

**XMH****XMH HOLDINGS LTD.****(Incorporated in the Republic of Singapore)
(Company Registration No: 201010562M)**

**Condensed Interim Consolidated Financial
Statements
For the Second Half Year and Financial Year
Ended 30 April 2023**

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

A. Condensed interim consolidated statement of profit or loss and other comprehensive income/(loss).

(In S\$'000) Description	Note	Actual	Actual	Change %	Actual	Actual	Change %
		2HFY2023	2HFY2022		FY2023	FY2022	
Revenue	4	70,732	38,633	83.1	128,679	71,886	79.0
Cost of sales		(55,237)	(27,675)	99.6	(101,326)	(52,268)	93.9
Gross profit		15,495	10,958	41.4	27,353	19,618	39.4
Other income		1,210	1,006	20.3	2,178	2,049	6.3
Distribution expenses		(2,759)	(1,991)	38.6	(4,827)	(3,805)	26.9
Administrative expenses		(7,631)	(7,013)	8.8	(14,555)	(13,416)	8.5
Impairment losses on financial assets		(183)	(479)	(61.8)	(335)	(504)	(33.5)
Results from operating activities		6,132	2,481	NM	9,814	3,942	NM
Finance income		23	823	(97.2)	31	1,342	(97.7)
Finance costs		(2,134)	(435)	NM	(3,925)	(780)	NM
Net finance (costs)/income		(2,111)	388	NM	(3,894)	562	NM
Profit before tax	6	4,021	2,869	40.2	5,920	4,504	31.4
Income tax expense	7	(1,146)	(863)	32.8	(1,946)	(1,429)	36.2
Profit after tax		2,875	2,006	43.3	3,974	3,075	29.2
Items that are or may be reclassified subsequently to profit or loss							
<i>Exchange differences arising from translation of the financial statements of the subsidiary corporations</i>		266	(2,143)	NM	(707)	(2,678)	(73.6)
<i>Other comprehensive income/(loss) for the period/year, net of tax</i>		266	(2,143)	NM	(707)	(2,678)	(73.6)
Total comprehensive income/(loss) for the period/year, net of tax		3,141	(137)	NM	3,267	397	NM

Note:

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

A. Condensed interim consolidated statement of profit or loss and other comprehensive income/(loss). (cont'd)

(In S\$'000) Description	Note	Actual	Actual	Change	Actual	Actual	Change
		2HFY2023	2HFY2022	%	FY2023	FY2022	%
Profit/(loss) attributable to:							
Owners of the Company		2,885	1,933	49.2	3,962	2,990	32.5
Non-controlling interests		(10)	73	NM	12	85	(85.9)
		2,875	2,006	43.3	3,974	3,075	29.2
Total comprehensive income/(loss) attributable to:							
Owners of the Company		3,151	(191)	NM	3,258	231	NM
Non-controlling interests		(10)	54	NM	9	166	(94.6)
		3,141	(137)	NM	3,267	397	NM
Earnings per share attributable to the owners of the Company during the financial period/year:							
Basic (SGD in cent)		2.63	1.77		3.61	2.74	
Diluted (SGD in cent)		2.63	1.77		3.61	2.74	

Note:

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

B. Condensed interim statements of financial position.

(In S\$'000) Description	Note	Group		Company	
		30 April 2023	30 April 2022	30 April 2023	30 April 2022
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	10	41,332	43,569	37,170	39,906
Right-of-use assets	14	5,478	5,715	5,375	5,645
Investment in subsidiary corporations		-	-	11,297	11,297
Intangible assets	11	8,506	8,506	-	-
Other financial assets	12	394	375	-	-
Club memberships		167	180	-	-
Deferred tax assets		656	299	-	-
Total non-current assets		56,533	58,644	53,842	56,848
<u>Current assets</u>					
Inventories		32,339	28,902	-	-
Trade and other receivables		14,539	9,147	19,024	18,860
Prepayment		184	582	33	14
Contract assets		23,038	18,675	-	-
Cash and short-term deposits	13	29,539	16,008	1,087	1,458
Tax recoverable		169	25	22	-
Total current assets		99,808	73,339	20,166	20,332
TOTAL ASSETS		156,341	131,983	74,008	77,180
EQUITY AND LIABILITIES					
<u>Current liabilities</u>					
Trade and other payables		54,542	23,405	2,043	1,584
Employee benefit liability		9	-	-	-
Contract liabilities		1,009	1,420	-	-
Loans and borrowings	15	14,617	15,359	2,865	2,048
Forex option structure	12	60	-	-	-
Current tax payables		2,086	2,258	190	1,525
Total current liabilities		72,323	42,442	5,098	5,157
Net current assets		27,485	30,897	15,068	15,175
<u>Non-current liabilities</u>					
Other payables		65	40	65	40
Employee benefit liability		96	-	-	-
Loans and borrowings	15	33,766	42,147	29,699	32,322
Deferred tax liabilities		153	133	-	-
Total non-current liabilities		34,080	42,320	29,764	32,362
TOTAL LIABILITIES		106,403	84,762	34,862	37,519

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

B. Condensed interim statements of financial position. (cont'd)

(In S\$'000) Description	Note	Group		Company	
		30 April 2023	30 April 2022	30 April 2023	30 April 2022
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	16	39,882	39,780	39,882	39,780
Reserve for own shares		(3,303)	(3,303)	(3,303)	(3,303)
Other reserves		(12,635)	(9,639)	-	2,292
Accumulated profits		25,982	20,496	2,567	892
		49,926	47,334	39,146	39,661
Non-controlling interests		12	(113)	-	-
Total equity		49,938	47,221	39,146	39,661
TOTAL EQUITY AND LIABILITIES		156,341	131,983	74,008	77,180

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

C. Condensed interim statements of changes in equity

Attributable to owners of the Company

GROUP Description (in S\$'000)	Share Capital	Reserve for Own Shares	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Profits	Total	Non- controlling Interests	Total Equity
FY2023								
At 1 May 2022	39,780	(3,303)	2,292	(11,931)	20,496	47,334	(113)	47,221
Profit for the financial year	-	-	-	-	3,962	3,962	12	3,974
Other comprehensive income/(loss)								
Exchange differences arising from translation of the financial statements of the subsidiary corporations	-	-	-	(704)	-	(704)	(3)	(707)
Other comprehensive loss for the financial year, net of tax	-	-	-	(704)	-	(704)	(3)	(707)
Total comprehensive income/(loss) for the financial year	-	-	-	(704)	3,962	3,258	9	3,267
Changes in ownership interest in subsidiary corporation								
Subscription of shares of a subsidiary corporation	-	-	-	-	-	-	116	116
Contributions by and distributions to owners								
Dividend paid on ordinary shares	-	-	-	-	(768)	(768)	-	(768)
Issuance of ordinary shares	102	-	-	-	-	102	-	102
Transfer of share option reserve to accumulated profits	-	-	(2,292)	-	2,292	-	-	-
Total transactions with owners	102	-	(2,292)	-	1,524	(666)	-	(666)
At 30 April 2023	39,882	(3,303)	-	(12,635)	25,982	49,926	12	49,938

