

XPRESS HOLDINGS LTD

(Registration No. 199902058Z)



Half Year Financial Statement And Dividend Announcement For The Financial Period Ended 31 January 2008

The Board of Directors of Xpress Holdings Ltd is pleased to announce the consolidated results for the financial period ended 31 January 2008. The figures presented below have not been audited or reviewed by the auditors of the Company.

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

	Note	1ST HALF-YEAR		Increase / (decrease) %
		1 Aug 2007 to 31 Jan 2008	1 Aug 2006 to 31 Jan 2007	
		\$'000	\$'000	
Revenue		26,379	14,371	83.6 %
Other income	2	3,251	460	606.7 %
Total Revenue		29,630	14,831	99.8 %
Costs and expenses				
Changes in inventories of finished goods and work-in-progress		206	336	(38.7)%
Raw materials and consumables used		(12,784)	(5,262)	142.9 %
Staff costs		(6,028)	(4,988)	20.9 %
Depreciation		(1,382)	(1,125)	22.8 %
Foreign currency (losses) / gain		(366)	61	N.M.
Other operating expenses		(4,629)	(3,103)	49.2 %
Finance costs	3	(413)	(92)	348.9 %
Share of associate's results	4	238	892	(73.3)%
Profit before taxation	5	4,472	1,550	188.5 %
Income tax	6	(91)	51	N.M.
Net profit for the period		4,381	1,601	173.6 %
Attributable to:				
Equity holders of the parent	1	4,392	1,643	167.3 %
Minority interests		(11)	(42)	(73.8)%
Net profit for the period		4,381	1,601	173.6 %

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

Note 1 Net profit attributable to equity holders of the Company comprises the following:

	1 Aug 2007 to 31 Jan 2008	1 Aug 2006 to 31 Jan 2007	Increase / (decrease)
Note	\$'000	\$'000	%
Profit from operations	1,395	788	77.0 %
Exceptional gains:			
Gain from disposal of a leasehold building	2,997	-	N.M.
Gain from sale of short-term quoted securities by associate	-	855	N.M.
Total	4,392	1,643	167.3 %

Note 2 Other income comprises the following:

	1 Aug 2007 to 31 Jan 2008	1 Aug 2006 to 31 Jan 2007	Increase / (decrease)
Note	\$'000	\$'000	%
Gain on disposal of a leasehold building in Singapore	2,997	-	N.M.
Rental income	145	108	34.3 %
Interest income on bank deposits	32	61	(47.5)%
Miscellaneous income	77	291	(73.5)%
Total	3,251	460	606.7 %

Note: N.M. – Not meaningful

Note 3 Finance costs comprise the following:

	1 Aug 2007 to 31 Jan 2008	1 Aug 2006 to 31 Jan 2007	Increase / (decrease)
	\$'000	\$'000	%
Interest paid and payable to banks for:			
- overdrafts	(17)	(5)	240.0 %
- term loans	(140)	(69)	102.9 %
- convertible bonds	(235)	-	N.M.
Hire purchase interest	(21)	(18)	16.7 %
Total	(413)	(92)	348.9 %

Note 4 Share of associate's results comprises the following:

Note	1 Aug 2007 to 31 Jan 2008	1 Aug 2006 to 31 Jan 2007	Increase / (decrease)
	\$'000	\$'000	%
	238	37	543.2 %
Net profit before exceptional gain			
Exceptional gain from sale of short-term quoted securities	-	855	N.M.
Total	238	892	(73.3)%

Note: N.M. – Not meaningful

Note 5 Profit before taxation is stated after charging the following:

	1 Aug 2007 to 31 Jan 2008	1 Aug 2006 to 31 Jan 2007	Increase / (decrease)
	<u>\$'000</u>	<u>\$'000</u>	%
Property, plant and equipment written off	-	(16)	N.M.
Loss on disposal of other property, plant and equipment	(3)	-	N.M.
Allowance made for doubtful receivables (net)	(200)	-	N.M.
Bad debts written off	(71)	(36)	97.2 %

