



XMH HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201010562M)

FOURTH QUARTER (“4Q2013”) AND FULL YEAR (“FY2013”) FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 APRIL 2013

1(a)(i) A consolidated statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	4Q2013	4Q2012	Change	FY2013	FY2012	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	29,650	26,135	13.4%	97,645	62,249	56.9%
Cost of sales	(23,563)	(20,046)	17.5%	(74,727)	(46,593)	60.4%
Gross profit	6,087	6,089	(0.0%)	22,918	15,656	46.4%
Other income	962	103	Nm	1,084	3,938	(72.5%)
Distribution expenses	(1,782)	(1,250)	42.6%	(4,725)	(3,288)	43.7%
Administrative expenses	(2,163)	(1,774)	21.9%	(5,109)	(4,254)	20.1%
Other expenses	-	-	Nm	-	(678)	Nm
Results from operating activities	3,104	3,168	(2.0%)	14,168	11,374	24.6%
Finance income	553	649	(14.8%)	258	835	(69.1%)
Finance costs	(1)	(64)	(98.4%)	(921)	(542)	69.9%
Net finance income/(costs)	552	585	(5.6%)	(663)	293	Nm
Profit before tax	3,656	3,753	(2.6%)	13,505	11,667	15.8%
Tax expense	(149)	(870)	82.9%	(2,074)	(2,153)	(3.7%)
Profit for the period/year	3,507	2,883	21.6%	11,431	9,514	20.1%
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company	(2,468)	748	Nm	(5,870)	592	Nm
Impairment loss on available-for-sale financial assets transferred to profit or loss	-	62	Nm	-	501	Nm
Net changes in the fair value of available-for-sale financial assets	24	(49)	Nm	99	(193)	Nm
Deferred tax arising from available-for-sale financial assets	(4)	(2)	(100.0%)	(17)	(52)	67.3%
Other comprehensive (expenses)/income for the period/year, net of tax	(2,448)	759	Nm	(5,788)	848	Nm
Total comprehensive income for the period/year	1,059	3,642	(70.9%)	5,643	10,362	(45.5%)
Profit attributable to owners of the Company	3,507	2,883	21.6%	11,431	9,514	20.1%
Total comprehensive income attributable to owners of the Company	1,059	3,642	(70.9%)	5,643	10,362	(45.5%)

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1(a)(ii) The statement of comprehensive income is arrived after (charging)/crediting the following:

	Group					
	4Q2013	4Q2012	Change	FY2013	FY2012	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	28	43	(34.9%)	156	91	71.4%
Dividend income	5	35	(85.7%)	41	141	(70.9%)
Depreciation of property, plant and equipment	(83)	(140)	(40.7%)	(357)	(360)	(0.8%)
Interest expenses on borrowings	(1)	-	Nm	(1)	(41)	(97.6%)
Foreign exchange gains/(losses)	514	294	74.8%	(920)	326	Nm
Impairment loss on available-for-sale financial assets transferred to profit or loss	-	(62)	Nm	-	(501)	Nm
Reversal of allowance for doubtful receivables	-	1	Nm	-	1	Nm
Reversal of allowance for inventory obsolescence	-	26	Nm	-	26	Nm
Gain on disposal of available-for-sale financial assets	-	259	Nm	-	259	Nm
Net changes in fair value of financial assets at fair value through profit or loss	7	(3)	Nm	60	17	Nm
Forfeited deposits from customers	708	-	Nm	708	3,656	(80.6%)
Gain on disposal of property, plant and equipment	-	28	Nm	3	28	(89.3%)

