



XMH

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

THIRD QUARTER (“3Q2014”) AND NINE MONTHS (“9M2014”) FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JANUARY 2014

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					
	3Q2014	3Q2013	Change	9M2014	9M2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	33,141	19,335	71.4%	81,592	67,995	20.0%
Cost of sales	(24,175)	(14,622)	65.3%	(61,037)	(51,164)	19.3%
Gross profit	8,966	4,713	90.2%	20,555	16,831	22.1%
Other income	170	11	Nm	566	122	Nm
Distribution expenses	(2,170)	(1,107)	96.0%	(5,073)	(2,943)	72.4%
Administrative expenses	(3,347)	(1,027)	Nm	(6,887)	(2,946)	Nm
Results from operating activities	3,619	2,590	39.7%	9,161	11,064	(17.2%)
Finance income	107	83	28.9%	427	219	95.0%
Finance costs	(203)	(10)	Nm	(327)	(1,434)	(77.2%)
Net finance (costs)/income	(96)	73	Nm	100	(1,215)	Nm
Profit before tax	3,523	2,663	32.3%	9,261	9,849	(6.0%)
Tax expense	(337)	(509)	(33.8%)	(1,391)	(1,925)	(27.7%)
Profit for the period	3,186	2,154	47.9%	7,870	7,924	(0.7%)
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company	(690)	(3,102)	(77.8%)	(833)	(3,402)	(75.5%)
Net changes in the fair value of available-for-sale financial assets	5	47	(89.4%)	(36)	75	Nm
Deferred tax arising from available-for-sale financial assets	(1)	(9)	(88.9%)	6	(13)	Nm
Other comprehensive expenses for the period, net of tax	(686)	(3,064)	(77.6%)	(863)	(3,340)	(74.2%)
Total comprehensive income/(expenses) for the period	2,500	(910)	Nm	7,007	4,584	52.9%
Profit attributable to owners of the Company	3,186	2,154	47.9%	7,870	7,924	(0.7%)
Total comprehensive income/(expenses) attributable to owners of the Company	2,500	(910)	Nm	7,007	4,584	52.9%

**Financial Statements Announcement
For the financial period ended 31 January 2014**

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

	Group					
	3Q2014	3Q2013	Change	9M2014	9M2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on disposal of property, plant and equipment	-	-	Nm	5	3	66.7%
Forfeited deposits from customers	-	-	Nm	360	-	Nm
Other miscellaneous income	170	11	Nm	201	119	68.9%
Dividend income	12	9	33.3%	42	37	13.5%
Net changes in fair value of financial assets at fair value through profit or loss	-	32	Nm	-	53	Nm
Impairment loss on available-for-sale financial assets	(59)	-	Nm	(105)	-	Nm
Interest income	28	42	(33.3%)	82	129	(36.4%)
Interest expense	(144)	-	Nm	(222)	-	Nm
Net foreign exchange gain/(loss)	67	(10)	Nm	303	(1,434)	Nm
Amortisation of land lease prepayment	(64)	-	Nm	(220)	-	Nm
Depreciation of property, plant and equipment	(163)	(107)	52.3%	(394)	(274)	43.8%

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 January 2014

1(b)(i) Statements 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 January 2014	30 April 2013	31 January 2014	30 April 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	6,629	1,964	-	-
Land lease prepayment	7,574	7,916	-	-
Intangible assets	11,437	167	-	-
Other financial assets	1,295	3,073	-	-
Subsidiaries	-	-	18,625	900
Club memberships	486	486	-	-
Deferred tax assets	12	12	-	-
	27,433	13,618	18,625	900
Current assets				
Inventories	23,341	15,964	-	-
Trade and other receivables	25,230	6,638	14,778	10,125
Cash and cash equivalents	37,655	43,687	9,608	9,860
	86,226	66,289	24,386	19,985
Total assets	113,659	79,907	43,011	20,885
Equity attributable to owners of the Company				
Share capital	35,424	21,068	35,424	21,068
Treasury shares	(3,027)	(2,554)	(3,027)	(2,554)
Other reserves	(8,519)	(7,712)	336	280
Accumulated profits/(losses)	36,215	33,398	(1)	(386)
Total equity	60,093	44,200	32,732	18,408
Non-current liabilities				
Other payables	8,713	-	8,713	-
	8,713	-	8,713	-
Current liabilities				
Trade and other payables	28,254	33,727	1,560	2,477
Loans and borrowings	15,432	342	-	-
Current tax payable	1,167	1,638	6	-
	44,853	35,707	1,566	2,477
Total liabilities	53,566	35,707	10,279	2,477
Total equity and liabilities	113,659	79,907	43,011	20,885

