XMH Holdings Ltd.

YOUR CONNECTION TO THE RIGHT MACHINE

ENGINEERED FOR CONTINUOUS GROWTH

ANNUAL REPORT 2012

OUR VISION

To be a Singapore Multi-National Company in the distribution of Marine & Industrial Engine / Generator

OUR MISSION

To be a Leading & Dependable Total Solution Supplier in Marine & Industrial application to meet our customer needs.

CONTENTS

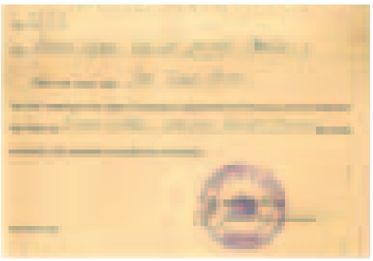
CORPORATE PROFILE

Established in 1955, XMH Holdings Ltd. (the "Group") started as a small machinery repair and maintenance shop in Kitchener Road. The Group is now a trusted name as a diesel engine, propulsion and power generating solutions provider in the marine and industrial sectors across Asia. The Group's business activities may be broadly categorised into the following: (i) distribution and provision of value-added products and services; and (ii) after-sales services, trading and others.

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

The Group has also scaled up the value-chain with the introduction of "e-Gen", its in-house range of power generating sets and "XMH IPS", a one-stop integrated solution to vessel owners requiring diesel engine (or electricity) driven propeller-based propulsion systems to power its vessels. This enhanced the Group's capabilities in providing more customised solutions to its customers with diverse needs.

CORPORATE MILESTONES

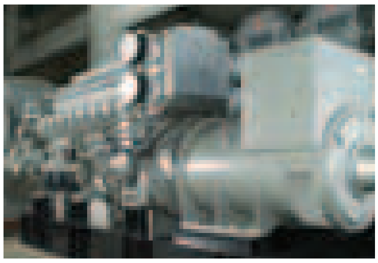


1950s

Our founder Mr. Tan Tum Beng started a small machinery repair and maintenance shop in Kitchener Road.

1960s to 1970s

We engaged in the resale of used industrial diesel engines and machinery from suppliers in the United Kingdom to modification of engines for customers in the timber industry. We converted from sole proprietorship to forming of partnership — Meng Wah Machinery Work.



1980s

We became one of the leading suppliers of used industrial and marine diesel engines and related machinery manufactured in Japan.

1990s

Xin Ming Hua Pte. Ltd. was incorporated in 1991.
We began the distribution for a limited range of marine diesel engines and power generating sets under Mitsubishi brand in 1996 and secured exclusive distribution rights for SOLÉ brand of marine diesel engines and its genuine spare parts for certain regions in 1998.

2000s

We progressively secured distribution rights for products from a wide range of brands namely Akasaka, Hyundai, Doosan, Korsør, Reintjes, D-I, CENTA and Mentrade with some on exclusive basis.
We started to develop and market a range of power generating sets under the in-house brand "e-Gen", which can offer value-added customisation service.
In 2006, we set up our People's Republic of China (the "PRC" or "China") (Shanghai) overseas marketing office ("OMO") to support our marketing activity in China.
In 2007, we established XMH Engineering Pte. Ltd. to design and develop XMH IPS, a one-stop integrated solution for the propulsion requirements of marine vessels.
In 2011, the Company was admitted to the mainboard of the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and set up our Vietnam (Ho Chi Minh City) overseas marketing office to support our marketing activity in Vietnam.
In 2012, we secured another 2 new principals, the Guangzhou Diesel for industrial/marine diesel engine and power generating sets and Kamome Propeller for thrusters and its control system.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tan Tin Yeow
Chairman and CEO

Mr. Tan Seng Hee
Deputy CEO and Executive Director

Mr. Chua Tiong Wei
Executive Director

Ms. Tan Guat Lian
Executive Director

Mr. Hong Pian Tee
Lead Independent Director, Non-Executive

Mr. Chan Heng Toong
Independent Director, Non-Executive

Mr. Ng Sey Ming
Independent Director, Non-Executive

COMPANY SECRETARY

Mr. Low Jun-rong
(LLB (Honours)

REGISTERED OFFICE

44 Sungei Kadut Avenue,
Singapore 729667
Telephone: (65) 6368 0188
Facsimile: (65) 6368 0633

AUDIT COMMITTEE

Mr. Hong Pian Tee
Chairman

Mr. Chan Heng Toong
Member

Mr. Ng Sey Ming
Member

REMUNERATION COMMITTEE

Mr. Ng Sey Ming
Chairman

Mr. Hong Pian Tee
Member

Mr. Chan Heng Toong
Member

NOMINATING COMMITTEE

Mr. Chan Heng Toong
Chairman

Mr. Hong Pian Tee
Member

Mr. Ng Sey Ming
Member

Mr. Tan Tin Yeow
Member

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A Division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

INDEPENDENT AUDITORS

KPMG LLP
Public Accountants and Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building,
Singapore 048581

Partner-in-charge
Barry Lee Chin Siang
(Since the financial year ended 30 April 2011)

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place, UOB Plaza,
Singapore 048624

Standard Chartered Bank
6 Battery Road,
Singapore 049909

Oversea-Chinese Banking Corporation Limited
65 Chulia Street, OCBC Centre,
Singapore 049513

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of XMH Holdings Ltd ("XMH" or collectively known as the "Group"), I present to you our annual report for the financial year ended 30 April 2012 ("FY2012").

XMH, like other players in the marine industry, was faced with waves of challenges in FY2012. Baltic Dry Index tanked from an average of 1,600 points in 2011 to about 950 points in 2012. Uncertainties in the macro environment took a toll on the market sentiments as the global shipping industry remained weak and moreover unfavorable foreign exchange rates were a strong deterrent for customers to take deliveries of the equipment on a timely basis. Japanese Yen appreciated sharply against the US Dollars during FY2012, hitting an all-time high of 76 Japanese Yen per 1 US Dollar in January 2012. Volatile exchange rates made the situation tougher as customers delayed collection of deliveries from XMH. Nonetheless, XMH stood up against the headwinds and concluded FY2012 with resilient growth.

The Group recorded S$62.2 million of revenue in FY2012, 11.4% year-on-year ("y-o-y") decline from FY2011. This was mainly due to delays on both customers' and suppliers' fronts, orders cancellations and uncertainties in macro environment. Distribution business segment continued to be the main revenue driver for the Group, contributing about S$54.3 million or 87.3% to the Group's revenue in FY2012 (FY2011: S$61.0 million or 86.8%). Indonesia remained as the Group's key market in FY2012, contributing about S$44.2 million or 71.0% to the Group's revenue (FY2011: S$42.1 million or 60.0%).

Gross profit decreased 19.7% y-o-y to S$15.7 million in FY2012 and gross profit margin eased to 25.2% in FY2012 as compared to 27.8% in FY2011. One-time gain arising from the deposits forfeited from a customer amounting to S$3.9 million boosted the Group's net profit attributable to shareholders to S$9.5 million in FY2012, 5.9% y-o-y growth from FY2011.The Group posted basic earnings per ordinary share of 2.40 Singapore cents in FY2012 (FY2011: 2.67 Singapore cents).

Balance sheet remained rosy, well-supported by healthy cash balance of S$39.2 million as at 30 April 2012 (30 April 2011: S$53.9 million). The Group maintained its net cash position as at 30 April 2012 and registered net asset value per ordinary share of 11.02 Singapore cents as at 30 April 2012 (30 April 2011: 9.58 Singapore cents).

STEADY ORGANIC GROWTH

XMH distributes a comprehensive range of marine and industrial diesel engines, propulsion and power generating sets under 12 renowned brands and carries more than 4,000 product items. We hold exclusive distributorship rights for many of our principals in various regions and notably, XMH is the only authorized sales dealer for some brands like Mitsubishi, Reintjes and Korsor. I am pleased to report that XMH has secured two (2) new principals, the Guangzhou Diesel for industrial/marine diesel engine and power generating sets and Kamome Propeller for thrusters and its control system in FY2012. We have established a long standing relationship with our principals and continuous additions of new principals are testament to our capabilities and network. Also, we are adding on more products in our endeavour to provide comprehensive solutions to our clients and we added thrusters to our range of products in FY2012.

XMH is headquartered in Singapore and has operational presence in China and Vietnam. To better support customers in terms of procurement and after-sales services, XMH works closely with local dealers in Bangladesh, Maldives, Middle East, and Malaysia. During FY2012, we have also expanded our geographical footprints into emerging markets like India and Vietnam. Keen marketing efforts are underway and we are sourcing actively for sales leads.

When we were listed a year ago, we indicated that a portion of the proceeds from the listing would be utilized towards development of new premises for general warehousing and work areas and the establishment of an assembly line for our in-house brand of power generating sets. I am pleased to report that we are in the midst of extending our current facility at Sungei Kadut Avenue, adding new assembly, commissioning and engine testing workshops. With this new extension, the Group will be able to bring the production of in-house brands internally, placing the Group in a better position to manage operating costs, improving productivity and efficiency and most importantly, to execute tight quality control measures.

Our outstanding order book stands at approximately $92.0 million as at 30 June 2012. We remain committed to replenish our order book with quality orders through the execution of our growth strategies.

APPRECIATING THE SHAREHOLDERS

The Board is pleased to propose a one-tier final cash dividend of 1 Singapore cent per ordinary share (tax exempt) for FY2012. This represents an outstanding dividend payout ratio of 41.7%. The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting ("AGM").

EXPANSION GROWTH LIES AHEAD

Business expansion is an ongoing effort since the Group's listing in 2011. We are committed to expanding our operations in terms of product portfolio, capacity enhancement and geographical coverage while managing operating costs at an optimal level.

We will continue to work on securing new principals and increasing our product range so as to cater to a wider market including tankers, bulk carriers and containerships. We will also explore avenues to increase our production capacity so as to manufacture more of our in-house brands internally. We have made good progress in new markets like India and Vietnam and we expect breakthroughs in sales orders soon from these regions. Besides these new markets, we are also looking towards Myanmar markets and would be aiming to establish presence there through local partner.

Uncertainties in the operating environment may persist in the coming years and market sentiments may remain weak. The cyclical marine industry and the volatile exchange rates resulted from a myriad of political and economic issues and those may not be within the Group's control. However, we are working on managing our cash flows and operating costs so as to remain lean and nimble in the current challenging environment. We have embarked on various measures including depositing Japanese Yen and US Dollars to create a natural foreign exchange hedge. We have adopted a pro-active approach in managing our inventory by close monitoring of its turnover days and ensuring that orders with suppliers are arranged back-to-back with customers' orders.

The Group is in a strong net cash position and duly supported by solid cash balance of S$39.2 million as at 30 April 2012. This provides the Group an excellent platform to scale up business operations and explore growth opportunities through merger and acquisition activities. Strategic partners should have complementary business offerings that are earnings accretive in nature, to XMH and positive synergies can be harnessed from the partnerships.

We adopt a conservative approach in navigating through this challenging period but will take this opportunity to gradually prepare ourselves for the recovery trend.

CONCLUSION

Last but not least, I will like to express my heartfelt gratitude and thanks to my fellow Board members and colleagues for their commitment and dedication to XMH, business partners and associates, customers and suppliers for their unwavering support to the Group.

I look forward to meeting all shareholders at the upcoming AGM.

MR. TAN TIN YEOW
Chairman and CEO

Top Row Left to Right :
Mr. Tan Tin Yeow (Chairman and CEO),
Mr. Chua Tiong Wei,
Mr. Tan Seng Hee
Ms. Tan Guat Lian,

Bottom Row Left to Right :
Mr. Hong Pian Tee,
Mr. Chan Heng Toong,
Mr. Ng Sey Ming

BOARD OF DIRECTORS

MR. TAN TIN YEOW
Chairman and CEO

Mr. Tan was appointed as Managing Director in 1991 and the Chairman and CEO on 29 October 2010. He has overall responsibility for future planning and corporate direction of the Group. He has been instrumental in the Group's development and was responsible for, inter alia, establishing the distribution arm and securing the exclusive distributorship for a limited range of Mitsubishi brand of high-speed and medium-speed marine diesel engines and products.

Mr. Tan has more than 25 years of experience in the marine and industrial diesel engines industry. Prior to joining the Group, he has worked in Meng Wah Machinery Work, former partnership founded by the Founder, Mr. Tan Tum Beng until 1991. He was also one of the proud recipients of the Rotary-ASME Entrepreneur of the Year in 2007.

