

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

**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.**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Group</b>		<b>Increase / (decrease) (%)</b>
	<b>Financial year ended 31 December 2010 (S\$'000)</b>	<b>2009 (S\$'000)</b>	
<b>Revenue</b>	<b>32,031</b>	<b>26,274</b>	<b>21.9</b>
Cost of sales	(16,073)	(13,835)	16.2
<b>Gross profit</b>	<b>15,958</b>	<b>12,439</b>	<b>28.3</b>
Other gains	476	1,061	(55.1)
Expenses			
- Administrative	(6,167)	(4,438)	38.9
- Finance	(467)	(330)	41.5
Profit before income tax	9,800	8,732	12.2
Income tax expense	(1,295)	(1,699)	(23.8)
<b>Net profit for the financial year</b>	<b>8,505</b>	<b>7,033</b>	<b>20.9</b>
<b>Other comprehensive income</b>			
Fair value adjustments – financial assets available-for-sale	-	47	NM <sup>(1)</sup>
<b>Total comprehensive income</b>	<b>8,505</b>	<b>7,080</b>	<b>20.1</b>
<b>Net profit attributable to :</b>			
Equity holders of the Company	8,495	7,033	20.8
Non-controlling interests	10	-	NM <sup>(1)</sup>
	<b>8,505</b>	<b>7,033</b>	<b>20.9</b>
<b>Total comprehensive income attributable to :</b>			
Equity holders of the Company	8,495	7,080	20.0
Non-controlling interests	10	-	NM <sup>(1)</sup>
	<b>8,505</b>	<b>7,080</b>	<b>20.1</b>

**Note:**

(1) "NM" denotes not meaningful.

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

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

	<b>Group</b>		<b>Increase / (decrease) (%)</b>
	<b>Financial year ended 31 December 2010 (S\$'000)</b>	<b>2009 (S\$'000)</b>	
<b>Included in other gains are: -</b>			
Excess of fair value over purchase consideration <sup>(1)</sup>	-	(766)	NM <sup>(10)</sup>
Other income <sup>(2)</sup>	(384)	(332)	15.6
Interest income <sup>(3)</sup>	(18)	(7)	(157.1)
(Gain)/loss on sale of property, plant and equipment <sup>(4)</sup>	(95)	94	NM <sup>(10)</sup>
Foreign exchange losses/(gains) <sup>(5)</sup>	21	(50)	NM <sup>(10)</sup>
Interest expenses <sup>(6)</sup>	467	330	41.5
Depreciation of property, plant and equipment <sup>(7)</sup>	1,839	1,607	14.4
Impairment loss of trade receivable <sup>(8)</sup>	123	-	NM <sup>(10)</sup>
Impairment loss of trade receivable written back <sup>(9)</sup>	(14)	(225)	(93.8)

