



**NIPPECRAFT LIMITED**

(Incorporated in the Republic of Singapore)  
Company registration number: 197702861N

The announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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# **Nippecraft Limited**

## **Condensed Interim Financial Statements**

### **for the six months ended**

### **30 June 2022**



**NIPPECRAFT LIMITED**

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# **NIPPECRAFT LIMITED**

(Incorporated in the Republic of Singapore)  
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## **A. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

		Group		
		Half year ended		
	Note	30-Jun-22	30-Jun-21	Change
		US\$'000	US\$'000	
Revenue from contracts with customers	5	55,186	59,612	-7%
Cost of sales		(52,340)	(57,099)	-8%
Gross profit		2,846	2,513	13%
Distribution and marketing expenses		(2,114)	(2,069)	2%
Administrative expenses		(1,803)	(1,757)	3%
Impairment loss on financial assets		(3)	(3)	0%
Other income, net	6	275	422	-35%
Finance expense, net		(175)	(294)	-40%
Loss before tax	8	(974)	(1,188)	-18%
Tax expense	9	(34)	(9)	>100%
Net loss for the period		(1,008)	(1,197)	-16%
Other comprehensive income:				
Items that may be reclassified subsequently				
to profit or loss				
- Foreign currency translation differences for foreign operations		(711)	117	N.M.
Other comprehensive (loss)/ income for the period, net of tax		(711)	117	N.M.
Total comprehensive loss for the period		(1,719)	(1,080)	59%
Loss per share (US cents)				
- Basic & Diluted		(0.287)	(0.341)	

Note: N.M. - Not meaningful

The accompanying notes form an integral part of these condensed interim financial statements.



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## **B. Condensed Statements of Financial Position**

		<b>Group</b>		<b>Company</b>	
		<b>As at 30-Jun-22 US\$'000</b>	<b>As at 31-Dec-21 US\$'000</b>	<b>As at 30-Jun-22 US\$'000</b>	<b>As at 31-Dec-21 US\$'000</b>
<b>Note</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	3,222	3,478	2,911	3,042
Intangible assets	15	-	-	-	-
Subsidiaries		-	-	16,512	16,512
Deferred tax assets		-	-	-	-
		<b>3,222</b>	<b>3,478</b>	<b>19,423</b>	<b>19,554</b>
<b>Current assets</b>					
Inventories		5,638	2,242	226	231
Trade and other receivables		23,238	33,441	4,594	2,879
Prepayments		346	263	141	120
Cash and bank balances		19,236	22,958	3,223	1,454
Asset held-for-sale	14	1,016	1,016	1,016	1,016
		<b>49,474</b>	<b>59,920</b>	<b>9,200</b>	<b>5,700</b>
<b>TOTAL ASSETS</b>		<b>52,696</b>	<b>63,398</b>	<b>28,623</b>	<b>25,254</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		21,776	30,572	4,484	1,252
Lease liabilities		288	338	195	195
Income tax payable		34	-	-	-
		<b>22,098</b>	<b>30,910</b>	<b>4,679</b>	<b>1,447</b>
<b>Non-current liabilities</b>					
Lease liabilities		1,307	1,478	1,278	1,395
		<b>1,307</b>	<b>1,478</b>	<b>1,278</b>	<b>1,395</b>
<b>TOTAL LIABILITIES</b>		<b>23,405</b>	<b>32,388</b>	<b>5,957</b>	<b>2,842</b>
<b>NET ASSETS</b>		<b>29,291</b>	<b>31,010</b>	<b>22,666</b>	<b>22,412</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	18	36,817	36,817	36,817	36,817
Reserves		730	1,441	748	748
Accumulated losses		(8,256)	(7,248)	(14,899)	(15,153)
<b>TOTAL EQUITY</b>		<b>29,291</b>	<b>31,010</b>	<b>22,666</b>	<b>22,412</b>

The accompanying notes form an integral part of these condensed interim financial statements.



