



XMH

XMH HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 201010562M)

**UNAUDITED FIRST QUARTER (“1Q2017”) FINANCIAL STATEMENTS
ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2016**

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.

(In S\$'000) Description	Group		
	Actual 1Q2017	Actual 1Q2016	Change %
Revenue	19,426	23,764	(18.3)
Cost of sales	(15,561)	(17,424)	(10.7)
Gross profit	3,865	6,340	(39.0)
Other income	430	139	NM
Distribution expenses	(1,871)	(2,086)	(10.3)
Administrative expenses	(3,394)	(3,677)	(7.7)
Results from operating activities	(970)	716	NM
Finance income	1,262	235	NM
Finance costs	(235)	(161)	46.0
Net finance income	1,027	74	NM
Profit before share of results of an associated company	57	790	(92.8)
Share of results of an associated company	(1)	(10)	(90.0)
Profit before tax	56	780	(92.8)
Tax expense	(13)	(37)	(64.9)
Profit after tax	43	743	(94.2)
Items that may be reclassified subsequently to profit or loss			
<i>Exchange differences arising from translation of the financial statements of the subsidiary corporations</i>	1,303	87	NM
<i>Net changes in the fair value pertaining to acquisition of a subsidiary corporation</i>	-	32	NM
<i>Net changes in the fair value of available-for-sale financial assets</i>	(42)	-	NM
<i>Deferred tax arising from available-for-sale financial assets</i>	7	-	NM
<i>Other comprehensive income for the period, net of tax</i>	1,268	119	NM
Total comprehensive income for the period	1,311	862	52.1

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

(In S\$'000) Description	Group		
	Actual 1Q2017	Actual 1Q2016	Change %
Profit/(loss) attributable to:			
Owners of the Company	191	710	(73.1)
Non-controlling interests	(148)	33	NM
	43	743	(94.2)
Total comprehensive income/(expenses) attributable to:			
Owners of the Company	1,459	829	76.0
Non-controlling interests	(148)	33	NM
	1,311	862	52.1

Note:

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

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

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

(In S\$'000) Description	Group		
	Actual 1Q2017	Actual 1Q2016	Change %
Transfer of club membership	-	(186)	NM
Other miscellaneous income	230	139	65.5
Rental income	178	-	NM
Dividend income from quoted equity securities	-	4	NM
Allowance for impairment loss on quoted equity securities	(16)	(105)	(84.8)
Interest income	2	1	NM
Interest expense	(235)	(161)	46.0
Net foreign exchange gain	1,260	230	NM
Amortisation of land lease prepayment	-	(58)	NM
Depreciation of property, plant and equipment	(1,479)	(284)	NM
Amortisation of intangible assets	(301)	(340)	(11.5)
Write back of provision for doubtful debts	-	36	NM
Allowance for impairment loss on trade receivables	(29)	-	NM
Forfeited deposits from customers	22	-	NM
Share based payment expense	(75)	(191)	(60.7)

Note:

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

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

1(b) A statement of financial position (for the Company and Group), together with a comparative statement as at the end of the immediately preceding financial year.

(In S\$'000) Description	Group		Company	
	31 Jul 2016	30 Apr 2016	31 Jul 2016	30 Apr 2016
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	76,807	76,324	-	-
Intangible assets	15,083	15,373	-	-
Other financial assets	773	824	-	-
Investment in subsidiary corporations	-	-	31,801	31,801
Investment in associate	206	207	-	-
Club memberships	213	209	-	-
Deferred tax assets	23	23	-	-
Total non-current assets	93,105	92,960	31,801	31,801
<u>Current assets</u>				
Asset held-for-sales	875	-	-	-
Inventories	28,214	28,575	-	-
Trade and other receivables	29,909	33,493	8,361	8,371
Prepayment	417	369	26	9
Contract work-in-progress	12,949	14,644	-	-
Cash and short-term fixed deposits	16,455	12,843	269	242
Tax recoverable	2	2	-	-
Total current assets	88,821	89,926	8,656	8,622
TOTAL ASSETS	181,926	182,886	40,457	40,423
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Trade and other payables	34,793	46,598	569	983
Loans and borrowings	30,863	20,587	-	-
Current tax payables	1,372	1,450	190	147
Total current liabilities	67,028	68,635	759	1,130
<u>Non-current liabilities</u>				
Other payables	133	133	-	-
Loans and borrowings	40,529	41,211	-	-
Deferred tax liabilities	662	719	-	-
Total non-current liabilities	41,324	42,063	-	-
TOTAL LIABILITIES	108,352	110,698	759	1,130
NET ASSETS	73,574	72,188	39,698	39,293
EQUITY				
Equity attributable to owners of the Company				
Share capital	39,780	39,780	39,780	39,780
Reserve for own shares	(2,791)	(2,791)	(2,791)	(2,791)
Other reserves	(5,103)	(6,446)	1,894	1,819
Accumulated profits	39,121	38,930	815	485
	71,007	69,473	39,698	39,293
Non-controlling interests	2,567	2,715	-	-
Total equity	73,574	72,188	39,698	39,293
TOTAL EQUITY AND LIABILITIES	181,926	182,886	40,457	40,423

