



**XPRESS HOLDINGS LTD**

(Registration No. 199902058Z)

---

**UNAUDITED RESULTS FOR THE  
THIRD QUARTER ENDED 30 APRIL 2014**

---

**TABLE OF CONTENTS**

Item No.	Description	Page No.
1(a)(i)	Income Statement	1
1(a)(ii)	Explanatory Notes to Income Statement	2
1(a)(iii)	Statement of Comprehensive Income	3
1(b)(i)	Statement of Financial Position	4
1(b)(ii)	Group Borrowings	5
1(c)	Statement of Cash Flows	6 – 7
1(d)(i)	Statements of Changes in Equity	8
1(d)(ii)-(iv)	Share Capital	9
2 & 3	Audit Statement	9
4 & 5	Accounting Policies	9 – 10
6	Earnings Per Share	10
7	Net Asset Value Per Share	10
8	Group Performance Review	11 – 13
9 & 10	Prospects	13 - 14
11 & 12	Dividend	14
13	Interested Person Transactions	14
14	Use of Proceeds from Rights Issue	15
15	Negative Assurance Confirmation on Interim Financial Results Under Rule 705(4) of the Listing Manual	15

**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 9 MONTHS ENDED			
	Note	30 Apr 2014	30 Apr 2013	Increase / (decrease)	30 Apr 2014	30 Apr 2013	Increase / (decrease)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		4,724	6,222	(24.1%)	14,178	18,800	(24.6%)
Other income	1	219	162	35.2%	589	512	15.0%
<b>Total Revenue</b>		<b>4,943</b>	<b>6,384</b>	<b>(22.6%)</b>	<b>14,767</b>	<b>19,312</b>	<b>(23.5%)</b>
<b>Costs and expenses</b>							
Changes in inventories of finished goods and work-in-progress		(35)	223	N.M	75	199	(62.3%)
Raw materials and consumables used		(1,118)	(2,558)	(56.3%)	(3,555)	(6,358)	(44.1%)
Staff costs		(1,278)	(1,817)	(29.7%)	(4,945)	(6,074)	(18.6%)
Depreciation		(447)	(547)	(18.3%)	(1,479)	(1,789)	(17.3%)
Foreign currency (loss) / gains		(449)	516	N.M	345	1,739	(80.2%)
Other operating expenses		(1,121)	(1,115)	0.5%	(3,381)	(3,680)	(8.1%)
Finance costs	2	(189)	(246)	(23.2%)	(463)	(613)	(24.5%)
<b>Profit before tax</b>		<b>306</b>	<b>840</b>	<b>(63.6%)</b>	<b>1,364</b>	<b>2,736</b>	<b>(50.1%)</b>
Income tax	3	(72)	-	N.M.	(92)	-	N.M.
<b>Net profit for the period</b>		<b>234</b>	<b>840</b>	<b>(72.1%)</b>	<b>1,272</b>	<b>2,736</b>	<b>(53.5%)</b>
<b>Attributable to:</b>							
Equity holders of the parent		234	836	(72.0%)	1,276	2,732	(53.3%)
Non controlling interests		-	4	(100.0%)	(4)	4	N.M
<b>Net profit for the period</b>		<b>234</b>	<b>840</b>	<b>(72.1%)</b>	<b>1,272</b>	<b>2,736</b>	<b>(53.5%)</b>

N.M. : Not meaningful

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

**Note 1** Other income comprises the following:

Note	3 MONTHS ENDED			9 MONTHS ENDED		
	30 Apr 2014	30 Apr 2013	Increase / (decrease)	30 Apr 2014	30 Apr 2013	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Rental income	199	144	38.2%	509	409	24.4%
Interest income on bank deposits	7	6	16.7%	26	15	73.3%
Miscellaneous income	13	12	8.3%	54	88	(38.6%)
<b>Total</b>	<b>219</b>	<b>162</b>	<b>35.2%</b>	<b>589</b>	<b>512</b>	<b>15.0%</b>

