

XPRESS HOLDINGS LTD
(Registration No. 199902058Z)



Financial Statement And Dividend Announcement
Third Quarter And Nine Months Ended 30 April 2008

The Board of Directors of Xpress Holdings Ltd is pleased to announce the consolidated results for the financial period ended 30 April 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	3 MONTHS ENDED			9 MONTHS ENDED		
		30 Apr 2008	30 Apr 2007	Increase / (decrease)	30 Apr 2008	30 Apr 2007	Increase / (decrease)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		16,815	9,825	71.1 %	43,194	24,196	78.5 %
Other income	2	135	145	(6.9)%	3,386	605	459.7 %
Total Revenue		16,950	9,970	70.0 %	46,580	24,801	87.8 %
Costs and expenses							
Changes in inventories of finished goods and work-in-progress		(72)	(590)	(87.8)%	134	(254)	N.M.
Raw materials and consumables used		(8,223)	(3,931)	109.2 %	(21,007)	(9,193)	128.5 %
Staff costs		(2,910)	(2,857)	1.9 %	(8,938)	(7,845)	13.9 %
Depreciation		(561)	(590)	(4.9)%	(1,943)	(1,715)	13.3 %
Foreign currency losses		(174)	(161)	8.1 %	(540)	(100)	440.0 %
Other operating expenses		(2,463)	(1,128)	118.4 %	(7,092)	(4,231)	67.6 %
Finance costs	3	(157)	(65)	141.5 %	(570)	(157)	263.1 %
Share of associate's results	4	25	319	(92.2)%	263	1,211	(78.3)%
Profit before taxation	5	2,415	967	149.7 %	6,887	2,517	173.6 %
Income tax	6	13	(72)	N.M.	(78)	(21)	271.4 %
Net profit for the period		2,428	895	171.3 %	6,809	2,496	172.8 %
Attributable to:							
Equity holders of the parent	1	2,420	925	161.6 %	6,812	2,568	165.3 %
Minority interests		8	(30)	N.M.	(3)	(72)	(95.8)%
Net profit for the period		2,428	895	171.3 %	6,809	2,496	172.8 %

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:

Note	3 MONTHS ENDED			9 MONTHS ENDED		
	30 Apr 2008	30 Apr 2007	Increase / (decrease)	30 Apr 2008	30 Apr 2007	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit from operations	2,420	925	161.6 %	3,815	1,713	122.7 %
Exceptional gains:						
Gain from disposal of a leasehold building	2	-	N.M.	2,997	-	N.M.
Gain from sale of short-term quoted securities by associate	4	-	N.M.	-	855	N.M.
Total	2,420	925	161.6 %	6,812	2,568	165.3 %

Note 2 Other income comprises the following:

Note	3 MONTHS ENDED			9 MONTHS ENDED		
	30 Apr 2008	30 Apr 2007	Increase / (decrease)	30 Apr 2008	30 Apr 2007	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Gain on disposal of a leasehold building in Singapore	1	-	N.M.	2,997	-	N.M.
Rental income	63	64	(1.6)%	208	172	20.9 %
Interest income on bank deposits	26	9	188.9 %	58	70	(17.1)%
Miscellaneous income	46	72	(36.1)%	123	363	(66.1)%
Total	135	145	(6.9)%	3,386	605	459.7 %

Note: N.M. – Not meaningful

Note 3 Finance costs comprise the following:

	3 MONTHS ENDED			9 MONTHS ENDED		
	30 Apr 2008	30 Apr 2007	Increase / (decrease)	30 Apr 2008	30 Apr 2007	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest paid and payable to banks for:						
- overdrafts	-	(12)	N.M.	(17)	(17)	- %
- term loans	-	(44)	N.M.	(140)	(113)	23.9 %
- convertible bonds	(143)	-	N.M.	(378)	-	N.M.
Hire purchase interest	(14)	(9)	55.6 %	(35)	(27)	29.6 %
Total	(157)	(65)	141.5 %	(570)	(157)	263.1 %