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

1(c) 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:

Description (in S\$'000)	Group	
	31 Jul 2016	30 Apr 2016
Amount repayable in one year or less, or on demand		
- Secured ⁽¹⁾	30,863	20,587
Amount repayable after one year		
- Secured	40,529	41,211
Total	71,392	61,798

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

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

Note:

(1) The type of secured loans payable in one year or less, or on demand consists of the following;

Description (in S\$'000)	Group	
	31 Jul 2016	30 Apr 2016
Bills payables	16,916	11,080
Short term revolving credit	11,069	6,908
Finance leases	47	64
Term loans	2,535	2,535
Bank overdrafts	296	-
Total	30,863	20,587

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

1(d) A consolidated statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

(In S\$'000) Description	3 months ended	
	1Q2017	1Q2016
Cash flows from operating activities		
Profit before tax	56	780
Adjustments for:		
Amortisation of land lease prepayment	-	58
Amortisation of intangible assets	301	340
Depreciation of property, plant and equipment	1,479	284
Share-based payment expenses	75	191
Interest income	(2)	(1)
Interest expense	235	161
Dividend income from quoted equity securities	-	(4)
Allowance for impairment loss on:		
- trade receivables	29	-
- quoted equity securities	16	105
Write back of provision for doubtful debt	-	(36)
Share of results of an associated company	1	10
Transfer of club membership	-	186
Net unrealised foreign exchange (gain)/loss	(1,399)	343
	791	2,417
Operating profit before working capital changes		
Changes in working capital:		
Changes in inventories	361	1,359
Changes in trade and other receivables	3,555	2,906
Changes in prepayment	(48)	60
Changes in contract work-in-progress	1,695	723
Changes in trade and other payables	(11,805)	(10,401)
Cash used in operations	(5,451)	(2,936)
Income tax paid	(143)	(379)
Net cash used in operating activities	(5,594)	(3,315)
Cash flows from investing activities		
Interest received	2	1
Dividend received	-	4
Proceeds from sale of property, plant and equipment	-	82
Acquisition of property, plant and equipment	(185)	(14,819)
Net cash used in investing activities	(183)	(14,732)

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

(In S\$'000) Description	3 months ended	
	1Q2017	1Q2016
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	-	10,176
Repayment of borrowings	(625)	(83)
Proceeds from short-term revolving credits	5,665	6,950
Repayment of short-term revolving credits	(1,781)	(527)
Proceeds from trust receipts	14,345	6,204
Repayment of trust receipts	(8,639)	(7,336)
Repayment of finance lease liabilities	(24)	(28)
Interest paid	(235)	(161)
Net cash generated from financing activities	8,706	15,195
Net increase/(decrease) in cash and cash equivalents	2,929	(2,852)
Cash and cash equivalents at beginning of the period	12,768	24,494
Effects of exchange rate fluctuations on cash held	391	(80)
Cash and cash equivalents at end of financial period	16,088	21,562
Represented by:		
Cash at bank and on hand	16,386	17,498
Short-term fixed deposits	69	4,203
	16,455	21,701
Less: Fixed deposits under pledged	(69)	(75)
Bank overdrafts	(296)	(64)
Effect of exchange rate fluctuation on fixed deposits under pledged	(2)	-
Cash and cash equivalents in the consolidated statement of cash flows	16,088	21,562

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

- 1(e) 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.**

COMPANY Description (in S\$'000)	Share Capital	Treasury Shares	Share Option Reserve	Accumulated Profits	Total
As at 1 May 2016	39,780	(2,791)	1,819	485	39,293
Profit for the period	-	-	-	330	330
Share based payment transactions	-	-	75	-	75
As at 31 July 2016	39,780	(2,791)	1,894	815	39,698

