

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 2017

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group					
	For the fourth quarter ended 31 December			For the year ended 31 December		
	4Q2017 (\$'000)	4Q2016 (\$'000)	Increase/ (decrease) (%)	FY2017 (\$'000)	FY2016 (\$'000)	Increase/ (decrease) (%)
Revenue	11,407	7,239	58	51,715	60,091	(14)
Cost of sales	(15,639)	(12,197)	28	(55,877)	(52,897)	6
Gross (loss)/profit	(4,232)	(4,958)	(15)	(4,162)	7,194	(158)
Other losses – net	(54,928)	(14,301)	284	(54,193)	(13,037)	316
Expenses						
- Administrative	(4,440)	(5,089)	(13)	(16,008)	(15,370)	4
- Finance	(1,456)	(734)	98	(5,826)	(5,111)	14
Loss before income tax	(65,056)	(25,082)	159	(80,189)	(26,324)	205
Income tax	(474)	(106)	347	(475)	(46)	933
Net loss	(65,530)	(25,188)	160	(80,664)	(26,370)	206
Other comprehensive gain/(loss) that may be reclassified subsequently to profit or loss						
Fair value gain/(loss) on financial assets, available-for-sale	18	(78)	123	18	(78)	123
Currency translation differences arising from consolidation ⁽¹⁾	(198)	(1,107)	(82)	(727)	(1,422)	(49)
Total comprehensive loss	(65,710)	(26,373)	149	(81,373)	(27,870)	192
Net (loss)/profit attributable to:						
Equity holders of the Company	(65,657)	(24,427)	169	(81,988)	(26,914)	205
Non-controlling interests	127	(761)	117	1,324	544	143
	(65,530)	(25,188)	160	(80,664)	(26,370)	206
Total comprehensive (loss)/income attributable to :						
Equity holders of the Company	(65,837)	(25,612)	157	(82,697)	(28,414)	191
Non-controlling interests	127	(761)	117	1,324	544	143
	(65,710)	(26,373)	149	(81,373)	(27,870)	192

(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.

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

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

	The Group					
	For the fourth quarter ended 31 December			For the year ended 31 December		
	4Q2017 (\$'000)	4Q2016 (\$'000)	Increase/ (decrease) (%)	FY2017 (\$'000)	FY2016 (\$'000)	Increase/ (decrease) (%)
<u>Included in Other (charges)/credits – net:</u>						
- Claim against former shareholder of subsidiary ⁽¹⁾	-	-	-	306	-	NM
- Foreign exchange (loss)/gain – net ⁽²⁾	(23)	176	(113)	(343)	(26)	1,219
- Gain on bargain purchase ⁽³⁾	-	(129)	NM	-	1,025	NM
- Government grants ⁽⁴⁾	37	431	(91)	337	785	(57)
- Impairment of property, plant and equipment ⁽⁵⁾	(9,517)	(11,482)	(17)	(9,517)	(11,482)	(17)
- Impairment loss on Joint venture ⁽⁶⁾	-	(207)	NM	-	(207)	NM
- Impairment loss on goodwill arising on acquisition of business ⁽⁷⁾	(3,108)	(380)	718	(3,108)	(380)	718
- Impairment loss on goodwill arising on consolidation ⁽⁷⁾	(32,031)	-	NM	(32,031)	-	NM
- Loss from cancellation of customer's contract ⁽⁸⁾	(5,361)	-	NM	(5,361)	-	NM
- (Loss)/gain on sale of property, plant and equipment ⁽⁹⁾	(226)	(81)	179	(374)	94	(498)
- Loss on disposal of non-current assets held-for-sale ⁽¹⁰⁾	(310)	-	NM	(310)	-	NM
- Rental income	287	112	156	652	414	57
- Sale of scrap metals ⁽¹¹⁾	237	85	179	533	217	146
- Write-back of long outstanding payable	141	147	(4)	141	169	(17)
- Write-down of fair values of asset-held-for-sale ⁽¹²⁾	-	(150)	NM	-	(936)	NM
- Write-back of allowance for impairment of trade receivables	216	32	575	216	32	575
- Impairment loss on trade receivables ⁽¹³⁾	(1,860)	(1,838)	1	(1,869)	(1,866)	-
- Write-off of trade receivables ⁽¹³⁾	(2,123)	(1,081)	96	(2,205)	(1,081)	104
- Write-down of inventories ⁽¹⁴⁾	(1,325)	-	NM	(1,325)	-	NM
- Other income ⁽¹⁵⁾	38	64	(41)	65	205	(68)
	(54,928)	(14,301)	281	(54,193)	(13,037)	316
<u>Included under finance expense:</u>						
- Interest expense	1,456	734	98	5,826	5,111	14
<u>Included under cost of sales and administrative expenses:</u>						
- Depreciation of property, plant and equipment ⁽¹⁶⁾	3,433	4,850	(29)	15,527	13,997	11
<u>Included under income tax:</u>						
- (Over)/underprovision of current income tax in prior financial years	(740)	27	NM	(739)	(63)	(1,073)
- Under/(over) provision of deferred income tax in prior financial years	546	-	NM	546	-	NM
- Deferred income tax expense	317	-	NM	317	-	NM
	123	27	356	124	(63)	(297)

