

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER ("FY2014 Q1") IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2014

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		
	FY2014 Q1 (\$'000)	FY2013 Q1 (\$'000)	Increase/ (decrease) (%)
Revenue	30,775	18,093	70
Cost of sales	(22,327)	(11,942)	87
Gross profit	8,448	6,151	37
Other gains - net	844	242	NM
Expenses			
- Administrative	(5,518)	(3,970)	39
- Finance	(1,157)	(292)	NM
Profit before income tax	2,617	2,131	23
Income tax expense	(172)	(162)	6
Net profit	2,445	1,969	24
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation	8	(79)	NM
Total comprehensive income	2,453	1,890	30
Net profit attributable to:			
Equity holders of the Company	1,968	2,058	(4)
Non-controlling interests	477	(89)	NM
	2,445	1,969	24
Total comprehensive income attributable to:			
Equity holders of the Company	1,976	1,979	-
Non-controlling interests	477	(89)	NM
	2,453	1,890	30

(1) "NM" denotes not meaningful.

(2) The currency translation difference arising from consolidation in FY2013 Q1 relates to the depreciation of Indonesian Rupiah against Singapore Dollar.

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

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

	Group		Increase/ (decrease) (%)
	FY2014 Q1 (\$'000)	FY2013 Q1 (\$'000)	
Sale of scrap metals	(26)	(46)	(43)
Loss/(gain) on sale of property, plant and equipment	5	(8)	NM
Foreign exchange gain - net	(288)	(32)	NM
Government grants	(164)	(54)	NM
Other income ⁽¹⁾	(184)	(102)	80
Interest expense	1,157	292	NM
Depreciation of property, plant and equipment ⁽²⁾	2,820	1,312	115
Write-back of allowance for impairment of trade receivables	(187)	-	NM
Under/(over) provision of current income tax in prior financial year	72	(63)	NM

Notes:

- (1) Other income relates to rental income and miscellaneous income.
- (2) Increase in depreciation of property, plant and equipment was mainly due to depreciation of office and workshop at 42B Penjuru Road, additions of new machinery and equipment, and depreciation of property, plant and equipment of the newly acquired subsidiaries.
- (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 2014 (\$'000)	As at 31 December 2013 (\$'000)	As at 31 March 2014 (\$'000)	As at 31 December 2013 (\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	22,307	22,669	11,808	12,968
Trade and other receivables	69,881	58,879	65,028	29,272
Inventories	9,541	9,043	-	-
	101,729	90,591	76,836	42,240
Non-current assets				
Available-for-sale financial assets	175	175	-	-
Investment in subsidiaries	-	-	94,251	94,251
Investment in joint venture	881	881	-	-
Property, plant and equipment	164,381	156,793	75	46
Deposits for purchase of property, plant and equipment	560	1,397	-	-
Intangible assets	45,180	45,180	-	-
Club memberships	60	60	-	-
Deferred income tax asset	-	-	524	524
	211,237	204,486	94,850	94,821
Total assets	312,966	295,077	171,686	137,061
LIABILITIES				
Current liabilities				
Trade and other payables	44,441	49,513	54,573	20,179
Borrowings	48,696	28,407	-	-
Current income tax liabilities	613	557	-	-
	93,750	78,477	54,573	20,179
Non-current liabilities				
Other payables	7,850	7,850	7,850	7,850
Borrowings	98,179	99,016	49,447	49,391
Deferred income tax liabilities	3,138	3,138	-	-
	109,167	110,004	57,297	57,241
Total liabilities	202,917	188,481	111,870	77,420
NET ASSETS	110,049	106,596	59,816	59,641
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	59,441	58,441	59,441	58,441
Fair value reserves	95	95	-	-
Translation reserves	(2,016)	(2,024)	-	-
Retained earnings	49,538	47,570	375	1,200
	107,058	104,082	59,816	59,641
Non-controlling interests	2,991	2,514	-	-
Total equity	110,049	106,596	59,816	59,641

