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## Mencast registered 12.5% growth in HY2011 earnings to S\$5.4 million

- Revenue surged 60.9% to S\$24.4 million
- Order book stood at S\$18.7 million as at 30 June 2011
- With enhanced yard facilities and recent acquisitions, Mencast will be able to provide a fuller range of MRO services and tap on a much larger pool of clients in the region

Singapore, 4 August 2011 – Mencast Holdings Ltd. and its subsidiaries (“Mencast” or the “Group”), is pleased to announce another set of positive results with growth in both revenue and earnings for the six months ended 30 June (“HY”) 2011.

### Financial Overview

FINANCIAL HIGHLIGHTS	HY2011	HY2010	chg
	S\$'000	S\$'000	%
Revenue	24,401	15,161	60.9
Gross Profit	10,682	8,553	24.9
Gross Profit Margin	43.8%	56.4%	-
Administrative Expenses	(4,866)	(2,676)	81.8
Profit Before Income Tax	6,031	5,919	1.9
Net Profit Attributable to Equity Holders	5,410	4,807	12.5
Net Profit Margin	22.2%	31.7%	-
Basic Earnings Per Share (cents)*	3.17	3.10	2.3

\* Based on weighted average of 170,572,600 shares for HY2011 (HY2010: 155,066,000 shares)

Total revenue of the Group increased by 60.9% to S\$24.4 million in HY2011 due mainly to the contributions of approximately S\$11.1 million in aggregate from the two recently acquired subsidiaries, Top Great Engineering & Marine Pte Ltd (“**TGEM**”) and Unidive Marine Services Pte Ltd (“**Unidive**”).

Gross profit for the Group increased by 24.9% in HY2011 to S\$10.7 million but the gross profit margin of the Group eased off from 56.4% in HY2010 to 43.8% in HY2011. This was due mainly to the decrease in gross profit margin from the sterngear manufacturing and sterngear services business segments as a result of competitive pricing, offset by the

maiden contribution from the offshore & structure fabrication and topside & subsea services business segments.

The Group's administrative expenses increased substantially by 81.8% to S\$4.9 million in HY2011 mainly due to the administrative expenses of approximately S\$1.9 million attributable to TGEM and Unidive following the completion of their acquisitions and rental expenses of approximately S\$0.2 million attributable to the Group's additional land in Penjuru Road for which the lease had commenced from March 2011.

Due to the lower effective tax rate from higher capital allowances claimed under the Singapore Government's Productivity & Innovation Credit Scheme during HY2011, the Group's income tax expenses decreased by 44.2% to S\$0.6 million in HY2011.

The Group's net profit attributable to equity holders increased by 12.5% to S\$5.4 million in HY2011 and the basic earnings per share improved from 3.10 cents in HY2010 to 3.17 cents in HY2011. The Group had robust cash flows from operating activities of S\$6.8 million in HY2011. The balance sheet of the Group remains healthy with S\$14.8 million of cash and cash equivalents and a net gearing of about 22% as at 30 June 2011.

***“Our new acquisitions have added value to the Group in terms of new revenue streams and an expanded products and services range.”***

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

### **Outlook & Business Prospects**

The shipbuilding industry remains sluggish in the region and new orders remain subdued. This scenario will have an effect on the sales for the Group's sterngear manufacturing business segment. To mitigate this, **Mr Sim** commented, ***“Though the shipbuilding industry poses concerns, with Mencast being a provider of maintenance, repair and overhaul (MRO) services to the offshore and marine industries, we remain optimistic on the vessel MRO segment which has seen an increase in fleet size and offshore activity in the region, resulting in higher demand for MRO services.”***

**Mr Sim** further added about the recent acquisitions, ***“In addition, the recent acquisitions have given us the opportunity to tap on a much larger pool of clients in the region with a comprehensive range of MRO services. With TGEM's vessel engineering-systems installing capabilities and Unidive's rope-access and diving MRO services, I am confident about the Group in being able to create synergies in terms of our MRO service offerings.”***

Besides the acquisitions, the construction works at the Group's waterfront facility are on track and the facility is expected to obtain the temporary occupation permit for its production facility in the later part of this year. **Mr Sim** added on the prospects of this facility, ***“Our waterfront facility will have 40,000 square meters of yard space and we will be able to accommodate manufacturing and servicing work for the container-shipping and tanker markets over and above the traditional offshore supply vessels market.”***

In terms of order book, the Group has S\$18.7 million of orders as at 30 June 2011. Of these, S\$8.3 million was attributable to the Group's sterngear manufacturing business segment, S\$5.2 million for the Group's offshore & structure fabrication business segment and S\$5.2 million for the Group's topside & subsea services business segment.

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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)

*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 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. The Sponsor 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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Issued for and on behalf of Mencast Holdings Ltd.

By Financial PR Pte Ltd

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