Notes:

- (1) The claim against a former shareholder of a subsidiary relates to the acquisition of Chinyee Engineering & Machinery Pte Ltd ("Chinyee"), which was completed in March 2014. These claims relate to non-collections of various projects undertaken by Chinyee prior to acquisition, and accordingly, the Group accounted it as other income through unanimous settlement with the former shareholder and upon receipt of the claims.
- (2) Foreign exchange loss in FY2017 of approximately \$136,000 is related to the repayment of a quasi-loan from a subsidiary in Malaysia, now being reclassified to income statement.
- (3) The gain on bargain purchase of \$1.0 million relates to the acquisition of business and certain assets of Stone Marine Singapore Private Limited as announced on 14 June 2016.
- (4) In FY2017, the Group's Energy segment received \$123,000 capability development grant from SPRING.

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

Notes:

- (5) Impairment of property, plant and equipment in FY2017 refers to under utilised machineries and vessels whereas in FY2016 refers mostly to certain vessels of the Group.
- (6) The impairment loss on Joint venture in FY2016 relates to 50%-owned Towell Top Great Engineering Services LLC, a company in Sultanate of Oman which remains dormant.
- (7) The impairment loss on goodwill arising on acquisition of business and on consolidation in FY2017 is a total of \$35.1 million. Stated below are the full impairment of goodwill from operating entities which are expected to incur continuous losses due to slow recovery in oil and gas and marine industry.
 - a. TGEM/Offshore - \$17.5 million;
 - b. Subsea - \$12.8 million; and
 - c. MEPL/Chinyee - \$4.8 million.
- (8) Loss from cancellation of customer's contract in FY2017 is due from the cancellation of construction contract of certain vessels.
- (9) Loss on sale of property, plant and equipment of \$374,000 in FY2017 arose from:
 - a. loss from disposal of certain machineries under Offshore & Engineering segment of \$491,000;
 - b. loss from disposal of a vessel at \$126,000; partially offset by
 - c. gain from sale of Malaysia land of approximately \$246,000;
- (10) Loss on disposal of non-current assets held-for-sale of \$310,000 in FY2017 was due to the sale of 11 Tuas Basin Close property.
- (11) Higher sale of scrap in FY2017 was mainly due to the completion of ad-hoc productions of aluminium blocks for a particular customer which resulted in higher scrap during machining.
- (12) Write-down of fair values of disposal group classified as held-for-sale pertains to property in 11 Tuas Basin Close which was disposed during 4Q2017 as mentioned above.
- (13) Impairment and write off of trade receivables in FY2017 are from customers who suffered losses resulting in long overdue debts. These also include debtors who are under judicial management or in liquidation;
- (14) Write-down of inventories under Offshore & Engineering segment of \$1.3 million arising from a continuous decline in the secured order book of heat exchanger and pressure vessel business, thus, the inventories related to this business were written down to its net realisable value.
- (15) Other income relates to interest income and miscellaneous income/expense.
- (16) Additional depreciation during FY2017 is mainly from certain vessels as compared to nil in prior year. Higher depreciation in 4Q2016 as compared to 4Q2017 is mainly due to adjustments on depreciation in 4Q2016 for the two properties previously under disposal group as the sale of such properties were no longer highly probable given the low prices offered by potential buyers.

