



XPRESS HOLDINGS LTD
(Registration No. 199902058Z)
UNAUDITED RESULTS FOR THE
FIRST QUARTER ENDED 31 OCTOBER 2008
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PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

		GROUP FIRST QUARTER		
Note	31 Oct 2008	31 Oct 2007	Increase / (decrease)	
	<u>\$'000</u>	<u>\$'000</u>		<u>%</u>
	15,169	13,135		15.5 %
Revenue				
Other income	2 363	113		221.2 %
Total Revenue	15,532	13,248		17.2 %
Costs and expenses				
Changes in inventories of finished goods and work-in-progress	(21)	134		N.M.
Raw materials and consumables used	(7,549)	(6,433)		(17.3)%
Staff costs	(3,223)	(2,897)		(11.3)%
Depreciation	(748)	(689)		(8.6)%
Foreign currency gains/(losses)	677	(552)		N.M.
Other operating expenses	(2,387)	(2,183)		(9.3)%
Finance costs	3 (245)	(163)		(50.3)%
Share of associate's results	103	188		(45.2)%
Profit before tax	4 2,139	653		227.6 %
Income tax	1 1,314	(15)		N.M.
Net profit for the period	3,453	638		441.2 %
Attributable to:				
Equity holders of the parent	1 3,478	661		426.2 %
Minority interests	(25)	(23)		8.7 %
Net profit for the period	3,453	638		441.2 %

n.m. : not meaningful

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:

	3 MONTHS ENDED			
	Note	31 Oct 2008 \$'000	31 Oct 2007 \$'000	Increase / (decrease) %
Profit from operations		1,992	676	194.7 %
Non-operating income:				
Gain on dilution of minority interest	2	172	-	N.M.
Profit after minority interest and before tax		2,164	676	220.1 %
Taxation				
Current tax - current year		(162)	(15)	(980.0)%
Current tax - prior years		(158)	-	N.M.
Deferred tax written back		1,634	-	N.M.
		1,314	(15)	N.M.
Net profit attributable to equity holders of the parent		3,478	661	426.2 %

Note 2 Other income comprises the following:

	3 MONTHS ENDED			
	Note	31 Oct 2008 \$'000	31 Oct 2007 \$'000	Increase / (decrease) %
Gain on dilution of minority interest	1	172	-	N.M.
Rental income		71	73	(2.7)%
Interest income on bank deposits		30	9	233.3 %
Miscellaneous income		90	31	190.3 %
Total		363	113	221.2 %

Note: N.M. – Not meaningful

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

Note 3 Finance costs comprise the following:

	3 MONTHS ENDED		
	31 Oct 2008	31 Oct 2007	Increase / (decrease)
	\$'000	\$'000	%
Interest incurred for:			
- overdrafts	-	(17)	N.M.
- term loans	(74)	(43)	(72.1)%
- convertible bonds	(146)	(93)	(57.0)%
Hire purchase interest	(25)	(10)	(150.0)%
Total	(245)	(163)	(50.3)%

Note 4 Profit before taxation is stated after charging the following:

	3 MONTHS ENDED		
	31 Oct 2008	31 Oct 2007	Increase / (decrease)
	\$'000	\$'000	%
Allowance reversed / (made) for doubtful receivables (net)	(27)	(318)	91.5 %
Bad debts written off	-	(2)	N.M.