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

C. Condensed interim statements of changes in equity (cont'd)

Attributable to owners of the Company

GROUP Description (in S\$'000)	Share Capital	Reserve for Own Shares	Share Option Reserve	Foreign Currency Translation Reserve	Accumulated Profits	Total	Non- controlling Interests	Total Equity
FY2022								
At 1 May 2021	39,780	(3,292)	2,292	(9,172)	17,506	47,114	(416)	46,698
Profit for the financial year	-	-	-	-	2,990	2,990	85	3,075
Other comprehensive income/(loss)								
Exchange differences arising from translation of the financial statements of the subsidiary corporations	-	-	-	(2,759)	-	(2,759)	81	(2,678)
Other comprehensive income/(loss) for the financial year, net of tax	-	-	-	(2,759)	-	(2,759)	81	(2,678)
Total comprehensive income/(loss) for the financial year	-	-	-	(2,759)	2,990	231	166	397
Changes in ownership interest in subsidiary corporation								
Subscription of shares of a subsidiary corporation	-	-	-	-	-	-	137	137
Contributions by and distributions to owners								
Purchase of treasury shares	-	(11)	-	-	-	(11)	-	(11)
At 30 April 2022	39,780	(3,303)	2,292	(11,931)	20,496	47,334	(113)	47,221

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

C. Condensed interim statements of changes in equity (cont'd)

COMPANY Description (in S\$'000)	Share Capital	Reserve for Own Shares	Share Option Reserve	Accumulated Profit	Total
FY2023					
At 1 May 2022	39,780	(3,303)	2,292	892	39,661
Total comprehensive income for the financial year	-	-	-	151	151
Dividend paid on ordinary shares	-	-	-	(768)	(768)
Issuance of ordinary shares	102	-	-	-	102
Transfer of share option reserve to accumulated profit	-	-	(2,292)	2,292	-
At 30 April 2023	39,882	(3,303)	-	2,567	39,146
FY2022					
At 1 May 2021	39,780	(3,292)	2,292	(22,656)	16,124
Total comprehensive income for the financial year	-	-	-	23,548	23,548
Purchase of treasury shares	-	(11)	-	-	(11)
At 30 April 2022	39,780	(3,303)	2,292	892	39,661

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

D. Condensed interim consolidated statement of cash flows

(In S\$'000) Description	Note	12 months ended	
		FY2023	FY2022
<u>Cash flows from operating activities</u>			
Profit before tax		5,920	4,504
Adjustments for:			
Depreciation of right-of-use assets	6	327	329
Depreciation of property, plant and equipment	6	3,127	3,078
Gain on disposal of property, plant and equipment	6	(35)	(17)
Interest income	6	(31)	(23)
Interest expense	6	2,021	780
Impairment loss on receivables and contract assets, net	6	345	493
Bad debts written-off	6	1	11
Recovery of bad debts	6	(11)	-
Fair value gain on quoted equity securities	6	(19)	(26)
Inventories written-down	6	160	309
Allowance for stocks obsolescence	6	-	7
Fair value loss on forex option structure	6	148	-
Reversal of provision for employee benefit		(13)	-
Net unrealised foreign exchange loss/(gain)		555	(1,400)
		12,495	8,045
Increase in inventories		(3,597)	(7,039)
(Increase)/decrease in trade and other receivables		(5,763)	10,380
Decrease/(increase) in prepayment		398	(399)
Increase in contract assets		(4,327)	(5,610)
Increase in trade and other payables		30,969	10,266
Increase in employee benefit liability		118	-
Decrease in deferred grant income		-	(115)
(Decrease)/increase in contract liabilities		(411)	963
Cash generated from operations		29,882	16,491
Income tax paid, net		(2,604)	(535)
Net cash generated from operating activities		27,278	15,956
<u>Cash flows from investing activities</u>			
Interest received		31	23
Proceeds from sale of property, plant and equipment		38	17
Acquisition of property, plant and equipment		(1,044)	(91)
Payment for settlement of forex option structure		(88)	-
Prepayment of leases		(83)	(9)
Net cash used in investing activities		(1,146)	(60)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

D. Condensed interim consolidated statement of cash flows (cont'd)

(In S\$'000) Description	Note	12 months ended	
		FY2023	FY2022
Cash flows from financing activities			
Repayment of borrowings		(7,789)	(4,929)
Proceeds from revolving credit facility		13,307	10,000
Repayment of revolving credit facility		(13,355)	(6,969)
Proceeds from trust receipts		15,636	17,589
Repayment of trust receipts		(16,676)	(20,977)
Repayment of principal portion of lease liabilities		(32)	(31)
Dividend paid		(768)	-
Interest paid		(1,828)	(780)
Purchase of treasury shares		-	(11)
Proceed from issuance of ordinary shares		102	-
Capital injection from non-controlling interests		116	137
Net cash used in financing activities		(11,287)	(5,971)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		15,988	7,641
Effect of exchange rate fluctuations on cash and cash equivalents		(1,313)	(1,578)
Cash and cash equivalents at the end of the year		29,520	15,988
Represented by:			
Cash at bank and on hand		29,520	15,988
Short-term deposits		19	20
	13	29,539	16,008
Less: Pledged fixed deposits		(19)	(20)
Cash and cash equivalents in the condensed interim consolidated statement of cash flows		29,520	15,988

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

XMH Holdings Ltd. (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

These condensed interim consolidated financial statements for the six months financial period and financial year ended 30 April 2023 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are:

- a) Distribution and provision of value-added products and services;
- b) After-sales services, trading and others; and
- c) Projects, which comprise the assembly and installation of standby generator sets and provision of related services.

