



XPRESS HOLDINGS LTD
(Registration No. 199902058Z)
UNAUDITED RESULTS FOR THE
FIRST QUARTER ENDED 31 OCTOBER 2009
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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 3 MONTHS ENDED		
Note	31 Oct 2009	31 Oct 2008	Increase / (decrease)	
	\$'000	\$'000	%	
	12,809	15,169	(15.6%)	
Revenue				
Other income	196	363	(46.0%)	
Total Revenue	13,005	15,532	(16.3%)	
Costs and expenses				
Changes in inventories of finished goods and work-in-progress	78	(21)	N.M.	
Raw materials and consumables used	(5,459)	(7,549)	(27.7%)	
Staff costs	(2,597)	(3,223)	(19.4%)	
Depreciation	(796)	(748)	6.4%	
Foreign currency gains/(losses)	(583)	677	N.M.	
Other operating expenses	(2,024)	(2,387)	(15.2%)	
Finance costs	(194)	(245)	(20.8%)	
Share of associate's results	-	103	N.M.	
Profit before tax	1,430	2,139	(33.1%)	
Income tax	(364)	1,314	N.M.	
Net profit for the period	1,066	3,453	(69.1%)	
Attributable to:				
Equity holders of the parent	1,061	3,478	(69.5%)	
Minority interests	5	(25)	N.M.	
Net profit for the period	1,066	3,453	(69.1%)	

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 2009	31 Oct 2008	Increase / (decrease)
		\$'000	\$'000	%
Profit from operations		1,061	1,672	(36.5%)
One off items:				
Gain on dilution of minority interest		-	172	N.M.
Deferred tax written back	5	-	1,634	N.M.
Net profit attributable to equity holders of the parent		1,061	3,478	(69.5%)

Note 2 Other income comprises the following:

	3 MONTHS ENDED			
	Note	31 Oct 2009	31 Oct 2008	Increase / (decrease)
		\$'000	\$'000	%
Rental income		107	71	50.7%
Interest income on bank deposits		5	30	(83.3%)
Sale of waste material		84	90	(6.7%)
Gain on dilution of minority interest		-	172	N.M.
Total		196	363	(46.0%)

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 2009	31 Oct 2008	Increase / (decrease)
	\$'000	\$'000	%
Interest incurred for:			
- overdrafts	(36)	-	N.M.
- term loans	(138)	(74)	86.5 %
- convertible bonds	-	(146)	N.M.
Hire purchase interest	(20)	(25)	(20.0)%
Total	(194)	(245)	(20.8)%

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

	3 MONTHS ENDED		
	31 Oct 2009	31 Oct 2008	Increase / (decrease)
	\$'000	\$'000	%
Loss on disposal of plant and equipment	(8)	-	N.M.
Allowance reversed / (made) for doubtful receivables (net)	8	(27)	N.M.
Bad debts written off	(37)	-	N.M.

Note 5 Income tax comprises the following:

	3 MONTHS ENDED			
	Note	31 Oct 2009	31 Oct 2008	Increase / (decrease)
		\$'000	\$'000	%
Current tax- current year		(27)	(162)	(83.3)%
Current tax- prior years		(337)	(158)	113.3 %
Deferred tax written back		-	1,634	N.M.
		(364)	1,314	N.M.

Note: N.M. – Not meaningful

1(a)(iii) A Statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

With effect from 1 January 2009, FRS 1 Presentation of Financial Statements requires an entity to present all non-owner changes in the equity in a Statement of Comprehensive Income. Non-owner changes will include income and expenses recognised directly in equity. This is a change of presentation and does not affect the recognition or measurement of the entity's transactions. Previously, such non-owner changes are included in the Statement of Changes in Equity.