Note 6 The adjustment for under or over provision of tax in respect of prior years are as follows:

	1 Aug 2007 to 31 Jan 2008	1 Aug 2006 to 31 Jan 2007
	<u>\$'000</u>	<u>\$'000</u>
Over-provision of current tax in respect of prior years	-	252

Note: N.M. – Not meaningful

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

	Group		Company	
	31 Jan 2008	31 Jul 2007	31 Jan 2008	31 Jul 2007
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	11,928	20,477	590	396
Goodwill on consolidation	64,484	64,484	-	-
Investments in subsidiaries	-	-	78,734	78,637
Interest in associate	8,343	8,105	6,122	6,122
Available-for-sale financial assets	348	366	-	-
Deferred tax assets	24	24	24	24
	<u>85,127</u>	<u>93,456</u>	<u>85,470</u>	<u>85,179</u>
Current assets				
Inventories	444	238	-	-
Trade and other receivables	30,611	22,941	405	672
Trade amount due from subsidiaries	-	-	15,268	5,638
Trade amount due from a related party	-	-	-	2
Non-trade amount due from related parties	-	540	-	-
Cash and cash equivalents	15,238	3,323	1,164	321
	<u>46,293</u>	<u>27,042</u>	<u>16,837</u>	<u>6,633</u>
Total assets	<u>131,420</u>	<u>120,498</u>	<u>102,307</u>	<u>91,812</u>
Equity attributable to equity holders of the parent				
Share capital	88,285	88,272	88,285	88,272
Reserves	951	(41)	1,857	135
Accumulated profits	16,732	14,001	392	2,537
	<u>105,968</u>	<u>102,232</u>	<u>90,534</u>	<u>90,944</u>
Minority interests	380	400	-	-
Total equity	<u>106,348</u>	<u>102,632</u>	<u>90,534</u>	<u>90,944</u>
Non-current liabilities				
Interest-bearing borrowings	10,702	3,296	10,702	-
Obligations under finance lease	688	299	293	118
Deferred tax liabilities	1,634	1,634	-	-
	<u>13,024</u>	<u>5,229</u>	<u>10,995</u>	<u>118</u>
Current liabilities				
Trade and other payables	10,160	6,764	585	549
Non-trade amount due to subsidiaries	-	-	134	179
Interest-bearing borrowings	-	3,983	-	-
Amount due to a related party	-	23	-	-
Obligations under finance lease	364	356	59	22
Current tax payable	1,524	1,511	-	-
	<u>12,048</u>	<u>12,637</u>	<u>778</u>	<u>750</u>
Total liabilities	<u>25,072</u>	<u>17,866</u>	<u>11,773</u>	<u>868</u>
Total equity and liabilities	<u>131,420</u>	<u>120,498</u>	<u>102,307</u>	<u>91,812</u>

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 Jan 2008		As at 31 Jul 2007	
Secured	Unsecured	Secured	Unsecured
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
364	-	4,339	-

Amount repayable after one year

As at 31 Jan 2008		As at 31 Jul 2007	
Secured	Unsecured	Secured	Unsecured
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
688	10,702	3,595	-

Details of any collateral

Secured borrowings at 31 January 2008 refer to obligations under finance lease that are secured by the respective motor vehicles and machinery purchased under finance leases.

The unsecured borrowings at 31 January 2008 represent convertible bonds issued by the company on 4 September 2007. Details of the convertible bonds are set out in Note 1(d)(ii) to the results announcement.

