NIPPECRAFT

2014 ANNUAL REPORT

OUR VISION

"To develop new and better innovative concepts for business and personal enrichment"

Corporate Statement

Nippecraft Ltd ("Nippecraft") is an established provider of innovative information and organizing tools for personal and business users. This includes a wide range of business accessories, office or school supply, household paper products and Print and Pack services.

Headquartered in Singapore, Nippecraft has established core businesses in the United Kingdom and Australia. Furthermore Nippecraft will focus on network and partnership to expand its home market and Asian region business growth.

Through our brand building efforts over the past three decades, we have established a portfolio of global brands such as Fountain, H+O, Collins and Debden and Topgrade which express the aspirations, desires and needs of our discerning users.

Apart from leveraging on our vertically integrated team to create and develop organising tools and accessories for our consumers through our core brands, Collins and Debden, we have also grown to extend our abilities to include global sourcing and project management.

Going forward, Nippecraft will focus on developing their network and partnerships to expand and grow our brand asset Collins. We will continue to operate as a vertically integrated team approach to create and develop organising tools and accessories for our consumers through our core brand, Collins.

This focus and direction now places the Group in a strong position to extract maximum leverage from core existing markets as we start to see growth replacing the subdued, conservative and discretionary post-Global Financial Crisis habits.

OUR MISSION

"To be one of the leading consumer-recognized brands globally"

CONTENTS

CORPORATE INITIATIVES

Nippecraft Limited (or “Company”) is dedicated to support and promote responsible forestry practices through our purchasing of materials and products. Our company is dedicated to maintaining a chain of custody (CoC) programme.

Our company has successfully implemented the sourcing and procurement program. Our company is committed to continually increasing the proportion of material from sources that are verified or certified under chain of custody (CoC) program.

As a responsible environmental company we will continue to maintain our core focus well into the future and our proactive commitment to environmental awareness and stewardship; we increase consumer confidence, ensuring better access to the markets through strong differentiation.

We encourage all our employees to embrace the responsibilities of environmental protection both individually or as a team, to promote more effective awareness with our customers and building an effective and efficient environmental management in our organization.

eco Friendly

Printed on 60% recycled paper

CORPORATE INFORMATION

Chairlady	Linda Suryasari Wijaya Limantara (Non-Executive Director)
Executive Director	Wiria Hartanto Muljono (Chief Executive Officer)
Non-Executive Directors	Indah Suryasari Wijaya Limantara Benny Iswandy (Appointed on 17 June 2014)
Independent Directors	Ching Jit Yow Lim Yu Neng Paul See Kian Heng Khoo Song Koon (Appointed on 27 February 2015)
Audit Committee	Ching Jit Yow (Chairman, Independent Director) Lim Yu Neng Paul (Independent Director) See Kian Heng (Independent Director) Khoo Song Koon (Independent Director) (Appointed on 27 February 2015)
Remuneration Committee	See Kian Heng (Chairman, Independent Director) Ching Jit Yow (Independent Director) Indah Suryasari Wijaya Limantara (Non-Executive Director)
Nominating Committee	Lim Yu Neng Paul (Chairman, Independent Director) Ching Jit Yow (Independent Director) Linda Suryasari Wijaya Limantara (Non-Executive Director)
Auditors	Crowe Horwath First Trust LLP (Appointed on 19 September 2014) 8 Shenton Way #05-01 AXA Tower Singapore 068811 Partner-in-charge: Goh Sia (Appointed on 19 September 2014)
Company Secretary	Lee Lih Feng
Registered Office	9 Fan Yoong Road Singapore 629787 Tel: (65) 6262 2662 Fax: (65) 6262 1551 Email: investors@nippecraft.com.sg
Registrar	M & C Services Pte Ltd 112 Robinson Road #05-01 Singapore 068902

KEY FINANCIAL DATA

	2014	2013	2012	2011	2010
Group Financial Highlights					
$'000					
Turnover by Geographical Locations:					
Singapore	**6,102**	7,438	3,284	2,943	2,025
Europe	**17,577**	17,322	17,668	20,791	19,036
Australia	**19,687**	23,968	28,012	34,241	34,961
North America	**10,612**	6,014	18,072	22,899	22,271
South America	**3,308**	–	–	–	–
Indonesia	**238,312**	55,269	14,960	1,778	1,573
Hong Kong	**17,197**	–	–	–	–
Others	**622**	1,249	864	1,620	14
Total for Group	**313,417**	111,260	82,860	84,272	79,880
NPBT	**(8,211)**	(1,485)	(1,820)	(1,725)	36
EBITDA*	**1,894**	1,062	848	914	2,767
At year-end ($'000)					
Shareholders' funds	**48,319**	56,198	58,597	61,638	63,752
Total assets	**96,599**	100,537	87,139	88,359	88,095
Net tangible assets	**48,319**	52,348	54,248	56,466	57,847
Net borrowings	**69**	173	117	160	121
Per Share Data (cents)					
Net earnings / (loss) **	**(2.21)**	(0.60)	(0.64)	(0.55)	0.05
Net tangible assets **	**13.75**	14.90	15.44	16.07	16.46
Financial Ratios					
Return on equity (%)	(16.10)	(4.05)	(4.15)	(3.45)	0.30
Net gearing (times)	0.00	0.00	0.00	0.00	0.00

* *EBITDA means earnings before interest, taxes, depreciation , amortization, impairment and loss on disposal of subsidiary.*
** *Net earnings / (loss) and net tangible assets per share are based on the weighted average number of shares.*

Chairlady's Statement

Dear Shareholders,

On behalf of the Board of Directors, I wish to present the Annual Report of Nippecraft Limited ("Nippecraft" or the "Group") for 2014 .

2014 was a challenging year for us. Following three years of consecutive net losses and an average market capitalization of less than $40 million, the Group has been placed on the Singapore Exchange Securities Trading Limited ("SGX-ST") Watch-list on 5 March 2014. The Board and Management are working hard and exploring various opportunities to remove the Group from the Watch-list by 5 March 2016.

On 21 August 2014, we disposed our loss making wholly owned subsidiary, Jinmei Industrial Sdn Bhd ("Jinmei"). Jinmei focused on the stationery and tissue businesses. The disposal was in line with the Group's on going plans to review its current businesses and operations and to divest its non performing subsidiaries. The sale of Jinmei was completed on 30 September 2014.

