



XMH

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

SECOND QUARTER (“2Q2014”) AND FIRST HALF (“1H2014”) FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 OCTOBER 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					
	2Q2014	2Q2013	Change	1H2014	1H2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	27,058	26,745	1.2%	48,451	48,661	(0.4%)
Cost of sales	(20,805)	(20,835)	(0.1%)	(36,862)	(36,542)	0.9%
Gross profit	6,253	5,910	5.8%	11,589	12,119	(4.4%)
Other income	7	156	(95.5%)	395	171	Nm
Distribution expenses	(1,584)	(899)	76.2%	(2,903)	(1,895)	53.2%
Administrative expenses	(2,085)	(1,051)	98.4%	(3,540)	(1,920)	84.4%
Other expenses	(23)	-	Nm	-	-	Nm
Results from operating activities	2,568	4,116	(37.6%)	5,541	8,475	(34.6%)
Finance income	231	174	32.8%	321	136	Nm
Finance costs	(301)	-	Nm	(124)	(1,424)	(91.3%)
Net finance (costs)/income	(70)	174	Nm	197	(1,288)	Nm
Profit before tax	2,498	4,290	(41.8%)	5,738	7,187	(20.2%)
Tax expense	(471)	(686)	(31.3%)	(1,054)	(1,417)	(25.6%)
Profit for the period	2,027	3,604	(43.8%)	4,684	5,770	(18.8%)
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company	(1,104)	(973)	13.5%	(143)	(300)	(52.3%)
Net changes in the fair value of available-for-sale financial assets	(7)	43	Nm	(41)	28	Nm
Deferred tax arising from available-for-sale financial assets	1	(7)	Nm	7	(4)	Nm
Other comprehensive (expenses)/income for the period, net of tax	(1,110)	(937)	18.5%	(177)	(276)	(35.9%)
Total comprehensive income for the period	917	2,667	(65.6%)	4,507	5,494	(18.0%)
Profit attributable to owners of the Company	2,027	3,604	(43.8%)	4,684	5,770	(18.8%)
Total comprehensive income attributable to owners of the Company	917	2,667	(65.6%)	4,507	5,494	(18.0%)

**Financial Statements Announcement
For the financial period ended 31 October 2013**

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

	Group					
	2Q2014	2Q2013	Change	1H2014	1H2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on disposal of property, plant and equipment	-	3	Nm	5	3	66.7%
Forfeited deposits from customers	-	-	Nm	364	-	Nm
Other miscellaneous (expenses)/income	(16)	153	Nm	26	168	(84.5%)
Dividend income	17	12	41.7%	31	28	10.7%
Reversal of allowance for impairment loss on trade receivables	165	-	Nm	165	-	Nm
Net changes in fair value of financial assets at fair value through profit or loss	20	18	11.1%	(46)	21	Nm
Interest income	29	39	(25.6%)	54	87	(37.9%)
Interest expense	(77)	-	Nm	(78)	-	Nm
Net foreign exchange (loss)/gain	(224)	105	Nm	71	(1,424)	Nm
Amortisation of land lease prepayment	(68)	-	Nm	(156)	-	Nm
Depreciation of property, plant and equipment	(148)	(87)	70.1%	(231)	(167)	38.3%

Nm denotes not meaningful where there is no comparative or the fluctuation is more than 100%

Financial Statements Announcement
For the financial period ended 31 October 2013

1(b)(i) 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	
	31 October 2013	30 April 2013	31 October 2013	30 April 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	6,559	1,964	-	-
Land lease prepayment	7,762	7,916	-	-
Intangible assets	11,604	167	-	-
Other financial assets	3,118	3,073	-	-
Subsidiaries	-	-	18,625	900
Club memberships	486	486	-	-
Deferred tax assets	12	12	-	-
	29,541	13,618	18,625	900
Current assets				
Inventories	29,780	15,964	-	-
Trade and other receivables	13,792	6,638	14,271	10,125
Cash and cash equivalents	48,732	43,687	10,554	9,860
	92,304	66,289	24,825	19,985
Total assets	121,845	79,907	43,450	20,885
Equity attribute to owners of the Company				
Share capital	35,424	21,068	35,424	21,068
Reserve for own shares	(2,351)	(2,554)	(2,351)	(2,554)
Other reserves	(7,895)	(7,712)	274	280
Accumulated profits/(losses)	33,029	33,398	(153)	(386)
Total equity	58,207	44,200	33,194	18,408
Non-current liabilities				
Other payables	8,713	-	8,713	-
	8,713	-	8,713	-
Current liabilities				
Trade and other payables	37,498	33,727	1,519	2,477
Loans and borrowings	15,492	342	-	-
Current tax payable	1,935	1,638	24	-
	54,925	35,707	1,543	2,477
Total liabilities	63,638	35,707	10,256	2,477
Total equity and liabilities	121,845	79,907	43,450	20,885