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

Note	Group	
	31 Jan 2008	31 Jan 2007
	\$'000	\$'000
Operating activities		
Profit before taxation	4,472	1,550
Adjustments for:		
Interest expense	413	149
Interest income	(32)	(88)
Depreciation of property, plant and equipment	1,382	1,125
Property, plant and equipment written off	-	(16)
Share of results of an associate	(238)	(892)
Investments written off	-	(1)
Gain on disposal of property, plant and equipment, net	(2,994)	-
Share option expense	105	64
Operating profit before working capital changes	3,108	1,891
Changes in working capital:		
Inventories	(206)	(336)
Trade and other receivables	(7,130)	(931)
Trade and other payables	3,396	(1,118)
Cash used in operations	(832)	(494)
Income tax paid	(78)	(95)
Cash flows used in operating activities	(910)	(589)
Investing activities		
Interest received	32	88
Purchase of property, plant and equipment	(3,148)	(1,175)
Proceeds from sale of property, plant and equipment, net	13,843	2
Cash flows generated from / (used in) investing activities	10,727	(1,085)
Financing activities		
Interest paid	(391)	(149)
Repayment of hire purchase instalments, net	(183)	(249)
Proceeds from convertible loan, net	12,320	-
Repayment of interest-bearing loans & borrowings	(3,631)	(918)
Proceeds from issue of shares	13	16
Due to a related party	(23)	(1,532)
Dividend paid	(1,661)	-
Cash flows generated from / (used in) financing activities	6,444	(2,832)
Net increase / (decrease) in cash and cash equivalents	16,261	(4,506)
Cash and cash equivalents at beginning of the year	(327)	7,543
Effect of exchange rate changes on balances held in foreign currencies	(696)	(135)
Cash and cash equivalents at end of the period	15,238	2,902

A

Note to the consolidated statement of cash flows

Note A. Cash and cash equivalents comprise the following:

	Group	
	31 Jan 2008	31 Jan 2007
	\$'000	\$'000
Cash in hand and at bank	15,238	3,577
Bank overdrafts (secured)	-	(675)
Cash and cash equivalents in consolidated statement of cash flows	15,238	2,902

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

	Group		Company	
	31 Jan 2008	31 Jan 2007	31 Jan 2008	31 Jan 2007
	\$'000	\$'000	\$'000	\$'000
SHARE CAPITAL				
Balance at beginning of year	88,272	75,738	88,272	75,738
Issue of shares under share option scheme	13	15	13	15
Balance at end of the period	88,285	75,753	88,285	75,753
RESERVES				
Equity component of convertible bond				
Balance at beginning of year	-	-	-	-
Issue of convertible bond	1,617	-	1,617	-
Balance at end of the period	1,617	-	1,617	-
Currency translation reserve				
Balance at beginning of year	(176)	145	-	-
Translation differences relating to financial statements of foreign subsidiaries	(730)	(145)	-	-
Net expense recognised directly in equity	(730)	(145)	-	-
Balance at end of the period	(906)	-	-	-
Share option reserve				
Balance at beginning of year	135	-	135	-
Share option expense	105	64	105	64
Balance at end of the period	240	64	240	64
Dividend reserve				
Balance at beginning of year	-	1,035	-	1,035
Dividend proposed	-	-	-	-
Dividend paid	-	-	-	-
Balance at end of the period	-	1,035	-	1,035
TOTAL RESERVES	951	1,099	1,857	1,099
ACCUMULATED PROFITS				
Balance at beginning of year	14,001	6,940	2,537	2,133
Dividend paid	(1,661)	-	(1,661)	-
Net profit for the period	4,392	1,643	(484)	137
Balance at end of the period	16,732	8,583	392	2,270
TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	105,968	85,435	90,534	79,122
MINORITY INTEREST				
Balance at beginning of year	400	489	-	-
Currency translation differences	(9)	-	-	-
Net expense recognised directly in equity	(9)	-	-	-
Net losses for the period	(11)	(42)	-	-
Balance at end of the period	380	447	-	-
TOTAL EQUITY	106,348	85,882	90,534	79,122

- 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.**

Share Capital

During the financial period ended 31 January 2008, a total of 274,000 new ordinary shares were issued at prices ranging from S\$0.283 to S\$0.733 per share upon the exercise of share options by employees granted under the Xpress Holdings Executives' Share Option Scheme 2001.

