XPRESS HOLDINGS LTD

(Registration No. 199902058Z)

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 31 JANUARY 2016

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PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

		GROUP 3 MONTHS ENDED			GROUP 6 MONTHS ENDED		
	Note	31 Jan 2016	31 Jan 2015	Increase / (decrease)	31 Jan 2016	31 Jan 2015	Increase / (decrease)
		$'000	$'000	%	$'000	$'000	%
Revenue		**2,215**	3,546	(37.5%)	**3,988**	5,654	(29.5%)
Other income	**1**	**81**	19	326.3%	**158**	504	(68.7%)
Total Revenue		**2,296**	3,565	(35.6%)	**4,146**	6,158	(32.7%)
Costs and expenses							
Changes in inventories of finished goods and work-in-progress		**85**	(306)	N.M.	**164**	(260)	N.M.
Raw materials and consumables used		**(664)**	(204)	225.5%	**(1,093)**	(752)	45.3%
Initial write down on asset held for sale		**(8,351)**	-	N.M.	**(8,351)**	-	N.M.
Staff costs		**(1,308)**	(1,596)	(18.0%)	**(2,252)**	(2,760)	(18.4%)
Depreciation		**(55)**	(84)	(34.5%)	**(109)**	(239)	(54.4%)
Foreign currency (loss)/ gain		**(3)**	65	N.M.	**196**	504	(61.1%)
Other operating expenses	**3**	**(584)**	(971)	(39.9%)	**(1,034)**	(1,740)	(40.6%)
Finance costs	**2**	**(8)**	(15)	(46.7%)	**(19)**	(29)	(34.5%)
(Loss)/Profit before tax		**(8,592)**	454	N.M.	**(8,352)**	882	N.M.
Income tax	**4**	**-**	-	N.M.	**30**	-	N.M.
Net loss of discontinued operations		**(458)**	(240)	90.8%	**(918)**	(542)	69.4%
Net (loss)/profit for the period		**(9,050)**	214	N.M.	**(9,240)**	340	N.M.
Attributable to:							
Equity holders of the parent		**(9,050)**	214	N.M.	**(9,238)**	340	N.M.
Non- controlling interests		**-**	-	N.M.	**(2)**	-	N.M.
Net (loss)/profit for the period		**(9,050)**	214	N.M.	**(9,240)**	340	N.M.

N.M. : Not meaningful

1(a)(ii) Breakdown and explanatory notes to the income statement

Note 1 Other income comprises the following:

	3 MONTHS ENDED				6 MONTHS ENDED			
	31-Jan-16		31-Jan-15		31-Jan-16		31-Jan-15	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	$'000	**$'000**	$'000	$'000	**$'000**	**$'000**	$'000	$'000
Bad debts recovered	**-**	**-**	-	-	**7**	**-**	-	-
Rental income	**-**	**-**	17	-	**-**	**-**	51	-
Gain on disposal of equipment	**-**	**-**	2	215	**-**	**-**	453	215
Miscellaneous income	**81**	**2**	-	-	**151**	**8**	-	-
Total	**81**	**2**	19	215	**158**	**8**	504	215

Note 2 Finance costs comprise the following:

	3 MONTHS ENDED				6 MONTHS ENDED			
	31-Jan-16		31-Jan-15		31-Jan-16		31-Jan-15	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	$'000	**$'000**	$'000	$'000	**$'000**	**$'000**	$'000	$'000
Interest incurred for:								
- overdrafts	**(4)**	**-**	(7)	-	**(9)**	**-**	(17)	-
- term loans	**-**	**-**	(5)	-	**-**	**-**	(5)	-
Hire purchase interest	**(4)**	**-**	(3)	-	**(10)**	**-**	(7)	-
Total	**(8)**	**-**	(15)	-	**(19)**	**-**	(29)	-

Note 3 Other operating expenses include the following:

	3 MONTHS ENDED				6 MONTHS ENDED			
	31-Jan-16		31-Jan-15		31-Jan-16		31-Jan-15	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	$'000	**$'000**	$'000	$'000	**$'000**	**$'000**	$'000	$'000
Marketing expenses	**(15)**	**(21)**	(119)	(10)	**(51)**	**(25)**	(170)	(14)
Operating lease expense - office, factories and warehouses	**(142)**	**(95)**	(475)	(128)	**(294)**	**(193)**	(771)	(214)