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

	Note	3 MONTHS ENDED			9 MONTHS ENDED		
		30 Apr 2008	30 Apr 2007	Increase / (decrease)	30 Apr 2008	30 Apr 2007	Increase / (decrease)
		\$'000	\$'000	%	\$'000	\$'000	%
Net profit before exceptional gain		25	319	(92.2)%	263	356	(26.1)%
Exceptional gain from sale of short-term quoted securities	1	-	-	N.M.	-	855	N.M.
Total		25	319	(92.2)%	263	1,211	(78.3)%

Note: N.M. – Not meaningful

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

	3 MONTHS ENDED			9 MONTHS ENDED		
	30 Apr 2008	30 Apr 2007	Increase / (decrease)	30 Apr 2008	30 Apr 2007	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Property, plant and equipment written off	(10)	(2)	400.0 %	(10)	(18)	(44.4)%
Loss on disposal of other property, plant and equipment	-	-	N.M.	(3)	-	N.M.
Allowance reversed / (made) for doubtful receivables (net)	54	(118)	N.M.	(146)	(154)	(5.2)%
Bad debts written off	(10)	-	N.M.	(81)	-	N.M.

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 Apr 2008	30 Apr 2007	30 Apr 2008	30 Apr 2007
	\$'000	\$'000	\$'000	\$'000
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	
	30 Apr 2008	31 Jul 2007	30 Apr 2008	31 Jul 2007
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	14,826	20,477	569	396
Goodwill on consolidation	64,484	64,484	-	-
Investments in subsidiaries	-	-	78,733	78,637
Interest in associate	8,368	8,105	6,122	6,122
Non-current receivables	-	-	3,718	-
Available-for-sale financial assets	333	366	-	-
Deferred tax assets	24	24	24	24
	88,035	93,456	89,166	85,179
Current assets				
Inventories	372	238	-	-
Trade and other receivables	35,480	22,941	379	672
Trade amount due from subsidiaries	-	-	5,852	2,938
Trade amount due from a related party	-	-	-	2
Non-trade amount due from related parties	-	540	630	2,700
Cash and cash equivalents	12,435	3,323	7,455	321
	48,287	27,042	14,316	6,633
Total assets	136,322	120,498	103,482	91,812
Equity attributable to equity holders of the parent				
Share capital	88,285	88,272	88,285	88,272
Reserves	(77)	(41)	1,861	135
Accumulated profits	19,162	14,001	1,222	2,537
	107,370	102,232	91,368	90,944
Minority interests	389	400	-	-
Total equity	107,759	102,632	91,368	90,944
Non-current liabilities				
Interest-bearing borrowings	10,773	3,296	10,773	-
Obligations under finance lease	591	299	279	118
Deferred tax liabilities	1,634	1,634	-	-
	12,998	5,229	11,052	118
Current liabilities				
Trade and other payables	10,365	6,764	482	549
Trade amount due to subsidiaries	-	-	6	115
Non-trade amount due to subsidiaries	-	-	445	64
Interest-bearing borrowings	3,302	3,983	73	-
Amount due to a related party	-	23	-	-
Obligations under finance lease	363	356	56	22
Current tax payable	1,535	1,511	-	-
	15,565	12,637	1,062	750
Total liabilities	28,563	17,866	12,114	868
Total equity and liabilities	136,322	120,498	103,482	91,812

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 2008		As at 31 Jul 2007	
Secured	Unsecured	Secured	Unsecured
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
3,593	72	4,339	-

Amount repayable after one year

As at 30 Apr 2008		As at 31 Jul 2007	
Secured	Unsecured	Secured	Unsecured
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
591	10,773	3,595	-

Details of any collateral

Secured borrowings at 30 April 2008 mainly refer to the following:

- a. obligations under finance leases amounting to S\$0.95m that are secured by the respective motor vehicles and machinery purchased under finance leases and;
- b. short-term loans amounting to S\$3.23m secured by a charge over cash and bank balances of Rmb 2.0m (S\$0.39m).