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Note to statement of financial position:

Included in the Group's property, plant and equipment are nine properties which are carried at cost less accumulated depreciation. In FY2013 Q4 and FY2014 Q1, the Group engaged third-party valuers, to carry out a valuation of the Group's properties. Set out below are the fair values of the nine properties:

Location	Description	Land Area (sqm)	NBV as at 31 March 2014 (\$'000)	Fair values (\$'000)	Excess of fair values over NBV (\$'000)
7 Tuas View Circuit, Singapore	Office building, dormitory & workshop	8,501	7,269	14,700	7,431
12 Kwong Min Road, Singapore	Office building, dormitory & workshop	4,623	3,304	7,300	3,996
39 Tuas Avenue 13, Singapore	Office building & workshop	3,012	1,920	6,500	4,580
6 Tech Park Crescent, Singapore	Office building, dormitory & workshop	1,718	1,879	5,700	3,821
42E Penjuru Road, Singapore	Waterfront, office building & workshop	19,266	21,118	33,000	11,882
42B Penjuru Road, Singapore	Office building & workshop	16,200	20,098	28,000	7,902
107 Gul Circle, Singapore	Office building & workshop	12,618	5,674	6,500	826
11 Tuas Basin Close, Singapore	Waterfront, office building & workshop	14,730	8,215	8,500	285
No.6 Xinghua Gangqu Dadao, Changshu, Jiangsu, China	Office building & workshop	34,433	8,308	8,313	5
Total		115,101	77,785	118,513	40,728

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

As at 31 March 2014		As at 31 December 2013	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
41,420	7,276	24,107	4,300

Amount repayable after one year

As at 31 March 2014		As at 31 December 2013	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
44,454	53,725	45,000	54,016

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 \$49.4 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

	Group	
	FY2014 Q1 (\$'000)	FY2013 Q1 (\$'000)
Cash flows from operating activities		
Net profit	2,445	1,969
Adjustments for:-		
- Income tax	172	162
- Depreciation of property, plant and equipment	2,820	1,312
- Gain on disposal of property, plant and equipment	(5)	-
- Interest income	(2)	(1)
- Interest expense	1,157	292
- Currency translation differences	(249)	(79)
	<u>6,338</u>	<u>3,655</u>
Changes in working capital:		
- Trade and other receivables	(11,002)	(1,791)
- Inventories	(498)	(67)
- Trade and other payables	(761)	(3,833)
Cash used in operations	<u>(5,923)</u>	<u>(2,036)</u>
Interest received	2	1
Income tax (paid)/refunded	(116)	36
Net cash used in by operating activities	<u>(6,037)</u>	<u>(1,999)</u>
Cash flows from investing activities		
Payments of other payables relating to prior financial years' acquisitions	(2,413)	(809)
Proceeds from disposal of property, plant and equipment	138	-
Purchase of property, plant and equipment	(9,054)	(10,494)
(Placement)/release of short-term bank deposits pledged	(160)	600
Net cash used in investing activities	<u>(11,489)</u>	<u>(10,703)</u>
Cash flows from financing activities		
Interest paid	(1,818)	(292)
Repayments of bank borrowings	(4,280)	(4,049)
Repayments of finance lease liabilities	(2,006)	(837)
Proceeds from bank borrowings	25,928	8,385
Net cash provided by financing activities	<u>17,824</u>	<u>3,207</u>
Net increase/(decrease) in cash and cash equivalents	298	(9,495)
Cash and cash equivalents at beginning of financial period	14,522	13,522
Cash and cash equivalents at end of financial period	<u>14,820</u>	<u>4,027</u>

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

	As at 31 March 2014 (\$'000)	As at 31 March 2013 (\$'000)
Cash and bank balances	22,307	10,422
Short-term bank deposits pledged	(5,104)	(5,518)
Bank overdrafts included in borrowings	(2,383)	(877)
	<u>14,820</u>	<u>4,027</u>