The Group revenue for 2014 increased from $111 million to $313 million. The growth came from the trading business, generating $271 million in 2014. We have expanded the trading business into South America and Hong Kong markets. The stationery business registered lower revenue of $41 million in 2014, a decline of 10% or $4.9 million from 2013, which came mainly from the Australia markets and the loss of sales from tissue business as a result of disposal of Jinmei. During the year, we have conducted a product rationalisation and cost rationalisation exercises and outsourced certain production processes in an effort to reduce operation costs.

The Group incurred a net tax loss (including exceptional losses) of $7.8 million. Excluding exceptional losses, the Group incurred an adjusted net tax loss of $834,000 as compared to $1.5 million in FY2013. The exceptional losses arose from the impairment of fixed assets and intangible assests and disposal of subsidiary. The earnings before interest, taxation, depreciation, amortisation, impairment and loss of subsidiary ("EBITDA") in 2014 was $1.9 million, an improvement of $712,000 or 60% increase from 2013. Despite the loss, the Group remains financially strong in our cash balances.

Looking forward, we understand the path ahead will be filled with difficulties. We have to grapple not only with a challenging economic climate but also to explore various ways to get the Group out of the SGX-ST Watch-list by 5 March 2016. It may be difficult but definitely not insurmountable, especially with your continued support.

We will be vigilant and mindful of the global economic outlooks which remain uncertain. We will continue to respond to market trends with fresh ideas by developing and launching our new stationery products under the Collins and Debden Brand. We will also be expanding into new markets and continue with our cost savings effort. The Group will continue to look for new business opportunities when they arise.

Nippecraft is an environmentally responsible company which understands and takes seriously that our actions will have an impact on the environment and our community. In addition to a comprehensive environmental procurement policy, committing the Group to increasing the proportion of materials from certified sources, the Group has taken steps to promote increased awareness of the impact to the environment within the Company. We hope to make environmental consciousness a collaborative effort on the part of every employees of the Group, from senior management to employees. The Company will continue finding opportunities to improve our corporate social responsibility program, bringing awareness and care to the community.

There were some changes to the Board of the Company. Mr Yudi Setiawan Lin, having served on the Board for 17 years, resigned on 17 June 2014. I wish to put on record his many contributions to the Group and I wish him the very best in the years ahead. I would like to take this opportunity to welcome Mr Benny Iswandy (Non executive Director) and Mr Khoo Song Koon (Independent Director) as Directors to the Board.

On behalf of the Board of Directors, I would like to thank our shareholders, customers, business associates, management and employees for their continued support. Your continued support will provide us with the confidence and drive to greater heights in 2015.

Thank you.

Sincerely,

Linda Suryasari Wijaya Limantara

Chairlady

27 March 2015

Director's Profile

Linda Suryasari Wijaya Limantara

Non-Executive Chairlady

Ms Linda joined the Board on 2 May 2007 and was appointed as non-executive Chairlady.

She has been a member of Sinarmas Pulp, Paper, Stationery & Chemical Division Steering Committee since 2004. She was appointed as Vice President Director of PT Indah Kiat Pulp & Paper Tbk and Director of PT Pabrik Kertas Tjiwi Kimia Tbk since June 2007. She was also appointed as Vice President Director of PT Pindo Deli Pulp and Paper Mills and PT Lontar Papyrus Pulp & Paper Industry since August 2007 and December 2007 respectively.

Ms Linda obtained Bachelor of Science of Industrial Engineering from the University of Michigan, Ann Arbor, USA in 2002 and Master of Financial Engineering from the Columbia University, USA in 2003.

Wiria Hartanto Muljono

Executive Director and Chief Executive Officer

Mr Muljono was appointed as Chief Executive Officer and Executive Director on 13 February 2014.

Prior to his appointment as CEO, Mr Muljono was a Business Development Manager at PT. Indah Kiat Pulp & Paper Tbk (2011-2013), Commercial Manager at PT. Astros Indonesia (2010-2011), and Project Manager at PT. Alam Tri Abadi (2008-2010).

Mr Muljono obtained a Bachelor of Science in Business Administration from the Ohio State University, USA in 2003.

Indah Suryasari Wijaya Limantara

Non-Executive Director

Ms Indah was appointed as Non Executive Director on 16 November 2007.

She has been a member of Sinarmas Pulp, Paper, Stationery & Chemical Division Steering Committee since 2004. She was appointed as Commissioner of PT Pabrik Kertas Tjiwi Kimia Tbk, PT Pindo Deli Pulp and Paper Mills and PT Lontar Papyrus Pulp & Paper Industry since 2014.

Ms Indah obtained her Master Degree from the University of Illinois at Chicago, USA in 2004.

Benny Iswandy

Non-Executive Director

Mr Iswandy was appointed as Non Executive Director on 17 June 2014.

Mr Benny Iswandy has been working in Asia Pulp & Paper Group since 1997. He began his career as Product Entrepreneur in PT Pindo Deli Pulp and Paper Mills and has been assigned as Managing Director for South East Asia, Eastern Europe and North America of Asia Pulp & Paper Group. Currently, Mr Iswandy is the Deputy CEO of Asia Pulp and Paper Group.

Mr Iswandy holds a Bachelor degree in Industrial Engineering from Trisakti University.

Ching Jit Yow

Independent Director

Mr Ching has served as an independent director since 8 September 1995.

Mr Ching is also the executive chairman of Titan Group of companies with operations in Singapore, Malaysia, Thailand, Hong Kong, People's Republic of China & Taiwan. He has extensive experience in the various aspects of business.

Mr Ching holds a Bachelor's Degree in Business Administration from the former University of Singapore and has attended the Harvard Business School's Advanced Management Program.

Lim Yu Neng Paul

Independent Director

Mr Lim joined the Board on 29 July 2011 and was appointed as an independent director on the same date.

Mr Lim has over 25 years of banking experience with international investment banks including Morgan Stanley, Deutsche Bank, Citigroup and Bankers Trust. He is currently the Non Executive Chairman of PT BNI Securities Indonesia.