Financial Statements Announcement
For the financial period ended 31 October 2013

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

GROUP	
31 October 2013	30 April 2013
S\$'000	S\$'000
Amount repayable in one year or less, or on demand - Secured	
15,492	342

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

- (a) Legal mortgage of a leasehold building of a subsidiary;
- (b) Legal mortgage of a freehold land and factory of a subsidiary; and
- (c) Corporate guarantee by the Company.

**Financial Statements Announcement
For the financial period ended 31 October 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.

	1H2014	1H2013
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	4,684	5,770
Adjustments for:		
Gain on disposal of property, plant and equipment	(5)	(3)
Dividend income	(31)	(28)
Reversal of allowance for impairment loss on trade receivables	(165)	-
Amortisation of land lease prepayment	156	-
Depreciation of property, plant and equipment	231	167
Net foreign exchange (gain)/loss	(71)	1,424
Interest income	(54)	(87)
Interest expense	78	-
Net changes in fair value of financial assets at fair value through profit or loss	(46)	(21)
Share-based payment expenses	123	69
Tax expense	1,054	1,417
	<u>5,954</u>	<u>8,708</u>
Change in inventories	(9,443)	(741)
Change in trade and other receivables	6,843	7,769
Change in trade and other payables	(80)	(6,346)
Cash generated from operating activities	<u>3,274</u>	<u>9,390</u>
Income taxes paid	(1,075)	(995)
Net cash generated from operating activities	<u>2,199</u>	<u>8,395</u>
Cash flows from investing activities		
Interest received	54	87
Dividends received	31	28
Proceeds from maturity of structured deposits	1,023	5,298
Investment in structured deposits	(1,128)	-
Acquisition of club membership	-	(180)
Cash acquired in acquisition of subsidiaries in excess of cash consideration paid for the acquisition	732	-
Acquisition of property, plant and equipment	(524)	(556)
Proceeds from disposal of property, plant and equipment	5	-
Net cash generated from investing activities	<u>193</u>	<u>4,677</u>
Cash flows from financing activities		
Interest paid	(78)	-
Repayment of borrowings	(1,328)	-
Purchase of treasury shares	(282)	-
Reissuance of treasury shares pursuant to exercise of share options	485	-
Issue of ordinary shares	10,000	-
Dividends paid	(5,053)	(3,862)
Net cash generated from/(used in) financing activities	<u>3,744</u>	<u>(3,862)</u>
Net increase in cash and cash equivalents	6,136	9,210
Cash and cash equivalents at beginning of the period	43,687	39,233
Effect of exchange rate fluctuations on cash held	(1,091)	(1,480)
Cash and cash equivalents at end of the period	<u>48,732</u>	<u>46,963</u>

Note:

During the period, the Company issued 11,000,631 shares to the vendors of Mech-Power Generator Pte Ltd to settle the consideration of S\$4,356,250 due upon the completion of the acquisition.