MR. CHUA TIONG WEI
Executive Director

Mr. Chua was appointed as Executive Director (Sales & Business Development) on 29 October 2010. He oversees the development and implementation of sales and business strategies for the Group. Mr. Chua has contributed significantly to the Group's expansion since he joined the Group.

He is also responsible for maintaining good corporate relations with both existing and potential customers and suppliers, and for venturing into new markets to build up our sales performance. Mr. Chua has more than 16 years of sales experience of which 10 years are related to marine industry.

MR. TAN SENG HEE
Deputy CEO and Executive Director

Mr. Tan was appointed as Deputy CEO and Executive Director (Trading & Support) on 29 October 2010. He is responsible for the business and operations of the trading of used engines and after sales support. He has contributed significantly to the early stages of the Group's development since he joined the Group as a manager in 1996, and was promoted to Executive Director (Trading & Support) in January 2000.

Mr. Tan has over 25 years of experience in the marine and industrial diesel engines industry, mainly in the sale of used engines in the regional markets. Prior to joining the Group in 1996, he was with Meng Wah Machinery Work since 1974.

MS. TAN GUAT LIAN
Executive Director

Ms. Tan was appointed as Executive Director (Human Resource & Administration) on 29 October 2010. She has overall responsibility in managing and overseeing the operations of various departments of the Group, including the administrative, logistics and human resource departments.

Ms. Tan has contributed commendably to the early development of the Group with key initiatives like setting up various departments including the administrative, logistics, human resource, accounts and information technology departments. Prior to joining the Group as an administrative executive in 1996, she assumed the position of administrative and shipping assistant with Meng Wah Machinery Work for 13 years.

BOARD OF DIRECTORS

MR. HONG PIAN TEE
Independent Director

Mr. Hong was appointed as Independent Director on 29 October 2010. Prior to retiring from professional practice, he was the managing director of PricewaterhouseCoopers Intrust Limited from 1985 to 1999. Mr. Hong is currently the chairman of Pei Hwa Foundation Limited, a position he has held since 2000, and an independent director of Golden Agri-Resources Ltd and Memstar Technology Ltd., both of which are companies listed on the mainboard of the Official List of the SGX-ST.

Mr. Hong is a veteran in corporate finance and advisory, with over 26 years of experience in prominent global accounting firms. He previously held independent directorships on the board of mainboard listed companies, Asia Food & Properties Limited and Sin Ghee Huat Corporation Ltd., from 2001 to 2009.

MR. CHAN HENG TOONG
Independent Director

Mr. Chan was appointed as Independent Director on 29 October 2010. He is currently Head, Investment Banking, HL Bank.

Mr. Chan assumed key management positions in various established banks including Citibank N.A, American Express Bank (NY), Overseas Union Bank Limited, United Overseas Bank and has over 30 years of experience in corporate and investment banking. He obtained a Bachelor of Engineering (Honours) from the University of Singapore and MBA (Finance & Transportation) from the University of British Columbia (Vancouver, BC).

MR. NG SEY MING
Independent Director

Mr. Ng was appointed as Independent Director on 29 October 2010. He is currently a partner in the Banking & Finance practice group in Rajah & Tann LLP. He is also an independent director of Hiap Tong Corporation Ltd., a company listed on Catalist, the sponsor-supervised trading platform of the SGX-ST.

Mr. Ng commenced his legal practice in Rajah & Tann LLP in 2000 and was made a partner of Rajah & Tann LLP in 2007. He was admitted as a Solicitor of England and Wales, and an Advocate and Solicitor of the High Court of Malaya, in 2007. He obtained a Bachelor of Laws (Honours) from the National University of Singapore in 1999 and is currently a member of the Singapore Academy of Law and the Law Society of Singapore.

SENIOR MANAGEMENT

MR. YEO ENG CHAI WILLIAM
General Manager (Sales)

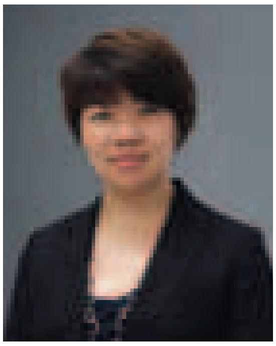
Mr. Yeo was appointed as Senior Sales Manager on 29 October 2010 and promoted as General Manager (Sales) on 1 Aug 2011. He is responsible for the sale of marine and industrial diesel engines in Singapore and in regional markets including Bangladesh, Vietnam, India, Malaysia, Sri Lanka, and the PRC. He is currently the chief representative of OMO in Shanghai, the PRC and oversees the sales and marketing operations of the Group in the PRC.

Mr. Yeo has over 16 years of sales experience and prior to joining the Group as sales manager in 2005, he has assumed various sales, operations and customer service support positions in Twin Disc (Far East) Pte. Ltd. (formerly known as Twin Disc (Far East) Limited).

MR. HENG LIP JOO
Senior Sales Manager

Mr. Heng was appointed as Sales Manager on 29 October 2010 and promoted as Senior Sales Manager on 1 Aug 2011. He is responsible for the sale and marketing of industrial and marine diesel engines, generators and marine accessories of the Group to customers located in Singapore and Indonesia.

Mr. Heng joined the Group in 2004 as sales executive after he left American International Assurance Company Limited as financial services consultant. He was promoted in 2005 to senior sales executive and assistant sales manager in 2006. He has been serving as the sales manager since 2008.



MS. ONG SIOK LING (WANG SHULING)
Administrative Manager

Ms. Ong was appointed as Assistant Administrative Manager on 29 October 2010 and promoted as Administrative Manager on 1 Aug 2011. She is responsible for overseeing the import and export departments, which handles our shipping documentation, and managing our inventory.

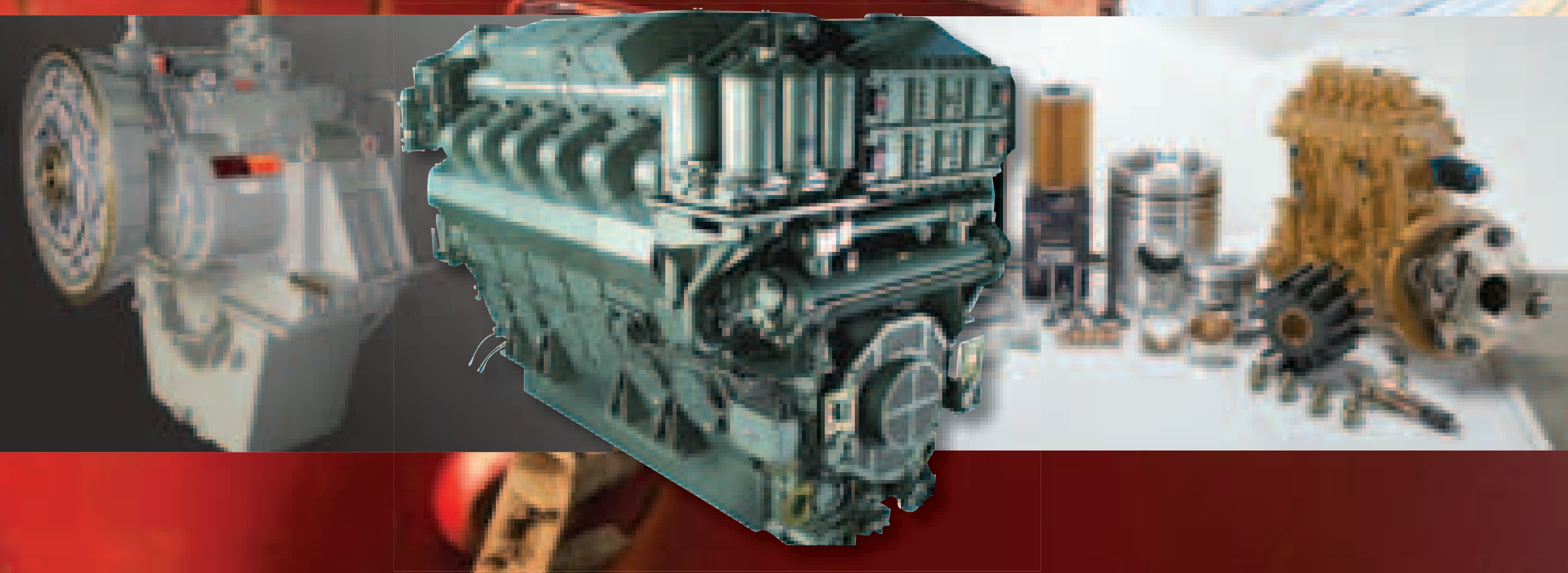
Ms. Ong joined the Group as administrative assistant in 1998 after she left Wing Seng Logistics Pte Ltd as customer support assistant. She was promoted to administrative officer and administrative executive in 2001 and 2003 respectively. She was subsequently promoted in 2005 to senior administrative executive and has assumed the role of Assistant Administrative Manager since 2009.

MR. YAP LEE ANN
Financial Controller

Mr. Yap was appointed as Financial Controller on 29 October 2010. He oversees the full spectrum of the finance and accounting functions, as well as budgeting, forecasting, treasury, managing the cash flow, taxation matters and ensuring compliance of statutory audit requirements.

Mr. Yap has more than 20 years of relevant experience in financial and management accounting, auditing and corporate finance and held various key positions in this aspect with listed companies. Prior to joining the Group in 2009, he was a finance manager in ARA Trust Management (Suntec) Limited. He graduated from The University of Southern Queensland with Bachelor of Commerce degree and is a Certified Practicing Accountant registered with CPA Australia.

OPERATIONS & FINANCIAL REVIEW



"We are continuously diversifying our range of products and services as we add more suppliers and products in our endeavour to provide more comprehensive solutions to our customers."

OPERATIONS & FINANCIAL REVIEW

FINANCIAL PERFORMANCE

For the financial year ended 30 April 2012 ("FY2012"), the Group posted revenue of S$62.2 million, 11.4% year-on-year ("y-o-y") decline as compared to FY2011. Majority of the Group's revenue is denominated in Japanese Yen and Japanese Yen gradually appreciated against the US Dollars throughout FY2012. Hence, customers rescheduled their deliveries to minimize the financial impact. The Group also witnessed order cancellations in FY2012 on the customers' end particularly in the offshore industry where persistent oversupply in the vessel market dampens confidence. Also, due to raw material shortages, there was delay in some partial components from the suppliers and hence affected revenue recognition on the Group level. These factors hence contributed to lower revenue recorded in FY2012.

Gross profit decreased 19.7% y-o-y from S$19.5 million in FY2011 to S$15.7 million in FY2012 in line with lower revenue recorded. Gross profit margins eased to 25.2% in FY2012 from 27.8% in FY2011 largely due to lower margin contracts secured under the distribution business segment. Keen competition in the operating environment is also exerting downward pressure on the margins in general.

Operating expenses (including distribution expenses, administrative expenses and other expenses) increased 18.5% y-o-y, from S$6.9 million in FY2011 to S$8.2 million in FY2012. This was mainly due to deposit forfeited by a supplier and incentive bonus scheme pegged to profit before tax in Directors' remuneration package.

Other income jumped more than ten folds to S$3.9 million in FY2012 due mainly to a one-time gain arising from the deposits forfeited from a customer.

The Group has repaid its borrowings fully during the year and hence generated a net finance income of S$0.3 million in FY2012 as compared to a net finance expense of S$1.3 million in FY2011.

Consequently, the Group concluded FY2012 with S$9.5 million of net profit attributable to shareholders, representing basic earnings per share of 2.40 Singapore cents.

FINANCIAL POSITION

Total assets climbed to S$89.4 million as at 30 April 2012 as compared to S$82.2 million in the previous corresponding period primarily due to increases in other financial assets, inventories and trade and other receivables. As part of the Group's strategy to optimize returns from cash resources, the Group has invested in financial assets like structured deposits and listed securities quoted on the SGX-ST. Inventories remained high at S$26.1 million as at 30 April 2012, despite declining revenue, because customers had rescheduled their deliveries to later dates. The Group adopts a proactive approach in managing its inventory and assessment of stock aging analysis is conducted on a regular basis. The Group also maintains active communication with its customers to stay relevant to their project planning.

The Group has repaid its borrowings fully during the year and maintained its net cash position as at 30 April 2012.

In conclusion, balance sheet remained healthy as at 30 April 2012, well-supported by solid cash balance of S$39.2 million and unutilised IPO Proceeds of about S$18.9 million. This represents net asset value per ordinary share of 11.02 Singapore cents as at 30 April 2012 as compared to 9.58 Singapore cents as at 30 April 2011.