Mr Lim is an Independent Director of China Everbright Water Limited and United Fiber System Limited. He obtained his Master Degree in Business Administration, Finance and Bachelor of Science in Computer Science from University of Wiscousin, Madison, USA. He is also a Chartered Financial Analyst (CFA).

See Kian Heng

Independent Director

Mr See joined the Board on 22 December 2008 and was appointed as an independent director on the same date.

Mr See is currently the Group Executive Director of Otto Marine Limited. He has more than 20 years of experience in both the finance and general management role. Mr See graduated with a Bachelor Degree in Accounting from Edith Cowan University, Australia and an MBA in finance, Hull University, UK. He is also a Chartered Accountant with the Institute of Singapore Chartered Accountants and a CPA with CPA Australia. He is also a full member of the Singapore Institute of Directors and member of the Marketing Institute of Singapore.

Khoo Song Koon

Independent Director

Mr Khoo joined the Board on 27 February 2015 and was appointed as an independent director on the same date.

Mr Khoo is currently the executive director of JKhoo Consultancy Pte. Ltd. He has more than 20 years of professional experience including previously working in international accounting firms as well as a boutique corporate advisory firm.

Mr Khoo graduated with a Bachelor of Accountancy degree from Nanyang Technological University of Singapore. He is a member of the Institute of Singapore Chartered Accountants and a CPA with CPA Australia. He is also a member of the Singapore Institute of Directors.

Corporate Governance Statement

Nippecraft Limited (the "Company") strongly believes that good corporate governance is essential for long term sustainability of the Company businesses and performance. The Company is committed to maintain a high standard of corporate governance through effective disclosure and transparency. The Company believes that there is a link between good corporate governance and creating sustainable long term value to all the shareholders and stakeholders of the Company. In complying with the need for good and responsible governance, the Company has established mechanisms and best practices in accordance with the Code of Corporate Governance 2012 ("Code").

(1) BOARD MATTERS

Principle 1: Every Company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long term success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board is accountable to the shareholders for overseeing the effective management of the business. The Board works closely with Management and Management remains accountable to the Board. It supervises Management of the business and affairs of the Company and its subsidiaries ("Group"), provides corporate direction, monitor managerial performance and review financial results of the Group. In addition to its statutory responsibilities, the Board reserves the following matters:

(a) reviewing and approving of corporate policies, budgets and financial plans of the Group;
(b) monitoring the financial performance of the business including the approval of release of the annual, interim financial reports and interested party transactions;
(c) approving the nomination of directors and appointment of key executives;
(d) approving major proposals involving funding, investments, acquisitions and/or divestments; and
(e) setting the Company's values and standards that ensures obligations to stakeholders and others thus contributing to responsible corporate governance.

To assist in the execution of its responsibilities, the Board has established a number of Board committees which include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, the "Board Committees"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regularly basis.

The Board convenes scheduled meetings on a half yearly basis to coincide with the announcement of the Company's half yearly results. Ad-hoc meetings are convened as and when necessary to review the Group's performance, and/or to deliberate on specific issues. To facilitate the Board's decision making process, the Company's Articles of Association provides for Directors to participate in Board meetings by teleconference.

The Board monitors the performance of the Company through its Board committees and conducts scheduled meetings. The Board also convened telephone conference to facilitate discussions and communication among members enabling the Board to provide direction and guidance to Management in the best interests of the Company and our businesses. In 2014, there were (5) meetings held, of which (1) was for Board meeting (attended by all the directors except for Ms Linda Suryasari Wijaya Limantara, Ms Indah Suryasari Wijaya Limantara and Mr Benny Iswandy); (4) was for AC meetings (attended by the AC members). Our directors especially our Chairlady have made a conscious effort to make themselves available and accessible to Management for discussion and consultation outside the framework of formal meetings. Directors contribute by providing Management with guidance and counsel on the strategic direction of the Company's plan, businesses and operations. As a consequence, the contribution of our directors goes beyond attendance at formal Board and committee meetings. Attendance at formal meetings alone is not a fair reflection of the true value and substance of their invaluable contributions.

Some of the Directors also sit on the boards of other listed companies, and are therefore not only well aware of their duties and responsibilities but how to discharge such duties. For incoming and/or new Directors, the Company will conduct briefings to ensure that any incoming and/or new Directors become familiar with the Group's businesses and Corporate Governance practices. Newly appointed directors are briefed by Management on the Group's business activities, strategic directions, policies and the regulatory environment in which it operates, as well as their statutory and other duties and responsibilities as directors. When required, the Group provides appropriate training and education program for the new directors.

To ensure that the directors keep pace with regulatory changes that have important bearing on the Company's or directors' disclosure obligations, the directors are briefed on such changes during Board meetings or specially convened sessions by professionals.

All directors are updated regularly concerning any changes in major Company policies. The non-executive directors can also request further explanations, briefings or informal discussions on any aspect of the Company's operations or business issues from Management. The executive directors will make the necessary arrangements for the briefings, informal discussions or explanations required.

Our Directors are also encouraged to attend relevant courses conducted by the Singapore Institute of Directors, Singapore Exchange Securities Trading Limited ("SGX-ST") and consultants.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board has eight (8) Directors of whom four are independent. The list of directors is as follows:

Ms Linda Suryasari Wijaya Limantara (Chairlady, Non-Executive Director)
Mr Wiria Hartanto Muljono (Chief Executive Officer and Executive Director)
Ms Indah Suryasari Wijaya Limantara (Non-Executive Director)
Mr Benny Iswandy (Non-Executive Director)
Mr Ching Jit Yow (Independent Director)
Mr See Kian Heng (Independent Director)
Mr Lim Yu Neng Paul (Independent Director)
Mr Khoo Song Koon (Independent Director)

The Board, with Independent Directors making up more than one-third of the Board thereby fulfils the Code's recommendation, is able to exercise its powers objectively and independently from Management. The criterion for independence is based on the definition set out in the Code.

All appointments and retirements of Directors would be recommended by the NC to the Board. In addition, the NC also reviews annually the independence of each Director and the board succession planning. The Board has determined that Mr Ching Jit Yow to be considered independent notwithstanding that he has served on the Board for more than nine years as he has continued to demonstrate strong independence in character and judgement in discharging his responsibilities as a Director of the company. He has continued to express his individual viewpoints, debated issues and objectively scrutinised and challenged Management. Based on his declaration received, Mr Ching has no association with Management that could compromise his independence.