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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 2017 (\$'000)	As at 31 December 2016 (\$'000)	As at 31 December 2017 (\$'000)	As at 31 December 2016 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	14,741	7,416	828	425
Trade and other receivables	20,691	46,778	71,088	75,466*
Inventories	8,704	10,065	-	-
	44,136	64,259	71,916	75,891
Assets of disposal group classified as held-for-sale	-	6,350	-	-
	44,136	70,609	71,916	75,891
Non-current assets				
Available-for-sale financial assets	109	91	-	-
Investments in subsidiaries	-	-	69,879	82,030
Property, plant and equipment	205,642	225,625	1	10
Deposits for purchase of property, plant and equipment	9	1,193	-	-
Intangible assets	9,661	44,800	-	-
Club memberships	60	60	-	-
Deferred income tax asset	-	-	-	524
	215,481	271,769	69,880	82,564
Total assets	259,617	342,378	141,796	158,455
LIABILITIES				
Current liabilities				
Trade and other payables	20,195	14,733	25,054	28,222*
Borrowings	45,030	46,693	750	-
Current income tax liabilities	339	815	-	-
	65,564	62,241	25,804	28,222
Liabilities directly associated with disposal group classified as held-for-sale	-	2,525	-	-
	65,564	64,766	25,804	28,222
Non-current liabilities				
Borrowings	148,597	151,136	53,772	50,000
Deferred income tax liabilities	5,341	4,478	-	-
	153,938	155,614	53,772	50,000
Total liabilities	219,502	220,380	79,576	78,222
NET ASSETS	40,115	121,998	62,220	80,233
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	91,747	91,657	91,747	91,657
Fair value reserve	32	14	-	-
Other reserve	509	509	-	-
Translation reserve	(4,700)	(3,973)	-	-
(Accumulated losses)/retained profits	(54,788)	27,200	(29,527)	(11,424)
	32,800	115,407	62,220	80,233
Non-controlling interests	7,315	6,591	-	-
Total equity	40,115	121,998	62,220	80,233

*The FY2016 comparative figures of the Company level for amounts due from/due to subsidiary corporations were adjusted as a result of inter-company offsetting of balances.

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 2017		As at 31 December 2016	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Borrowings				
Bank borrowings*	38,249	5,458	34,221	9,150
Finance lease liabilities	1,323	-	3,322	-
Current borrowings	39,572	5,458	37,543	9,150
Borrowings included in the disposal group classified as held-for-sale	-	-	2,525	-
Total	39,572	5,458	40,068	9,150

Amount repayable after one year

	As at 31 December 2017		As at 31 December 2016	
	Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
Borrowings				
Bank borrowings*	143,666	2,956	143,308	4,705
Finance lease liabilities	1,975	-	3,123	-
Non-current borrowings	145,641	2,956	146,431	4,705

Details of any collaterals

The bank borrowings are secured by the Group's leasehold buildings, vessels, certain short-term bank deposits and trade receivables 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 lessors and will be transferred to the Group upon full payment.

Borrowings included in the disposal group classified as held-for-sale were fully paid in 4Q2017 upon the disposal of 11 Tuas Basin Close property as mentioned previously.

