



XMH

XMH HOLDINGS LTD.

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

**UNAUDITED FIRST QUARTER (“1QFY2019”) FINANCIAL STATEMENTS
ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018**

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 1QFY2019	Actual 1QFY2018 (Restated*)	Change %
Revenue	14,573	18,897	(22.9)
Cost of sales	(10,175)	(13,882)	(26.7)
Gross profit	4,398	5,015	(12.3)
Other income	507	491	3.3
Distribution expenses	(1,213)	(1,200)	1.1
Administrative expenses	(4,049)	(4,039)	0.2
Results from operating activities	(357)	267	NM
Finance income	331	130	NM
Finance costs	(334)	(288)	16.0
Net finance costs	(3)	(158)	(98.1)
(Loss)/profit before share of results of an associated company	(360)	109	NM
Share of results of an associated company	-	(2)	NM
(Loss)/profit before tax	(360)	107	NM
Tax expense	(2)	(43)	(95.3)
(Loss)/profit after tax	(362)	64	NM
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>	167	(674)	NM
<i>Net changes in the fair value of available-for-sale financial assets</i>	(75)	5	NM
<i>Deferred tax arising from available-for-sale financial assets</i>	13	(1)	NM
<i>Other comprehensive income/(expense) for the period, net of tax</i>	105	(670)	NM
Total comprehensive expense for the period	(257)	(606)	(57.6)

* The comparative figures have been restated to take into account the full retrospective adjustment on the impact of the adoption of Singapore Financial Reporting Standard International (SFRS(I)) 15 'Revenue from contracts with customers' as set out in section 5.

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018

(In S\$'000) Description	Group		
	Actual 1QFY2019	Actual 1QFY2018 (Restated*)	Change %
(Loss)/profit attributable to:			
Owners of the Company	(229)	113	NM
Non-controlling interests	(133)	(49)	NM
	(362)	64	NM
Total comprehensive expenses attributable to:			
Owners of the Company	(124)	(557)	(77.6)
Non-controlling interests	(133)	(49)	NM
	(257)	(606)	(57.6)

Note:

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

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018

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

(In S\$'000) Description	Group		
	Actual 1QFY2019	Actual 1QFY2018	Change %
Other miscellaneous income	91	88	3.4
Rental income	350	404	(13.4)
Allowance for impairment loss on trade receivables	-	(26)	NM
Interest income	75	58	29.3
Interest expense	(334)	(288)	16.0
Net foreign exchange gain	256	72	NM
Depreciation of property, plant and equipment	(1,325)	(1,337)	(0.9)
Amortisation of intangible assets	(221)	(213)	3.8
Write-back of allowance for trade and other receivables	66	9	NM
Share-based payment expenses	(33)	(32)	3.1
Adjustment for under provision of tax in respect of prior year	1	-	NM

Note:

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

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018

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 2018	30 Apr 2018 (Restated)	31 Jul 2018	30 Apr 2018
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	62,821	64,142	57,295	58,210
Intangible assets	10,874	11,094	-	-
Other financial assets	691	752	-	-
Investment in subsidiary corporations	-	-	25,540	25,540
Trade receivables	44	382	-	-
Club memberships	207	206	-	-
Deferred tax assets	304	304	-	-
Total non-current assets	74,941	76,880	82,835	83,750
<u>Current assets</u>				
Inventories	32,512	33,270	-	-
Trade and other receivables	13,942	14,069	3,251	3,222
Prepayment	396	318	66	47
Contract work-in-progress	6,224	7,293	-	-
Cash and short-term fixed deposits	22,657	24,001	688	365
Tax recoverable	105	105	-	-
Total current assets	75,836	79,056	4,005	3,634
TOTAL ASSETS	150,777	155,936	86,840	87,384
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Trade and other payables	18,240	18,819	10,023	9,559
Loans and borrowings	30,710	34,348	2,273	2,340
Current tax payables	6	-	-	-
Total current liabilities	48,956	53,167	12,296	11,899
<u>Non-current liabilities</u>				
Other payables	120	142	431	453
Loans and borrowings	38,966	39,504	38,118	38,619
Deferred tax liabilities	350	383	-	-
Total non-current liabilities	39,436	40,029	38,549	39,072
TOTAL LIABILITIES	88,392	93,196	50,845	50,971
NET ASSETS	62,385	62,740	35,995	36,413
EQUITY				
Equity attributable to owners of the Company				
Share capital	39,780	39,780	39,780	39,780
Reserve for own shares	(3,024)	(2,791)	(3,024)	(2,791)
Other reserves	(6,849)	(6,987)	2,208	2,175
Accumulated profits/(losses)	31,207	31,436	(2,969)	(2,751)
	61,114	61,438	35,995	36,413
Non-controlling interests	1,271	1,302	-	-
Total equity	62,385	62,740	35,995	36,413
TOTAL EQUITY AND LIABILITIES	150,777	155,936	86,840	87,384