None of the independent directors have received payment in excess of $200,000 from 10% shareholder.

The Board is of the view that the current Board size is appropriate, taking into consideration the nature and scope of the Company's operations.

CHAIRLADY AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

To maintain effective supervision and accountability at the Board and Management levels, the posts of Chairlady and CEO are held by separate individuals. The Chairlady, a non-executive Director, main responsibility to the Board is to lead the Board to ensure its effectiveness on all aspects of its role and acts in the best interests of the Company and its shareholders, while the CEO is responsible for the running of the Company's businesses.

The Chairlady ensures that the members of the Board and Management work together with integrity, competency and moral authority, and that the Board constructively engages Management on strategy, business operations, enterprise risk and other plans.

The CEO is a Board member and has full executive responsibilities over the business directions and operational decisions of the Company. The CEO, in consultation with the Chairlady, schedules Board meetings and finalises the preparation of the Board meeting agenda. He ensures the quality and timeliness of the flow of information between Management and the Board. He is also responsible for ensuring that the Group complies with corporate governance guidelines. The Chairlady and the CEO are not related family members.

As no one individual holds considerable concentration of power, the Board is of the view that the objectives of the Code have been met.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC currently comprises of three (3) Directors, a majority of whom are Independent Directors and they are:-

Mr Lim Yu Neng, Paul (Chairman, Independent Director)

Mr Ching Jit Yow (Member, Independent Director)

Ms Linda Suryasari Wijaya Limantara (Member, Non-Executive Director)

The responsibilities of the NC are to make recommendations to the Board on all Board appointments. In addition, the functions of the NC include:

(a) make recommendations to the Board on all board member appointments;

(b) be responsible for the re-nomination of the directors, taking into account the director's contributions and performance; and

(c) determine the independence of each director on an annual basis.

When considering a new Board member, the NC reviewed the curriculum vitae of the potential candidate and considered his/her experience and likely contribution to the Board. Meetings with the potential candidate were subsequently conducted before the NC makes its recommendation to the Board. The Board then makes the final determination for the appointment.

The NC has fulfilled its duty of making the requisite recommendations to the Board on all Board appointments and has also carried out its duty of re-nomination and re-election.

The Company's Articles provides that at each annual general meeting of the Company, one-third (1/3) of the Directors for the time being shall retire from office by rotation and subject themselves to re-election by shareholders at every Annual General Meeting. This means that no Director stays in office for more than three (3) years without being re-elected by shareholders. The NC has assessed that each Director in the Company is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

Particulars of interests of directors who held office at the end of the financial year in shares and share options (if any) in the Company and its subsidiaries are set out in the Directors' Report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

We believe that Board performance is ultimately reflected in the long term performance of the Company.

The NC is responsible for assessing, reviewing and evaluating the performance and effectiveness of the Board as a whole. The performance measurement ensures that the mix of skills and experience of the Directors continues to meet the needs of the Company. Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole.

In evaluating the Board's performance, the NC considers a set of quantitative and qualitative performance criteria. These criteria have been approved by the Board. The performance criteria for the board evaluation are in respect of board size and composition, board processes, board information and accountability and board performance in relation to discharging its principal functions, communication with management and standards of conduct of the Directors.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to the board meetings and an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Board members are provided with adequate and timely information prior to Board meetings on an on-going basis, and have separate and independent access to Company's senior Management. Detailed Board papers are prepared for each meeting of the Board and are normally circulated in advance of each meeting. The Board papers include sufficient information from Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

The Company Secretary or in her absence, or an alternative person as appointed by the Board to attend Board and Committee meetings and he/she is responsible to ensure that established procedures and all relevant statutes and regulations which are applicable to the Company are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board also has in place procedures for Directors to seek independent professional advice concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a director to assist such director, if necessary, at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises of three (3) Directors, a majority of whom are Independent Directors and they are:-

Mr See Kian Heng (Chairman, Independent Director)
Mr Ching Jit Yow (Member, Independent Director)
Ms Indah Suryasari Wijaya Limantara (Member, Non-Executive Director)

The members of the RC have many years of corporate experience and are knowledgeable in the field of executive compensation. In addition, the RC has access to expert professional advice on remuneration matters as and when necessary.

The RC is responsible for the following functions:
(a) to recommend to the Board a framework for remuneration;
(b) to recommend to the Board for endorsement of the remuneration of the executive directors; and
(c) to administer the share option scheme (if any) to decide on the allocations and grants of options to eligible participants under the share option.

The RC's recommendations are made in consultation with the Chairlady of the Board and submitted for endorsement by the entire Board.

No director is involved in determining his own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors needed to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting the remuneration packages, the RC takes into account the performance of the Company, as well as individual Directors and key executives, aligning their interests with those of shareholders, and linking rewards to corporate and individual performance. In its deliberations, the RC takes into consideration industry practices and norms in compensation.

Directors are paid Directors' fees, determined by the Board based on the effort, time spent and responsibilities of the Directors. The directors' fees of directors are recommended for Shareholders' approval at an Annual General Meeting. No member of the RC participated in deliberations or decisions on recommendations for his/her director's fee.

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel and performance.

A summary compensation table of the directors' and key executives' remuneration of the Company and the Group for the year ended 31 December 2014 is set out below:

Directors	Salary (1)	Director Fees	Others	Total
$250,000 and below	**%**	**%**	**%**	**%**
Linda Suryasari Wijaya Limantara	–	–	–	–
Wiria Hartanto Muljono (2)	100	–	–	100
Indah Suryasari Wijaya Limantara	–	–	–	–
Yudi Setiawan Lin (3)	–	–	–	–
Benny Iswandy (4)	–	–	–	–
Ching Jit Yow	–	100	–	100
See Kian Heng	–	100	–	100
Lim Yu Neng, Paul	–	100	–	100
Khoo Song Koon (5)	–	–	–	–

Key Management Personnel	Salary (1)	Director Fees	Others	Total
$250,000 and below	**%**	**%**	**%**	**%**
Lim Poon Kheng	100	–	–	100
Steve Ferretti	100	–	–	100
Jacqueline Derroch	100	–	–	100
Keith France	100	–	–	100

(1) The salary includes allowances, provident fund contributions and 13th month annual wage scheme.
(2) Appointed on 13 February 2014
(3) Resigned on 17 June 2014
(4) Appointed on 17 June 2014
(5) Appointed on 27 February 2015

There is no employee of the Group who is an immediate family member of a director or substantial shareholder whose remuneration exceeds $50,000 for FY2014. The Company does not employ any immediate family member of a director or a substantial shareholder.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board undertakes the responsibility of overseeing the corporate performance of the Group and is accountable to shareholders for the processes and structure of directing and managing the Company's business and affairs. The Management's role is to report to the Board the operational and financial performance of the Group by keeping the Board informed on a regular basis.