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 Oct 2008	31 Jul 2008	31 Oct 2008	31 Jul 2008
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	19,094	18,470	503	536
Goodwill on consolidation	64,484	64,484	-	-
Investments in subsidiaries	-	-	78,733	78,733
Interest in associate	8,928	8,825	6,122	6,122
Non-trade amount due from subsidiaries	-	-	4,316	3,918
Available-for-sale financial assets	380	334	-	-
Deferred tax assets	24	24	24	24
	92,910	92,137	89,698	89,333
Current assets				
Inventories	484	505	-	-
Trade receivables	25,554	15,114	-	-
Other receivables	24,618	22,313	386	343
Trade amount due from subsidiaries	-	-	8,808	8,311
Non-trade amount due from related parties	-	-	772	630
Cash and cash equivalents	8,597	12,813	6,055	6,281
	59,253	50,745	16,021	15,565
Total assets	152,163	142,882	105,719	104,898
Equity attributable to equity holders of the parent				
Share capital	88,285	88,285	88,285	88,285
Other reserves	2,672	103	2,013	1,924
Accumulated profits	26,062	22,584	2,297	2,190
	117,019	110,972	92,595	92,399
Minority interests	139	377	-	-
Total equity	117,158	111,349	92,595	92,399
Non-current liabilities				
Interest-bearing borrowings	12,831	10,928	11,074	10,928
Obligations under finance lease	2,528	2,092	251	265
Deferred tax liabilities	2	1,634	-	-
	15,361	14,654	11,325	11,193
Current liabilities				
Trade and other payables	14,051	10,975	1,134	887
Trade amount due to subsidiaries	-	-	-	6
Non-trade amount due to subsidiaries	-	-	609	357
Interest-bearing borrowings	2,635	3,769	-	-
Obligations under finance lease	1,009	661	56	56
Current tax payable	1,949	1,474	-	-
	19,644	16,879	1,799	1,306
Total liabilities	35,005	31,533	13,124	12,499
Total equity and liabilities	152,163	142,882	105,719	104,898

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 Oct 2008		As at 31 Jul 2008	
Secured	Unsecured	Secured	Unsecured
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
3,644	-	4,430	-

Amount repayable after one year

As at 31 Oct 2008		As at 31 Jul 2008	
Secured	Unsecured	Secured	Unsecured
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
4,285	11,074	2,092	10,928

Details of any collateral:

Secured borrowings at 31 October 2008 mainly refer to the following:

- a. obligations under finance leases amounting to S\$3.54 million that are secured by the respective motor vehicles and machinery purchased under finance leases and;
- b. term loans amounting to S\$4.39 million secured by a charge over cash and bank balances of Rmb 2.0 million (S\$0.41 million) and corporate guarantee of Rmb 20.0 million (S\$4.1 million) by the holding company.

Unsecured borrowings at 31 October 2008 represent convertible bonds issued by the company on 4 September 2007. The increase of S\$0.14 million from S\$10.92 million at 31 July 2008 to S\$11.07 million at 31 October 2008 is mainly due to amortisation of borrowing costs that have been expensed to the Income Statement and credited to Interest-bearing Borrowings in the Balance Sheet.

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 Oct 2008	31 Oct 2007
	\$'000	\$'000
Operating activities		
Profit before taxation	2,139	653
Adjustments for:		
Interest expense	245	163
Interest income	(30)	(9)
Depreciation of property, plant and equipment	748	689
Property, plant and equipment written off	-	-
Share of results of an associate	(103)	(188)
Share option expense	89	59
Gain on dilution of Minority interest	(172)	-
Operating profit before working capital changes	2,916	1,367
Changes in working capital:		
Inventories	21	(134)
Trade and other receivables	(12,745)	(4,878)
Trade and other payables	3,958	1,430
Cash used in operations	(5,850)	(2,215)
Income tax paid	-	(15)
Cash flows used in operating activities	(5,850)	(2,230)
Investing activities		
Interest received	30	9
Purchase of property, plant and equipment	(380)	(400)
Proceeds from sale of property, plant and equipment, net	-	57
Cash flows used in investing activities	(350)	(334)
Financing activities		
Interest paid	(99)	(60)
Repayment of hire purchase instalments, net	(191)	(79)
Proceeds of interest-bearing loans & borrowings	848	-
Repayment of interest-bearing loans & borrowings	(597)	(83)
Proceeds from issuing shares	-	11
Proceeds from convertible loan	-	12,125
Due to a related party	-	(23)
Cash flows (used in)/generated from financing activities	(39)	11,891
Net (decrease)/increase in cash and cash equivalents	(6,239)	9,327
Cash and cash equivalents at beginning of the year	10,412	(327)
Foreign currency translation adjustments	2,023	(27)
Cash and cash equivalents at end of the period	A 6,196	8,973

