XMH Holdings Ltd.
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FOR IMMEDIATE RELEASE

XMH reports 69.3% increase in net profit to S$3.6 million for 1H2016

- **Revenue increased 10.1% year-on-year to S$49.6 million in 1H2016, supported by ZPA's inclusion**
- **Gross profit increased 1.7% year-on-year to S$12.6 million in 1H2016, while increased competition added pressure to gross profit margin**
- **With increased collaborations and cross-selling, the Group continues to explore opportunities in emerging markets to stimulate future growth**

Singapore, 10 December 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 reported its financial results for the first half of financial year ended 31 October 2015 (**"1H2016"**).

Financial Highlights	1H2016 S$'000	1H2015 S$'000	% Change
Revenue	49,558	45,006	***10.1***
Gross Profit	12,582	12,368	***1.7***
Gross Profit Margin	*25.4%*	*27.5%*	**(2.1) pp**
Operating Expenses*	(10,532)	(9,955)	***5.8***
EBITDA	5,353	3,968	***34.9***
Other Income	384	653	***(41.2)***
Net Profit	3,574	2,111	***69.3***
Net Profit Margin	*7.2%*	*4.7%*	***2.5 pp***
Fully Diluted EPS (cents)#	0.82	0.49	***69.4***

****: Includes distribution expenses and administrative expenses***

pp: Percentage points

#: Based on 434,233,129 weighted average number of shares for 1H2016 (1H2015: 445,383,292)

Revenue increased by 10.1% year-on-year ("yoy") to S$49.6 million in 1H2016, primarily supported by the increase of S$9.5 million in "projects" segment revenue, following the inclusion of ZPA's results. The increase in revenue was primarily attributable to the progress of the projects and the completion in the reporting period, offset by lower revenues from "distribution" and "after sales" business segments.

Along with the increase in revenue, cost of sales increased by 13.3% yoy to S$36.9 million in 1H2016. Gross profit increased by 1.7% yoy to S$12.6 million in 1H2016, and gross profit margin declined from 27.5% in 1H2015 to 25.4% in 1H2016, as stiffer competition added pressure.

The Group registered net finance income of approximately S$1.3 million from foreign exchange gains in 1H2016 as compared to net finance costs of S$0.4 million in 1H2015.

Group reported net profit of S$3.6 million for 1H2016, an increase of 69.3% yoy. Earnings per ordinary share of the Group was 0.82 Singapore cents for 1H2016, compared to 0.49 Singapore cents for 1H2015.

As the construction of the factory building in Tuas progressed, property, plant and equipment increased from S$32.5 million as at 30 April 2015 to S$57.5 million as at 31 October 2015. Correspondingly, net cash used in investing activities amounted to S$28.2 million, and Group's cash and short-term fixed deposits decreased from S$24.7 million to S$9.9 million over the same period.

As at 31 October 2015, net asset value per share was 14.2 Singapore cents, compared to 13.3 Singapore cents as at 30 April 2015.

Commenting* on the Group's financial performance, Mr. Elvin Tan Tin Yeow, Chairman and CEO, commented,** ***"The weak market as a whole still weighs on demand, and the stiffer competition continues to add pressure to profit margins and project sizes. Nonetheless, we will consistently review our business operations and seek to optimize all viable business opportunities. As the Group gradually settles in at the new facility in Tuas, we expect operational efficiency will improve further. This will help us stay resilient in a challenging market, along with our other endeavours."

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Business Updates / Outlook

Going into 2016, although stabilization in the global financial markets has been observed, the general outlook of the industries in which the Group operates in remains weak. The persistent sluggish demand for marine related products has led to some postponement of deliveries and the market for offshore business remains challenging given the low-oil-price environment.

Adding to this, intensified competition in the building and construction industries has affected the Group's related business. Overall, project sizes and profit margins for the Group as a whole have been under pressure.

Nonetheless, the Group will continue to diligently tender for opportunities that may arise in key countries that the Group operates in. The Group's order book remains healthy and is on track to deliver the majority of the current order book in FY2016, with the outstanding order book seeing the Group through to FY2017.

The Group will also continue its concerted efforts in marketing and maximizing its order book. These efforts have helped its subsidiary, which is engaged primarily in the distribution panels and switchboards business, delivered a steady performance during the reporting period.

In addition, the synergies established between the Group's subsidiaries have generated increased enquiries. This has presented the Group with an opportunity to pursue onshore applications of its subsidiary's switchboard expertise as well as industrial application panels.

Operating in a market with weak demand and tough competition, the Group will continue to take a prudent approach in its operations to improve efficiency, and endeavour to build a robust order book while striving to maintain its performance in a challenging environment.

--- The End---

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About XMH Holdings

XMH Holdings Ltd., a trusted name as a diesel engine, propulsion and power generating solutions provider in the marine and industrial sectors across Asia.

Over the years, the Group has expanded its primary product offerings to include distributorship, agency and dealership rights from reputable brands such as Mitsubishi, Akasaka and Kamome (Japan), Hyundai, D-I and Doosan (South Korea), SOLÉ, Korsør, Reintjes, CENTA (Europe), Mentrade (Singapore) and Guangzhou Diesel (China).

The Group continued to advance, scaling up the value-chain with the introduction of "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.

The acquisition of Mech-Power Generator Pte Ltd and its subsidiary ("MPG") was completed in September 2013. MPG is a leading manufacturer in the sale, assembly, testing, installation, commissioning and maintenance of diesel powered generator sets. Following MPG's acquisition, in March 2015, the Group acquired 80% shareholdings in the issued and paid up capital of Z-Power Automation Pte. Ltd. ("ZPA"). ZPA specialises in integrated marine automation products, and its successful consolidation provides the Group added exposure to different markets.

With the acquisitions, the Group's business activities can be broadly categorised into (i) distribution and provision of value-added products and services; (ii) after-sales services, trading and others; and (iii) assembly and installation of standby generator sets and provision of related services.

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

Issued for and on behalf of XMH Holdings Ltd.

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