The unsecured borrowings at 30 April 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	
	30 Apr 2008	30 Apr 2007
	\$'000	\$'000
Operating activities		
Profit before taxation	6,887	2,517
Adjustments for:		
Interest expense	570	157
Interest income	(58)	(70)
Depreciation of property, plant and equipment	1,943	1,715
Property, plant and equipment written off	10	18
Share of results of an associate	(263)	(1,211)
Gain on disposal of property, plant and equipment, net	(2,994)	-
Share option expense	118	64
Operating profit before working capital changes	6,213	3,190
Changes in working capital:		
Inventories	(134)	(82)
Trade and other receivables	(11,999)	(4,320)
Trade and other payables	3,601	(1,053)
Cash used in operations	(2,319)	(2,265)
Income tax paid	(78)	(57)
Cash flows used in operating activities	(2,397)	(2,322)
Investing activities		
Interest received	58	70
Purchase of property, plant and equipment	(6,890)	(1,623)
Proceeds from sale of property, plant and equipment, net	13,981	-
Cash flows generated from / (used in) investing activities	7,149	(1,553)
Financing activities		
Interest paid	(198)	(128)
Repayment of hire purchase instalments, net	(294)	(375)
Proceeds from convertible loan, net	12,125	-
Proceeds from interest-bearing loans & borrowings	3,273	2,000
Repayment of interest-bearing loans & borrowings	(3,630)	(1,409)
Proceeds from issue of shares	13	29
Due to a related party	(23)	(1,544)
Deposits pledged	(389)	-
Dividend paid	(1,661)	(1,061)
Cash flows generated from / (used in) financing activities	9,216	(2,488)
Net increase / (decrease) in cash and cash equivalents	13,968	(6,363)
Cash and cash equivalents at beginning of the year	(327)	7,543
Effect of exchange rate changes on balances held in foreign currencies	(1,595)	(678)
Cash and cash equivalents at end of the period	12,046	502

A

Note to the consolidated statement of cash flows

Note A. Cash and cash equivalents comprise the following:

	30 Apr 2008	30 Apr 2007
	\$'000	\$'000
Cash at bank and in hand	5,045	2,653
Fixed deposits	7,390	-
Cash and cash equivalents	12,435	2,653
Bank overdrafts (secured)	-	(2,151)
Fixed deposits pledged	(389)	-
Cash and cash equivalents in the cash flow statement	12,046	502

Fixed deposits pledged represents bank balances of a subsidiary pledged to a bank as security to obtain credit facilities.

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	
	30 Apr 2008	30 Apr 2007	30 Apr 2008	30 Apr 2007
	\$'000	\$'000	\$'000	\$'000
<u>SHARE CAPITAL</u>				
Balance at beginning of year	88,272	75,738	88,272	75,738
Issue of shares under share option scheme	13	29	13	29
Balance at end of the period	88,285	75,767	88,285	75,767
<u>RESERVES</u>				
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	(1,291)	-		
Translation loss arising on monetary items forming part of net investment in foreign operations	(470)	(616)	-	-
Net expense recognised directly in equity	(1,761)	(616)	-	-
Balance at end of the period	(1,937)	(471)	-	-
Share option reserve				
Balance at beginning of year	135	-	135	-
Transfer to Accumulated Profit				
- share options cancelled or lapsed	(10)	-	(10)	-
Share option expense	118	64	118	64
Balance at end of the period	243	64	243	64
Dividend reserve				
Balance at beginning of year	-	1,035	-	1,035
Dividend proposed	-	-	-	-
Dividend paid	-	(1,035)	-	(1,035)
Balance at end of the period	-	-	-	-
TOTAL RESERVES	(77)	(407)	1,860	64
<u>ACCUMULATED PROFITS</u>				
Balance at beginning of year	14,001	6,940	2,537	2,133
Dividend paid	(1,661)	(26)	(1,661)	(26)
Transfer from Share Option Reserve	10	-	10	-
Net profit for the period	6,812	2,568	337	150
Balance at end of the period	19,162	9,482	1,223	2,257
TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	107,370	84,842	91,368	78,088
<u>MINORITY INTEREST</u>				
Balance at beginning of year	400	489	-	-
Currency translation differences	(8)	20	-	-
Net expense recognised directly in equity	(8)	20	-	-
Net losses for the period	(3)	(72)	-	-
Balance at end of the period	389	437	-	-
TOTAL EQUITY	107,759	85,279	91,368	78,088

