



## **PRESS RELEASE**

### **XPRESS REPORTS NET LOSS OF S\$145.7 MILLION ON REVENUE OF S\$18.7 MILLION FOR THE FULL YEAR ENDED 31 JULY 2014**

- *Loss mainly due to one-time impairment of goodwill and bad debt from customers hit by declining print demand and tightening credit policies, as well as reductions in corporate and government budgets in China*
- *Lower revenue also reflected the broad overall industry downtrend as traditional printing services declined with the rise of new / digital media*
- *Group to focus on small-volume printing, digital solutions, business service centres and regional expansion to diversify revenue streams*

**Singapore 29 November 2014** - SGX Mainboard-listed Xpress Holdings Ltd ("Xpress" or "the Group") took a major hit on its bottomline as it reports a record loss of S\$145.7 million for its full year FY2014 performance.

The loss was mainly due to the following reasons: a one-time impairment of goodwill (\$64.48 million), trade & other receivables (\$55.66 million), project receivable (\$8.27million), available for sale financial assets (\$7.66 million), inventories (\$2.0 million) and plant & equipment (\$4.0 million).

The impairment of goodwill arose from the Group's acquisition of Precise Media Group. This resulted from a decline in the value-in-use of the cash-generating unit as cash flow projections from this unit were reduced.

The one-time impairment of project and trade receivables was due to the management's review and decision to rationalise the debtors' list and provide for amounts deemed irrecoverable. The bad debts reflect the industry downtrend for traditional commercial printing and falling customer demand due to the tightening of credit policies, corporate and government budget cuts in China, which also adversely affected demand for the Group's MNC and VIP print management services.

The impairment of plant and equipment was mainly due to the decline in the traditional print business.

In terms of revenue, the Group achieved turnover of S\$17.55 million for the full year ended July 31, 2014 ("12MFY14"), down by 24% from S\$23.70 million for the previous corresponding period.

For the fourth quarter of financial year 2014 ("4QFY14"), the Group recorded revenue of S\$3.67 million, which was 25% lower than the S\$4.90 million achieved in the fourth quarter in FY2013 ("4QFY13").



The softer performance of the Group compared to 12MFY13 and 4QFY13 was due to the current declining trend in the print media industry, as well as the sluggish print demand from its customers in China. The demand for large-quantity print has been gradually declining as customers favour small print runs and more customised services.

However, the Group's Gross Profit margin, net of deducting changes in inventories of finished goods and work-in-progress, is comparable to last year's margin of 73.3% for the full year ended July 31, 2014.

Other costs such as finance costs and staff costs however declined in 4QFY14. Net finance costs reduced by 19% in 4Q14 to S\$0.2 million from S\$0.25 million previously, mainly due to the Group having paid down the borrowings during the year.

### **Earnings Per Share and Net Asset Value Per Share**

The Group's Loss Per Share for 12MFY14 was 6.45 cent compared to Earnings Per Share of 0.16 cent in 12MFY13.

Net Asset Value (NAV) Per Share as at 31 July 2014 was 0.1 cents, compared to 8.1 cents as at 31 July 2013.

### **Prospects**

On the Group's results, Mr KK Fong, Founder and Director, said, "The Group's performance in FY2014 reflected the extremely challenging business conditions faced in the printing industry. In the new digital era, many organisations – both public and private - are opting for paperless communication. This industry trend has resulted in a significant decline in demand for traditional printing services and hence the closure of several print and media companies which are not able to adapt to the rapid technological changes and volatile market dynamics.

"This adverse industry trend was further exacerbated by the softening China economy, as well as the recent tightening credit controls and huge corporate and government budget cuts in China."

In view of the changing industry trends and challenging business environments in our key markets, such as China, the Group has to operate more productively and offer more value-added services to its customers. The Group will also actively reviewing its operations and improve its capabilities in order to remain competitive.

"Moving forward, the Group will refocus its operations towards smaller volume printing, high-speed digital solutions as well as a full range of office support services to expand our business portfolio and customer base. This will allow us to leverage on new services beyond traditional print services. Already, the Group has started its transformation towards its new business model through the establishment of 8 to 8



Biz Butler centres. With our new 8 to 8 business concept, we will provide value-added office support services and a comprehensive range of products and solutions to meet current trends in demand from corporate customers as well as start-ups and SMEs.

“Our newly launched 8 to 8 Biz Butler in Kuala Lumpur in mid-November this year, and the first outlet in Guangzhou Knowledge City, will be full service business centres which specialize on more value-added business-related services to meet the needs of today’s busy executives and professionals of as well as organizations that are looking for reliable and quick-turnaround office support services to manage manpower/talent shortages.

Recognizing the structural changes and challenges facing the print media industry, Xpress is also exploring other opportunities with the objective of improving the Company’s financial performance. There have been on-going discussions with several parties on merger and acquisition opportunities. The Company will make appropriate announcements when substantive progress is achieved.”

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### **About Xpress Holdings Ltd**

Established in 1986, Xpress was listed on SGX Mainboard on 28 June 1999. The Group serves a wide global base of local and MNC financial and corporate organisations, and provides a complete spectrum of integrated print solutions from pre-press processes to production systems as well as global distribution and delivery.

Its products and services include the design, production and printing of time-sensitive and quick turnaround publications like Annual Reports, IPO prospectuses, shareholder circulars, fund management reports, brochures and newsletters.

Headquartered in Singapore, Xpress has offices and print stations spanning the Asia Pacific region, including Malaysia, Australia, Vietnam, Hong Kong and China.

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