# **NIPPECRAFT LIMITED**

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## **C. Condensed Statements of Changes in Equity**

<b>Group</b>	<b>Share capital</b>	<b>Asset revaluation reserve</b>	<b>Foreign currency translation reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Balance as at 01.01.2022</b>	<b>36,817</b>	<b>748</b>	<b>693</b>	<b>(7,248)</b>	<b>31,010</b>
Loss for the period	-	-	-	(1,008)	(1,008)
<b>Other comprehensive loss for the period, net of tax</b>					
- Currency translation differences	-	-	(711)	-	(711)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(711)</b>	<b>(1,008)</b>	<b>(1,719)</b>
<b>Balance as at 30.6.2022</b>	<b>36,817</b>	<b>748</b>	<b>(18)</b>	<b>(8,256)</b>	<b>29,291</b>
<b>Balance as at 01.01.2021</b>	<b>36,817</b>	<b>748</b>	<b>856</b>	<b>(7,572)</b>	<b>30,849</b>
Loss for the period	-	-	-	(1,197)	(1,197)
<b>Other comprehensive income for the period, net of tax</b>					
- Currency translation differences	-	-	117	-	117
<b>Total comprehensive income/ (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>(1,197)</b>	<b>(1,080)</b>
<b>Balance as at 30.6.2021</b>	<b>36,817</b>	<b>748</b>	<b>973</b>	<b>(8,769)</b>	<b>29,769</b>

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# **NIPPECRAFT LIMITED**

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## **C. Condensed Statements of Changes in Equity (Continued)**

<b>Company</b>	<b>Share capital</b>	<b>Asset revaluation reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Balance as at 01.01.2022</b>	<b>36,817</b>	<b>748</b>	<b>(15,153)</b>	<b>22,412</b>
Profit for the period	-	-	254	<b>254</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>254</b>	<b>254</b>
<b>Balance as at 30.6.2022</b>	<b>36,817</b>	<b>748</b>	<b>(14,899)</b>	<b>22,666</b>
<b>Balance as at 01.01.2021</b>	<b>36,817</b>	<b>748</b>	<b>(14,868)</b>	<b>22,697</b>
Profit for the period	-	-	135	<b>135</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>135</b>
<b>Balance as at 30.6.2021</b>	<b>36,817</b>	<b>748</b>	<b>(14,733)</b>	<b>22,832</b>

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# **NIPPECRAFT LIMITED**

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## **D. Condensed Consolidated Statement of Cash Flows**

	Note	Group	
		Half year ended	
		30-Jun-22 US\$'000	30-Jun-21 US\$'000
<b>Cash flows from operating activities</b>			
<b>Loss before tax</b>		(974)	(1,188)
<b>Adjustments:</b>			
Depreciation of property, plant and equipment	8	263	329
Property, plant and equipment written off		-	-
Impairment on financial assets		3	3
Interest income	8	(10)	(2)
Interest expense	8	185	296
Write-down of inventories		172	13
<b>Operating loss before working capital changes</b>		<b>(361)</b>	<b>(549)</b>
<b>Movement in working capital:</b>			
Inventories		(3,968)	(3,532)
Trade and other receivables		9,832	8,068
Trade and other payables		(8,324)	(5,203)
<b>Cash used in operations</b>		<b>(2,821)</b>	<b>(1,216)</b>
Income tax paid, net	9	-	(119)
<b>Net cash used in operating activities</b>		<b>(2,821)</b>	<b>(1,335)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	A, 14	(36)	(115)
Interest received		10	2
<b>Net cash used in investing activities</b>		<b>(26)</b>	<b>(113)</b>
<b>Cash flows from financing activities</b>			
Interest paid for trade financing		(147)	(257)
Payment of principal portion of lease liabilities		(168)	(75)
Interest paid on lease liabilities		(38)	(39)
<b>Net cash used in financing activities</b>		<b>(353)</b>	<b>(371)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,200)</b>	<b>(1,819)</b>
Cash and cash equivalents as at beginning of the period		19,458	14,742
Effects of exchange rate changes on cash and cash equivalents		(522)	(62)
<b>Cash and cash equivalents as at end of the period</b>		<b>15,736</b>	<b>12,861</b>

