



XPRESS HOLDINGS LTD  
(Incorporated in the Republic of Singapore)  
(Company Registration Number 199902058Z)

**VARIANCES ARISING FROM ADJUSTMENTS, RECLASSIFICATIONS AND REVERSALS BETWEEN AUDITED FINANCIAL STATEMENTS AND THE PRELIMINARY UNAUDITED FULL-YEAR RESULTS ANNOUNCEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

The Board of Directors of Xpress Holdings Ltd (the “**Group**”) refers to its unaudited full year results announcement for the financial year ended 31 July 2014 (“**FY2014**”) released via the SGXNET on 29 November 2014 (“**Preliminary Unaudited Results 2014**”).

Pursuant to Rule 704(6), the Board wishes to announce the reclassification and late audit adjustments to unaudited figures in the Full Year Results Announcements.

Details and explanations of the variances pursuant to Rule 704(6) of the Listing Manual of the SGX-ST are set out below:

**Note (1) – Adjustments, reclassifications and reversals to the consolidated group income statement as follows:**

	Audited S\$'000	Announced S\$'000	Increase/ (Decrease) S\$'000	
Revenue	13,643	17,854	(4,211)	1.1
Cost of sales (Change in inventories of raw materials and consumables; and Raw material and consumables)	(6,763)	(4,769)	1,994	1.2
Other income	1,012	796	216	1.3
Staff costs	(8,349)	(6,995)	1,354	1.4
Other operating expenses	(142,037)	(150,182)	(8,145)	1.5
Exchange (loss)/gain	(214)	203	(417)	1.6
Finance costs	(937)	(664)	273	1.7
Loss after tax	145,647	145,759	(112)	
Reasons:				
1.1 The decrease of \$4.211 million comprise the following:				
			Increase/(Decrease) \$ '000	
Reversal of revenue against trade receivables due to non-fulfilment of sales contract			(3,124)	
Elimination of inter-company transaction			(1,170)	
Other adjustments			83	
			<b>(4,211)</b>	

1.2 Raw material and consumables used - the increase of \$1.994 million comprises the following:

	Increase/(Decrease) \$'000
Write-down of inventories, originally recorded within other operating expenses, reclassified to raw material and consumables used	2,000
Recognition of cost of raw materials and consumables used originally not recorded	902
Elimination of inter-company transaction	(908)
	<b>1,994</b>

1.3 The increase in other income is due to recognition of gain on disposal of plant and equipment.

1.4 The increase in staff costs is due to recognition of payroll and related costs.

1.5 Other Operating Expenses - The decrease of \$8.145 million comprise the following:

	Increase/(Decrease) \$ '000
Fair value reserve reclassified from equity to the income statement to offset the cost of the available-for-sale financial assets in arriving at the net impairment loss on the investment	(5,717)
Write-down of inventories, originally recorded within other operating expenses, reclassified to raw materials and consumables used	(2,000)
Recognition of bank overdraft charges	32
Reduction of impairment loss on plant and equipment as the final assessment based on a valuation report is less than the preliminary estimate	(1,630)
Elimination of inter-company management fee income, originally recorded within other operating expenses	1,170
	<b>(8,145)</b>

1.6 Exchange (loss)/gain – Gain on translation differences arising from monetary items forming part of net investments in foreign operations amounting to \$417,000, originally recorded within exchange (loss)/gain, reclassified to currency translation reserve.

1.7 Finance cost -The increase of \$273 k comprises the following :

	Increase/(Decrease) \$'000
Recognition of interest on borrowings	178
Restatement of interest on borrowings incorrectly eliminated	95
	<b>273</b>

**Note (2) - Variances between the audited and announced Consolidated Statement of Financial Position as follows:**

	Audited S\$'000	Announced S\$'000	Increase/(Decrease) S\$'000
(A) Non-Current Assets	8,069	8,069	-
(B) Current Assets	11,728	6,666	5,062
(C) Non-current Liabilities	736	269	467
(D) Current Liabilities	18,822	12,387	6,435
(E) Equity	239	2,079	(1,840)

**(A) Non-current assets**

Plant and equipment – net effect of audit adjustments is approximately S\$Nil.

	Increase/(Decrease) S\$'000
Reduction of impairment loss on plant and equipment as the final assessment based on a valuation report is less than the preliminary estimate – see note 1.5	1,630
Advances to fixed asset vendor, originally recorded within plant and equipment, reclassified to trade and other receivable – see note 2(B)	(1,500)
Net book value of the plant and equipment disposed	(130)
<b>Net adjustment to Non-current assets</b>	<b>Nil</b>