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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)	Translation reserves (\$'000)	Fair value reserves (\$'000)	Total (\$'000)	Non-controlling interests (\$'000)	Total equity (\$'000)
Group								
Balance as at 1 January 2014	58,576	(135)	47,570	(2,024)	95	104,082	2,514	106,596
Issue of new shares for acquisitions in prior financial years*	1,000	-	-	-	-	1,000	-	1,000
Total comprehensive income	-	-	1,968	8	-	1,976	477	2,453
Balance as at 31 March 2014	59,576	(135)	49,538	(2,016)	95	107,058	2,991	110,049
Balance as at 1 January 2013	53,976	-	34,582	(253)	47	88,352	1,970	90,322
Issue of new shares for acquisitions in prior financial years*	1,000	-	-	-	-	1,000	-	1,000
Total comprehensive income/(loss)	-	-	2,058	(79)	-	1,979	(89)	1,890
Balance as at 31 March 2013	54,976	-	36,640	(332)	47	91,331	1,881	93,212
Company								
Balance as at 1 January 2014	58,576	(135)	1,200	-	-	59,641	-	59,641
Issue of new shares for acquisitions in prior financial years*	1,000	-	-	-	-	1,000	-	1,000
Total comprehensive loss	-	-	(825)	-	-	(825)	-	(825)
Balance as at 31 March 2014	59,576	(135)	375	-	-	59,816	-	59,816
Balance as at 1 January 2013	53,976	-	(1,530)	-	-	52,446	-	52,446
Issue of new shares for acquisitions in prior financial years*	1,000	-	-	-	-	1,000	-	1,000
Total comprehensive income	-	-	135	-	-	135	-	135
Balance as at 31 March 2013	54,976	-	(1,395)	-	-	53,581	-	53,581

* The issue of new shares for acquisition of subsidiary in prior financial years relates to shares issued for acquisition of Team Assets.

- 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 2014 to 31 March 2014 are as follows:-

CHANGES IN ISSUED SHARE CAPITAL	Number of shares	Paid-up capital (S\$)
Issued share capital as at 1 January 2014 excluding treasury shares	293,665,947	58,440,877
Issue of new shares for acquisition of business in prior financial years*	2,200,704	1,000,000
Issued share capital as at 31 March 2014	295,866,651	59,440,877

* *The issue of new shares for acquisition of business in prior financial years relates to shares issued for the acquisition of Team Assets*

Save as disclosed above, the Company did not have any outstanding options or convertibles as at 31 March 2014 and 31 December 2013.

- 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 March 2014	As at 31 December 2013
Total number of issued shares (excluding treasury shares)	295,866,651	293,665,948

- 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 2014.

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 for the audited financial statements for the financial year ended 31 December 2013.

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 2014.

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:-

	<u>Group</u>	
	<u>FY2014 Q1</u>	<u>FY2013 Q1</u>
Earnings attributable to equity holders of the Company (\$'000)	1,968	2,058
Weighted average number of shares outstanding for basic EPS ('000)	294,889	286,051
Basic EPS attributable to equity holders of the Company (SGD cents)	0.67	0.72

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 for FY2013 Q1 has been adjusted to include the issue of one bonus share for every four existing ordinary shares.

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

NET ASSET VALUE ("NAV")

	Group		Company	
	As at		As at	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
NAV per ordinary share (SGD cents)	36.18	35.44	20.22	20.31
Number of shares used in computation of NAV per share ('000)	295,867	293,666	295,867	293,666

For comparative purposes, the number of ordinary shares as at 31 December 2013 has been adjusted to include the issue of one bonus share for every four existing ordinary shares.