	GROUP 3 MONTHS ENDED	
	31 Oct 2009	31 Oct 2008
	<u>\$'000</u>	<u>\$'000</u>
Net profit for the period	1,066	3,453
Other comprehensive income:		
Translation differences relating to financial statements of foreign subsidiaries	(823)	1,904
Translation differences arising on monetary items forming part of net investments in foreign operations	(304)	535
Other comprehensive income for the period	(1,127)	2,439
Total comprehensive income for the period	(61)	5,892
Total comprehensive income attributable to:		
Equity holders of the parent	(83)	5,958
Minority interests	22	(66)
Total comprehensive income for the period	(61)	5,892

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

	Group		Company	
	31 Oct 2009	31 Jul 2009	31 Oct 2009	31 Jul 2009
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Plant and equipment	17,514	18,078	372	405
Goodwill on consolidation	64,484	64,484	-	-
Investments in subsidiaries	-	-	78,582	78,582
Non-trade amount due from subsidiaries	-	-	4,156	4,304
Available-for-sale financial assets	16,598	16,598	16,583	16,583
	98,596	99,160	99,693	99,874
Current assets				
Inventories	670	592	-	-
Trade receivables	29,913	27,911	-	-
Other receivables	21,049	27,381	374	8,199
Trade amount due from subsidiaries	-	-	20,513	16,121
Non-trade amount due from related parties	-	-	2	2
Cash and cash equivalents	14,649	10,775	5,074	5,429
	66,281	66,659	25,963	29,751
Total assets	164,877	165,819	125,656	129,625
Equity attributable to equity holders of the parent				
Share capital	100,390	100,390	100,390	100,390
Other reserves	9,533	10,645	13,222	13,190
Accumulated profits	34,895	33,834	6,149	6,396
	144,818	144,869	119,761	119,976
Minority interests	195	173	-	-
Total equity	145,013	145,042	119,761	119,976
Non-current liabilities				
Interest-bearing borrowings	3,737	2,168	-	-
Obligations under finance lease	1,696	1,930	193	207
Deferred tax liabilities	2	2	-	-
	5,435	4,100	193	207
Current liabilities				
Trade and other payables	7,913	9,359	1,337	1,286
Non-trade amount due to subsidiaries	-	-	4,159	7,950
Interest-bearing borrowings	5,464	6,057	-	-
Obligations under finance lease	889	906	56	56
Current tax payable	163	355	150	150
	14,429	16,677	5,702	9,442
Total liabilities	19,864	20,777	5,895	9,649
Total equity and liabilities	164,877	165,819	125,656	129,625

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 2009		As at 31 Jul 2009	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
3,820	2,533	6,463	500

Amount repayable after one year

As at 31 Oct 2009		As at 31 Jul 2009	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
3,125	2,308	3,598	500

Details of any collateral:

Secured borrowings at 31 October 2009 mainly refer to the following:

- obligations under finance leases amounting to S\$2.58 million that are secured by the respective motor vehicles and machinery purchased under finance leases and;
- term loans amounting to S\$3.67 million secured by a charge over cash and bank balances of Rmb 2.0 million (S\$0.42 million) and corporate guarantee of Rmb 20.0 million (S\$4.1 million) by the holding company.
- bank overdraft of S\$0.69 million (of a bank credit line totaling S\$5.5 million) secured by a charge over fixed deposits of S\$3.0 million.

Unsecured borrowings consist of a S\$5.0 million bridging loan given to a subsidiary under SPRING Singapore's Local Enterprise Finance Scheme fully drawn down as at 31 October 2009, mainly for working capital purposes. Of the S\$5.0 million drawn down, S\$2.0 million is repayable over 24 months from June 2009 onwards and S\$3.0 million is repayable over 48 months from October 2009 onwards. As at 31 October 2009, loan installments of S\$0.16 million have been repaid.

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

Note	Group	
	31 Oct 2009	31 Oct 2008
	\$'000	\$'000
Operating activities		
Profit before taxation	1,430	2,139
Adjustments for:		
Interest expense	3 194	245
Interest income	2 (5)	(30)
Depreciation of property, plant and equipment	796	748
Share of results of an associate	-	(103)
Loss on disposal of plant and equipment, net	8	-
Share option expense	32	89
Miscellaneous income	2 -	(172)
Operating profit before working capital changes	<u>2,455</u>	<u>2,916</u>
Changes in working capital:		
Inventories	(78)	21
Trade and other receivables	(2,973)	(12,745)
Trade and other payables	(1,446)	3,958
Cash used in operations	<u>(2,042)</u>	<u>(5,850)</u>
Income tax paid	(556)	-
Cash flows used in operating activities	<u>(2,598)</u>	<u>(5,850)</u>
Investing activities		
Interest received	5	30
Purchase of property, plant and equipment	(594)	(380)
Proceeds from sale of investments	7,303	-
Cash flows generated from/(used in) investing activities	<u>6,714</u>	<u>(350)</u>
Financing activities		
Interest paid	(194)	(99)
Repayment of hire purchase instalments	(227)	(191)
Proceeds from borrowings	4,206	848
Repayment of borrowings	(556)	(597)
Cash flows generated from/(used in) financing activities	<u>3,229</u>	<u>(39)</u>
Foreign currency translation adjustments	(922)	2,023
Net increase/(decrease) in cash and cash equivalents	<u>6,423</u>	<u>(4,216)</u>
Cash and cash equivalents at beginning of the period	2,119	10,412
Cash and cash equivalents at end of the period	<u><u>8,542</u></u>	<u><u>6,196</u></u>