STATEMENT OF CASH FLOW

Net cash used in operating activities was S$1.3 million in FY2012 as compared to net cash inflow of S$15.8 million in FY2011. This was due to increase in inventories and trade and other receivables. Increase in investment in other financial assets led to a net cash outflow from investing activities of about S$5.4 million in FY2012.

Cash flow from financing activities was better in FY2011 due to receipt of S$20.2 million worth of IPO Proceeds partially offset by S$12.0 million worth of dividend payout. Net cash used in financing activities increased to S$8.6 million in FY2012 as the Group repaid outstanding borrowings in full during the year.

UPDATES ON IPO PROCEEDS

The Group raised net proceeds of about S$18.9 million from the IPO listing in FY2011. The Group has plans to utilize the net proceeds against:

- Development of new premises or acquisition of premises for general warehousing and work areas and the establishment of an assembly line for in-house of power generating sets
- Pursue expansion opportunities
- General working capital

The Group has begun works on facility extension at the Group's current headquarter in Sungei Kadut Avenue. Construction works commenced during the year to extend the existing facility with manufacturing and assembly

OPERATIONS & FINANCIAL REVIEW

workshops and warehouse. These works have been internally funded at the present stage; the Group will make timely announcements to keep the shareholders updated on the utilization of IPO Proceeds.

As at date of this report, the Group has not utilized the net proceeds of S$18.9 million.

EXPANDED PRODUCT PORTFOLIO

The Group has secured two (2) new principals during FY2012, namely Guangzhou Diesel Engine Factory ("Guangzhou Diesel") and Kamome Propeller ("Kamome"), increasing the brands represented by XMH to twelve (12) and product range carried to over 4,000.

Guangzhou Diesel

Guangzhou Diesel is the largest diesel engines manufacturer in South China and has been in this industry for over a century. The Group will be distributing industrial/marine diesel engine and power generating sets under Guangzhou Diesel in Singapore, Malaysia and Indonesia.

Kamome

Kamome was incorporated in Japan in 1924 and is renowned for manufacturing propellers, both controllable pitch and fixed pitch, thrusters and rudders. The Group will be representing Kamome as sales agents for thrusters and its control system in Indonesia.

ORDER BOOK

Outstanding order book for the Group stood at approximately S$92.0 million as at 30 June 2012.

ORGANIC EXPANSION

Operating environment may remain challenging in the coming year, however the Group will leverage on this weak market to grow from strength to strength, in a bid to ride once the market turns for the better. The Group is committed to enhance product portfolio with new principals and more product range and to continue promoting in-house brands to the market. To better support our customers on a timely basis, the Group will work on completing its regional coverage through representing agents or office. This will place XMH in a better position to tap on pockets of growth within the ASEAN region as well.

CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to ensuring that the highest standards of corporate governance are practiced throughout XMH Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group. In this respect, the Company adopts the practices based on the principles and guidelines as set out in the Code of Corporate Governance 2005 (the "2005 Code")[1].

This report describes the Group's corporate governance practices and structures that were in place during the financial year ended 30 April 2012 ("FY2012").

Board of Directors

Audit Committee	Remuneration Committee	Nominating Committee
Chairman	Chairman	Chairman
Hong Pian Tee	Ng Sey Ming	Chan Heng Toong
Members	Members	Members
Chan Heng Toong	Chan Heng Toong	Hong Pian Tee
Ng Sey Ming	Hong Pian Tee	Ng Sey Ming
		Tan Tin Yeow

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board's primary's role is to protect and enhance long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including:

- Providing entrepreneurial leadership, set strategic aims, and ensuring the necessary financial and human resources are in place for the Group to meet its objectives;

- Overseeing internal control processes, financial reporting and compliance, including the release of financial results and announcements of material transactions;

- Establishing a framework of prudent and effective controls which enables risk to be assessed and managed;

1 A revised Code of Corporate Governance was issued by the Monetary Authority of Singapore on 2 May 2012 (the "2012 Code"), which will supersede and replace the 2005 Code. The 2012 Code will take effect in respect of annual reports relating to financial years commencing from 1 November 2012. In light of this, the Company will comply with the 2012 Code in its annual report for FY2013.

CORPORATE GOVERNANCE

- Reviewing the Management's performance; and
- Setting the Group's values and standards, and ensuring that obligation to shareholders and others are met.

The Board objectively takes decisions in the interest of the Group. The Board has delegated specific responsibilities to three (3) Committees, namely the Audit, Nominating and Remuneration Committees. Information on each of the three (3) Committees is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

The Board will meet at least four (4) times a year. Fixed meetings are scheduled at the start of each year and additional meetings convened as and when there are matters requiring the Board's consideration and decision at any particular point in time.

Matters which are specifically reserved for decision by the Board include those involving business plans, material acquisitions and disposal of assets, corporate or financial restructuring, corporate strategy, share issuance, share buyback, dividends, and shareholder matters.

The number of Board and Board Committee meetings held in FY2012 and the attendance of Directors during these is as follows:

	Board of Directors			**Audit Committee**			**Nominating Committee**			**Remuneration Committee**		
	Number of meetings			**Number of meetings**			**Number of meetings**			**Number of meetings**		
	Position	**Held**	**Attended**	**Position**	**Held**	**Attended**	**Position**	**Held**	**Attended**	**Position**	**Held**	**Attended**
Executive Director												
Tan Tin Yeow	C	5	5	NA	5	5*	M	2	2	NA	–	–
Tan Seng Hee	M	5	5	NA	–	–	NA	–	–	NA	–	–
Tan Guat Lian	M	5	5	NA	–	–	NA	–	–	NA	–	–
Chua Tiong Wei	M	5	5	NA	–	–	NA	–	–	NA	–	–
Non-Executive Director												
Hong Pian Tee	M	5	5	C	5	5	M	2	2	M	2	2
Chan Heng Toong	M	5	5	M	5	5	C	2	2	M	2	2
Ng Sey Ming	M	5	5	M	5	5	M	2	2	C	2	2

* By invitation
C Chairman
M Member
NA Not applicable

CORPORATE GOVERNANCE

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises seven (7) members, three (3) of whom are Non-Executive Directors (including the Chairman of the Audit Committee). All Non-Executive Directors are also independent[2] and they are able to exercise objective judgement on corporate affairs independently from the Management.

A description of the background of each Director is presented in the "Board of Directors" section of this annual report. As a group, the Directors bring with them a broad range of industry knowledge, expertise and experience in areas such as accounting, finance, business, legal and management, relevant to the Group.

The Nominating Committee reviews the size of the Board on annual basis, and considers the present Board size as appropriate for the current scope and nature of the Group's operations. As Independent and Non-Executive Directors make up almost half of the Board, no individual group is able to dominate the Board's decision-making process. There is also balance in the Board because of the presence of Independent and Non-Executive Directors of the caliber necessary to carry sufficient weight in the Board decisions.

Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent and Non-Executive Directors is particularly important in ensuring that the strategies proposed by the Management are constructively challenged, fully discussed and examined, and take into account the long term interests, not only of the shareholders, but also of employees, customers and suppliers of the Group.

Where appropriate and requested to do so by the Board, these Independent and Non-Executive Directors will also review the Management's reports on their performance in meeting prescribed goals and objectives.

2 This means that each of the Non-Executive Directors has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the each Non-Executive Director's independent business judgement with a view to the best interests of the Group. The term "10% shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the Company. "Voting shares" exclude treasury shares. A related corporation in relation to a company includes its holding company, subsidiary or fellow subsidiary.

CORPORATE GOVERNANCE

Chairman and Chief Executive Officer ("CEO")

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Mr. Tan Tin Yeow currently assumes the roles of both the Chairman and CEO.

The Chairman and CEO is the most senior executive in the Company and bears executive responsibility for the Company's business, as well as the responsibility for the workings of the Board. The Chairman and CEO ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the Directors. The Chairman and CEO reviews Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. As a general rule, Board papers are sent to Directors in advance in order for Directors to be adequately prepared for the meeting. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during the Board meeting.

Taking into account the current corporate structure, size, nature and the scope of the Group's operations, as well as the high commitment demonstrated by the Independent and Non-Executive Directors, the Board is of the view that it is not necessary to separate the roles of the Chairman and the CEO.

In accordance with Guideline 3.3 of the 2005 Code and to promote a high standard of corporate governance, the Board has appointed Mr. Hong Pian Tee, an Independent and Non-Executive Director, as Lead Independent Director. Mr. Hong Pian Tee is available to shareholders when they have concerns in circumstances where contact through the normal channel of the Chairman and CEO has failed to resolve or for which such contact is inappropriate.

Nominating Committee

Principle 4: There should be a formal and transparent process for the appointment of new Directors to the Board.

The Nominating Committee comprises the following Directors:

- Mr. Chan Heng Toong (Chairman)
- Mr. Tan Tin Yeow
- Mr. Hong Pian Tee
- Mr. Ng Sey Ming

The Chairman of the Nominating Committee is neither a substantial shareholder of the Company, nor directly associated with a substantial shareholder of the Company.

CORPORATE GOVERNANCE

The Nominating Committee has a charter endorsed by the Board that sets out its duties and responsibilities. Its responsibilities include the following:

- *Making recommendations to the Board on all Board appointments.*

  In its search, nomination and selection process for new Directors, the Nominating Committee identifies the key attributes that an incoming Director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the Nominating Committee taps into the resources of the Directors' personal contacts and recommendations of potential candidates, and goes through a short-listing process. If candidates identified through this process are not suitable, executive recruitment agencies will be appointed to assist in the search process. Interviews will be set up with potential candidates for Nominating Committee members to assess them before a decision is reached;

- *Making recommendations to the Board on the re-nomination of Directors annually and at least once every three (3) years for each Director, as required by the Articles of Association of the Company.*

  In its deliberations on the re-nomination of existing Directors, the Nominating Committee takes into consideration the relevant Director's contribution and performance (including, if applicable, his contribution and performance as Independent Director). The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Committees as well as the quality of intervention and special contributions. The Chairman of the Board will give feedback to the Nominating Committee on the appointment of new Directors or retirement or resignation of existing Directors, following the outcome of an annual performance evaluation of individual Directors, and the Nominating Committee will take into consideration his views in this regard; and

- *Determining the independence of Directors annually.*

  In doing so, the Nominating Committee takes into account the circumstances set forth in Guideline 2.1 of the 2005 Code and any other salient factors. Following its annual review, the Nominating Committee has endorsed the independent status of the Non-Executive Directors.

The Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple Board representations. This matter is also reviewed by the Nominating Committee on an annual basis.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

The Board has implemented a process to be carried out by the Nominating Committee to assess:

- its effectiveness as a whole; and
- the contribution by each Director to the effectiveness of the Board.

CORPORATE GOVERNANCE

The assessment of the Board utilises a confidential questionnaire, covering areas such as the effectiveness of the Board in its monitoring role, and is completed by each Director individually. Such performance criteria are approved by the Board and they address, inter alia, how the Board has enhanced long term shareholders' value. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

The evaluation of individual Directors is done through self-assessment, in each case through a confidential questionnaire completed by the Directors individually. The assessment parameters for such individual evaluation include both qualitative and quantitative factors such as attendance records, contributions during Board meetings, as well as individual performance of principal functions and fiduciary duties.

The completed questionnaires are collated for the Nominating Committee's deliberation. The Nominating Committee then presents the results, conclusions and its recommendations to the Board. The Chairman and CEO acts on the results of the performance evaluation, and where appropriate and in consultation with the Nominating Committee, proposes new members to be appointed to the Board, or seeks the resignation of Directors.

The assessment of the Board and the Directors is carried out once every financial year. Each member of the Nominating Committee shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

Access to information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

All Directors receive a set of Board papers prior to the Board meeting. This is generally issued to them at least three (3) days prior to the meeting to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meeting.

As part of good corporate governance, key matters requiring decision are reserved for resolution at Board meetings rather than circulation to facilitate discussion. Key analysts' reports on the Group are forwarded to the Directors on an on-going basis. In addition, the Board receives quarterly management accounts from the Management, which present a balanced and understandable assessment of the Group's performance, position and prospects.

The Directors have separate and independent access to the senior management, including the Chairman and CEO, the Financial Controller and other executive officers, as well as the Group's Internal and External Auditors. Queries by individual Directors on circulated reports are directed to the Management who will respond accordingly. Where relevant, Directors' queries and the Management's responses are circulated to all Board members for their information.

CORPORATE GOVERNANCE

All Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary or his/her representative(s) attends all meetings of the Board and, together with members of the Management, ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends all meetings of the Audit Committee, Remuneration Committee and Nominating Committee. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required.