Note 4 Income tax comprises the following:

	3 MONTHS ENDED				6 MONTHS ENDED			
	31-Jan-16		31-Jan-15		31-Jan-16		31-Jan-15	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	$'000	**$'000**	$'000	$'000	**$'000**	**$'000**	$'000	$'000
Current tax- prior years	**-**	**-**	**-**	**-**	**30**	**-**	-	-

Note: N.M. – Not meaningful

1(a)(iii) A Statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	GROUP 3 MONTHS ENDED			GROUP 6 MONTHS ENDED		
	31 Jan 2016	31 Jan 2015	**Increase/ Decrease**	**31 Jan 2016**	31 Jan 2015	**Increase/ Decrease**
	$'000	$'000	%	**$'000**	$'000	%
Continuing Operations						
Net (loss)/profit for the period from continuing operations	**(8,592)**	454	(1992.5%)	**(8,322)**	882	N.M.
Other comprehensive (loss)/ income:						
Translation differences relating to financial statements of foreign subsidiaries	**8**	(873)	(100.9%)	**(114)**	(111)	2.7%
Translation differences arising on monetary items forming part of net investments in foreign operations	**0**	-	N.M.	**0**	-	N.M.
Other comprehensive (loss)/ income for the period from continuing operations	**8**	(873)	(100.9%)	**(114)**	(111)	2.7%
Total comprehensive (loss)/ income for the period from continuing operations	**(8,584)**	(419)	1948.7%	**(8,436)**	771	(1194.2%)
Discontinued Operations						
Net (loss)/profit for the period from discontinued operations	**(458)**	(240)	90.8%	**(918)**	(542)	N.M.
Other comprehensive (loss)/ income:						
Translation differences relating to financial statements of foreign subsidiaries	**(1,065)**	1,335	(179.8%)	**(1,395)**	(41)	3302.4%
Translation differences arising on monetary items forming part of net investments in foreign operations	**(366)**	762	(148.0%)	**(666)**	1,204	N.M.
Other comprehensive (loss)/ income for the period from discontinued operations	**(1,431)**	2,097	(168.2%)	**(2,061)**	1,163	(277.2%)
Total comprehensive (loss)/ income for the period from discontinued operations	**(1,889)**	1,857	(201.7%)	**(2,979)**	621	(579.7%)
Total comprehensive (loss)/ income attributable to:						
Equity holders of the parent	**(10,473)**	1,438	(828.3%)	**(11,413)**	1,392	(919.9%)
Non-controllling interests	**-**	(3)	N.M.	**(2)**	-	N.M.
Total comprehensive (loss)/ income for the period from continuing operations	**(10,473)**	1,435	(829.8%)	**(11,415)**	1,392	(920.0%)

(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31 Jan 2016	31 Jul 2015	**31 Jan 2016**	31 Jul 2015
	$'000	$'000	**$'000**	$'000
Non-current assets				
Plant and equipment	**630**	8,269	**127**	149
Investments in subsidiaries	**-**	-	**4,000**	4,000
	630	8,269	**4,127**	4,149
Current assets				
Inventories	**266**	1,363	**-**	-
Trade receivables	**1,642**	4,973	**180**	16
Other receivables	**1,186**	1,872	**160**	160
Non-trade amount due from subsidiaries	**-**	-	**7,381**	5,726
Cash and cash equivalents	**1,889**	3,690	**1,234**	2,785
Assets held for sale	**940**	-	**-**	-
	5,923	11,898	**8,955**	8,687
Total assets	**6,553**	20,167	**13,082**	12,836
Equity attributable to equity holders of the parent				
Share capital	**127,103**	125,033	**127,103**	125,033
Other reserves	**592**	(9,291)	**706**	706
Accumulated losses	**(116,534)**	(107,296)	**(119,419)**	(118,871)
Reserve of asset held for sale	**(12,058)**	-	**-**	-
	(897)	8,446	**8,390**	6,868
Non-controlling interests	**178**	180		-
Total equity	**(719)**	8,626	**8,390**	6,868
Non-current liabilities				
Obligations under finance lease	**704**	726	**99**	115
Deferred tax liabilities	**-**	-	**-**	-
	704	726	**99**	115
Current liabilities				
Trade and other payables	**5,584**	9,261	**1,928**	3,650
Trade amount due to subsidiaries	**-**	-	**80**	39
Non-trade amount due to subsidiaries	**-**	-	**2,559**	2,134
Interest-bearing borrowings	**547**	1,099	**-**	-
Obligations under finance lease	**415**	433	**26**	30
Current tax payable	**22**	22	**-**	-
	6,568	10,815	**4,593**	5,853
Total liabilities	**7,272**	11,541	**4,692**	5,968
Total equity and liabilities	**6,553**	20,167	**13,082**	12,836