Explanatory notes to the consolidated cash flow statement

Note A. Cash and cash equivalents comprise the following:

	31 Oct 2008	31 Oct 2007
	\$'000	\$'000
Cash at bank and in hand	2,597	5,668
Fixed deposits	6,000	3,305
Cash and cash equivalents	8,597	8,973
Fixed deposits pledged	(2,401)	-
Cash and cash equivalents in the cash flow statement	6,196	8,973

For the purpose of presenting the consolidated cash flow statement, cash and cash equivalents at the end of the financial period exclude restricted bank balances of S\$2.4 million (31 October 2007: S\$nil) held by banks as security for the Group's credit facilities.

Note B. Review of cash flows

Net cash used in operating activities by the Group for 1Q2009 was S\$5.85 million, as compared to S\$2.23 million the corresponding quarter a year ago. The level of net cash used was because of an increase in working capital requirements to fund the large volume printing projects that were secured in PRC in May 2008 whereby credit terms of 180 days have been granted to key customers.

Cash flows used in investing activities in 1Q2009 was S\$0.35 million (1Q2008: S\$0.33 million) and this was mainly for purchase of equipment to upgrade certain subsidiaries' pre-press facilities.

There were no significant net cash flows from financing activities in 1Q2009 as compared to net cash inflows of S\$11.89 million in the corresponding quarter a year ago mainly because on 4 September 2007 the Group received proceeds of S\$12.13 million for convertible bonds issued to Credit Suisse (see Note 1(d)(ii)). There was no issue of convertible financial instruments by the Group in this quarter.

Overall and including currency translation adjustments, the net decrease in cash and cash equivalent during the quarter was S\$4.21 million, as compared to the net increase of S\$9.30 million in the corresponding quarter a year ago.

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 Oct 2008	31 Oct 2007	31 Oct 2008	31 Oct 2007
	\$'000	\$'000	\$'000	\$'000
<u>SHARE CAPITAL</u>				
Balance at beginning of year	88,285	88,272	88,285	88,272
Issue of shares under share option scheme	-	13	-	13
Balance at end of the period	88,285	88,285	88,285	88,285
<u>RESERVES</u>				
Equity component of convertible bond				
Balance at beginning of year	1,617	-	1,617	-
Issue of convertible bond	-	1,617	-	1,617
Balance at end of the period	1,617	1,617	1,617	1,617
Currency translation reserve				
Balance at beginning of year	(1,821)	(176)	-	-
Translation differences relating to financial statements of foreign subsidiaries	1,945	(141)		
Translation differences arising on monetary items forming part of net investment in foreign operations	535	-	-	-
Net expense recognised directly in equity	2,480	(141)	-	-
Balance at end of the period	659	(317)	-	-
Share option reserve				
Balance at beginning of year	307	135	307	135
Transfer to Accumulated Profit				
- share options cancelled or lapsed	-	(10)	-	(10)
Share option expense	89	59	89	59
Balance at end of the period	396	184	396	184
<u>ACCUMULATED PROFITS</u>				
Balance at beginning of year	22,584	14,001	2,190	2,537
Transfer from Share Option Reserve	-	10	-	10
Net profit for the period	3,478	661	107	104
Balance at end of the period	26,062	14,672	2,297	2,651
TOTAL RESERVES	28,734	16,156	4,310	4,452
TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	117,019	104,441	92,595	92,737
<u>MINORITY INTEREST</u>				
Balance at beginning of year	377	400	-	-
Currency translation differences	(41)	(2)	-	-
Dilution of minority interest	(172)			
Net expense recognised directly in equity	(213)	(2)	-	-
Net loss for the period	(25)	(23)	-	-
Balance at end of the period	139	375	-	-
TOTAL EQUITY	117,158	104,816	92,595	92,737

- 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

There were no movements in the Company's share capital for the financial period ended 31 October 2008.