**Note 2** Finance costs comprise the following:

Note	3 MONTHS ENDED			9 MONTHS ENDED		
	30 Apr 2014	30 Apr 2013	Increase / (decrease)	30 Apr 2014	30 Apr 2013	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest incurred for:						
- overdrafts	(162)	(138)	17.4%	(202)	(302)	(33.1%)
- term loans	(19)	(102)	(81.4%)	(200)	(270)	(25.9%)
- trust receipts	-	(15)	(100.0%)	-	(15)	(100.0%)
Hire purchase interest	(8)	9	N.M.	(61)	(26)	134.6%
<b>Total</b>	<b>(189)</b>	<b>(246)</b>	<b>(23.2%)</b>	<b>(463)</b>	<b>(613)</b>	<b>(24.5%)</b>

**Note 3** Income tax comprises the following:

Note	3 MONTHS ENDED			9 MONTHS ENDED		
	30 Apr 2014	30 Apr 2013	Increase / (decrease)	30 Apr 2014	30 Apr 2013	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Current tax- current year	(10)	-	N.M.	(10)	-	N.M.
Current tax- prior years	(62)	-	N.M.	(82)	-	N.M.
	<b>(72)</b>	<b>-</b>		<b>(92)</b>	<b>-</b>	

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 9 MONTHS ENDED		
	30 Apr 2014	30 Apr 2013	Increase/ Decrease	30 Apr 2014	30 Apr 2013	Increase/ Decrease
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Net profit/(loss) for the period</b>	<b>234</b>	<b>840</b>	<b>(72.1%)</b>	<b>1,272</b>	<b>2,736</b>	<b>(53.5%)</b>
<b>Other comprehensive income:</b>						
Translation differences relating to financial statements of foreign subsidiaries	(5,196)	(2,424)	114.4%	(7,631)	(4,970)	53.5%
Translation differences arising on monetary items forming part of net investments in foreign operations	366	(2)	N.M.	286	(383)	N.M.
<b>Other comprehensive income for the period</b>	<b>(4,830)</b>	<b>(2,426)</b>	<b>99.1%</b>	<b>(7,345)</b>	<b>(5,353)</b>	<b>37.2%</b>
<b>Total comprehensive income for the period</b>	<b>(4,596)</b>	<b>(1,586)</b>	<b>189.8%</b>	<b>(6,073)</b>	<b>(2,617)</b>	<b>132.1%</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the parent	(4,596)	(1,590)	189.1%	(6,069)	(2,621)	131.6%
Non-controlling interests	-	4	(100.0%)	(4)	4	N.M.
<b>Total comprehensive income for the period</b>	<b>(4,596)</b>	<b>(1,586)</b>	<b>189.8%</b>	<b>(6,073)</b>	<b>(2,617)</b>	<b>132.1%</b>

**1(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	
	30 Apr 2014	31 Jul 2013	30 Apr 2014	31 Jul 2013
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Plant and equipment	12,645	12,108	329	387
Goodwill on consolidation	64,484	64,484	-	-
Investments in subsidiaries	-	-	76,487	76,487
Non-trade amount due from subsidiaries	-	-	23,562	23,792
Available-for-sale financial assets	7,655	7,657	7,642	7,642
Project receivables	8,265	8,265	-	-
	<b>93,049</b>	<b>92,514</b>	<b>108,020</b>	<b>108,308</b>
<b>Current assets</b>				
Inventories	4,237	4,162	-	-
Trade receivables	36,892	37,845	-	-
Other receivables	25,086	24,986	5,312	4,553
Trade amount due from subsidiaries	-	-	31,782	26,365
Non-trade amount due from subsidiaries	-	-	29,548	16,572
Cash and cash equivalents	4,718	6,362	3,027	4,285
	<b>70,933</b>	<b>73,355</b>	<b>69,669</b>	<b>51,775</b>
<b>Total assets</b>	<b>163,982</b>	<b>165,869</b>	<b>177,689</b>	<b>160,083</b>
<b>Equity attributable to equity holders of the parent</b>				
Share capital	117,908	105,090	117,908	105,090
Other reserves	(13,140)	(5,795)	6,328	6,328
Accumulated profits	43,226	41,950	10,214	10,070
	<b>147,994</b>	<b>141,245</b>	<b>134,450</b>	<b>121,488</b>
<b>Non-controlling interests</b>	<b>180</b>	<b>184</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>148,174</b>	<b>141,429</b>	<b>134,450</b>	<b>121,488</b>
<b>Non-current liabilities</b>				
Obligations under finance lease	411	499	262	309
Deferred tax liabilities	20	20	20	20
	<b>431</b>	<b>519</b>	<b>282</b>	<b>329</b>
<b>Current liabilities</b>				
Trade and other payables	8,663	12,744	3,148	3,041
Trade amount due to subsidiaries	-	-	299	301
Non-trade amount due to subsidiaries	-	-	39,446	34,860
Interest-bearing borrowings	6,599	11,015	-	-
Obligations under finance lease	100	142	62	62
Current tax payable	15	20	2	2
	<b>15,377</b>	<b>23,921</b>	<b>42,957</b>	<b>38,266</b>
<b>Total liabilities</b>	<b>15,808</b>	<b>24,440</b>	<b>43,239</b>	<b>38,595</b>
<b>Total equity and liabilities</b>	<b>163,982</b>	<b>165,869</b>	<b>177,689</b>	<b>160,083</b>

