

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

## Mencast's FY2010 earnings up 20.9% to S\$8.5 million

- Revenue increased by 21.9% to S\$32.0 million, mainly due to higher revenue contribution from sterngear services
- Proposed first and final cash dividend of 1.1 Singapore cents per ordinary share
- Group remains confident of improvement in its sterngear services segment going forward

Singapore, 24 February 2011 – Mencast Holdings Ltd. and its subsidiaries ("Mencast" or the "Group"), a sterngear equipment manufacturer and sterngear services provider in Singapore, is pleased to announce growth in both its top line and bottom line for the financial year ended 31 December ("FY") 2010.

### Financial Overview

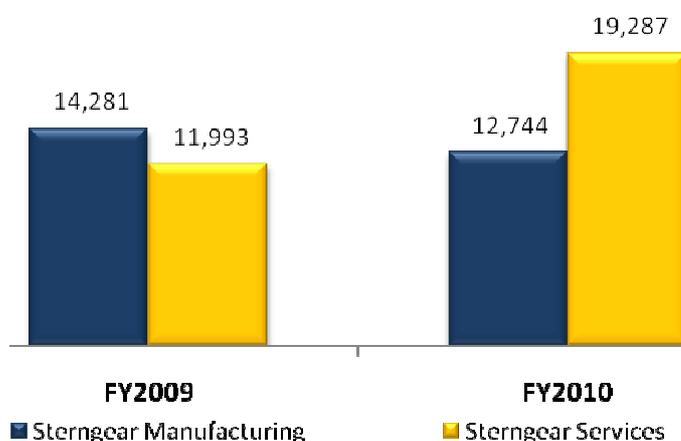
FINANCIAL HIGHLIGHTS	FY2010	FY2009	Increase
	S\$'000	S\$'000	%
Revenue	32,031	26,274	21.9
Gross Profit	15,958	12,439	28.3
Gross Profit Margin	49.8%	47.3%	-
Administrative Expenses	(6,167)	(4,438)	38.9
Net Profit Attributable to Equity Holders	8,495	7,033	20.8
Net Profit Margin	26.5%	26.8%	-
Basic Earnings Per Share (cents)*	5.39	4.71	14.4

\* Based on the weighted average of 157,657,514 shares for FY2010 (FY2009: 149,401,836 shares)

The Group's revenue increased by 21.9% to S\$32.0 million in FY2010, primarily driven by the Sterngear Services business segment as this segment registered a surge of 60.8% in revenue to S\$19.3 million in FY2010. Full year contribution from Recon Propeller & Engineering Pte Ltd ("Recon"), as well as an increase of demand for sterngear services attributed to the growth in revenue for the Sterngear Services business segment. The increase in the revenue from sterngear services was partly offset by the decrease in revenue from the Sterngear Manufacturing business segment, which recorded a decline of 10.8% in

revenue to S\$12.7 million for FY2010, mainly due to the slowdown in the activities in the ship building industry.

### **Revenue by business segments (S\$'000)**



Sterngear Services business segment contributed to approximately 60.2% to the Group's revenue in FY2010 as compared to 45.6% in FY2009. As projects under the Sterngear Services business segment commanded higher margins than those under the Sterngear Manufacturing business segment, the higher revenue contribution from the Sterngear Services business segment resulted in the Group posting a 28.3% increase in gross profit to S\$16.0 million in FY2010 and an improvement in gross profit margin from 47.3% in FY2009 to 49.8% in FY2010.

The Group recorded a 38.9% increase in administrative expenses to S\$6.2 million in FY2010, mainly due to full year expenses of Recon and rental expenses for the Group's waterfront land in Penjuru Road, for which the lease had commenced from December 2009.

The Group posted a net profit attributable to equity holders of S\$8.5 million in FY2010 as compared to S\$7.0 million in FY2009, which translated to a basic earnings per share of 5.39 Singapore cents.

***“We are pleased with this set of encouraging results against the backdrop of challenging environment in the shipbuilding industry that is still facing oversupply issues and fewer new building orders. The Sterngear Services business segment was the main revenue driver in FY2010 and we expect this segment to witness more growth in demand as ship owners and managers have to send their vessels for recurring and mandatory servicing to maintain sea worthiness and compliance with classification societies.”***

**Mr Glendle Sim, Executive Chairman & CEO**

The Board is pleased to announce that it has proposed a first and final cash dividend of 1.1 Singapore cents per ordinary share in respect of FY2010, representing a payout ratio of approximately 20.4%.

## **Outlook & Business Prospects**

The demand for new shipbuilding orders remains slow arising from the current vessel-oversupply situation. This trend will affect sales for the Group's Sterngear Manufacturing business segment. However, the situation may improve with the recent increase in offshore oil and gas activities. As at 31 December 2010, the Group's Sterngear Manufacturing business segment had an outstanding order book of 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 and compliance with classification societies.

For capacity expansion, the ongoing construction of the Group's new manufacturing plant at Penjuru Road is expected to be completed by the fourth quarter of FY2011.

Sharing his thoughts on the progress of the Group, **Mr Sim** commented, ***"Progress on our new facility is on track and the expansion is expected to contribute positively to Mencast. Going forward, we would continue to keep a vigilant stance and be prudent in managing our cash flows. However, we will be on the lookout for selective and strategic investment opportunities in related businesses."***

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## **ABOUT MENCAST HOLDINGS LTD. (Bloomberg Ticker: MCAST SP)**

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](http://www.mencast.com.sg)

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Issued for and on behalf of Mencast Holdings Ltd.

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*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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