- 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 three months ended 30 April 2008, there was no movement in the Company's share capital.

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 30 April 2008 is S\$0.097 per share. Based on the ACP of S\$0.097 per share, the outstanding Tranche 1 Bonds in aggregate principal amount of S\$12,500,000 can be converted into 128,865,979 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 30 April 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 30 April 2008, there were 18,000,000 outstanding share options which would entitle the holders to subscribe for a total of 18,000,000 ordinary shares of the Company (30 April 2007: 9,827,000) at a weighted average exercise price of S\$0.140 per share.

Save as disclosed above, the Company have no other outstanding convertibles and treasury shares as at 30 April 2008 and 30 April 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 30 April 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):	3 MONTHS ENDED		9 MONTHS ENDED	
	30 Apr 2008	30 Apr 2007	30 Apr 2008	30 Apr 2007
(a) Based on the weighted average number of ordinary shares on issue	0.17	0.07	0.49	0.20
(b) On a fully diluted basis	0.17	0.07	0.49	0.20

Earnings per share for the nine months ended 30 April 2008 is computed based on the weighted average number of ordinary shares in issue during the period of 1,384,465,660.

Diluted earnings per share for the nine months ended 30 April 2008 is computed based on the adjusted weighted average number of ordinary shares in issue during the period of 1,385,369,889.

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 2008	31 Jul 2007	30 Apr 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)	7.8	7.4	6.6	6.6

Net asset value per ordinary share as at 30 April 2008 is calculated based on the existing issued share capital of 1,384,519,374 ordinary shares outstanding as at 30 April 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

Net profit attributable to shareholders in the three months ended 30 April 2008 ("3Q08") was up by approximately S\$2.4 million or about 161.6% as compared to the three months ended 30 April 2007 ("3Q07"). The sharp rise in year-on-year profit was due to the strong operational results and an one-off exceptional gain from the disposal of a building in January 2008 (the "one-off gain"). The net profit attributable to shareholders in 3Q08 accounted for 35.5% of the net profit attributable to shareholders in the nine months ended 30 April 2008 ("9M08"). The percentage accounted for rises to 63.4% if the one-off gain is excluded from 9M08's net profit attributable to shareholders. Meaning that 3Q08 performed very satisfactorily.

Revenue from operations

Business Activity	3 MONTHS ENDED				9 MONTHS ENDED			
	30 Apr 08 S\$'mil	30 Apr 07 S\$'mil	+ / (-) S\$'mil	+ / (-) %	30 Apr 08 S\$'mil	30 Apr 07 S\$'mil	+ / (-) S\$'mil	+ / (-) %
Financial Printing	4.3	1.7	2.6	152.9%	14.0	7.6	6.4	84.2%
Commercial Printing (f.k.a. "General Printing")	10.3	2.4	7.9	329.2%	24.6	10.4	14.2	136.5%
Print Management and Consultancy	1.5	5.0	(3.5)	(70.0%)	3.2	5.0	(1.8)	(36.0%)
Others	0.7	0.7	0.0	0.0%	1.4	1.2	0.2	16.7%
	16.8	9.8	7.0	71.1%	43.2	24.2	19.0	78.5%