Nm denotes not meaningful

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1(b)(i) A statement of financial position (for the Company and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 April 2013	30 April 2012	30 April 2013	30 April 2012
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	1,964	1,975	-	-
Land lease prepayment	7,916	-	-	-
Intangible assets	167	-	-	-
Other financial assets	3,073	6,822	-	-
Investment in subsidiaries	-	-	900	900
Club memberships	486	306	-	-
Deferred tax assets	12	13	-	-
	13,618	9,116	900	900
Current assets				
Inventories	15,964	26,118	-	-
Trade and other receivables	6,638	14,967	10,125	1,769
Cash and cash equivalents	43,687	39,233	9,860	16,921
	66,289	80,318	19,985	18,690
Total assets	79,907	89,434	20,885	19,590
Equity attribute to owners of the Company				
Share capital	21,068	21,068	21,068	21,068
Treasury shares	(2,554)	(2,218)	(2,554)	(2,218)
Reserves	(7,712)	(2,119)	280	85
Accumulated profits/(losses)	33,398	25,829	(386)	(931)
Total equity	44,200	42,560	18,408	18,004
Current liabilities				
Trade and other payables	33,727	45,121	2,477	1,586
Loan and borrowings	342	-	-	-
Current tax payable	1,638	1,753	-	-
	35,707	46,874	2,477	1,586
Total liabilities	35,707	46,874	2,477	1,586
Total equity and liabilities	79,907	89,434	20,885	19,590

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1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

- Secured

GROUP	
30 April 2013	30 April 2012
S\$'000	S\$'000
342	-

The Group has certain banking facilities which are secured by the following:

- (a) Legal mortgage on a leasehold building of a subsidiary; and
- (b) Corporate guarantee by the Company.

**Financial Statements and Dividend Announcement
For the financial quarter ended 30 April 2013**

1(c) A consolidated statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	FY2013	FY2012
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the year	11,431	9,514
Adjustments for:		
Depreciation of property, plant and equipment	357	360
Share-based payment expenses	195	85
Reversal of allowance for inventory obsolescence	-	(26)
Interest income	(156)	(91)
Interest expense	1	41
Dividend income	(41)	(141)
Net changes in fair value of financial assets at fair value through profit or loss	(60)	(17)
Impairment loss of available-for-sale financial assets	-	501
Gain on disposal of available-for-sale financial assets	-	(259)
Gain on disposal of property, plant and equipment	(3)	(28)
Reversal of allowance for impairment loss on trade receivables	-	(1)
Net foreign exchange losses/(gains)	920	(326)
Tax expense	2,074	2,153
	<u>14,718</u>	<u>11,765</u>
Change in inventories	10,154	(7,664)
Change in trade and other receivables	8,329	(8,609)
Change in trade and other payables	(11,394)	5,830
Cash generated from operating activities	<u>21,807</u>	<u>1,322</u>
Income taxes paid	(2,212)	(2,613)
Net cash generated from/(used in) operating activities	<u>19,595</u>	<u>(1,291)</u>
Cash flows from investing activities		
Interest received	156	91
Dividend received	41	141
Proceeds from sale of property, plant and equipment	3	41
Investments in structured deposits	(1,981)	(4,248)
Proceeds from maturity of structured deposits	5,227	-
Proceeds from sale of available-for-sale financial assets	-	1,893
Purchase of available-for-sale financial assets	-	(2,017)
Acquisition of property, plant and equipment	(772)	(1,308)
Land lease prepayment	(8,419)	-
Purchase of club membership	(186)	-
Purchase of intangible assets	(175)	-
Net cash used in investing activities	<u>(6,106)</u>	<u>(5,407)</u>
Cash flows from financing activities		
Proceeds from borrowings	383	1,072
Repayment of borrowings	-	(3,388)
Purchase of treasury shares	(336)	(2,218)
Dividends paid	(3,862)	(4,000)
Interest paid	(1)	(41)
Net cash used in financing activities	<u>(3,816)</u>	<u>(8,575)</u>
Net increase/(decrease) in cash and cash equivalents	9,673	(15,273)
Cash and cash equivalents at beginning of the year	39,233	53,862
Effect of exchange rate fluctuations on cash held	(5,219)	644
Cash and cash equivalents at end of the year	<u>43,687</u>	<u>39,233</u>