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 at 31 October 2008 is S\$0.0823 per share. Based on the ACP of S\$0.0823 per share, the outstanding Tranche 1 Bonds in aggregate principal amount of S\$12,500,000 can be converted into 151,883,354 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.

At 31 October 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.

At 31 October 2008, there were 47,000,000 (31 October 2007: 10,398,000) outstanding share options which would entitle the holders to subscribe for a total of 47,000,000 ordinary shares of the Company (31 October 2007: 10,398,000) at a weighted average exercise price of S\$0.091 per share.

The 47,000,000 share options outstanding at 31 October 2008 are approximately 3.4% of the share capital consisting of 1,384,519,374 issued shares at 31 October 2008.

Save as disclosed above, the Company have no other outstanding convertibles and treasury shares at 31 October 2008 and 31 October 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 at 31 October 2008 was 1,384,519,374 (31 July 2008: 1,384,519,374). There were no treasury shares held by the Company at 31 October 2008.

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 statements for the current financial period as compared with those used in the audited financial statements for the financial year ended 31 July 2008.

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 2008. The adoption of these new / revised FRS and INT FRS does 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 period.

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 Oct 2008	31 Oct 2007
(a) Based on the weighted average number of ordinary shares on issue	0.25	0.05
(b) On a fully diluted basis	0.25	0.05

Earnings per share for the financial period ended 31 October 2008 is computed based on the weighted average number of ordinary shares in issue during the period of 1,384,519,374 shares (31 October 2007: 1,384,359,396 shares).

Diluted earnings per share for the financial period ended 31 October 2008 is computed based on the adjusted weighted average number of ordinary shares in issue during the period of 1,384,710,606 shares (31 October 2007: 1,394,311,732 shares).

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 Oct 2008	31 Jul 2007	31 Oct 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)	8.5	8.0	6.7	6.6

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

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

Overview

Continuing from the strong performance for the financial year ended 31 July 2008, the Group achieved total revenues of S\$15.17 million and net profit attributable to equity holders of S\$3.48 million for 1Q2009. Even excluding a deferred tax write-back of S\$1.63 million and a gain on dilution of minority interest of S\$0.17 million, the net profit attributable to equity holders is S\$1.02 million more than the net profit attributable to equity holders of S\$0.66 million posted for the corresponding period last year.

Financial period	Total revenue	Net profit attributable to equity holders of the Parent	Net profit attributable to equity holders of the Parent excluding one-off items
	S\$ million	S\$ million	S\$ million
Q1 '08	13.1	0.66	0.66
Q2 '08	13.3	3.73	0.73
Q3 '08	16.8	2.42	2.42
Q4 '08	18.1	3.42	3.42
Q1 '09	15.2	3.48	1.68

The strong profit was underpinned by higher revenue from the Group's time-sensitive commercial print operations which enabled profit before tax to grow by S\$1.49 million from S\$0.65 million in 1Q2008 to S\$2.14 million in 1Q2009.

Revenue from operations

Business Activity	3 MONTHS ENDED			
	31 Oct 08 S\$mil	31 Oct 07 S\$mil	+ / (-) S\$mil	+ / (-) %
Financial Printing	3.26	4.38	(1.12)	(25.6%)
Time-sensitive commercial Printing (f.k.a. "General Printing")	11.11	6.68	4.43	66.3%
Print Management and Consultancy	0.58	1.68	(1.10)	(65.5%)
Others	0.22	0.40	(0.18)	(45.0%)
	15.17	13.14	2.03	15.4%

The total revenue of S\$15.17 million achieved by the Group in 1Q2009 represents an increase of S\$2.03 million or 15.4% over the revenue of S\$13.14 million recorded in 1Q2008. This increase is mainly attributable to the increase in revenue from time-sensitive commercial printing partially offset by decreases in revenue from other product segments. The proprietary features of our print management system were a strong factor in the Group winning a number of large volume print jobs in PRC.