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018

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 2018	30 Apr 2018
Amount repayable in one year or less, or on demand		
- Secured ⁽¹⁾	30,710	34,348
Amount repayable after one year		
- Secured	38,966	39,504
Total	69,676	73,852

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 2018	30 Apr 2018
Bills payables	8,394	10,352
Revolving credit facility	19,594	21,510
Finance leases	106	105
Term loans	2,311	2,378
Bank overdrafts	305	3
Total	30,710	34,348

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018

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	
	1QFY2019	1QFY2018 (Restated)
<u>Cash flows from operating activities</u>		
(Loss)/profit before tax	(360)	107
Adjustments for:		
Amortisation of intangible assets	221	213
Depreciation of property, plant and equipment	1,325	1,337
Share-based payment expenses	33	32
Interest income	(75)	(58)
Interest expense	334	288
Write-back of allowance for trade and other receivables	(66)	(9)
Allowance for impairment loss on trade receivables	-	26
Share of results of an associated company	-	2
Net effect of exchange rate changes in consolidating subsidiaries	185	(1,422)
	1,597	516
Changes in inventories	758	5,241
Changes in trade and other receivables	531	8,252
Changes in prepayment	(78)	(44)
Changes in contract in work-in-progress	1,069	(2,888)
Changes in trade and other payables	(601)	(8,393)
Cash generated from operations	3,276	2,684
Income tax paid, net	(28)	(34)
Net cash generated from operating activities	3,248	2,650
<u>Cash flows from investing activities</u>		
Interest received	75	58
Acquisition of property, plant and equipment	(27)	(248)
Acquisition of intangible assets	-	(10)
Capital injection from non-controlling interest	102	-
Net cash generated from/(used in) investing activities	150	(200)
<u>Cash flows from financing activities</u>		
Repayment of borrowings	(565)	(795)
Proceeds from revolving credit facility	1,950	4,058
Repayment of revolving credit facility	(3,986)	(3,942)
Proceeds from trust receipts	8,053	12,380
Repayment of trust receipts	(10,061)	(12,354)
Repayment of finance lease liabilities	(26)	(25)
Interest paid	(334)	(288)
Purchase of treasury shares	(233)	-
Net cash used in financing activities	(5,202)	(966)
Net (decrease)/increase in cash and cash equivalents	(1,804)	1,484
Cash and cash equivalents at beginning of the period	23,959	24,587
Effects of exchange rate fluctuations on cash held	157	543
Cash and cash equivalents at end of financial period	22,312	26,614

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018

(In S\$'000) Description	3 months ended	
	1QFY2019	1QFY2018 (Restated)
Represented by:		
Cash at bank and on hand	14,221	21,116
Short-term fixed deposits	8,436	5,536
	22,657	26,652
Less: Fixed deposits under pledged	(19)	(18)
Fixed deposits	(21)	(20)
Bank overdrafts	(305)	-
Cash and cash equivalents in the consolidated statement of cash flows	22,312	26,614

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	Reserve for own Shares	Share Option Reserve	Accumulated Losses	Total
As at 1 May 2018	39,780	(2,791)	2,175	(2,751)	36,413
Loss for the period	-	-	-	(218)	(218)
Share-based payment transactions	-	-	33	-	33
Purchase of treasury shares	-	(233)	-	-	(233)
As at 31 July 2018	39,780	(3,024)	2,208	(2,969)	35,995