Aside from adopting corporate governance practices in line with the spirit of the Code, the Company also observes obligations of continuing disclosure under the listing manual (the "Listing Manual") of the SGX-ST. The Company undertakes to circulate timely, adequate and non-selective disclosure of information. The Board also issues half-yearly and annual financial statements as reviewed by the AC to provide shareholders with comprehensive information and a balanced view on the Group's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

RISK MANAGEMENT

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. The Company has an Enterprise Risk Management Framework in place for the Group. The said Framework has been reviewed by the AC and approved by the Board of Directors. The AC and the Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

INTERNAL CONTROLS

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

The Board recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company's internal and external auditors conduct an annual review of the effectiveness of the Company's material internal control systems including financial, operational, compliance and information technology controls and risk assessment at least annually to ensure the adequacy thereof. In addition, annual review to ensure that safeguards, checks and balances are put in place to prevent any conflict of interest or any weakening of internal controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

The Board has also received assurance from the CEO and CFO that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) the Company risk management and internal control systems in place are effective. The CEO and CFO have obtained similar assurance from the subsidiaries' General Managers and Finance Managers.

The Board is satisfied that there is appropriate and adequate review by the AC of the adequacy of the Company's internal controls including financial, operational and compliance controls and risk management policies and systems established by Management. In this review, the AC has been assisted by both the external auditors and internal auditors and this review is conducted at least once every year. Based on the work performed by internal auditors during the financial year, as well as the statuatory audit by external auditors, and the written assurance from Management, the Board, with the concurrence of the AC, is of the opinion that currently there are adequate internal controls systems in the Group in addressing financial, operational and compliance risks.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC oversees the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group. All the AC members are independent directors.

Mr Ching Jit Yow (Chairman, Independent Director)

Mr See Kian Heng (Member, Independent Director)

Mr Lim Yu Neng, Paul (Member, Independent Director)

Mr Khoo Song Koon (Member, Independent Director)

All members are appropriately qualified to discharge their responsibilities. The Chairman and members have many years of experience in senior management positions and have extensive management and financial experiences. The Board is of the view that the AC members, having accounting and related financial Management expertise of experience are appropriately qualified to discharge their responsibilities. The AC meets at least two times a year.

The functions of the AC include:

(a) reviewing the audit plans of the external and internal auditors of the Company, and their reports arising from the audit;

(b) ensuring the adequacy of the assistance and cooperation given by the Company's Management to the external and internal auditors;

(c) reviewing the financial statements of the Company and the consolidated financial statements of the Group;

(d) reviewing the half yearly and annual announcements of the results of the Group before submission to the Board for approval;

(e) ensuring the adequacy of the Group's internal controls;

(f) reviewing our risk management structure and any oversight of our risk management processes and activities to mitigate risk at acceptable levels determined by the Board.

(g) reviewing the auditors' audit report, their Management letter and Management's response on internal control;

(h) discussing problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);

(i) reviewing and discussing with the external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response;

(j) reporting to the Board on its findings from time to time on matters arising and requiring the attention of the AC;

(k) undertaking such other reviews and projects as may be requested by the Board;

(l) reviewing interested person transactions to ensure that the current procedures for monitoring of interested party transactions have been complied with; and

(m) considering the appointment/re-appointment of the external and internal auditors, the audit fee and matters relating to the resignation or dismissal of the auditors.

The AC has explicit authority to conduct or authorise investigations into any aspect of the Group's financial affairs, audits and exposure to risks of a regulatory or legal nature, with full access to records, resources and personnel, to enable it to discharge its functions properly. The AC has full access to and cooperation of Management, and has full discretion to invite any Director and executive officer to attend its meetings. Management is invited to attend all meetings of the AC.

The AC has reviewed and is satisfied with the effectiveness of the Company's system of accounting controls including financial, operational and compliance controls. The AC also conducted a review of the Group's interested person transactions.

In performing its functions, the AC met with the external and internal auditors, without the presence of the Management. The external and internal auditors have unrestricted access to the AC. Reasonable resources were made available to the AC to enable it to discharge its functions properly.

We have appointed Crowe Horwath First Trust LLP ("CHFT") as the external auditors at an Extraordinary General Meeting held on 19 September 2014. The AC, having reviewed all non-audit services provided by CHFT, is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors and recommends to the Board, the nomination of the external auditors for re-appointment.

The Group's external auditors, CHFT, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. The AC is satisfied that CHFT and the audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. In this connection, the Group confirms that it is in compliance with Rules 712 and 715 of the Listing Manual.

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report".

The Company has a whistle blowing policy which provides well defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. Details of the whistle blowing policy and arrangements have been made available to the employees.

The AC has recommended to the Board the nomination of CHFT for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

AUDIT COMMITTEE

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits

The Company recognises the importance of the internal audit function as an integral part of an effective system of good corporate governance.

The Company has an internal auditor to assist the Board and Management in assessing key operational controls. The internal audit function is currently undertaken by the Internal Audit department of APP Printing (Holding) Pte Ltd, a substantial shareholder of the Company. Such function is performed within the framework stated in the internal audit plan approved by the AC annually. In addition, the AC worked closely with Management to ensure that the internal audit controls are being reviewed and discussed with Management of the significant internal audit observations.

The internal control system in place is adequate in meeting the needs of the Group in its current business environment.

SHAREHOLDER RIGHTS AND GREATER SHAREHOLDER PARTICIPATION

Principle 14: Companies should treat shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. The Company is committed to timely dissemination of information and proper transparency and disclosure of relevant information to the public via SGXNET system and the press when appropriate.