Revenue from Financial Printing

Revenue from financial printing for 1Q2009 weakened by S\$1.12 million or 25.6% as compared to 1Q2008. This was mainly due to the slowdown in financial print market activities and the China Olympics in August 2008. Global and regional financial market activities also experienced a slowdown in 1Q2009 as a result of the global credit crunch and contributed to lower demand for financial printing.

Revenue from Time-Sensitive Commercial Printing

Revenue from time-sensitive commercial printing continued to grow strongly by S\$4.43 million or 66.3% in 1Q2009 vis-à-vis the same period last year. This growth trend is in line with the Group's strategic change in revenue mix in FY2008 to focus on securing more time-sensitive commercial printing contracts in anticipation of the decline in demand for financial printing.

Revenue from Print Management and Consultancy

Print management and consultancy fees are fees charged for jobs where the printing is outsourced to PRC printers. Print management and consultancy fees declined by S\$1.10 million or 65.5% from S\$1.68 million in 1Q2008 to \$0.58 million in 1Q2009. This is mainly due to fewer outsourced printing job as the Group now has license enabling it to perform a wider range of printing services in the PRC.

Raw materials and consumables used

Raw materials and consumables refer mainly to paper, and to a much lesser extent films and plates, used in production. The increase in raw materials and consumables of S\$1.12 million or 17.3% from S\$6.43 million in 1Q2008 to S\$7.55 million in 1Q2009 was mainly due to the increase in paper usage in line with the increase in business volume. The pre-purchase of paper for committed jobs allows the Group to hedge against then paper price rises.

Gross profit margin

The Group's gross profit margin, net of deducting changes in inventories of finished goods and work-in-progress, fell by approximately 1.9 percentage points from 52.0% in 1Q2008 to 50.1% in 1Q2009. The decline in gross profit margin is mainly due to the Group's shift in revenue mix. The Group has increased the amount of time-sensitive commercial printing relative to print management and consultancy fees. The Group has done so due to the new licenses that allow it to perform a wider range of printing services in the PRC. Time-sensitive printing has a lower gross margin but provides a larger absolute gross profit.

Staff costs

Staff costs for the Group have increased by S\$0.32 million or 11.0% from S\$2.90 million in 1Q2008 to S\$3.22 million in 1Q2009. This was mainly due to increased commission payouts to sales staff for the higher group revenue achieved; overtime payouts to production staff for increased production hours due to higher business volume; and an increase in headcount to cope with the Group's expanded operations in Singapore and China.

Foreign currency (losses) / gain

The Group's trade operations yielded a net foreign exchange gain of S\$0.68 million in 1Q2009 as compared to net foreign exchange losses of S\$0.55 million in 1Q2008. This is mainly unrealised net foreign exchange gains arising from the re-translation of monetary assets and liabilities denominated in currencies other than the respective Group's entities' functional currencies. The Group's foreign exchange exposure comes mainly from HK\$ due to S\$-denominated trade invoices charged by Singapore subsidiaries to Hong Kong subsidiaries whose functional currencies are expressed in HK\$. The Group undertakes no speculative foreign exchange trades.

Other operating expenses

The Group incurred other operating expenses of S\$2.39 million in 1Q2009 which is a 9.3% increase over the S\$2.18 million incurred in 1Q2008. This increase of S\$0.21 million is mainly due to additional rental expenses of S\$0.40 million offset by a decrease in legal and professional fees of S\$0.19 million in 1Q2009. The additional rental expense was for the new 7-year operating lease for the Group's leasehold building which was sold and leased back from MacArthurCook Reit in January 2008.

Finance costs

Finance costs increased by S\$0.08 million or 50.3% from S\$0.16 million in 1Q2008 to S\$0.25 million in 1Q2009. As shown in note 3 to 1(a)(i) in page 3, this was mainly due to 3 months of interest expense accrued for the liability component of the convertible bonds in 1Q2009 compared to only 2 months accrued in 1Q2008 and increase in interest on term loans in 1Q2009 vis-à-vis the same period last year.