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**D. Consolidated Statement of Cash Flows (Continued)**

<b>Group</b>	
<b>Half year ended</b>	
<b>30-Jun-22</b>	<b>30-Jun-21</b>

**Note to Condensed Consolidated Statement of Cash Flows:****Note A:**

Addition of property, plant and equipment	36	202
Less: Addition of right-of-use assets	-	(87)
Acquisition of property, plant and equipment	<b>36</b>	<b>115</b>

**Note B:**

Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprise the following amounts:

Cash at bank and in hand	15,626	12,791
Short-term bank deposits	3,610	3,570
<b>Cash and bank balances</b>	<b>19,236</b>	<b>16,361</b>
Bank balances and deposits pledged	(3,500)	(3,500)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>15,736</b>	<b>12,861</b>

The accompanying notes form an integral part of these condensed interim financial statements.





## NIPPECRAFT LIMITED

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### E. Notes to the condensed interim consolidated financial statements

#### 1. General Information

Nippecraft Limited (the “**Company**”) is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of the Company’s registered office and principal place of business is 9 Fan Yoong Road, Singapore 629787.

APP Printing (Holding) Pte Ltd (“**APP Printing**”), a company incorporated in Singapore, holds 49% (2021: 49%) of the share capital of the Company and is deemed to be the controlling shareholder of the Company. APP Printing is a wholly-owned subsidiary of PT Andalan Prapanca Pertiwi (“**PT APP**”), and Asia Pulp & Paper Company Ltd (“**APP**”) owns 89.9% (2021: 89.9%) of the shares in PT APP. APP Golden Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, currently controls approximately 63.32% (2021: 63.32%) of the voting power of APP and is considered as the ultimate holding company.

The condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Group and the Company are those relating to the design, manufacture, distribution and trading of paper, personal and business organising tools, as well as general trading of pulp, chemical, and recycled waste and other products.

#### 2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2a.

The condensed interim financial statements are presented in United States dollars (“**US\$**”) which is the Company’s functional currency.



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### **a. New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

### **b. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the Group's accounting policies and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

### **c. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## **3. Segment and revenue information**

The Group operates in two business segments:

#### **- Stationery business**

The main activities are design, development, sales and marketing of planners/ diaries, business accessories and related stationery products.

#### **- Trading business**

The main activities are trading and strategic sourcing of recycled waste, chemicals, papers, paper bags, pulp and other related materials.

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer ("CEO") who is responsible for allocating resources and assessing performance of the operating segments.



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### 4. Reportable segments

Group	Stationery	Trading	Total
1-Jan-22 to 30-Jun-22	US\$'000	US\$'000	US\$'000
Segment revenue	9,603	51,061	60,664
Intra-Segment revenue	(5,478)	-	(5,478)
<b>External revenue</b>	<b>4,125</b>	<b>51,061</b>	<b>55,186</b>
<b>Segment loss</b>	<b>(1,133)</b>	<b>334</b>	<b>(799)</b>
Finance income			10
Finance expense			(185)
<b>Profit before tax</b>			<b>(974)</b>
Tax expense			(34)
<b>Consolidated loss for the financial period</b>			<b>(1,008)</b>
Segment assets	22,554	30,142	52,696
Segment liabilities	8,048	15,357	23,405
Other segment information:			
Capital expenditure	36	-	36
Depreciation	262	1	263
Write-down of inventories	172	-	172
Impairment loss on financial assets	3	-	3
Group	Stationery	Trading	Total
1-Jan-21 to 30-Jun-21	US\$'000	US\$'000	US\$'000
Segment revenue	8,998	55,343	64,341
Intra-Segment revenue	(4,725)	(4)	(4,729)
<b>External revenue</b>	<b>4,273</b>	<b>55,339</b>	<b>59,612</b>
<b>Segment loss</b>	<b>(1,194)</b>	<b>300</b>	<b>(894)</b>
Finance income			2
Finance expense			(296)
<b>Loss before tax</b>			<b>(1,188)</b>
Tax expense			(9)
<b>Consolidated loss for the financial period</b>			<b>(1,197)</b>
Segment assets	21,483	29,712	51,195
Segment liabilities	6,337	15,089	21,426
Other segment information:			
Capital expenditure	115	-	115
Depreciation	328	1	329
Write-down of inventories	13	-	13
Impairment loss on financial assets	3	-	3