COMPANY Description (in S\$'000)	Share Capital	Reserve for own Shares	Share Option Reserve	Accumulated Profits	Total
As at 1 May 2017	39,780	(2,791)	2,037	926	39,952
Loss for the period	-	-	-	(247)	(247)
Share-based payment transactions	-	-	32	-	32
As at 31 July 2017	39,780	(2,791)	2,069	679	39,737

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GROUP Description (in S\$'000)	Share Capital	Reserve for Own 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 2018	39,780	(2,791)	2,175	35	(9,197)	31,608	61,610	1,345	62,955
Effects on adoption of SFRS(I) 15	-	-	-	-	-	(172)	(172)	(43)	(215)
As at 1 May 2018 (Restated)	39,780	(2,791)	2,175	35	(9,197)	31,436	61,438	1,302	62,740
Loss for the period	-	-	-	-	-	(229)	(229)	(133)	(362)
Other comprehensive income/(expenses)									
Exchange differences arising from translation of the financial statements of the subsidiary corporations	-	-	-	-	167	-	167	-	167
Net changes in the fair value of available-for-sale financial assets	-	-	-	(75)	-	-	(75)	-	(75)
Deferred tax arising from available-for-sale financial assets	-	-	-	13	-	-	13	-	13
Total other comprehensive (expenses)/income	-	-	-	(62)	167	-	105	-	105
Total comprehensive (expenses)/income for the period	-	-	-	(62)	167	(229)	(124)	(133)	(257)
Changes in ownership interest in subsidiary corporation									
Subscription of shares of a subsidiary corporation	-	-	-	-	-	-	-	102	102
Contributions by and distributions to owners									
Share-based payment transactions	-	-	33	-	-	-	33	-	33
Purchase of treasury shares	-	(233)	-	-	-	-	(233)	-	(233)
Total transactions with owners in their capacity as owners	-	(233)	33	-	-	-	(200)	-	(200)
As at 31 July 2018	39,780	(3,024)	2,208	(27)	(9,030)	31,207	61,114	1,271	62,385

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018

GROUP Description (in S\$'000) (Restated)	Share Capital	Reserve for Own 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 2017	39,780	(2,791)	2,037	-	(8,279)	35,633	66,380	1,820	68,200
Effects on adoption of SFRS(I) 15	-	-	-	-	-	(130)	(130)	(32)	(162)
As at 1 May 2017 (Restated)	39,780	(2,791)	2,037	-	(8,279)	35,503	66,250	1,788	68,038
Profit/(loss) for the period	-	-	-	-	-	113	113	(49)	64
Other comprehensive (expenses)/income									
Exchange differences arising from translation of the financial statements of the subsidiary corporations	-	-	-	-	(674)	-	(674)	-	(674)
Net changes in the fair value of available-for-sale financial assets	-	-	-	5	-	-	5	-	5
Deferred tax arising from available-for-sale financial assets	-	-	-	(1)	-	-	(1)	-	(1)
Total other comprehensive income/(expenses)	-	-	-	4	(674)	-	(670)	-	(670)
Total comprehensive income/(expenses) for the period	-	-	-	4	(674)	113	(557)	(49)	(606)
Contributions by and distributions to owners									
Share-based payment transactions	-	-	32	-	-	-	32	-	32
As at 31 July 2017	39,780	(2,791)	2,069	4	(8,953)	35,616	65,725	1,739	67,464

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- 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 2018, the Company's issued and fully paid up capital (excluding treasury shares and subsidiary holdings) comprises of 110,281,621 ordinary shares (31 July 2017: 111,281,821 ordinary shares). Particulars in the company's share capital in 1QFY2019 and 1QFY2018 are set out below.

