

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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

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

Background

Mencast Holdings Ltd. (the "**Company**") was incorporated in the Republic of Singapore on 30 January 2008 under the Companies Act (Chapter 50) of Singapore as a private limited company. The group, comprising the Company and its subsidiaries (the "**Group**"), was formed pursuant to a restructuring exercise (the "**Restructuring Exercise**") undertaken to streamline and rationalise the corporate structure and shareholding structure of the Group prior to the Company's listing on SGX Catalist. Please refer to the Company's offer document dated 17 June 2008 for further details on the Restructuring Exercise.

The Company was admitted to the SGX Catalist on 25 June 2008. For the purpose of this announcement, the results of the Group for the financial year ended 31 December ("**FY**") 2008 has been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2005.

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

CONSOLIDATED INCOME STATEMENT

	Group		Increase (Decrease) (%)
	Financial year ended 31 December 2008 (S\$'000)	2007 (S\$'000)	
Revenue	25,063	18,876	32.8
Cost of sales	(13,778)	(10,213)	34.9
Gross profit	11,285	8,663	30.3
Other gain	137	67	104.5
Expenses			
- Administrative	(3,758)	(2,775)	35.4
- Finance	(119)	(63)	88.9
- IPO expenses	(303)	-	NM ⁽¹⁾
Profit before income tax	7,242	5,892	22.9
Income tax expenses	(1,438)	(1,076)	33.6
Net profit attributable to equity holders of the Company	5,804	4,816	20.5

Note:

(1) "NM" denotes not meaningful

1(a)(ii) Notes to income statements

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

	Group		Increase / (Decrease) (%)
	Financial year ended 31 December 2008 (S\$'000)	2007 (S\$'000)	
Other income ⁽¹⁾	(89)	-	NM ⁽⁷⁾
Interest income ⁽²⁾	(14)	-	NM ⁽⁷⁾
Gain on sale of property, plant and equipment ⁽³⁾	(34)	(67)	(49.3)
Interest expenses ⁽⁴⁾	119	63	88.9
Foreign exchange losses ⁽⁵⁾	72	-	NM ⁽⁷⁾
Depreciation of property, plant and equipment ⁽⁶⁾	982	745	31.8

Notes:

- (1) Other income comprises sale of scrap metal and a grant received from SPRING Singapore Capability Development Scheme for Enterprise
- (2) Interest income comprises interest earned from fixed deposits placed with a bank
- (3) The gain comprises gain from sale of a motor vehicle and plant and machinery
- (4) Increase in interest expenses were due to bank loans drawdown for the purchase of the new plant located at No. 12 Kwong Min Road
- (5) Foreign exchange losses were due to the appreciation of the US\$ against the S\$ in relation to US\$ payments made to oversea suppliers for raw materials
- (6) Increase in depreciation of property, plant and equipment were due to the additions to plant and machinery during the year
- (7) "NM" denotes not meaningful

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

CONSOLIDATED BALANCE SHEET

	Group		Company
	As at 31 December 2008 (S\$'000)	As at 31 December 2007 (S\$'000)	As at 31 December 2008 (S\$'000)
Assets			
Current assets			
Cash and bank balances	8,107	2,243	4,369
Trade and other receivables	4,868	6,093	1,298
Inventories	2,818	2,484	-
Other current assets	981	398	-
	16,774	11,218	5,667
Non-current assets			
Property, plant and equipment	17,050	11,257	-
Investment in subsidiaries	-	-	12,500
	17,050	11,257	12,500
Total Assets	33,824	22,475	18,167
Liabilities			
Current liabilities			
Trade and other payables	6,402	6,524	886
Current income tax liabilities	1,342	1,478	-
Bank loans	1,048	300	-
Finance lease liabilities	806	443	-
	9,598	8,745	886
Non-current liabilities			
Bank loans	1,682	-	-
Finance lease liabilities	1,255	643	-
Deferred income tax liabilities	558	558	-
	3,495	1,201	-
Total Liabilities	13,093	9,946	886
Net assets	20,731	12,529	17,281
Equity			
Share capital	17,899	2,000	17,899
Retained earnings	2,832	10,529	(618)
	20,731	12,529	17,281

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 2008		As at 31 December 2007	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
1,854	-	743	-

Amount repayable after one year

As at 31 December 2008		As at 31 December 2007	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
2,937	-	643	-

Details of any collaterals

The bank loans of the Group are secured by the Group's properties located at No. 7 Tuas View Circuit and No. 12 Kwong Min Road. The finance lease liabilities of the Group are secured by certain equipment of the Company's subsidiaries. The bank loans and finance lease liabilities of the Group are also secured by corporate guarantees provided by the Company.