- 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

FY2014 Q1 vs FY2013 Q1

Revenue

<u>Revenue by segment</u>	FY2014 Q1		FY2013 Q1	
	(\$'000)	(%)	(\$'000)	(%)
Offshore & Engineering	17,236	56	5,704	31
Marine	9,959	32	11,373	63
Energy Services	3,580	12	1,016	6
	30,775	100	18,093	100

Notes:

- (1) Offshore & Engineering includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access services.
- (2) Marine includes sterngear 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 overall increase in Group's revenue of \$12.7 million or 70% for FY2014 Q1 as compared to FY2013 Q1 is explained below:

Offshore & Engineering segment

Revenue from Offshore & Engineering segment increased by \$11.5 million or 202% due to:

- New projects awarded in FY2014 and more backlog jobs at end of FY2013 as compared to end of FY2012.
- Revenue contribution of \$3.0 million from the two newly acquired subsidiaries

Marine segment

Revenue from Marine segment decreased by \$1.4 million or 12% mainly due to:

- Decrease in revenue from sterngear manufacturing and sterngear repair services of \$639,000 or 14% as the demand for such market slowed down since FY2013 Q2.
- Decrease in diving services of \$414,000 or 13% mainly due to one-off diving job in FY2013 Q1 of approximately \$1.0 million.

Energy Services segment

The increase in revenue of \$2.6 million or 252% in Energy Services segment was mainly due to commencement of jobs since FY2013 Q2 after securing long-term contracts with major Oil & Gas customers.

Cost of sales, gross profit and gross profit margin

Cost of sales and gross profit increased by \$10.4 million or 87% and \$2.3 million or 37% respectively, in tandem with the increase in revenue.

Gross profit margin decreased from 34% in FY2013 Q1 to 27% in FY2014 Q1 mainly due to:

- Lower margin for Offshore & Engineering projects; and
- Higher fixed cost for the property at 42B Penjuru Road such as depreciation, land rental, property tax as well as increase in staff and training cost for the precision engineering business. The precision engineering business is expected to operate at normal capacity in FY2014 Q2 as the qualification audits by major Oil & Gas equipment manufacturers were mostly completed in FY2013 Q4.

Other income

The increase in other income of \$602,000 was mainly due to foreign exchange gain, government grants and write-back of allowance for impairment of trade receivables.

Administrative expenses

The Group's administrative expenses increased by \$1.5 million or 39% due to:

- Administrative expenses of the two newly acquired subsidiaries of \$1.2 million.
- Increase in fixed costs in relation to the new property at 42A Penjuru Road (e.g. land rent and property tax).
- Increase in other administrative expenses such as depreciation of office space at 42B Penjuru Road, insurance expense, and professional and legal fees .

Finance expenses

The increase in Group's finance expenses of \$865,000 from \$292,000 in FY2013 Q1 to \$1.2 million in FY2014 Q1 is mainly attributable to interest expense on Series 1 Notes of \$765,000.

Income tax

The Group's income tax represent the current income tax provision calculated based on each subsidiaries' effective income tax rates ranging from 5% to 10%.

Net profit

The Group's capacity has increased significantly in FY2014 Q1 as compared to FY2013 Q1 resulting in higher cost. Despite this, the Group's net profit increased by \$476,000 or 24% for FY2014 Q1.

However, net profit attributable to the equity holders of the Company decreased by \$90,000 or 4% for FY2014 Q1.

REVIEW OF FINANCIAL POSITION

Current assets

The increase in current assets of \$11.1 million from \$90.6 million as at 31 December 2013 to \$101.7 million as at 31 March 2014 is mainly attributable to increase in trade and other receivables of \$11.0 million or 19% arising from revenue for FY2014 Q1 of \$30.8 million offset by collections in FY2014 Q1 of approximately \$19.8 million.

