on Interim Financial Statements.**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the half year ended 30 June 2015 to be false or misleading in any material aspect.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

Sim Soon Ngee Glennle  
Executive Chairman and Chief Executive Officer

Wong Boon Huat  
Executive Director

6 August 2015

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