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

CONSOLIDATED CASH FLOW STATEMENT

	Group	
	31 December 2008	31 December 2007
	(S\$'000)	(S\$'000)
Cash flows from operating activities		
Net profit	5,804	4,816
Adjustments for:-		
Income tax	1,438	1,076
Depreciation on property, plant and equipment	982	745
Gain on disposal of property, plant and equipment ⁽¹⁾	(34)	(67)
Interest expense	119	63
	8,309	6,633
Changes in working capital: -		
Trade and other receivables	1,225	(1,875)
Inventories	(334)	(1,938)
Other current assets	(583)	139
Trade and other payables	(1,955)	(351)
Cash generated from operations	6,662	2,608
Income tax paid	(1,573)	(227)
Interest paid	(119)	(63)
Net cash from operating activities	4,970	2,318
Cash flows from investing activities		
Purchase of property, plant and equipment ⁽¹⁾	(4,757)	(2,009)
Proceeds from disposal of property, plant and equipment	43	23
Net cash used in investing activities	(4,714)	(1,986)
Cash flows from financing activities		
Repayment of bank loan	(70)	(200)
Repayment of finance lease liabilities	(722)	(267)
Proceeds from bank loan	2,500	300
Proceeds from share issue net of share issuance costs	5,400	-
Dividend paid	(1,500)	(250)
Net cash from financing activities	5,608	(417)
Net increase / (decrease) in cash and bank balances	5,864	(85)
Cash and bank balances at beginning of year	2,243	2,328
Cash and bank balances at end of year	8,107	2,243

Note:

(1) Certain comparative information for FY2007 has been reclassified to conform with current year's presentation

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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 (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Group			
Balance as at 1 January 2008	2,000	10,529	12,529
Share-swap pursuant to restructuring exercise	(2,000)	(10,500)	(12,500)
Shares issued for acquisition of subsidiaries	12,500	-	12,500
Shares issued pursuant to the IPO	6,300	-	6,300
Share issue expenses	(901)	-	(901)
Dividend paid – FY2007 ⁽¹⁾	-	(1,500)	(1,500)
Dividend declared – FY2007 ⁽¹⁾	-	(1,500)	(1,500)
Total recognised income – net profit	-	5,803	5,803
Balance as at 31 December 2008	<u>17,899</u>	<u>2,832</u>	<u>20,731</u>
Balance as at 1 January 2007	2,000	5,963	7,963
Profit for the year	-	4,816	4,816
Dividend paid	-	(250)	(250)
Balance as at 31 December 2007	<u>2,000</u>	<u>10,529</u>	<u>12,529</u>
Company			
Balance as at 30 January 2008 being the date of incorporation ⁽²⁾	-	-	-
Shares issued for acquisition of subsidiaries	12,500	-	12,500
Shares issued pursuant to the IPO	6,300	-	6,300
Share issue expenses	(901)	-	(901)
Total recognised income – net loss	-	(618)	(618)
Balance as at 31 December 2008	<u>17,899</u>	<u>(618)</u>	<u>17,281</u>

Notes:

(1) The dividend declared of S\$3,000,000 relates to the special final dividend (“**Final Dividend**”) declared by the Company’s subsidiary, Mencast Marine Pte Ltd, in respect of FY2007, which will be paid to the then shareholders of Mencast Marine Pte Ltd. As at 31 December 2008, S\$1,500,000 of the Final Dividend had been paid with the balance amount to be paid in the current financial year ending 31 December 2009.

(2) The Company was incorporated on 30 January 2008 with a paid up capital of \$2.00.

- 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.**

Details of the changes in issued and paid-up capital of the Company from 30 January 2008, being the date of incorporation of the Company, to 31 December 2008 are as follows :-

CHANGES IN ISSUED AND PAID UP CAPITAL

	Number of shares	Paid-up capital (\$)
Shares at incorporation	2	2
Issue of shares pursuant to the Restructuring Exercise	12,499,998	12,499,998
	<u>12,500,000</u>	<u>12,500,000</u>
Share split of 1 share into 10 shares	125,000,000	12,500,000
New shares issued pursuant to the invitation	22,500,000	5,398,567
Issued and paid-up share capital as at 31 December 2008	<u>147,500,000</u>	<u>17,898,567</u>

- 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 Dec 2008	As at 31 Dec 2007
Total number of issued shares (excluding treasury shares)	147,500,000	NA ⁽¹⁾

Note :

(1) "NA" denotes not applicable as the Company was only incorporated on 30 January 2008.

The Company has no treasury shares or share options outstanding as at 31 December 2008 and 31 December 2007.

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

Not applicable.

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

The figures have not been audited or reviewed by the auditors.