2. Basis of preparation

The condensed interim financial statements for the full financial year ended 30 April 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore and IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 30 April 2022 (“last annual financial statements”). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 October 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar (S\$) which is the Company’s functional currency and all values are rounded to the nearest thousand (S\$’000) except when otherwise indicated.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period/year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of preparation (cont'd)

2.2. Use of judgements and estimates

The preparation of the Group's condensed interim financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and the reported amounts of assets and liabilities, revenue and expense.

Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Group's accounting policies, management has made those following judgements which have the most significant effect on the amounts recognised in the condensed consolidated financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary corporations. In determining the functional currencies of entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and entities' process of determining sales prices.

Revenue recognition for project revenue

The Group has ongoing contracts at each reporting date with customers for performance obligation.

Project revenue is recognised over time by reference to the Group's progress towards completing the performance. The measurement of progress is determined based on the proportion of contract costs incurred to-date to the estimated total contract costs ("input method"). When it is probable that total contract costs will exceed total revenue, a provision for onerous contract is recognised in the profit or loss immediately. Revenue recognised on these contracts but unbilled to customers are presented as contract assets on the condensed statements of financial position.

Under the input method, estimated total contract costs on each project is a key input that is subject to significant estimation uncertainty. At every reporting date, management re-evaluates, inter alia, the estimated total contract costs by updating the estimated contract costs to be incurred from the reporting date to the completion date of the projects ("costs-to-complete").

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

In making estimation of the total costs-to-complete, management has applied its past experience of completing similar projects, as well as quotations from and contracts with suppliers and sub-contractors.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies.

The Group is organised into three reportable segments, namely:

- **Distribution:** Relates to distribution of propulsion engines;
- **After-sales:** Relates to after-sales services provided which includes services/jobs, sales of spare parts and other trading; and
- **Projects:** Relates to manufacturing, sales and commission of power generator sets.

Other operations relate to general corporate activities.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by Group's Chairman and Managing Director.

2HFY2023 (in S\$'000)	Distribution	After-sales	Projects	Segments Total	Others	Elimination	Total	Note
External revenue	29,728	5,387	35,617	70,732	-	-	70,732	A
Inter-segment revenue	7,295	1,931	-	9,226	942	(10,168)	-	
Total revenue	37,023	7,318	35,617	79,958	942	(10,168)	70,732	
Interest income	-	-	1	1	210	(188)	23	B
Gain on disposal of property, plant and equipment	-	-	-	-	32	-	32	
Fair value loss on forex option structure	-	-	(88)	(88)	(60)	-	(148)	
Interest expense	(8)	(10)	(565)	(583)	(817)	165	(1,235)	C
Depreciation	(13)	(20)	(183)	(216)	(1,531)	-	(1,747)	
Employee benefits expenses	(708)	(382)	(2,679)	(3,769)	(2,630)	-	(6,399)	
Other non-cash income/(expenses)	169	(41)	(167)	(39)	30	-	(9)	D
Reportable segmental profit/(loss) before tax	7,224	1,829	(1,738)	7,315	(1,054)	(2,240)	4,021	E
Income tax expense							(1,146)	
Profit for the period							2,875	

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

2HFY2022 (in S\$'000)	Distribution	After-sales	Projects	Segments Total	Others	Elimination	Total	Note
External revenue	12,556	5,402	20,675	38,633	-	-	38,633	A
Inter-segment revenue	6,107	2,264	-	8,371	1,051	(9,422)	-	
Total revenue	18,663	7,666	20,675	47,004	1,051	(9,422)	38,633	
Interest income	-	-	-	-	35	(27)	8	B
Interest expense	(12)	(6)	(178)	(196)	(243)	4	(435)	C
Depreciation	(8)	(21)	(126)	(155)	(1,533)	1	(1,687)	
Employee benefits expenses	(467)	(450)	(2,705)	(3,622)	(2,070)	-	(5,692)	
Other non-cash income/(expenses)	23	(278)	(380)	(635)	10	-	(625)	D
Reportable segmental profit/(loss) before tax	3,168	1,756	1,328	6,252	21,732	(25,115)	2,869	E
Income tax expense							(863)	
Profit for the period							2,006	

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

FY2023 (in S\$'000)	Distribution	After-sales	Projects	Segments Total	Others	Elimination	Total	Note
External revenue	52,518	11,451	64,710	128,679	-	-	128,679	A
Inter-segment revenue	12,855	3,725	-	16,580	1,980	(18,560)	-	
Total revenue	65,373	15,176	64,710	145,259	1,980	(18,560)	128,679	
Interest income	-	1	1	2	268	(239)	31	B
Gain on disposal of property, plant and equipment	1	-	2	3	32	-	35	C
Fair value loss on forex option structure	-	-	(88)	(88)	(60)	-	(148)	
Interest expense	(17)	(19)	(879)	(915)	(1,299)	193	(2,021)	
Depreciation	(20)	(42)	(326)	(388)	(3,066)	-	(3,454)	D
Employee benefits expenses	(1,199)	(759)	(4,925)	(6,883)	(4,962)	-	(11,845)	
Other non-cash income/(expenses)	8	(57)	(444)	(493)	17	-	(476)	
Reportable segmental profit/(loss) before tax	11,429	3,771	(2,138)	13,062	(4,590)	(2,552)	5,920	E
Income tax expense							(1,946)	
Profit for the year							3,974	
Reportable segment assets	16,602	17,268	52,584	86,454	93,637	(23,750)	156,341	F
Capital Expenditure	-	14	907	921	123	-	1,044	
Reportable segment liabilities	37,844	3,344	39,895	81,083	48,969	(23,649)	106,403	G

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

FY2022 (in S\$'000)	Distribution	After-sales	Projects	Segments Total	Others	Elimination	Total	Note
External revenue	23,436	10,404	38,046	71,886	-	-	71,886	A
Inter-segment revenue	11,342	4,219	-	15,561	2,081	(17,642)	-	
Total revenue	34,778	14,623	38,046	87,447	2,081	(17,642)	71,886	
Interest income	-	-	1	1	86	(64)	23	B
Gain on disposal of property, plant and equipment	17	-	-	17	-	-	17	C
Interest expense	(16)	(14)	(308)	(338)	(462)	20	(780)	
Depreciation	(17)	(36)	(250)	(303)	(3,108)	4	(3,407)	
Employee benefits expenses	(839)	(850)	(5,207)	(6,896)	(4,079)	-	(10,975)	D
Other non-cash income/(expenses)	(59)	(362)	(396)	(817)	23	-	(794)	
Reportable segmental profit/(loss) before tax	5,706	3,009	2,014	10,729	19,113	(25,338)	4,504	
Income tax expense							(1,429)	
Profit for the year							3,075	
Reportable segment assets	12,689	12,594	50,488	75,771	81,700	(25,488)	131,983	F
Capital Expenditure	-	9	63	72	19	-	91	
Reportable segment liabilities	12,433	5,189	35,902	53,524	56,588	(25,350)	84,762	G