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

Amount repayable in one year or less, or on demand

As at 30 Apr 2014		As at 31 Jul 2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
6,289	410	10,292	865

Amount repayable after one year

As at 30 Apr 2014		As at 31 Jul 2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
411	-	499	-

Details of any collateral:

Secured borrowings at 30 April 2014 mainly refer to the following:

- a. Finance lease liabilities amounting to S\$0.5 million that are secured by the respective motor vehicles and machinery purchased under finance leases;
- b. Term loans of S\$3.65 million secured by a charge over fixed deposits of S\$3.48 million and plant & equipment
- c. Revolving loan of S\$1.25 million are secured by a charge over fixed deposits of S\$0.5 million and corporate guarantee;
- d. Bank overdraft of S\$1.29 million is secured by a charge over fixed deposits of S\$0.50 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		Group	
		3rd Quarter Ended		9 Months Ended	
		30 Apr 2014	30 Apr 2013	30 Apr 2014	30 Apr 2013
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Profit before taxation		306	840	1,364	2,736
<b>Adjustments for:</b>					
Interest expense	2	191	246	465	613
Interest income	1	(7)	(6)	(26)	(15)
Depreciation of plant and equipment		447	547	1,479	1,789
Property, plant and equipment written off		4	17	4	17
Loss/(gain) on disposal of plant and equipment, net		(5)	28	17	61
Operating profit before working capital changes		936	1,672	3,303	5,201
<b>Changes in working capital:</b>					
Inventories		36	(222)	(74)	(197)
Trade and other receivables		(1,262)	(707)	328	2,747
Trade and other payables		905	(86)	(4,081)	(2,103)
Cash generated from operations		615	657	(524)	5,648
Income tax paid		(70)	-	(90)	(14)
<b>Cash flows (used in) / generated from operating activities</b>		<b>545</b>	<b>657</b>	<b>(614)</b>	<b>5,634</b>
<b>Investing activities</b>					
Interest received		-	-	19	6
Purchase of plant and equipment		(157)	(262)	(2,394)	(318)
Proceeds from disposal of plant and equipment, net		-	-	4	1
<b>Cash flows used in investing activities</b>		<b>(157)</b>	<b>(262)</b>	<b>(2,371)</b>	<b>(311)</b>
<b>Financing activities</b>					
Interest paid		(131)	(250)	(405)	(642)
Proceed/(repayment) of finance lease instalments		(32)	184	(131)	(1)
Proceeds from borrowings		-	1,068	1,500	2,568
Repayments of borrowings		(3,516)	(805)	(5,916)	(3,016)
Fixed deposits pledged		(540)	-	(540)	(500)
Dividend paid to equity holders of the company		(734)	-	(734)	4,500
Proceeds from issue of shares		-	-	12,818	-
<b>Cash flows generated from financing activities</b>		<b>(4,953)</b>	<b>197</b>	<b>6,592</b>	<b>2,909</b>
Foreign currency translation adjustments		942	(2,592)	(1,397)	(3,179)
Net (decrease) / increase in cash and cash equivalents		(3,623)	(2,000)	2,210	5,053
Cash and cash equivalents at beginning of the period		2,563	2,261	(3,270)	(4,792)
<b>Cash and cash equivalents at end of the period</b>	A	<b>(1,060)</b>	<b>261</b>	<b>(1,060)</b>	<b>261</b>

