



**UNAUDITED SECOND QUARTER (“2Q2015”) AND FIRST HALF (“1H2015”) FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 OCTOBER 2014**

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

	Group					
	2Q2015	2Q2014	Change	1H2015	1H2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	19,226	27,058	(28.9)	45,006	48,451	(7.1)
Cost of sales	(13,519)	(20,805)	(35.0)	(32,638)	(36,862)	(11.5)
<b>Gross profit</b>	<b>5,707</b>	<b>6,253</b>	<b>(8.7)</b>	<b>12,368</b>	<b>11,589</b>	<b>6.7</b>
Other income	638	7	Nm	653	395	65.3
Distribution expenses	(1,939)	(1,584)	22.4	(3,611)	(2,903)	24.4
Administrative expenses	(3,109)	(2,085)	49.1	(6,344)	(3,540)	79.2
Other expenses	-	(23)	Nm	-	-	Nm
<b>Profits from operating activities</b>	<b>1,297</b>	<b>2,568</b>	<b>(49.5)</b>	<b>3,066</b>	<b>5,541</b>	<b>(44.7)</b>
Finance income	20	231	(91.3)	379	321	18.1
Finance costs	(478)	(301)	58.8	(809)	(124)	Nm
<b>Net finance (costs)/income</b>	<b>(458)</b>	<b>(70)</b>	<b>Nm</b>	<b>(430)</b>	<b>197</b>	<b>Nm</b>
<b>Profit before tax</b>	<b>839</b>	<b>2,498</b>	<b>(66.4)</b>	<b>2,636</b>	<b>5,738</b>	<b>(54.1)</b>
Tax expense	(128)	(471)	72.8	(525)	(1,054)	(50.2)
<b>Profit for the period</b>	<b>711</b>	<b>2,027</b>	<b>(64.9)</b>	<b>2,111</b>	<b>4,684</b>	<b>(54.9)</b>
<i>Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company</i>	(1,538)	(1,104)	(39.3)	(1,471)	(143)	Nm
<i>Net changes in the fair value of available-for-sale financial assets</i>	302	(7)	Nm	(170)	(41)	Nm
<i>Deferred tax arising from available-for-sale financial assets</i>	(4)	1	Nm	29	7	Nm
<b>Other comprehensive expense for the period, net of tax</b>	<b>(1,240)</b>	<b>(1,110)</b>	<b>(11.7)</b>	<b>(1,612)</b>	<b>(177)</b>	<b>Nm</b>
<b>Total comprehensive (expense) / income for the period</b>	<b>(529)</b>	<b>917</b>	<b>Nm</b>	<b>499</b>	<b>4,507</b>	<b>(88.9)</b>
<b>Profit attributable to owners of the Company</b>	<b>711</b>	<b>2,027</b>	<b>(64.9)</b>	<b>2,111</b>	<b>4,684</b>	<b>(54.9)</b>
<b>Total comprehensive (expense) / income attributable to owners of the Company</b>	<b>(529)</b>	<b>917</b>	<b>Nm</b>	<b>499</b>	<b>4,507</b>	<b>(88.9)</b>

Note:

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

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

	Group					
	2Q2015	2Q2014	Change	1H2015	1H2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	(253)	(148)	70.9	(417)	(231)	80.5
Gain on disposal of property, plant and equipment	-	-	Nm	4	5	(20.0)
Gain on disposal of quoted securities	-	-	Nm	316	-	Nm
Forfeited deposits from customers	-	-	Nm	-	364	Nm
Interest income	2	29	(93.1)	40	54	(25.9)
Interest costs	(148)	(77)	92.2	(198)	(78)	Nm
Amortisation of intangible assets	(291)	-	Nm	(631)	-	Nm
Amortisation of land lease prepayment	(62)	(68)	(8.8)	(126)	(156)	(19.2)
Net foreign exchange (loss) / gain	(319)	(224)	42.4	(580)	71	Nm
Dividend income	24	17	41.2	28	31	(9.7)
Other miscellaneous income / (expense)	542	(16)	Nm	551	26	Nm
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	(11)	20	Nm	(31)	(46)	(32.6)

Note:

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

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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 period/year.**