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 January 2016		As at 31 July 2015	
Secured	**Unsecured**	Secured	Unsecured
$'000	**$'000**	$'000	$'000
962	**-**	980	552

Amount repayable after one year

As at 31 January 2016		As at 31 July 2015	
Secured	**Unsecured**	Secured	Unsecured
$'000	**$'000**	$'000	$'000
704		726	-

Details of any collateral:

Secured borrowings at 31 January 2016 mainly refer to the following:

a. Finance lease liabilities amounting to S$1.12 million that are secured by the respective motor vehicles and machinery purchased under finance leases.

b. Bank overdraft of $0.55 million that were secured by fixed deposits of S$0.54 million.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	Group 2nd Quarter Ended		Group 6 Months Ended	
		31 Jan 2016	31 Jan 2015	**31 Jan 2016**	31 Jan 2015
		$'000	$'000	**$'000**	$'000
Operating activities					
(Loss)/Profit before taxation		**(9,050)**	214	**(9,270)**	340
Adjustments for:					
Interest expense	2	**8**	15	**19**	29
Depreciation of plant and equipment		**242**	486	**517**	753
Initial write down on asset held for sales		**8,351**	-	**8,351**	-
Gain on disposal of plant and equipment, net		**-**	(217)	**-**	(668)
Operating profit before working capital changes		**(449)**	498	**(383)**	454
Changes in working capital:					
Inventories		**(48)**	(99)	**(157)**	(165)
Trade and other receivables		**1,323**	(3,190)	**886**	(4,083)
Trade and other payables		**(545)**	2,181	**(1,702)**	3,079
Cash generated from operations		**281**	(610)	**(1,356)**	(715)
Income tax refund		**-**	-	**30**	-
Cash flows used in operating activities		**281**	(610)	**(1,326)**	(715)
Investing activities					
Purchase of plant and equipment		**-**	-	**(46)**	(312)
Proceeds from disposal of plant and equipment, net		**-**	228	**-**	678
Cash flows (used in)/ generated from investing activities		**-**	228	**(46)**	366
Financing activities					
Interest paid		**(9)**	(15)	**(19)**	(29)
Repayment of finance lease instalments		**(26)**	(20)	**(40)**	(56)
Proceeds of share warrants exercised		**2,070**	-	**2,070**	-
Repayments of borrowings		**-**	(218)	**-**	(390)
Cash flows used in from financing activities		**2,035**	(253)	**2,011**	(475)
Foreign currency translation adjustments		**(1,267)**	578	**(1,867)**	737
Net decrease in cash and cash equivalents		**1,049**	(57)	**(1,228)**	(87)
Cash and cash equivalents at beginning of the period		**(224)**	(1,285)	**2,053**	(1,255)
Cash and cash equivalents at end of the period	A	**825**	(1,342)	**825**	(1,342)

Explanatory notes to the consolidated cash flow statement

Note A. Cash and cash equivalents comprise the following:

	31 Jan 2016	31 Jan 2015
	$'000	$'000
Cash at bank and in hand	**1,370**	82
Fixed deposits	**540**	540
Cash and cash equivalents	**1,910**	622
Bank overdrafts (secured)	**(545)**	(1,424)
Fixed deposits pledged	**(540)**	(540)
Cash and cash equivalents in the cash flow statement	**825**	(1,342)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the Group