Under the Articles of Association of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his/her duties and responsibilities as a Director.

(B) REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Remuneration Committee

The Remuneration Committee comprises the following Independent and Non-Executive Directors:

- Mr. Ng Sey Ming (Chairman)
- Mr. Hong Pian Tee
- Mr. Chan Heng Toong

The principal responsibilities of the Remuneration Committee include:

- *Recommending to the Board for endorsement, a framework for computation of Directors' fees of the Board, as well as the remuneration of Executive Directors and executive officers.*

  For Executive Directors and executive officers, the framework covers all aspects of executive remuneration (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind); and

- *Recommending the specific remuneration packages for each Director and executive officer.*

In framing the Group's remuneration policy as described above, the Remuneration Committee may from time to time refer to market reports on average remuneration.

No Director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the Remuneration Committee to assist in its deliberations.

CORPORATE GOVERNANCE

The Remuneration Committee's review covers all aspects of remuneration, including salaries, fees, allowances, bonuses, options and benefits-in-kind. The Remuneration Committee's recommendations are submitted to the Board for endorsement.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the company successfully but companies should avoid paying more than necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The remuneration package of Executive Directors and executive officers comprises the following components:

(a) *Fixed Component*

The fixed component comprises basic salary, statutory employer's contributions to the Central Provident Fund, and fixed allowances. To ensure that the remuneration framework takes into account industry conditions and is comparable with prevailing market practices, the Remuneration Committee may from time to time benchmark remuneration components against those of comparable companies, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

(b) *Variable Component*

This component comprises variable bonus based on the Group's and the individual's performance as well as monthly variable component of the basic salary. To link rewards to performance, the more senior the executive is in the Group, the higher the percentage of the variable component against total compensation. A comprehensive and structured assessment of the performance of each executive officer, against selected key performance indicators, is undertaken annually. Bonuses payable to executive officers are reviewed by the Remuneration Committee and approved by the Board to ensure alignment of their interests with those of shareholders.

(c) *Benefits*

Benefits provided include medical benefits, flexible benefits, car allowance and company car.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and executive officers, and performance.

The remuneration of the Directors and executive officers is set out below. The disclosure is provided to enable investors to understand the link between the remuneration paid to the Directors and executive officers, and corporate and individual performance.

CORPORATE GOVERNANCE

	Salary %	Variable Bonus %	Director's Fees %	Benefits In Kind %	Total %
Directors					
Above $750,000 but below $1 million					
Tan Tin Yeow	42	55	–	3	100
Above $500,000 but below $750,000					
Tan Seng Hee	53	45	–	2	100
Chua Tiong Wei	51	47	–	2	100
Above $250,000 but below $500,000					
Tan Guat Lian	74	25	–	1	100
Below $250,000					
Hong Pian Tee	–	–	100	–	100
Chan Heng Toong	–	–	100	–	100
Ng Sey Ming	–	–	100	–	100
Executive Officers					
Below $250,000					
Yeo Eng Chai William	86	10	–	4	100
Heng Lip Joo	86	12	–	2	100
Yap Lee Ann	87	13	–	–	100
Ong Siok Ling	85	15	–	–	100

The fees of Non-Executive Directors are subject to the approval of shareholders at the forthcoming Annual General Meeting.

Mr. Tan Tin Yeow, the Chairman and CEO, Mr. Tan Seng Hee, Deputy CEO and Executive Director (Trading & Support), and Ms. Tan Guat Lian, Executive Director (Human Resource and Administration) are siblings. The aggregate remuneration of an employee who is an immediate family member of one of our Executive Directors, namely Mr. Tan Seng Hee, was below $100,000 for FY2012.

The Company has adopted a share option scheme known as the "XMH Share Option Scheme" which was approved by shareholders in 2010. All employees of the Group and Directors of the Company (including Non-Executive and Independent Directors) are eligible to participate in the scheme. More information on the XMH Share Option Scheme can be found in the Company's prospectus dated 14 January 2011. The scheme will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The scheme is administered by Remuneration Committee and further information on the ESOS can be found on pages 30 to 32 of the Annual Report.

CORPORATE GOVERNANCE

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price sensitive public reports and reports to regulators (if required).

The Management will provide all members of the Board with management accounts of the Group's performance, with explanatory details on its operations on a periodic basis. The Board papers are circulated to the Directors prior to any Board meeting to facilitate effective discussion and decision-making.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.

The Audit Committee comprises the following Independent and Non-Executive Directors:

- Mr. Hong Pian Tee (Chairman)
- Mr. Chan Heng Toong
- Mr. Ng Sey Ming

The Audit Committee held five (5) meetings in FY2012. At the invitation of the Audit Committee, the Chairman and CEO and the Financial Controller attended the meeting. The Group's External Auditors were also present at the relevant junctures during the meeting.

The Board is of the view that all the members of the Audit Committee are appropriately qualified to discharge their responsibilities. Mr. Hong Pian Tee has the requisite accounting and related financial management expertise and experience, Mr. Chan Heng Toong has relevant experience in the finance industry, and Mr. Ng Sey Ming is a practicing corporate lawyer.

The Audit Committee has a charter endorsed by the Board, setting out its duties and responsibilities. The Audit Committee is authorised by the Board to investigate any matter within its charter. It is given full access to and is provided with the co-operation of the Management, and has full discretion to invite any Director or executive officer to attend its meetings. It has adequate resources to enable it to discharge its functions properly.

For FY2012, the Audit Committee performed its functions and responsibilities as set out in the charter, which include the following:

- reviewing the Group's financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing, in particular, on significant financial reporting issues and judgements, changes in accounting policies and practices, major risk areas, significant

CORPORATE GOVERNANCE

adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and any other relevant statutory or regulatory requirements;

- reviewing the audit plans and reports of the Internal and External Auditors, including the results of the external and Internal Auditors' review and evaluation of the system of internal accounting controls;

- reviewing the effectiveness and adequacy of the internal audit function (which includes a review of the internal accounting and control procedures) and ensure co-ordination between the External Auditors and the Management, review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the External Auditors may wish to discuss (in the absence of the Management where necessary);

- reviewing and considering the appointment or re-appointment of the External Auditors and matters relating to resignation or dismissal thereof, and making recommendations to the Board thereafter on the appointment, removal and the terms of engagement;

- reviewing any interested person transactions and potential conflicts of interest (within the definition of the Listing Manual), including any undertakings entered into by any of the Directors in respect of the above;

- reviewing the effectiveness and adequacy of the internal accounting and financial control procedures;

- reviewing the Risk Committee's report on the implementation of the FCI Policy (defined below), such report to include a review of the operation of foreign currency investments for compliance with the prevailing control measures and procedures set out in the FCI Policy;

- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the External Auditors. Where the External Auditors also supply a substantial volume of non-audit services to the company, the Audit Committee should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

- reviewing arrangements which enable staff of the Company to, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee's objective should be to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;

- ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company. For the avoidance of doubt, the internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff.

- ensuring the adequacy of the internal audit function at least annually;

- undertaking such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

- undertaking such other functions and duties as may be required by the Listing Manual of the SGX-ST.

CORPORATE GOVERNANCE

The Audit Committee has reviewed and is satisfied with the level of co-operation rendered by the Management to the External Auditors, the adequacy of scope and quality of their audits, and the independence and objectivity of the External Auditors. For FY2012, the Audit Committee met once with the External Auditors without the presence of Management.

Risk Committee (in respect of the Group's foreign currency investments)

The Group may, from time to time, enter into foreign currency investments with the objectives of (i) improving the returns for the Group's foreign currency deposits and/or (ii) meeting the Group's future foreign currency payment obligations.

In respect of these foreign currency investments, the Group has adopted a formal policy for all engagements in foreign currency investments (the "FCI Policy"). Further information on the FCI Policy can be found in the Company's prospectus dated 14 January 2011. A Risk Committee has been established to review and verify all foreign currency investments and ensure compliance of the FCI Policy; and reports directly to the Audit Committee.

The members of the Risk Committee comprise Mr. Yap Lee Ann, the Financial Controller, and the following Executive Directors:

- Mr. Tan Seng Hee
- Ms. Tan Guat Lian
- Mr. Chua Tiong Wei

Prior approval of the Risk Committee is required prior to the conduct of trade(s) in respect of foreign currency investments, and Mr. Tan Tin Yeow, the Chairman and CEO, is the only person authorised to trade under the terms of the FCI Policy. All trades relating to foreign currency investments shall be reported to the Risk Committee on a monthly basis and to our Audit Committee on a quarterly basis.

Internal Controls and Internal Audit

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investment and the company's assets.

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

The Board recognises the importance of sound internal financial controls, operational and compliance controls, and risk management policies (collectively, "internal controls") to good corporate governance and has outsourced its internal audit function to Nexis TS Risk Advisory Pte Ltd.

In assessing the design and operating effectiveness of internal controls, the Group has in place a system of internal controls to ensure:

- assets of the Group are safeguarded;
- fraud or errors in the accounting records are prevented or detected;
- accuracy and completeness of accounting records are ensured;
- reliable financial information is prepared in a timely manner; and
- compliance with applicable internal policies, laws and regulations relating to the financial reporting process.

CORPORATE GOVERNANCE

The Audit Committee has reviewed with the Internal Auditors their audit plans; their evaluation of the system of internal controls; their audit findings and management's responses to those findings; the effectiveness of material internal controls, including financial, operational and compliance controls; and overall risk management of the Group. The Audit Committee is satisfied that the internal audit is adequately resourced and has appropriate standing within the Group.

The Internal Auditors have a direct and primary reporting line to the Chairman of the Audit Committee, with administrative reporting to the Chairman and CEO. The Internal Auditors assist the Board in monitoring the risk exposure and internal controls of the Group.

Risk Management

The Audit Committee examines the effectiveness of the Group's internal control systems. The assurance mechanisms currently in operation are supplemented by the Group's Internal and External Auditors' annual reviews of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls. Any material non-compliance or failure in internal controls and recommendations for improvements are reported to the Audit Committee in a timely fashion. The Audit Committee also reviews the effectiveness of the actions taken by the management on the recommendations made by the Internal and External Auditors in this respect.

During the year, the Audit Committee reviewed the effectiveness of the Group's internal control procedures and was satisfied that the Group's processes and internal controls are adequate to meet the needs of the Group in its current business environment.

The Audit Committee has reviewed the volume of non-audit services provided to the Group by the External Auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors, is pleased to recommend their re-appointment. The breakdown of their fees for audit and non-audit services is found on note 21 to the financial statements on page 67. The Audit Committee is satisfied that the Group has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to the appointment of auditing firms.

Adequacy of internal controls

The board acknowledges that it is responsible for the overall internal control framework, but recognises that cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Based on the reports submitted by the external and internal auditors and the various management controls put in place, the Board, with the concurrence of the Audit Committee, is satisfied that the framework of internal controls is adequate to provide reasonable assurance of integrity, effectiveness and efficiency of the Company in safeguarding its assets and maintaining proper accounting records and reliable financial statements.

Whistle Blowing Programme

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. As such, the Group undertakes to investigate complaints of suspected fraud in an objective manner and intends to put in place, with the Audit Committee's endorsement, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. The results from the investigation will be reported directly to the Chairman of the Audit Committee.

Interested Person Transactions

The Group has established procedures to ensure that transactions with interested persons are properly reviewed and approved and are conducted at arm's length basis and do not prejudice the interests of the Group and its minority shareholders.

There was no interested person transaction above $100,000 for FY2012.

Material Contracts

There were no material contracts entered into by the Group involving the interests of any Director or controlling shareholder for FY2012.

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Group values dialogue with shareholders. The Group believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Group has outsourced its investor relations function to a third-party service provider, who will attend to the queries or concerns of shareholders.

The investor relations service provider also acts as a liaison point for the media, public, institutional investors and public shareholders on corporate information. Material information is published on SGXNET and on the Company's website http://www.xmh.com.sg, and where appropriate, through media releases.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Results and annual reports are announced or issued within the mandatory period.

The Group believes in encouraging shareholder participation at general meetings. A shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies subject to the Company's Articles of Association. The Company's Articles of Association do not allow for other absentia voting methods such as by mail, electronic mail, fax, and/or other methods. Such methods will only be implemented if the necessary security and other measures to protect against errors, fraud and other irregularities are available on a cost-effective basis, and when the Board views this is to be of sufficient interest to the Company's shareholders.