**Notes:**

- (1) In the financial year ended 31 December ("FY") 2009, the excess of the fair value of net identifiable assets over the purchase consideration paid pertains to the acquisition of the business of Denfon Engineering, including its assets and liabilities.
- (2) Other income mainly relates to amounts received from the Singapore government Job Credit Scheme, mooring fees and sales of scrap metals.
- (3) Interest income relates to income earned mainly from fixed deposits.
- (4) The gain was due mainly to the sale of motor vehicle and machinery.
- (5) Foreign exchange losses in FY2010 were due to the appreciation of the US\$ against the S\$ in relation to US\$ payments made to overseas suppliers for purchase of raw materials.
- (6) The increase in interest expenses was due mainly to a full year impact in FY2010 as compared to a three-month impact in FY2009 of the interest expense on the S\$5 million bridging loan drawn down in September 2009 for the purchase of a factory building.
- (7) The increase in depreciation of property, plant and equipment were due to the additions of plant and machinery during FY2010.
- (8) Impairment loss of trade receivable refers to the provision made for trade debtor balance which has been due for more than one year.
- (9) Impairment loss of trade receivable written back relates to the full payment received from a trade debtor balance provided in FY2008.
- (10) "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 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 2010 (S\$'000)	As at 31 December 2009 (S\$'000)	As at 31 December 2010 (S\$'000)	As at 31 December 2009 (S\$'000)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	11,604	12,706	9,483	4,101
Trade and other receivables	13,473	6,460	2,668	2,348
Inventories	4,463	2,068	-	-
Other current assets	451	150	1	-
	29,991	21,384	12,152	6,449
<b>Non-current assets</b>				
Financial assets, available-for-sale	127	127	-	-
Investment in subsidiaries	-	-	20,900	20,900
Property, plant and equipment	25,967	22,145	-	-
Deposits for purchase of property, plant and equipment	1,247	83	-	-
Intangible assets	4,781	4,781	-	-
Club memberships	28	28	-	-
	32,150	27,164	20,900	20,900
<b>Total assets</b>	<b>62,141</b>	<b>48,548</b>	<b>33,052</b>	<b>27,349</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	8,413	5,256	9,149	6,544
Current income tax liabilities	1,237	1,370	-	-
Borrowings	5,340	3,677	-	-
	14,990	10,303	9,149	6,544
<b>Non-current liabilities</b>				
Other payables	-	1,800	-	1,800
Borrowings	5,392	7,076	-	-
Deferred income tax liabilities	1,242	1,233	-	-
	6,634	10,109	-	1,800
<b>Total liabilities</b>	<b>21,624</b>	<b>20,412</b>	<b>9,149</b>	<b>8,344</b>
<b>NET ASSETS</b>	<b>40,517</b>	<b>28,136</b>	<b>23,903</b>	<b>19,005</b>
<b>EQUITY</b>				
Capital and reserves attributable to equity holders of the Company				
Share capital	25,126	19,699	25,126	19,699
Fair value reserves	47	47	-	-
Retained earnings / (accumulated losses)	15,334	8,390	(1,223)	(694)
	40,507	28,136	23,903	19,005
Non-controlling interests	10	-	-	-
<b>Total equity</b>	<b>40,517</b>	<b>28,136</b>	<b>23,903</b>	<b>19,005</b>

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

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

<b>As at 31 December 2010</b>		<b>As at 31 December 2009</b>	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
5,340	-	3,677	-

**Amount repayable after one year**

<b>As at 31 December 2010</b>		<b>As at 31 December 2009</b>	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
5,392	-	7,076	-

**Details of any collaterals**

The borrowings of the Company and its subsidiaries ("Group") comprise bank loans and finance lease liabilities. 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	
	Financial year ended 31 December 2010 (S\$'000)	2009 (S\$'000)
<b>Cash flows from operating activities</b>		
Net profit	8,505	7,033
Adjustments for:-		
Income tax expense	1,295	1,699
Impairment loss of trade receivable	123	-
Impairment loss of trade receivable written back	(14)	(225)
Depreciation on property, plant and equipment	1,839	1,607
Excess of fair value of business acquired over purchase consideration	-	(766)
(Gain)/loss on disposal of property, plant and equipment	(95)	94
Impairment of financial assets, available-for-sale	-	24
Interest expense	467	330
	12,120	9,796
Changes in working capital, net of effects from acquisitions of subsidiary and business: -		
Trade and other receivables	(7,122)	318
Inventories	(2,394)	819
Other current assets	(300)	120
Trade and other payables	1,357	(3,421)
Cash generated from operations	3,661	7,632
Income tax paid	(1,420)	(1,472)
<b>Net cash provided by operating activities</b>	<b>2,241</b>	<b>6,160</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary and business, net of cash acquired	-	(1,523)
Acquisition of financial assets, available-for-sale	-	(45)
Purchase of property, plant and equipment	(5,771)	(1,732)
Proceeds from disposal of property, plant and equipment	247	289
<b>Net cash used in investing activities</b>	<b>(5,524)</b>	<b>(3,011)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(1,551)	(1,475)
Repayment of borrowings	(1,846)	(126)
Repayment of finance lease liabilities	(1,466)	(1,619)
Interest paid	(467)	(330)
Proceeds from borrowings	2,084	5,000
Proceeds from issuance of shares	5,427	-
<b>Net cash provided by financing activities</b>	<b>2,181</b>	<b>1,450</b>
Net (decrease) / increase in cash and cash equivalents	(1,102)	4,599
Cash and cash equivalents at beginning of financial year	12,706	8,107
<b>Cash and cash equivalents at end of financial year</b>	<b>11,604</b>	<b>12,706</b>

