

UNAUDITED HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2008

This announcement and its contents have been reviewed by the Company's sponsor, CIMB-GK Securities Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST. It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 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 six-month period ended 30 June 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.

CONSOLIDATED INCOME STATEMENT

	Group		Increase / (Decrease) (%)
	Six months ended 30 June 2008 (S\$'000)	30 June 2007 (S\$'000)	
Revenue	13,169	9,049	45.5
Cost of sales	(6,936)	(5,085)	36.4
Gross profit	6,233	3,964	57.2
Other gain	3	-	NM
Expenses			
- Administrative	(1,493)	(1,106)	35.0
- Finance	(42)	(3)	NM
- IPO expenses	(303)	-	NM
Profit before income tax	4,398	2,855	54.0
Income tax expenses	(854)	(514)	66.1
Net profit attributable to equity holders of the Company	3,544	2,341	51.4

NM : 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) (%)
	Six months ended 30 June 2008 (S\$'000)	30 June 2007 (S\$'000)	
Depreciation on property, plant and equipment	435	367	18.5
Gain on sale of property, plant and equipment	(3)	-	NM
Interest expense	42	3	NM

NM : Not Meaningful

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

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 30 June 2008 (S\$'000)	As at 31 December 2007 (S\$'000)	As at 30 June 2008 (S\$'000)
Assets			
Current assets			
Cash and bank balances	7,912	2,243	6,310
Trade and other receivables	7,320	6,093	-
Inventories	1,389	2,484	-
Other current assets	1,312	398	-
	17,933	11,218	6,310
Non-current assets			
Property, plant and equipment	12,039	11,257	-
Investment in subsidiaries	-	-	12,500
	12,039	11,257	12,500
Total Assets	29,972	22,475	18,810
Liabilities			
Current liabilities			
Trade and other payables	7,090	6,524	1,214
Current income tax liabilities	1,680	1,478	-
Bank loan	300	300	-
Finance lease liabilities	333	443	-
	9,403	8,745	1,214
Non-current liabilities			
Finance lease liabilities	1,568	643	-
Deferred income tax liabilities	558	558	-
	2,126	1,201	-
Total Liabilities	11,529	9,946	1,214
Net assets	18,443	12,529	17,596
Equity			
Share capital	17,899	2,000	17,899
Retained earnings	544	10,529	(303)
	18,443	12,529	17,596

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

Amount repayable in one year or less, or on demand

As at 30 June 2008		As at 31 December 2007	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
633	-	743	-

Amount repayable after one year

As at 30 June 2008		As at 31 December 2007	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
1,568	-	643	-

Details of any collateral

The banking facilities of the Group comprised a short-term bank loan and finance lease liabilities. The short-term bank loan comprised a revolving loan secured by the Group's leasehold building located at No. 7 Tuas View Circuit, with a net book value of S\$5,750,000 as at 30 June 2008 (31 December 2007 : S\$5,434,000) and guarantees from certain Directors. The finance lease liabilities are secured by certain fixed assets of the Group with a total net book value of S\$2,821,300 as at 30 June 2008 (31 December 2007 : S\$1,705,000).

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- 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	
	30 June 2008	30 June 2007
	(S\$'000)	(S\$'000)
Cash flows from operating activities		
Net profit	3,544	2,341
Adjustments for:-		
Income tax	854	514
Depreciation on property, plant and equipment	435	367
Gain on disposal of property, plant and equipment	3	-
Interest expense	42	3
	4,878	3,225
Changes in working capital: -		
Trade and other receivables	(1,227)	(25)
Inventories	1,095	(1,049)
Other current assets	(914)	(221)
Trade and other payables	51	(1,257)
Cash generated from operations	3,883	673
Income tax paid	(652)	(218)
Interest paid	(42)	(3)
Net cash from operating activities	3,189	452
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,886)	(1,343)
Proceeds from disposal of property, plant and equipment	3	-
Net cash used in investing activities	(1,883)	(1,343)
Cash flows from financing activities		
Repayment of bank loan	-	(200)
Repayment of finance lease liabilities	(320)	(91)
Proceeds from bank loan	-	550
Proceeds from share issue net of share issuance costs	5,683	-
Dividend declared	(1,000)	-
Net cash from financing activities	4,363	259
Net increase / (decrease) in cash and bank balances	5,669	(632)
Cash and bank balances at beginning of the period	2,243	2,328
Cash and bank balances at end of the period	7,912	1,696