**Financial Statements and Dividend Announcement
For the financial quarter ended 30 April 2013**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group						
	Share capital	Treasury shares	Share option reserve	Fair value reserve	Foreign currency translation reserve	Accumulated Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 May 2012	21,068	(2,218)	85	27	(2,231)	25,829	42,560
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	11,431	11,431
Other comprehensive income/(expense)							
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company	-	-	-	-	(5,870)	-	(5,870)
Net changes in the fair value of available-for-sale financial assets	-	-	-	99	-	-	99
Deferred tax arising from available-for-sale financial assets	-	-	-	(17)	-	-	(17)
Total other comprehensive income	-	-	-	82	(5,870)	-	(5,788)
Total comprehensive income for the year	-	-	-	82	(5,870)	11,431	5,643
Transaction with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	-	-	(3,862)	(3,862)
Share-based payment transactions	-	-	195	-	-	-	195
Purchase of treasury shares	-	(336)	-	-	-	-	(336)
Total transaction with owners	-	(336)	195	-	-	(3,862)	(4,003)
At 30 April 2013	21,068	(2,554)	280	109	(8,101)	33,398	44,200

Financial Statements and Dividend Announcement

For the financial quarter ended 30 April 2013

Group							
Share capital	Treasury shares	Share option reserve	Fair value reserve	Foreign currency translation reserve	Accumulated Profits	Total	
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
At 1 May 2011	21,068	-	-	(229)	(2,823)	20,315	38,331
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	9,514	9,514
Other comprehensive income/(expense)							
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company	-	-	-	-	592	-	592
Impairment loss on available-for-sale financial assets transferred to profit or loss	-	-	-	501	-	-	501
Net changes in the fair value of available-for-sale financial assets	-	-	-	(193)	-	-	(193)
Deferred tax arising from available-for-sale financial assets	-	-	-	(52)	-	-	(52)
Total other comprehensive income	-	-	-	256	592	-	848
Total comprehensive income for the year	-	-	-	256	592	9,514	10,362
Transaction with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	-	-	(4,000)	(4,000)
Share-based payment transactions	-	-	85	-	-	-	85
Purchase of treasury shares	-	(2,218)	-	-	-	-	(2,218)
Total transaction with owners	-	(2,218)	85	-	-	(4,000)	(6,133)
At 30 April 2012	21,068	(2,218)	85	27	(2,231)	25,829	42,560

Company					
Share capital	Treasury shares	Share option reserve	Accumulated losses	Total	
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
At 1 May 2012	21,068	(2,218)	85	(931)	18,004
Profit for the year	-	-	-	4,407	4,407
Dividend to equity holders	-	-	-	(3,862)	(3,862)
Share based payment transactions	-	-	195	-	195
Purchase of treasury shares	-	(336)	-	-	(336)
At 30 April 2013	21,068	(2,554)	280	(386)	18,408
At 1 May 2011	21,068	-	-	(1,199)	19,869
Profit for the year	-	-	-	4,268	4,268
Dividend to equity holders	-	-	-	(4,000)	(4,000)
Share based payment transactions	-	-	85	-	85
Purchase of treasury shares	-	(2,218)	-	-	(2,218)
At 30 April 2012	21,068	(2,218)	85	(931)	18,004

**Financial Statements and Dividend Announcement
For the financial quarter ended 30 April 2013**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Purchase of treasury shares

The Company undertook a share buy-back during the period. As at 30 April 2013, the Company's issued and fully paid up capital (excluding treasury shares) comprises 385,004,003 (30 April 2012: 386,261,003) ordinary shares. The changes during 4Q2013 and 4Q2012 are set out below.

4Q2013	
Number of shares	Share Capital (S\$)
As at 1 February 2013	386,161,003 21,067,947
Purchase of treasury shares	(1,157,000) -
As at 30 April 2013	385,004,003 21,067,947

4Q2012	
Number of shares	Share Capital (S\$)
As at 1 February 2012	391,964,003 21,067,947
Purchase of treasury shares	(5,703,000) -
As at 30 April 2012	386,261,003 21,067,947

The number of treasury shares held by the Company represents 3.90% (30 April 2012: 3.56%) of the total number of issued shares (excluding treasury shares) of the Company as at 30 April 2013.