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 / (accumulated losses) (S\$'000)	Fair value reserves (S\$'000)	Total (S\$'000)	Non-controlling interests (S\$'000)	Total equity (S\$'000)
<b>Group</b>						
Balance as at 1 January 2010	19,699	8,390	47	28,136	-	28,136
Issuance of 15,506,600 shares	5,427	-	-	5,427	-	5,427
Dividend paid	-	(1,551)	-	(1,551)	-	(1,551)
Total comprehensive income for the financial year	-	8,495	-	8,495	10	8,505
Balance as at 31 December 2010	25,126	15,334	47	40,507	10	40,517
Balance as at 1 January 2009	17,899	2,832	-	20,731	-	20,731
Shares issued on acquisition of Recon Propeller & Engineering Pte Ltd ("Recon")	1,800	-	-	1,800	-	1,800
Dividend paid	-	(1,475)	-	(1,475)	-	(1,475)
Total comprehensive income for the financial year	-	7,033	-	7,033	-	7,033
Revaluation gains on property, plant and equipment	-	-	47	47	-	47
Balance as at 31 December 2009	19,699	8,390	47	28,136	-	28,136
<b>Company</b>						
Balance as at 1 January 2010	19,699	(694)	-	19,005	-	19,005
Issuance of 15,506,600 shares	5,427	-	-	5,427	-	5,427
Dividend paid	-	(1,551)	-	(1,551)	-	(1,551)
Total comprehensive income for the financial year	-	1,022	-	1,022	-	1,022
Balance as at 31 December 2010	25,126	(1,223)	-	23,903	-	23,903
Balance as at 1 January 2009	17,899	(618)	-	17,281	-	17,281
Shares issued on acquisition of Recon	1,800	-	-	1,800	-	1,800
Dividend paid	-	(1,475)	-	(1,475)	-	(1,475)
Total comprehensive income for the financial year	-	1,399	-	1,399	-	1,399
Balance as at 31 December 2009	19,699	(694)	-	19,005	-	19,005

- 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.**

On 1 November 2010, the Company issued and allotted 15,506,600 new ordinary shares in the capital of the Company ("**Placement Shares**") pursuant to a private placement exercise.

The details of the changes in issued share capital of the Company from 1 January 2010 to 31 December 2010 are as follows:-

**CHANGES IN ISSUED SHARE CAPITAL**

	<b>Number of shares</b>	<b>Paid-up capital (S\$)</b>
Issued share capital as at 1 January 2010	155,066,000	19,698,567
Issuance of Placement Shares	15,506,600	5,427,310
Issued share capital as at 31 December 2010	<u>170,572,600</u>	<u>25,125,877</u>

The Company did not have any outstanding options or convertibles or treasury shares as at 31 December 2010 and 31 December 2009.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>As at 31 December 2010</b>	<b>As at 31 December 2009</b>
Total number of issued shares (excluding treasury shares)	170,572,600	155,066,000

- 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 FY2010 as those adopted in their audited financial statements for FY2009, except for the new and revised Financial Reporting Statements (“FRS”) relevant to its operations which took effect from the current financial year as disclosed in paragraph 5 below.