The Company also encourages active shareholder participation at its general meetings. Notices of meetings are published in the major newspapers together with explanatory notes or a circular on items of special business, at least fourteen (14) clear days before the meeting. Reports or circulars of the general meetings are despatched to all shareholders by post. The Company's Articles permit a shareholder to appoint up to two (2) proxies to attend and vote in his stead at these meetings. The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. The Chairmen of the AC, RC and NC are normally available at the AGM to answer those questions relating to the work of these committees. The external auditors are also usually present to assist the Directors in addressing any relevant queries by shareholders.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should engage in regular, effective and fair communication with shareholders

The Company engages in regular, effective and fair communication with its shareholders. It regularly conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. The Company also discloses information on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company makes the same disclosure publicly to all others as soon as practicable.

CODE OF BUSINESS CONDUCT

The Group has adopted a Code of Business Conduct to regulate the standards of ethical conduct of the Group, which provides that its Directors, officers and employees are required to observe and maintain high standards of integrity in compliance with the law, regulations and Company policies.

DEALINGS IN SECURITIES

In line with Rule 1207(19) of the Listing Manual, the Group has issued a policy on share dealings by Directors and key officers of the Company, setting out the implications of insider trading and recommendations of the best practices set out in Rule 1207(19). The Group adopts a code of conduct to provide guidance to its Directors and officers with regard to dealing in the Company's shares, which includes an annual declaration by the Company's Directors and officers with regard to securities trading and disclosure by the Company's Directors and officers when they deal in the Company's shares.

The Group also issues periodic circulars to its Directors, officers and employees reminding them that there must be no dealings in the Company's shares (i) on short term considerations (ii) during the period commencing one (1) month before the announcement of the Company's half yearly or full year financial results, as the case may be, and (iii) if they are in possession of unpublished material price sensitive information.

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

The interested person transactions conducted under the shareholders' mandate for the financial year ended 31 December 2014 are set out in the appendix.

MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or a controlling shareholder of the Company except those announced via SGX Net from time to time in compliance with the SGX-ST Listing Manual.

Save as mentioned above, there are no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, Director or controlling shareholder for FY2014.

Contents

Directors' Report

The directors present their report to the members together with the audited financial statements of Nippecraft Limited (the "Company") and subsidiaries (the "Group") for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

Directors

The directors of the Company in office at the date of this report are as follows:

Linda Suryasari Wijaya Limantara	(Chairlady, Non-Executive Director)
Wiria Hartanto Muljono	(Chief Executive Officer and Executive Director) (appointed on 13 February 2014)
Indah Suryasari Wijaya Limantara	
Benny Iswandy	(appointed on 17 June 2014)
Ching Jit Yow	
See Kian Heng	
Lim Yu Neng Paul	
Khoo Song Koon	(appointed on 27 February 2015)

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office either at the beginning of the financial year, or at date of appointment if later or at the end of the financial year or as at 21 January 2015 had any interest in the shares or debentures of the Company or its related corporations.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except for salaries, bonuses, fees and other benefits as disclosed in the financial statements.

Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year are as follows:

- Ching Jit Yow (Chairman, Independent Director)
- See Kian Heng (Independent Director)
- Lim Yu Neng Paul (Independent Director)
- Khoo Song Koon (Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance 2012.

The Audit Committee has held four Meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

In performing those functions, the Audit Committee reviewed:

- the assistance given by the Company's management to the independent auditors;
- the periodic results announcements prior to their submission to the Board for approval;
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 prior to their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

Audit Committee (continued)

The Audit Committee has recommended to the Board of Directors that the independent auditors, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

In appointing the external auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Independent Auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

LINDA SURYASARI WIJAYA LIMANTARA
Director

WIRIA HARTANTO MULJONO
Director

27 March 2015

Statement by Directors

In the opinion of the directors:

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 27 to 72 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

LINDA SURYASARI WIJAYA LIMANTARA
Director

WIRIA HARTANTO MULJONO
Director

27 March 2015

Independent Auditors' Report

Members of the Company
Nippecraft Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Nippecraft Limited (the "Company") and its subsidiaries (the "Group") set out on pages 27 to 72, which comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Other Matter

The financial statements for the financial year ended 31 December 2013 were audited by another auditor whose report dated 7 April 2014 expressed an unqualified opinion on those financial statements.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2015

Statements of Financial Position

(Amounts in Singapore dollars)

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		$'000	$'000	**$'000**	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**7,233**	12,999	**7,102**	11,991
Intangible assets	4	**–**	3,850	**–**	–
Subsidiaries	5	**–**	–	**23,117**	21,925
		7,233	16,849	**30,219**	33,916
Current assets					
Inventories	7	**8,504**	16,323	**3,103**	4,395
Trade and other receivables	8	**54,892**	36,455	**6,194**	12,423
Prepayments		**1,728**	507	**276**	164
Cash and cash equivalents	9	**24,242**	30,403	**5,837**	6,503
		89,366	83,688	**15,410**	23,485
TOTAL ASSETS		**96,599**	100,537	**45,629**	57,401
LIABILITIES					
Current liabilities					
Trade and other payables	13	**47,652**	43,045	**5,288**	7,405
Borrowings	14	**69**	173	**69**	173
Current tax payable		**259**	125	**15**	–
		47,980	43,343	**5,372**	7,578
Non-current liability					
Deferred tax liabilities	6	**300**	996	**300**	996
		300	996	**300**	996
TOTAL LIABILITIES		**48,280**	44,339	**5,672**	8,574
NET ASSETS		**48,319**	56,198	**39,957**	48,827
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	10	**51,547**	51,547	**51,547**	51,547
Reserves	11	**(6,765)**	(6,666)	**1,047**	1,047
Accumulated profits / (losses)	12	**3,537**	11,317	**(12,637)**	(3,767)
TOTAL EQUITY		**48,319**	56,198	**39,957**	48,827

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

Consolidated Statement of Comprehensive Income

(Amounts in Singapore dollars)