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## **5. Disaggregation of Revenue**

The Group derives revenue from the transfer of goods at a point in time and disaggregation by type of products and geographical location based on location of customers. Revenue is recognised when the control of goods has been transferred based on shipping terms.

	<b>Group</b>	
	<b>Half year ended</b>	
	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Sale of goods		
- Stationery products	4,125	4,273
- Pulp and related trading products	51,061	55,339
	<b>55,186</b>	<b>59,612</b>
Geographical markets		
- Hong Kong	20,293	26,963
- Indonesia	17,856	18,726
- Malaysia	12,206	9,657
- United Kingdom	2,056	2,161
- Australia	1,706	1,811
- Singapore	803	37
- Continental Europe	121	124
- United States of America	3	- *
- Others	142	133
	<b>55,186</b>	<b>59,612</b>

\* Less than US\$1,000.

	<b>Group</b>	
	<b>As at</b>	
	<b>30-Jun-22</b>	<b>31-Dec-21</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current assets</b>		
Singapore	2,914	3,047
United Kingdom	227	306
Australia	81	125
	<b>3,222</b>	<b>3,478</b>



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## **6. Other Income, net**

		<b>Group</b>	
		<b>Half year ended</b>	
		<b>30-Jun-22</b>	<b>30-Jun-21</b>
		<b>US\$'000</b>	<b>US\$'000</b>
	<b>Note</b>		
Other income			
Rental income		289	286
Government grant income	(i)	6	157
Foreign exchange gain		-	11
		<u>295</u>	<u>454</u>
Other expenses			
Foreign exchange loss		20	-
Restructuring expenses		-	32
		<u>20</u>	<u>32</u>
<b>Other income, net</b>		<b><u>275</u></b>	<b><u>422</u></b>

### **Note**

- (i) Government grant income was related to Wage Credit Scheme, Special Employment Credit Scheme and Job Support Scheme granted by the government of Singapore and also similar support schemes received from Australia and United Kingdom which were cash grants for employers.



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### 7. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30-Jun-22</b>	<b>31-Dec-21</b>	<b>30-Jun-22</b>	<b>31-Dec-21</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income (FVOCI)	-	-	-	-
Cash and bank balances and trade and other receivables (Amortised cost)	39,960	56,301	7,402	4,280
	<b>39,960</b>	<b>56,301</b>	<b>7,402</b>	<b>4,280</b>
<b>Financial liabilities</b>				
Trade and other payables and borrowings (Amortised cost)	<b>23,371</b>	<b>32,388</b>	<b>5,957</b>	<b>2,842</b>

### 8. Loss before tax

#### a) Significant items

	<b>Group</b>	
	<b>Half year ended</b>	
	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Depreciation of property, plant and equipment	263	329
Write-down of inventories	172	13
Foreign exchange loss/ (gain), net	20	(11)
Restructuring expenses	-	32
Interest income	10	2
Interest expense	(185)	(296)
<b>Finance expense, net</b>	<b>(175)</b>	<b>(294)</b>

#### b) Related party transactions

There were no material related party transactions apart from those disclosed under the section titled "Interested person transactions" in the financial statements or in the information required by SGX Catalist Listing Rules Appendix 7C.