Financial Statements Announcement

For the financial period ended 31 October 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						Total
	Share capital	Reserve for own shares	Share option reserve	Fair value reserve	Foreign currency translation reserve	Accumulated Profits	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
At 1 May 2013	21,068	(2,554)	280	109	(8,101)	33,398	44,200
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	4,684	4,684
Other comprehensive (expenses)/income							
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company	-	-	-	-	(143)	-	(143)
Net changes in the fair value of available-for-sale financial assets	-	-	-	(41)	-	-	(41)
Deferred tax arising from available-for-sale financial assets	-	-	-	7	-	-	7
Total other comprehensive (expenses)/income	-	-	-	(34)	(143)	-	(177)
Total comprehensive (expenses)/income for the period	-	-	-	(34)	(143)	4,684	4,507
Transaction with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	-	-	(5,053)	(5,053)
Share-based payment transactions	-	-	123	-	-	-	123
Purchase of treasury shares	-	(282)	-	-	-	-	(282)
Reissuance of treasury shares pursuant to exercise of share options	-	485	(129)	-	-	-	356
Issue of ordinary shares	14,356	-	-	-	-	-	14,356
Total transactions with owners	14,356	203	(6)	-	-	(5,053)	9,500
At 31 October 2013	35,424	(2,351)	274	75	(8,244)	33,029	58,207
At 1 May 2012	21,068	(2,218)	85	27	(2,231)	25,829	42,560
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	5,770	5,770
Other comprehensive income/(expenses)							
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company	-	-	-	-	(300)	-	(300)
Net changes in the fair value of available-for-sale financial assets	-	-	-	28	-	-	28
Deferred tax arising from available-for-sale financial assets	-	-	-	(4)	-	-	(4)
Total other comprehensive income/(expenses)	-	-	-	24	(300)	-	(276)
Total comprehensive income/(expenses) for the period	-	-	-	24	(300)	5,770	5,494
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	-	-	69	-	-	-	69
Total transactions with owners	-	-	69	-	-	(3,862)	(3,793)
At 31 October 2012	21,068	(2,218)	154	51	(2,531)	27,737	44,261

**Financial Statements Announcement
For the financial period ended 31 October 2013**

	Company				
	Share capital	Reserve for own shares	Share option reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 May 2013	21,068	(2,554)	280	(386)	18,408
Profit for the period	-	-	-	5,286	5,286
Dividends to equity holders	-	-	-	(5,053)	(5,053)
Share-based payment transactions	-	-	(6)	-	(6)
Purchase of treasury shares	-	(282)	-	-	(282)
Reissuance of treasury shares pursuant to exercise of share options	-	485	-	-	485
Issue of ordinary shares	14,356	-	-	-	14,356
At 31 October 2013	35,424	(2,351)	274	(153)	33,194
At 1 May 2012	21,068	(2,218)	85	(931)	18,004
Profit for the period	-	-	-	4,061	4,061
Dividends to equity holders	-	-	-	(3,862)	(3,862)
Share-based payment transactions	-	-	69	-	69
At 31 October 2012	21,068	(2,218)	154	(732)	18,272

**Financial Statements Announcement
For the financial period ended 31 October 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.

As at 31 October 2013, the Company's issued and fully paid up capital (excluding treasury shares) comprises 434,142,661 (31 October 2012: 386,261,003) ordinary shares. The changes during 4Q2013 and 4Q2012 are set out below.

2Q2014	
Number of shares	Share Capital (S\$'000)
As at 1 August 2013	385,004,003 21,068
Exercise of share options	2,849,000 -
Purchase of treasury shares	(760,000) -
Issue of new shares	47,049,658 14,356
As at 31 October 2013	434,142,661 35,424

2Q2013	
Number of shares	Share Capital (S\$'000)
As at 1 August 2012 and 31 October 2012	386,261,003 21,068

Issue of new shares

The Company issued 36,049,027 shares to Credence Capital Fund II (Cayman) Limited on 1 August 2013.

The Company issued 11,000,631 shares to the vendors of Mech-Power Generator Pte Ltd on 22 October 2013. Refer to the Company's announcement dated 16 October 2013 for details.

Purchase of treasury shares

During the quarter, pursuant to the share buy-back as approved by shareholders at the extraordinary general meeting held on 29 August 2013, the Company purchased 760,000 of its own shares. As at 31 October 2013, the total consideration for the treasury shares held under the share buy-back scheme was S\$2,351,000 for a total of 12,907,000 shares.

The number of treasury shares held by the Company represents 2.97% (31 October 2012: 3.56%) of the total number of issued shares (excluding treasury shares) of the Company as at 31 October 2013.

**Financial Statements Announcement
For the financial period ended 31 October 2013**

XMH Share Option Scheme

During the quarter, the directors and employees exercised a total of 2,849,000 share options, which were granted to them on 19 September 2011 under the XMH Share Option Scheme.

As at 31 October 2013, the outstanding balance of unexercised options under the XMH Share Option Scheme totaled 15,325,000 (31 October 2012: 10,419,000) or 3.43% (31 October 2012: 2.60%) of total issued shares in the capital of the Company.

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.

	31 October 2013	31 October 2012
Total number of shares issued	447,049,661	400,000,003
Less: Treasury shares	(12,907,000)	(13,739,000)
Total	434,142,661	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.