COMPANY Description (in S\$'000)	Share Capital	Treasury Shares	Share Option Reserve	Accumulated Profits	Total
As at 1 May 2015	35,424	(2,791)	1,320	359	34,312
Profit for the period	-	-	-	90	90
Share based payment transactions	-	-	191	-	191
As at 31 July 2015	35,424	(2,791)	1,511	449	34,593

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

GROUP Description (in S\$'000)	Share Capital	Treasury Shares	Share Option Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Accumulated Profits	Attributable to Owners of the Company	Non-controlling Interests	Total
As at 1 May 2016	39,780	(2,791)	1,819	75	(8,340)	38,930	69,473	2,715	72,188
Profit/(loss) for the period	-	-	-	-	-	191	191	(148)	43
Other comprehensive income/(expenses)									
Exchange differences arising from translation of the financial statements of the subsidiary corporations	-	-	-	-	1,303	-	1,303	-	1,303
Net changes in the fair value pertaining to acquisition of a subsidiary corporation	-	-	-	(42)	-	-	(42)	-	(42)
Deferred tax arising from available-for-sale financial assets	-	-	-	7	-	-	7	-	7
Total other comprehensive (expenses)/ income	-	-	-	(35)	1,303	-	1,268	-	1,268
Total comprehensive (expenses)/ income for the period	-	-	-	(35)	1,303	191	1,459	(148)	1,311
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Share based payment transactions	-	-	75	-	-	-	75	-	75
As at 31 July 2016	39,780	(2,791)	1,894	40	(7,037)	39,121	71,007	2,567	73,574

GROUP Description (in S\$'000)	Share Capital	Treasury Shares	Share Option Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Accumulated Profits	Attributable to Owners of the Company	Non-controlling Interests	Total
As at 1 May 2015	35,424	(2,791)	1,320	122	(11,007)	34,547	57,615	2,754	60,369
Profit for the period	-	-	-	-	-	710	710	33	743
Other comprehensive income									
Exchange differences arising from translation of the financial statements of the subsidiary corporations	-	-	-	-	87	-	87	-	87
Net changes in the fair value pertaining to acquisition of a subsidiary corporation	-	-	-	-	-	-	-	32	32
Total other comprehensive income	-	-	-	-	87	-	87	32	119
Total comprehensive income for the period	-	-	-	-	87	710	797	65	862
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Share based payment transactions	-	-	191	-	-	-	191	-	191
As at 31 July 2015	35,424	(2,791)	1,511	122	(10,920)	35,257	58,603	2,819	61,422

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

- 1(f) 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.**

As at 31 July 2016, the Company's issued and fully paid up capital (excluding treasury shares) comprises of 111,281,821* (31 July 2015: 434,126,661 before share consolidation was effected) ordinary shares. There is no movement in the company's share capital in 1Q2017 and 1Q2016 set out below.

Description	1Q2017	
	Number of Shares*	Share Capital (\$\$'000)
Balance at beginning and at end of period	111,281,821	39,780

Description	1Q2016	
	Number of Shares	Share Capital (\$\$'000)
Balance at beginning and at end of period	434,126,661	35,424
Balance at beginning and at end of period after share consolidation of 4:1	108,531,665	35,424

* The Company undertook a share consolidation exercise to consolidate every four (4) existing ordinary shares in the capital of the Company into one (1) ordinary share. The share consolidation was completed and effected on 22 February 2016.

Purchase of treasury shares

There was no share buy-back transaction in 1Q2017. As at 31 July 2016, the total consideration for the treasury shares held under the share buy-back scheme was S\$2,791,000 for a total of 3,230,750 shares.

The number of treasury shares held by the Company represents 2.90% (31 July 2015: 2.98%) of the total number of issued shares (excluding treasury shares) of the Company as at 31 July 2016.

XMH Share Option Scheme

As at 31 July 2016, the outstanding balance of unexercised options under the XMH Share Option Scheme totaled 3,573,750 shares (31 July 2015: 12,043,000 before share consolidation was effected) or 3.21% (31 July 2015: 2.77%) of total issued shares in the capital of the Company.

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

- 1(g) To show the number of shares that may be issued on conversion of all the outstanding convertibles, 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.**

Not applicable.