Non-current assets

The increase in non-current assets of \$6.7 million or 3% from \$204.5 million as at 31 December 2013 to \$211.2 million as at 31 March 2014 is due to increase in property, plant and equipment and deposit for property, plant and equipment of \$6.8 million or 4% arising from:

- Acquisition of workshop land in Johor Bahru, Malaysia of \$3.5 million (RM8.7 million)
- Progressive payment for construction of crane barge of \$1.3 million
- Progressive payment for construction of property at 42A Penjuru Road of \$1.6 million

Current liabilities

Current liabilities increased from \$78.5 million as at 31 December 2013 to \$93.8 million as at 31 March 2014 due to:

- Increase in current borrowings of \$20.3 million as compared to current borrowings as at 31 December 2013 mainly due to utilisation of LC/TR, finance leases, as well as drawdown of short-term loans to finance operations and investing activities.
- Offset by the decrease in trade and other payables of \$5.1 million due to payments to suppliers and settlement of the deferred considerations payable to former shareholders and owners of Unidive, Top Great and Team business.

Non-current liabilities

The decrease in non-current borrowings of \$837,000 in FY2014 Q1 is mainly due to payments of construction loans and finance leases.

REVIEW OF STATEMENT CASH FLOWS

The Group's cash and cash equivalents increased by \$298,000 from \$14.5 million as at 31 December 2013 to \$14.8 million as at 31 March 2014.

The Group had a net cash outflow from operating activities of \$6.0 million due mainly to timing difference as a significant portion of the revenue were billed only in the month of March hence will be collected in FY2014 Q2.

The Group had a net cash outflow from investing activities of \$11.5 million due mainly to purchases of property, plant and equipment of \$9.1 million and payments of other payables relating to prior financial year's acquisitions of \$2.4 million.

The Group's financing activities provided net cash inflow of \$17.8 million due mainly to the proceeds from bank borrowings of \$25.9 million offset by repayments of bank borrowings and finance lease liabilities.

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 Offshore & Engineering industry continues to enjoy growth and the number of job inquiries received by the Group has been strong. The Group's new 1.5 hectares facility at 42B Penjuru Road has started to receive orders from Oil & Gas equipment manufacturers. This, combined with our 2.0 hectares Penjuru waterfront facilities will enable us to service a larger share of the growing domestic market.

Additionally with the recent acquisition of S&W, the Group has a 3.4 hectare workshop facility in Changshu which gives the Group a new presence in the Oil & Gas and marine market in China.

In the Marine segment, the outlook for sterngear manufacturing and sterngear repair and maintenance services remains challenging. The Group completed its workshop facility in Batam (approx 5 hectares) in FY2013 Q3 which enhances our capacity significantly as well as giving us a larger market presence in the region.

The outlook for the Energy Services segment looks positive with the long-term contracts secured from major customers.

Group's order book as at 31 March 2014 stands at \$42.8 million (as at 31 December 2013: \$33.5 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 was 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 2014. The Company does not have a general mandate from shareholders for interested person transactions.

14 Use of IPO proceeds as at 31 March 2014

Pursuant to the Company's initial public offering ("IPO"), the Company issued 22,500,000 new shares at \$0.28 each on 25 June 2008 with net proceeds amounting to \$5.1 million. Set out below is the utilisation of the net IPO proceeds as at 31 March 2014:

	Allocation of Net Proceeds (as disclosed in the prospectus) \$'000	Net Proceeds utilised as at 6 December 2010 (as disclosed in FY2010 Annual Report) \$'000	Net Proceeds utilised since 1 January 2014 to the date of this announcement \$'000	Balance of Net Proceeds as at the date of this announcement \$'000
Expansion of production facilities	1,000	(1,000)	-	-
Establishment of new bases to facilitate expansion	1,800	(1,200)	(600)	-
Working capital	2,289	-	(2,289)	-
Total	5,089	(2,200)	(2,289)	-

15 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 2014 to be false or misleading in any material aspect.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sim Soon Ngee Glenn
 Executive Chairman and Chief Executive Officer

Wong Boon Huat
 Executive Director

12 May 2014
