



Mencast Holdings Ltd.

(Incorporated in the Republic of Singapore on 30 January 2008)
(Company Registration No.: 200802235C)

News Release

Mencast's FY2009 net profit up 21.2% to S\$7.0 million

- Net profit attributable to shareholders grew 21.2% to S\$7.0 million in FY2009 on the back of a 4.8% increase in revenue to S\$26.3 million
- Robust growth in sterngear services business
- Rewards shareholders with proposed final dividend of 1.0 cent per ordinary share

S\$'000	FY2009	FY2008	Change (%)
Revenue	26,274	25,063	4.8
Gross Profit	12,439	11,285	10.2
Net Profit Attributable to Equity Holders	7,033	5,803	21.2
Earnings Per Share (cents)	4.71 ^a	4.25 ^b	12.7

^a based on weighted average of 149,401,836 shares

^b based on weighted average of 136,680,328 shares

SINGAPORE, 23 February 2010 – Mencast Holdings Ltd. and its subsidiaries ("Mencast" or the "Group"), a sterngear equipment manufacturer and sterngear services provider in Singapore, today announced a net profit attributable to shareholders of S\$7.0 million for the full-year ended 31 December 2009 ("FY2009").

Financial Overview

Total revenue of the Group rose 4.8% to S\$26.3 million in FY2009, on the back of higher revenue contribution from its sterngear services business division, due mainly to the contribution from Recon Propeller & Engineering Pte Ltd ("Recon") and the business of Denfon Engineering, following the completion of the acquisition of Recon and the business of Denfon Engineering in July 2009 and October 2009 respectively, as the focus of these entities are on the provision of sterngear services. Revenue from the sterngear services business division increased 16.1% to S\$12.0 million in FY2009, from S\$10.3 million the year



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before ("FY2008"). Revenue from the sterngear manufacturing business division declined 3.1% to S\$14.3 million in FY2009 due to the slowdown in activities in the shipbuilding industry.

Gross profit of the Group increased 10.2% to S\$12.4 million in FY2009, from S\$11.3 million in FY2008. Overall gross profit margin improved from 45.0% in FY2008 to 47.3% in FY2009 due mainly to lower raw material costs such as copper alloy and steel as compared to the significantly higher prices of the same materials in FY2008.

Other gains of the Group included an amount of S\$0.7 million due to 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.

Total operating expenses of the Group – comprising administrative expenses and finance expenses – stood at S\$5.0 million in FY2009, up from S\$3.9 million in FY2008. Administrative expenses increased by 24.0% to S\$4.7 million in FY2009 due mainly to higher manpower costs which were in line with higher business activities, and the full-year impact of directors' remuneration and recurring professional fees following Mencast's listing on the SGX Catalist in June 2008. Finance expenses increased by 177.3% to S\$0.3 million in FY2009 mainly due to the bank loans drawn down to finance the purchase of the new plant at No.12 Kwong Min Road, the drawn down of the bridging loan from SPRING Singapore partially to finance the acquisition of Recon and the business of Denfon Engineering and the increase in finance lease liabilities for the purchase of machinery and equipment.

The Group's net profit attributable to equity holders increased by 21.2% to S\$7.0 million in FY2009, which translated to basic earnings per share of 4.71 Singapore cents. The Group's net profit margin also improved from 23.2% in FY2008 to 26.8% in FY2009.

Dividend

To reward shareholders, the Board of Directors has recommended a first and final cash dividend of 1 cent per ordinary share, representing a payout ratio of approximately 22.0%.



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Outlook and Business Prospects

Despite the slight improvement in the global economy, the outlook for new shipbuilding is expected to remain subdued. The Group expects to continue to operate under challenging conditions as demand for new shipbuilding orders remain slow, which in turn could affect sales for the Group's sterngear manufacturing division. As at 31 December 2009, the Group's order book for sterngear manufacturing was approximately S\$8.4 million.

However, the Group's outlook for ship repair and ship maintenance remains reasonably positive. While the Group expects the sterngear services business to remain competitive, the Group believes that with the acquisition of Recon, the Group will be better positioned to capture a wider market for repairs and servicing of propellers.

“Despite 2009 being a recession year, we managed to expand our sterngear services business through the acquisition of Recon, increased our cash balances and turned in another good set of results this past year.

Although the economy seems to have improved, we continue to be vigilant and will continue to grow our business. We are looking out for investment opportunities in China, Indonesia and Vietnam, where we intend to set up representative offices and subsidiaries within the next two years. This year, we will focus on the construction of our new plant at our recently leased land at Tanjong Penjuru Road. The new plant is expected to be fully operational by 2011.

We believe that the long-term fundamentals for the industry remain intact and we are optimistic of the long term prospects of our businesses. We will continue our effort in containing costs and increasing productivity with the aim to grow profitability.”

**Mr Glendle Sim
Executive Chairman and Chief Executive Officer**

End of news release



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About Mencast Holdings Ltd.

The first company to achieve a listing on SGX CATALIST, Mencast is a Singapore-based sterngear equipment manufacturer and sterngear services provider for a wide range of commercial vessel applications.

Catering primarily to customers in the offshore oil and gas and marine industry for the local and regional shipyards, Mencast's clientele include some of the major players in the offshore oil and gas and marine industry.

Mencast is one of the first sterngear equipment manufacturers in Singapore to obtain the ISO9001:2000 Quality Management System. Also, it had achieved the Singapore SME 500 award for two consecutive years in 2005 and 2006.

For more information, please refer to the corporate website www.mencast.com.sg

*This news release 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 Catalist. The Sponsor has not independently verified the contents of this news release. This news release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this news release.*

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