- 1(h)(i) To show the total number of issued shares excluding treasury shares as at the end of current financial year reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Description	31 July 2016	31 July 2015
Total number of shares issued	114,512,571	447,049,661
Less: Treasury shares	(3,230,750)	(12,923,000)
Total	111,281,821	434,126,661
Total at end of period after share consolidation of 4:1	111,281,821	108,531,665

- 1(h)(ii) 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.**

Description	31 July 2016	31 July 2015
Balance at beginning and at end of period	3,230,750	12,923,000
Balance at beginning and at end of period after share consolidation of 4:1	3,230,750	3,230,750

- 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 July 2016 and 31 July 2015 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 year as those adopted for the audited consolidated financial statements for the financial year ended 30 April 2016.

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

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 period, after deducting any provision for preference dividends.**

Earnings per ordinary share for the period based on net profit attributable to shareholders:-

Description	3 months ended	
	1Q2017	1Q2016*
EPS (based on consolidated net profit attributable to owners):-		
a) Based on the weighted average no. of ordinary shares in issue (cents)	0.17	0.64
b) On a fully diluted basis (cents)	0.17	0.64
Weighted average no. of shares in issue during the period used in the computing of EPS	111,281,821	108,531,665 ⁽¹⁾
Weighted average no. of shares on fully diluted basis during the period used in the computing of EPS	111,281,821	111,281,821 ⁽²⁾

Notes:

- (1) The figures are computed taking into account the potential ordinary shares to be issued for the share options granted in September 2011, 2012, 2013 and 2014.
- (2) 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).

* Adjusted EPS for share consolidation 4:1 during the FY2016.

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**

Description	Group		Company	
	31 July 2016	30 April 2016	31 July 2016	30 April 2016
Net asset value per ordinary share based on existing share capital (cents)	63.81	62.43	35.67	35.31
Number of shares at end of the period/year	111,281,821	111,281,821	111,281,821	111,281,821

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

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.**

STATEMENT OF COMPREHENSIVE INCOME REVIEW

Quarter ended 31 July 2016 ("1Q2017") vs quarter ended 31 July 2015 ("1Q2016")

(i) Revenue

Revenue decreased by approximately S\$4.4 million, or 18.3%, from S\$23.8 million in 1Q2016 to S\$19.4 million in 1Q2017. This was due to lower revenues recorded in both Project and Distribution business segments. Revenues for both business segments were affected by the poor market sentiment which leads to low demand for distribution sales and low project activities in 1Q2017.

(ii) Cost of Sales and Gross Profit Margin

Cost of sales decreased by approximately S\$1.8 million, or 10.7%, to S\$15.6 million in 1Q2017.

Gross profit decreased by approximately S\$2.4 million, or 39.0%, to S\$3.9 million in 1Q2017.

The lower gross profit margin registered at 19.9% in 1Q2017 was mainly due to lower revenue arising from intense competition across all business segments.

(iii) Other Income

Other income increased by approximately S\$291,000, or 2.1%, from S\$139,000 in 1Q2016 to S\$430,000 in 1Q2017. The increase was mainly due to:

- (i) Rental income generated from sub-letting part of the new factory building at 55 Tuas Crescent ("Tuas");
- (ii) Recovery of transportation expense from customers; and
- (iii) Forfeiture of deposits from customers.

(iv) Distribution Expenses

Distribution expenses decreased by approximately S\$215,000, or 10.3%, from S\$2.1 million in 1Q2016 to S\$1.9 million in 1Q2017. This was mainly due to overprovision of bonus in prior year.

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

(v) Administrative Expenses

Administrative expenses decreased by approximately S\$283,000, or 7.7%, from S\$3.7 million in 1Q2016 to S\$3.4 million in 1Q2017. This was mainly due to:

- (i) Decrease in staff cost of approximately S\$1.2 million due mainly to overprovision of bonus in prior year and lower share based payment expense;
- (ii) Decrease amortization of intangible assets of approximately S\$129,000; and
- (iii) Decrease in legal and professional fees by approximately S\$60,000.

This was partially offset by the increase in depreciation of approximately S\$1.1 million due to the completion of the new factory in late FY2016.

(vi) Net Finance Income

Net finance income increased by approximately S\$953,000, from S\$74,000 in 1Q2016 to S\$1.0 million in 1Q2017. This was mainly due to the unrealized foreign exchange gain of S\$1.7 million which arose from the revaluation of the loans to finance the acquisition of the new factory building in Tuas. The foreign exchange gain was partially offset by realized foreign exchange losses from the settlement of foreign currency denominated trust receipts and loans.