**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.**

The Group adopted the following new and revised FRS relevant to its operations which took effect from the financial year beginning on or after 1 January 2010:

FRS 7	Amendment to Cash Flow Statements
FRS 27	Consolidated and Separate Financial Statements (Revised)
FRS 39	Financial Instruments : Recognition and Measurement (Amendments)
FRS 101	First-time Adoption of Financial Reporting Standards (Amendments)
FRS 102	Share-based Payments (Amendments)
FRS 103	Business Combinations (Revised)

The adoption of the above new and revised FRS did not result in any significant impact on the financial statements.

**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”)**

	<b>Group</b>	
	<b>Financial year ended</b>	
	<b>31 December 2010</b>	<b>31 December 2009</b>
Earnings attributable to equity holders of the Company (S\$’000)	8,495	7,033
Weighted average number of shares used in computation of basic EPS	157,657,514	149,401,836
Basic EPS attributable to equity holders of the Company (SGD cents)	5.39	4.71
Diluted EPS attributable to equity holders of the Company (SGD cents)	5.39	4.71

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 FY2010 and FY2009 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 EPS for FY2010 was due to the issue and allotment of the Placement Shares on 1 November 2010.

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

**NET ASSET VALUE (“NAV”)**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>31 December 2010</b>	<b>31 December 2009</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
NAV per ordinary share (SGD cents)	23.8	18.1	14.0	12.3
Number of shares used in computation of NAV per share	170,572,600	155,066,000	170,572,600	155,066,000

**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**

**FY2010 vs FY2009**

**Revenue**

	<b>FY2010</b>		<b>FY2009</b>		<b>Increase/ (decrease)</b>
	<b>(S\$’000)</b>	<b>(%)</b>	<b>(S\$’000)</b>	<b>(%)</b>	
Sterngear Manufacturing	12,744	39.8	14,281	54.4	(10.8)
Sterngear Services	19,287	60.2	11,993	45.6	60.8
<b>Total</b>	<b>32,031</b>	<b>100.0</b>	<b>26,274</b>	<b>100.0</b>	<b>21.9</b>

The Group’s revenue increased by approximately S\$5.7 million or 21.9% from S\$26.3 million in FY2009 to S\$32.0 million in FY2010. The increase was mainly due to the increase in revenue from the sterngear services business segment by approximately S\$7.3 million, offset by the decrease in revenue from the sterngear manufacturing business segment by approximately S\$1.5 million.

The revenue from the sterngear manufacturing business segment had decreased by approximately S\$1.5 million or 10.8% from S\$14.3 million in FY2009 to S\$12.7 million in FY2010 due to the slow down in activities in the ship building industry.

The revenue from the sterngear services business segment had increased by approximately S\$7.3 million or 60.8% from S\$12.0 million in FY2009 to S\$19.3 million in FY2010 mainly due to the general increase in demand for sterngear services and the full year contribution in revenue of approximately S\$3.0 million from Recon Propeller & Engineering Pte Ltd ("Recon") in FY2010, as compared to a 6 months' contribution in FY2009.

In FY2010, revenue from the sterngear services business segment accounted for approximately 60.2% of the Group's total revenue, as compared to approximately 45.6% in FY2009. The increase in proportion of revenue contribution from the sterngear services business segment was mainly due to the slow down in activities in the shipbuilding industry, and an increase in the Group's business activities in the sterngear services business segment following the acquisition of Recon and the business of Denfon Engineering in July 2009.

### **Gross profit**

The Group's gross profit increased by approximately S\$3.5 million or 28.3% from S\$12.4 million in FY2009 to S\$15.9 million in FY2010. Overall gross profit margin increased from approximately 47.3% in FY2009 to 49.8% in FY2010. The increase was mainly due to a higher proportion of sterngear services business in FY2010 which commanded better margins as compared to the sterngear manufacturing business.

### **Other gains**

The Group's other gains decreased by approximately S\$0.6 million from S\$1.1 million in FY2009 to S\$0.5 million in FY2010. The decrease was mainly due to the absence of the recognition of the excess of the fair value of net identifiable assets over the purchase consideration paid in respect of the acquisition of the business of Denfon Engineering in FY2009, which amounted to approximately S\$0.7 million.