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

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

The Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current reporting year as those in its audited combined financial statement for the financial year ended 31 December 2007 as set out in its offer document dated 17 June 2008.

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.

There are no changes in the accounting policies and methods of computation including any required by an accounting standard. The Group has adopted the new Financial Reporting Standards (“**FRS**”) and Interpretations to FRS (“**INT FRS**”) that are applicable to its operations and effective for annual period beginning on or after 1 January 2008. The adoption of the new FRS and INT FRS did not have a material effect on the financial statements of the Group and of the Company.

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

EARNINGS PER SHARE (“EPS”)

	Group	
	Financial year ended	
	31 December 2008	31 December 2007
Earnings attributable to equity holders of the Company (S\$’000)	5,804	4,816
Weighted average number of shares used in computation of basic EPS	136,680,328	125,000,000
Basic EPS attributable to equity holders of the Company (SGD cents)	4.25	3.85
Diluted EPS attributable to equity holders of the Company (SGD cents)	4.25	3.85

For illustrative purposes, the pre-invitation issued and paid-up share capital of the Company of 125,000,000 shares was assumed to be in issue throughout the entire year ended 31 December 2007.

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

Diluted EPS for FY2008 and FY2007 were the same as basic EPS because there were no potential dilutive ordinary shares existing during the respective financial year.

The change in the weighted average number of shares used to compute the earnings per share for the full year ended 31 December 2008 was due to the new ordinary shares issued pursuant to the initial public offering of the Company (“**Invitation**”).

- 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 2008	As at 31 December 2007	As at 31 December 2008
NAV per ordinary share (SGD cents)	14.1	10.0	11.7
Number of shares used in computation of NAV per share	147,500,000	125,000,000	147,500,000

- 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

FY2008 vs FY2007

Revenue

The Group's revenue increased by approximately S\$6.2 million or 32.8% from S\$18.9 million in FY2007 to S\$25.1 million in FY2008. Revenue from the sterngear manufacturing business division increased by approximately S\$6.1 million or 70.9% from S\$8.6 million in FY2007 to S\$14.7 million in FY2008 mainly due to the higher demand arising from the increase in activities in the ship building industry. Revenue from the sterngear services business division remained relatively unchanged at approximately S\$10.3 million in both FY2007 and FY2008.

Gross profit

The Group's gross profit increased by approximately S\$2.6 million or 30.3% from S\$8.7 million in FY2007 to S\$11.3 million in FY2008 in tandem with the higher revenue. Overall gross profit margin decreased marginally from approximately 45.9% in FY2007 to 45.0% in FY2008 due mainly to the increase in raw material prices experienced by the Group.

Administrative expenses

The Group's administrative expenses increased by approximately S\$1.0 million or 35.4% from S\$2.8 million in FY2007 to S\$3.8 million in FY2008. The increase in administrative expenses were mainly due to the increase in staff hired in preparation of the Company's listing, additional compliance expenses required for a listed corporation and increase in freight charges which are in line with the increase in our business activities.

Finance expenses

The Group's finance expenses increased by approximately S\$56,000 or 88.9% from S\$63,000 in FY2007 to S\$119,000 in FY2008 due mainly to the bank loans drawdown to finance the purchase of the new plant located at No. 12 Kwong Min Road.

IPO expenses

In accordance with applicable accounting standards, the listing expenses of approximately S\$0.3 million (other than underwriting commission, placement commission and brokerage and professional fees) incurred in connection with the Invitation is treated as a one-time charge in the Group's income statement in FY2008.

Income tax expenses

The Group's income tax expenses increased by approximately S\$0.4 million or 33.6% from S\$1.1 million in FY2007 to S\$1.4 million in FY2008 in line with the higher profit before income tax.

Net profit

The Group's net profit attributable to equity holders of the Company increased by approximately S\$1.0 million or 20.5% from S\$4.8 million in FY2007 to S\$5.8 million in FY2008 in line with the higher revenue.

REVIEW OF FINANCIAL POSITION

Trade and other receivables decreased by approximately S\$1.2 million due mainly to the closer monitoring and improved collection of trade receivables during the year.

Inventories increased by approximately S\$0.3 million due mainly to the increase in work-in-progress.

Other current assets increased by approximately S\$0.6 million due mainly to the deposits paid for machinery and equipment.

Property, plant and equipment increased by approximately S\$5.8 million due mainly to the purchase of the new plant located at No. 12 Kwong Min Road and the acquisition of new machinery and equipment.

Bank loans and finance lease liabilities increased in aggregate by approximately S\$3.4 million due to the bank loans drawdown for the purchase of the new plant located at No. 12 Kwong Min Road and machinery and equipment acquired under hire purchase agreements.