Revenue from operations grew by approximately S\$7.0 million or 71.1% in 3Q08 compared to 3Q07. Similarly, revenue from operations grew by approximately S\$19.0 million or 78.5% in 9M08 compared to the nine months ended 30 April 2007 ("**9M07**"). This growth was due to a strong performance by Commercial Printing and Financial Printing. The decline in the Print Management and Consultancy arose from a change in business model. Prior to being able to get the full license, part of our business was undertaken by way of acting as a subcontractor or outsource service provider to PRC printers (meaning they would charge clients a bundled amount and we would be paid for those services we provided only). Following a successful application, we have been able to establish a wholly-owned subsidiary, Xpress Print (Shenzhen) Co. Ltd. to undertake fuller range of printing services ourselves that can be charged to clients directly. As a consequence, we are now booking more Financial Printing and Commercial Printing revenues and less print consultancy revenues.

Growth in Commercial Printing was the most significant and for 9M08 accounted for 74.7% of total revenue growth. The strong growth in Commercial Printing was mainly due to the higher demand in the China market where commercial clients are demanding the same time-sensitive printing solution as financial clients.

The China market continued to be the biggest contributor to the total revenue growth and accounted for approximately S\$16.1 million or 85.4% of the total revenue growth for 9M08.

Revenue from other income

Revenue from other income in 3Q08 fell by a modest S\$0.01 million or approximately 6.9% as compared to 3Q07. However, revenue from other income increased by a significant S\$2.78 million or approximately 459.7% to S\$3.39 million in 9M08 as compared to S\$0.61 million in 9M07. This was mainly due to the one-off gain of approximately S\$3.0 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, a trust whose units are listed on SGX-ST. The building was sold for S\$14.0 million in January 2008.

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 the production process. Raw materials and consumables increased by approximately S\$4.3 million or 109.2% from S\$3.9 million in 3Q07 to S\$8.2 million in 3Q08. Similarly raw materials and consumables increased by approximately S\$11.8 million or 128.5% from S\$9.2 million in 9M07 to S\$21.0 million in 9M08. The increase was mainly due to the effects of higher paper costs and increase in the Commercial Printing mix which generally uses more paper than Financial Printing. Whilst we have taken steps to mitigate against the paper rises, by pre-buying all or part of the paper required for committed projects, it is not possible to mitigate against the full impact of the inflation in paper prices.

Gross profit margin

Our gross profit margin, net of deducting changes in inventories, raw materials and consumables for 3Q08 was 50.7% as compared to 54.0% in 3Q07. Our gross profit margin, net of deducting changes in inventories, raw materials and consumables for 9M08 was 51.7% as compared to 61.0% in 3Q07. The main reasons for the declines include:

- a. Change in revenue mix. Commercial Printing generally derives lower gross profit margin compared to other product line offered by the Group;
- b. Higher raw material costs as explained above; and
- c. The fact that we report in S\$ but a rising percentage of our costs is in RMB and inflation for our industry in China is greater than that being experienced in Singapore.

Staff costs

Staff costs increased by approximately S\$53,000 or 1.9% from S\$2.86 million in 3Q07 to S\$2.91 million in 3Q08. Staff costs increased more significantly and by approximately S\$1.1 million or 13.9% from S\$7.8 million in 9M07 to S\$8.9 million in 9M08. This was mainly due to bonus payouts to key performing employees, commission payouts to sales staff for the higher revenue achieved; and overtime payouts to production staff for increased production arising from our buoyant business activities in 3Q08. However, to manage rising staff costs, we have increased headcount in China and Malaysia in favour of Singapore to cope with our expanded operations.

Foreign currency losses

The Group suffered a net foreign exchange loss of approximately S\$0.17 million in 3Q08 (totaling S\$0.54 million in 9M08) mainly due to the weak HK\$ (which is pegged to the US\$) against S\$. The losses are primarily translation differences arising from the continued weakness of the HK\$ against the S\$, our reporting currency. We have exposure to the HK\$ mainly from trade invoices to our Hong Kong subsidiaries.