Convertibles

i. Convertible Bonds

On 4 September 2007, the Company completed the issue of the Tranche 1 bonds issue (the "**Bonds Issue**") to Credit Suisse (Singapore) Limited ("**Credit Suisse (Singapore)**") (the "**Purchaser**") of the direct, unconditional and unsubordinated 1.0 per cent convertible bonds due in 2011 of an aggregate principal amount of up to \$12,500,000 (the "**Tranche 1 Bonds**"). Pursuant to the terms and conditions of the Subscription Agreement, the Purchaser has granted the Company an option to issue to Credit Suisse (Singapore) up to a further \$12,500,000 in aggregate principal amount of direct, unconditional and unsubordinated 1.0 per cent convertible bonds (the "**Tranche 2 Bonds**") which together with the Tranche 1 Bonds, is collectively known as the "**Bonds**". Such option may be exercised by the Company once only during the 60 day period beginning from the date of conversion of the last of the Tranche 1 Bonds.

Pursuant to the terms and conditions of the said Subscription Agreement, the Adjusted Conversion Price ("**ACP**") for the Tranche 1 Bonds as at 31 January 2008 is S\$0.111 per share. Based on the ACP of S\$0.111 per share, the outstanding Tranche 1 Bonds in aggregate principal amount of S\$12,500,000 can be converted into 112,612,612 ordinary shares of the Company.

In connection with the proposed Bonds Issue, the Company has also granted Credit Suisse (Singapore) a right (the "**Right of Allotment of Additional Shares**") under each above-mentioned tranches of bonds to subscribe for additional new shares in the capital of the Company.

As at 31 January 2008, the number of additional new shares under Tranche 1 Bonds to be issued pursuant to the Right of Allotment of Additional Shares will be up to 7,594,168 Shares. The Right of Allotment of Additional Shares under Tranche 2 Bonds has not come into effect because the Company has not exercised its rights to issue the Tranche 2 Bonds to the Purchaser.

ii. 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.

As at 31 January 2008, there were 10,036,000 outstanding share options which would entitle the holders to subscribe for a total of 10,036,000 ordinary shares of the Company (31 January 2007: 8,165,000) at a weighted average exercise price of S\$0.155 per share.

Save as disclosed above, the Company have no other outstanding convertibles and treasury shares as at 31 January 2008 and 31 January 2007.

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 excluding treasury shares as at 31 January 2008 was 1,384,519,374 (31 July 2007: 1,384,245,374).

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 same accounting policies and methods of computation as in the FY2007 audited annual financial statements have been applied for the current reporting period except for the following Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that became effective for financial years beginning on or after 1 January 2007 and which were applicable to the Group:

- a. Amendments to FRS 1 – Presentation of Financial Statements: Capital disclosures
- b. FRS 107 – Financial Instruments: Disclosures
- c. INT FRS 110 – Interim Financial reporting and impairment

The adoption of FRS 107 will result in expansion of the disclosure of the Group's full year financial statements regarding the Group's financial instruments. The full year financial statements will also disclose the Group's policies and processes for managing capital as required by amendments to FRS 1.

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

Refer to item 4.

- 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	
	31 Jan 2008	31 Jan 2007
(a) Based on the weighted average number of ordinary shares on issue	0.32	0.13
(b) On a fully diluted basis	0.32	0.13

Earnings per share for the financial period ended 31 January 2008 is computed based on the weighted average number of ordinary shares in issue during the period of 1,384,439,385.

Diluted earnings per share for the financial period ended 31 January 2008 is computed based on the adjusted weighted average number of ordinary shares in issue during the period of 1,385,417,227.

- 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 2008	31 Jul 2007	31 Jan 2008	31 Jul 2007
Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in cents)	7.7	7.4	6.5	6.6

Net asset value per ordinary share as at 31 January 2008 is calculated based on the existing issued share capital of 1,384,519,374 ordinary shares outstanding as at 31 January 2008 (31 July 2007: 1,384,245,374).

- 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

Overview

Profit attributable to shareholders rose by approximately S\$2.7 million or 167.3% from S\$1.6 million in the first half of our previous Financial Year (6 months ended 31 January 2007 ("1H2007")) to S\$4.4 million in first half of our current Financial Year (6 months ended 31 January 2008 ("1H2008")) mainly due to strong operational results and an one-off exceptional gain from the disposal of a building.