	Group		Company	
	31 October 2014	30 April 2014	31 October 2014	30 April 2014
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	15,708	7,455	-	-
Land lease prepayment	6,962	7,388	-	-
Investment in subsidiaries	-	-	19,001	18,625
Intangible assets	9,602	10,241	-	-
Other financial assets	761	1,385	-	-
Club memberships	486	486	-	-
Deferred tax assets	730	729	-	-
	<b>34,249</b>	<b>27,684</b>	<b>19,001</b>	<b>18,625</b>
<b>Current assets</b>				
Cash and cash equivalents	23,904	36,388	2,781	10,046
Inventories	19,110	22,525	-	-
Trade and other receivables	8,001	15,380	21,709	14,220
Contract work-in-progress	8,168	10,805	-	-
Tax recoverable	2	-	2	-
	<b>59,185</b>	<b>85,098</b>	<b>24,492</b>	<b>24,266</b>
<b>TOTAL ASSETS</b>	<b>93,434</b>	<b>112,782</b>	<b>43,493</b>	<b>42,891</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	24,143	29,111	981	1,329
Loans and borrowings	2,658	13,474	-	-
Current tax liabilities	1,702	1,355	-	76
	<b>28,503</b>	<b>43,940</b>	<b>981</b>	<b>1,405</b>
<b>Non-current liabilities</b>				
Other payables	8,642	8,670	8,727	8,670
Loans and borrowings	1,239	1,371	-	-
Deferred tax liabilities	584	420	-	-
	<b>10,465</b>	<b>10,461</b>	<b>8,727</b>	<b>8,670</b>
<b>TOTAL LIABILITIES</b>	<b>38,968</b>	<b>54,401</b>	<b>9,708</b>	<b>10,075</b>
<b>NET ASSETS</b>	<b>54,466</b>	<b>58,381</b>	<b>33,785</b>	<b>32,816</b>
<b>EQUITY</b>				
<b>Equity attribute to owners of the Company</b>				
Share capital	35,424	35,424	35,424	35,424
Treasury shares	(2,718)	(3,345)	(2,718)	(3,345)
Other reserves	(9,645)	(8,168)	866	731
Accumulated profits	31,405	34,470	213	6
<b>TOTAL EQUITY</b>	<b>54,466</b>	<b>58,381</b>	<b>33,785</b>	<b>32,816</b>
<b>Total equity and liabilities</b>	<b>93,434</b>	<b>112,782</b>	<b>43,493</b>	<b>42,891</b>

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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:**

	Group	
	31 October 2014	30 April 2014
	S\$'000	S\$'000
<u>Amount repayable in one year or less, or on demand</u>		
- Secured	2,658	13,474
<u>Amount repayable after one year</u>		
- Secured	1,239	1,371
<b>Total</b>	<b>3,897</b>	<b>14,845</b>

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

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

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- 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 period.**

	6 months ended	
	1H2015	1H2014
	S\$'000	S\$'000
<b><u>Cash flows from operating activities</u></b>		
Profit for the period	2,111	4,684
<b>Adjustments for:</b>		
Amortisation of land lease prepayment	126	156
Amortisation of intangible assets	631	-
Depreciation of property, plant and equipment	417	231
Dividend income	(28)	(31)
Net foreign exchange loss / (gain)	762	(71)
Interest income	(40)	(54)
Interest expense	198	78
Net changes in fair value of financial assets at fair value through profit or loss	31	(46)
Share-based payment expense	358	123
Gain on disposal of property, plant and equipment	(4)	(5)
Gain on disposal of quoted securities	(316)	-
Reversal of allowance for impairment loss on trade receivables	-	(165)
Tax expense	525	1,054
	<b>2,660</b>	<b>1,270</b>
<b>Operating profit before working capital changes</b>	<b>4,771</b>	<b>5,954</b>
Change in working capital:		
Decrease in trade and other receivables	7,379	6,843
Decrease in contract work-in-progress	2,637	-
Decrease / (increase) in inventories	3,415	(9,443)
Decrease in trade and other payables	(4,995)	(80)
<b>Cash generated from operation</b>	<b>13,207</b>	<b>3,274</b>
Interest paid	(198)	(78)
Interest received	40	54
Tax paid	(756)	(1,075)
<b>Net cash generated from operating activities</b>	<b>12,293</b>	<b>2,175</b>
<b><u>Cash flows from investing activities</u></b>		
Dividend income received	28	31
Proceeds from other financial assets (from quoted securities)	731	-
Purchase of property, plant and equipment	(9,017)	(524)
Proceeds from disposal of property, plant and equipment	67	5
Investments in structured deposits	-	(1,128)
Proceeds from maturity of structured deposits	-	1,023
Cash acquired in acquisition of subsidiaries in excess of cash consideration paid for the acquisition	-	732
<b>Net cash (used in) / generated from investing activities</b>	<b>(8,191)</b>	<b>139</b>
<b><u>Cash flows from financing activities</u></b>		
Repayment of bank loans	(813)	(1,328)
Repayment of trust receipts	(23,383)	-
Proceeds from trust receipts	13,266	-
Repayment of finance lease liabilities	(61)	-
Purchase of treasury shares	(90)	(282)
Share options exercised	494	485
Dividends paid	(5,176)	(5,053)
Issue of ordinary shares	-	10,000
<b>Net cash (used in) / generated from financing activities</b>	<b>(15,763)</b>	<b>3,822</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(11,661)</b>	<b>6,136</b>
Cash and cash equivalents at beginning of the financial year	36,388	43,687
Effect of exchange rate fluctuations on cash held	(823)	(1,091)
<b>Cash and cash equivalents at end of the period</b>	<b>23,904</b>	<b>48,732</b>