**Bank borrowings presented above includes bank overdraft*

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group			
	For the fourth quarter ended 31 December		For the year ended 31 December	
	4Q2017 (\$'000)	4Q2016 (\$'000)	FY2017 (\$'000)	FY2016 (\$'000)
Cash flows from operating activities				
Net loss	(65,530)	(25,188)	(80,664)	(26,370)
Adjustments for:				
- Income tax	474	106	475	(46)
- Depreciation of property, plant and equipment	3,433	4,850	15,527	13,997
- Claim against former shareholder of subsidiary	-	-	(306)	-
- Impairment of property, plant and equipment	9,517	11,482	9,517	11,482
- Impairment loss on joint venture	-	207	-	207
- Impairment loss on goodwill arising on acquisition of business	3,108	380	3,108	380
- Impairment loss on goodwill arising on consolidation	32,031	-	32,031	-
- Loss/(gain) on disposal of property, plant and equipment	226	81	374	(94)
- Loss on disposal of non-current assets held-for-sale	310	-	310	-
- Loss from cancellation of customer's contract	5,361	-	5,361	-
- Gain on bargain purchase	-	129	-	(1,025)
- Award of performance share	-	-	-	12
- Write-down of fair values of assets-held-for-sale	-	150	-	936
- Dividend income on available-for-sale financial assets	(5)	(5)	(5)	(5)
- Interest income	(7)	(3)	(12)	(44)
- Interest expense	1,456	734	5,826	5,111
- Currency translation differences	(189)	(1,426)	(158)	(1,741)
	(9,815)	(8,503)	(8,616)	2,892
Changes in working capital:				
- Trade and other receivables	16,407	10,338	20,726	14,695
- Inventories	437	(1,129)	1,361	(726)
- Trade and other payables	4,793	1,567	15,541	(7,685)
Cash generated from operations	11,822	2,273	29,012	9,176
Interest received	7	3	12	44
Income tax (paid)/refunded	(3)	(17)	(88)	(6)
Net cash provided by operating activities	11,826	2,259	28,936	9,214
Cash flows from investing activities				
Acquisition of business	-	(506)	-	(1,643)
Dividend received on available-for-sale-financial assets	5	5	5	5
Payments of other payables relating to prior financial years' acquisitions	(525)	(300)	(675)	(700)
Proceeds from disposal of property, plant and equipment	3,347	483	3,651	1,606
Proceeds from sale of non-current assets classified as held-for-sale	6,036	-	6,036	-
Purchase of property, plant and equipment	(4,903)	(1,028)	(6,208)	(4,138)
Release/(placement) of short-term bank deposits pledged	58	674	178	(677)
Net cash provided by/(used in) investing activities	4,018	(513)	2,987	(5,547)
Cash flows from financing activities				
Interest paid	(2,044)	(278)	(7,899)	(7,945)
Repayment of bank borrowings	(11,364)	(3,901)	(27,027)	(71,974)
Repayment of finance lease liabilities	(428)	(1,346)	(3,347)	(6,069)
Proceeds from bank borrowings	478	1,483	15,931	62,959
Proceeds from private placements	-	-	-	14,708
Dividends paid to non-controlling interests	(600)	-	(600)	-
Net cash used in financing activities	(13,958)	(4,042)	(22,942)	(8,321)
Net increase/(decrease) in cash and cash equivalents	1,886	(2,296)	8,981	(4,654)
Cash and cash equivalents at beginning of financial period/year	9,715	4,916	2,620	7,274
Cash and cash equivalents at end of financial period/year	11,601	2,620	11,601	2,620

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

	As at 31 December 2017 (\$'000)	As at 31 December 2016 (\$'000)
Cash and bank balances	14,741	7,416
Short-term bank deposits pledged	(2,717)	(3,395)
Bank overdrafts included in borrowings	(423)	(1,401)
	11,601	2,620

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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)	(Accumulated losses)retained profits/ (\$'000)	Fair value reserve (\$'000)	Translation reserve (\$'000)	Other reserve (\$'000)	Total (\$'000)	Non-controlling interests (\$'000)	Total equity (\$'000)
Group									
Balance as at 1 January 2017	91,860	(203)	27,200	14	(3,973)	509	115,407	6,591	121,998
Total comprehensive (loss)/income	-	-	(5,113)	-	(504)	-	(5,617)	162	(5,455)
Balance as at 31 Mar 2017	91,860	(203)	22,087	14	(4,477)	509	109,790	6,753	116,543
Shares for Directors' fees (in lieu of cash)	90	-	-	-	-	-	90	-	90
Total comprehensive (loss)/income	-	-	(4,077)	-	229	-	(3,848)	1,118	(2,730)
Balance as at 30 June 2017	91,950	(203)	18,010	14	(4,248)	509	106,032	7,871	113,903
Total comprehensive loss	-	-	(7,141)	-	(254)	-	(7,395)	(83)	(7,478)
Balance as at 30 September 2017	91,950	(203)	10,869	14	(4,502)	509	98,637	7,788	106,425
Total comprehensive (loss)/income	-	-	(65,657)	18	(198)	-	(65,837)	127	(65,710)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(600)	(600)
Balance as at 31 December 2017	91,950	(203)	(54,788)	32	(4,700)	509	32,800	7,315	40,115

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STATEMENT OF CHANGES IN EQUITY (continued)

	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)
Group									
Balance as at 1 January 2016	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 (loss)/income	-	-	(104)	-	66	-	(38)	343	305
Balance as at 31 March 2016	91,848	(203)	54,010	92	(2,485)	509	143,771	6,390	150,161
Total comprehensive income/(loss)	-	-	387	-	(176)	-	211	883	1,094
Balance as at 30 June 2016	91,848	(203)	54,397	92	(2,661)	509	143,982	7,273	151,255
Award of FY2013 performance shares to employees	12	-	-	-	-	-	12	-	12
Total comprehensive (loss)/income	-	-	(2,770)	-	(205)	-	(2,975)	79	(2,896)
Balance as at 30 September 2016	91,860	(203)	51,627	92	(2,866)	509	141,019	7,352	148,371
Total comprehensive loss	-	-	(24,427)	(78)	(1,107)	-	(25,612)	(761)	(26,373)
Balance as at 31 December 2016	91,860	(203)	27,200	14	(3,973)	509	115,407	6,591	121,998