	Attributable to equity holders of the Company							
	Share capital $'000	Currency translation reserve $'000	Share option reserve $'000	Retained earnings $'000	Reserve of asset classified as held for sale $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 August 2014	117,908	(10,948)	706	(107,610)	-	56	183	239
Total comprehensive income for the period	-	(172)	-	126	-	(46)	3	(43)
At 31 October 2014	117,908	(11,120)	706	(107,484)	-	10	186	196
Total comprehensive income for the period	-	1,224	-	214	-	1,438	(3)	1,435
At 31 January 2015	117,908	(9,896)	706	(107,270)	-	1,448	183	1,631
At 1 August 2015	**125,033**	**(9,997)**	**706**	**(107,296)**	**-**	**8,446**	**180**	**8,626**
Total comprehensive loss for the period	**-**	**(752)**	**-**	**(188)**	**-**	**(940)**	**(2)**	**(942)**
At 31 October 2015	**125,033**	**(10,749)**	**706**	**(107,484)**	**-**	**7,506**	**178**	**7,684**
Total comprehensive loss for the period	**-**	**(1,423)**	**-**	**(9,050)**	**-**	**(10,473)**	**-**	**(10,473)**
Exercise of share warrants	**2,070**	**-**	**-**	**-**	**-**	**2,070**	**-**	**2,070**
Classification of asset held for sale	**-**	**12,058**	**-**	**-**	**(12,058)**	**-**	**-**	**-**
At 31 January 2016	**127,103**	**(114)**	**706**	**(116,534)**	**(12,058)**	**(897)**	**178**	**(719)**

Statement of Changes in Equity for the Company

	Attributable to equity holders of the Company			
	Share capital $'000	Share option reserve $'000	Retained earnings $'000	Total equity $'000
At 1 August 2014	117,908	706	(117,965)	649
Total comprehensive income for the period	-	-	333	333
At 31 October 2014	117,908	706	(117,632)	982
Total comprehensive income for the period	-	-	(556)	(556)
At 31 January 2015	117,908	706	(118,188)	426
At 1 August 2015	**125,033**	**706**	**(118,871)**	**6,868**
Total comprehensive income for the period	**-**	**-**	**(113)**	**(113)**
At 25 January 2016	**125,033**	**706**	**(118,984)**	**6,755**
Total comprehensive income for the period	**-**	**-**	**(435)**	**(435)**
Exercise of share warrants	**2,070**	**-**	**-**	**2,070**
At 25 January 2016	**127,103**	**706**	**(119,419)**	**8,390**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

In 2Q2016, the Company issued 300,000,000 new shares pursuant to the exercise of 300,000,000 share warrants (2Q2015: nil) by the warrant holder.

As at 31 January 2016, there are an outstanding 1,900,000,000 share warrants of exercise price at S$0.007 each. The Warrants shall expire on 19 July 2020.

Share Options

The Company has a share option scheme known as Xpress Holdings Executives' Share Option Scheme 2001 (the "Option Scheme") which was approved by members of the Company at the Extraordinary General Meeting held on 25 June 2001. The Option Scheme expired in July 2010 without being renewed.

At 31 January 2016, there were 3,900,000 (31 January 2015: 8,500,000) outstanding share options which would entitle the holders to subscribe for a total of 3,900,000 ordinary shares of the Company (31 January 2015: 8,500,000) at a weighted average exercise price of S$0.15 (31 January 2015: S$0.114) per share. The last of these outstanding share options would lapse or expire should they remain unexercised by 28 February 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares as at 31 January 2016 was 3,847,927,123 (31 July 2015: 3,547,927,123). There were no treasury shares held by the Company at 31 January 2016.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited or reviewed by the auditors of the Company.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 July 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 July 2015, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 August 2015.

Financial Reporting Standards ("FRS") which became effective for the Group's financial period beginning 1 August 2015 are:

Amendments to FRS 19 Defined Benefit Plans: Employee Contributions
Improvements to FRSs (January 2014)
Improvements to FRSs (February 2014)

The Group does not expect any significant financial impact on the financial statements from the adoption of these amendments to FRSs.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Earnings per ordinary share of the Group, after deducting any provision for preference dividends (in cents):	Group			
		2nd Quarter (3 Months)		First Half (6 Months)	
		31 Jan 2016	**31 Jan 2015**	**31 Jan 2016**	**31 Jan 2015**
6(a)	Based on the weighted average number of ordinary shares on issue	**(0.2374)**	0.0087	**(0.2591)**	0.0139
	Weighted average number of ordinary shares (in million)	**3,812.06**	2,447.93	**3,565.86**	2,447.93
6(b)	On a fully diluted basis	**(0.2374)**	0.0087	**(0.2591)**	0.0139
	Weighted average number of ordinary shares (in million)	**3,812.06**	2,447.93	**3,565.86**	2,447.93