Financial Statements Announcement
For the financial period ended 31 January 2014

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 January 2014	30 April 2013
S\$'000	S\$'000
Amount repayable in one year or less, or on demand - Secured	
15,432	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 January 2014**

- 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.

	9M2014	9M2013
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	7,870	7,924
Adjustments for:		
Gain on disposal of property, plant and equipment	(5)	(3)
Dividend income	(42)	(37)
Amortisation of land lease prepayment	220	-
Depreciation of property, plant and equipment	394	274
Net foreign exchange (gain)/loss	(303)	1,434
Interest income	(82)	(129)
Interest expense	222	-
Net changes in fair value of financial assets at fair value through profit or loss	-	(53)
Impairment loss on available-for-sale financial assets	105	-
Share-based payment transactions	185	103
Tax expense	1,391	1,925
	<u>9,955</u>	<u>11,438</u>
Change in inventories	(3,004)	1,834
Change in trade and other receivables	(4,595)	11,492
Change in trade and other payables	(9,324)	(7,270)
Cash (used in)/generated from operating activities	(6,968)	17,494
Income taxes paid	(2,243)	(1,767)
Net cash (used in)/generated from operating activities	<u>(9,211)</u>	<u>15,727</u>
Cash flows from investing activities		
Interest received	82	129
Dividends received	42	37
Proceeds from maturity of structured deposits	2,783	5,498
Investment in structured deposits	(1,114)	-
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	(757)	(676)
Proceeds from disposal of property, plant and equipment	5	-
Net cash generated from investing activities	<u>1,773</u>	<u>4,808</u>
Cash flows from financing activities		
Interest paid	(222)	-
Repayment of borrowings	(1,388)	-
Purchase of treasury shares	(958)	(19)
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>2,864</u>	<u>(3,881)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(4,574)</u>	<u>16,654</u>
Cash and cash equivalents at beginning of the period	43,687	39,233
Effect of exchange rate fluctuations on cash held	(1,458)	(4,642)
Cash and cash equivalents at end of the period	<u>37,655</u>	<u>51,245</u>

Note:

In 2Q2014, the Company issued 11,000,631 shares to the vendors of Mech-Power Generator Pte Ltd for the amount of S\$4,356,250 being the first tranche for part consideration in shares due upon the completion of the acquisition.

Financial Statements Announcement

For the financial period ended 31 January 2014

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	Treasury shares	Share option reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits/(losses)	
	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	-	-	-	-	-	7,870	7,870
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	-	-	-	-	(833)	-	(833)
Net changes in the fair value of available-for-sale financial assets	-	-	-	(36)	-	-	(36)
Deferred tax arising from available-for-sale financial assets	-	-	-	6	-	-	6
Total other comprehensive expenses	-	-	-	(30)	(833)	-	(863)
Total comprehensive (expenses)/income for the period	-	-	-	(30)	(833)	7,870	7,007
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	-	-	185	-	-	-	185
Purchase of treasury shares	-	(958)	-	-	-	-	(958)
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	(473)	56	-	-	(5,053)	8,886
At 31 January 2014	35,424	(3,027)	336	79	(8,934)	36,215	60,093
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	-	-	-	-	-	7,924	7,924
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	-	-	-	-	(3,402)	-	(3,402)
Net changes in the fair value of available-for-sale financial assets	-	-	-	75	-	-	75
Deferred tax arising from available-for-sale financial assets	-	-	-	(13)	-	-	(13)
Total other comprehensive income/(expenses)	-	-	-	62	(3,402)	-	(3,340)
Total comprehensive income/(expenses) for the period	-	-	-	62	(3,402)	7,924	4,584
Transaction with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	-	-	(3,862)	(3,862)
Purchase of treasury shares	-	(19)	-	-	-	-	(19)
Share-based payment transactions	-	-	103	-	-	-	103
Total transactions with owners	-	(19)	103	-	-	(3,862)	(3,778)
At 31 January 2013	21,068	(2,237)	188	89	(5,633)	29,891	43,366