Description	1QFY2019	
	Number of Shares	Share Capital (\$'000)
Balance at beginning of period	111,281,821	39,780
Purchase of treasury shares	(1,000,200)	-
Balance at end of period	110,281,621	39,780

Description	1QFY2018	
	Number of Shares	Share Capital (\$'000)
Balance at beginning and at end of period	111,281,821	39,780

Purchase of treasury shares

In 1QFY2019, pursuant to the share buyback mandate approved by the Shareholders at the extraordinary general meeting held on 25 August 2017, the Company purchased 1,000,200 of its own shares (1QFY2018: Nil). As at 31 July 2018, the total consideration for the treasury shares held under the share buy-back scheme was S\$3,024,000 (31 July 2017: S\$2,791,000) for a total of 4,230,950 shares (31 July 2017: 3,230,750 shares).

The number of treasury shares held by the Company represents 3.84% (31 July 2017: 2.90%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at 31 July 2018.

XMH Share Option Scheme

As at 31 July 2018, the outstanding balance of unexercised options under the XMH Share Option Scheme total 5,334,000 shares (31 July 2017: 4,344,250 shares) or 4.84% (31 July 2017: 3.79%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company.

- 1(g) State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a call that is listed as at the end of the current financial period reported on and**

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as at the end of the corresponding period of the immediately preceding financial year.

Not applicable. There are no convertibles. Particulars of treasury shares and subsidiary holdings are shown in 1(h) below.

- 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 2018	31 July 2017
Total number of shares issued	114,512,571	114,512,571
Less: Treasury shares	(4,230,950)	(3,230,750)
Total	110,281,621	111,281,821

- 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 2018	31 July 2017
Balance at beginning of period	3,230,750	3,230,750
Purchase of treasury shares	1,000,200	-
Balance at end of period	4,230,950	3,230,750

- 1(h)(iii) A statement showing all sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

During the financial period, there was no transaction pertaining to subsidiary holdings.

- 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 2018 and 31 July 2017 (restated) 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.

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4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

Except as described in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the financial year ended 30 April 2018.

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?

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) and Singapore Financial Standards (International) (SFRS(I)s), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 May 2018 and has prepared its first set of financial information under SFRS(I) for the first quarter ended 31 July 2018. The new framework will have no material impact on the financial statements in the year of application except as follows:

(i) SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

SFRS(I) 9 require the Group to record expected credit losses on all its loans and trade receivables, either on a 12-month or lifetime basis. The Group has applied the simplified approach and recorded lifetime expected loss on all loans and receivables. Upon application of the expected loss model, the Group noted no significant impact to the financial statements.

(ii) SFRS(I) 15 Revenue from Contracts with Customers

SFRS (I) 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under SFRS (I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has applied the changes in accounting policies retrospectively to each reporting period/year presented, using the full retrospective approach. The Group also applied practical expedients for completed contracts where completed projects that begin and end within the same year or are completed contracts at 1 May 2017 are not restated. The impact on the adoption of SFRS (I) 15 are as follows:

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Consolidated Statement of Comprehensive Income

Description (In S\$'000)	1QFY2018 SFRS	1QFY2018 Effect on adoption of SFRS(I) 15	1QFY2018 SFRS(I) 15
Revenue	18,888	9	18,897
Profit after tax	55	9	64
Profit/(loss) attributable to:			
Owners of the Company	106	7	113
Non-controlling interests	(51)	2	(49)
	55		64
Total comprehensive expenses attributable to:			
Owners of the Company	(564)	7	(557)
Non-controlling interests	(51)	2	(49)
	(615)		(606)

Statement of Financial Position

Description (In S\$'000)	Group		
	1 May 2017 SFRS	1 May 2017 Effect on adoption of SFRS(I) 15	1 May 2017 SFRS(I) 15
Trade receivables and other receivables	23,068	(162)	22,906
Share capital	39,780	-	39,780
Reserve for own shares	(2,791)	-	(2,791)
Other reserves	(6,242)	-	(6,242)
Accumulated profits	35,633	(130)	35,503
Equity attributable to owners of the Company	66,380	-	66,250
Non-controlling Interests	1,820	(32)	1,788
Total equity	68,200	-	68,038