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	31 Jan 2016	31 Jan 2015	**31 Jan 2016**	31 Jan 2015
Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in cents)	**(0.02)**	0.07	**0.22**	0.02

Net asset value per ordinary share as at 31 January 2016 is calculated based on the existing issued share capital of 3,847,927,123 ordinary shares outstanding as at 31 January 2016 (31 January 2015: 2,447,927,123).

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8(a) Review of Group Results for 2nd Quarter ended 31 January 2016 against 2nd Quarter ended 31 January 2015

Continuing operations

Revenue
For 2Q2016, the Group recorded Printing Revenue of S$2.2 million for its continuing operations, which was $1.3 million (37%), lower than the S$3.5 million achieved in 2Q2015.

The intense competition amidst a shrinking market has continued in the Singapore market. At the same time, new technologies from the digital print segment replaced a significant portion of the demand in the traditional offset printing segment.

Other income
Miscellaneous income such as sale of scrap paper has increased in 2Q2016 over 2Q2015.

Costs and expenses
In 2Q2016, the cost of raw materials and consumables such as paper, films and plates increased by 225% due to an increase in outsourcing costs.

Staff costs for 2Q2016 was S$1.3 million or 18% lower than that of 2Q2015, mainly due to lower staff strengths.

As there were lesser plant and equipment still in use in 2Q2016, the depreciation charge for 2Q2016 was lower by 35% compared with 2Q2015.

Other operating expenses were lower in 2Q2016 compared to 2Q2015 mainly due to lower rental expenses for the Singapore plant and lower legal fees incurred.

Discontinued operations

The liquidity problems faced by the Group during the period from February 2014 to July 2015 have also caused major disruptions to the Group's operations in the PRC due to the lack of working capital and manpower adequacy. This led to a high attrition rate in staff turnover especially for middle management and skilled workers and as a result, the customer satisfaction level was on the decline and the Group has been losing its existing contractual business incrementally over the past few quarters. As the traditional print industry is increasingly viewed as a sunset industry, the Group is having difficulty in attracting skilled talents to revamp its operations in the PRC. Consequently, several major print management contracts which were up for renewal in this financial year have also not been renewed by our VIP clients.

In order to reduce the impact of further losses to the Group, the Board decided to sell the loss making subsidiaries. The Company and Xpress Print (Pte) Ltd, its wholly owned subsidiary, entered into a non-binding memorandum of understanding with a purchaser on 21 January 2016 for the disposal of the Company's entire interest in the issued share capital of Xpress Print (Shenzhen) Co. Ltd, Precise Media Group Limited, Xpress Print (K.L.) Sdn Bhd, Xpress Print (H.K.) Limited (collectively, the "Sale companies") and Shenzhen Jiaxingda Printing Co. Ltd ("Available-for-sale Financial Asset") to the purchaser for a sale consideration of S$1.0 million. Accordingly, as at 31 January 2016 the net assets of the Sale companies were reclassified to a single line item under "Assets held for sale".

The net loss attributable to the Sale companies for the first half ending 31 January 2016 (1H2016 - six months) was S$0.92 million (1H2015: S$0.54 million) and for 2Q2016 was S$0.46 million (2Q2015: S$0.24 million) respectively. As the Sale companies would be sold at a deficit to its net asset values, the Group made an initial write down of the assets held for sale for S$8.35 million to the Income statement in 2Q2016.

8(b) Cash Flow, Working Capital, Assets and Liabilities of the group during the current financial period reported on

Reclassification in the Statement of financial position and Initial write down of assets held for sale to the Income statement

The total net assets of the Sale companies as at 31 January 2016 were made up of:

	S$'000
Plant and equipment	6,861
Inventories	1,254
Trade and other receivables	3,131
Cash and cash equivalents	21
Total assets	11,267
Less:	
Trade and other payables	(1,976)
Net assets of Sale companies	9,291
Less:	
Initial write down of Assets held for sale to Fair value less costs to sell (charged to the Income statement)	8,351
Net assets of Sale companies reclassified to Assets held for sale	**940**

The Assets held for sale are carried at its fair value less costs to sell of S$0.94 million in the Statement of financial position.