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	Share capital (\$'000)	Treasury shares (\$'000)	Accumulated losses (\$'000)	Total equity (\$'000)
Company				
Balance as at 1 January 2017	91,860	(203)	(11,424)	80,233
Total comprehensive loss	-	-	(878)	(878)
Balance as at 31 Mar 2017	91,860	(203)	(12,302)	79,355
Shares for Directors' fees (in lieu of cash)	90	-	-	90
Total comprehensive loss	-	-	(1,292)	(1,292)
Balance as at 30 June 2017	91,950	(203)	(13,594)	78,153
Total comprehensive loss	-	-	(1,280)	(1,280)
Balance as at 30 September 2017	91,950	(203)	(14,874)	76,873
Total comprehensive loss	-	-	(14,653)	(14,653)
Balance as at 31 December 2017	91,950	(203)	(29,527)	62,220
Balance as at 1 January 2016	75,765	(203)	(8,463)	67,099
Issue of new shares for private placement (net of transaction cost)	14,708	-	-	14,708
Issue of new shares for acquisition of business in prior financial years	1,375	-	-	1,375
Total comprehensive loss	-	-	(878)	(878)
Balance as at 31 Mar 2016	91,848	(203)	(9,341)	82,304
Total comprehensive loss	-	-	(913)	(913)
Balance as at 30 June 2016	91,848	(203)	(10,254)	81,391
Award of performance shares to employees	12	-	-	12
Total comprehensive loss	-	-	(868)	(868)
Balance as at 30 September 2016	91,860	(203)	(11,122)	80,535
Total comprehensive loss	-	-	(302)	(302)
Balance as at 31 December 2016	91,860	(203)	(11,424)	80,233

- 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 and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The details of the changes in issued share capital of the Company from 1 January 2017 to 31 December 2017 are as follows:

CHANGES IN ISSUED SHARE CAPITAL	Number of shares (‘000)	Paid-up capital (\$'000)
Issued share capital as at 1 January 2017	421,739	91,657
Shares for Directors' fees (in lieu of cash)	501	90
Issued share capital as at 31 December 2017 excluding treasury shares	<u>422,240</u>	<u>91,747</u>

As at 31 December 2017, the total number of treasury shares held was 455,025 (31 December 2016: 455,025).

Under the Share Buy-Back Mandate, no shares were bought back by the Company during FY2017.

The Company has no outstanding options or convertibles as at 31 December 2017 and 31 December 2016.

- 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 2017	As at 31 December 2016
Total number of issued shares (excluding treasury shares) (in '000)	<u>422,240</u>	421,739

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at end of 31 December 2017.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the independent auditor.

3 Where the figures have been audited or reviewed, the auditors' report (including any 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 applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year/period compared with the audited financial statements for the financial year ended 31 December 2016.

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:

	The Group			
	For the fourth quarter ended 31 December 4Q2017	4Q2016	For the year ended 31 December FY2017	FY2016
Net loss attributable to equity holders of the Company (\$'000)	(65,657)	(24,427)	(81,988)	(26,914)
Weighted average number of shares outstanding for basic EPS ('000)	426,880	421,739	422,002	417,276
Basic and Diluted EPS attributable to equity holders of the Company (SGD cents)	(15.38)	(5.79)	(19.43)	(6.45)

No dilutive potential ordinary shares for the period/year ended 4Q2017/4Q2016 and FY2017/FY2016.

Basic and Diluted EPS is computed by dividing the net (loss)/profit attributable to the equity holders of the Company in each financial period/year by the weighted average number of ordinary shares outstanding at the end of the respective financial period/year.

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 31 December 2017	31 December 2016	As at 31 December 2017	31 December 2016
NAV per ordinary share (SGD cents)	7.77	27.36	14.74	19.02
Number of shares used in computation of NAV per share ('000)	422,240	421,739	422,240	421,739

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

4Q2017 vs 4Q2016 and FY2017 vs FY2016

Revenue

<u>Revenue by segment</u>	4Q2017		4Q2016		FY2017		FY2016	
	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)	(\$'000)	(%)
Offshore & Engineering	2,390	21	177	3	14,065	27	21,218	35
Marine	4,537	40	3,627	50	22,287	43	23,857	40
Energy Services	4,480	39	3,435	47	15,363	30	15,016	25
	11,407	100	7,239	100	51,715	100	60,091	100

Notes:

- (1) Offshore & Engineering includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access services.
- (2) Marine includes stearn gear 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.