Explanatory notes to the consolidated cash flow statement

**Note A.** Cash and cash equivalents comprise the following:

	<b>30 Apr 2014</b>	30 Apr 2013
	<b>\$'000</b>	\$'000
Cash at bank and in hand	236	4,250
Fixed deposits	4,482	5,953
<b>Cash and cash equivalents</b>	<b>4,718</b>	10,203
Bank overdrafts (secured)	(1,296)	(4,949)
Fixed deposits pledged	(4,482)	(4,993)
<b>Cash and cash equivalents in the cash flow statement</b>	<b>(1,060)</b>	261



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							Total equity \$'000
	Share capital \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	
<b>At 1 August 2012</b>	100,590	5,717	(8,846)	706	39,273	137,440	180	137,620
Total comprehensive income for the period	-	-	(4,354)	-	1,733	(2,621)	4	(2,617)
Issued shares	4,500	-	-	-	-	4,500	-	4,500
<b>At 30 April 2013</b>	<b>105,090</b>	<b>5,717</b>	<b>(13,200)</b>	<b>706</b>	<b>41,006</b>	<b>139,319</b>	<b>184</b>	<b>139,503</b>
<b>At 1 August 2013</b>	<b>105,090</b>	<b>5,717</b>	<b>(12,218)</b>	<b>706</b>	<b>41,950</b>	<b>141,245</b>	<b>184</b>	<b>141,429</b>
Total comprehensive income for the period	-	-	(7,345)	-	1,276	(6,069)	(4)	(6,073)
Issued shares	12,818	-	-	-	-	12,818	-	12,818
<b>At 30 April 2014</b>	<b>117,908</b>	<b>5,717</b>	<b>(19,563)</b>	<b>706</b>	<b>43,226</b>	<b>147,994</b>	<b>180</b>	<b>148,174</b>

**Statement of Changes in Equity for the Company**

	Attributable to equity holders of the Company				
	Share capital \$'000	Fair value reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1 August 2012</b>	100,590	5,622	706	8,941	115,859
Total comprehensive income for the period	-	-	-	123	123
Issued shares	4,500	-	-	-	4,500
<b>At 30 April 2013</b>	<b>105,090</b>	<b>5,622</b>	<b>706</b>	<b>9,064</b>	<b>120,482</b>
<b>At 1 August 2013</b>	<b>105,090</b>	<b>5,622</b>	<b>706</b>	<b>10,070</b>	<b>121,488</b>
Total comprehensive income for the period	-	-	-	144	144
Issued shares	12,818	-	-	-	12,818
<b>At 30 April 2014</b>	<b>117,908</b>	<b>5,622</b>	<b>706</b>	<b>10,214</b>	<b>134,450</b>

- 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.**

There were no changes to the share capital of the Company since the end of the previous period reported on.

#### **Share Options**

The Company has a share option scheme known as Xpress Holdings Executives' Share Option Scheme 2001 which was approved by members of the Company at the Extraordinary General Meeting held on 25 June 2001.

At 30 April 2014, there were 13,100,000 (30 April 2013: 33,181,000) outstanding share options which would entitle the holders to subscribe for a total of 13,100,000 ordinary shares of the Company (30 April 2013: 33,181,000) at a weighted average exercise price of S\$0.118 (30 April 2013: S\$0.091) per share.

The 13,100,000 share options outstanding at 30 April 2014 are approximately 0.53% of the share capital consisting of 2,447,927,123 issued shares at 30 April 2014.

- 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 30 April 2014 was 2,447,927,123 (30 April 2013: 1,748,519,374). There were no treasury shares held by the Company at 30 April 2014.

- 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**

The Group has applied the same accounting policies and methods of computation in the financial information for the current financial period as compared with those used in the audited financial statements for the financial year ended 31 July 2013.

**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 adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 August 2013. The adoption of these new/revised FRS and INT FRS did not result in changes to the group's and the company's accounting policies and has no material effect on the amounts reported for the current or prior reporting periods.

**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			
	3rd Quarter (3 Months)		Nine Months (9 Months)	
	30 Apr 2014	30 Apr 2013	30 Apr 2014	30 Apr 2013
6(a) Based on the weighted average number of ordinary shares on issue	0.010	0.048	0.056	0.161
Weighted average number of ordinary shares (in million)	2,260.14	1,748.52	2,260.14	1,698.11
6(b) On a fully diluted basis	0.010	0.048	0.056	0.161
Weighted average number of ordinary shares (in million)	2,260.14	1,748.52	2,260.14	1,698.11

**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	
	30 Apr 2014	31 Jul 2013	30 Apr 2014	31 Jul 2013
Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in cents)	6.1	8.1	5.5	6.9

Net asset value per ordinary share as at 30 April 2014 is calculated based on the existing issued share capital of 2,447,927,123 ordinary shares outstanding as at 30 April 2014 (31 July 2013: 1,748,519,374).