	Note	Group 2014	Group 2013
		$'000	$'000
Revenue	23	**313,417**	111,260
Cost of sales		**(299,722)**	(96,494)
Gross profit		**13,695**	14,766
Distribution and marketing expenses		**(8,461)**	(9,953)
Administrative expenses		**(6,601)**	(6,368)
Other expenses, net	15	**(6,699)**	(20)
Finance (expense) / income	16	**(145)**	90
Loss before tax		**(8,211)**	(1,485)
Tax income / (expense)	17	**431**	(637)
Loss for the year	18	**(7,780)**	(2,122)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences arising from consolidation		**(646)**	(277)
- Currency translation differences realised through disposal of a subsidiary		**547**	–
Other comprehensive income for the year, net of tax		**(99)**	(277)
Total comprehensive loss for the year		**(7,879)**	(2,399)
Loss per share (cents)			
Basic	20	**(2.214)**	(0.604)
Diluted	20	**(2.214)**	(0.604)

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

Consolidated Statement of Changes in Equity

(Amounts in Singapore dollars)

2014 Group	**Share capital**	**Asset revaluation reserve**	**Foreign currency translation reserve**	**Accumulated profits**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1.1.2014	51,547	1,047	(7,713)	11,317	56,198
Loss for the year	–	–	–	(7,780)	(7,780)
Other comprehensive income, net of tax					
- Currency translation differences	–	–	(99)	–	(99)
Total comprehensive loss	–	–	(99)	(7,780)	(7,879)
Balance as at 31.12.2014	51,547	1,047	(7,812)	3,537	48,319

2013 Group	**Share capital**	**Asset revaluation reserve**	**Foreign currency translation reserve**	**Accumulated profits**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1.1.2013	51,547	1,047	(7,436)	13,439	58,597
Loss for the year	–	–	–	(2,122)	(2,122)
Other comprehensive income, net of tax					
- Currency translation differences	–	–	(277)	–	(277)
Total comprehensive loss	–	–	(277)	(2,122)	(2,399)
Balance as at 31.12.2013	51,547	1,047	(7,713)	11,317	56,198

Consolidated Statement of Cash Flows

(Amounts in Singapore dollars)

	Note	**2014**	2013
		$'000	$'000
Cash flows from operating activities			
Loss before tax		**(8,211)**	(1,485)
Adjustments for:			
Amortisation of intangible assets		**769**	718
Depreciation of property, plant and equipment		**1,726**	1,920
Gain on disposal of property, plant and equipment		**(9)**	–
Loss on disposal of a subsidiary		**927**	–
Property, plant and equipment written off		**(62)**	–
Impairment loss on intangible assets		**3,016**	–
Impairment loss on property, plant and equipment		**3,434**	–
Impairment loss on trade receivables		**135**	73
Unrealised foreign exchange (gain) / loss		**(476)**	703
Interest income		**(88)**	(119)
Interest expense		**233**	29
Provision for slow-moving stocks		**1,480**	1,115
Operating profit before working capital changes		**2,874**	2,954
Inventories		**5,206**	(4,157)
Trade and other receivables		**(21,242)**	(13,504)
Trade and other payables		**6,455**	15,589
Cash (used in) / generated from operations		**(6,707)**	882
Income tax refund / (paid)		**72**	(98)
Net cash (used in) / generated from operating activities		**(6,635)**	784
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(159)**	(40)
Interest received		**88**	119
Proceeds from sale of property, plant and equipment		**78**	–
Net proceed from disposal of a subsidiary	5	**646**	–
Net cash generated from investing activities		**653**	79
Cash flows from financing activities			
Deposits (pledged) / released from pledge	9	**(346)**	144
Interest paid		**(233)**	(29)
Proceeds from bills payable		**299**	928
Repayment of bills payable		**(407)**	(873)
Net cash (used in) / generated from financing activities		**(687)**	170
Net (decrease) / increase in cash and cash equivalents		**(6,669)**	1,033
Cash and cash equivalents at beginning of year		**28,558**	27,309
Effects of exchange rate changes in cash and cash equivalents		**162**	216
Cash and cash equivalents at end of year	9	**22,051**	28,558

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

(Amounts in Singapore dollars unless otherwise stated)

These notes form an integral part of and should be read in conjunction with the accompanying 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 is 9 Fan Yoong Road, Singapore 629787.

APP Printing (Holding) Pte Ltd ("APHP"), a company incorporated in Singapore, holds 63.69% (2013: 63.69%) of the share capital of the Company and is deemed as its immediate holding company. APHP is a wholly-owned subsidiary of PT Andalan Prapanca Pertiwi ("PT APP"), and Asia Pulp & Paper Company Ltd ("APP") owns 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% (2013: 63.32%) of the voting power of APP and is considered as the ultimate holding company.

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.

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 27 March 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in Singapore dollars ("$") and all values are rounded to the nearest thousand ($'000) as indicated.

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. 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. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2. SIGNIFICANT ACCOUNTING POLICIES

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description		Effective for annual periods beginning on or after
Amendment to FRS 19 – *Defined Benefit Plans: Employee Contributions*		1 July 2014
Improvements to FRSs (January 2014)		
- Amendment to FRS 102	– *Share-based Payment*	1 July 2014*
- Amendment to FRS 103	– *Business Combination*	1 July 2014^
- Amendment to FRS 108	– *Operating Segments*	1 July 2014
- Amendment to FRS 16	– *Property, Plant and Equipment*	1 July 2014
- Amendment to FRS 24	– *Related Party Disclosures*	1 July 2014
- Amendment to FRS 38	– *Intangible Assets*	1 July 2014
Improvements to FRSs (February 2014)		
- Amendment to FRS 103	– *Business Combinations*	1 July 2014
- Amendment to FRS 113	– *Fair Value Measurement*	1 July 2014
- Amendment to FRS 40	– *Investment Property*	1 July 2014
FRS 114 *Regulatory Deferral Account*		1 January 2016
Amendments to FRS 27	: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38	: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 and FRS 41	: *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 111	: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28	: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Improvements to FRSs (November 2014)		
- Amendment to FRS 105	– *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
- Amendment to FRS 107	– *Financial Instruments : Disclosures*	1 January 2016
- Amendment to FRS 19	– *Employee Benefits*	1 January 2016
- Amendment to FRS 34	– *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1	: *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28	: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*		1 January 2017
FRS 109 *Financial Instruments*		1 January 2018

** The amendment applies prospectively to share-based payment transactions with a grant date on or after 1 July 2014*
^ The amendment applies prospectively to business combination for which the acquisition date is on or after 1 July 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Except for Improvements to FRSs (January 2014) : Amendment to FRS 108 – Operating Segments, Improvements to FRSs (January 2014) : Amendment to FRS 24 : Related Party Disclosures, Amendments to FRS 27: Equity Method in Separate Financial Statements, Amendments to FRS 1: Disclosure Initiative, FRS 109 Financial Instruments and FRS 115 Revenue from contracts with Customers, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of these Improvements to FRSs (January 2014) are described below.

