



SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Mencast continues its expansion strategy with the proposed acquisition of Unidive Marine Services for S\$14.85 million

- **Unidive and its subsidiaries are principally engaged in the business of provision of a full range of topside (rope access) and subsea (diving) services for offshore and inshore marine industry, particularly in inspections, repairs and maintenance**
- **The acquisition will provide Mencast with a new earnings stream from the lucrative inspections, repairs and maintenance business**
- **Acquisition will be funded by a combination of (1) cash and/or borrowings; and (2) allotment and issuance of new shares**

Singapore, 21 June 2011 – Mencast Holdings Ltd. and its subsidiaries (“**Mencast**” or the “**Group**”), a sterngear equipment manufacturer and sterngear services provider in Singapore, has today entered into a sale and purchase agreement with Tan Eng Hoe Edwin and Ong Yong Chye (Wang Yongcai) (collectively the “**Vendors**”) to acquire (the “**Proposed Acquisition**”) the entire issued and paid-up share capital of Unidive Marine Services Pte Ltd (“**Unidive**”).

Unidive, together with its subsidiaries (the “**Unidive Group**”), is principally engaged in the business of the provision of a full range of topside (rope access) and subsea (diving) services for the offshore and inshore marine industry, particularly in inspections, repairs and maintenance.

The unaudited profit before income tax of the Unidive Group was approximately S\$3.17 million for the financial year ended 31 December 2010. The unaudited net asset value of the Unidive Group as at 31 December 2010 was approximately S\$6.78 million.

Purchase consideration for the Proposed Acquisition

The aggregate consideration for the Proposed Acquisition will be S\$14.85 million (the “**Purchase Consideration**”), of which S\$12.425 million will be satisfied in cash and the balance S\$2.425 million will be satisfied by the allotment and issuance by the Group to the Vendors, of new ordinary shares (“**Consideration Shares**”)¹ in the capital of the Mencast, *via* four payment tranches.

The Vendors have jointly and severally warranted to Mencast that the Unidive Group shall achieve an aggregate audited net profit after tax (the “**NPAT**”) of not less than S\$6.6 million (the “**Profit Warranty**”) within the 2-year period from 1 June 2011 to 31 May 2013 (“**Relevant Period**”). In the event that the Unidive Group fails to achieve the Profit Warranty within the Relevant Period, the 4th payment tranche of the Purchase Consideration shall be adjusted downwards in accordance with the following formula:

$$\frac{\text{Actual NPAT for the Relevant Period}}{\text{S\$6.6 million}} \times \text{S\$14.85 million}$$

Rationale for the Proposed Acquisition

The Group’s current core business is in marine maintenance, repair and overhaul (“**Marine MRO**”), focusing on high precision, time sensitive and mission critical work. The Group is one of the leading players in the manufacturing and servicing of sterngear equipment and propellers segment of the Marine MRO industry, with both offshore and marine clients.

The Proposed Acquisition provides the Group with a new earnings stream from the lucrative inspections, repairs and maintenance business, which is a subset of the Group’s Marine MRO business. The Unidive Group’s inspection capabilities put it in a unique position to refer service and manufacturing opportunities to the Group and could become an invaluable proprietary channel to sell the Group’s products and services.

“The expansion momentum through acquisitions continues for Mencast and we are pleased with the proposed acquisition of Unidive to add another earnings-accretive company under our Group. This acquisition represents an excellent opportunity for the Group to expand the range of Marine MRO services that it provides and leverage on the good client base, industry reputation and accreditations that the Group has developed over the years. This acquisition also allows us to achieve better economies of scale and leverage on the positive synergies between the Group and the Unidive Group to strengthen our value proposition to attract new clients and retain existing ones.”

Mr Glendle Sim, Executive Chairman & CEO

¹ The issue price for the Consideration Shares shall be determined based on the weighted average price of the shares of Mencast for trades done on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the ninety business days period prior to the date of completion of the Proposed Acquisition or S\$0.410, whichever is higher, subject to a maximum issue price of S\$0.60.

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

The first company to achieve a listing on SGX-CATALIST, Mecast 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, Mecast's clientele include some of the major players in the offshore oil and gas and marine industry.

Mecast 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.mecast.com.sg

Issued for and on behalf of Mecast Holdings Ltd.

By Financial PR Pte 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. The Sponsor and the SGX-ST assume 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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