The total consideration for the purchase of treasury shares since the launch of the share buy-back scheme was S\$2,554,000 for a total of 14,996,000 shares.

XMH Share Option Scheme

The Company granted 3,819,000 share options to the eligible participants of the Company and its subsidiaries under the XMH Share Option Scheme on 19 September 2011. The Company granted a further 6,600,000 share options to the eligible participants on 11 September 2012. As at 30 April 2013, the outstanding balance of unexercised options under the XMH Share Option Scheme totaled 10,419,000 (30 April 2012: 3,819,000) or 2.60% of total issued shares in the capital of the Company.

**Financial Statements and Dividend Announcement
For the financial quarter ended 30 April 2013**

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	30 April 2013	30 April 2012
Total number of shares issued	400,000,003	400,000,003
Less: Treasury shares	(14,996,000)	(13,739,000)
Issued shares excluding treasury shares	385,004,003	386,261,003

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures for the quarters ended 30 April 2012 and 30 April 2013 have not been audited or reviewed by auditors.

- 3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.**

The Group has adopted the following new and revised Financial Reporting Standard (FRS) which came into effect on or after 1 January 2012:

- Amendments to FRS 107 Disclosures – Transfers of Financial Assets
- Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets

Other than those FRS mentioned above, there were no changes in accounting policies and methods of computation adopted in financial statements for the current reporting period as compared to the most recent audited financial statements for the year ended 30 April 2012.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new and revised FRS and interpretation to FRS did not have significant impacts on the results of the Group and of the Company for the financial year ended 30 April 2013.

**Financial Statements and Dividend Announcement
For the financial quarter ended 30 April 2013**

6. Earnings per ordinary share (“EPS”) of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period based on net profit attributable to shareholders:-

	Group			
	4Q2013	4Q2012	FY2013	FY2012
EPS (based on consolidated net profit attributable to equity holders):-				
a) Based on the weighted average number of ordinary shares in issue (cents)	0.91	0.73	2.96	2.40
b) On a fully diluted basis (cents)	0.90	0.73	2.93	2.40
Weighted average number of shares in issue during the period used in the computing of EPS	385,774,250 ⁽¹⁾	393,672,636 ⁽¹⁾	386,130,535 ⁽¹⁾	395,650,140 ⁽¹⁾
Weighted average number of shares on fully diluted basis during the period used in the computing of EPS	388,899,375 ⁽³⁾	394,577,428 ⁽²⁾	389,512,233 ⁽³⁾	396,468,252 ⁽²⁾

- (1) The figures are computed taking into account the purchase of treasury shares during the period
(2) The figures are computed taking into account the purchase of treasury shares and the potential ordinary shares to be issued for the share options granted in September 2011.
(3) The figures are computed taking into account the purchase of treasury shares and the potential ordinary shares to be issued for the share options granted in September 2011 and September 2012.

7. Net asset value (for the Company and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- a) current financial period reported on; and
b) immediately preceding financial year**

	Group		Company	
	30 April 2013	30 April 2012	30 April 2013	30 April 2012
Net asset value per ordinary share based on existing share capital (cents)	11.48	11.02	4.78	4.66
Number of shares at end of the period	385,004,003	386,261,003	385,004,003	386,261,003

**Financial Statements and Dividend Announcement
For the financial quarter ended 30 April 2013**

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Notes to the statement of comprehensive income

Quarter ended 30 April 2013 ("4Q2013") vs quarter ended 30 April 2012 ("4Q2012")

(i) Revenue

The increase in revenue of approximately S\$3.5 million or 13.4% from approximately S\$26.1 million for 4Q2012 to approximately S\$29.7 million for 4Q2013 was due mainly to an increase in revenue of approximately S\$2.5 million generated from the "distribution" business segment.

(ii) Cost of Sales and Gross Profit Margin

Cost of sales increased by approximately S\$3.5 million or 17.5% from approximately S\$20.0 million for 4Q2012 to approximately S\$23.6 million for 4Q2013, in line with the increase in the Group's revenue.