Overall, revenue in FY2017 decreased by 14% or \$8.4 million to \$51.7 million as compared to \$60.1 million in FY2016 mainly due to weaker revenue in the Offshore & Engineering segment and Marine segment whereas the Energy segment remains comparable year-on-year.

The Group registered a 58% increase in revenue to \$11.4 million in 4Q2017. The increase in revenue came from three (3) business segments particularly from Offshore & Engineering segment as explained below.

Offshore & Engineering segment

Revenue from the Offshore & Engineering segment in FY2017 was \$14.1 million, decrease by \$7.2 million when compared to \$21.2 million in FY2016. The order book at the start of FY2017 was lower than the start of FY2016 as the oil and gas industry remains muted during the current reporting period due to subdued oil prices that brought about a general decline in demands from major customers.

4Q2017 revenue from this segment increased by \$2.2 million as compared to 4Q2016 mainly due to substantial completion of certain projects in 4Q2017.

REVIEW OF INCOME STATEMENT OF THE GROUP (continued)

Marine segment

Revenue from the Marine segment for FY2017 of \$22.3 million declined by 7% when compared to \$23.9 million revenue registered in FY2016 mainly due to lower demand from customers and lower project activity from diving services and repairs and maintenance services.

In 4Q2017, the Marine segment recorded a 25% increase in its revenue when compared to \$3.6 million revenue in 4Q2016 mainly due from its diving services which registered \$838,000 higher revenue in 4Q2017 as compared to 4Q2016.

Energy Services segment

Revenue from Energy Services for FY2017 was \$15.4 million, a marginal increase by 2% as compared to FY2016 of \$15.0 million.

In 4Q2017, revenue was 30% higher when compared to 4Q2016 revenue of \$3.4 million, mainly due to continuous support of major oil & gas players in Singapore.

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

The Group reported a gross loss of \$4.2 million for the year ended 31 December 2017 as compared to a gross profit of \$7.2 million in previous year. Overall, the decline in gross profit in FY2017 was mainly attributable to:

- Significant decline in revenue from Offshore & Engineering segment which saw a \$7.2 million or 34% revenue reduction, reflecting its inability to cover the existing fixed running costs. This explains the disproportionate reduction in cost of sales when compared to the revenue reduction;
- Negatively impacted by net increase in depreciation and upkeep and maintenance of vessels of \$1.7 million and \$0.7 million respectively on FY2017, as compared to \$0.4 million and \$0.2 million respectively in FY2016; and
- Margin compressions arising from increased competition in both the Offshore & Engineering and Marine segments.

These also explain the fluctuations in gross loss and gross loss margin in 4Q2017 as compared to 4Q2016.

Other losses - net

The Group recorded an increase in other losses- net by \$41.2 million from \$13.0 million in FY2016 to \$54.2 million in FY2017. Detailed explanations of these losses were highlighted in paragraph 1(a)(ii).

Administrative expenses

The Group's administrative expenses for FY2017 marginally increased by 4% from \$15.4 million in FY2016 to \$16.0 million in FY2017.

The 13% decrease in administrative expenses in 4Q2017 of \$4.4 million from \$5.1 million in 4Q2016 is mainly due to:

- in 4Q2016 the Group catch up on depreciation on two properties for \$1.3 million previously classified under disposal group; partially offset with:
 - higher property tax and land rental of \$220,000 mainly due from the increase in annual value of 42A property effective on 1 January 2017 but the assessed value started from the date of TOP in August 2016; and
 - increases in legal and professional fees of approximately \$200,000 due to its on-going corporate exercise and present legal cases.

Finance expenses

Increase in finance expense of \$0.7 million to \$5.8 million in FY2017 was mainly due to:

- additional interests incurred on drawdown of new bank borrowings of \$15 million; and
- additional borrowing costs of \$0.6 million were accounted for in finance expense in FY2017 as opposed to \$0.5 million being capitalised under property, plant and equipment instead of finance expense in FY2016.

These also explain the increase in finance expense in 4Q2017 as compared to 4Q2016.

Income tax

Income tax expense in FY2017 was \$475,000 as compared to \$46,000 in FY2016. The increase was mainly due to under-provision of deferred income tax charged to profit or loss by a subsidiary in the Marine segment.