**Financial Statements Announcement
For the financial period ended 31 January 2014**

	Company				
	Share capital	Treasury shares	Share option reserve	Accumulated profits/(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	-	-	-	5,438	5,438
Dividends to equity holders	-	-	-	(5,053)	(5,053)
Share-based payment transactions	-	-	185	-	185
Purchase of treasury shares	-	(958)	-	-	(958)
Reissuance of treasury shares pursuant to exercise of share options	-	485	(129)	-	356
Issue of ordinary shares	14,356	-	-	-	14,356
At 31 January 2014	35,424	(3,027)	336	(1)	32,732
At 1 May 2012	21,068	(2,218)	85	(931)	18,004
Profit for the period	-	-	-	4,134	4,134
Dividends to equity holders	-	-	-	(3,862)	(3,862)
Share-based payment transactions	-	-	103	-	103
Purchase of treasury shares	-	(19)	-	-	(19)
At 31 January 2013	21,068	(2,237)	188	(659)	18,360

**Financial Statements Announcement
For the financial period ended 31 January 2014**

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 January 2014, the Company's issued and fully paid up capital (excluding treasury shares) comprises 432,284,661 (31 January 2013: 386,161,003) ordinary shares. The changes during 3Q2014 and 3Q2013 are set out below.

3Q2014	
Number of shares	Share Capital (S\$'000)
As at 1 November 2013	434,142,661 35,424
Purchases of treasury shares	(1,858,000) -
As at 31 January 2014	432,284,661 35,424

3Q2013	
Number of shares	Share Capital (S\$'000)
As at 1 November 2012	386,261,003 21,068
Purchases of treasury shares	(100,000) -
As at 31 January 2013	386,161,003 21,068

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 1,858,000 of its own shares. As at 31 January 2014, the total consideration for the treasury shares held under the share buy-back scheme was S\$3,027,000 for a total of 14,765,000 shares.

The number of treasury shares held by the Company represents 3.42% (31 January 2013: 3.58%) of the total number of issued shares (excluding treasury shares) of the Company as at 31 January 2014.

XMH Share Option Scheme

As at 31 January 2014, the outstanding balance of unexercised options under the XMH Share Option Scheme totaled 15,325,000 (31 January 2013: 10,419,000) or 3.55% (31 January 2013: 2.70%) of total issued shares (excluding treasury shares) in the capital of the Company.

**Financial Statements Announcement
For the financial period ended 31 January 2014**

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 January 2014	31 January 2013
Total number of shares issued	447,049,661	400,000,003
Less: Treasury shares	(14,765,000)	(13,839,000)
Total	432,284,661	386,161,003

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.

	3Q2014	
	Number of shares	Amount (S\$'000)
As at 1 November 2013	12,907,000	2,351
Purchases of treasury shares	1,858,000	676
As at 31 January 2014	14,765,000	3,027

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 January 2014 and 31 January 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.

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.

Financial Statements Announcement

For the financial period ended 31 January 2014

- 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 January 2014**

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			
	3Q2014	3Q2013	9M2014	9M2013
EPS (based on consolidated net profit attributable to equity holders):-				
a) Based on the weighted average number of ordinary shares in issue (cents)	0.74	0.56	1.90	2.05
b) On a fully diluted basis (cents)	0.70	0.55	1.81	2.04
Weighted average number of shares in issue during the period used in the computing of EPS	433,166,824 ⁽¹⁾	386,214,264 ⁽¹⁾	413,634,904 ⁽²⁾	386,245,423 ⁽¹⁾
Weighted average number of shares on fully diluted basis during the period used in the computing of EPS	453,315,612 ⁽⁴⁾	389,339,389 ⁽³⁾	434,466,835 ⁽⁴⁾	388,802,786 ⁽³⁾

- (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, issuance of ordinary shares and reissuance of treasury shares pursuant to exercise of share options during the period.
- (3) The figures are computed taking into account the potential ordinary shares to be issued for the share options granted in September 2011 and 2012.
- (4) 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 January 2014	30 April 2013	31 January 2014	30 April 2013
Net asset value per ordinary share based on existing share capital (cents)	13.90	11.48	7.57	4.78
Number of shares at end of the period	432,284,661	385,004,003	432,284,661	385,004,003

Financial Statements Announcement

For the financial period ended 31 January 2014

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 ("MPG") in 2Q2014. The results of MPG and its subsidiary (collectively "MPG Group") post the acquisition are consolidated into the consolidated statement of comprehensive income of the Group.