(vii) Tax Expense

Tax expense decreased by approximately S\$24,000, or 64.9%, to S\$13,000 in 1Q2017. The lower tax expense was in line with lower profit generated 1Q2017.

STATEMENT OF FINANCIAL POSITION REVIEW

The Group's shareholders' funds as at 31 July 2016 stood at S\$71.0 million as compared to S\$69.5 million at the end of the immediately preceding financial year which ended on 30 April 2016.

(i) Property, plant and equipment

The increase in property, plant and equipment of approximately S\$1.4 million was mainly due to:

- a. Translation adjustment of Japanese Yen denominated assets into Singapore dollar currency to align with group's functional currency;
- b. Acquisition of a new accounting software system by a subsidiary; and
- c. Acquisition of assets for the new outlet set up in Indonesia.

(ii) Intangible assets

Intangible assets comprised of:

- a. Goodwill of approximately S\$11.8 million; and
- b. Order backlog, customer base and intellectual property rights of approximately S\$3.3 million.

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

The decrease was due to amortization charged during the financial period.

(iii) Inventories

Inventories decreased by approximately S\$361,000, from S\$28.6 million as at 30 April 2016 to S\$28.2 million as at 31 July 2016. The decrease was mainly due to deliveries to customers in 1Q.

(iv) Trade and other receivables

Trade and other receivables decreased by approximately S\$3.6 million, from S\$33.5 million as at 30 April 2016 to S\$29.9 million as at 31 July 2016 was mainly due to improved collections.

(v) Contract work-in-progress

Contract work-in-progress decreased from S\$14.6 million as at 30 April 2016 to S\$12.9 million as at 31 July 2016. This was due lower job activities in the current period.

(vi) Trade and other payables

Trade and other payables stood at approximately S\$34.8 million as at 31 July 2016, as compared to S\$46.6 million as at 30 April 2016. The decrease of approximately S\$11.8 million was mainly due to:

- a. Settlement of amount due to trade suppliers; and
- b. Lesser advance payments received.

(vii) Loans and borrowings

Loans and borrowings stood at approximately S\$71.4 million as at 31 July 2016, an increase of approximately S\$9.6 million, from S\$61.8 million as at 30 April 2016. The increase was mainly due to:

- a. Increased bills payables for purchases; and
- b. Drawdown of short-term revolving loans for operation use.

This was partially offset by the repayment of loan instalment due.

STATEMENT OF CASH FLOW REVIEW

Net cash used in operating activities was approximately S\$5.6 million in 1Q2017. The increase of approximately S\$2.0 million, from S\$3.3 million, against corresponding period was mainly due to:

- (i) Lower operating cash generated; and
- (ii) Settlement of amount due to trade suppliers.

This was partially offset by payment received from customers during the current period.

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

Net cash used in investing activities amounted to approximately S\$183,000. This was mainly due to progress payment for the development of the new software system by a subsidiary and the new outlet setup in Indonesia.

Net cash generated from financing activities was approximately S\$8.7 million. This was due to:

- (i) Drawdown of short term revolving loan for working operation needs; and
- (ii) Increase usage of trust receipts facility to finance the purchase of inventory.

In view of the above, overall net increase in cash was approximately S\$2.9 million in 1Q2017 as compared to net cash decrease of S\$2.9 million in 1Q2016.

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

Not applicable.

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 global economic outlook remains uncertain which affects confidence level of investors resulting in lower commodity prices and a weaker global trade. Poor market sentiment has affected the Group as a whole due to softer demand and intensified competition in the construction, marine and offshore industries.

The Group will continue to strengthen relationships with its existing clientele and explore new markets beyond its traditional sectors like government driven policies and initiatives.

Additionally, in dealing with the challenges ahead, the Group aims to strengthen its operational processes. The Group's diversified business model has provided some resilience against the competitive market thus far, and will continue to build on its capability as a one-stop solutions provider to offer clients' customised integrated service and product offerings.

Understandably, going forward the Group will continue to exercise prudence in all aspects of its operations. The Group has experienced harsh market environments in the past and will remain conservative in preparing for market recovery.

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 period?**

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 JULY 2016**

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

Not applicable.

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.

14. Confirmation pursuant to 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 three months ended 31 July 2016 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the listing manual

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7.

BY ORDER OF THE BOARD
Mr. Tan Tin Yeow
Chairman and CEO
7 September 2016