Net loss

Consequent to the above, the Group incurred a net loss attributable to Equity holders of the Company of \$82.0 million and \$65.7 million in FY2017 and 4Q2017 respectively as compared to a net loss of \$26.9 million and \$24.4 million in FY2016 and 4Q2016 respectively.

The net profit attributable to non-controlling interests for FY2017 increased by \$888,000 from \$544,000 in FY2016 to \$1.3 million in FY2017. 4Q2017 net income attributable to non-controlling interests of \$127,000 was higher by \$888,000 or 117% when compared to 4Q2016 net loss of \$761,000.

Excluding the impairment charges, the net loss for 4Q2017 and FY2017 will be \$9.9 million and \$25.0 million as tabulated below:

	4Q2017 (\$'000)	4Q2016 (\$'000)	FY2017 (\$'000)	FY2016 (\$'000)
Loss before income tax	(65,056)	(25,082)	(80,189)	(26,324)
Add back: non-recurring transactions				
- Impairment loss on goodwill arising on consolidation	32,031	-	32,031	-
- Impairment loss on goodwill arising on acquisition of business	3,108	-	3,108	-
- Impairment of property, plant and equipment	9,517	11,482	9,517	11,482
- Impairment and write off of trade receivables, net	3,767	2,887	3,858	2,915
- Loss from cancellation of customer's contract	5,361	-	5,361	-
- Write-down of inventories	1,325	-	1,325	-
- Impairment loss on joint venture	-	207	-	207
Loss before non-recurring transactions	(9,947)	(10,506)	(24,989)	(11,720)

REVIEW OF FINANCIAL POSITION

Current assets

Current assets of the Group decreased by 37% from \$70.6 million as at 31 December 2016 to \$44.1 million as at 31 December 2017. The decrease was mainly due to:

- disposal of 11 Tuas Basin Close property which was presented in FY2016 under disposal group classified as held-for-sale for \$6.4 million;
- decrease in due from construction contract as a result of recognition of loss from cancellation of customer's contract of \$5.4 million;
- total net impairment of trade receivables of approximately \$3.9 million;
- decrease in trade receivables arising from intensive collection effort as highlighted in operating cash inflow;
- decrease in inventories of \$1.4 million due to write-downs from the Offshore & Engineering segment.

Non-current assets

Non-current assets decreased by \$56.3 million or 21% from \$271.8 million as at 31 December 2016 to \$215.5 million as at 31 December 2017 mainly due:

- impairment of goodwill of approximately \$35.1 million as highlighted in paragraph 1(a)(ii);
- impairment of under-utilised machinery and vessels of \$6.0 million and \$3.5 million respectively registered under Offshore & Engineering segment as well as Marine segment; and
- depreciation expense of \$15.5 million recognised in FY2017.

Current liabilities

Current liabilities of the Group as at 31 December 2017 marginally increased by 1% or \$798,000 from \$64.8 million as at 31 December 2016.

Non-current liabilities

Non-current liabilities marginally declined by 1% from \$155.6 million as at 31 December 2016 to \$153.9 million as at 31 December 2017.

Net current liabilities position

Consequent to the reduction in current assets (as explained above), the current liabilities of the Group exceed the current assets by \$21.4 million.

Disposal Group classified as held-for-sale

On 4 December 2017, the Group completed the disposal of leasehold industrial property located at 11 Tuas Basin Close, Singapore 638806 at a loss of \$310,000.

REVIEW OF STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents increased by \$7.3 million from \$7.4 million as at 31 December 2016 to \$14.7 million as at 31 December 2017.

In tandem with the Group's continuous effort in monitoring its working capital requirements, it registered a net cash inflow from operating activities of \$28.9 million as at 31 December 2017 arising from intensive collection efforts in trade and other receivables of \$20.7 million and increases in trade and other payables of \$15.5 million.

The Group had minimised its capital expenditure in response to weak demands in the oil and gas industry and hence, recorded minimal investing activities of \$3.0 million for FY2017. The marginal capital expenditure mainly relates to the Energy segment for its expansion of services to customers.

Net cash used in financing activities for FY2017 amounted to \$22.9 million, mainly due to repayment of bank borrowings, finance lease liabilities and interest payments totalling to \$38.3 million, offset by proceeds from new bank borrowings of \$15.9 million and dividends paid to non-controlling interests of \$600,000.

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 continued weakness in the outlook and business condition for the O&G industry has created a challenging business environment for the Group whose products and services demands are generally driven by the overall performance of the industry.