	2Q2014	
	Number of shares	Amount (S\$'000)
As at 1 August 2013	14,996,000	2,554
Exercise of shares options	(2,849,000)	(485)
Purchases of treasury shares	760,000	282
As at 31 October 2013	12,907,000	2,351

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 31 October 2012 and 31 October 2013 have not been audited or reviewed by auditors.

**Financial Statements Announcement
For the financial period ended 31 October 2013**

- 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.**

Except as disclosed in item 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the financial year ended 30 April 2013.

- 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 30 April 2013, except for the adoption of new and revised Financial Reporting Standards (including its consequential amendments) applicable for the financial period beginning on 1 May 2013 as follows:

FRS 113 - Fair Value Measurement replaces the existing guidance on fair value measurement in different FRSs with a single definition of fair value. The standard also establishes a framework for measuring fair values and sets out the disclosure requirements for fair value measurements.

The adoption of this standard requires the Group to re-assess the bases used for determining the fair values of the Group's financial assets at fair value through profit or loss and available-for-sale financial assets, computed for both measurement and disclosures purposes, and would result in more extensive disclosures on fair value measurements.

In accordance with the transitional provisions, the Group applied FRS 113 prospectively as of 1 May 2013. On initial application of the standard, there are no substantial changes to the bases used for determining fair values.

**Financial Statements Announcement
For the financial period ended 31 October 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			
	2Q2014	2Q2013	1H2014	1H2013
EPS (based on consolidated net profit attributable to equity holders):-				
a) Based on the weighted average number of ordinary shares in issue (cents)	0.48	0.93	1.16	1.49
b) On a fully diluted basis (cents)	0.46	0.93	1.11	1.49
Weighted average number of shares in issue during the period used in the computing of EPS	422,733,885 ⁽¹⁾	386,261,003	403,868,944 ⁽¹⁾	386,261,003
Weighted average number of shares on fully diluted basis during the period used in the computing of EPS	440,763,762 ⁽³⁾	388,552,651 ⁽²⁾	421,754,280 ⁽³⁾	388,430,855 ⁽²⁾

- (1) The figures are computed taking into account the purchase of treasury shares, issuance of ordinary shares and reissuance of treasury shares pursuant to exercise of share options during the period.
- (2) The figures are computed taking into account the potential ordinary shares to be issued for the share options granted in September 2011 and 2012.
- (3) The figures are computed taking into account the potential ordinary shares to be issued for the share options granted in September 2011, 2012 and 2013 and the potential ordinary shares to be issued to settle the deferred consideration of S\$4,356,250 for the acquisition of the MPG Group (using the number of shares to be issued as if the settlement had taken place at the end of the current financial period).

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	
	31 October 2013	30 April 2013	31 October 2013	30 April 2013
Net asset value per ordinary share based on existing share capital (cents)	13.41	11.48	7.65	4.78
Number of shares at end of the period	434,142,661	385,004,003	434,142,661	385,004,003

Financial Statements Announcement For the financial period ended 31 October 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.

The Company completed the acquisition of the entire issued capital of Mech-Power Generator Pte Ltd in 2Q2014. The results of Mech-Power Generator Pte Ltd and its subsidiary (collectively "MPG Group") are consolidated into the consolidated statement of comprehensive income of the Group.

Notes to the consolidated statement of comprehensive income

Quarter ended 31 October 2013 ("2Q2014") vs quarter ended 31 October 2012 ("2Q2013")

(i) Revenue

The increase in revenue of approximately S\$0.4 million or 1.2% from approximately S\$26.7 million for 2Q2013 to approximately S\$27.1 million for 2Q2014 was due mainly to a decrease in revenue of approximately S\$4.7 million from the "distribution and after-sales" business segment offset by the increase in revenue of approximately S\$5.1 million from the newly acquired MPG Group.

(ii) Cost of Sales and Gross Profit Margin

Cost of sales for both 2Q2013 and 2Q2014 were recorded at approximately S\$20.8 million.

Gross profit increased by approximately S\$0.4 million or 5.8% from approximately S\$5.9 million for 2Q2013 to approximately S\$6.3 million for 2Q2014. There was an increase in the gross profit margin from approximately 22.1% for 2Q2013 to 23.1% for 2Q2014. This was primarily due to the proportional increase in sales of higher margin products in the "distribution and after-sales" business segment.