Description (In S\$'000)	Group		
	1 May 2018 SFRS	1 May 2018 Effect on adoption of SFRS(I) 15	1 May 2018 SFRS(I) 15
Trade receivables and other receivables	14,284	(215)	14,069
Share capital	39,780	-	39,780
Reserve for own shares	(2,791)	-	(2,791)
Other reserves	(6,987)	-	(6,987)
Accumulated profits	31,608	(172)	31,436
Equity attributable to owners of the Company	61,610	-	61,438
Non-controlling Interests	1,345	(43)	1,302
Total equity	62,955	-	62,740

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- 6. (Loss)/earnings per ordinary share (“(L)/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.**

(Loss)/earnings per ordinary share for the period based on net (loss)/profit attributable to shareholders:-

Description	3 months ended	
	1QFY2019	1QFY2018 (Restated)
(L)/EPS (based on consolidated net (loss)/profit attributable to owners):-		
a) Based on the weighted average no. of ordinary shares in issue (cents)	(0.21)	0.10
b) On a fully diluted basis (cents)	(0.21)	0.10
Weighted average no. of shares in issue during the period used in the computing of (L)/EPS	111,030,555 ⁽¹⁾	111,281,821 ⁽²⁾
Weighted average no. of shares on fully diluted basis during the period used in the computing of (L)/EPS	111,152,359 ⁽¹⁾	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 2013, 2014, 2015, 2016 and 2017.
(2) The figures are computed taking into account the potential ordinary shares to be issued for the share options granted in September 2012, 2013, 2014, 2015 and 2016.

- 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 2018	30 April 2018 (Restated)	31 July 2018	30 April 2018
Net asset value per ordinary share based on existing share capital (cents)	55.42	55.21	32.64	32.72
Number of shares at end of the period/year	110,281,621	111,281,821	110,281,621	111,281,821

- 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**

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- 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 2018 (“1QFY2019”) vs quarter ended 31 July 2017 (“1QFY2018”)

(i) Revenue

Revenue decreased by approximately S\$4.3 million or 22.9% from S\$18.9 million in 1QFY2018 to S\$14.6 million in 1QFY2019. This was due mainly to lower revenue recorded by both Distribution and Project business segments as a result of:

- (i) Longer lead time from supplier to deliver the goods for our secured orders/projects; and
- (ii) Customers delay in taking deliveries.

(ii) Cost of Sales and Gross Profit Margin

Cost of sales decreased by approximately S\$3.7 million or 26.7% from S\$13.9 million in 1QFY2018 to S\$10.2 million in 1QFY2019, in line with decreased revenue.

Gross profit decreased by approximately S\$0.6 million or 12.3% from S\$5.0 million in 1QFY2018 to S\$4.4 million in 1QFY2019.

Gross profit margin was 30.2% in 1QFY2019 as compared to 26.5% in 1QFY2018. This was due mainly to better margins achieved from Distribution segment on sales to certain customers and Project segment on completion of certain projects with better margin.

(iii) Other Income

Other income increased by approximately S\$16,000 or 3.3%, from S\$491,000 in 1QFY2018 to S\$507,000 in 1QFY2019. This was due mainly to write-back of allowance for trade and other receivables of approximately S\$66,000.

This increase was partially offset by decrease in rental income.

(iv) Distribution Expenses

Distribution expenses increased by S\$13,000 or 1.1% from S\$1,200,000 in 1QFY2018 to S\$1,213,000 in 1QFY2019. This was due mainly to increase in travelling and marketing expenses of approximately S\$43,000 arising from seminar held in Jakarta.

The increase was partially offset by decrease in staff costs arising from reduce in number of headcount of approximately S\$30,000.

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(v) Net Finance Costs

The net finance costs decreased by approximately S\$155,000 or 98.1% from S\$158,000 in 1QFY2018 to S\$3,000 in 1QFY2019. This was due mainly to increase in net foreign exchange gain arising from strengthening of United State Dollars (“USD”) and Singapore dollars (“SGD”) against Japanese Yen (“JPY”) as compared to 1QFY2018.

(vi) Tax Expense

The Group recorded tax expenses of approximately S\$2,000 in 1QFY2019 as compared to S\$43,000 in 1QFY2018. This was due mainly to higher tax provision for a foreign subsidiary in 1QFY2018.