The Group had breached various financial covenants of the banks. The Company is in discussions with the banks to arrive at an overall re-financing solution. In this regard, the Group continues to use the going concern basis in preparing the financial statements.

As announced on 28 September 2017 and 11 November 2017, the Company is in continuous discussions with various parties in relation to transactions which may involve the divestment of assets or other form of corporate exercises.

The Company will make appropriate announcements as and when there is any material development.

Group's order book as at 31 December 2017 stands at \$15.5 million (as at 31 December 2016: \$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 for the financial year ended 31 December 2017. The Company does not have a general mandate from shareholders for interested person transactions.

PART II: ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

The Group's activities comprise the following segments:

- (a) Offshore & Engineering – includes offshore structures, engineering, 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 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 is as follows:

	The Group			
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000)	Total (\$'000)
<u>FY2017</u>				
Revenue				
Revenue from external parties	14,065	22,287	15,363	51,715
Gross (loss)/profit	(11,446)	2,177	5,107	(4,162)
Other losses - net				
- impairment loss on goodwill arising on acquisition of business	(3,108)	-	-	(3,108)
- impairment loss on goodwill arising on consolidation	(19,254)	(12,777)	-	(32,031)
- impairment loss on property, plant and equipment	(8,210)	(1,307)	-	(9,517)
- loss from cancellation of customers contract	(5,361)	-	-	(5,361)
- loss on disposal of non-current assets held-for-sale	(310)	-	-	(310)
- claim against former shareholder of subsidiary	306	-	-	306
- write down of inventories	(1,325)	-	-	(1,325)
- other losses, net	-	-	-	(2,847)
Other losses - net				<u>(54,193)</u>
Expenses				
- Administrative				(16,008)
- Finance	-	-	-	(5,826)
Loss before income tax				<u>(80,189)</u>
Income tax				(475)
Net loss for the financial year				<u><u>(80,664)</u></u>

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

	The Group			Total (\$'000)
	Offshore & Engineering (\$'000)	Marine (\$'000)	Energy (\$'000)	
FY2016				
Revenue				
Revenue from external parties	21,218	23,857	15,016	60,091
Gross (loss)/profit	<u>(5,259)</u>	<u>8,732</u>	<u>3,721</u>	7,194
Other losses - net				
- gain on bargain purchase	-	1,025	-	1,025
- impairment loss on joint venture	(207)	-	-	(207)
- impairment loss on property, plant and equipment	(9,021)	(2,461)	-	(11,482)
- impairment loss on goodwill arising on acquisition of business	(380)	-	-	(380)
- other losses, net	-	-	-	(1,993)
Other losses - net				<u>(13,037)</u>
Expenses				
- Administrative				(15,370)
- Finance				(5,111)
Loss before income tax				<u>(26,324)</u>
Income tax				(46)
Net loss for the financial year				<u>(26,370)</u>

Geographical Segments

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

	For the year ended 31 December	
	FY2017 (\$'000)	FY2016 (\$'000)
Singapore	44,166	51,388
Asia ⁽¹⁾	6,798	8,013
Rest of the world ⁽²⁾	751	690
	<u>51,715</u>	<u>60,091</u>

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 decrease in revenue from all geographical segments were mainly due to global trend in the oil and gas industry.

MENCAST HOLDINGS LTD.
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16 A breakdown of sales as follows:

	Group		Increase/ (decrease) (%)
	Financial year ended		
	31 December 2017 (\$'000)	31 December 2016 (\$'000)	
Sales reported for:			
First half ended 30 June	27,566	37,550	(27)
Second half ended 31 December	24,149	22,541	7
	51,715	60,091	(14)
Net (loss)/profit before deducting non-controlling interests reported for:			
First half ended 30 June	(7,910)	1,509	(624)
Second half ended 31 December	(72,754)	(27,879)	161
	(80,664)	(26,370)	206

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

Nil.

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

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

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Wong Boon Hwee	47	Brother of the Executive Director of the Company, Wong Boon Huat	Head of Marine division of Top Great Engineering & Marine Pte Ltd ("TGEM") and Mencast Offshore & Marine Pte Ltd since 2000 and 2012 respectively. Overseeing the day-to-day operation of projects in the marine repairs work and new fabrications.	No change.

BY ORDER OF THE BOARD

Sim Soon Ngee Glenndle
 Executive Chairman and Chief Executive Officer

23 February 2018