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

Note Nature of adjustments and eliminations to arrive at amounts reported in the condensed interim consolidated financial statements

- A Inter-segments revenue are eliminated on consolidation.
- B Inter-segments interest income are eliminated on consolidation.
- C Inter-segments interest expenses are eliminated on consolidation and amortisation of fair value adjustment.
- D Other non-cash income/(expenses) consist of fair value gain on quoted equity securities, inventories written-down, allowance for stocks obsolescence and impairment loss on financial assets as presented in the respective notes to the financial statements.
- E The following items are (deducted from)/added to segment profit/(loss) to arrive at "profit before tax" presented in the condensed consolidated income statement.

	Group			
	2HFY2023	2HFY2022	FY2023	FY2022
	S\$'000	S\$'000	S\$'000	S\$'000
Unrealised profit from unsold stocks	(11)	(273)	(331)	(480)
Dividend income	(2,200)	(24,784)	(2,200)	(24,784)
Interest expense	165	4	193	20
Interest income	(188)	(27)	(239)	(64)
Elimination of intercompany transactions	(6)	(35)	25	(30)
	(2,240)	(25,115)	(2,552)	(25,338)

- F Items relating to inter-segment assets are deducted to arrive at total assets reported in the condensed interim consolidated statement of financial position.
- G The following items are added to segment liabilities to arrive at total liabilities reported in the condensed interim consolidated statement of financial position.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

	Group	
	FY2023	FY2022
	S\$'000	S\$'000
Inter-segment liabilities	23,596	25,297
Accrual	53	53
	23,649	25,350

4.2 Disaggregation of Revenue

2HFY2023 (In S\$'000)	Group			
Description	6 months ended 30 April 2023			
Segments	Distribution	After-sales	Projects	Total Revenue
Primary geographical markets				
Singapore	–	1,414	35,617	37,031
Indonesia	27,606	2,858	–	30,464
Vietnam	1,993	342	–	2,335
Other countries	129	773	–	902
	29,728	5,387	35,617	70,732
<u>Timing of transfer of goods and services</u>				
At a point in time	29,728	5,387	–	35,115
Over period	–	–	35,617	35,617
	29,728	5,387	35,617	70,732

2HFY2022 (In S\$'000)	Group			
Description	6 months ended 30 April 2022			
Segments	Distribution	After-sales	Projects	Total Revenue
Primary geographical markets				
Singapore	321	1,465	20,429	22,215
Indonesia	11,125	2,963	–	14,088
Vietnam	850	198	–	1,048
Other countries	260	776	246	1,282
	12,556	5,402	20,675	38,633
<u>Timing of transfer of goods and services</u>				
At a point in time	12,556	5,402	–	17,958
Over period	–	–	20,675	20,675
	12,556	5,402	20,675	38,633

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.2 Disaggregation of Revenue (cont'd)

FY2023 (In S\$'000) Description	Group 12 months ended 30 April 2023			
Segments	Distribution	After-sales	Projects	Total Revenue
Primary geographical markets				
Singapore	79	2,955	64,674	67,708
Indonesia	49,804	6,077	–	55,881
Vietnam	1,993	747	–	2,740
Other countries	642	1,672	36	2,350
	52,518	11,451	64,710	128,679
<u>Timing of transfer of goods and services</u>				
At a point in time	52,518	11,451	–	63,969
Over period	–	–	64,710	64,710
	52,518	11,451	64,710	128,679

FY2022 (In S\$'000) Description	Group 12 months ended 30 April 2022			
Segments	Distribution	After-sales	Projects	Total Revenue
Primary geographical markets				
Singapore	412	2,884	37,762	41,058
Indonesia	20,496	5,287	–	25,783
Vietnam	850	758	–	1,608
Other countries	1,678	1,475	284	3,437
	23,436	10,404	38,046	71,886
<u>Timing of transfer of goods and services</u>				
At a point in time	23,436	10,404	–	33,840
Over period	–	–	38,046	38,046
	23,436	10,404	38,046	71,886

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.3 Contract assets and contract liabilities

Information about trade receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

(In S\$'000) Description	Group		
	30 April 2023	30 April 2022	1 May 2021
Trade receivables	10,887	4,984	15,610
Contract assets	23,038	18,675	13,193
Contract liabilities	(1,009)	(1,420)	(457)

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for project work. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for project work.

Contract liabilities are recognised as revenue as the Group performs under the contract.

i) *Significant changes in contract assets are explained as follows:*

(In S\$'000) Description	Group	
	30 April 2023	30 April 2022
Contract assets reclassified to receivables	(14,721)	(8,393)
Changes in estimate of transaction price	404	(47)
Write-back/(impairment loss) on contract assets	36	(128)

ii) *Significant changes in contract liabilities are explained as follows:*

(In S\$'000) Description	Group	
	30 April 2023	30 April 2022
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	1,420	457

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 April 2023 and 30 April 2022:

(In S\$'000) Description	Note	Group		Company	
		30 April 2023	30 April 2022	30 April 2023	30 April 2022
Financial assets at fair value through profit or loss					
- Quoted equity securities	12	394	375	-	-
Financial assets at amortised cost					
- Trade receivables		10,977	5,193	-	-
- Other receivables and deposits (excluding prepayment)		2,830	2,546	369	187
- Amount due from subsidiaries		-	-	18,655	18,673
- Cash and short-term deposits	13	29,539	16,008	1,087	1,458
Total financial assets		43,740	24,122	20,111	20,318
Presented as					
Non-current assets		394	375	-	-
Current assets		43,346	23,747	20,111	20,318
		43,740	24,122	20,111	20,318
Financial liability at fair value through profit or loss					
- Forex option structure	12	60	-	-	-
Financial Liabilities at amortised cost					
- Bank borrowings	15	48,300	57,404	32,564	34,370
- Lease liabilities	15	83	102	-	-
- Trade payables		21,490	11,702	-	-
- Advance deposits		27,456	6,642	-	-
- Other payables and accrual		5,545	5,002	1,979	1,543
- Employee benefit liability		105	-	-	-
- Amounts due to subsidiaries		-	-	13	-
Total financial liabilities		103,039	80,852	34,556	35,913
Presented as					
Non-current liabilities		33,927	42,187	29,764	32,362
Current liabilities		69,112	38,665	4,792	3,551
		103,039	80,852	34,556	35,913

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

6. Profit before taxation

6.1 Significant items

The following items have been included in arriving at profit before tax.

