

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER (“1Q2016”) IN RESPECT OF THE FINANCIAL YEAR ENDED 31 MARCH 2016**

**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		Increase/ (decrease) (%)
	1Q2016 (\$'000)	1Q2015 (\$'000)	
<b>Revenue</b>	<b>20,069</b>	27,323	(27)
Cost of sales	<b>(14,836)</b>	(19,633)	(24)
<b>Gross profit</b>	<b>5,233</b>	7,690	(32)
Other gains – net	<b>310</b>	672	(54)
Expenses			
- Administrative	<b>(3,805)</b>	(4,566)	(17)
- Finance	<b>(1,497)</b>	(1,198)	25
Profit before income tax	<b>241</b>	2,598	(91)
Income tax expense	<b>(2)</b>	(393)	(99)
<b>Net profit</b>	<b>239</b>	2,205	(89)
<b>Other comprehensive income that may be reclassified subsequently to profit or loss</b>			
Fair value loss on financial assets, available-for-sale	-	-	-
Currency translation differences arising from consolidation <sup>(1)</sup>	<b>66</b>	85	(22)
<b>Total comprehensive income</b>	<b>305</b>	2,290	(87)
<b>Net profit attributable to:</b>			
Equity holders of the Company	<b>(104)</b>	1,125	NM
Non-controlling interests	<b>343</b>	1,080	(68)
	<b>239</b>	2,205	(89)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	<b>(38)</b>	1,210	NM
Non-controlling interests	<b>343</b>	1,080	(68)
	<b>305</b>	2,290	(87)

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

	<b>Group</b>		
	<b>1Q2016</b>	1Q2015	<b>Increase/ (decrease)</b>
	<b>(\$'000)</b>	(\$'000)	<b>(%)</b>
<u>Included in other gains:</u>			
- Sale of scrap metals	(39)	(73)	(47)
- Loss on sale of property, plant and equipment	42	34	24
- Foreign exchange gain – net	(50)	(5)	NM
- Government grants	(151)	(367)	(59)
- Other (income) <sup>(1)</sup>	(17)	(158)	(89)
- Rental income	(95)	(103)	(8)
	<b>(310)</b>	<b>(672)</b>	<b>(54)</b>
<u>Included under finance expense:</u>			
- Interest expense	<b>1,497</b>	1,198	25
<u>Included under cost of sales and administrative expenses:</u>			
- Depreciation of property, plant and equipment <sup>(2)</sup>	<b>3,007</b>	3,554	(15)
<u>Included under income tax:</u>			
- Under provision of current income tax in prior financial years	<b>2</b>	-	NM

**Notes:**

- (1) Other income relates to interest income, dividend income and miscellaneous income/expense.
- (2) The decrease in depreciation of property, plant and equipment was mainly due to assets of disposal group classified as held-for-sale.
- (3) "NM" denotes not meaningful.

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

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

**STATEMENT OF FINANCIAL POSITION**

	Group		Company	
	As at 31 March 2016 (\$'000)	As at 31 December 2015 (\$'000)	As at 31 March 2016 (\$'000)	As at 31 December 2015 (\$'000)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	18,272	10,896	6,773	410
Trade and other receivables	63,609	61,473	101,862	95,731
Inventories	8,935	8,775	-	-
	<b>90,816</b>	<b>81,144</b>	<b>108,595</b>	<b>96,141</b>
Assets of disposal group classified as held-for-sale	20,511	20,511	-	-
	<b>111,327</b>	<b>101,655</b>	<b>108,595</b>	<b>96,141</b>
<b>Non-current assets</b>				
Financial assets, available-for-sale	169	169	-	-
Investment in subsidiaries	-	-	82,030	82,030
Investment in joint venture	207	207	-	-
Property, plant and equipment	216,176	208,066	27	33
Deposits for purchase of property, plant and equipment	649	283	-	-
Intangible assets	45,180	45,180	-	-
Club memberships	60	60	-	-
Deferred income tax asset	-	-	524	524
	<b>262,441</b>	<b>253,965</b>	<b>82,581</b>	<b>82,587</b>
<b>Total assets</b>	<b>373,768</b>	<b>355,620</b>	<b>191,176</b>	<b>178,728</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	14,318	21,765	58,973	61,786
Borrowings	102,737	103,184	49,899	49,843
Current income tax liabilities	770	775	-	-
	<b>117,825</b>	<b>125,724</b>	<b>108,872</b>	<b>111,629</b>
Liabilities directly associated with disposal group classified as held-for-sale	5,203	5,522	-	-
	<b>123,028</b>	<b>131,246</b>	<b>108,872</b>	<b>111,629</b>
<b>Non-current liabilities</b>				
Other payables	-	-	-	-
Borrowings	96,101	86,123	-	-
Deferred income tax liabilities	4,478	4,478	-	-
	<b>100,579</b>	<b>90,601</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>223,607</b>	<b>221,847</b>	<b>108,872</b>	<b>111,629</b>
<b>NET ASSETS</b>	<b>150,161</b>	<b>133,773</b>	<b>82,304</b>	<b>67,099</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	91,645	75,562	91,645	75,562
Fair value reserves	92	92	-	-
Other reserve	509	509	-	-
Translation reserves	(2,485)	(2,551)	-	-
Retained earnings/(accumulated losses)	54,010	54,114	(9,341)	(8,463)
	<b>143,771</b>	<b>127,726</b>	<b>82,304</b>	<b>67,099</b>
Non-controlling interests	6,390	6,047	-	-
<b>Total equity</b>	<b>150,161</b>	<b>133,773</b>	<b>82,304</b>	<b>67,099</b>