At each Annual General meeting, the Board will present the progress and performance of the Group and encourage shareholders to participate in the question and answer session. The External Auditors will address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report. The Chairpersons

CORPORATE GOVERNANCE

of the Audit, Nominating and Remuneration Committees, or members of the respective Committees standing in for them, will be present at each Annual General meeting, and other general meetings held by the Company, if any, to address shareholders' queries. Appropriate senior management will also be present at general meetings to respond, if necessary, to operational questions from shareholders.

Each item of special business included in the notice of the meeting will be accompanied by an explanation of the effects of the proposed resolution. Separate resolutions will be proposed for substantially separate issues at the meeting.

Dealings in securities

The Group has adopted an internal code which is in line with the requirements of the Listing Manual of the SGX-ST on dealings in the Company's securities.

This internal code provides guidance and internal regulation with regard to dealings in the Group's securities by its Directors and officers, and prohibits its Directors and officers from dealing in listed securities of the Group while in possession of unpublished material or price-sensitive information in relation to such securities and during the "black-out period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Group's financial year and one month before the date of announcement of the full year financial results. Directors and officers are also prohibited from dealing in the Group's securities on short-term considerations.

Statement of Compliance

The Company has generally complied with the principles and guidelines of the 2005 Code.

Utilisation of proceeds from IPO

The net proceeds raised from the Company's IPO, after deducting listing expenses of approximately $2.4 million was approximately $18.9 million. As at the date of this report, the Company has not utilised such proceeds. Please see table below:

Purpose	Amount raised $'000	Amount utilised $'000	Balance Amount $'000
Development of new premises or acquisition of premises for general warehousing and work areas and the establishment of an assembly line for in-house of power generating sets	10,000	–	10,000
Pursue expansion opportunities	7,000	–	7,000
General working capital	1,850	–	1,850
Total	18,850	–	18,850

FINANCIAL CONTENTS

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 April 2012.

Directors

The directors in office at the date of this report are as follows:

Tan Tin Yeow
Tan Seng Hee
Tan Guat Lian
Chua Tiong Wei
Hong Pian Tee
Chan Heng Toong
Ng Sey Ming

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Tan Tin Yeow		
– ordinary shares	179,430,001	179,430,001
Tan Seng Hee		
– ordinary shares	38,876,001	38,876,001
Tan Guat Lian		
– ordinary shares	35,886,001	35,886,001
Chua Tiong Wei		
– ordinary shares	300,000	300,000
– options to subscribe for ordinary shares at:		
– $0.125 per share between 19 September 2013 and 18 September 2016	–	409,000
Hong Pian Tee		
– ordinary shares	100,000	437,000
– options to subscribe for ordinary shares at		
– $0.125 per share between 19 September 2013 and 18 September 2016	–	100,000

DIRECTORS' REPORT

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Chan Heng Toong		
– ordinary shares	100,000	100,000
– options to subscribe for ordinary shares at:		
– $0.125 per share between 19 September 2013 and 18 September 2016	–	100,000
Ng Sey Ming		
– ordinary shares	100,000	100,000
– options to subscribe for ordinary shares at:		
– $0.125 per share between 19 September 2013 and 18 September 2016	–	100,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations (other than wholly owned subsidiaries), either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 May 2012.

Except as disclosed under the "Share Options" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 27 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

The XMH share option scheme (the "Scheme") was approved by shareholders of the Company at an Extraordinary General Meeting held on 5 November 2010. The Scheme applies to non-executive directors of the Company and full-time employees of the Group. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Ng Sey Ming (Chairman), Hong Pian Tee and Chan Heng Toong.

DIRECTORS' REPORT

Other information regarding the Scheme is set out below:

- The exercise price (the "Exercise Price") for each share in respect of which an option is exercisable shall be determined and fixed by the Remuneration Committee and shall be equal to the average of the closing prices of the share for the past five market days immediately preceding the relevant date of grant of the option (the "Market Price").

- The period for the exercise (the "Exercise Period") of an option granted under the Scheme shall be:

  (a) in the case of an option granted at Market Price (the "Market Price Option"), a period commencing after the first anniversary of the relevant date of the grant and expiring on the fifth anniversary of such grant date, or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Market Price Option; and

  (b) in the case of an option granted at a discount of up to 20% of the Market Price (the "Incentive Option"), a period commencing after the second anniversary of the relevant date of the grant and expiring on the fifth anniversary of such grant date, or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Incentive Options.

Details of all options granted under the Scheme to subscribe for ordinary shares of the Company as at 30 April 2012 are as follows:

Date of grant of options	Exercise price per share	Options outstanding as at 1 May 2011	Options granted during the year	Options exercised during the year	Options cancelled/ lapsed	Options outstanding as at 30 April 2012	Exercise period
19 September 2011	$0.125	–	3,819,000	–	–	3,819,000	19 September 2013 to 18 September 2016

There were 3,819,000 options granted to the directors and employees of the Company and its subsidiaries since the commencement of the Scheme to the end of the financial year under review.

During the financial year:

(a) 3,110,000 options have been granted by the Company to the Group's employees.

(b) 709,000 options have been granted by the Company to its directors excluding controlling shareholders and their associates.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company as at the end of the financial year.

DIRECTORS' REPORT

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Options granted during the financial year ended 30 April 2012	Aggregate options granted since commencement of the Scheme to 30 April 2012	Aggregate options exercised since commencement of the Scheme to 30 April 2012	Aggregate options outstanding as at 30 April 2012
Chua Tiong Wei	409,000	409,000	–	409,000
Hong Pian Tee	100,000	100,000	–	100,000
Chan Heng Toong	100,000	100,000	–	100,000
Ng Sey Ming	100,000	100,000	–	100,000

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates. No participant under the Scheme has been granted 5% or more of the total options available under the Scheme except Mr. Chua Tiong Wei.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Share repurchases

During the financial year, the Company purchased 13,739,000 of its own shares by way of market acquisition pursuant to the authority given to the directors under the Share Purchase Mandate approved by the shareholders at the Extraordinary General Meeting of the Company held on 26 August 2011.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are as follows:

- Hong Pian Tee (Chairman), non-executive director
- Chan Heng Toong, non-executive director
- Ng Sey Ming, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Companies Act, Chapter 50, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' REPORT

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Tin Yeow
Director

Tan Seng Hee
Director

31 July 2012

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 37 to 81 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Tan Tin Yeow
Director

Tan Seng Hee
Director

31 July 2012

INDEPENDENT AUDITORS' REPORT

Members of XMH Holdings Ltd.

Report on the financial statements

We have audited the accompanying financial statements of XMH Holdings Ltd. (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 30 April 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 81.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

Members of XMH Holdings Ltd.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
31 July 2012

STATEMENTS OF FINANCIAL POSITION

As at 30 April 2012

		Group		Company	
	Note	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Assets					
Property, plant and equipment	5	1,975	946	–	–
Subsidiaries	6	–	–	900	900
Other financial assets	7	6,822	2,191	–	–
Club memberships		306	306	–	–
Deferred tax assets	8	13	90	–	–
Non-current assets		9,116	3,533	900	900
Inventories	9	26,118	18,454	–	–
Trade and other receivables	10	14,967	6,358	1,769	2,026
Cash and cash equivalents	11	39,233	53,862	16,921	19,799
Current assets		80,318	78,674	18,690	21,825
Total assets		89,434	82,207	19,590	22,725
Equity attributable to owners of the Company					
Share capital	12	21,068	21,068	21,068	21,068
Reserve for own shares	13	(2,218)	–	(2,218)	–
Other reserves	14	(2,119)	(3,052)	85	–
Accumulated profits/(losses)		25,829	20,315	(931)	(1,199)
Total equity		42,560	38,331	18,004	19,869
Liabilities					
Loans and borrowings	15	–	593	–	–
Non-current liability		–	593	–	–
Trade and other payables	16	45,121	39,319	1,586	2,856
Loans and borrowings	15	–	1,723	–	–
Current tax payable		1,753	2,241	–	–
Current liabilities		46,874	43,283	1,586	2,856
Total liabilities		46,874	43,876	1,586	2,856
Total equity and liabilities		89,434	82,207	19,590	22,725

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 April 2012

	Note	2012 $'000	2011 $'000
Revenue	18	62,249	70,237
Cost of sales		(46,593)	(50,746)
Gross profit		15,656	19,491
Other income	19	3,938	243
Distribution expenses		(3,288)	(2,670)
Administrative expenses		(4,254)	(4,267)
Other expenses		(678)	–
Results from operating activities		11,374	12,797
Finance income		835	441
Finance costs		(542)	(1,696)
Net finance income/(costs)	20	293	(1,255)
Profit before tax	21	11,667	11,542
Tax expense	22	(2,153)	(2,555)
Profit for the year		9,514	8,987
Other comprehensive income/(expenses)			
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company		592	170
Impairment loss on available-for-sale financial assets transferred to profit or loss		501	–
Net changes in the fair value of available-for-sale financial assets		(193)	(30)
Deferred tax arising from available-for-sale financial assets		(52)	5
Other comprehensive income for the year, net of tax		848	145
Total comprehensive income for the year		10,362	9,132
Profit attributable to owners of the Company		9,514	8,987
Total comprehensive income attributable to owners of the Company		10,362	9,132
Earnings per share			
– Basic and diluted (cents)	23	2.40	2.67

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 April 2012

	Note	Share capital $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000
At 1 May 2010		900	(204)	(2,993)	11,328	9,031
Total comprehensive income for the year						
Profit for the year		–	–	–	8,987	8,987
Other comprehensive income/ (expenses)						
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company		–	–	170	–	170
Net changes in the fair value of available-for-sale financial assets		–	(30)	–	–	(30)
Deferred tax arising from available-for-sale financial assets		–	5	–	–	5
Total other comprehensive (expenses)/income		–	(25)	170	–	145
Total comprehensive (expenses)/income for the year		–	(25)	170	8,987	9,132
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares	12					
– Issue upon incorporation		*	–	–	–	*
– Initial public offering, net of issue expenses		20,168	–	–	–	20,168
Total transactions with owners		20,168	–	–	–	20,168
At 30 April 2011		21,068	(229)	(2,823)	20,315	38,331

* denotes less than 1,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 30 April 2012

	Note	Share capital $'000	Reserve for own shares $'000	Share option reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000
At 1 May 2011		21,068	–	–	(229)	(2,823)	20,315	38,331
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	9,514	9,514
Other comprehensive income/(expenses)								
Exchange differences arising from translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company		–	–	–	–	592	–	592
Impairment loss on available-for-sale financial assets transferred to profit or loss		–	–	–	501	–	–	501
Net changes in the fair value of available-for-sale financial assets		–	–	–	(193)	–	–	(193)
Deferred tax arising from available-for-sale financial assets		–	–	–	(52)	–	–	(52)
Total other comprehensive income		–	–	–	256	592	–	848
Total comprehensive income for the year		–	–	–	256	592	9,514	10,362
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends to equity holders	14	–	–	–	–	–	(4,000)	(4,000)
Share-based payment transactions		–	–	85	–	–	–	85
Purchase of treasury shares		–	(2,218)	–	–	–	–	(2,218)
Total transactions with owners		–	(2,218)	85	–	–	(4,000)	(6,133)
At 30 April 2012		21,068	(2,218)	85	27	(2,231)	25,829	42,560

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 April 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Profit for the year		9,514	8,987
Adjustments for:			
Depreciation of property, plant and equipment		360	301
Share-based payment expenses		85	–
Allowance for inventory obsolescence		–	182
Reversal of allowance for inventory obsolescence		(26)	–
Interest income		(91)	(4)
Interest expense		41	175
Dividend income		(141)	(46)
Net changes in fair value of financial assets at fair value through profit or loss		(17)	(58)
Impairment loss on available-for-sale financial assets		501	–
Gain on disposal of available-for-sale financial assets		(259)	(208)
Impairment loss on trade receivables		–	93
Reversal of allowance for impairment loss on trade receivables		(1)	(125)
Net foreign exchange (gain)/loss		(326)	1,428
Tax expense		2,153	2,555
		11,793	13,280
Change in inventories		(7,664)	1,302
Change in trade and other receivables		(8,609)	(2,734)
Change in trade and other payables		5,802	7,028
Cash generated from operating activities		1,322	18,876
Income taxes paid		(2,613)	(3,121)
Net cash (used in)/generated from operating activities		(1,291)	15,755
Cash flows from investing activities			
Interest received		91	4
Dividends received		141	43
Proceeds from sale of property, plant and equipment		41	–
Investment in structured deposits		(4,248)	–
Proceeds from sale of available-for-sale financial assets		1,893	799
Purchase of available-for-sale financial assets		(2,017)	–
Acquisition of property, plant and equipment		(1,308)	(70)
Net cash (used in)/generated from investing activities		(5,407)	776

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 30 April 2012

	Note	2012 $'000	2011 $'000
Cash flows from financing activities			
Proceeds from borrowings		1,072	–
Proceeds from issuance of ordinary shares, net of issue expenses		–	20,168
Repayment of borrowings		(3,388)	(3,518)
Payment of finance lease liabilities		–	(25)
Purchase of treasury shares		(2,218)	–
Dividends paid		(4,000)	(12,000)
Interest paid		(41)	(175)
Net cash (used in)/generated from financing activities		(8,575)	4,450
Net (decrease)/increase in cash and cash equivalents		(15,273)	20,981
Cash and cash equivalents at 1 May		53,862	33,098
Effect of exchange rate fluctuations on cash held		644	(217)
Cash and cash equivalents at 30 April	11	39,233	53,862

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 July 2012.