- 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**

**INCOME STATEMENT**

**Revenue**

Business Activity	3rd Quarter ended (3 months)				Nine-Month (9 Months Ended)			
	30 Apr 14 S\$'mil	30 Apr 13 S\$'mil	+ / (-) S\$'mil	+ / (-) %	30 Apr 14 S\$'mil	30 Apr 13 S\$'mil	+ / (-) S\$'mil	+ / (-) %
Time-sensitive Printing	2.90	4.69	(1.79)	(38.2%)	9.08	13.94	(4.86)	(34.9%)
Print Management (VIP Client)	1.67	1.39	0.28	20.1%	4.27	4.41	(0.14)	(3.2%)
	4.57	6.08	(1.51)	(24.8%)	13.35	18.35	(5.00)	(27.2%)
Other Revenue	0.15	0.14	0.01	7.1%	0.83	0.45	0.38	84.4%
<b>Total Revenue</b>	<b>4.72</b>	<b>6.22</b>	<b>(1.50)</b>	<b>(24.1%)</b>	<b>14.18</b>	<b>18.80</b>	<b>(4.62)</b>	<b>(24.6%)</b>

**Overview**

*For the 3rd Quarter 2014*

For 3Q2014, the Group recorded Revenue of S\$4.7 million, which was S\$1.5 million (24.1%) lower than the S\$6.2 million achieved in 3Q2013 mainly due to the changing trend in the print media industry. Generally, customers are changing their requirements by moving from bulk printing to small volume printing and the condition of the printing industry remains challenging.

Revenue from time-sensitive printing of \$2.9 million in 3Q2014 was \$1.8 million lower than the \$4.7 million achieved in 3Q2013.

Revenue from print management comprises fees earned by managing MNC and VIP clients’ printing and related supply-chain needs. It increased by 20.1% from S\$1.4 million in 3Q2013 to S\$1.7 million in 3Q2014.

**Raw materials and consumables used and changes in inventories of finished goods and work-in-progress**

In 3Q2014, the cost of raw materials and consumables such as paper, films and plates decreased by 47.8% to S\$1.2 million compared to S\$2.3 million in 3Q2013, which was in line with lower sales recorded for the reporting period.

**Gross profit margin**

Gross Profit margin (“GP margin”), net of deducting changes in inventories of finished goods and work-in-progress, increased by approximately 13.1% from 62.5% in the corresponding quarter last year to 75.6% in 3Q2014. The increase was mainly due to the continued shift away from labour-intensive manufacturing industry towards higher margin service industry - print management .

### **Foreign currency**

In 3Q2014, the Group recorded an exchange loss of S\$0.4 million which was S\$0.9 million lower than S\$0.5 million gain in 3Q2013.

This was mainly attributable to the Hong Kong subsidiary, Print Planner (Hong Kong) Limited, in which a significant portion of its receivables were denominated in Renminbi (RMB). The functional currency of the subsidiary is the Hong Kong Dollar (HK\$). The decrease was due to the appreciation of the HK\$ against the RMB during the current financial period.

### **Staff costs**

In 3Q2014, the decrease in staff cost of S\$0.5 million as compared to 3Q2013 was mainly due to reduction in staff strength as a result of restructuring of workflow and production processes.

### **Depreciation**

In 3Q2014, the depreciation expense was lower as compared to the depreciation expense incurred in 3Q2013 due to lesser depreciable assets during the current quarter.

### **Other operating expenses**

In 3Q2014, the Group incurred other operating expenses of S\$1.1 million of which was comparable to 3Q2013.

### **Taxation**

Taxation was not significant for the Group.

## **STATEMENT OF FINANCIAL POSITION**

### **Property, plant and equipment**

The Group's plant and equipment increased by S\$0.5 million from S\$12.1 million as at 31 July 2013 to S\$12.6 million as at 30 April 2014. This increase was mainly due to depreciation charges of S\$1.5 million and offset by purchases of equipment of S\$2.0 million.