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**Note to statement of financial position:**

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

Location	Description	Land Area (sqm)	Latest Valuation Date	NBV as at 31 March 2016 (\$'000)	Fair values (\$'000)	Excess of fair values over NBV (\$'000)
7 Tuas View Circuit	Office building, dormitory & workshop	8,501	Jan 2016	8,749	15,000	6,251
12 Kwong Min Road	Office building, dormitory & workshop	4,623	Aug 2015	3,861	8,500	4,639
42E Penjuru Road	Waterfront, office building & workshop	19,266	Aug 2015	20,791	34,000	13,209
42B Penjuru Road	Office building & workshop	16,200	Jan 2016	19,344	29,000	9,656
107 Gul Circle*	Office building & workshop	12,618	Nov 2015	5,755	7,500	1,745
11 Tuas Basin Close*	Waterfront, office building & workshop	14,730	Dec 2013	7,286	8,500	1,214
No.6 Xinghua Gangqu Dadao Changshu, Jiangsu, China*	Office building & workshop	34,433	Mar 2015	7,470	8,396	926
<b>Total</b>		<b>110,371</b>		<b>73,256</b>	<b>110,896</b>	<b>37,640</b>

The estimated market values are presented for information purposes only and are not recognised in the Group's financial statements.

\* These properties are included in the "Assets of disposal group classified as held-for-sale" on the balance sheet as at 31 March 2016.

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

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

	As at 31 March 2016		As at 31 December 2015	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
<b>Borrowings</b>				
Current borrowings	42,057	60,680	40,248	62,936
Borrowings included in the disposal group classified as held-for-sale	2,198	3,005	2,355	3,167
<b>Total</b>	<b>44,255</b>	<b>63,685</b>	<b>42,603</b>	<b>66,103</b>

**Amount repayable after one year**

	As at 31 March 2016		As at 31 December 2015	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
<b>Borrowings</b>				
Non-current borrowings	92,509	3,592	82,395	3,728
Borrowings included in the disposal group classified as held-for-sale	-	-	-	-
<b>Total</b>	<b>92,509</b>	<b>3,592</b>	<b>82,395</b>	<b>3,728</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 in one year of \$49.9 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	
	1Q2016 (\$'000)	1Q2015 (\$'000)
<b>Cash flows from operating activities</b>		
Net profit	239	2,205
Adjustments for:		
- Income tax	2	393
- Depreciation of property, plant and equipment	3,007	3,554
- Loss on disposal of property, plant and equipment	42	34
- Interest income	(2)	(2)
- Interest expense	1,497	1,198
- Currency translation differences	61	71
	<b>4,846</b>	<b>7,453</b>
Changes in working capital:		
- Trade and other receivables	(2,136)	2,819
- Inventories	(160)	(1,928)
- Trade and other payables	(3,782)	(6,420)
Cash (used in)/generated from operations	(1,232)	1,924
Interest received	2	2
Income tax paid	(2)	(190)
<b>Net cash (used in)/provided by operating activities</b>	<b>(1,232)</b>	<b>1,736</b>
<b>Cash flows from investing activities</b>		
Payments of other payables relating to prior financial years' acquisitions	-	(458)
Dividend from investment in joint venture	-	675
Proceeds from disposal of property, plant and equipment	251	94
Proceeds from disposal of financial assets, available-for sale	-	-
Purchase of property, plant and equipment	(4,064)	(7,294)
Placement of short-term bank deposits pledged	(1)	(52)
<b>Net cash used in investing activities</b>	<b>(3,814)</b>	<b>(7,035)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(859)	(1,142)
Repayment of bank borrowings	(6,119)	(6,696)
Repayment of finance lease liabilities	(1,633)	(1,895)
Proceeds from bank borrowings	5,829	5,798
Proceeds from private placement	14,708	-
<b>Net cash provided by/(used in) financing activities</b>	<b>11,926</b>	<b>(3,935)</b>
Net increase/(decrease) in cash and cash equivalents	6,880	(9,234)
Cash and cash equivalents at beginning of financial period	7,274	14,170
<b>Cash and cash equivalents at end of financial period</b>	<b>14,154</b>	<b>4,936</b>