Revenue from operations

Business Activity	1H2008 S\$'mil	1H2007 S\$'mil	+ / (-) S\$'mil	+ / (-) %
Financial Printing	9.8	5.9	3.9	66.1%
Commercial Printing (f.k.a. "General Printing")	14.3	8.0	6.3	78.8%
Print Management and Consultancy	1.7	0.0	1.7	N.M.
Others	0.6	0.5	0.1	20.0%
	26.4	14.4	12.0	83.6%

Revenue from operations grew by approximately S\$12.0 million or a notable 83.6% in 1H2008 compared to 1H2007. This growth was due to a strong performance by every department and product lines in the Group as shown in the table above.

The growth, in dollar terms, was the greatest in Commercial Printing of approximately S\$6.3 million. The growth from Commercial Printing accounted for 52.5% of total revenue growth. The strong growth in Commercial Printing was mainly due to the China market. In fact, the China market as a whole accounted for approximately S\$9.3 million or 77.5% of total revenue growth.

Revenue from other income

Revenue from other income increased by a significant S\$2.79 million or approximately 606.7% to S\$3.25 million in 1H2008 as compared to S\$0.46 million in 1H2007. This was mainly due to the one-off gain of approximately S\$3 million on the disposal of the Group's leasehold building situated at 1 Kallang Way 2A Singapore 347495 to MacarthurCook Industrial Real Estate Investment Trust ("MacarthurCook"), a trust whose units are listed on SGX-ST. Our building was sold for S\$14.0 million.

Raw materials and consumables used

Raw materials and consumables in the context of our business refer mainly to paper, and to a much lesser extent films and plates, used in production. The increase by approximately S\$7.5 million or 142.9% from S\$5.3 million in 1H2007 to S\$12.8 million in 1H2008 was mainly due to the increase in revenue from Commercial Printing.

Gross profit margin

Our gross profit margin, net of deducting changes in inventories, raw material and consumables, fell by approximately 13.4 percentage points from 65.7% in 1H2007 to 52.3% in 1H2008 mainly due to changes in revenue mix. Commercial Printing enjoys lower gross profit margin compared to other product lines offered by the Group.

Staff costs

Staff costs increased by approximately S\$1.0 million or 20.9% from S\$5.0 million in 1H2007 to S\$6.0 million in 1H2008. This was mainly due to bonus payouts to key performing employees and an increase in our headcount to cope with our expanded operations in Singapore and China.

Foreign currency (losses) / gain

The Group suffered a net foreign exchange loss of approximately S\$366,000 in 1H2008 mainly due to the weak HK\$ (which is pegged to the US\$) against S\$ in 1H2008. The losses arose from S\$-denominated trade invoices that were invoiced to customers in Hong Kong but who paid in HK\$.

Other operating expenses

Other operating expenses increased by approximately S\$1.5 million or 49.2% from S\$3.1 million in 1H2007 to S\$4.6 million in 1H2008. This was mainly due to higher: marketing and travelling expenses incurred in new business development and strengthening our operations in our existing markets; legal fees and other professional fees; and allowances made for doubtful receivables. In addition, our wholly-owned subsidiary, Xpress Print (Shenzhen) Co. Ltd. which was incorporated in December 2006, booked a full 6 months expenses in 1H2008 as compared to a slightly less than 2 months in 1H2007.

Finance costs

Finance costs increased by approximately S\$321,000 or 348.9% from approximately S\$92,000 in 1H2007 to S\$413,000 in 1H2008. This was mainly due to the interest expense on the liability component of the convertible bonds issued to Credit Suisse on 4 September 2007. Based on FRS 32 and 39, when convertible bonds are issued, the liability component (including any embedded derivative feature) and the equity component are separately presented in the financial statement. The liability component is recognised at its fair value determined using a market interest rate for existing borrowings and subsequently carried at an amortised cost until the liability is extinguished on conversion or redemption of the bonds.