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### 9. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Group</b>	
	<b>Half year ended</b>	
	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Current income tax expense	34	9
Deferred income tax expense relating to origination and reversal of temporary differences	-	-

### 10. Loss per share

Loss per share for the period attributed to the owners of the Company during the period:

	<b>Group</b>	
	<b>Half year ended</b>	
	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<b>(0.287)</b>	<b>(0.341)</b>
Loss per share based on average number of shares (US cents)		

  

	<b>Group</b>	
	<b>As at</b>	
	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<b>('000)</b>	<b>('000)</b>
Total number of shares	351,398	351,398
Weighted average number of shares	351,398	351,398

There were no potentially dilutive shares during the period reported on.

### 11. Dividends

No dividend has been declared or recommended for 1H2022 (1H2021: nil) in view of the negative earnings.



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### 12. Net asset value

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30-Jun-22</b>	<b>31-Dec-21</b>	<b>30-Jun-22</b>	<b>31-Dec-21</b>
Net asset value per share (US cents)	<b>8.34</b>	<b>8.82</b>	<b>6.45</b>	<b>6.38</b>
Number of issued shares less treasury shares ('000)	351,398	351,398	351,398	351,398

### 13. Financial assets at fair value through other comprehensive income

Not applicable.

### 14. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to US\$36,000 (31 December 2021: US\$180,000) and disposed-off assets amounting to US\$nil (31 December 2021: US\$2,000).

### 15. Intangible assets

	<b>Group</b>	
	<b>As at</b>	
	<b>30-Jun-22</b>	<b>31-Dec-21</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cost</b>		
As at 1 January 2022 and 1 January 2021	13,339	13,413
Currency translation differences	(1,272)	(74)
As at 30 June 2022 and 31 December 2021 respectively	<b>12,067</b>	<b>13,339</b>
<b>Accumulated amortisation and impairment losses</b>		
As at 1 January 2022 and 1 January 2021	13,339	13,413
Currency translation differences	(1,272)	(74)
As at 30 June 2022 and 31 December 2021 respectively	<b>12,067</b>	<b>13,339</b>
<b>Net carrying amount</b>		
As at 30 June 2022 and 31 December 2021 respectively	-	-

#### Note:

Intangible assets were trademarks acquired by a subsidiary, Collins Debden Limited in the United Kingdom in 1995 and had a deemed useful life of 20 years.





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## **16. Investment properties**

Not applicable.

## **17. Borrowings**

	Group and Company			
	As at		As at	
	30-Jun-22		31-Dec-21	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### **Details of any collateral**

Not applicable.

## **18. Share capital**

	Group and Company			
	30-Jun-22		31-Dec-21	
	Number of		Number of	
	ordinary		ordinary	
	shares		shares	
	('000)	US\$'000	('000)	US\$'000
<b>Issued and fully paid ordinary shares</b>				
At beginning and end of financial period	351,398	36,817	351,398	36,817

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share at the general meeting of the Company. There is no par value for these ordinary shares.

There was no change in the Company's issued and paid-up share capital from 1 January 2022 to 30 June 2022. There were no outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2022 and 30 June 2021.

There were no sales, transfers, cancellation and/or use of treasury shares during the current financial period reported on.



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### **19. Acquisition of subsidiary**

Not applicable.

### **20. Subsequent events**

On 5 July 2022, the Company granted an option to purchase (“**Option**”) to Fire Armour Pte. Ltd. (“the **Purchaser**”), for the sale of its property located at 9 Fan Yoong Road, Singapore 629787 (the “**Property**”) (the “**Proposed Disposal**”) for a cash consideration of S\$2.80 million. On 29 July 2022, the Purchaser has exercised the Option.

The Company will make further announcements to keep shareholders informed, as and when there are material updates and developments in respect of the Proposed Disposal.