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**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 period.**

	Group						
	Share capital	Treasury shares	Share option reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits/(losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 May 2014</b>	35,424	(3,345)	731	91	(8,990)	34,470	58,381
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	2,111	2,111
<b>Other comprehensive (expense) / income</b>							
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company	-	-	-	-	(1,471)	-	(1,471)
Net changes in the fair value of available-for-sale financial assets	-	-	-	(170)	-	-	(170)
Deferred tax arising from available-for-sale financial assets	-	-	-	29	-	-	29
<b>Total other comprehensive expense</b>	-	-	-	(141)	(1,471)	-	(1,612)
<b>Total comprehensive (expense) / income for the period</b>	-	-	-	(141)	(1,471)	2,111	499
<b>Transaction with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Dividends to equity holders	-	-	-	-	-	(5,176)	(5,176)
Share-based payment transactions	-	-	358	-	-	-	358
Purchase of treasury shares	-	(90)	-	-	-	-	(90)
Share options exercised	-	717	(223)	-	-	-	494
<b>Total transaction with owners</b>	-	627	135	-	-	(5,176)	(4,414)
<b>At 31 October 2014</b>	<b>35,424</b>	<b>(2,718)</b>	<b>866</b>	<b>(50)</b>	<b>(10,461)</b>	<b>31,405</b>	<b>54,466</b>
<b>At 1 May 2013</b>	21,068	(2,554)	280	109	(8,101)	33,398	44,200
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	4,684	4,684
<b>Other comprehensive (expense) / income</b>							
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
<b>Total other comprehensive expense</b>	-	-	-	(34)	(143)	-	(177)
<b>Total comprehensive (expense) / income for the period</b>	-	-	-	(34)	(143)	4,684	4,507
<b>Transaction with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Dividends to equity holders	-	-	-	-	-	(5,053)	(5,053)
Share-based payment transactions	-	-	123	-	-	-	123
Purchase of treasury shares	-	(282)	-	-	-	-	(282)
Share options exercised	-	485	(129)	-	-	-	356
Issue of ordinary shares	14,356	-	-	-	-	-	14,356
<b>Total transaction with owners</b>	<b>14,356</b>	<b>203</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>(5,053)</b>	<b>9,500</b>
<b>At 31 October 2013</b>	<b>35,424</b>	<b>(2,351)</b>	<b>274</b>	<b>75</b>	<b>(8,244)</b>	<b>33,029</b>	<b>58,207</b>

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	Company				
	Share capital	Treasury shares	Share option reserve	Accumulated profits / (losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 May 2014</b>	<b>35,424</b>	<b>(3,345)</b>	<b>731</b>	<b>6</b>	<b>32,816</b>
Profit for the year	-	-	-	5,383	5,383
Dividends to equity holders	-	-	-	(5,176)	(5,176)
Share based payment transactions	-	-	358	-	358
Purchase of treasury shares	-	(90)	-	-	(90)
Share options exercised	-	717	(223)	-	494
<b>At 31 October 2014</b>	<b>35,424</b>	<b>(2,718)</b>	<b>866</b>	<b>213</b>	<b>33,785</b>
<b>At 1 May 2013</b>	<b>21,068</b>	<b>(2,554)</b>	<b>280</b>	<b>(386)</b>	<b>18,408</b>
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)
Share options exercised	-	485	-	-	485
Issue of ordinary shares	14,356	-	-	-	14,356
<b>At 31 October 2013</b>	<b>35,424</b>	<b>(2,351)</b>	<b>274</b>	<b>(153)</b>	<b>33,194</b>

**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 2014, the Company's issued and fully paid up capital (excluding treasury shares) comprises of 434,382,661 (31 October 2013: 434,142,661) ordinary shares. The changes in the Company's share capital during 2Q2015 and 2Q2014 are set out below.