STATEMENT OF FINANCIAL POSITION REVIEW

The Group’s shareholders’ funds as at 31 July 2018 stood at S\$61.1 million as compared to S\$61.4 million at the end of the immediate preceding financial year ended on 30 April 2018.

(i) Property, plant and equipment

The decrease in property, plant and equipment of approximately S\$1.3 million was mainly because of depreciation charge of approximately S\$1.3 million in current period which was partially offset by acquisition of assets of approximately S\$27,000.

(ii) Intangible assets

Intangible assets comprise:

- a. Goodwill of approximately S\$9.4 million; and
- b. Customer base and intellectual property rights of approximately S\$1.5 million.

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

(iii) Inventories

Inventories decreased by approximately S\$0.8 million, from S\$32.5 million as at 31 July 2018 to S\$33.3 million as at 30 April 2018. The decrease was due mainly to deliveries to customers in 1QFY2019.

(iv) Trade and other receivables

Trade and other receivables decreased by approximately S\$0.2 million, from S\$14.1 million as at 30 April 2018 to S\$13.9 million as at 31 July 2018 due mainly to collections during the current period.

(v) Trade receivables (Non-current assets)

This relates to trade receivable from a customer with an agreed long term repayment tenure. The decrease was due to installments received.

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018

(vi) Trade and other payables

Trade and other payables stood at approximately S\$18.2 million as at 31 July 2018, as compared to S\$18.8 million as at 30 April 2018. The decrease of approximately S\$0.6 million was due mainly to:

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

(vii) Loans and borrowings

Loans and borrowings stood at approximately S\$69.7 million as at 31 July 2018, a decrease of approximately S\$4.2 million, from S\$73.9 million as at 30 April 2018. The decrease was due mainly to repayment of bills payables and short-term loans partially offset by increased drawdown of bank overdrafts.

STATEMENT OF CASH FLOW REVIEW

The Group generated net cash of approximately S\$3.3 million from operating activities in 1QFY2019. The increase of approximately S\$0.6 million from net cash generated of S\$2.7 million against prior period was mainly due to:

- (i) Decreased contract work-in-progress as a result of projects completed and delivered; and
- (ii) Decreased payments to trade suppliers.

The increase was partially offset by decreased receipt from customers.

Net cash generated from investing activities amounted to approximately S\$0.2 million, against the net cash used of approximately S\$0.2 million in prior period. This was mainly due to:

- (i) Capital injection from non-controlling interest; and
- (ii) 1QFY2018 included acquisition of intangible assets and equipment by subsidiary corporations.

The net cash used in financing activities in current period was approximately S\$5.2 million as compared to S\$1.0 million in prior period. This was due to settlement of short-term revolving credits and trust receipts with lesser drawdown from these facilities.

In view of the above, overall net decrease in cash was approximately S\$1.8 million in 1QFY2019 as compared to net increased in cash of approximately S\$1.5 million in 1QFY2018.

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

Not applicable.

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018

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.

Extended higher coal prices and rising demand for coal have led to more financing opportunities opening up for newbuilds, which resulted in more enquiries and orders. Performance from the Projects business continues to be consistent and prospects are improving as the Group secures more projects.

Although near-term competition remains stiff, outlook for the Group appears to be more favourable than the preceding two years, with the Group looking to deliver the majority of its recent order wins within FY2019.

The Group remains steadfast in strengthening its order book coming into FY2019, with sales conversion improving alongside sentiments of the various industries the Group operates in. Keeping its ear to the ground for any developments in the region, the Group strives to continue its order winning momentum in local and overseas markets across new and existing sectors.

11. Dividend

**a) Current financial period reported on?
Any dividend declared for the current financial period reported on?**

No.

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

No.

c) Date payable:

Not applicable.

d) Books Closure Date:

Not applicable.

12. If no dividend has been declared/(recommended), a statement to that effect.

No dividend has been declared/recommendeded for the current financial period reported on.

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2018

- 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 2018 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 Managing Director
13 September 2018