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



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### F. Other information required by SGX Catalyst Listing Rules Appendix 7C

#### 1. Review

The condensed consolidated statement of financial position of Nippecraft Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

#### 2. Review of performance of the Group

##### A) Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

##### Revenue

	Group			
	Half year ended			
	30-Jun-22	30-Jun-21	Variance	
	US\$'000	US\$'000	US\$'000	
Stationery business	4,125	4,273	(148)	-3%
Trading business	51,061	55,339	(4,278)	-8%
	<b>55,186</b>	<b>59,612</b>	<b>(4,426)</b>	<b>-7%</b>

The Group recorded revenue of US\$55.2 million for the half year ended 30 June 2022 ("1H2022") as compared to US\$59.6 million in the previous corresponding half year ended 30 June 2021 ("1H2021"). The decrease in revenue of US\$4.4 million or 7% was mainly attributed to the decline in both the trading business and stationery business.

Stationery business revenue decreased by US\$0.1 million or 3%, which is mainly due to the foreign exchange translation losses of US\$0.2 million as a result of the currency translation of sales made in Australia and UK into USD. Excluding the effect of foreign exchange translation losses, stationery revenue increased by US\$0.1 million or 2%.

Trading business revenue decreased by US\$4.3 million or 8% to US\$51.1 million mainly due to the decrease in sales to a mandated interested person and sales to third parties (Please refer to paragraph 13).

The decrease in revenue from customers in Hong Kong was due to market competition and the mandated interested person which was partially offset by the increase in revenue from customers in Malaysia.



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### Gross profit

	Half year ended 30-Jun-22		Half year ended 30-Jun-21		Variance
	US\$'000	Margin	US\$'000	Margin	US\$'000
Stationery business	2,061	50.0%	1,875	43.9%	186
Trading business	785	1.5%	638	1.2%	147
	<b>2,846</b>	<b>5.2%</b>	<b>2,513</b>	<b>4.2%</b>	<b>333</b>

Gross profit for 1H2022 increased by US\$0.3 million to US\$2.8 million as compared to 1H2021.

Overall gross profit margin for 1H2022 increased by 1.0 percentage point mainly due to the change in gross profit contributions by the stationery and trading business. Gross profit margin for the stationery business increased by 6.1 percentage point to 50.0% mainly driven by sales mix and decrease in depreciation expenses as the Property had been reclassified to asset held-for-sale partially offset by the increase in write-down of inventories. Gross profit margin for trading business increased marginally by 0.3 percentage point to 1.5% was mainly due to one-off discounted pulp prices offered by the vendors.

In 1H2022, the trading business contributed to approximately 28% of the gross profit, compared to 25% in 1H2021.

### Distribution and marketing and Administrative expenses

	Group Half year ended		Variance	
	30-Jun-22	30-Jun-21		
	US\$'000	US\$'000	US\$'000	
Distribution and marketing expenses	2,114	2,069	45	2%
Administrative expenses	1,803	1,757	46	3%
<b>Total operating expenses</b>	<b>3,917</b>	<b>3,826</b>	<b>91</b>	<b>2%</b>

Distribution and marketing expenses remained flat at US\$2.1 million.

Administrative expenses remained flat at US\$1.8 million.



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### **Other income, net**

Other income in 1H2021 decreased by US\$0.1 million or 35% as compared to 1H2021. The decrease was mainly attributable to the decrease in receipt of government grant for sustaining employment amid the COVID-19 pandemic in 1H2021 and increase in foreign exchange losses. The decrease was offset by the absence of restructuring expenses in 1H2022.

### **Finance expense, net**

Finance expense decreased by US\$0.1 million or 40% in 1H2022 compared to 1H2021 mainly due to lower interest expense incurred in financing the trading business.

### **Tax expense**

Losses suffered by certain overseas subsidiaries cannot be transferred to offset against profits of profitable entities. As a result, a tax provision of approximately US\$34,000 was made.

### **Net loss for the period**

As a result of the above, the Group's net loss after tax decreased by US\$0.2 million or 16% to US\$1.0 million in 1H2022 as compared to a net loss of US\$1.2 million recorded in 1H2021.

## **B) Condensed Statements of Financial Position**

### **Group**

#### **Non-current assets**

#### **Current assets**

Inventories increased by US\$3.4 million mainly due to inventories build-up in both UK and Australia in anticipation of sales in the coming months.