1 Domicile and activities

XMH Holdings Ltd. (the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 44 Sungei Kadut Avenue, Singapore 729667.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in note 6 below.

The financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Restructuring exercise

Pursuant to the listing of the Company, the Company, Xin Ming Hua Pte. Ltd. and its then subsidiary, XMH Engineering Pte. Ltd., undertook a group restructuring exercise (the "Restructuring Exercise"). Following the completion of the Restructuring Exercise on 24 June 2010, the Company became the parent of Xin Ming Hua Pte. Ltd. and XMH Engineering Pte. Ltd.

The Restructuring Exercise is considered by management to be a transfer of equity interests under common control and have been accounted for in a manner similar to the pooling-of-interests method. The historical results of Xin Ming Hua Pte. Ltd. for the period from 1 May 2010 to 24 June 2010 (date of effective transfer of equity interest in Xin Ming Hua Pte. Ltd. to the Company) were included in the consolidated results of the Group for the financial year ended 30 April 2011 ("FY2011"). Such a manner of presentation reflects the economic substance of the combining enterprise, although the legal parent-subsidiary relationship was not established until 24 June 2010 on which the Restructuring Exercise was completed.

3 Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

3.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

3 Basis of preparation (Continued)

3.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are included in the following notes:

- Note 22 – estimation of income taxes
- Note 25 – valuation of financial instruments
- Note 25 – assessment of impairment losses on receivables

3.5 Changes in accounting policies

Identification of related party relationships and related party disclosures

From 1 May 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 3.5, which addresses changes in accounting policies.

4.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, which the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.1 Basis of consolidation (Continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

4.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Translation of Group entities' financial statements

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated to Singapore dollars at exchange rates at the reporting date.

- the income and expenses are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions.

- all resulting foreign currency differences are recognised in other comprehensive income as foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.3 Financial instruments (Continued)

Non-derivative financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.3 Financial instruments (Continued)

Share capital (Continued)

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

4.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.4 Property, plant and equipment (Continued)

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

Leasehold building	–	26.5 years
Plant and machinery	–	3 years
Furniture and fittings	–	3 years
Office equipment	–	1 to 3 years
Motor vehicles	–	3 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4.5 Leased assets

Leases in terms in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.7 Impairment (Continued)

Non-derivative financial assets (Continued)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed. The amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an assets or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The XMH share option scheme allows the Group employees and directors to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

4.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.10 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Transfer usually occurs when products are received by the customer, however, for international shipments, transfer occurs upon loading of the goods onto the relevant carrier at the port.

Service fee

Service fee is recognised in profit or loss as and when services are rendered.

4.11 Government grants

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

4.12 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.13 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on disposal of available-for-sale financial assets and fair value gains on financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expenses on borrowings, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

4.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (Continued)

4.14 Tax (Continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Company believes that certain positions may not be fully sustained upon review by tax authorities, despite the Company's belief that its tax return positions are supportable. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chairman and Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.17 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 May 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment – Group

	Leasehold building $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Under construction $'000	Total $'000
Cost							
At 1 May 2010	1,579	253	117	357	1,008	–	3,314
Additions	–	–	19	51	–	–	70
Effect of movements in exchange rate	43	7	2	8	28	–	88
At 30 April 2011	1,622	260	138	416	1,036	–	3,472
Additions	–	–	11	71	324	995	1,401
Disposals	–	–	–	–	(65)	–	(65)
Effect of movements in exchange rate	44	7	4	9	21	(25)	60
At 30 April 2012	1,666	267	153	496	1,316	970	4,868
Accumulated depreciation							
At 1 May 2010	958	251	116	353	501	–	2,179
Depreciation for the year	64	2	7	51	177	–	301
Effect of movements in exchange rate	23	6	2	8	7	–	46
At 30 April 2011	1,045	259	125	412	685	–	2,526
Depreciation for the year	65	1	9	38	247	–	360
Disposals	–	–	–	–	(52)	–	(52)
Effect of movements in exchange rate	26	7	3	10	13	–	59
At 30 April 2012	1,136	267	137	460	893	–	2,893
Carrying amounts							
At 1 May 2010	621	2	1	4	507	–	1,135
At 30 April 2011	577	1	13	4	351	–	946
At 30 April 2012	530	–	16	36	423	970	1,975

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment – Group (Continued)

Security

Leasehold building is mortgaged to a bank as collateral for credit facilities granted to the Group (note 15).

6 Subsidiaries

	Company	
	2012	**2011**
	$'000	**$'000**
Equity investment, at cost	900	900

The subsidiaries of the Group are as follows:

Name of subsidiaries	**Principal activities**	**Country of incorporation**	**Effective equity interest held by the Group**	
			2012	**2011**
			%	**%**
Xin Ming Hua Pte. Ltd.[1] ("Xin Ming Hua")	Supply of engines, general machinery and machinery equipment for marine, agriculture, construction and industrial use including spare parts and after sales service	Singapore	100	100
XMH Engineering Pte. Ltd.[1] ("XMH Engineering")	Manufacturing and repairing of machinery for mining, quarrying and construction	Singapore	100	100

[1] Audited by KPMG LLP

7 Other financial assets – Group

	2012	**2011**
	$'000	**$'000**
Non-current financial assets		
Financial assets designated at fair value through profit or loss	5,515	1,250
Available-for-sale financial assets	1,307	941
	6,822	2,191

Financial assets designed at fair value through profit or loss comprises structured deposits placed with a reputable financial institution.

NOTES TO THE FINANCIAL STATEMENTS

7 Other financial assets – Group (Continued)

Available-for-sale financial assets comprise securities quoted on the SGX-ST.

During the current financial year, structured deposits of $1.3 million (FY2011: $1.3 million) were pledged as collaterals for credit facilities granted to the Group (note 15).

The Group's exposure to credit, currency and interest rate risks related to other financial assets, are disclosed in note 25.

8 Deferred tax assets – Group

Movements in deferred tax assets during the years are as follows:

	At 30 April 2010 $'000	Recognised in profit or loss (note 22) $'000	At 30 April 2011 $'000	Recognised in profit or loss (note 22) $'000	At 30 April 2012 $'000
Property, plant and equipment	8	35	43	(25)	18
	At 30 April 2010 $'000	**Recognised in other comprehensive income $'000**	**At 30 April 2011 $'000**	**Recognised in other comprehensive income $'000**	**At 30 April 2012 $'000**
Financial assets available-for-sale	42	5	47	(52)	(5)
Total	50	40	90	(77)	13

9 Inventories – Group

	2012 $'000	2011 $'000
Engines	20,777	13,330
Spare parts	5,341	5,124
	26,118	18,454

In FY2012, engines and spare parts recognised as cost of sales amounted to $46,593,000 (FY2011: $50,746,000). This includes the write-down of inventories to net realisable value amounted to $nil (FY2011: $182,000) and reversal of write-down amounted to $26,000 (FY2011: nil).

NOTES TO THE FINANCIAL STATEMENTS

10 Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Trade receivables	13,131	5,261	–	112
Allowance for impairment losses	(94)	(382)	–	–
	13,037	4,879	–	112
Amount due from subsidiary, trade	–	–	1,764	1,903
Deposits	64	10	–	–
Other receivables	284	665	–	–
Advances to suppliers	1,550	767	–	–
Advances to staff	12	18	–	–
Loans and receivables	14,947	6,339	1,764	2,015
Prepayments	20	19	5	11
	14,967	6,358	1,769	2,026

Amount due from subsidiary is unsecured and interest-free, and is repayable on demand. There is no allowance for impairment loss arising from the outstanding balance.

The advances to suppliers and staff are unsecured and interest-free, and are repayable on demand.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 25.

11 Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Cash at bank and on hand	22,378	53,862	1,921	19,799
Short-term fixed deposits	16,855	–	15,000	–
Cash and cash equivalents in the consolidated statement of cash flows	39,233	53,862	16,921	19,799

The Group's exposure to interest rate risk and sensitivity analysis for financial assets, is disclosed in note 25.

12 Share capital

	2012 Number of shares	2011 Number of shares	2012 $'000	2011 $'000
At 1 May 2011/17 May 2010 (date of incorporation)	400,000,003	3	21,068	*
Restructuring Exercise	–	315,000,000	–	900
	400,000,003	315,000,003	21,068	900
Issue of ordinary shares	–	85,000,000	–	21,250
Share issue expenses	–	–	–	(1,082)
At 30 April	400,000,003	400,000,003	21,068	21,068

* As at the date of incorporation on 17 May 2010, the Company issued 3 subscriber's shares at $1.00 per share.

On 23 June 2010, the Company entered into a share swap agreement to acquire the entire issued share capital of Xin Ming Hua Pte. Ltd. at a consideration of $900,000, which was satisfied by the issue of 315,000,000 shares of the Company to the then shareholders of Xin Ming Hua Pte. Ltd.

On 26 January 2011, 85,000,000 new ordinary shares were issued to the public at $0.25 per share pursuant to the Company's Initial Public Offering (the "IPO").

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains sound capital position in order to support its business and maximise shareholders' value. The Group is also committed to maintain efficient mix of debt and equity in order to achieve optimal cost of capital, while taking into account the adequacy of access to cash flows.

The Group manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may align the dividend payment to shareholder, return capital to shareholders or issue new shares.

There are no changes in the Group's approach to capital management during the financial year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

13 Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company. At 30 April 2012, the Company held 13,739,000 of such treasury shares (FY2011: nil).

14 Other reserves

	Group		Company
	2012	2011	2012
	$'000	$'000	$'000
Share option reserve	(85)	–	(85)
Fair value reserve	(27)	229	–
Foreign currency translation reserve	2,231	2,823	–
	2,119	3,052	(85)

Share option reserve

Share option reserve represents the equity-settled share options granted to employees and directors. The reserve is made up of the cumulative value of services received from employees and directors recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the expiry or exercise of the share options.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of the subsidiaries whose functional currency is different from that of the Company.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Company:

	Company	
	2012	2011
	$'000	$'000
Paid by the Company to owners of the Company		
1 cent per qualifying ordinary share (2011: nil) in respect of the prior year	4,000	–

NOTES TO THE FINANCIAL STATEMENTS

14 Other reserves (Continued)

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Company 2012 $'000	Company 2011 $'000
1 cent per qualifying ordinary share (FY2011: 1 cent)	3,863	4,000

15 Loans and borrowings – Group

	2012 $'000	2011 $'000
Non-current liabilities		
Secured bank loans	–	593
Current liabilities		
Secured bank loans	–	1,723
Total loans and borrowings	–	2,316

Bank loans were secured by:

1) a legal mortgage on a leasehold building (see note 5) of a subsidiary with carrying amount of $530,000 (FY2011: $577,000);

2) corporate guarantees by the Company; and

3) pledge of the structured deposits (note 7) of a subsidiary.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings were as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
2011					
Secured bank loans	SGD	5.00	2013	2,399	2,316

During the year ended 30 April 2012, the Group repaid the bank loans in full notwithstanding that their repayments were due only in 2013.

The Group's exposure to interest rate risk related to loans and borrowings are disclosed in note 25.

NOTES TO THE FINANCIAL STATEMENTS

16 Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Trade payables	20,997	21,040	161	45
Accrued expenses	2,158	1,780	1,425	1,177
Amount due to subsidiary, non-trade	–	–	–	1,634
Advance deposits	21,962	16,482	–	–
Others	4	17	–	–
	45,121	39,319	1,586	2,856

The non-trade amount due to subsidiary was unsecured and interest-free, and was repaid during the current financial year.