- 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	-	-	-
Share issue for acquisition of subsidiaries	12,500	-	12,500
Issue of shares	6,300	-	6,300
Share issue expenses ⁽¹⁾	(901)	-	(901)
Dividend declared ⁽²⁾	-	(3,000)	(3,000)
Net profit for the financial period	-	3,544	3,544
Balance as at 30 June 2008	<u>17,899</u>	<u>544</u>	<u>18,443</u>
Balance as at 1 January 2007	-	5,963	5,963
Net profit for the financial period	2,000	2,341	4,341
Balance as at 30 June 2007	<u>2,000</u>	<u>8,304</u>	<u>10,304</u>
Company			
Balance as at 1 January 2008	-	-	-
Share issue for acquisition of subsidiaries	12,500	-	12,500
Issue of shares	6,300	-	6,300
Share issue expenses	(901)	-	(901)
Net profit for the financial period	-	(303)	(303)
Balance as at 30 June 2008	<u>17,899</u>	<u>(303)</u>	<u>17,596</u>

Notes:

- (1) As at 30 June 2008, S\$617,000.00 of the share issue expenses have not been paid.
- (2) The dividend declared of S\$3,000,000 relates to the special final dividend declared by the Company's subsidiary, Mencast Marine Pte Ltd, in respect of the financial year ended 31 December 2007, which will be paid to the then shareholders of Mencast Marine Pte Ltd. As at 30 June 2008, S\$1,000,000 of the dividend had been paid with the balance amount to be paid in the current financial year.

- 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 30 June 2008 are as follows: -

CHANGES IN ISSUED AND PAID UP CAPITAL

	Number of shares	Paid-up capital (S\$)
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 30 June 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 30 June 2008	As at 31 December 2007
Total number of issued shares (excluding treasury shares)	147,500,000	N.A. ⁽¹⁾

Note :

(1) Not applicable as the Company was only incorporated on 30 January 2008.

The Company has no treasury shares or share options outstanding as at 30 June 2008 and 31 December 2007.

1(d)(iv) A statement showing all sales, transfers, disposal, 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 has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to its audited combined financial statement as at 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 the INT FRS did not have a material effect on the financial statements of the Group and of the Company.

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- 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	
	Six months ended	
	30 June 2008	30 June 2007
Earnings attributable to equity holders of the Company (S\$'000)	3,544	2,341
Basic EPS attributable to equity holders of the Company (SGD cents)	2.82	1.87
Weighted average number of shares used in computation of basic EPS	125,741,758	125,000,000

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 earnings per share 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 share outstanding at the end of the respective financial period.

The change in the weighted average number of shares used to compute the earnings per share for the six-month period ended 30 June 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
	30 June 2008	As at 31 December 2007	As at 30 June 2008
NAV per ordinary share (SGD cents)	12.5	10.0	11.9
Number of shares used in computation of NAV per share	147,500,000	125,000,000	147,500,000

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- 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

Six months ended 30 June 2008 ("HY2008") vs six months ended 30 June 2007 ("HY2007")

Revenue

The Group's revenue increased by approximately S\$4.2 million or 45.5% from approximately S\$9.0 million in HY2007 to approximately S\$13.2 million in HY2008. Revenue from sterngear manufacturing increased by approximately S\$3.4 million or 91.9% from approximately S\$3.7 million in HY2007 to approximately S\$7.1 million in HY2008. Revenue from sterngear services increased by approximately S\$0.8 million or 15.1% from approximately S\$5.3 million in HY2007 to approximately S\$6.1 million in HY2008. The increase in revenue in both segments was mainly due to the higher demand arising from the increase in activities in the ship building, repair and maintenance industry.