### **Administrative expenses**

The Group's administrative expenses increased by approximately S\$1.7 million or 38.9% from S\$4.4 million in FY2009 to S\$6.2 million in FY2010. The increase in administrative expenses was mainly due to (i) the full year administrative expenses from Recon of approximately S\$0.6 million; (ii) rental expenses of approximately S\$0.5 million for the Group's waterfront land in Penjuru Road which lease had commenced from December 2009; (iii) an increase in impairment loss of trade receivable and property tax of S\$0.2 million and (iv) an increase of S\$0.4 million in aggregate mainly from staff and general cost increases in line with higher business volume.

### **Finance expenses**

The Group's finance expenses increased by approximately S\$0.1 million or 41.5% from S\$0.3 million in FY2009 to S\$0.5 million in FY2010. The increase was due mainly to the S\$5 million bridging loan from SPRING Singapore drawn down in September 2009 as the interest had a full year impact in FY2010 as compared to only a three-month impact in FY2009.

### **Income tax expenses**

The Group's income tax expenses decreased by approximately S\$0.4 million or 23.8% from S\$1.7 million in FY2009 to S\$1.3 million in FY2010. The decrease in tax expenses was principally due to higher capital allowances claimed during the year.

### **Net profit**

The Group's net profit attributable to equity holders of the Company increased by approximately S\$1.5 million or 20.8% from S\$7.0 million in FY2009 to S\$8.5 million in FY2010 as a result of the above.

### **REVIEW OF FINANCIAL POSITION**

The Group's cash and cash equivalents decreased by approximately S\$1.1 million from S\$12.7 million as at 31 December 2009 to S\$11.6 million as at 31 December 2010. The decrease was mainly due to the purchase of new machinery and equipment, repayment of bank borrowings and finance lease liabilities and payment of dividends to shareholders of the Company.

The Group's trade and other receivables as at 31 December 2010 increased by approximately S\$7.3 million as compared to as at 31 December 2009 due mainly to billings for completed projects in the month of December 2010 and slower collection of trade receivables during FY2010.

The Group's inventories as at 31 December 2010 increased by approximately S\$2.3 million as compared to as at 31 December 2009 due mainly to the increased in work-in-progress of S\$0.7 million and raw materials of S\$1.6 million.

The Group's other current assets as at 31 December 2010 increased by approximately S\$0.3 million as compared to as at 31 December 2009 due mainly to deposits for rental, utilities and prepayment of insurance.

The Group's property, plant and equipment as at 31 December 2010 increased by approximately S\$3.7 million as compared to as at 31 December 2009 due mainly to the purchase of new machinery and equipment of S\$1.5 million and construction in-progress of S\$2.2 million for the Group's manufacturing plant at Penjuru Road.

The Group's intangible assets of approximately S\$4.8 million as at 31 December 2010 and as at 31 December 2009 relates to the goodwill arising from the acquisition of Recon in July 2009.

The Group's trade and other payables as at 31 December 2010 increased by approximately S\$3.4 million as compared to as at 31 December 2009 due mainly to the increase in trade payables relating to purchases of the Group's raw materials.

### **REVIEW OF CASHFLOW STATEMENT**

The Group's cash and cash equivalents decreased by approximately S\$1.1 million from approximately S\$12.7 million as at 31 December 2009 to approximately S\$11.6 million as at 31 December 2010. The Group recorded cash inflows from both operating and financing activities in FY2010.

The Group's net cash from operating activities in FY2010 was approximately S\$2.2 million as compared to approximately S\$6.2 million in FY2009. This was due to the higher working capital outflows in FY2010 of approximately S\$8.4 million as compared to

approximately S\$2.2 million in FY2009, offset by the higher net profit before working capital changes in FY2010 of approximately S\$12.1 million as compared to S\$9.8 million in FY2009. The higher working capital outflows in FY2010 was due mainly to the increase in (i) trade and other receivables of approximately S\$7.1 million, (ii) inventories by approximately S\$2.4 million and (iii) other current assets by approximately S\$0.3 million, offset by the increase in trade and other payables of approximately S\$1.4 million, for the reasons as disclosed above.