Gross profit for both 4Q2012 and 4Q2013 remain the same at approximately S\$6.1 million. There was a decrease in the gross profit margin of approximately 2.8% points from 23.3% for 4Q2012 to 20.5% for 4Q2013. This was primarily due to the lower margin from the "distribution" business segment.

(iii) Other Income

Other income increased was due mainly to the one-time gain in 4Q2013 arising from the deposit forfeited from a customer.

(iv) Distribution Expenses

Distribution expenses increased by approximately S\$0.5 million from approximately S\$1.3 million for 4Q2012 to approximately S\$1.8 million for 4Q2013. This was mainly due to the increase in payroll expenses of approximately S\$0.4 million and marketing & promotion costs of approximately S\$0.1 million.

(v) Administrative Expenses

Administrative expenses increased by approximately S\$0.4 million from approximately S\$1.8 million for 4Q2012 to approximately S\$2.2 million for 4Q2013. This was mainly due to the increase in payroll expenses.

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(vi) Net Finance Income

In 4Q2013, the Group registered net finance income of approximately S\$0.6 million as compared to the net finance income of approximately S\$0.6 in 4Q2012. The net finance income for 4Q2013 comprised mainly unrealised foreign exchange gain.

Full Year ended 30 April 2013 (“FY2013”) vs Full Year ended 30 April 2012 (“FY2012”)

(i) Revenue

The increase in revenue of approximately S\$35.4 million or 56.9% from approximately S\$62.2 million for FY2012 to approximately S\$97.6 million for FY2013 was due mainly to an increase in revenue of approximately S\$31.5 million generated from the “distribution” business segment.

(ii) Cost of Sales and Gross Profit Margin

Cost of sales increased by approximately S\$28.1 million or 60.4% from approximately S\$46.6 million for FY2012 to approximately S\$74.7 million for FY2013, in line with the increase in the Group’s revenue.

Gross profit increased by approximately S\$7.2 million or 46.4% from approximately S\$15.7 million for FY2012 to approximately S\$22.9 million for FY2013. There was a decrease in the gross profit margin of approximately 1.7% points from 25.2% for FY2012 to 23.5% for FY2013. This was primarily due to the lower margin from the “distribution” business segment.

(iii) Other Income

Other income decreased by approximately S\$2.9 million. This was due mainly to one-off gain of S\$3.7 million recognised in FY2012 arising from the deposit forfeited from a customer compared to a much lesser amount of S\$0.7 million in FY2013.

(iv) Distribution Expenses

Distribution expenses increased by approximately S\$1.4 million from approximately S\$3.3 million for FY2012 to approximately S\$4.7 million for FY2013. This was due mainly to the increase in payroll expenses of approximately S\$0.9 million, marketing & promotion costs of approximately S\$0.4 million and travelling expenses of approximately S\$0.1 million.

(v) Administrative Expenses

Administrative expenses increased by approximately S\$0.8 million from approximately S\$4.3 million for FY2012 to approximately S\$5.1 million for FY2013. This was due mainly to the increase in payroll expenses of approximately S\$0.6 million, professional fees of approximately S\$0.1 million and share-based payment expense of approximately S\$0.1 million.

Financial Statements and Dividend Announcement For the financial quarter ended 30 April 2013

(vi) Other Expenses

Other expenses for FY2012 pertained to the deposit forfeited by a supplier arising from the cancellation of orders by a customer.

(vii) Net Finance (Costs)/Income

In FY2013, the Group registered net finance costs of approximately S\$0.7 million as compared to the net finance income of approximately S\$0.3 million in FY2012. The net finance costs for FY2013 comprised mainly foreign exchange losses arising from translation of foreign currency denominated monetary assets and liabilities of the subsidiaries to their functional currency, which is Japanese Yen.

Notes to statements of financial position

(i) Property, plant and equipment

The decrease in property, plant and equipment was due mainly to the purchase of motor vehicle and construction of a warehouse offset by depreciation during the financial year.