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<b>2Q2015</b>		
	<b>Number of shares</b>	<b>Share Capital (S\$'000)</b>
As at 1 August 2014	431,343,661	35,424
Exercise of share options	3,367,000	-
Purchase of treasury shares	(328,000)	-
As at 31 October 2014	<b>434,382,661</b>	<b>35,424</b>

<b>2Q2014</b>		
	<b>Number of shares</b>	<b>Share Capital (S\$'000)</b>
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	<b>434,142,661</b>	<b>35,424</b>

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 2014, the Company purchased 328,000 of its own shares. As at 31 October 2014, the total consideration for the treasury shares held under the share buy-back scheme was S\$2,718,000 for a total of 12,667,000 shares.

The number of treasury shares held by the Company represents 2.92% (31 October 2013: 2.97%) of the total number of issued shares (excluding treasury shares) of the Company as at 31 October 2014.

XMH Share Option Scheme

During the quarter, the directors and employees exercised a total of 3,367,000 share options, which were granted to them on 19 September 2011 and 11 September 2012 under the XMH Share Option Scheme.

As at 31 October 2014, the outstanding balance of unexercised options under the XMH Share Option Scheme totaled 12,043,000 (31 October 2013: 15,325,000) or 2.69% (31 October 2013: 3.43%) 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 period.**

	<b>31 October 2014</b>	<b>31 October 2013</b>
Total number of shares issued	447,049,661	447,049,661
Less: Treasury shares	(12,667,000)	(12,907,000)
<b>Total</b>	<b>434,382,661</b>	<b>434,142,661</b>



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- 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 31 October 2013 and 31 October 2014 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 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 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.**

Not applicable.

- 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:-

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	Group			
	2Q2015	2Q2014	1H2015	1H2014
EPS (based on consolidated net profit attributable to equity holders):-				
a) Based on the weighted average number of ordinary shares in issue (cents)	0.16	0.48	0.49	2.96
b) On a fully diluted basis (cents)	0.16	0.46	0.49	2.93
Weighted average number of shares in issue during the period used in the computing of EPS	434,382,661 <sup>1</sup>	422,733,885 <sup>1</sup>	434,382,661 <sup>1</sup>	403,868,944 <sup>1</sup>
Weighted average number of shares on fully diluted basis during the period used in the computing of EPS	445,383,292 <sup>2</sup>	440,763,762 <sup>2</sup>	445,383,292 <sup>2</sup>	421,754,280 <sup>2</sup>

Note:

- (1) 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.
- (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, September 2012 and September 2013.

**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 2014	30 April 2014	31 October 2014	30 April 2014
Net asset value per ordinary share based on existing share capital (cents)	12.54	13.53	7.78	7.61
Number of shares at end of the period/year	434,382,661	431,343,661	434,382,661	431,343,661

**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 has 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 wholly-owned subsidiary (collectively referred as the "MPG") post the acquisition are consolidated into the consolidated statement of comprehensive income, financial position and cash flows of the Group.

**SECOND QUARTER & FIRST HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT  
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**STATEMENT OF COMPREHENSIVE INCOME REVIEW**

**Quarter ended 31 October 2014 (“2Q2015”) vs quarter ended 31 October 2013 (“2Q2014”)**

**(i) Revenue**

Revenue decreased by approximately S\$7.9 million or 28.9% due mainly to slower sales in the “distribution” business segment.

**(ii) Cost of Sales and Gross Profit Margin**

Correspondingly, cost of sales also decreased by approximately S\$7.3 million or 35% from S\$20.8 million in 2Q2014 to S\$13.5 million in 2Q2015. Gross profit decreased by approximately S\$546,000 or 8.7% from S\$6.3m in 2Q2014 to S\$5.7 million in 2Q2015.

Better gross profit margin was registered at 29.7% in 2Q2015 as compared to 23.1% in 2Q2014. The improvement of 6.6% was due mainly to the overall increase in gross profit margins across all business segments.

**(iii) Other Income**

Higher other income in 2Q2015 as compared to 2Q2014 was due mainly to a reversal of liability of S\$419,000 no longer required and the write-back of provision of obsolete stocks which were sold for S\$101,000.