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

	As at 31 March 2016 (\$'000)	As at 31 March 2015 (\$'000)
Cash and bank balances	18,272	10,659
Short-term bank deposits pledged	(2,719)	(3,088)
Bank overdrafts included in borrowings	(1,399)	(2,635)
	<b>14,154</b>	<b>4,936</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 2016</b>	75,765	(203)	54,114	92	(2,551)	509	127,726	6,047	133,773
Issue of new shares from private placement (net of transaction cost)	14,708	-	-	-	-	-	14,708	-	14,708
Issue of new shares for acquisition of business in prior financial years	1,375	-	-	-	-	-	1,375	-	1,375
Total comprehensive income	-	-	(104)	-	66	-	(38)	343	305
<b>Balance as at 31 March 2016</b>	<b>91,848</b>	<b>(203)</b>	<b>54,010</b>	<b>92</b>	<b>(2,485)</b>	<b>509</b>	<b>143,771</b>	<b>6,390</b>	<b>150,161</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>	<b>72,220</b>	<b>(193)</b>	<b>57,278</b>	<b>92</b>	<b>(1,896)</b>	<b>509</b>	<b>128,010</b>	<b>6,344</b>	<b>134,354</b>
<b>Company</b>									
<b>Balance as at 1 January 2016</b>	75,765	(203)	(8,463)	-	-	-	67,099	-	67,099
Issue of new shares from private placement (net of transaction cost)	14,708	-	-	-	-	-	14,708	-	14,708
Issue of new shares for acquisition of business in prior financial years	1,375	-	-	-	-	-	1,375	-	1,375
Total comprehensive loss	-	-	(878)	-	-	-	(878)	-	(878)
<b>Balance as at 31 March 2016</b>	<b>91,848</b>	<b>(203)</b>	<b>(9,341)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,304</b>	<b>-</b>	<b>82,304</b>
<b>Balance as at 1 January 2015</b>	72,220	(193)	(3,365)	-	-	-	68,662	-	68,662
Total comprehensive loss	-	-	(502)	-	-	-	(502)	-	(502)
<b>Balance as at 31 March 2015</b>	<b>72,220</b>	<b>(193)</b>	<b>(3,867)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,160</b>	<b>-</b>	<b>68,160</b>

- 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 2016 to 31 March 2016 are as follows:

<b>CHANGES IN ISSUED SHARE CAPITAL</b>	<b>Number of shares ('000)</b>	<b>Paid-up capital (S\$'000)</b>
<b>Issued share capital as at 1 January 2016</b>	364,269	75,562
Issue of new shares from private placement (net of transaction cost)	54,640	14,708
Issue of new shares for acquisitions in prior financial years	2,742	1,375
<b>Issued share capital as at 31 March 2016 excluding treasury shares</b>	<u>421,651</u>	<u>91,645</u>

Save as disclosed above, the Company did not have any outstanding options or convertibles as at 31 March 2016 and 31 December 2015.

- 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.**

	<b>As at 31 March 2016</b>	<b>As at 31 December 2015</b>
Total number of issued shares (excluding treasury shares) (in '000)	<u>421,651</u>	<u>364,269</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 31 March 2016.

- 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 2015.

**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 year, 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 2016.

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:**

	<b>Group</b>	
	<b>1Q2016</b>	1Q2015
Earnings attributable to equity holders of the Company (\$'000)	<b>(104)</b>	1,125
Weighted average number of shares outstanding for basic EPS ('000)	<b>403,928</b>	357,091
Basic EPS attributable to equity holders of the Company (SGD cents)	<b>(0.03)</b>	0.32
Weighted average number of shares outstanding for basic EPS ('000)	<b>403,928</b>	357,091
Adjustment for 2014 Performance Share Award to be issued	<b>63</b>	219
Diluted EPS attributable to equity holders of the Company (SGD cents)	<b>(0.03)</b>	0.31

Basic and Diluted 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.