Explanatory notes to the consolidated cash flow statement

Note A. Cash and cash equivalents comprise the following:

	31 Oct 2009	31 Oct 2008
	<u>\$'000</u>	<u>\$'000</u>
Cash at bank and in hand	5,099	2,597
Fixed deposits	9,550	6,000
Cash and cash equivalents	14,649	8,597
Bank overdrafts (secured)	(687)	-
Fixed deposits pledged	(5,420)	(2,401)
Cash and cash equivalents in the cash flow statement	8,542	6,196

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\$5.42 million (31 October 2008: S\$2.4 million) held by banks as security for the Group's credit facilities.

Out of the S\$5.42 million pledged, a fixed deposit of S\$3.0 million was for obtaining bank credit facilities of S\$5.5 million of which S\$0.69 million overdraft had been drawn down and S\$1.33 million used as bankers' guarantee thus leaving S\$3.48 million unutilized as at 31 October 2009.

Therefore, the Group's total cash available for use at the end of 1Q2010 is S\$12.02 million.

Note B. Review of cash flows

Net cash used in operating activities by the Group for 1Q2010 was S\$2.60 million as compared to net cash used of S\$5.85 million in the corresponding quarter a year ago. This was mainly because of comparatively higher collection of trade receivables in 1Q2010. Trade and other receivables resulted in net cash outflows in 1Q2010 mainly because sales made during the quarter to customers on 180 days credit are not due till after January 2009. There were net cash outflows in trade and other payables mainly due to additional procurement of paper in 1Q2010 in preparation for the annual reports season.

Cash flows generated from investing activities in 1Q2010 was S\$6.71 million as compared to cash outflows of S\$0.35 million in 1Q2009 mainly due to the receipt of balance proceeds from the sale of equity stake in an associated company during FY2009.

The Group's net cash generated from financing activities for 1Q2010 was S\$3.23 million as compared to the net cash outflow of \$39,000 in financing activities for the corresponding period last year. This was mainly due to the drawdown of S\$4.0 million from the bridging loan obtained under SPRING Singapore.

Overall and including currency translation adjustments, the net increase in cash and cash equivalent in 1Q2010 was S\$5.50 million, as compared to the net decrease of S\$2.19 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

Statement of Changes in Equity for the Group

Attributable to equity holders of the Company

	Share capital \$'000	Equity component of convertible bond \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total \$'000	Minority interests \$'000	Total equity \$'000
At 1 August 2008	88,285	1,617	-	(1,821)	307	22,584	110,972	377	111,349
Total comprehensive income for the period	-	-	-	2,480	-	3,478	5,958	(66)	5,892
Share option expense	-	-	-	-	89	-	89	-	89
Dilution of minority interest	-	-	-	-	-	-	-	(172)	(172)
At 31 October 2008	88,285	1,617	-	659	396	26,062	117,019	139	117,158
At 1 August 2009	100,390	-	10,279	(302)	668	33,834	144,869	173	145,042
Total comprehensive income for the period	-	-	-	(1,144)	-	1,061	(83)	22	(61)
Share option expense	-	-	-	-	32	-	32	-	32
At 31 October 2009	100,390	-	10,279	(1,446)	700	34,895	144,818	195	145,013

Statement of Changes in Equity for the Company

Attributable to equity holders of the Company

	Share capital \$'000	Equity component of convertible bond \$'000	Fair value reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 August 2008	88,285	1,617	-	307	2,190	92,399
Total comprehensive income for the period	-	-	-	89	107	196
At 31 October 2008	88,285	1,617	-	396	2,297	92,595
At 1 August 2009	100,390	-	12,522	668	6,396	119,976
Total comprehensive income for the period	-	-	-	32	(247)	(215)
At 31 October 2009	100,390	-	12,522	700	6,149	119,761

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no movements in the Company's share capital for the financial period ended 31 October 2009.