The Group's net cash from financing activities in FY2010 was approximately S\$2.2 million as compared to approximately S\$1.5 million in FY2009. This was due mainly to the net proceeds of S\$5.4 million from the issuance of the Placement Shares in November 2010 and a net increase in borrowings of S\$0.2 million, offset by the dividend paid of S\$1.5 million, repayment of finance lease liabilities of S\$1.5 million and interest paid of S\$0.5 million.

The Group's net cash used in investing activities in FY2010 was approximately S\$5.5 million as compared to approximately S\$3.0 million in FY2009, due mainly to the construction-in-progress at the Group's waterfront land at Penjuru Road.

**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.**

Demand for new shipbuilding orders remains slow arising from the current over-supply situation. This trend will affect sales for the Group's sterngear manufacturing business segment. However, the situation may improve with the increase in activities in the offshore, oil and gas industries in FY2011. As at 31 December 2010, the Group's order book for its sterngear manufacturing business segment was approximately S\$8.0 million.

In spite of the tough competition experienced in the ship repairing industry, the Group expects its sterngear services business segment to continue to improve. This is principally due to the recurring and mandatory requirements for ship owners and managers to maintain sea worthiness of their vessels and compliance with classification societies.

The Group has to-date committed S\$7.9 million for the construction of its new manufacturing plant located at Penjuru Road, of which the Group has paid a deposit of S\$1.2 million. Construction of the manufacturing plant has commenced and is expected to be completed by the fourth quarter of FY2011.

There is no significant development in respect of the Third Party Claim by Haven Automation Industries (S) Pte Ltd. The Company will make further appropriate announcements as and when there are material developments on this matter.

The Group will continue to look for selective investments and exploit strategic opportunities in related business and will be prudent in cash flow management in carrying out its expansion plans.

**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	1.1 cent 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.

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

**(c) Date payable**

The date payable for the proposed first and final dividend of 1.1 cent 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 1.1 cent 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 is not practicable to separate the costs, assets and liabilities for each business segment.

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

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

	Financial year ended	
	31 December 2010	31 December 2009
	(S\$'000)	(S\$'000)
Sterngear manufacturing	12,744	14,281
Sterngear services	19,287	11,993
	<u>32,031</u>	<u>26,274</u>

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 2010	31 December 2009
	(S\$'000)	(S\$'000)
Singapore	24,745	17,900
Asia <sup>(1)</sup>	6,254	7,240
Rest of the world <sup>(2)</sup>	1,032	1,134
	<u>32,031</u>	<u>26,274</u>

**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 from customers in Singapore was due mainly to an increase in demand from customers in the sterngear services business segment.

**15 A breakdown of sales as follows:**

	Group		
	Financial year ended		Increase
	31 December 2010	31 December 2009	
	(S\$'000)	(S\$'000)	(%)
Sales reported for:			
First half ended 30 June	15,161	14,017	8.2
Second half ended 31 December	16,870	12,257	37.6
	<u>32,031</u>	<u>26,274</u>	<b>21.9</b>
Net profit before deducting non-controlling interests reported for:			
First half ended 30 June	4,807	4,007	20.0
Second half ended 31 December	3,698	3,026	22.2
	<u>8,505</u>	<u>7,033</u>	<b>20.9</b>

**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 (FY2010) (S\$'000)	Previous Full Year (FY2009) (S\$'000)
<b>Total annual dividend</b>		
Ordinary – First and Final	1,876	1,551
<b>Total</b>	<b>1,876</b>	<b>1,551</b>

**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 Glenndle  
Executive Chairman and Chief Executive Officer

24 February 2011

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*This announcement and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement. This announcement 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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