(In S\$'000) Description	Group			
	2HFY2023	2HFY2022	FY2023	FY2022
Income				
Fair value gain on quoted equity securities	19	15	19	26
Gain on disposal of property, plant and equipment	32	–	35	17
Government grants and rebates	21	67	73	124
Jobs Support Scheme (“JSS”) grants	–	–	–	110
Net foreign exchange gain	–	815	–	1,319
Rental income	1,038	770	1,866	1,548
Recovery of transportation expense from customers	6	13	47	41
Scrap sales	47	47	60	48
Insurance claims	13	35	13	35
Interest income on bank deposits	23	8	31	23
Others	34	59	65	100
Expenses				
Fair value loss on quoted equity securities	(18)	–	–	–
Interest expense on loans and borrowings	(1,235)	(435)	(2,021)	(780)
Net foreign exchange loss	(751)	–	(1,756)	–
Depreciation of property, plant and equipment	(1,584)	(1,522)	(3,127)	(3,078)
Depreciation of right-of-use assets	(163)	(165)	(327)	(329)
Impairment losses on receivables and contracts asset, net	(183)	(469)	(345)	(493)
Bad debts written-off	–	(10)	(1)	(11)
Recovery of bad debt	–	–	11	–
Inventories written-down	(160)	(309)	(160)	(309)
Fair value loss on forex option structure	(148)	–	(148)	–
Reversal of/(allowance for) stock obsolescence	297	148	–	(7)
Reversal of provision for employee benefit	13	–	13	–

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

6.2 Related party transactions

For the financial year ended 30 April 2023, the Group had no significant related party transactions.

7. Taxation

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

(In S\$'000) Description	Group			
	2HFY2023	2HFY2022	FY2023	FY2022
Current income tax expense				
Current period/year	(993)	(454)	(1,770)	(1,040)
Under provision in prior period/year	(153)	(409)	(176)	(380)
Foreign tax expense	–	–	–	(9)
	(1,146)	(863)	(1,946)	(1,429)

8. Dividends

Group	
2023	2022
\$'000	\$'000

Declared and paid during the financial year:

Dividends on ordinary shares

- Final and special exempt (one-tier) dividend for 2022: 0.7 cents
(2021: Nil) per share

768	–
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Proposed but not recognised as a liability as at 30 April:

Dividends on ordinary shares, subject to shareholders' approval at the upcoming AGM:

- Final and special exempt (one-tier) dividend for 2023: 1.5 cents
(2022: 0.7 cents) per share

1,645	764
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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

9. Net Asset Value

Description	Group		Company	
	30 April 2023	30 April 2022	30 April 2023	30 April 2022
Net asset value per share (cents)	45.53	43.35	35.70	36.33
Number of shares in issue	109,643,921	109,182,721	109,643,921	109,182,721

10. Property, plant and equipment

During the financial year ended 30 April 2023, the cash outflow for the acquisition of property, plant and equipment amounted to S\$1,044,000 (30 April 2022: S\$91,000).

11. Intangible assets

The Group acquired the entire equity interest of Mech-Power Generator Pte Ltd and its subsidiary (collectively, Mech-Power Generator Group (“**MPG Group**”)) on 7 September 2013. Intangible assets include goodwill acquired upon the acquisition of the MPG Group in prior years.

(In S\$'000)	Group Intellectual property rights		
Description	Goodwill	rights	Total
Cost:			
At 1 May 2021	9,393	502	9,895
Currency translation differences	–	(66)	(66)
	9,393	436	9,829
At 30 April 2022 and 1 May 2022	–	(40)	(40)
	9,393	396	9,789
At 30 April 2023	9,393	396	9,789
Accumulated amortisation and impairment loss:			
At 1 May 2021	887	502	1,389
Currency translation differences	–	(66)	(66)
	887	436	1,323
At 30 April 2022 and 1 May 2022	–	(40)	(40)
	887	396	1,283
At 30 April 2023	887	396	1,283
Net carrying amount:			
At 30 April 2022	8,506	–	8,506
At 30 April 2023	8,506	–	8,506

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

11. Intangible assets (cont'd)

11.1 Goodwill impairment

The carrying amount of goodwill of S\$8,506,000 is attributable to the MPG Group as a single cash generating unit (“CGU”).

The recoverable amount of the MPG Group was determined based on its value in use (“VIU”). The VIU were calculated by discounting the future cash flows to be generated from the continuing use of the CGU.

The VIU approach was used based on discounted cash flow projections covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as below. The discount rate and revenue growth rates did not exceed the long-term projected growth rate for the relevant market.

	Revenue growth rate *		Pre-tax discount rate		Terminal growth rate	
	FY2025- FY2028	FY2024- FY2027	2023	2022	2023	2022
	%	%	%	%	%	%
Key assumptions	5.0	2.0	12.0	12.9	2.0	2.0

* FY2024 (2022: FY2023) revenue was forecasted based on the secured orders and potential orders estimated from order books as at 30 April 2023.

The values assigned to the key assumptions represent management's assessment of future trends of the industry in which the MPG Group operates and are based on both external sources and internal sources (historical data).

Sensitivity to changes in assumption

With regards to the assessment of VIU for the MPG Group, management believes that no reasonably possible changes in any of the key assumptions would further cause the carrying value of the unit to materially exceed its recoverable amount.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

12. Financial assets/(liability) at fair value through profit or loss

Financial assets/(liability) at fair value through profit or loss comprise the following:

(In S\$'000) Description	Group	
	30 April 2023	30 April 2022
<u>Financial assets</u>		
Quoted equity securities	394	375
<u>Financial liability</u>		
Forex option structure	(60)	-

During the financial year, the Group recognise fair value gain on quoted equity securities of S\$19,000 (FY2022: S\$26,000) and fair value loss on forex option structure of S\$148,000 (FY2022: S\$nil).

