



FOR IMMEDIATE RELEASE

XMH reports net profit of S\$743,000 for 1Q2016

- Revenue decreased 7.8% to S\$23.8 million due to slower sales in the “after sales” and “projects” business segments amidst challenging market conditions
- However, gross profit margins improved from 25.8% to 26.7% mainly due to the “projects” and “distribution” business segments
- Net profit declined to S\$743,000 in line with decreased revenue and higher operating expenses primarily due to consolidation of ZPA’s financials

Singapore, 13 September 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\$23.8 million and a net profit of S\$743,000 for the quarter ended 31 July 2015 (“1Q2016”).

Financial Highlights	1Q2016 S\$'000	1Q2015 S\$'000	% Chg
Revenue	23,764	25,780	(7.8)
Gross Profit	6,340	6,661	(4.8)
<i>Gross Profit Margin</i>	26.7%	25.8%	0.9 pp
Operating Expenses*	(5,757)	(4,907)	17.3
Other Income	139	15	826.7
Net Profit	743	1,400	(46.9)
<i>Net Profit Margin</i>	3.1%	5.4%	(2.3) pp
Fully Diluted EPS (cents) [#]	0.16	0.31	(48.4)

*: Includes distribution expenses and administrative expenses

pp: Percentage points

NM: Not meaningful

[#]: Based on 445,127,292 weighted average number of shares for 1Q2016 (1Q2015: 455,963,746)

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Revenue decreased by approximately S\$2.0 million to S\$23.8 million in 1Q2016 due to the decrease in revenue from both the “after-sales” and “projects” business segments by approximately S\$4.1 million in total. This was partially offset by an increase of approximately S\$2.1 million from the “distribution” business segment. Overall, the decrease in revenue was primarily due to slower sales in the Indonesian market as the industry remained challenging during the period.

The Group’s gross profit decreased 4.8% to S\$6.3 million in 1Q2016. Gross profit margin for the Group increased to 26.7% in 1Q2016 from 25.8% in 1Q2015 was mainly contributed by the “projects” and “distribution” business segments.

The increase in the Group’s operating expenses was largely due to the consolidation of Z-Power Automation’s (“ZPA”) results and higher marketing expenses. This was offset by lower legal and professional fees incurred in 1Q2016.

Consequently, the Group reported a net profit of S\$743,000 for 1Q2016.

The shareholders’ funds stood at S\$58.6 million with cash and cash equivalents of S\$21.7 million at the end of the reporting period. As at 31 July 2015, net asset value per share was 13.50 Singapore cents, compared to 13.27 Singapore cents as at 30 April 2015.

Commenting on the Group’s financial performance, Mr. Elvin Tan Tin Yeow, Chairman and CEO, commented, “As macro uncertainties continue to plague the environment we operate, our business continues to be affected. However, it is reassuring to see that our Group’s margins remain relatively healthy. There are headwinds and we will continue to explore opportunities to secure new contracts. We have already seen an increase in enquires for marine engines from Indonesia and aim to optimise these opportunities.”

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Business Updates / Outlook

Amidst the global economic slowdown, recent activities of emerging economies have declined and advanced economies are displaying a lacklustre recovery. The slowdown in the Indonesian economy has inevitably affected the Group's recent financial performance as the country is a major geographical market for the Group. As such, the Group remains focused on improving overall profitability through diversification and the streamlining of costs.

The Group hopes to see positive contribution from the increased orders from fishing and commercial activities, as well as the increased enquiries from Indonesia for marine engines. Additionally, the Group intends to diversify from offshore applications by adding on onshore applications of its business such as infocomm data centres and infrastructure projects. Overall, the Group will continue to make concerted efforts to pitch projects as a whole in order to increase revenue streams, profitability and capitalize on its enlarged client base.

To date, the order book remains healthy with a steady flow through 2017. Half of the recent contract wins by both ZPA and MPG of S\$23.1 million are expected to be delivered by end of 2015, while the rest are to be delivered early 2016, despite a slower first quarter.

Moving forward, the Group expects to relocate to its new 7-storey facility at Tuas in November 2015. This will provide the Group the ability to accommodate all its subsidiaries and production lines, increase general warehousing capacities, as well as save costs in the long term.

The Group remains cautious and will exercise prudence while operating in this very challenging environment.

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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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