



FOR IMMEDIATE RELEASE

XMH posts a net profit of S\$5.4 million despite challenging market conditions

- Revenue decreased 13.0% to S\$91.5 million due to slower sales in the Indonesian market; offset by increased revenue from the “projects” business
- Gross profit was up 2.5% to S\$28.0 million due to an increase from the “projects” business segment, but net profit declined 11.4% to S\$5.4 million mainly due to higher operating expenses
- The “projects” business segment performed well for FY2015, secured multiple contracts during the year and registered revenue of S\$48.3 million

Singapore, 29 June 2015 – XMH Holdings Ltd., (“XMH”, “新明华控股” or the “Group”), a diesel engine, propulsion and power generating solution provider in the marine and industrial sectors, has posted a revenue of S\$91.5 million and a net profit of S\$5.4 million for the full year ended 30 April 2015 (“FY2015”).

Financial Highlights	4Q2015 S\$'000	4Q2014 S\$'000	% Chg	FY2015 S\$'000	FY2014 S\$'000	% Chg
Revenue	23,427	23,582	(0.7)	91,514	105,174	(13.0)
Gross Profit	8,309	6,754	23.0	27,999	27,309	2.5
Gross Profit Margin	35.5%	28.6%	6.9 pp	30.6%	26.0%	4.6 pp
Operating Expenses*	(7,098)	(4,447)	59.6	(20,907)	(16,009)	30.6
Other Income	-	659	NM	518	1,225	(57.7)
Net Profit / (Loss)	611	(1,745)	NM	5,429	6,125	(11.4)
Net Profit Margin	2.6%	NM	NM	5.9%	5.8%	0.1 pp
Fully Diluted EPS (cents) [#]	0.10	(0.41)	NM	1.18	1.45	(18.6)

*: Includes distribution expenses and administrative expenses

pp: Percentage points

NM: Not meaningful

[#]: Based on 445,127,292 weighted average number of shares for 4Q2015 and FY2015 (4Q2014: 435,532,210 and FY2014: 423,419,908)



The decrease in revenue to S\$91.5 million in FY2015 from S\$105.2 million in FY2014 was primarily due to the decrease from both the “distribution” and “after sales” business segments by approximately S\$29.7 million. This was offset by the increase of approximately S\$16.1 million from the “projects” business segment. Overall, the decrease in revenue was primarily due to slower sales in the Indonesian market.

The Group’s gross profit increased 2.5% to S\$28.0 million in FY2015. Gross profit margin for the Group also remained healthy with an increase from 26.0% in FY2014 to 30.6% in FY2015. The increase for both gross profit and gross profit margin was primarily due to the higher contributions from the Group’s “projects” business segment, and overall increase in gross profit margins across all business segments.

The increase in the Group’s operating expenses was largely due to the effects of MPG’s results and the inclusion of the newly acquired subsidiary. This was in line with the increase in contributions from the “projects” business segment. A total of approximately S\$833,000 was included for the amortization of intangible assets, arising from the acquisition of MPG in 2Q2014 and ZPA in 4Q2015. The Group also made a provision of approximately S\$1.2 million for costs and professional fees in relation to an appeal in November 2014. The Group had a net financing income of S\$540,000 in FY2015, mainly due to higher forex gains and a one-time gain on disposal of security shares.

The Group’s net profit for FY2015 decreased 11.4% to S\$5.4 million in FY2015. However, net profit margin improved to 5.9% as compared to 5.8% in FY2014.

Speaking on the Group’s financial performance, Mr. Elvin Tan Tin Yeow, Chairman and CEO, commented, “The uncertainty in macro environmental factors has affected our “distribution” business. However, it is reassuring to see that XMH has managed to achieve a net profit of S\$5.4 million despite the challenging conditions in the Indonesian market. It is encouraging to see the positive contributions to the Group from our “projects” segment.

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Though we foresee the slow economic situation in Indonesia may continue to affect us in the coming months, we will endeavour and explore opportunities to continue securing new contracts. Nonetheless, we are proposing a final dividend of 0.8 Singapore cents per share for FY2015 as a reward for the loyalty and confidence of our shareholders.”

For FY2015, the Group has proposed a final dividend of 0.8 Singapore cents per share. The dividend amount equates to a dividend payout of approximately 67.8%.

Business Updates / Outlook

One of the Group’s businesses is dependent on the level of activity in the Indonesia marine and coal industries and in the Vietnamese marine industry. The Indonesia market continues to see slow economic growth although the Vietnamese marine industry is gradually gaining momentum with increased activities.

In view of the above, we have experienced the delay of orders and deferment of collections from our customers in the past year. Therefore, the sales from our “distribution” business segment may continue to be affected in the coming months.

Notably, the Group has made positive breakthroughs during the financial year as new contracts were secured and these should contribute positively to the Group’s results in FY2016 and FY2017.

MPG’s strength in industrial and commercial applications places it in a good position to continue securing new contracts. Being one of the leaders in this field, the Group looks forward to riding on Singapore’s transition into a global infocomm hub and to play an active part in the growth of healthcare spending in the region.

With the inclusion of ZPA, the Group believes that the wider range of product offerings and recognition that the ABB certification provides will have positive impact on ZPA and on the Group.

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Moving forward, the Group expects to move into its new 7-storey facility at Tuas in the last quarter of 2015. This will provide the ability to accommodate all its subsidiaries and production lines and increase general warehousing capacities.

When asked about the Group's plans for the future, Mr. Elvin Tan Tin Yeow, Chairman and CEO, continued, *"As a Group, we will continue to exercise prudence as the macro environment still holds many uncertainties. In our overall expansion strategy, we hope to capitalize on our new facility will provide to the Group. That being said, as part of the Group's efforts to remain competitive, we will stay vigilant to all relevant developments with keen interest and remain cautious."*

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ABOUT XMH HOLDINGS LTD (Bloomberg Ticker: XMH SP)

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

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

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

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

Issued for and on behalf of XMH Holdings Ltd.

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