**(B) Current assets**

	Increase/(Decrease) S\$'000
<u>Inventories</u>	
Write-down of inventories not updated to management accounts is corrected upon consolidation – see note 2(E)	<b>(642)</b>
<u>Trade receivables</u>	
Reversal of revenue against trade receivables due to non-fulfilment of sales contract – see note 1.1	(3,124)
Recognition of translation differences arising from translation of financial statements of foreign operations – see note 2(E)	7,260
Restatement of other receivable incorrectly offset against other payables – see note 2(D)	789
Elimination of inter-company management fee income – see note 1.5	(1,170)
Advances to fixed asset vendor, originally recorded within plant and equipment, reclassified to trade and other receivable – see note 2 (A)	1,500
Recognition of proceeds receivable from disposal of plant and equipment	310
Accrual of interest on borrowings – see note 1.7	(178)
Others	26
	<b>5,413</b>
<u>Cash and cash equivalents</u>	
Cash balance, recorded with borrowings, reclassified to cash and cash equivalents – see note 2(D)	321
Others	(30)
	<b>291</b>
<b>Net adjustments to Current assets</b>	<b>5,062</b>

**(C) Non-current liabilities - Finance lease liabilities**

	Increase/(Decrease) S\$'000
Hire purchase creditors, originally recorded within trade and Other Payables, reclassified to finance lease liabilities – see note 2(D)	<b>467</b>

**(D) Current liabilities**

	Increase/(Decrease) S\$'000
<u>Trade and other payables</u>	
Hire purchase creditors, originally recorded within trade and Other Payables, reclassified to finance lease liabilities (Non-current liabilities– note 2(c))	(467)
Hire purchase creditors, originally recorded within trade and other payables, reclassified to finance lease liabilities (Current liabilities – #)	(333)
Loans, originally recorded within trade and other payables, reclassified to borrowings (Current liabilities - *)	(1,024)
Differences arising from inter-company balances elimination in that should have been charged to the income statement instead of trade and other payables – see note 2(E)	3,180
Accrual of cost of raw materials and consumables used originally not recorded – see note 1.2	902
Accrual of payroll and related costs – see note 1.4	1,354
Elimination of inter-company transaction	261
Restatement of interest on borrowings incorrectly eliminated – see note 1.7	95
Restatement of other receivable incorrectly offset against other payables – see note 2(B)	789
	<b>4,757</b>
<u>Borrowings</u>	
Loans, originally recorded within trade and other payables, reclassified to borrowings (*)	1,024
Cash balance, recorded with borrowings, reclassified to cash and cash equivalents – see note 2(B)	321
	<b>1,345</b>
<u>Finance lease liabilities</u>	
Hire purchase creditors, originally recorded within trade and other payables, reclassified to finance lease liabilities (#)	<b>333</b>
<b>Net adjustments on Current Liabilities</b>	<b>6,435</b>

**(E) Equity**

	Increase/(Decrease) S\$'000
<u>Fair value reserve</u>	
Fair value reserve reclassified from equity to the income statement to offset the cost of the available-for-sale financial assets in arriving at the net impairment loss on the investment See note 1.5	<b>(5,717)</b>
<u>Currency translation reserve</u>	
Gain on translation differences arising from monetary items forming part of net investments in foreign operations, originally recorded within exchange (loss)/gain, reclassified to currency translation reserve. – see note 1.6	417
Recognition of translation differences arising from translation of financial statements of foreign operations – see note 2(B)	7,260
	<b>7,677</b>
<u>Accumulated losses</u>	
Write-down of inventories not updated to management accounts is corrected upon consolidation – see note 2(B)	(642)
Differences arising from inter-company balances elimination that should have been charged to the income statement instead of trade and other payables – see note 2(D)	(3,180)
Others	20
	<b>(3,802)</b>
<u>Non-controlling interests</u>	<b>2</b>
<b>Net adjustment to Equity</b>	<b>(1,840)</b>

**Note 3 - Adjustment to cash flow statement in the Full Year Results Announcement as follow:**

	Audited Results	Unaudited Results	Increase/(Decrease)	
	S\$'000	S\$'000	S\$'000	Note
Net cash generated from operations	(9,347)	(593)	(8,754)	<b>CF1</b>
Net cash generated from investing	(210)	(2,463)	2,253	<b>CF2</b>
Net cash generated from financing	12,155	2,015	10,140	<b>CF3</b>

CF1. The net impact of changes in cash generated from operations was mainly due to the reclassification/adjustments on non-cash items and changes in working capital items stated in note 1, 2(B) and 2(D) above.

CF2. The main differences arising from investing activities are due to the S\$1.5 million reclassification of plant and equipment as stated in note 2(A), S\$0.31 million sales proceed from disposal of plant and equipment (note 2(B)) and a S\$0.44 million which is an inter-company transfer of plant equipment taken up as plant and equipment addition.

CF3. The main differences are arising from repayment of loan S\$3.9 million and a S\$5.9 million reversal of fixed deposit pledge during the year due to the discharge of borrowings.

By Order of the Board  
**XPRESS HOLDINGS LTD**

Fong Kah Kuen @ Foong Kah Kuen  
Non-Executive Director  
6 February 2015