Convertibles

i. Convertible Bonds

The Company had no outstanding convertible bonds and related additional shares that can be issued under its Right of Allotment as at 31 October 2009 (31 October 2008 – Convertible Bonds outstanding: S\$12,500,000; Additional shares under Right of Allotment: 7,594,168 shares). For the corresponding quarter last year, the Bondholders did not exercise the rights to convert any part of the Bonds into shares and neither did they subscribe for any additional shares under the Right of Allotment.

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 2009, there were 48,000,000 (31 October 2008: 47,000,000) outstanding share options which would entitle the holders to subscribe for a total of 48,000,000 ordinary shares of the Company (31 October 2008: 47,000,000) at a weighted average exercise price of S\$0.091 per share.

The 48,000,000 share options outstanding at 31 October 2009 are approximately 3.1% of the share capital consisting of 1,544,519,374 issued shares at 31 October 2009.

Save as disclosed above, the Company have no other outstanding convertibles and treasury shares at 31 October 2009 and 31 October 2008.

- 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 2009 was 1,544,519,374 (31 July 2009: 1,544,519,374). There were no treasury shares held by the Company at 31 October 2009.

- 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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial information for the current financial period as compared with those used in the audited financial statements for the financial year ended 31 July 2009.

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 2009, which include:

FRS 1 (Revised) Presentation of Financial Statements

FRS 1 (Revised) requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income. Components of comprehensive income are presented in a separate Statement of comprehensive income. The ‘Balance Sheets’ and Cash flow statements’ have been re-titled to ‘Statements of financial position’ and ‘Statements of cash flows’ respectively.

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 2009. The adoption of these new/revised FRS and INT FRS did not result in changes to the group's and the company's accounting policies and has no material effect on the amounts reported for the current or prior reporting periods.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per ordinary share of the Group, after deducting any provision for preference dividends (in cents):	Group	
	3 Months	
	31 Oct 2009	31 Oct 2008
6(a) Based on the weighted average number of ordinary shares on issue	0.07	0.25
Weighted average number of ordinary shares (in million)	1,544.52	1,384.52
6(b) On a fully diluted basis	0.07	0.25
Weighted average number of ordinary shares (in million)	1,550.92	1,384.71

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 2009	31 Jul 2009	31 Oct 2009	31 Jul 2009
Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in cents)	9.4	9.4	7.8	7.8

Net asset value per ordinary share as at 31 October 2009 is calculated based on the existing issued share capital of 1,544,519,374 ordinary shares outstanding as at 31 October 2009 (31 July 2009: 1,544,519,374).

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

Total Revenue fell by 16.3% Q-on-Q because of:

- a. Lower large volume printing. This is partly due to there being less of such work and management’s continued decision to de-emphasize such work (margins for such work has been getting thinner); and
- b. As a result of management’s continued decision to become the ‘print manager’ instead of the ‘main contractor’. As a print manager, the company only books that portion of the business which belongs to the company. As a main contractor, the company books all of the Revenue even if a significant amount of the labour intensive portion is outsourced.

Net Profit fell by a very significant 69% almost entirely due to one-off items and foreign exchange differences as can be seen below:

NPAT for 1Q2009	3,453
Difference arising from Foreign Exchange Movements	(1,260)
Difference arising from Deferred Tax write backs	(1,634)
Others	507
NPAT for 1Q2010	<u>1,066</u>

Differences arising from Foreign Exchange Movements are due to translation gains or losses when foreign currency assets and liabilities are translated into Singapore dollars.

Differences arising from Deferred Tax are almost entirely due to write-backs of Deferred Tax in 1Q2009 and which did not recur in 1Q2010.

S\$m	1Q2009	2Q2009	3Q2009	4Q2009	1Q2010
	Aug 08 to Oct-08	Nov 08 to Jan-09	Feb 09 to Apr-09	May 09 to Jul-09	Aug 09 to Oct-09
Total revenue	15.17	12.6	13.2	14.0	12.81
Net profit attributable to equity holders of the Parent	3.48	0.49	1.95	7.11	1.06
Net profit attributable to equity holders of the Parent excluding one-off items	1.68	0.49	1.95	2.04	1.06

Revenue

The Group achieved Operating Revenues of \$12.81 million for the first quarter ended 31 October 2009 ("1Q2010"), 15.6% lower than Operating Revenues of \$15.17 million in the corresponding quarter last year ("1Q2009"). This was partly because the Group had significantly more large volume orders in 1Q2009 which were signed prior to the onset of the global economic meltdown and partly because the Group had in 1Q2010 continued to re-negotiate certain large volume commercial printing contracts into print management contracts that started in 4Q2009 where only the gross margin was recognised as Revenue.