- 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>31 March 2016</b>	<b>31 December 2015</b>	<b>31 March 2016</b>	<b>31 December 2015</b>
NAV per ordinary share (SGD cents)	<b>34.10</b>	35.06	<b>19.52</b>	18.42
Number of shares used in computation of NAV per share ('000)	<b>421,651</b>	364,269	<b>421,651</b>	364,269

- 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**

**1Q2016 vs 1Q2015**

**Revenue**

	<b>1Q2016</b>		<b>1Q2015</b>		<b>4Q2015</b>	
	<b>(\$'000)</b>	<b>(%)</b>	<b>(\$'000)</b>	<b>(%)</b>	<b>(\$'000)</b>	<b>(%)</b>
Revenue by segment						
Offshore & Engineering	<b>10,199</b>	<b>51</b>	13,520	50	3,194	21
Marine	<b>6,530</b>	<b>32</b>	9,047	33	9,924	64
Energy Services	<b>3,340</b>	<b>17</b>	4,756	17	2,308	15
	<b>20,069</b>	<b>100</b>	27,323	100	15,426	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 prior for landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

The Group’s revenue was \$20.1 million for the quarter ended 31 March 2016. This was 27% lower than 1Q2015 due to the effects of lower oil prices leading to a lower demand in general and the offshore and engineering segment in particular. However, revenue

## **REVIEW OF INCOME STATEMENT OF THE GROUP (continued)**

was up a sharp 30% as compared to the prior quarter of 4Q2015 as we completed jobs contracted under our order books and finalised additional variation orders with certain customers.

### Offshore & Engineering segment

Revenue from the Offshore & Engineering segment was \$10.2 million. This was a decrease of 25% as compared to 1Q2015, but an increase of 219% from 4Q2015:

- The order book for this segment at the start of 1Q2016 was substantially lower than at the start of 1Q2015 for the reason highlighted above. However, demand in 1Q2016 increased as compared to 4Q2015 due to new contracts awarded in 1Q2016.
- Precision engineering orders from major Oil & Gas equipment manufacturers also increased in the improved business environment of 1Q2016. A significant proportion of our precision engineering work is driven by oil production, which has been at robust levels in 1Q2016.

### Marine segment

Revenue from the Marine segment revenue declined to \$6.5 million due to the uncertain business environment impacting demand during 1Q2016. This was a drop of 28% as compared to 1Q2015 and 34% compared to 4Q2015.

### Energy Services segment

Revenue from Energy Services was \$3.3 million, a decline of 30% as compared to 1Q2015, but an increase of 45% compared to 4Q2015. This was mainly due to a one off project in 1Q2015.

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

Gross profit was \$5.2 million in 1Q2016. This was a decline of \$2.4 million as compared to 1Q2015, but an improvement of \$7.0 million from the challenging prior quarter of 4Q2015.

Gross profit margin was relatively robust at 26% as compared to 28% in 1Q2015 due to cost management. Cost of sales decreased by 24% in 1Q2016, in line with the revenue decline.

## **Other income**

Other income decreased by \$362,000 or 54% due to lower government grant of \$216,000 from \$367,000 in 1Q2015 to \$151,000 in 1Q2016. This decline was mainly due to an one-off training grant received from Spring Singapore. Sale of scrap and miscellaneous income also decreased.

## **REVIEW OF INCOME STATEMENT OF THE GROUP (continued)**

### **Administrative expenses**

The Group's administrative expenses decreased by 17% or \$761,000 mainly due to tight cost management and measures to increase efficiency and eliminate redundancy across the Group. This lowered our costs for wages, welfare and medical insurance by approximately \$700,000 from \$2.6 million in 1Q2015 to \$1.9 million in current period.

### **Finance expenses**

The increase in Group's finance expenses of \$299,000 or 25% from \$1.2 million to \$1.5 million is mainly attributable to higher interest rates imposed on short term loans and long term borrowings.

### **Income tax**

The Group's effective income tax rate of 1% is lower than the statutory income tax rate of 17% mainly due to utilisation of tax losses.

### **Net profit**

The Group's net profit decreased by \$2.0 million or 89% from \$2.2 million in 1Q2015 to \$239,000 in 1Q2016 as a result of the above.

The net profit attributable to non-controlling interests decreased from \$1.1 million to \$343,000 or 68% mainly due to a one off project in 1Q2015 in Energy Services segment.

Due to lower oil prices leading to lower demand, the Group incurred a net loss attributable to Equity holders of the Company of \$104,000 compared to \$1.1 million net profit in 1Q2015.