**(iv) Distribution Expenses**

Distribution expenses increased by approximately S\$355,000 or 22.4% from S\$1.6 million in 2Q2014 to S\$1.9 million in 2Q2015. The increase was due mainly to the inclusion of MPG’s full six months results.

**(v) Administrative Expenses**

Administrative expenses increased by approximately S\$1.0 million or 49.1% from S\$2.1 million in 2Q2014 to S\$3.1 million in 2Q2015. This increase was due mainly to the (i) increase in payroll expenses in general; (ii) amortization of intangible assets arising from the acquisition of MPG; and (iii) higher legal and professional fees incurred.

**(vi) Net Finance (Costs)/Income**

The Group registered net finance costs of approximately S\$458,000 in 2Q2015 as compared to S\$70,000 in 2Q2014. The net finance costs in 2Q2015 consisted of (i) interests on trust receipts, term loans and finance leases; and (ii) net foreign exchange losses.

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**First half ended 31 October 2014 (“1H2015”) vs first half ended 31 October 2013 (“1H2014”)**

As the Company has completed the acquisition of MPG in 2Q2014, the results and consolidated statement of comprehensive income for 1H2014 and 1H2015 were accounted for two (2) months and six (6) months respectively.

**(i) Revenue**

Revenue decreased by approximately S\$3.5 million or 7.1% was due mainly to slower sales in the “distribution” business segment, offset by the increase in sales from “projects” business segment of S\$21.5 million. This was from the inclusion of MPG’s results from September 2014 onwards.

**(ii) Cost of Sales and Gross Profit Margin**

Correspondingly, cost of sales also decreased by approximately S\$4.3 million or 11.5% from S\$36.9 million in 1H2014 to S\$32.6 million in 1H2015. Gross profit increased by approximately S\$779,000 or 6.7% from S\$11.6 million in 1H2014 to S\$12.4 million in 1H2015. This was primarily attributed to “projects” business segment.

Better gross profit margin was registered at 27.5% in 1H2015 as compared to 23.9% in 1H2014. The improvement of 3.6% was due mainly to the overall increase in gross profit margins across all business segments.

**(iii) Other Income**

Higher other income in 1H2015 as compared to 1H2014 was due mainly to a reversal of liability of S\$419,000 no longer required and the write-back of provision of obsolete stocks which were sold for S\$101,000. Other income reported in 1H2014 consisted mainly of the forfeiture of deposits from customers for S\$364,000.

**(iv) Distribution Expenses**

Distribution expenses increased by approximately S\$708,000 or 24.4% from S\$2.9 million in 1H2014 to S\$3.6 million in 1H2015. The increase was due mainly to the consolidation of MPG’s results, offset by lower payroll expenses and marketing costs.

**(v) Administrative Expenses**

Administrative expenses increased by approximately S\$2.8 million or 79.2% from approximately S\$3.5 million in 1H2014 to approximately S\$6.3 million in 1H2015. This increase was due mainly to the inclusion of MPG’s results. XMH itself also incurred more costs in terms of (i) amortization of intangible assets arising from the acquisition of MPG; (ii) higher legal and professional fees incurred; and (iii) higher employee share option expenses.

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**(vi) Net Finance (Costs)/Income**

The Group registered net finance costs of approximately S\$430,000 in 1H2015 as compared to net finance income of S\$197,000 in 1H2014. The net finance costs in 1H2015 was due mainly to (i) interests on trust receipts, term loans and finance leases; and (ii) net foreign exchange losses.

**STATEMENT OF FINANCIAL POSITION REVIEW**

The Group's shareholders' funds as at 31 October 2014 stood at S\$54.5 million as compared to S\$58.4 million at the end of the immediately preceding financial year end, 30 April 2014.

**(i) Property, plant and equipment**

The increase in the property, plant and equipment of approximately S\$8.3 million was due mainly to the progress payments towards construction of the factory building in Tuas, net of depreciation.

**(ii) Land lease prepayment**

Land lease prepayment relates to the lease of a parcel of land located at Tuas entered into by the Group in FY2013. The decrease was due mainly to translation adjustment of Japanese Yen against Singapore Dollar and the amortization for the period.

**(iii) Intangible assets**

Intangible assets decreased by approximately S\$631,000 to S\$9.6 million as at 31 October 2014 from S\$10.2 million as at 30 April 2014 due to amortization.