Business Activity	1st Quarter			
	31 Oct 09 S\$mil	31 Oct 08 S\$mil	+ / (-) S\$mil	+ / (-) %
Financial Printing	3.55	3.26	0.29	8.9%
Time-sensitive commercial Printing - small volume	2.13	1.81	0.32	17.7%
Time-sensitive commercial Printing - large volume	4.71	9.30	(4.59)	(49.4%)
Others	0.22	0.22	0.00	0.0%
Revenue from print production	10.61	14.59	(3.98)	(27.3%)
Print Management	2.20	0.58	1.62	279.3%
Total revenue	12.81	15.17	(2.36)	(15.6%)

Revenue from Financial Printing

S\$m	1Q2009	2Q2009	3Q2009	4Q2009	1Q2010
	Aug 08 to Oct-08	Nov 08 to Jan-09	Feb 09 to Apr-09	May 09 to Jul-09	Aug 09 to Oct-09
Financial Printing	3.26	3.04	4.12	4.57	3.55

Revenue from financial printing of \$3.55 million in 1Q2010 was \$0.29 million higher than the \$3.26 million for 1Q2009 despite this being seasonally a lull period for financial print products. Our ability to deliver small orders in a very short space of time has worked to our advantage in the current cautious economic climate where large institutions in the PRC increasingly looked to us to deliver small print-run jobs.

Revenue from Time-Sensitive Commercial Printing

S\$m	1Q2009 Aug 08 to Oct-08	2Q2009 Nov 08 to Jan-09	3Q2009 Feb 09 to Apr-09	4Q2009 May 09 to Jul-09	1Q2010 Aug 09 to Oct-09
Time-sensitive commercial Printing					
- small scale	1.81	2.26	1.78	2.01	2.13
- large volume	9.30	6.30	4.86	5.88	4.71
	11.11	8.56	6.64	7.89	6.84

Revenue from time-sensitive commercial printing in 1Q2010 decreased by S\$4.27 million vis-à-vis the same period last year from \$11.11 million in 1Q2009 to \$6.84 million in 1Q2010. The decline was partly due to lower number of large volume printing jobs in 1Q2010 and partly due to the re-negotiation of certain large volume commercial print contracts into print management contracts where the Group now manages the printing chain for the clients and books in a fee for the service. Previously this fee would have been part of Gross Profit. The change in focus to print management is beneficial for the Group as the overhead costs incidental to the print production will be borne directly by the customers thus freeing up working capital. Without this change in basis of revenue recognition, the year-on-year decline in quarterly revenue for this product segment would have been lower. As with previous quarters, the rate of decline in time-sensitive printing is slowing partly due a noticeable recovery in China's domestic consumption and partly because of increased orders received from larger publishers largely due to our time-sensitive model and our financial strength.

Revenue from Print Management

S\$m	1Q2009 Aug 08 to Oct-08	2Q2009 Nov 08 to Jan-09	3Q2009 Feb 09 to Apr-09	4Q2009 May 09 to Jul-09	1Q2010 Aug 09 to Oct-09
Print management	0.58	0.73	1.47	1.45	2.20

Print management income are fees earned by managing large clients' printing needs and related supply-chain management through technology. The services carried out by us include design to print technology, warehousing and logistics, studio services, off-shoring and product design. The Group has progressively focused on this area of business which requires in-depth print knowledge and which can leverage on our network of standalone print stations strategically situated in CBD areas of key Asian cities and dedicated on-site print stations in clients' premises.

Print management fees increased by S\$1.62 million or 279.3% from S\$0.58 million in 1Q2009 to \$2.20 million in 1Q2010, mainly due to the Revenue from large volume commercial printing jobs which had been converted into print management fees as mentioned above and also from increased orders from large MNCs.