Notes to the consolidated statement of comprehensive income

Quarter ended 31 January 2014 ("3Q2014") vs quarter ended 31 January 2013 ("3Q2013")

(i) Revenue

The increase in revenue of approximately S\$13.8 million or 71.4% from approximately S\$19.3 million for 3Q2013 to approximately S\$33.1 million for 3Q2014 was due mainly to increase in revenue of approximately S\$15.1 million from the newly acquired MPG Group offset by the decrease in revenue of approximately S\$1.3 million from the "distribution and after-sales" business segment.

(ii) Cost of Sales and Gross Profit Margin

Cost of sales increased by approximately S\$9.6 million or 65.3% from approximately S\$14.6 million for 3Q 2013 to approximately S\$24.2 million for 3Q2014, in line with the increase in the Group's revenue.

Gross profit increased by approximately S\$4.3 million or 90.2% from approximately S\$4.7 million for 3Q2013 to approximately S\$9.0 million for 3Q2014. There was an increase in the gross profit margin from approximately 24.4% for 3Q2013 to 27.1% for 3Q2014. 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\$1.1 million or 96.0% from approximately S\$1.1 million for 3Q2013 to approximately S\$2.2 million for 3Q2014. This was mainly due to the inclusion of bonus provision (not provided in 3Q2013) and increase in distribution and payroll related expenses of S\$0.8 million from the MPG Group.

Financial Statements Announcement For the financial period ended 31 January 2014

(iv) Administrative Expenses

Administrative expenses increased by approximately S\$2.3 million from approximately S\$1.0 million for 3Q2013 to approximately S\$3.3 million for 3Q2014. This was mainly due to the inclusion of bonus provision (not provided in 3Q2013) and increase in payroll expenses of approximately S\$0.2 million and administrative and payroll related expenses of S\$1.5 million from the MPG Group

Nine months ended 31 January 2014 (“9M2014”) vs nine months ended 31 January 2013 (“9M2013”)

(i) Revenue

The increase in revenue of approximately S\$13.6 million or 20.0% from approximately S\$68.0 million for 9M2013 to approximately S\$81.6 million for 9M2014 was due mainly to increase in revenue of approximately S\$20.2 million from the newly acquired MPG Group offset by the decrease in revenue of approximately S\$6.6 million from the “distribution and after-sales” business segment.

(ii) Cost of Sales and Gross Profit Margin

Cost of sales increased by approximately S\$9.8 million or 19.3% from approximately S\$51.2 million for 9M2013 to approximately S\$61.0 million for 9M2014 was due mainly to consolidation of the MPG Group.

Gross profit increased by approximately S\$3.8 million or 22.1% from approximately S\$16.8 million for 9M2013 to approximately S\$20.6 million for 9M2014. There was an increase in the gross profit margin from approximately 24.8% for 9M2013 to 25.2% for 9M2014. This was primarily due to the proportional increase in sales of higher margin products in the “distribution and after-sales” business segment.

(iii) Other Income

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

(iv) Distribution Expenses

Distribution expenses increased by approximately S\$2.2 million or 72.4% from approximately S\$2.9 million for 9M2013 to approximately S\$5.1 million for 9M2014. This was mainly due to the inclusion of bonus provision (not provided in 9M2013) and increase in distribution and payroll related expenses of S\$1.3 million from the MPG Group.

(v) Administrative Expenses

Administrative expenses increased by approximately S\$4.0 million from approximately S\$2.9 million for 9M2013 to approximately S\$6.9 million for 9M2014. This was mainly due to the inclusion of bonus provision (not provided in 9M2013) and increase in payroll expenses of approximately S\$0.9 million, amortisation of land lease prepayment of S\$0.2 million and administrative and payroll related expenses of S\$2.1 million from the MPG Group.