Taxation

The Group has provided, in prior years, deferred tax provision of S\$1.63 million for temporary timing differences arising on disposal of a Singapore subsidiary's plant and equipment. This provision has been written back to the income statement in 1Q2009 as the tax authorities have finalised their tax assessments and no tax liability has been levied on the subsidiary.

Share of associate's results

Share of our associate, Shenzhen Jiaxinda's, results of S\$0.10 million in 1Q2009 has declined by approximately S\$0.09 million from S\$0.19 million in 1Q2008 mainly due to the slowdown in traditional printing activities leading to the run up and during the Olympics in PRC. The week-long October holidays in PRC also contributed to the weaker sales for this quarter.

BALANCE SHEET

Property, plant and equipment

The Group's property, plant and equipment increased during 1Q2009 by S\$0.62 million from S\$18.47 million at 31 July 2008 to S\$19.09 million at 31 October 2008 mainly due to purchase of equipment for S\$0.38 million and certain foreign subsidiaries' plant and equipment translated into higher amounts due to appreciation of their functional currencies against S\$.

Trade and other receivables

Trade receivables increased by approximately S\$10.44 million from S\$15.11 million at 31 July 2008 to S\$25.55 million at 31 October 2008. This was mainly due to the increased sales from the Group's PRC operations where certain key customers were granted credit terms of 180 days. In 1Q2009, revenue from PRC operations constituted 72.7% of the Group's total revenue.

Other receivables increased by approximately S\$2.31 million from S\$22.31 million at 31 July 2008 to S\$24.62 million at 31 October 2008 mainly due to prepaid operating expenses that will be charged to the income statement over the next few months.

Cash and cash equivalents

Cash and cash equivalents decreased by approximately S\$4.21 million from S\$12.81 million at 31 July 2008 to S\$8.60 million at 31 October 2008 mainly due to net cash out-flows to meet working capital needs during 1Q2009. Please see explanatory notes to consolidated cash flow statement under note 1(c) in page 7.

Trade and other payables

Trade and other payables increased by approximately S\$3.07 million from S\$10.98 million at 31 July 2008 to S\$14.05 million at 31 October 2008. The increase was mainly due to additional outsourced printing to approved printers and larger procurement of raw materials to support the increased business volume.

Borrowings

Interest-bearing borrowings increased by approximately S\$0.77 million from S\$14.70 million at 31 July 2008 to S\$15.47 million as at 31 October 2008 mainly due to additional long-term borrowings drawn down from banks in 1Q2009.

Finance lease liabilities increased by approximately S\$0.77 million from S\$14.70 million at 31 July 2008 to S\$15.47 million as at 31 October 2008 mainly due to new finance lease arrangements in 1Q2009 which was accrued under trade payables at 31 July 2008.

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

Despite a weaker external environment, the Group had an encouraging start in FY2009. However, industries specific inflation, a slowing Chinese economy and the global credit crunch are altering the demand and supply characteristics of the printing industry as we know it. Thus the Group's operating landscape is expected to become more challenging.

Against this challenging backdrop are both unfavorable and favorable trends. Unfavorable trends include likely slower demand for traditional printing and high pressures on margin. Favorable trends include likely falls in paper prices and, in the longer term, lesser competition on the back of PRC printing industry consolidation.

The Group's order book remains healthy for time-sensitive commercial printing jobs in PRC. Management is cautiously optimistic that the Group's operations will not be significantly adversely affected in FY2009 by the contractions in printing demand.

Barring unforeseen circumstances, the Board of Directors continues to believe that the Group will remain profitable for the financial year ending 31 July 2009.

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 October 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) <u>S\$'000</u>	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) <u>S\$'000</u>
	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 October 2008 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Poh Eng Seng
 Chief Executive Officer

[10 December 2008]