Gross profit

The Group's gross profit increased by approximately S\$2.2 million or 57.2% from approximately S\$4.0 million in HY2007 to approximately S\$6.2 million in HY2008. Gross profit margin increased from approximately 43.8% in HY2007 to 47.3% in HY2008, as a result of the higher average prices commanded for the Group's sterngear equipment and sterngear services.

Administrative expenses

The Group's administrative expenses increased by approximately S\$0.4 million or 35.0% from approximately S\$1.1 million in HY2007 to approximately S\$1.5 million in HY2008. The increase in administrative expenses was mainly due to the increase in staff hired in preparation of the Company's listing.

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.

Income tax expenses

The Group's income tax expenses increased by approximately S\$0.3 million or 66.1% from approximately S\$0.5 million in HY2007 to approximately S\$0.8 million in HY2008 arising from higher profit.

Net profit

The Group's net profit attributable to equity holders of the Company increased by approximately S\$1.2 million or 51.4% from approximately S\$2.3 million in HY2007 to approximately S\$3.5 million in HY2008 in line with higher revenue.

REVIEW OF FINANCIAL POSITION

Trade and other receivables increased by approximately S\$1.2 million which was in line with the increase in the Group's revenue.

Inventories decreased by approximately S\$1.1 million as compared to the last financial year which was mainly due to the reduction in work-in-progress in HY2008. Other current assets increased by approximately by S\$0.9 million which was mainly due to deposits paid for machinery and equipment.

Trade and other payables increased by approximately S\$0.6 million which was mainly due to the increase in trade payables and accrual of IPO expenses which were paid after HY2008.

REVIEW OF CASHFLOW STATEMENT

Cash and bank balances increased from approximately S\$1.7 million as at 30 June 2007 to approximately S\$7.9 million as at 30 June 2008. In HY2008, the Group recorded cash inflows from both operating and financing activities.

Net cash from operating activities in HY2008 was approximately S\$3.2 million as compared to approximately S\$0.5 million in HY2007. This was due mainly to the higher operating profit during HY2008.

Net cash from financing activities in HY2008 was approximately S\$4.4 million as compared to approximately S\$0.3 million in HY2007. This was due mainly to the net proceeds from the Invitation partially offset by dividend paid.

Net cash used in investing activities in HY2008 was approximately S\$1.9 million as compared to approximately S\$1.3 million in HY2007. This was due to the additional purchases of machinery and equipment, in line with the Group's expansion plan.

- 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 Group will continue to ride on the buoyant growth in the ship building, repair and maintenance industry. The Group's order book was approximately S\$14.2 million as at 30 June 2008.

The Group's cost of materials, arising mainly from steel and copper alloy purchased by it, are expected to stabilise over the next half year as the Group had secured confirmed

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pricing from its suppliers. The Group also expects its operating expenses to increase in the next half year due mainly to the increase in salaries and related costs of hiring additional workers and recruitment of additional office and management staff to support the expected increase in business activities.

On 31 July 2008, the Company announced that it had made the final payment of S\$3.3 million in relation to the acquisition of its new plant located at No. 12 Kwong Min Road, Singapore 628714. Preparations to have the plant ready for operations are currently underway. Barring unforeseen circumstances, the Company expects to commence operations at this new plant by the early part of the fourth quarter of 2008.

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?

Please refer to note (2) under paragraph 1(d)(i) of this announcement.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for the six-month period ended 30 June 2008.

13 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

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14 CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4)

We, Sim Soon Ngee Glenndle and Sim Gok Hian, being two directors of Mencast Holdings Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial statements for the six months ended 30 June 2008 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Sim Soon Ngee Glenndle
Chief Executive Officer

Sim Gok Hian
Executive Chairman

BY ORDER OF THE BOARD

Sim Soon Ngee Glenndle
Chief Executive Officer

7 August 2008