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Group Description	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
30 April 2023				
<u>Assets/(liability) measured at fair value</u>				
<u>Financial assets at fair value through profit or loss</u>				
– quoted equity securities	394	-	-	394
<u>Financial liability at fair value through profit or loss</u>				
– Forex option structure	-	(60)	-	(60)
30 April 2022				
<u>Assets measured at fair value</u>				
<u>Financial assets at fair value through profit or loss</u>				
– quoted equity securities	375	-	-	375

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

13. Cash and short-term deposits

(In S\$'000) Description	Group		Company	
	30 April 2023	30 April 2022	30 April 2023	30 April 2022
Cash at banks and on hand	29,520	15,988	1,087	1,458
Short-term deposits	19	20	–	–
	29,539	16,008	1,087	1,458

14. Right-of-use assets

Group as lessee

The Group has lease contracts for leasehold building and office equipment used in its operations. These leases generally have lease terms between 2 years and 5 years, while land use rights have a lease term of 30 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has leases of dormitories and motor vehicles with lease terms of 12 months or less and leases for office equipment at a low value. The Group applies the 'short-term lease' recognition exemptions for these leases.

During the financial year, the Group had a total cash outflow for leases of S\$533,000 (2022: S\$388,000). The Group prepaid S\$83,000 of right-of-use assets in the current financial year (2022: S\$9,000) and had non-cash additions to right-of-use assets and lease liabilities of S\$13,000 (2022: S\$nil).

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

15. Bank borrowings

(In S\$'000) Description	Group	
	30 April 2023	30 April 2022
Loans and borrowings		
Amount repayable in one year or less, or on demand		
- Secured ⁽¹⁾	14,610	15,352
Amount repayable after one year		
- Secured	33,760	42,147
Total	48,370	57,499

⁽¹⁾ Excluded from the loans and borrowings above are lease liabilities of S\$13,000 which are secured over the right-of-use assets as at 30 April 2023 (30 April 2022: S\$7,000).

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.

16. Share capital

Description (Ordinary shares excluding treasury shares)	The Group and the Company			
	30 April 2023		30 April 2022	
	Number of Shares	Share Capital (S\$'000)	Number of Shares	Share Capital (S\$'000)
Balance at beginning of year	109,182,721	39,780	109,282,221	39,780
Issuance of ordinary shares	461,200	102	-	-
Purchase of treasury shares	-	-	(99,500)	-
Balance at end of year	109,643,921	39,882	109,182,721	39,780

Purchase of treasury shares

There was no share buyback transaction, sales, transfers, disposal, cancellation and/or use of treasury shares in FY2023 (FY2022: 99,500). As at 30 April 2023, the total consideration for the treasury shares held under the share buy-back scheme was S\$3,303,000 (30 April 2022: S\$3,303,000) for a total of 5,329,850 shares (30 April 2022: 5,329,850 shares).

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

E. Notes to the condensed interim consolidated financial statements (cont'd)

16. Share capital (cont'd)

The number of treasury shares held by the Company represents 4.86% (30 April 2022: 4.88%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at 30 April 2023.

XMH Share Option Scheme

As at 30 April 2023, there is no outstanding balance of unexercised options under the XMH Share Option Scheme (30 April 2022: 1,047,750 shares or 0.96% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company). The XMH Share Option Scheme was expired during the financial year.

17. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

F. Other information required pursuant by listing rule appendix 7.2

1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed consolidated statement of financial position of XMH Holdings Ltd. and its subsidiaries as at 30 April 2023 and the related condensed consolidated profit and other comprehensive income/(loss), condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the second half year and financial year ended and certain explanatory notes have not been audited or reviewed.

2. Review of the performance of the Group

Second half year ended 30 April 2023 (“2HFY2023”) vs second half year ended 30 April 2022 (“2HFY2022”)

(i) Revenue

The revenue in 2HFY2023 amounted to approximately S\$70.7 million, showing a significant increase of approximately S\$32.1 million or 83.1% compared to 2HFY2022. The Distribution and Project segments experienced growth in revenue as follow:

- a. Distribution segment recorded a substantial increase of 136.8% or S\$17.1 million from S\$12.6 million in 2HFY2022 to S\$29.7 million in 2HFY2023. This was mainly due to increase demand for engines to build transportation tugboats in Indonesia; and
- b. Project segment recorded an increase of 72.3% or S\$14.9 million from S\$20.7 million in 2HFY2022 to S\$35.6 million in 2HFY2023. This was mainly due to income recognition based on performance obligation for major contracts in 2HFY2023.

(ii) Cost of Sales and Gross Profit Margin

The cost of sales increased significantly by approximately S\$27.5 million or 99.6% from S\$27.7 million in 2HFY2022 to S\$55.2 million in 2HFY2023. This was in line with significant increase in revenue but the gross profit only increased by S\$4.5 million or 41.4% to approximately S\$15.5 million in 2HFY2023 as compared to 2HFY2022.

This was because the gross profit margin decreased from 28.4% in 2HFY2022 to 21.9% in 2HFY2023. The decrease was attributed to decreased gross profit margin from Project segment due to increase materials cost and shortage of labour resulted in having to subcontract out certain job functions and substantially completed a major project tendered with low margin for strategic reasons.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

F. Other information required pursuant by listing rule appendix 7.2 (cont'd)

2. Review of the performance of the Group (cont'd)

(iii) Other Income

Other income increased by approximately S\$0.2 million or 20.3% from S\$1.0 million in 2HFY2022 to S\$1.2 million in 2HFY2023. This was mainly due to increase in rental income.

(iv) Distribution Expenses

Distribution expenses increased by approximately S\$0.8 million or 38.6% from S\$2.0 million in 2HFY2022 to S\$2.8 million in 2HFY2023. This was mainly attributed to:

- a. increase in travelling, marketing and promotional expenses of approximately S\$0.5 million; and
- b. increase in staff cost of approximately S\$0.2 million as a result of annual increment and bonus provision.

(v) Administrative Expenses

Administrative expenses increased by approximately S\$0.6 million or 8.8% from S\$7.0 million in 2HFY2022 to S\$7.6 million in 2HFY2023. This was mainly attributed to increase in staff cost of approximately S\$0.5 million as a result of annual increment and bonus provision.

(vi) Impairment Losses on Financial Assets

Impairment losses on financial assets decreased by approximately S\$0.3 million or 61.8% from S\$0.5 million in 2HFY2022 to S\$0.2 million in 2HFY2023. This was attributed to reversal of provision for expected credit losses as a result of decrease in contract assets. This was partially offset by increase in trade receivables and reversal of specific provision made as at 30 April 2023 due to collection vice versa as at 30 April 2022.