**(iv) Other financial assets**

This relates to available-for-sale financial assets for quoted securities on the Singapore Stock Exchange. During the period, part of these quoted securities were sold for a capital gain.

**(v) Inventories**

Inventories decreased by approximately S\$3.4 million from S\$22.5 million as at 30 April 2014 to S\$19.1 million as at 31 October 2014. The decrease was due mainly to customers taking deliveries on orders and the completion of contracts during the period ended 31 October 2014.

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**(vi) Trade and other receivables**

Trade and other receivables decreased by approximately S\$7.4 million from S\$15.4 million as at 30 April 2014 to S\$8.0 million as at 31 October 2014. The decrease was due mainly to improved collection.

**(vii) Contract work-in-progress**

Contract work-in-progress are amounts due from project customers based on percentage of work done by a subsidiary. As at 31 October 2014, it stood at approximately S\$8.2 million. The decrease of approximately S\$2.6 million was due mainly to completion of work-in-progress.

**(viii) Trade and other payables**

Trade and other payables stood at approximately S\$24.1 million as at 31 October 2014, as compared to S\$29.1 million as at 30 April 2014. The decrease was due mainly to (i) settlement of amount due to trade creditors; and (ii) payment of accrued liabilities during the period.

**(ix) Loans and borrowings**

Loans and borrowings stood at approximately S\$3.9 million as at 31 October 2014, a decrease of approximately S\$10.9 million from S\$14.8 million as at 30 April 2014. The decrease was due mainly to repayment of trust receipts, term loans and finance leases with completion of investments in work-in-progress.

**STATEMENT OF CASH FLOW REVIEW**

Net cash generated in operating activities was approximately S\$12.3 million for the six months ended 31 October 2014 as compared to net cash generated from operating activities of approximately S\$2.2 million for the corresponding period. This was due mainly to improved collections from our customers, higher completion of contract work-in-progress and decreased inventory as customers took deliveries of orders including the completion of contracts.

Net cash used in investing activities amounted to approximately S\$8.2 million. This was due mainly to progress payments to construction of our factory building, offset by proceeds from the disposal of quoted securities.

Net cash used in financing activities was approximately S\$15.8 million. This was due mainly to the settlement of trust receipts and dividend payment for FY2014.

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

Not applicable.

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**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 Group continues to be affected by the slowdown in demand for Indonesian coal and consequently fewer new-builds of tugboats and other cargo vessels there. Customers are taking up deliveries of orders that have been placed but the pace remains sluggish. This is expected to continue into the second half of FY2015.

However, in Vietnam, the Group is seeing positive trends in the form of increased deliveries and new orders. This market is expected to do well as the country seeks to expand its fishing fleet.

Locally, the Group's subsidiary, MPG, is on track to deliver its best ever year as demand for standby generator sets continue to be strong.

The acquisition of Z-Power Automation is in the final stages of completion. We expect the acquisition will immediately be earnings accretive

**11. Dividend**

**a) Current financial period reported on  
Any dividend declared for the current financial period reported on?**

None.

**b) Corresponding period of the immediately preceding financial period  
Any dividend declared for the corresponding period of the immediately preceding financial year?**

None.

**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 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 sought a general mandate for interested person transaction(s) from the shareholders.

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**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 half-year ended 31 October 2014 to be false or misleading in any material aspect.

**15. 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 and the issuance of new shares was approximately S\$9.9 million, net of expenses.

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

Description / Purpose (in S\$'000)	Amount Raised	Amount Utilised	Balance Amount
<u>Proceeds from IPO</u>			
1) Development of new premises or acquisition of premises for general warehousing and work areas and the establishment of an assembly line for in-house power generating sets	10,000	10,000	-
2) Pursue expansion opportunities	7,000	7,000	-
3) General working capital	1,850	1,850	-
<b>Sub-total</b>	<b>18,850</b>	<b>18,850</b>	<b>-</b>
<u>Proceeds from new shares</u>			
4) Proposed development of industrial building and ancillary office and facilities at Tuas	8,928	6,477	2,451
5) General working capital	992	992	-
<b>Sub-total</b>	<b>9,920</b>	<b>7,469</b>	<b>2,451</b>
<b>Total</b>	<b>28,770</b>	<b>26,319</b>	<b>2,451</b>

**BY ORDER OF THE BOARD**  
**Mr. Tan Tin Yeow**  
**Chairman and CEO**  
12 December 2014