

**MENCAST HOLDINGS LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200802235C)

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**CLARIFICATION TO ANNUAL REPORT 2011**

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The board of directors of the Company (the "**Board**") refers to its annual report for the financial year ended 31 December 2011 (the "**2011 Annual Report**") and the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 April 2012 whereby the SGX-ST requested that the Company explain the material discrepancies (including the purchase of property, plant and equipment) between the 2011 Annual Report and the unaudited financial statement and dividend announcement for the financial year ended 31 December 2011 announced by the Company on 28 February 2012 (the "**Preliminary Results**"). In this regard, the Board wishes to make the following disclosure:

**Statement of Cash Flows**

The Board notes that there are material discrepancies in relation to the Consolidated Statement of Cash Flows in the 2011 Annual Report and the Preliminary Results.

The discrepancies were due to the reclassification of certain balances in our Consolidated Statement of Cash Flows, and have no impact on our cash and cash equivalents at the end of the financial year.

The reclassifications are as follows:

<u>Line Item</u>	<u>Value stated in the Preliminary Results</u> (S\$ '000)	<u>Description of the change</u>	<u>Value stated in the 2011 Annual Report</u> (S\$ '000)
Purchase of property, plant and equipment	18,807	Less S\$3,795,000 representing property, plant and equipment acquired through finance leases. This amount was previously classified as proceeds from finance lease liabilities.	15,012
Proceeds from finance lease liabilities	5,184	Less (a) S\$3,795,000 representing finance lease used to purchase property, plant and equipment; and (b) S\$1,389,000 reclassified as proceeds from borrowings.	-
Proceeds from borrowings	23,027	Add S\$1,389,000 reclassified from proceeds from finance lease liabilities.	24,416

**BY ORDER OF THE BOARD**

SIM SOON NGEE GLENN DLE  
Executive Chairman and Chief Executive Officer  
23 April 2012