(vii) Net Finance (Costs)/Income

The Group recorded a net finance cost of S\$2.1 million in 2HFY2023 as compared to net finance income of S\$0.4 million in 2HFY2022. This was attributed to:

- a. foreign exchange loss of approximately S\$0.8 million in 2HFY2023 as compared to foreign exchange gain of approximately S\$0.8 million in 2HFY2022. This was due to the strengthening of Singapore Dollar ("SGD") against Japanese Yen ("JPY") and against Malaysian Ringgit ("RM") in 2HFY2023 as compared to 2HFY2022;

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

F. Other information required pursuant by listing rule appendix 7.2 (cont'd)

2. Review of the performance of the Group (cont'd)

(vii) Net Finance (Costs)/Income (cont'd)

- b. interest cost on loans increased by approximately S\$0.8 million because of increase in interest rate in 2HFY2023 as compared to 2HFY2022; and
- c. fair value loss on forex option structure of approximately S\$0.1 million in 2HFY2023, none in 2HFY2022.

(viii) Income Tax Expense

The Group's tax expense of approximately S\$1.1 million in 2HFY2023 as compared to S\$0.9 million in 2HFY2022 in line with increased taxable profit in 2HFY2023.

Full year ended 30 April 2023 ("FY2023") vs full year ended 30 April 2022 ("FY2022")

(i) Revenue

The Group's revenue for FY2023 amounted to approximately S\$128.7 million, a significant increase of approximately S\$56.8 million or 79.0% compared to FY2022. All three business segments have recorded increased revenue as follows:

- a. Distribution segment recorded a significant increase of 124.1% or S\$29.1 million from S\$23.4 million in FY2022 to S\$52.5 million in FY2023. This was mainly due to increase demand for engines to build transportation tugboats in Indonesia;
- b. Project segment recorded an increase of 70.1% or S\$26.7 million from S\$38.0 million in FY2022 to S\$64.7 million in FY2023. This was mainly due to substantial completion of a major project as well as income recognition based on performance obligation for some major contracts in FY2023; and
- c. After-Sales service segment recorded an increase of 10.1% or S\$1.0 million from S\$10.4 million in FY2022 to S\$11.4 million in FY2023. This was mainly due to demand of spare parts for service and maintenance of vessels.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

F. Other information required pursuant by listing rule appendix 7.2 (cont'd)

2. Review of the performance of the Group (cont'd)

(ii) Cost of Sales and Gross Profit Margin

The cost of sales increased accordingly by approximately S\$49.0 million or 93.9% from S\$52.3 million in FY2022 to S\$101.3 million in FY2023. While the gross profit only increased by S\$7.8 million or 39.4% from S\$19.6 million in FY2022 to S\$27.4 million in FY2023. This was due to decrease in gross profit margin from 27.3% in FY2022 to 21.3% in FY2023. The decrease was mainly attributed to Project segment due to:

- a. substantially completed a major project tendered with low margin for strategic reasons; and
- b. increase materials cost and shortage of labour resulted in having to subcontract out certain job functions.

(iii) Other Income

Other income increased by approximately S\$0.1 million or 6.3% from S\$2.0 million in FY2022 to S\$2.1 million in FY2023. This was mainly because of increase in rental income.

(iv) Distribution Expenses

Distribution expenses increased by approximately S\$1.0 million or 26.9% from S\$3.8 million in FY2022 to S\$4.8 million in FY2023. This was mainly attributed to:

- a. increase in travelling, marketing and promotional expenses of approximately S\$0.8 million;
- b. increase in staff cost of approximately S\$0.1 million as a result of annual increment and bonus provision; and
- c. higher bank charges of S\$0.1 million.

(v) Administrative Expenses

Administrative expenses increased by approximately S\$1.2 million or 8.5% from S\$13.4 million in FY2022 to S\$14.6 million in FY2023. This was due mainly to:

- a. increase in staff cost of approximately S\$0.8 million as a result of annual increment and bonus provision;
- b. increase in repair and maintenance expense of approximately S\$0.1 million for building maintenance; and
- c. increase in other expenses such as depreciation of property, plant and equipment, utility and other administrative expenses of approximately S\$0.13 million.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

F. Other information required pursuant by listing rule appendix 7.2 (cont'd)

2. Review of the performance of the Group (cont'd)

(vi) Impairment Losses on Financial Assets

Impairment losses on financial assets decreased by approximately S\$0.2 million or 33.5% from S\$0.5 million in FY2022 to S\$0.3 million in FY2023. This was attributed to reversal of over provision for expected credit losses made in FY2022 and reversal of specific provision made due to collection in FY2023.

(vii) Net Finance (Costs)/Income

The Group recorded a net finance cost of S\$3.9 million in FY2023 as compared to net finance income of S\$0.6 million in FY2022. This was attributed to:

- a. Foreign exchange loss of approximately S\$1.8 million in FY2023 as compared to foreign exchange gain of approximately S\$1.3 million in FY2022. This was due to the strengthening of SGD against JPY and strengthening of SGD against RM in FY2023 vice versa in FY2022;
- b. Interest cost on loans increased by approximately S\$1.3 million because of increase in interest rate; and
- c. fair value loss on forex option structure of approximately S\$0.1 million in FY2023, none in FY2022.

(viii) Income Tax Expense

The Group's tax expense of approximately S\$2.0 million in FY2023 as compared to S\$1.4 million in FY2022 in line with increased taxable profit in FY2023.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

F. Other information required pursuant by listing rule appendix 7.2 (cont'd)

2. Review of the performance of the Group (cont'd)

STATEMENT OF FINANCIAL POSITION REVIEW

The Group's shareholders' funds as at 30 April 2023 stood at S\$49.9 million as compared to S\$47.3 million at the end of the immediate preceding financial year ended on 30 April 2022.

(i) Property, Plant and Equipment

Property, plant and equipment decreased by approximately S\$2.2 million, from S\$43.6 million as at 30 April 2022 to S\$41.4 million as at 30 April 2023. This was because of depreciation charges partially offset by acquisition of property, plant and equipment during the financial year.

(ii) Right-of-use Assets

Right-of-use assets decreased by approximately S\$0.2 million, from S\$5.7 million as at 30 April 2022 to S\$5.5 million as at 30 April 2023. This was due to depreciation charges partially offset by prepayment of leases during the financial year.

(iii) Inventories

Inventories increased by approximately S\$3.4 million, from S\$28.9 million as at 30 April 2022 to S\$32.3 million as at 30 April 2023. The increase was to cater for anticipated demand.