The Group's exposure to currency and liquidity risks related to trade and other payables, are disclosed in note 25.

17 Share-based payments

The XMH share option scheme (the "Scheme") was approved by shareholders of the Company at an Extraordinary General Meeting held on 5 November 2010. The Scheme applies to non-executive directors of the Company and full-time employees of the Group (the "Participants").

On 19 September 2011, the Company granted 3,819,000 share options to eligible Participants under the Scheme. These share options can be exercised between 19 September 2013 and 18 September 2016 (inclusive) at the exercise price of $0.125 per share, which is determined at approximately 20% discount of the market price of the Company's shares on the date of grant.

Terms and conditions of the Scheme

The Scheme is administered by the Company's Remuneration Committee. Other information regarding the Scheme is set out below:

- The exercise price (the "Exercise Price") for each share in respect of which an option is exercisable shall be determined and fixed by the Remuneration Committee and shall be equal to the average of the closing prices of the share for the past five market days immediately preceding the relevant date of grant of the option (the "Market Price").

- The Remuneration Committee may grant options on a yearly basis and any such grants shall be made at least 60 days after the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

17 Share-based payments (Continued)

Terms and conditions of the Scheme (Continued)

- The period for the exercise (the "Exercise Period") of an option granted under the Scheme shall be:

  a) in the case of an option granted at Market Price (the "Market Price Option"), a period commencing after the first anniversary of the relevant date of the grant and expiring on the fifth anniversary of such grant date, or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Market Price Option; and

  b) in the case of an option granted at a discount of up to 20% of the Market Price (the "Incentive Option"), a period commencing after the second anniversary of the relevant date of the grant and expiring on the fifth anniversary of such grant date, or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Incentive Options.

Disclosure of the Scheme

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2012 $	Number of options 2012
At 1 May	–	–
Granted during the year	0.125	3,819,000
Options outstanding at 30 April	0.125	3,819,000
Options exercisable at 30 April		–

NOTES TO THE FINANCIAL STATEMENTS

17 Share-based payments (Continued)

Inputs for measurement of grant date fair values

The grant-date fair value of the Scheme was measured based on a Bloomberg Trinomial model. Expected volatility is estimated by considering historic average share price volatility. The expected life used in the model has been adjusted, based on management's best estimate, for details of non-transferability, exercise restrictions and behavioural considerations. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are as follows:

	Directors excluding controlling shareholders and his associates 2012	Employees 2012
Fair value of share options and assumptions		
Share price	$0.155	$0.155
Exercise price	$0.125	$0.125
Expected volatility (weighted average volatility)	48%	48%
Option life (expected weighted average life)	5 years	5 years
Risk-free interest rate (based on government bonds)	0.5%	0.5%

During the year ended 30 April 2012, the Group recognised employee expenses of $85,000 (FY2011: nil) relating to the share options granted to the Participants of the Scheme.

18 Revenue – Group

	2012 $'000	2011 $'000
Sales of goods	62,063	69,998
Service fees	186	239
	62,249	70,237

19 Other income – Group

	2012 $'000	2011 $'000
Forfeited deposits from a customer	3,656	–
Gain on disposal of property, plant and equipment	28	–
Government grants – job credit scheme	–	75
Others	254	168
	3,938	243

NOTES TO THE FINANCIAL STATEMENTS

20 Finance income and finance costs – Group

	2012 $'000	2011 $'000
Recognised in profit or loss		
Net foreign exchange gain	326	–
Net change in fair value of financial assets at fair value through profit or loss	17	58
Dividend income on available-for-sale financial assets	141	46
Gain on disposal of available-for-sale financial assets	259	208
Interest income on bank deposits	91	4
Reversal of allowance for impairment loss on trade receivables	1	125
Finance income	835	441
Net foreign exchange loss	–	(1,428)
Impairment loss on trade receivables	–	(93)
Impairment loss on available-for-sale financial assets transferred to profit and loss	(501)	–
Interest expenses on loans and borrowings	(41)	(175)
Finance costs	(542)	(1,696)
Net finance income/(costs) recognised in profit or loss	293	(1,255)

21 Profit before tax – Group

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

	2012 $'000	2011 $'000
Audit fees paid/payable to		
– auditors of the Company	(135)	(105)
Non-audit fees paid/payable to		
– auditors of the Company	(56)	(10)
Staff costs	(5,021)	(3,715)
Contribution to defined contribution plans included in staff costs	(169)	(120)
Depreciation of property, plant and equipment	(360)	(301)
Operating lease expenses	(103)	(89)
Reversal of/(allowance for) inventory obsolescence	26	(182)

NOTES TO THE FINANCIAL STATEMENTS

22 Tax expense – Group

	2012 $'000	2011 $'000
Current tax expense		
Current year	2,128	2,590
Deferred tax expense		
Origination and reversal of temporary difference	25	(35)
Total tax expense	2,153	2,555

Reconciliation of effective tax rate

	2012 $'000	2011 $'000
Profit for the year	9,514	8,987
Total tax expense	2,153	2,555
Profit excluding tax	11,667	11,542
Tax using the Singapore tax rate of 17% (FY2011: 17%)	1,983	1,962
Non-deductible expenses	31	304
Tax exempt income	(117)	(68)
Others	256	357
	2,153	2,555

Estimating the provision for income taxes

Significant judgement is required in determining the deductibility of certain expenses in estimating the provision for income taxes.

NOTES TO THE FINANCIAL STATEMENTS

23 Earnings per share

The calculation of basic and diluted earnings per share at 30 April 2012 was based on the profit attributable to ordinary shareholders of $9,514,000 (FY2011: $8,987,000), and a weighted average number of ordinary shares outstanding of 395,650,000 (FY2011: 337,123,000) and 396,468,000 (FY2011: 337,123,000) calculated as follows:

	Basic		Diluted	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Earnings per share is based on:				
Profit attributable to ordinary shareholders	9,514	8,987	9,514	8,987
	Number of shares			
	'000	'000	'000	'000
Weighted average number of ordinary shares during the year	395,650	337,123	396,468	337,123

24 Segment reporting

The Group has two 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.

For each of the strategic business units, the Group's Chairman and Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Distribution: Relates to distribution of propulsion engines.
- Sales service: Relates to after sales services provided which includes sales of spare parts and trading of used engines.

Other operations relate to general corporate activities.

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 the Group's Chairman and Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS

24 Segment reporting (Continued)

The segment information provided to the Group's Chairman and Chief Executive Officer for the reportable segments for the year ended 30 April 2012 is as follows:

Business segments

	Distribution $'000	Sales service $'000	Segments total $'000	Others $'000	Total $'000
2012					
External revenue	54,314	7,935	62,249	–	62,249
Interest income	–	–	–	91	91
Interest expenses	–	–	–	(41)	(41)
Depreciation	–	–	–	(360)	(360)
Reportable segment profit before tax	14,006	1,650	15,656	(3,989)	11,667
Income tax expense					(2,153)
Profit for the year					9,514
Reportable segment assets	39,428	5,776	45,204	44,230	89,434
Capital expenditure	–	–	–	1,401	1,401
Reportable segment liabilities	41,607	784	42,391	4,483	46,874

	Distribution $'000	Sales service $'000	Segments total $'000	Others $'000	Total $'000
2011					
External revenue	60,953	9,284	70,237	–	70,237
Interest income	–	–	–	4	4
Interest expenses	–	–	–	(175)	(175)
Depreciation	–	–	–	(301)	(301)
Reportable segment profit before tax	17,421	2,070	19,491	(7,949)	11,542
Income tax expense					(2,555)
Profit for the year					8,987
Reportable segment assets	32,920	5,978	38,898	43,309	82,207
Capital expenditure	–	–	–	70	70
Reportable segment liabilities	37,152	241	37,393	6,483	43,876

NOTES TO THE FINANCIAL STATEMENTS

24 Segment reporting (Continued)

Geographical information

	2012 $'000	2011 $'000
Revenue from external customers		
Singapore	13,680	17,579
Indonesia	44,208	42,110
Other countries	4,361	10,548
	62,249	70,237
Non-current assets		
Property, plant and equipment		
Singapore	1,975	946

Major customers

During the current financial year, revenue generated from a customer of the Group's Distribution segments individually aggregated to approximately $4,144,000 (FY2011: $9,708,000), representing 6.7% (FY2011:13.8%) of the Group's revenue.

25 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

NOTES TO THE FINANCIAL STATEMENTS

25 Financial risk management (Continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the country in which customers operate, as these factors may have an influence on credit risk. During the current financial year, approximately 22.0% (FY2011: 25.0%) of the Group's revenue is attributable to sales transactions with customers domiciled in Singapore and 26.2% (FY2011: 30.7%) of the Group's revenue is attributable to sales transactions with 5 major customers.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables according to the countries in which these receivables are located on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the reporting dates is as follows:

	2012 $'000	2011 $'000
By country:		
Singapore	5,299	1,920
Indonesia	7,811	1,909
Other countries	21	1,432
	13,131	5,261

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. The carrying amounts of trade and other receivables, structured deposits and cash and cash equivalents represented the maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets, which carry significant exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

25 Financial risk management (Continued)

Management of credit risk

- The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors for each transaction with the customer. Payments will be required to be made up front by customers which do not meet the Group's credit requirements.

- Amount due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be undertaken promptly by the Group. The resultant effects of these measures have kept the Group's exposure to bad debts at an insignificant level.

Cash and fixed deposits are placed with banks and financial institutions, which are regulated.

Impairment losses

The ageing of trade receivables and impairment losses at the reporting dates can be analysed as:

	2012		2011	
	Gross	**Allowance for impairment losses**	**Gross**	**Allowance for impairment losses**
	$'000	**$'000**	**$'000**	**$'000**
Current	12,550	–	2,370	–
Past due 0–30 days	181	–	1,117	–
Past due 31–60 days	111	–	92	–
More than 60 days	289	(94)	1,682	(382)
	13,131	(94)	5,261	(382)

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting dates. The Group has not recognised impairment losses on certain trade receivables which are past due more than 60 days at the reporting dates as there has not been a significant change in credit quality and the amounts are still considered recoverable. Accordingly, management believes that there is no further credit provision required in excess of the allowance for impairment losses made.

NOTES TO THE FINANCIAL STATEMENTS

25 Financial risk management (Continued)

Management of credit risk (Continued)

Allowance for impairment losses

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The component of this allowance is specific loss that relates to individually significant exposures.

The movements in allowances for impairment losses in respect of trade receivables during the year are as follows:

	2012 $'000	2011 $'000
At 1 May	382	415
Impairment losses made	–	93
Impairment losses reversed	(1)	(125)
Impairment losses written off	(287)	–
Effect of movement in exchange rate	–	(1)
At 30 April	94	382

Investments

The Group limits its exposure to credit risk by investing only in actively traded securities quoted in a recognised stock exchange.

The Group limits its exposure to credit risk in relation to financial assets at fair value through profit and loss by placing the structured deposits with reputable financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

25 Financial risk management (Continued)

Liquidity risk (Continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 April 2012

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000
Non-derivative financial liabilities				
Trade and other payables (excluding advance deposits)	23,159	(23,159)	(23,159)	–

30 April 2011

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000
Non-derivative financial liabilities				
Trade and other payables (excluding advance deposits)	22,837	(22,837)	(22,837)	–
Secured bank loans	2,316	(2,399)	(1,800)	(599)
	25,153	(25,236)	(24,637)	(599)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE FINANCIAL STATEMENTS

25 Financial risk management (Continued)

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk is as follows:

30 April 2012

	Euro $'000	Japanese yen $'000	United States dollars $'000
Other financial assets	1,314	2,934	–
Trade and other receivables	1,519	10,520	804
Cash and cash equivalents	653	13,657	3,573
Trade and other payables	(1,653)	(34,759)	(4,888)
Net exposure	1,833	(7,648)	(511)

30 April 2011

	Euro $'000	Japanese yen $'000	United States dollars $'000
Trade and other receivables	714	2,914	89
Cash and cash equivalents	123	18,051	2,924
Trade and other payables	(1,309)	(32,182)	(2,537)
Net exposure	(472)	(11,217)	476

NOTES TO THE FINANCIAL STATEMENTS

25 Financial risk management (Continued)

Currency risk (Continued)

Sensitivity analysis

A 10% strengthening of the Singapore dollar, as indicated below, against the following currencies at 30 April would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting periods. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for FY2011:

	Profit or (loss)	
	2012	**2011**
	$'000	**$'000**
30 April		
Euro	(183)	47
Japanese yen	765	1,122
United States dollars	51	(48)

A weakening of the Singapore dollar against the above currencies at 30 April would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Equity price risk

For investments classified as available-for-sale, a 2% increase in the market price at the reporting date would have increased the Group's equity by $22,000 after tax (2011: an increase of $16,000); an equal change in the opposite direction would have decreased the Group's equity by $22,000 after tax (2011: a decrease of $16,000).

