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Mencast earnings jumped by 81% in 1Q2013

- Revenue increased 17.80% to S\$18.1 million, mainly on higher contributions from Marine segment and maiden contribution from the new segment, Energy Services
- Gross profit margin improved from 29.11% to 34.00%
- Components in place to embark on the next growth phase; near term growth catalyst is the expected completion of new production facility in 2nd half of FY2013

Singapore, 13 May 2013 – Mencast Holdings Ltd. and its subsidiaries (“Mencast” or the “Group”), a Mainboard listed and Singapore-based maintenance, repair and overhaul (“MRO”) provider comprising Marine, Offshore & Engineering and Energy Services, is pleased to report an 81.3% increase in net profit after tax to S\$2.0 million for the three months ended 31 March 2013 (“1Q2013”). A table on the financial highlights is provided below:

| FINANCIAL HIGHLIGHTS | 1Q2013 | 1Q2012 | chg |
|-----------------------------------|---------|---------|-------|
| | S\$'000 | S\$'000 | % |
| Revenue | 18,093 | 15,359 | 17.80 |
| Gross Profit | 6,151 | 4,471 | 37.58 |
| <i>Gross Profit Margin</i> | 34.00% | 29.11% | - |
| Other Gains | 242 | 82 | NM |
| Administrative Expenses | (3,970) | (3,207) | 23.79 |
| Net Profit After Tax | 1,969 | 1,086 | 81.31 |
| <i>Net Profit Margin</i> | 10.88% | 7.07% | - |
| Basic Earnings Per Share (cents)* | 0.91 | 0.57 | 59.65 |

* Based on weighted average of 227,038,000 shares for 1Q2013 (1Q2012: 189,613,000 shares)

^NM denotes not meaningful

Financial Overview

The Group reported revenue of S\$18.1 million in 1Q2013, a 17.80% jump from S\$15.4 million in 1Q2012. The increase in revenue was driven by strong improvement in the Marine segment, along with maiden contributions from the new Energy Services segment, offset by a marginal decline in contribution from the Offshore & Engineering segment.

| Segmental Revenue | Q12013 | | Q12012 | |
|------------------------|-----------|--------|-----------|--------|
| | (S\$'000) | (%) | (S\$'000) | (%) |
| Marine | 11,373 | 62.86 | 9,193 | 59.85 |
| Offshore & Engineering | 5,704 | 31.53 | 6,166 | 40.15 |
| Energy Services | 1,016 | 5.61 | - | - |
| Total | 18,093 | 100.00 | 15,359 | 100.00 |

1) Offshore & Engineering includes offshore structures, engineering, manufacturing, inspection and maintenance. This includes rope access services

2) Marine Services includes stearngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. This includes diving services

3) Energy includes oil sludge and slop reclamation, hydro cleaning oil and gas tanks, encapsulation of wastes prior to landfill disposal and design and launch carbon footprint management initiatives and green initiatives

Revenue from the Marine segment increased by 23.71% to S\$11.4 million in 1Q2013 as a result of higher revenue from sterngear manufacturing due to the completion of jobs with major shipyards. In addition, revenue was also boosted from diving services on the completion of backlog of jobs from 4Q2012 as well as jobs from new customers.

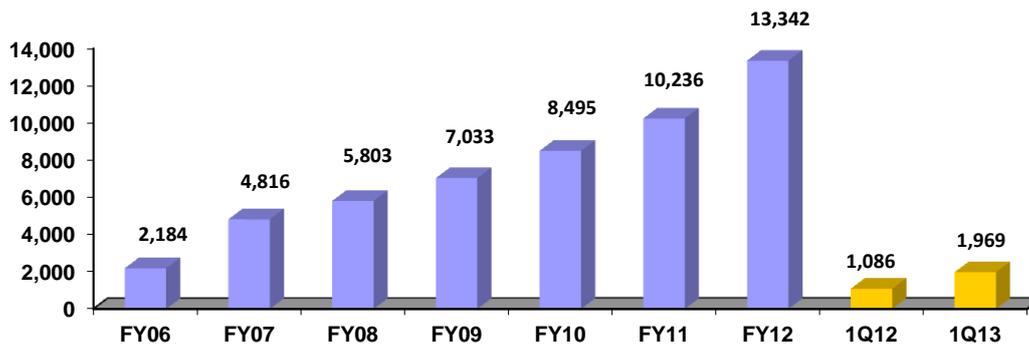
Meanwhile, newly acquired subsidiary Vac-Tech Engineering Pte Ltd contributed S\$1.0 million in revenue for the Group's Energy Services segment in 1Q2013. There was no contribution in 1Q2012 as Vac-Tech was acquired in the second half of FY2012.

The increase in Group's revenue was offset slightly by a 7.49% year-on-year decline in the Offshore & Engineering segment's revenue to S\$5.7 million in 1Q2013 as certain major customers requested to delay projects to 2Q2013. The impact on the decline was softened by an increase in demand for rope access services within the Offshore & Engineering segment.

Gross profit was lifted significantly by 37.58% to S\$6.2 million for 1Q2013 as cost of sales increased at a slower pace in relation to revenue. This was mainly due to additional billings to customers upon successful negotiations of variation orders, for which the majority of costs were accrued in FY2012 in accordance to prudent accounting policies.

In the course of expanding the Group's operations, administrative expenses registered an increase of 23.79% to S\$4.0 million in 1Q2013 due to the recruitment of key personnel as well as higher fixed costs in relation to the new properties at 42E and 42B Penjuru Road.

Consequently, the Group's net profit increased 81.31% to S\$2.0 million for 1Q2013, compared to S\$1.1 million in 1Q2012. This translated into basic earnings per ordinary share of 0.91 Singapore cents in 1Q2013 (1Q2012: 0.57 Singapore cents).



(Net profit in S\$'000)

Outlook & Business Prospects

Commenting on the Group’s prospects, Mr Glendle Sim, Executive Chairman & CEO of Mencast, said, *“Mencast has started Q12013 strongly in tandem with our financial track record. Looking ahead, FY2013 will be a year where we concentrate our efforts into preparing for the next phase of growth.*

Apart from offering a comprehensive range of services in a single package through our three business segments, the Group will also ramp up production at our new facility, 42B Penjuru Road where TOP was obtained in April 2013. Through the steadfast execution of our “Triple Play” strategy (Capacity Expansion, M&A and New Revenue Streams), we will continue to establish ourselves firmly as the leading MRO player.”

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ABOUT MENCAS HOLDINGS LTD. (Bloomberg Ticker: MCAST SP)

Listed on SGX-Catalist on 25 June 2008 and transferred to SGX-Mainboard on 14 December 2011, Mencast Group is a Singapore-based marine maintenance, repair and overhaul ("Marine MRO") provider comprising Marine, Offshore & Engineering and Energy Services. As an industry leader in sterngear equipment manufacturing and servicing, the Group specializes in the provision of propeller and sterngear products and services for a wide range of vessels catering to customers worldwide in the Marine and Offshore Oil and Gas industries.

Mencast's Offshore & Engineering services include offshore structures, engineering, manufacturing, inspection and maintenance, including rope access services. Marine services include sterngear manufacturing and refurbishment works, ship inspection, repair & maintenance services and engineering & fabrication works. It also includes diving services. For the Energy segment, services provided encompasses oil sludge and slop reclamation, hydro cleaning oil and gas tanks, encapsulation of wastes prior to landfill disposal and design and launch carbon footprint management initiatives and green initiatives.

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

Issued for and on behalf of Mencast Holdings Ltd.

By Financial PR Pte Ltd

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