(iv) Trade and Other Receivables

Trade and other receivables increased by approximately S\$5.4 million, from S\$9.1 million as at 30 April 2022 to S\$14.5 million as at 30 April 2023 due mainly to increase billing to customers in line with increase in revenue.

(v) Contract Assets

Contract assets increased by approximately S\$4.3 million, from S\$18.7 million as at 30 April 2022 to S\$23.0 million as at 30 April 2023. This was due to progression of works during the financial year.

(vi) Trade and Other Payables

Trade and other payables increased by S\$31.1 million, from S\$23.4 million as at 30 April 2022 to S\$54.5 million as at 30 April 2023. This was due mainly to increase purchase of inventory and deposit received from customers during the financial year.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

F. Other information required pursuant by listing rule appendix 7.2 (cont'd)

2. Review of the performance of the Group (cont'd)

STATEMENT OF FINANCIAL POSITION REVIEW (CONT'D)

(vii) Loans and Borrowings

Loans and borrowings decreased by approximately S\$9.1 million, from S\$57.5 million as at 30 April 2022 to S\$48.4 million as at 30 April 2023. The decrease was due mainly to early settlement of a term loan and repayment of term loan instalments, trade bills and revolving credit facility due during the financial year.

STATEMENT OF CASH FLOW REVIEW

Net cash generated from operating activities increase approximately S\$11.3 million from S\$16.0 million in FY2022 to S\$27.3 million in FY2023. This was due mainly to:

- a. increase in trade and other payables of approximately S\$20.7 million;
- b. higher profit before tax generated in FY2023 after adjustment for non-cash items by approximately S\$4.4 million as compared to FY2022;
- c. lower increase in inventories of approximately S\$3.5 million;
- d. lower increase in contract assets of approximately S\$1.3 million; and
- e. decrease in prepayment of approximately S\$0.8 million.

This was partially offset by:

- a. increase in trade and other receivables of approximately S\$16.1 million;
- b. higher income tax payment of approximately S\$2.1 million; and
- c. decrease in contract liabilities of approximately S\$1.4 million.

Net cash used in investing activities was S\$1.1 million in FY2023 as compared to S\$60,000 in FY2022. This was due mainly to:

- a. increase in acquisition of property, plant and equipment of approximately S\$0.9 million from S\$0.09 million in FY2022 to S\$1.0 million in FY2023;
- b. payment for settlement of forex option structure of approximately S\$0.09 million in current year; and
- c. prepayment of leases of approximately S\$0.07 million in current year.

The net cash used in financing activities in current year was approximately S\$11.3 million as compared to S\$6.0 million in prior year. This was due mainly to:

- a. early settlement of a term loan and repayment of term loan instalments in FY2023 as compared to FY2022;
- b. net settlement of revolving credit facility in FY2023 as compared to net drawdown in FY2022;
- c. higher interest paid of approximately S\$1.0 million, from S\$0.8 million in FY2022 to S\$1.8 million in FY2023 because of increase in interest rate; and
- d. dividend paid of approximately S\$0.8 million in FY2023, none in FY2022.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

F. Other information required pursuant by listing rule appendix 7.2 (cont'd)

2. Review of the performance of the Group (cont'd)

STATEMENT OF CASH FLOW REVIEW (CONT'D)

This was partially offset by:

- a. lower net settlement of trade bills in FY2023 as compared to FY2022;
- b. proceed from issuance of ordinary shares of approximately S\$0.1 million in FY2023, none in FY2022; and
- c. lower capital injection from non-controlling interests of approximately S\$0.02 million from S\$0.14 million in FY2022 to S\$0.12 million in FY2023.

In view of the above, overall net increase in cash was approximately S\$14.8 million in FY2023, an increase of approximately S\$4.9 million from S\$9.9 million in FY2022.

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

Not applicable.

4. A commentary at the date of announcement of 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 ongoing geopolitical tensions continue to disrupt the supply chain and fuel inflationary pressures, forcing global central banks to tame inflation by aggressively raising interest rates. This is expected to accelerate the slowdown in economic activity, which in turn increases the likelihood of recession around the world amid rising energy prices and volatile material prices.

Despite these difficulties, the Group believes that it will be able to capitalize on the good performance achieved in FY2023. The Group has already recorded a robust order book for the following reporting period. Our Distribution segment continues to see strong demand for our engines for new and/or replacement transportation tugboats and our Project segment continues to record healthy orders mainly from data centres and infrastructure projects.

The Group will not be complacent and will continue to stay vigilant and be mindful of the difficulties that may arise from the challenging and uncertain environment. We will continue to remain resilient, adaptable and continue to improvise our operational processes in order to address and react to changes.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

F. Other information required pursuant by listing rule appendix 7.2 (cont'd)

5. Dividend information

**5a. Current financial period reported on?
Any dividend recommended for the current financial period reported on?**

Yes.

	FY2023
Name of dividend	Final
Dividend type	Cash
Amount	0.25 cents per share
Tax rate	Tax exempt (one-tier)

	FY2023
Name of dividend	Special
Dividend type	Cash
Amount	1.25 cents per share
Tax rate	Tax exempt (one-tier)

**5b. Corresponding period of the immediately preceding financial period
Any dividend declared for the corresponding period of the immediately preceding financial period?**

Yes.

5c. Date payable.

The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting. It will be paid on 22 September 2023.

5d. Books closure date.

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 12 September 2023 ("Book Closure Date") for the purpose of determining shareholders' entitlement to the final and special dividend. Duly completed registrable transfer of ordinary shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services of, 80 Robinson Road, #02-00, Singapore 068898 up to 5pm on 11 September 2023 ("Entitlement Date"), will be registered to determine shareholders' entitlement to the final and special dividend. The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

6. If no dividend has been declared/(recommended), a statement to that effect and reason(s) for the decision.

Not applicable.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 APRIL 2023

F. Other information required pursuant by listing rule appendix 7.2 (cont'd)

- 7. If the Group 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.

- 8. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

Description (in S\$'000)	FY2023	FY2022
	Proposed	Paid
Ordinary	274	274
Special	1,371	494
Total	1,645	768

- 9. Report of persons occupying managerial positions who are related to a director, CEO or substantial shareholder.**

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Fuyuan	39	Nephew of Mr. Tan Tin Yeow (Chairman & Managing Director) and Ms. Tan Guat Lian (Executive Director – Human Resource & Administration)	Responsible for managing the Product Support Sales, Parts Department. Year when position was first held: 2017	Nil

- 10. 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 Managing Director
Singapore
27 June 2023