(iii) Distribution Expenses

Distribution expenses increased by approximately S\$0.7 million or 76.2% from approximately S\$0.9 million for 2Q2013 to approximately S\$1.6 million for 2Q2014. This was mainly due to the inclusion of bonus provision (not provided in 2Q2013) and increase in payroll expenses of approximately S\$0.2 million and distribution and payroll related expenses of S\$0.5 million from the MPG Group.

Financial Statements Announcement For the financial period ended 31 October 2013

(iv) Administrative Expenses

Administrative expenses increased by approximately S\$1.0 million or 98.4% from approximately S\$1.1 million for 2Q2013 to approximately S\$2.1 million for 2Q2014. This was mainly due to the inclusion of bonus provision (not provided in 2Q2013) and increase in payroll expenses of approximately S\$0.2 million and administrative and payroll related expenses of S\$0.6 million from the MPG Group

(v) Net Finance (Costs)/Income

In 2Q2014, the Group registered net finance costs of approximately S\$0.1 million as compared to the net finance income of approximately S\$0.2 million in 2Q2013. The net finance income for 2Q2013 comprised mainly foreign exchange gains arising from the translation of foreign currency denominated monetary assets and liabilities of the subsidiaries to their functional currency, which is Japanese Yen.

First half ended 31 October 2013 (“1H2014”) vs first half ended 31 October 2012 (“1H2013”)

(vi) Revenue

The decrease in revenue of approximately S\$0.2 million or 0.4% from approximately S\$48.7 million for 1H2013 to approximately S\$48.5 million for 1H2014 was due mainly to a decrease in revenue of approximately S\$5.3 million generated from the “distribution and after-sales” business segment offset by the increase in revenue of approximately S\$5.1 million from the newly acquired MPG Group.

(vii) Cost of Sales and Gross Profit Margin

Cost of sales increased by approximately S\$0.4 million or 0.9% from approximately S\$36.5 million for 1H2013 to approximately S\$36.9 million for 1H2014 was due mainly to consolidation of the MPG Group.

Gross profit decreased by approximately S\$0.5 million or 4.4% from approximately S\$12.1 million for 1H2013 to approximately S\$11.6 million for 1H2014. There was a decrease in the gross profit margin from approximately 24.9% for 1H2013 to 23.9% for 1H2014. This was primarily due to consolidation of the MPG Group.

(viii) Other Income

Other income increased was due to the one-time gain in 1Q2014 arising from the deposits forfeited from customers.

Financial Statements Announcement For the financial period ended 31 October 2013

(ix) Distribution Expenses

Distribution expenses increased by approximately S\$1.0 million or 53.2% from approximately S\$1.9 million for 1H2013 to approximately S\$2.9 million for 1H2014. This was mainly due to the inclusion of bonus provision (not provided in 1H2013) and increase in payroll expenses of approximately S\$0.5 million and distribution and payroll related expenses of S\$0.5 million from the MPG Group.

(x) Administrative Expenses

Administrative expenses increased by approximately S\$1.6 million or 84.4% from approximately S\$1.9 million for 1H2013 to approximately S\$3.5 million for 1H2014. This was mainly due to the inclusion of bonus provision (not provided in 1H2013) and increase in payroll expenses of approximately S\$0.7 million, amortisation of land lease prepayment of S\$0.2 million and administrative and payroll related expenses of S\$0.6 million from the MPG Group.

(xi) Net Finance (Costs)/Income

In 1H2014, the Group registered net finance income of approximately S\$0.2 million as compared to the net finance costs of approximately S\$1.4 million in 1H2013. The net finance costs for 1H2013 comprised mainly foreign exchange losses arising from the 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 property, plant and equipment of the MPG Group amounting to S\$4.3 million were consolidated into the statement of financial position as at 31 October 2013.

The increase in property, plant and equipment was due mainly to the construction of a warehouse adjacent to the existing building of the Group offset by depreciation during the financial period.

(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 last financial year as per the Company's Circular to Shareholders dated 22 February 2013. The decrease was due mainly to translation adjustment as a result of weakening of Japanese Yen against Singapore dollar and the amortisation during the financial period.

Financial Statements Announcement For the financial period ended 31 October 2013

(iii) Intangible assets

The increase in intangible assets was due mainly to the provisional goodwill of S\$11.4 million arising from acquisition of the MPG Group in 2Q2014.