Interest rate risk

Profile

At the reporting dates, the interest rate profile of the interest-bearing financial instruments was as follows:

	Carrying amount	
	2012	**2011**
	$'000	**$'000**
Group		
Fixed rate instruments		
Secured bank loan	–	(2,316)
	–	(2,316)

NOTES TO THE FINANCIAL STATEMENTS

25 Financial risk management (Continued)

Interest rate risk (Continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Designated at fair value $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
30 April 2012							
Cash and cash equivalents	11	–	39,233	–	–	39,233	39,233
Trade and other receivables	10	–	14,947	–	–	14,947	14,947
Structured deposits	7	5,515	–	–	–	5,515	5,515
Available-for-sale assets:							
equity securities	7	–	–	1,307	–	1,307	1,307
		5,515	54,180	1,307	–	61,002	61,002
Trade and other payables	16	–	–	–	45,121	45,121	45,121
		–	–	–	45,121	45,121	45,121
30 April 2011							
Cash and cash equivalents	11	–	53,862	–	–	53,862	53,862
Trade and other receivables	10	–	6,339	–	–	6,339	6,339
Structured deposits	7	1,250	–	–	–	1,250	1,250
Available-for-sale assets:							
equity securities	7	–	–	941	–	941	941
		1,250	60,201	941	–	62,392	62,392
Loans and borrowings	15	–	–	–	2,316	2,316	2,316
Trade and other payables	16	–	–	–	39,319	39,319	39,319
		–	–	–	41,635	41,635	41,635

NOTES TO THE FINANCIAL STATEMENTS

25 Financial risk management (Continued)

Accounting classifications and fair values (Continued)

Interest rate used for determining fair value

The interest rate used to discount estimated cash flows, when applicable, was based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2012	2011
Secured bank loan	–	5.00%

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
30 April 2012				
Available-for-sale financial assets	1,307	–	–	1,307
Financial assets designated at fair value through profit or loss	–	5,515	–	5,515
	1,307	5,515	–	6,822
30 April 2011				
Available-for-sale financial assets	941	–	–	941
Financial assets designated at fair value through profit or loss	–	1,250	–	1,250
	941	1,250	–	2,191

NOTES TO THE FINANCIAL STATEMENTS

26 Commitments

Leases as lessee

The total future minimum lease payments under non-cancellable operating leases in respect of a piece of land are payable as follows:

	2012 $'000	2011 $'000
Within 1 year	47	120
After 1 year but within 5 years	189	281
After 5 years	305	340
	541	741

The Group leases a piece of land from JTC for a term of 30 years with effect from 16 September 1991. The lease amount payable annually is subject to yearly revision.

In addition, the Group is paying a licence fee for the land adjoining to its existing premises for a term of approximately 12 years with effect from 1 August 2009.

27 Related party transactions

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The amounts stated below for key management compensation are for all the executive directors and other key management personnel.

Key management personnel compensation included in staff costs comprises:

	2012 $'000	2011 $'000
Short-term employee benefits	3,107	2,294

NOTES TO THE FINANCIAL STATEMENTS

27 Related party transactions (Continued)

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties entered into on terms agreed between the parties are as follows:

	2012 $'000	2011 $'000
Consultancy fee paid/payable to a substantial shareholder	96	24

28 Litigation

The Company announced on 23 March 2012 that its wholly-owned subsidiary, Xin Ming Hua Pte Ltd ("Xin Ming Hua"), had received a writ of summons from one of its customers, Pacific Marine & Shipbuilding Pte Ltd ("Pacific Marine"), in relation to a dispute on a sale contract for Mitsubishi marine diesel engines with gearboxes and related components (the "Units") supplied by Xin Ming Hua (the "Sales Contract"). Pacific Marine alleged that the Units supplied by Xin Ming Hua are not of satisfactory quality and there was an alleged jiggling problem with the engine governor. The sale value of the Units is JPY 65.6 million (the "Selling Price", or approximately S$1 million). Pacific Marine is claiming for a full refund of the Selling Price from Xin Ming Hua and is also claiming damages, expenses and losses in relation to the Sales Contract. The Group has engaged solicitors to defend Pacific Marine's claim.

Xin Ming Hua has engaged independent technical experts to conduct tests and investigations on the Units and the vessels on which the Units are mounted. The results of these tests and investigations indicate that the cause of the jiggling problem is external to the Units. Although the litigation is still at its early stages, the management of the group expects to achieve a favourable outcome to this litigation and will strenuously pursue this matter. Management believes that the final disposition of this matter will not have a significant adverse effect on the Group or its financial position.

STATISTICS OF SHAREHOLDINGS

As at 20 July 2012

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	0	0.00	0	0.00
1,000 – 10,000	594	50.55	3,216,000	0.83
10,001 – 1,000,000	564	48.00	55,198,000	14.29
1,000,001 and above	17	1.45	327,847,003	84.88
Total	1,175	100.00	386,261,003	100.00

Note:

%: Based on 386,261,003 shares (excluding shares held as treasury shares) as at 20 July 2012

* Treasury Shares as at 20 July 2012 – 13,739,000 shares

SHAREHOLDERS' INFORMATION

Number of Shares (excluding treasury shares)	:	386,261,003
Number of Treasury Shares	:	13,739,000
Issued and fully paid-up capital	:	SGD 22,150,003.00
Class of Shares	:	Ordinary shares
Voting rights	:	One vote per Share

TWENTY-ONE LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAN TIN YEOW	179,430,001	46.45
2	TAN TUM BENG	44,858,000	11.61
3	TAN SENG HEE	38,876,001	10.06
4	TAN GUAT LIAN	35,886,001	9.29
5	MAYBANK KIM ENG SECURITIES PTE LTD	4,619,000	1.20
6	JEFFREY HING YIH PEIR	4,500,000	1.17
7	CITIBANK NOMINEES SINGAPORE PTE LTD	4,200,000	1.09
8	ONG ERIC	2,250,000	0.58
9	CHONG SHIN LEONG	1,800,000	0.47
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,747,000	0.45
11	YEO SECK KAN	1,547,000	0.40
12	ONG AH WHATT	1,496,000	0.39
13	POET INVESTMENT HOLDINGS PTE LTD	1,442,000	0.37
14	LIM KIM HUAT	1,360,000	0.35
15	OCBC SECURITIES PRIVATE LTD	1,351,000	0.35
16	HONG LEONG FINANCE NOMINEES PTE LTD	1,250,000	0.32
17	KIONG JAMES	1,235,000	0.32
18	ANDERCO INVESTMENT PRIVATE LIMITED	1,000,000	0.26
19	DBS NOMINEES PTE LTD	999,000	0.26
20	ALLINTON ENGINEERING & TRADING PTE LTD	800,000	0.21
21	NG POH CHIN	800,000	0.21
	Total:	331,446,003	85.81

Note:

%: Based on 386,261,003 shares (excluding shares held as treasury shares) as at 20 July 2012

* Treasury Shares as at 20 July 2012 – 13,739,000 shares

STATISTICS OF SHAREHOLDINGS
As at 20 July 2012

Rule 723 Compliance

Based on the information available to the Company as at 20 July 2012, approximately 22.3% of the issued ordinary shares (excluding treasury shares) of the Company was held by the public and hence it is in compliance with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Limited.

Substantial Shareholders

	No of shares	
Name of Shareholders	**Direct Interest**	**%**
Tan Tin Yeow[1]	179,430,001	46.45
Tan Tum Beng	44,858,000	11.61
Tan Seng Hee[1]	38,876,001	10.06
Tan Guat Lian[1]	35,886,001	9.29

Note:

(1) Mr. Tan Tin Yeow, Mr. Tan Seng Hee and Ms. Tan Guat Lian, had on 29 June 2010 entered into a deed of undertaking ("**Deed of Undertaking**") whereby each of them agreed to first offer any Shares which he/she would like to sell (the "**Selling Party**") to the other parties in equal proportions (as nearly as possible). In the event the other parties decline or is deemed to decline the offer, the Selling Party shall be entitled to sell the Shares to any third party at a price which is not lower than the price offered to the other parties, subject to the terms and conditions set out in the Deed of Undertaking.

Treasury Shares

As at 20 July 2012, the Company held 13,739,000 treasury shares, representing 3.43% of the total issued ordinary shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **XMH HOLDINGS LTD.** (the "**Company**") will be held at Warren Golf & Country Club, 81 Choa Chu Kang Way, Singapore 688263 on Tuesday, 28 August 2012 at 2.00 p.m. (the "**Annual General Meeting**") for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended 30 April 2012 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 1.00 cent per ordinary share for the financial year ended 30 April 2012. (2011 : 1.00 cent per ordinary share) **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association (the "**Articles**"):

   Mr. Tan Tin Yeow (Article 89) **(Resolution 3)**
   Mr. Tan Seng Hee (Article 89) **(Resolution 4)**

4. To approve the payment of Directors' fees of S$147,000 for the financial year ended 30 April 2012. (2011 : S$102,750) **(Resolution 5)**

5. To re-appoint KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. ***Authority to allot and issue shares in the capital of the Company (the "Shares") – Share Issue Mandate***

   "That, pursuant to Section 161 of the Companies Act, Chapter. 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorized and empowered to:

   (A) (i) issue Shares in the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-section (ii) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as at the time of passing this Resolution);

(ii) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be issued under sub-section (i) above on a pro-rata basis, the total number of issued Shares (excluding treasury shares) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Articles; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier."
[See Explanatory Note (i)] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to grant options and issue Shares under the XMH Share Option Scheme**

"That, pursuant to Section 161 of the Companies Act, the Directors be and are hereby empowered to grant options, and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted under the XMH Share Option Scheme (the "**Scheme**") provided always that the aggregate number of Shares in respect of which such options may be granted and which may be issued pursuant to the Scheme shall not exceed fifteen per cent. (15%) of the issued share capital of the Company from time to time." *[See Explanatory Note (ii)]* **(Resolution 8)**

By Order of the Board
XMH HOLDINGS LTD.

TAN TIN YEOW
Chairman and CEO
13 August 2012

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued on a pro-rata basis, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares. In determining the 20% which may be issued other than on a pro-rata basis, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time the Ordinary Resolution 7 is passed.

(ii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company to grant options and to allot and issue Shares upon the exercise of such options in accordance with the Scheme.

Notes:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote instead of him.
2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
3. If the member is a corporation, the instrument appointing the proxy must be under its common seal or the hand of its attorney or a duly authorised officer.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 44 Sungei Kadut Avenue, Singapore 729667 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

XMH HOLDINGS LTD.
Company No.: 201010562M
(the "Company")
(Incorporated in Singapore)

IMPORTANT
1. For investors who have used their CPF monies to buy shares in the capital of XMH HOLDINGS LTD., this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ...(name) of

.... (address) being a member/members of **XMH HOLDINGS LTD.** (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %

and/or (delete as appropriate)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting ("**Meeting**") of the Company to be held at Warren Golf & Country Club, 81 Choa Chu Kang Way, Singapore 688263 on 28 August 2012, at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the financial year ended 30 April 2012		
2.	Approval of payment of the final one-tier tax exempt dividend		
3.	Re-election of Mr Tan Tin Yeow as a Director		
4.	Re-election of Mr Tan Seng Hee as a Director		
5.	Approval of Directors' fees amounting to S$147,000 for the financial year ended 30 April 2012		
6.	Re-appointment of KPMG LLP as Auditors		
7.	Authority to allot and issue shares in the capital of the Company – Share Issue Mandate		
8.	Authority to allot and issue shares under the XMH Share Option Scheme		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting).

Dated this .... day of 2012

Total number of Shares in:	No. of Shares Held
(a) CDP Register	
(b) Register of Members	

....
Signatures of Shareholder(s) or, Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.*

2. *Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.*

3. *A proxy need not be a member of the Company.*

4. *Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy from will be deemed to relate to all the shares held by you.*

5. *This proxy form must be deposited at the Company's registered office at 44 Sungei Kadut Avenue, Singapore 729667 not less than* **48 hours** *before the time set for the Meeting.*

6. *This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.*

7. *Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.*

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

XMH Holdings Ltd.
44 Sungei Kadut Avenue
Singapore 729667