Share of associate's results

Share of our associate, Shenzhen Jiaxinda's results declined by approximately S\$0.65 million or 73.3% from S\$0.89 million in 1H2007 to S\$0.24 million in 1H2008 mainly due to the one-off exceptional gain from disposals of their short-term quoted securities in the open market in 1H2007 and which was not repeated in 1H2008.

If we only consider our share of Shenzhen Jiaxinda's ("SJ") net profit before such exceptional gain, SJ's net profit would have improved by approximately S\$201,000 or a significant 543.2% from S\$37,000 in 1H2007 to S\$238,000 in 1H2008 mainly due to the strong growth in its operation.

Balance Sheet

Property, plant and equipment

Property, plant and equipment decreased by approximately S\$8.6 million from S\$20.5 million as at 31 July 2007 to S\$11.9 million as at 31 January 2008 mainly due to the recent sale of our leasehold building by our wholly-owned subsidiary, Xpress Print (Pte) Ltd to MacarthurCook on 30 January 2008.

Trade and other receivables

Trade and other receivables increased by approximately S\$7.1 million from S\$23.5 million as at 31 July 2007 to S\$30.6 million as at 31 January 2008. This was mainly due to the strong and buoyant sales by our 2 wholly-owned China subsidiaries, Xpress Print (Shenzhen) Co., Ltd ("XPSZ") and the Precise Media Group of companies ("PMG"). Together, XPSZ and PMG accounted for approximately 59.1% or S\$15.6 million of the total revenue from operations in 1H2008.

Cash and cash equivalents

Cash and cash equivalents increased by approximately S\$11.9 million from S\$3.3 million as at 31 July 2007 to S\$15.2 million as at 31 January 2008 mainly due to net proceeds received from the sale of property, plant and equipment on 30 January 2008 and the issuance of convertible bonds to Credit Suisse on 4 September 2007. The inflow of monies from these sources was partly offset by monies used to buy new printing machines for our expanded operation in China and the repayment of outstanding interest-bearing borrowings from bank.

Interest-bearing borrowings

Interest-bearing borrowings as at 31 July 2007 amounted to approximately S\$10.7 million and comprised solely of the liability component of the S\$12.5 million convertible bonds issued to Credit Suisse on 4 September 2007. It was accounted for based on FRS 32 and 39 which requires the Company to recognize the liability component of the convertible bonds at its fair value determined using a market interest rate for existing borrowings and subsequently carried at an amortised cost until the liability is extinguished on conversion or redemption of the bonds. The difference between the proceeds of the bond issue and the fair value of the liability component of the convertible bonds (including any embedded derivative feature) is the equity component and reflected as part of the reserves of the Company.

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

In our results announcement on 17 September 2007 for the financial year ended 31 July 2007, the Board of Directors stated that the outlook of the financial printing industry in China will continue to be positive despite strong local and foreign competition. The Group planned to further expand its facilities and step up its marketing across the whole of our range of products. The Group stated then that it believed that these moves should help the Group to be more competitive and to grow further in the new financial year.

The financial performance of the Group for the first half of the financial period ended 31 January 2008 is in line with the above prospect statement.

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

Despite the current volatility in the capital markets, rising standards in China (due to regulator and investor expectations) is likely to generate further growth in our segment of the market. Notwithstanding our current success, the Group's market share in China remains modest. Given the Group's initiative over the past 12 months, management believes that the Group is well positioned to capitalize on such growth and to further expand market share in China.

Barring unforeseen circumstances, the Board of Directors continues to believe that results for the financial year ending 31 July 2008 will be better than that of FY2007.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? **Nil**

Name of Dividend : Not applicable
 Dividend Type : Not applicable
 Dividend Amount per Share (in cents) : Not applicable
 Tax Rate : Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **Nil**

Name of Dividend : Not applicable
 Dividend Type : Not applicable
 Dividend Amount per Share (in cents) : Not applicable
 Tax Rate : Not applicable

(c) Date payable

Not applicable

(d) Books 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 ended 31 January 2008.

13 Interested Person Transactions

<u>Name of interested person</u>	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	\$'000	\$'000
	nil	nil

14 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 2008 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Poh Eng Seng
Chief Executive Officer

10 March 2008