Financial Statements Announcement For the financial period ended 31 January 2014

(vi) Net Finance (Costs)/Income

In 9M2014, the Group registered net finance income of approximately S\$0.1 million as compared to the net finance costs of approximately S\$1.2 million in 9M2013. The net finance costs for 9M2013 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 increase in the property, plant and equipment S\$4.7 million due mainly to (i) the consolidation of the MPG Group of S\$4.3 million and (ii) the construction of a warehouse adjacent to the existing building of S\$0.4 million.

(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.

(iii) Intangible assets

The increase in intangible assets was due mainly to the provisional goodwill of S\$11.3 million arising from acquisition of the MPG Group in 2Q2014.

(iv) Inventories

Inventories increased by approximately S\$7.3 million from approximately S\$16.0 million as at 30 April 2013 to approximately S\$23.3 million as at 31 January 2014, due mainly to (i) the re-scheduling of deliveries by our customers and (ii) the consolidation of inventories of the MPG Group amounting to S\$6.0 million.

(v) Trade and other receivables

Trade and other receivables increased by approximately S\$18.6 million from approximately S\$6.6 million as at 30 April 2013 to approximately S\$25.2 million as at 31 January 2014 due mainly to (i) the consolidation of trade and other receivables of the MPG Group amounting to S\$6.9 million and (ii) the amount due from MPG Group's customers on projects of S\$12.0 million.

**Financial Statements Announcement
For the financial period ended 31 January 2014**

(vi) Trade and other payables

Trade and other payables increased by approximately S\$3.2 million from approximately S\$33.7 million as at 30 April 2013 to approximately S\$36.9 million as at 31 January 2014, due mainly to (i) the consolidation of trade and other payables of S\$5.3 million and the advance billing on projects of S\$1.3 million of the MPG Group respectively, (ii) the consideration payable of S\$8.7 million to the vendors of the MPG, and (iii) offset by the decrease in trade and other payables of the “distribution and after-sales” business segment of S\$11.0 million and the accruals of bonuses of S\$0.9 million.

(vii) Loans and borrowings

Loans and borrowings increased by approximately S\$15.1 million from approximately S\$0.3 million as at 30 April 2013 to approximately S\$15.4 million as at 31 January 2014, due to the consolidation of bank borrowings of the MPG Group.

Statement of cash flows

Net cash used in operating activities of S\$9.2 million was due mainly to increase in trade and other receivables and settlement of trade and other payables during the financial period.

The significant 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 January 2014

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 demand for our products and services is indirectly driven by the level of activities in the natural resources sector in this region, in particular the Indonesia archipelago. Although the macro economic outlook in Indonesia is unclear at the moment, we are cautiously optimistic that it will be positive in the next 12 months.

The Group's upcoming 7-storey factory ramp-up industrial building with ancillary office and facilities at Tuas Crescent is progressing well and as announced previously, we have awarded a S\$56.6 million contract to SB Procurement Pte. Ltd. (a wholly owned subsidiary of Soilbuild Construction Group Ltd.) for the project. The new industrial building is expected to be completed in the second quarter of 2015 and will accommodate new assembly and production lines and increase our general warehousing capabilities.

As a Group, our cash balance remains healthy and this puts us in a very good position to explore further merger and acquisition activities and we will be looking out actively for more opportunities which will provide added synergy to our business. To remain competitive, we will adopt a lean cost structure and at the same time, increase our productivity level and service standards.

**Financial Statements Announcement
For the financial period ended 31 January 2014**

11. Dividend

a) Current financial period reported on?

Any dividend declared for the current financial period reported on?

No interim dividend for the nine months ended 31 January 2014 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 nine months ended 31 January 2014 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 January 2014 to be false or misleading in any material respect.

**Financial Statements Announcement
For the financial period ended 31 January 2014**

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 / appropriated 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	7,000	-
General working capital	1,850	1,850	-
	18,850	17,269	1,851
Proceeds from new shares			
Proposed development of JTC land	8,928	-	8,928
General working capital	992	992	-
	9,920	992	8,928
Total	28,770	18,261	10,509

Footnote:

The Group had appropriated the amount of S\$7.0 million from IPO proceeds for the acquisition of MPG Group in 3Q2014.

BY ORDER OF THE BOARD