Raw materials and consumables used

In 1Q2010, raw materials and consumables such as paper, films and plates decreased by 27.7% to \$5.46 million as compared to \$7.55 million that was used in 1Q2009. Thus it would appear that costs have fallen significantly more than Revenues. However, if we excluded Revenue from print management and consultancy - where we do not pay for paper, films and plates - Revenue for the same period declined by a comparable 27.3%.

Gross profit margin

S\$m	1Q2009 Aug 08 to Oct-08	2Q2009 Nov 08 to Jan-09	3Q2009 Feb 09 to Apr-09	4Q2009 May 09 to Jul-09	1Q2010 Aug 09 to Oct-09
Gross margins	50.1%	56.2%	53.9%	61.6%	58.0%

Gross Profit margin, net of deducting changes in inventories of finished goods and work-in-progress, increased by approximately 7.9 percentage points from 50.1% in the corresponding quarter last year to 58.0% in 1Q2010. This increase in 1Q2010 was mainly attributable to the large volume commercial printing Revenue which had been converted into print management income. Without this change in basis of revenue recognition the Gross Profit margin would still have improved due to the natural hedge in paper which we have taken out, but the improvement would have been considerably lower.

Staff costs

Staff costs for the Group decreased by S\$0.62 million or 19.3% from S\$3.22 million in 1Q2009 to S\$2.60 million in 1Q2010. This was mainly due to high staff costs in 1Q2009 due to higher commission payout to sales staff for the higher revenue achieved and overtime payouts to production staff when the Group accepted the large volume time-sensitive commercial printing work. As explained in the full year announcement in the last quarter, the Group now operates with a lower staff headcount and the plants' production shifts have been reduced and the shift hours are now only stretched when there were high margin orders to be delivered. Such adjustments to the workforce and operations have allowed the Group to remain cost-efficient and competitive.

Foreign currency (losses) / gain

In 1Q2010, the exchange loss for the Group was S\$0.58 million as compared to an exchange gain of S\$0.68 million in 1Q2009. The loss in 1Q2010 was mainly due to unrealised net foreign exchange losses with respect to the revaluation of the Group's entities' monetary assets and liabilities denominated in foreign currencies. The Group's foreign exchange exposure mainly arises from the HK\$ (which has been tied to the US\$ and thus has been weak) and in turn is 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 or foreign exchange hedging and it had not purchased into any foreign exchange derivative products or any foreign exchange contracts.

Other operating expenses

In 1Q2010, the Group incurred other operating expenses of S\$2.02 million which is 15.2% or \$0.37 million lower than the S\$2.39 million incurred in 1Q2009. This was mainly due to lower building expenses resulting from rental and utilities rebates and due to overall costs reduction in staff and corporate expenditure.

Finance costs

Finance cost was S\$0.19 million for this current quarter as compared to S\$0.25 million in 1Q2009 mainly due to the absence of interest on convertible bonds, partially offset by interest on larger term loans (Spring Singapore bridging loan) in 1Q2010. Please refer to note 3 of 1(a)(ii) for more details.

Taxation

Taxation expense in 1Q2010 was \$0.36 million as compared to tax written back (net) of \$1.31 million in 1Q2009. This was mainly because in 1Q2009 the Group had written back deferred tax provisions of \$1.63 million to the income statement whereas in 1Q2010 there was no deferred taxation for the Group. Please refer to note 5 of 1(a)(ii) for more details.

Share of associate's results

There was no share of associate's results in 1Q2010 as the company has divested a 10.1% equity stake in its 30% held associated company, Shenzhen Jiaxinda ("JXD"), in July 2009. The remaining 19.9% investment in JXD is now reflected as an available-for-sale financial asset in the balance sheet.

BALANCE SHEET

Property, plant and equipment

The Group's plant and equipment decreased by S\$0.57 million from S\$18.08 million at 31 July 2009 to S\$17.51 million at 31 October 2009. This decrease was mainly due to depreciation charges of \$0.8 million partially offset by increased capital expenditure related to the renovation of the new Beijing plant.

Trade and other receivables

Trade receivables increased by approximately S\$2.0 million from S\$27.91 million at 31 July 2009 to S\$29.91 million at 31 October 2009. This increase was mainly contributed by sales revenue for 1Q2010 which are not due for payment until after January 2010.

