

XMH Holdings Ltd.

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FOR IMMEDIATE RELEASE

Strong start to FY2013 for XMH as earnings jump 42% y-o-y to S\$2.2 million in 1QFY2013

- Revenue soared 79% y-o-y to S\$21.9 million mainly as customers took delivery of back-log orders from the Group
- Net cash position well supported by solid cash balance of S\$51.5 million, the Group in a sweet spot for growth
- To expand both product range and geographical presence to increase competitive edge

Singapore, 13 September 2012 – XMH Holdings Ltd., (“XMH”, “新明华控股” or the “Group”), a diesel engine, propulsion and power generating solution provider in the marine and industrial sectors, is pleased to report net profit attributable to shareholders of S\$2.2 million for the three months ended 31 July 2012 (“1QFY2013”).

Financial Highlights

	1QFY2013 S\$'000	1QFY2012 S\$'000	Change %
Revenue	21,916	12,270	78.6
Gross Profit	6,209	3,340	85.9
Gross Profit Margin	28.3%	27.2%	-
Operating Expenses *	1,865	1,351	38.0
Net Profit Attributable to Shareholders	2,166	1,525	42.0
Net Margin	9.9%	12.4%	-

Basic Earnings Per Ordinary Share (Singapore cents) #	0.56	0.38	47.4
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* Operating expenses include distribution expenses and administrative expenses

Based on weighted average number of shares taken as 386,261,003 for 1QFY2013 (1QFY2012: 400,000,003 shares)

1QFY2013 Analysis

The Group's revenue leapt 79% year-on-year ("y-o-y") to S\$21.9 million in 1QFY2013. This was largely due to clearing of back-log orders from customers during the quarter under review. The Group was adversely affected in the past quarters as customers delayed taking delivery of goods due to unfavorable exchange rates. The management thus, worked very closely with the customers during the quarter to convince them to take delivery of outstanding orders.

Gross profit jumped 86% y-o-y to S\$6.2 million while gross profit margin inched upwards to 28.3% in 1QFY2013 as compared to 27.2% in 1QFY2012. The growth was consistent with higher sales activities during the financial quarter under review.

Operating expenses (inclusive of distribution expenses and administrative expenses) were kept under tight lid at about 8% of the Group's revenue in 1QFY2013 (1QFY2012: 11%). This was made possible with the management executing tighter cost control measures during the quarter.

The Group incurred S\$1.5 million worth of foreign exchange loss in 1QFY2013 arising from translation of functional currency to the Group's reporting currency. Despite material foreign exchange related costs recorded in 1QFY2013, the Group reported net profit attributable to shareholders of S\$2.2 million, an impressive jump of 42% y-o-y from S\$1.5 million in 1QFY2012. This translates to basic earnings per ordinary share of 0.56 Singapore cents in 1QFY2013 (1QFY2012: 0.38 Singapore cents).

"I am pleased with the progress we made in clearing our back-logs with our customers. This has translated positively to our financial performance and also our operating cash flow. Our balance sheet remained strong and well-supported by healthy cash balance of S\$51.5 million as at 31 July 2012.

I believe this will place XMH in a comfortable spot to capitalize on our internal resources for further organic growth, and growth through M&A."

***Mr Elvin Tan Tin Yeow
Chairman and CEO***

Market outlook

The European debt crisis, weakening growth of USA and reports on new emerging markets exhibiting slowdown in growth continued to add pressure and uncertainties to the world economy.

Mr. Elvin Tan, elaborated more on how the Group intends to navigate through these challenges, ***“We are taking this opportunity to expand our business organically to build up our immunity against business cycles. Apart from increasing our portfolio with new principals and agencies, we are capitalizing our extensive product knowledge to supply more in-house solutions like XMH-IPS and E-Gen, where we provide a one-stop solution package to meet our customers’ needs. We have recently secured contracts over S\$3.0 million under XMH-IPS and we are working on several related sales leads.*”**

We are gradually stepping up on our geographical reach as well, moving into new markets like India, Vietnam and Myanmar. Keen marketing efforts are underway and we hope to see breakthrough in sales soon.

We remained watchful of the market situation and will continuously review and evaluate our business strategies at effective pulses to stay relevant.”

--- The End---

ABOUT XMH HOLDINGS LTD (Bloomberg Ticker: XMH SP)

XMH Holdings Ltd is a diesel engine, propulsion and power generating solutions provider in the marine and industrial sectors. The Group’s business activities may be broadly categorised into the following: (i) distribution and provision of value-added products and services; and (ii) after-sales services, trading and others. The Group’s marine products are marketed to shipyards, vessel owners and dealers whilst its industrial products are distributed to hotel proprietors, building owners and main contractors for a wide range of applications.

The Group has been granted distributorship, agency or dealership rights from reputable brands such as Mitsubishi, Akasaka and Kamome (Japan), Hyundai, D-I and Doosan (South Korea), SOLÉ, Korsør, Reintjes, CENTA (Europe), Guangzhou Diesel (China) and Mentrade (Singapore) to distribute and sell a large variety of products which include marine and industrial engines, power generating sets and related components.

The Group also leverages on its technical know-how and wide product range of marine and industrial diesel engines, power generating sets, genuine spare parts and related components to provide value-added products and solutions which include “e-Gen”, its in-house range of power generating sets and “XMH IPS”, a one-stop integrated solution to vessel owners requiring diesel engine (or electricity) driven propeller-based propulsion systems to power its vessels.

For more information please visit www.xmh.com.sg

United Overseas Bank Limited (“UOB”) was the manager, underwriter and placement agent for the initial public offering of XMH Holdings Ltd.. UOB assumes no responsibility for the contents of this announcement.

Issued for and on behalf of XMH Holdings Ltd.

By Financial PR Pte Ltd

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