(iv) Inventories

Inventories increased by approximately S\$13.8 million from approximately S\$16.0 million as at 30 April 2013 to approximately S\$29.8 million as at 31 October 2013, due mainly to the re-scheduling of deliveries by our customers and consolidation of inventories of the MPG Group amounting to S\$12.4 million.

(v) Trade and other receivables

Trade and other receivables increased by approximately S\$7.2 million from approximately S\$6.6 million as at 30 April 2013 to approximately S\$13.8 million as at 31 October 2013 due mainly to the consolidation of trade and other receivables of the MPG Group amounting to S\$6.3 million.

(vi) Trade and other payables

Trade and other payables increased by approximately S\$12.5 million from approximately S\$33.7 million as at 30 April 2013 to approximately S\$46.2 million as at 31 October 2013, due mainly to the consolidation of trade and other payables of the MPG Group amounting to S\$4.1 million and the consideration payable to the vendors of the MPG Group of S\$8.7 million for the acquisition.

(vii) Loans and borrowings

Loans and borrowings increased by approximately S\$15.2 million from approximately S\$0.3 million as at 30 April 2013 to approximately S\$15.5 million as at 31 October 2013, due to the consolidation of bank borrowings of the MPG Group.

Statement of cash flows

Material increase in cash obtained from financing facilities was due mainly to issue of new shares offset by dividends paid to equity holders.

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

Not applicable.

Financial Statements Announcement For the financial period ended 31 October 2013

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**

Indonesia, an important market for the Group, continues to project a positive outlook with its GDP growing by 5.62% in the latest quarter compared to a year ago¹. This growth in GDP comes against the back of the continued weakening of the Indonesia Rupiah against major currencies and higher inflation. However, the Group's sales in Indonesia may be affected by the weakening Rupiah as customer may defer the collection of their deliveries.

The Indonesian Coal Reference Price (HBA) has remained consistent in the past few months from US\$76.70 in August 2013 to US\$76.60 in November 2013². While prices are expected to remain unchanged at this point of time, there are some external indications on the growth in demand for coal, especially from China. This will in turn lead to continued support for the demand of tugs and barges for the trans-shipment and transportation of coal.

The acquisition of the MPG Group has enabled the Group to expand into the non-marine sector for power generation and also to reduce our reliance on the Indonesia market. Barring any unforeseen circumstances, the Group is optimistic that the MPG Group will contribute positively to the Group overall results in the current financial year.

Our healthy cash balance also puts us in a very good position to explore further M&A activities and we will be looking out actively for more opportunities which will provide added synergy to our business.

As part of the Group's efforts to remain competitive, we will work diligently to ensure that we continue to maintain a lean cost structure and the careful management of our cash flow will also form a huge part of our strategy.

¹ <http://www.bloomberg.com/news/2013-11-06/indonesia-gdp-grows-less-than-6-as-higher-rates-hurt-expansion.html>

² Source: Coalspot.com – Indonesian Coal Reference Price (HBA)

**Financial Statements Announcement
For the financial period ended 31 October 2013**

11. Dividend

a) Current financial period reported on?

Any dividend declared for the current financial period reported on?

No interim dividend for the six months ended 31 October 2013 is recommended.

b) Corresponding period of the immediately preceding financial period

Not applicable.

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

c) Date payable:

Not applicable.

d) Books Closure Date:

Not applicable.

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

No interim dividend for the six months ended 31 October 2013 is recommended.

13. 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.

14. Confirmation pursuant to the Rule 705(5) of the listing manual

The Board of Directors of the Company hereby confirms to the best of its knowledge that nothing has come to its attention which may render the unaudited interim financial results for the quarter ended 31 October 2013 to be false or misleading in any material respect.

**Financial Statements Announcement
For the financial period ended 31 October 2013**

15. Use of proceeds from IPO and the issuance of new shares.

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 and the issuance of new shares was approximately S\$9.9 million after deducting the expenses amounting to approximately S\$0.1 million.

As at the date of this report, the Company has utilised its proceeds in the table below:-

Purpose	Amount raised S\$'000	Amount utilised S\$'000	Balance Amount S\$'000
Proceeds from IPO			
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	4,356	2,644
General working capital	1,850	-	1,850
	18,850	12,775	6,075
Proceeds from new shares			
Proposed development of JTC land	8,928	-	8,928
General working capital	992	-	992
	9,920	-	9,920
Total	28,770	12,775	15,995

BY ORDER OF THE BOARD