### **Project receivables**

The project receivables of S\$8.3 million arise from the Group's joint print project where Xpress manages the print supply chain and our business partners manage the marketing and distribution functions.

### **Trade and other receivables**

Trade receivables decreased by S\$0.9 million from S\$37.8 million as at 31 July 2013 to S\$36.9 million as at 30 April 2014 due to repayment by customers.

Other receivables remained comparable to 31 July 2013.

### **Trade and other payables**

Trade and other payables was S\$8.7 million at as 30 April 2014 which was lower than S\$12.7 million as at 31 July 2013 due to repayment to suppliers.

### **Borrowings**

Interest-bearing borrowings decreased by approximately S\$4.4 million from S\$11.0 million as at 31 July 2013 to S\$6.6 million as at 30 April 2014 mainly due to repayments during the current financial period.

### **REVIEW OF CASH FLOWS**

Net cash generated from operating activities by the Group for 3Q2014 was S\$0.5 million as compared to net cash generated of S\$0.7 million in the corresponding quarter a year ago.

Cash flows used in investing activities in 3Q2014 amounted to S\$0.2 million compared to S\$0.3 million in 3Q2013 mainly due to lower purchases of equipment.

The Group's net cash used in financing activities for 3Q2014 was S\$4.9 million compared to S\$0.2 million generated during 3Q2013 mainly due to repayment of borrowings.

Overall and including currency translation adjustments, the net decrease in cash and cash equivalents in 3Q2014 amounted to S\$3.6 million.

**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**

The printing industry is undergoing major structural changes and the business environment in which the Group operates is becoming increasingly challenging. The impact of these challenges can be seen in the growing number of small, medium and big printers closing down while the operating environment for existing printers has become very challenging due to a sharp slowdown in business, especially in recent months. This has resulted in excess capacity thus leading to aggressive price wars and fierce competition among printers. These developments are taking place in an environment where the space of traditional print media is increasingly encroached upon by non-print media amidst changing consumer trends in favour of non-print media. As a result, the Group has experienced downward pressure on business volume.

Moreover, the availability and cost of credit, especially in China, continues to remain tight and may tighten even further. Coupled with the prevailing economic conditions and operating environment, this has adversely affected and may continue to adversely affect the ability of customers to meet their financial obligations.

In light of the foregoing, the Group expects to continue facing difficult and challenging business and operating conditions.

Nevertheless, the Board notes that the Group has certain advantages such as speed, reliable service and an extensive network over its competitors, most notably its smaller competitors in China.

As the attrition and consolidation in the industry continue amidst such challenging operating conditions, the Group has to operate more productively and offer more value-added services to its customers. In order to meet the challenges facing it, the Group will continue to review and streamline its operations, improve its capabilities and, if necessary, restructure its assets and operations.

The Board of Directors, having considered the above circumstances, decided to critically review the existing debtors' list again, with particular reference to the collectability of the debts, as well as to review the goodwill in the books, with the view to rationalise matters.

**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**

The company wishes to provide an update on the utilisation of the net proceeds from the rights issue of approximately S\$12,818,000 (the “**Net Proceeds**”) 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	(5,194)	510
	12,818	-	(12,308)	510

The utilisation of part of the Net Proceeds for the repayment of existing debts is consistent with the intended use and the percentage allocation as disclosed in the Offer Information Statement dated 14 October 2013.

The company had intended to utilise part of the Net Proceeds amounting to S\$6,800,000 for business development and expansion.

As at the date hereof, the company has utilised an aggregate of S\$3,134,000 for business development and expansion, and it is still in the midst of exploring other business opportunities. As the company had no immediate use for the originally intended purpose of funding the business development and expansion, the company had re-allocated part of the Net Proceeds for general working capital purposes.

The Board had carefully evaluated all the relevant circumstances and deemed it to be in the interest of the company to re-allocate part of the Net Proceeds towards meeting the working capital requirements.

Following the utilisation of the Net Proceeds as stated above and such re-allocation, the balance of the Net Proceeds for general working capital purposes will be S\$510,000.

The company will make further announcement when the balance of the Net Proceeds have been fully utilised.

**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 30 April 2014 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Fong Kah Kuen  
Executive Chairman

15 June 2014