REVIEW OF CASHFLOW STATEMENT

Cash and bank balances increased from approximately S\$2.2 million as at 31 December 2007 to approximately S\$8.1 million as at 31 December 2008. The Group recorded cash inflows from both operating and financing activities in FY2008.

Net cash from operating activities in FY2008 was approximately S\$5.0 million as compared to approximately S\$2.3 million in FY2007. This was due mainly to the higher operating profit and improved collection of trade receivables during FY2008.

Net cash from financing activities in FY2008 was approximately S\$5.6 million as compared to net cash used in financing activities of approximately S\$0.4 million in FY2007. This was due mainly to the net proceeds from the Invitation and net increase in bank loans.

Net cash used in investing activities in FY2008 was approximately S\$4.7 million as compared to approximately S\$2.0 million in FY2007. This was due to the purchase of the new plant located at No. 12 Kwong Min Road and the purchase of machinery and equipment, in line with the Group's expansion plans.

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 global economic slowdown and drop in oil prices have affected the marine and offshore business. This may lead to fewer new orders in the shipbuilding industry, which could result in a slowdown in sales in our sterngear manufacturing division. On the other hand, life extension programs by ship owners could have a positive impact on demand in our sterngear services division.

The Group's orderbook as at 31 December 2008 was approximately S\$13.0 million.

The costs of raw materials such as steel and copper alloy had eased towards the end of FY2008, and the Group is continuing to sharpen its competitive edge through active cost management and productivity improvements. As part of this effort, our new plant at No. 12 Kwong Min Road will be phased in to achieve full operations by the third quarter of this year.

In the medium term, the Group will focus increasingly on ship repair. The global fleet of vessels has grown over the past few years and the statutory docking requirement for existing and new vessels is expected to generate demand for sterngear services. The Group will also continue to selectively explore strategic opportunities, investments and acquisitions to enhance its revenue stream in related or synergistic businesses.

11 Dividend

(a) Current financial period reported on

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

Name of dividend	First and Final
Dividend type	Cash
Dividend amount per ordinary share	1.0 cents per ordinary share
Tax rate	One-tier tax exempt

(b) Corresponding period of the immediately preceding financial year

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

Yes. Please refer to note (1) under paragraph 1(d)(i) of this announcement.

(c) Date payable

The date payable for the proposed first and final dividend of 1.0 cents per share will be announced at a later date.

(d) Books closure date

The books closure date for the proposed first and final dividend of 1.0 cents per share will be announced at a later date.

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

Not applicable.

PART II: ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13 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 is principally engaged in (i) the manufacture and supply of sterngear equipment and (ii) the provision of sterngear services. No separate segment information by business segment is presented, except for segment revenue, as both business segments use the same resources and share the same costs. Management is of the opinion that it is not practicable to separate the costs, assets and liabilities for each business segment.

The following table provides an analysis of the Group's revenue by business segment:

	Financial year ended	
	31 December 2008 (S\$'000)	31 December 2007 (S\$'000)
Sterngear manufacturing	14,731	8,620
Sterngear services	10,332	10,256
	25,063	18,876

The following table provides an analysis of the Group's revenue by geographical market which is analysed based on the country of domicile of the customers:

	Financial year ended	
	31 December 2008 (S\$'000)	31 December 2007 (S\$'000)
Singapore	17,447	12,897
Asia ⁽¹⁾	7,056	5,549
Rest of the world ⁽²⁾	560	430
	25,063	18,876

Notes:

(1) Asia refers to customers from Malaysia, Brunei, China, Indonesia, the Philippines, Hong Kong, India, Sri Lanka, Maldives and Australia

(2) Rest of the world refers to customers from Europe, the Middle East and USA.

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The increase in revenue contribution from Singapore in FY2008 as compared to FY2007 was due mainly to the growth in business from our customers in Singapore in the ship building and repair industries.

15 A breakdown of sales as follows:

	Financial year ended	
	31 December 2008 (S\$'000)	31 December 2007 (S\$'000)
Sales reported for:		
First half ended 30 June	13,169	9,049
Second half ended 31 December	11,894	9,827
	25,063	18,876
Net profit for the year reported for:		
First half ended 30 June	3,544	2,341
Second half ended 31 December	2,260	2,475
	5,804	4,816

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

	Latest Full Year (FY2008) (S\$'000)	Previous Full Year (FY2007) (S\$'000)
Total annual dividend		
Ordinary – Special Final	-	3,000
Ordinary – First and Final	1,475	-
Total	1,475	3,000

17 INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	NIL	NIL

BY ORDER OF THE BOARD

Sim Soon Ngee Glendle
Chief Executive Officer

18 February 2009