Other operating expenses

Other operating expenses increased by approximately S\$1.34 million or 118.4% from S\$1.13 million in 3Q07 to S\$2.46 million in 3Q08. Other operating expenses rose less steeply and by approximately S\$2.9 million or 67.6% from S\$4.2 million in 9M07 to S\$7.1 million in 9M08. This was mainly due to higher marketing and travelling expenses incurred in new business development (and especially the opening of the print stations in 3Q08) and the strengthening of our operations in our existing markets; legal, audit and other professional fees; rental of premises; and allowances made for doubtful receivables.

Finance costs

Finance costs increased by approximately S\$92,000 or 141.5% from approximately S\$65,000 in 3Q07 to S\$157,000 in 3Q08. Despite appearing large, the rise experienced in 3Q08 was far more modest than for 9M08. Finance costs increased by approximately S\$413,000 or 263.1% from approximately S\$157,000 in 9M07 to S\$570,000 in 9M08. 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 ("SJ") results declined by approximately S\$0.95 million or 78.3% from S\$1.2 million in 9M07 to S\$0.26 million in 9M08 mainly due to the one-off exceptional gain from disposals of their short-term quoted securities in the open market in 9M07 and which was not repeated in 9M08.

If we only consider our share of SJ's net profit before such exceptional gain, SJ's net profit only declined by approximately S\$93,000 or 26.1% from S\$356,000 in 9M07 to S\$263,000 in 9M08.

Balance Sheet

Property, plant and equipment

Property, plant and equipment decreased by approximately S\$5.7 million from S\$20.5 million as at 31 July 2007 to S\$14.8 million as at 30 April 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 and partly offset by addition of new machineries and motor vehicles amounted to approximately S\$6.0 million equivalent for our operations in Singapore and China.

Trade and other receivables

Trade and other receivables increased by approximately S\$12.0 million from S\$23.5 million as at 31 July 2007 to S\$35.5 million as at 30 April 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 62.7% or S\$27.1 million of the total revenue from operations in 9M08.

Cash and cash equivalents

Cash and cash equivalents increased by approximately S\$9.1 million from S\$3.3 million as at 31 July 2007 to S\$12.4 million as at 30 April 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.

Trade and other payables

Trade and other payables increased by approximately S\$3.6 million from S\$6.8 million as at 31 July 2007 to S\$10.4 million as at 30 April 2008. The increase was mainly due to procurement of papers and machineries to support the increasing business demand.

Interest-bearing borrowings

Interest-bearing borrowings increased by approximately S\$6.8 million from S\$7.3 million as at 31 July 2007 to S\$14.1 million as at 30 April 2008 mainly due to the issuance of convertible bonds to Credit Suisse on 4 September 2007. Accordingly, 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 10 March 2008 for the first half of the financial period ended 31 January 2008, 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. In the announcement we also stated that the Group planned to further expand its facilities and step up its marketing across the whole of our range of products. The Group concluded that it believed that these moves should help the Group to be more competitive and to grow further in the new financial year.

We are pleased to note that the financial performance of the Group for the nine months ended 30 April 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.

Important variables that our current business model depend on include (but is not exclusive to) capital market activity, increased market share and rising living standards in China resulting in rising demand for printed matter. In the face of a global economic slowdown, the outlook for capital market activity is uncertain. Accordingly, our current strategy and investment in aggressive market share accumulation is now more measured. We have been most fortunate, however, that the living standards in China have continued to rise despite a global economic slowdown and an acceleration of inflation. Thus our heavy focus on China.

Given the success with respect to our China strategy and as reflected in our net profit attributable to shareholders, the Board of Directors continues to believe that our net profit attributable to shareholders for the whole of FY2008 will exceed 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 30 April 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 30 April 2008 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Poh Eng Seng
Chief Executive Officer

7 June 2008