(ii) Land lease prepayment

Land lease prepayment relates to the lease of a parcel of land located at Tuas Bay Drive entered into by the Group during the current financial year as per the Company's Circular to Shareholders dated 22 February 2013.

(iii) Other financial assets

Other financial assets decreased by approximately S\$3.7 million from approximately S\$6.8 million as at 30 April 2012 to approximately S\$3.1 million as at 30 April 2013, due mainly to the maturity of structured deposits, partially offset by new structured deposits invested by the Group during the current financial year.

(iv) Inventories

Inventories decreased by approximately S\$10.1 million from approximately S\$26.1 million as at 30 April 2012 to approximately S\$16.0 million as at 30 April 2013, due mainly to the increased delivery of engines in 4Q2013.

(v) Trade and other receivables

Trade and other receivables decreased by approximately S\$8.4 million from approximately S\$15.0 million as at 30 April 2012 to approximately S\$6.6 million as at 30 April 2013 due mainly to more collection of outstanding trade receivables.

(vi) Trade and other payables

Trade and other payables decreased by approximately S\$11.4 million from approximately S\$45.1 million as at 30 April 2012 to approximately S\$33.7 million as at 30 April 2013, due mainly to the release of deposits upon delivery of goods to the customers.

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- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10. Commentary on the significant trends and the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The economic outlook for Indonesia, one of the Group's key markets, remains positive. Coal, one of Indonesia's most abundant natural resources, continues to see demand from China and India. New developments in Japan have also shown that Japan is looking to buy more coal to cut power generation costs, increasing the prospects of the export of Indonesian coal to another major country in Asia.

The completion of domestic power plants in Indonesia will also create a demand for coal. Besides coal, Indonesia has other numerous natural resources like palm oil and tin among others, which are also in demand and the transporters are looking to increase and upgrade their existing logistics to reach out to a larger customer base.

We are optimistic that the marine transportation industry within Indonesia, both for domestic consumption and export will continue to drive the demand for tugs and barges. The overall trans-shipment growth has been positive and in addition, Indonesia has put in place Cabotage laws, which states that only vessels flying the Indonesian flag will be allowed to operate within Indonesia. We are hopeful that this will translate into additional opportunities for the Group as the demand for Indonesian-owned tugs and barges will increase, and we will be able to leverage on our wide range of products under renowned brands to cater to the marine market.

The Group has also expanded its products and service offerings over the years. Besides engines, we have also expanded our product range to include items like gearboxes, propellers and related components. We are also consistently improving our in-house expertise and capabilities to provide value-added services to our customers in order to increase our margins. A major plus point in the growth of the Group has been the success of our in-house IPS solutions package. Compared to the previous year, the IPS solutions package has seen a good growth in revenue and our indications have shown that there is still a lot of room for this product to grow.

The Group has also recorded positive cash flow from its operating activities during the year with cash and cash equivalents of approximately S\$43.7 million as at 30 April 2013. With our healthy cash balance at hand, the Group is looking at enhancing its facilities and also exploring feasible M&A opportunities in the near future to provide more synergy to our business.

Financial Statements and Dividend Announcement For the financial quarter ended 30 April 2013

Earlier in the year, the Group completed the acquisition of the JTC land which will be used to construct new premises to, amongst others, accommodate new assembly and production lines and increase general warehousing capacities. Our plans for the development of the land have begun. The date of completion is expected to be in year 2016.

In June 2013, the Group received from the SGX-ST the approval-in-principle for Credence Capital to acquire new shares in the Company.

As part of the Group's ongoing efforts to position itself as an emerging global brand, we have also embarked on a rebranding effort, beginning first with a new logo, designed to bring across a new modern identity as we improve our engineering and internal operation capability.