Other receivables decreased by approximately S\$6.33 million from S\$27.38 million at 31 July 2009 to S\$21.05 million at 31 October 2009 mainly due to the receipt of outstanding balance of the proceeds from sale of 10.1% equity interest in associated company amounting to S\$7.3 million. Other receivables mainly consist of prepayments for paper, trade deposits, advances to suppliers and prepaid operating expenses which will be charged to the income statement in future periods. Where jobs had already been contracted for, the Group had locked in paper prices with suppliers by prepaying for part of and/or all the paper required for those particular print jobs. Therefore, within other receivables there is an element of inventory whereby the title has not been passed on to the Group until they have been issued by the suppliers.

Cash and cash equivalents

Cash and cash equivalents increased by approximately S\$3.87 million from S\$10.78 million at 31 July 2009 to S\$14.65 million at 31 October 2009 mainly due to receipt from divestment proceeds that were outstanding at 31 July 2009 partially offset by cash used to fund working capital needs.

Trade and other payables

Trade and other payables decreased by approximately S\$1.45 million from S\$9.36 million at 31 July 2009 to S\$7.91 million at 31 October 2009 mainly due to increased net repayments to suppliers in 1Q2010.

Borrowings

Interest-bearing borrowings increased by approximately S\$0.97 million from S\$8.23 million at 31 July 2009 to S\$9.20 million at 31 October 2009 mainly due to the drawdown of the bridging loan from Spring Singapore partially offset by reduction in bank overdraft levels during 1Q2010.

Finance lease liabilities decreased by approximately S\$0.25 million from S\$2.84 million at 31 July 2009 to S\$2.59 million at 31 October 2009 mainly due to scheduled repayments in 1Q2010.

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

In the previous prospect statement made in our Full Year 31 July 2009 results announcement, we mentioned that although uncertainties persist in the economic outlook, the Board of Directors were hopeful that barring any unforeseen circumstances the Group will maintain the level of operating profits for the financial year ending 31 July 2010.

Although the Group's Net Profit has declined year-on-year for 1Q2010 as compared to 1Q2009, as we have explained in the first paragraph of note 8 that this was mainly due to unrealized exchange losses and the absence of any deferred tax write-backs during the quarter. After adjusting for these non-operating items, the operating profit of the company in 1Q2010 was comparable with those in 1Q2009.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group achieved Net Profit of \$1.06 million for 1Q2010. As explained in note 8, profits would have been higher if it was not because of adverse exchange rate movements in the Hong Kong dollar that lowered the Group's monetary assets and liabilities in Hong Kong resulting in unrealized foreign exchange loss in 1Q2010 and the absence of any write back in deferred taxation.

Having said this and although key economic indicators of our main markets in Hong Kong, Singapore and China have shown signs of bottoming out and some have since reportedly emerged from recession, our major clients are still very cautious about their marketing and print spend. But printing demand from foreign MNCs and large PRC clients have remained relatively constant during the last few months and this leads us to believe conditions have bottomed and is recovering.

The Group in November 2009 signed an agreement with HH, a thought leader on procurement of below-the-line marketing and print management services. HH provides a range of services including design to print technology, warehousing and logistics, studio services, off-shoring and product design. By offering specialist knowledge services, supported by people, process and technology, HH helps clients achieve economies of scale and quality – and derives fees from the cost savings. As Western companies seek to expand to Asia, Xpress – leveraging on its Print Station network – will serve as the Asian partner. In turn, Xpress will work with HH for Asian clients who have significant print needs in Europe, the Middle East and the United States.

Beyond this global partnership, the Group itself is evolving. While continuing to provide Print Stations (pre-press and routing of print orders to print partners) it is now – through Print Planner – also offering dedicated consultancy and fee-based print management services.

Given the above and given the improving business climate in China, and barring any unforeseen circumstances, the Board of Directors believes that the Group will be able to maintain its FY2009 level of operating profits in FY2010.

11 Dividend

- (a) Any dividend declared for the present financial period?** Nil
- (b) Any dividend declared for the previous corresponding period?** Nil
- (c) Date payable:** Not applicable
- (d) Book closure date:** Not applicable

12 If no dividend has been declared or recommended, a statement to that effect

No dividend has been declared or recommended for the period.

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)
	<u>\$'000</u> <u>Nil</u>	<u>\$'000</u> <u>Nil</u>

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 2009 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Poh Eng Seng
 Chief Executive Officer

10 December 2009