Trade and other receivables decreased by US\$10.2 million mainly due to subsequent receipts from customers in 1H2022 from the ordinary course of business.

Asset held for sale amounting to US\$1.0 million related to the proposed sale of property located at 9 Fan Yoong Road.

Cash and bank balances decreased by US\$3.7 million to US\$19.2 million as at 30 June 2022.

#### **Current liabilities**

Trade and other payables decreased by US\$8.8 million mainly due to subsequent payments in 1H2022 attributed to the trading business in the ordinary course of business.

Current lease liabilities remained flat at US\$0.3 million.

The Group was in an income tax payable position as at 30 June 2022.



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### **Non-current liabilities**

Long-term lease liabilities decreased by US\$0.2 million due to contractual payment made in 1H2022.

### **C) Condensed Consolidated Statement of Cash Flows**

Net cash used in operating activities in 1H2022 amounted to US\$2.8 million. The operating loss was US\$0.4 million. The operating activities' net cash outflows during 1H2022 were due to increase in inventories of US\$4.0 million, decrease in trade and other payables of US\$8.3 million, that were partially offset against cash inflows of US\$9.8 million from trade and other receivables.

Net cash used in investing activities of US\$0.03 million were mainly for capital expenditure on acquisition of property, plant and equipment which were partially offset against interest income received.

Net cash used in financing activities of US\$0.4 million was due to interest expense incurred on financing the trading business and payment of lease liabilities including interest.

As a result of the above, cash and cash equivalents decreased by US\$3.2 million in 1H2022. Together with the negative effect of exchange rate changes, the cash and cash equivalents stood at US\$15.7 million as at 30 June 2022.

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

Not applicable. No forecast or prospect statement had been previously disclosed to the shareholders for 1H2022.

### **4. 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 operating period and the next 12 months**

The strong US dollar (against our trading currencies of Sterling Pounds and Australian Dollars) and the increase in the US interest rates are expected to continue to have an impact on the performance of the top line of our Stationery and Trading business respectively. We will continue to improve our technical capabilities in digitalisation to operate even more efficiently and effectively.

The retail and wholesale landscape in our key markets remains challenging in the next operating period and the next twelve months even as the world recovers from COVID-19 and its effects. Many businesses, including the Group, are facing supply chain disruptions, inflationary pressures and the impact from the conflicts in Europe.



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As an uncertain global economy and COVID-19 continue to impact our key markets, the Group will continue to mitigate the challenges and leverage on opportunities arising from the uncertainties. The Group will continue to be proactive and agile in strengthening our financial position, including preserving cash, optimising cash flows, improving liquidity and reducing operational costs.

**5. Dividend information**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period report on?**

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.



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## **6. Interested person transactions**

The Group has renewed its general mandate for Interested Person Transactions (“IPT”) at the recently concluded annual general meeting held on 26 April 2022. The IPTs for 1H2022 were as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)	
		Half year ended 30-Jun-22 US\$'000	Half year ended 30-Jun-21 US\$'000	Half year ended 30-Jun-22 US\$'000	Half year ended 30-Jun-21 US\$'000
<u>Sales</u> PT Paramitra Gunakarya Cemerlang	PT Paramitra Gunakarya Cemerlang and APP China Trading Limited are entities under the APP Group which comprises Asia Pulp & Paper Company Ltd, its subsidiaries and associated companies. APP Printing (Holding) Pte Ltd, an entity under the APP Group, held 49% of the Company's shares and is the controlling shareholder of the Company.	-	-	17,819	18,726
APP China Trading Limited		-	-	124	-
<b>Total IPTs</b>		-	-	17,943	18,726

## **7. Confirmation pursuant to Rule 705(5) of the Catalist Rules.**

To the best of their knowledge, nothing has come to the attention of the Directors of the Company which may render the unaudited half year results for the period ended 30 June 2022 to be false or misleading in any material aspects.





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**8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

**BY ORDER OF THE BOARD**

**Raja Hayat**  
**Executive Director and**  
**Chief Executive Officer**  
**10 August 2022**