## **REVIEW OF FINANCIAL POSITION**

### **Current assets**

The increase in current assets of \$9.7 million from \$101.6 million as at 31 December 2015 to \$111.3 million as at 31 March 2016 is mainly attributable to:

- (a) The increase in cash and cash equivalents of \$7.4 million or 68% from \$10.9 million as at 31 December 2015 to \$18.3 million as at 31 March 2016 is mainly due to issuance of 54.64 million shares through private placement in January 2016.
- (b) The marginal increase in trade and other receivables by \$2.1 million or 3% from \$61.5 million as at 31 December 2015 to \$63.6 million as at 31 March 2016 is mainly due to higher trade receivables for projects billed in latter part of 1Q2016 coupled with receivables from GST of \$307,000 in 1Q2016 as compared to GST payable of \$75,000 as at 31 December 2015.

### **Non-current assets**

The increase in non-current assets of \$8.5 million from \$254.0 million as at 31 December 2015 to \$262.5 million at 31 March 2016 is attributable to:

- (a) progressive payment for construction of property at 42A Penjuru Road of approximately \$9.1 million;
- (b) increase in deposit for the purchase of machineries \$365,000; partially offset by

**REVIEW OF FINANCIAL POSITION (continued)**

- (c) disposal of under utilised fixed assets.

**Current liabilities**

Current liabilities decreased by \$8.2 million or 6% from \$131.2 million on 31 December 2015 to \$123.0 as at 31 March 2016 is due to:

- (a) decrease in trade and other payables of \$7.4 million arising from partial payment of the deferred consideration in relation to prior years acquisitions and payments to suppliers.
- (b) Marginal decrease in current borrowings of \$766,000 due to repayment of LC/TR and short-term borrowings of \$5.8 million offset by utilisation of short term bank borrowings of \$5.0 million.

**Non-current liabilities**

The increase in non-current liabilities by \$10.0 million from \$90.6 million as at 31 December 2015 to \$100.6 million as at 31 March 2016 is mainly due to drawdown of construction loan pertaining to the construction of property at 42A Penjuru Road offset by the monthly repayments of long-term loans.

**Disposal Group classified as held-for-sale**

The Group reclassified certain assets and liabilities under disposal group as held-for-sale as part of the key initiatives of management to dispose some under utilised assets for cost savings and improve the cash flow position.

**Net current liabilities position**

As at 31 March 2016, the Group is in net current liabilities position of \$11.7 million as compared to net current liabilities of \$29.6 million as at 31 December 2015. The reduction was primarily due to proceeds from the private placement of \$14.7 million which was completed in January 2016.

The Group continues to work to strengthen our liquidity position. The Group has received a number of proposals to accomplish this, including several letters of offer in relation to refinancing of its Series 1 Notes and will make an announcement as and when appropriate in this regard.

## **REVIEW OF STATEMENT OF CASH FLOWS**

The Group's cash position increased significantly from \$4.9 million at the end of 1Q2015 to \$14.1 million at the end of 1Q2016.

Net cash used in operating activities was \$1.2 million mainly due to decrease in trade and other receivables of \$2.1 million and payment of trade and other payables of \$3.8 million offset by cash generated from operations of \$4.8 million.

The Group has a net cash used in investing activities of \$3.8 million due mainly to purchases of property, plant and equipment of \$4.1 million offset by proceeds from disposal of property, plant and equipment of \$251,000.

The Group's financing activities has a net cash inflow of \$11.9 million due to net proceeds from private placement of \$14.7 million less repayment of finance lease and interest of \$2.5 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 general macro view in our marine and offshore industry is still weak. Our clients are still holding a cautious outlook for the next 6 months.

However, we are seeing reinstatement of past enquiries which were shelved last year.

Our Energy Services segment has been performing well and, barring unforeseen circumstances, we expect this segment to grow.

Group's order book as at 31 March 2016 stands at \$12.2 million (as at 31 December 2015: \$12.1 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**

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 first quarter ended 31 March 2016. 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 first quarter ended 31 March 2016 to be false or misleading in any material aspect.

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

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

**16 Use of proceeds as at 31 March 2016**

Issuance of 54,640,000 ordinary shares at \$0.27 for each new share for \$14,707,640 (net of transaction cost of \$45,160).

<b>Use of proceeds</b>	<b>Amount allocated (\$'million)</b>	<b>Amount utilised (\$'million)</b>	<b>Balance amount (\$'million)</b>
Payment of existing borrowings	14.7	5.8	8.9

**BY ORDER OF THE BOARD**

Sim Soon Ngee Glennle  
Executive Chairman and Chief Executive Officer

10 May 2016

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