**Financial Statements and Dividend Announcement
For the financial quarter ended 30 April 2013**

11. Dividend

a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes

	FY2013
Name of dividend	Final (Proposed)
Dividend type	Cash
Amount	1.0 cent per share
Tax rate	Tax exempt (one-tier)

	FY2013
Name of dividend	Special (Proposed)
Dividend type	Cash
Amount	0.2 cent per share
Tax rate	Tax exempt (one-tier)

b) Corresponding period of the immediately preceding financial period

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

	FY2012
Name of dividend	Final
Dividend type	Cash
Amount	1.0 cent per share
Tax rate	Tax exempt (one-tier)

c) Date payable:

To be announced later. The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

d) Books Closure Date:

To be announced later. The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

12. If no dividend has been declared/(recommended), a statement to that effect

Not applicable.

Financial Statements and Dividend Announcement
For the financial quarter ended 30 April 2013

13. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recent audited financial statements, with comparative information for the immediate preceding year.**

	Distribution S\$'000	Sales service S\$'000	Segments total S\$'000	Others S\$'000	Total S\$'000
FY2013					
External revenues	85,796	11,849	97,645	-	97,645
Interest income	-	-	-	156	156
Interest expenses	-	-	-	(1)	(1)
Depreciation	-	-	-	(357)	(357)
Reportable segment profit/(loss) before income tax	19,960	2,958	22,918	(9,413)	13,505
Income tax expense					(2,074)
Profit for the year					11,431
Reportable segment assets	18,112	6,239	24,351	55,556	79,907
Capital expenditure	-	-	-	9,366	9,366
Reportable segment liabilities	28,914	1,051	29,965	5,742	35,707
FY2012					
External revenues	54,314	7,935	62,249	-	62,249
Interest income	-	-	-	91	91
Interest expenses	-	-	-	(41)	(41)
Depreciation	-	-	-	(360)	(360)
Reportable segment profit/(loss) before income tax	14,006	1,650	15,656	(3,989)	11,667
Income tax expense					(2,153)
Profit for the year					9,514
Reportable segment assets	39,428	5,776	45,204	44,230	89,434
Capital expenditure	-	-	-	1,401	1,401
Reportable segment liabilities	41,607	784	42,391	4,483	46,874

**Financial Statements and Dividend Announcement
For the financial quarter ended 30 April 2013**

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

The Group's revenue increased 56.9% year-on-year ("y-o-y") to S\$97.6 million for the financial year ended 30 April 2013 ("FY2013"). This was primarily due to increase of customers taking deliveries.

Profit for the period held up at S\$11.4 million in FY2013, 20.1% y-o-y increase from S\$9.5 million in FY2012, resulted from the increase in revenue.

15. **A breakdown of sales as follows:**

	Group		
	FY2013	FY2012	Change
	S\$'000	S\$'000	(%)
Sales for first half year	48,661	21,797	123.2
Operating profit after tax for first half year	5,770	2,989	93.0
Sales for second half year	48,984	40,452	21.1
Operating profit after tax for second half year	5,661	6,525	(13.2)

16. **If the Company has obtained a general mandate from shareholders for interested person transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate for interested person transaction(s) from the shareholders.

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

	FY2013	FY2012
	Proposed	Paid
	S\$'000	S\$'000
Ordinary	4,620	3,862
Total	4,620	3,862

**Financial Statements and Dividend Announcement
For the financial quarter ended 30 April 2013**

18. Report of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Fu Yuan	29	Son of Mr. Tan Seng Hee (Deputy CEO and Executive Director (Trading & Support)).	Responsible for managing the Product Support Sales, Parts Department. Year when position was first held: 2011	NA

19. Use of IPO proceeds

The net proceeds raised from the Company's IPO, after deducting listing expenses of approximately S\$2.4 million was approximately S\$18.9 million. As at the date of this report, the Company has utilised its proceeds in the table below:

Purpose	Amount raised	Amount utilised	Balance Amount
	S\$'000	S\$'000	S\$'000
Development of new premises or acquisition of premises for general warehousing and work areas and the establishment of an assembly line for in-house of power generating sets	10,000	8,419	1,581
Pursue expansion opportunities	7,000	-	7,000
General working capital	1,850	-	1,850
Total	18,850	8,419	10,431

BY ORDER OF THE BOARD