The Available for sale investment has a carrying value of S$ nil as at 31 January 2016.

Cash flows of the Group

The cash and cash equivalents increased in 2Q2016 by S$1.05 million mainly due to the proceeds from the exercise of 300,000,000 share warrants by the Company's major shareholder.

There were no other material factors that affected the cash flow, working capital, assets and liabilities of the Group during the current financial quarter reported on.

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

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Having cautiously assessed the current challenges and transformation facing the print industry and the Group's operations, the Board plans to divest the subsidiaries that are loss-making and are not expected to generate any meaningful profit contribution to the Group in the longer term. As announced by the Company on 4 March 2016, the Company has entered into a Sale and Purchase Agreement to sell all its direct and indirect subsidiaries in Malaysia, Hong Kong and China for a sale consideration of S$1.0 million.

The Board believes that the Proposed Disposal of the loss-making Subsidiaries will allow the Group to streamline its structure, reduce its fixed operating costs and minimise the future losses to the Group. The Proposed Disposal will also enable the Company to free up its resources and capital for allocation to the Singapore printing business which has remained operationally profitable. The focus on cost efficiencies and an improvement in productivity to compete in the current subdued environment remain high on our priority. The Board is also planning for additional investment in the latest technology in printing machinery in order to gain a higher market share of the commercial print market for exquisite print products.

However, the Board also notes that the Group is in negative working capital and negative equity position as at 31 January 2016 due to the financial impact from the Proposed Disposal as discussed in Note 8. As such, the Company plans to raise additional capital in the near future to overcome the Group's negative financial positions as well as provide funds for the Company to invest in new businesses. The fund-raising options that are immediately at the Company's disposal are the exercise of the outstanding share warrants by the Board Chairman and/or issuance of new shares to potential investors.

Concurrent with the restructuring exercise that the Group is carrying out, the Board has also been actively exploring various potential investment targets to achieve our top priority of building a sustainable and profitable Xpress that will deliver positive value to shareholders.

11 Dividend

(a) Current financial period reported on
Any dividend declared for the present financial period?
No.

(b) Corresponding period of the immediately preceding financial year
Any dividend declared for the previous corresponding period?
No.

(c) Date payable
Not Applicable.

(d) Book closure date
Not Applicable.

12 If no dividend has been declared or recommended, a statement to that effect

No dividend has been declared or recommended for the current financial period.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no interested person transaction which is valued at more than S$100,000 during the year under review and the company has not obtained any general mandate pursuant to Rule 920 of the Listing Manual.

14 Use of proceeds from rights issue and shares placement

a) Further to the announcement made on 29 September 2015, the company wishes to provide an update on the utilisation of the net proceeds from the rights issue of approximately S$12,818,000 as disclosed in the Offer Information Statement dated 14 October 2013 as follows:

	Purpose	Amount Allocated ($ '000)	Reallocated amount ($ '000)	Amount Utilised ($ '000)	Balance ($ '000)
1.	Repayment of existing debts	3,980	-	(3,980)	-
2.	Business development and expansion	6,800	(3,666)	(3,134)	-
3.	General working capital purpose	2,038	3,666	(5,704)	-
		12,818	-	(12,818)	-

b) Further to the announcement made on 20 January 2016, the company wishes to provide the breakdown on the use of proceeds from the exercised of 300,000,000 share warrants of approximately S$2,100,000 by the Company as at the date of this announcement, as follows:

	Purpose	Amount Allocated ($ '000)	Reallocated amount ($ '000)	Amount Utilised ($ '000)	Balance ($ '000)
1.	Repayment of loan from investor	750	-	(750)	-
2.	Repayment of existing debts	50	-	(50)	-
3.	General working capital purpose	1,300	-	(606)	695
		2,100	-	(1,406)	695

15 Confirmation by the Board

The board of Directors hereby confirm that, to the best of their knowledge, nothing has come to its attention of which may render the interim financial statement for the financial period ended 31 January 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Huan Chiang
Executive Chairman and CEO
15 March 2016