Improvements to FRSs (January 2014) : Amendment to FRS 108 – Operating Segments

The amendment requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. The amendment also clarifies that a reconciliation of the total segment assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. As this is a disclosure standard, it has no impact to the financial position and financial performance of the Group.

Improvements to FRSs (January 2014) : Amendment to FRS 24 – Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as a related party transaction the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, the breakdown of the components of such compensation is not required to be disclosed.

The management expects that the adoption of the amendment will not result in additional parties being identified as related to the Group. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2015.

Amendments to FRS 27: Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in FRS 28 Investments in Associates and Joint Ventures, in addition to measurement at cost and in accordance with FRS 39 Financial Instruments: Recognition and Measurement. The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

The Company currently presents its investment in separate financial statements at cost and will review this policy consequent to this amendment which is effective in 2016.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Amendments to FRS 1: Disclosure Initiative

FRS 1 Presentation of Financial Statements is amended as part of the initiatives by the standard-setters to improve presentation and disclosure in financial reports. The amendments clarify materiality guidance in FRS 1 and clarify on aggregating and disaggregating line items on the statements of financial position and statement of comprehensive income, including added guidance on presenting sub-totals. The amendments also give examples on systematic ordering or grouping of the structure of the notes to financial statements. In addition, following the amendments, the share of Other Comprehensive Income (OCI) of the equity-accounted investments shall be presented separately from the other OCI on the statement of changes in equity. The Group will apply these amendments in 2016.

FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. FRS 109 also introduces a new expected loss impairment model, and adds detailed guidance on impairment-related presentation and disclosures. FRS 109 also contains new requirements on hedge accounting, which adopts a more principle-based approach, and allows entities to choose between applying hedge accounting requirements of FRS 109 or continue to apply the existing hedge accounting requirements in FRS 39 for all hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Group is in the process of assessing the impact of the new standard for the future periods.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a single comprehensive model in accounting for revenue arising from contracts with customers, and will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective in 2017.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under FRS 115, an entity recognises revenue when (or as) a performance obligations is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customers.

The application of FRS 115 may have a material impact on the amounts reported and disclosures in the Group's consolidated financial statements. The Group is in the process of assessing the impact of the new standard for the future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity. It will not be remeasured until it is finally settled within equity. In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(c) Disposals of subsidiaries or businesses

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Group accounting *(continued)*

(i) Subsidiaries *(continued)*

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for certain leasehold land and buildings, which are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revalued amounts were based on external professional valuations carried out in July 1993 on the open market value basis for the Company's Initial Public Offering of shares in 1994. No subsequent revaluation has been performed and the Company does not have a policy of regularly revaluing the properties.

Any gain arising on revaluation is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific leasehold land and building, with any remaining gain recognised in other comprehensive income and presented in the asset revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the asset revaluation reserve in equity to the extent that an amount had previously been included in the asset revaluation reserve relating to the specific leasehold land and building, with any remaining loss recognised immediately in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

All items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets or other amount substituted for cost over their estimated useful lives as follows: -

		Useful lives (Years)
Leasehold land and buildings	-	Over the terms of the lease which range from 40 to 60 years
Plant and machinery	-	10 to 25 years
Factory equipment	-	10 years
Office equipment	-	3 to 10 years
Furniture and fittings	-	3 to 25 years
Motor vehicles	-	5 to 10 years

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment *(continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income (expenses)" and the asset revaluation reserve related to those asset, if any, is transferred directly to retained earnings.

Intangible assets

Intangible assets consist of brands and are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated based on the cost of the asset. Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of four years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fourth year.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

(ii) Subsequent measurement

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every balance sheet date. As at the balance sheet date, the Group has no financial assets in the category of financial assets at fair value through profit or loss, held-to-maturity investment and available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables, including amounts due from related parties.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

<u>Loans and receivables</u>

The Group considers evidence of impairment for loans or receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories is calculated using the weighted average cost formula, and includes expenditures incurred in acquiring the inventories, production conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the balance sheet date, the Group does not have financial liabilities at fair value through profit or loss.

(ii) Subsequent measurement

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

<u>As lessee</u>

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

***Leases** (continued)*

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted that the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sale agreement. For sales of paper products and pulp, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading of the goods onto the relevant carrier at the port. Generally for such products, the customer has no right of return.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

(i) Retirement benefits

A define contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pensions are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:
- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in cash and cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that- can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Critical accounting estimates and assumptions

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next four years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. The Group recognised an impairment loss on property, plant and equipment of $3,434,000 (2013: Nil) and impairment loss on intangible assets of $3,016,000 (2013: Nil) during the financial year. The carrying amount of property, plant and equipment and intangible assets and further details of the key assumptions applied in the impairment assessment of property, plant and equipment and intangible assets are disclosed in Note 3 and Note 4.

(b) Impairment of trade and receivables

Management reviews its trade and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) ***Critical accounting estimates and assumptions*** *(continued)*

(b) ***Impairment of trade and receivables*** *(continued)*

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The carrying amount of trade receivable of the Group and the Company at the end of the reporting period was $86,502,000 and $11,875,000 (2013: $70,762,000 and $18,775,000) respectively. The relevant credit risk information is disclosed in Note 24.

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due but not impaired trade receivables, the Group's and Company's allowance for impairment will decrease/increase by $894,000 (2013: $563,600) and $389,200 (2013: $545,300) in Note 24.

(c) ***Income tax***

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group has not recognised any additional tax liability on these uncertain tax positions. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group and the Company current tax payable were $259,000 and $15,000 (2013; $125,000 and Nil) The carrying amount of the Group's deferred tax assets and liabilities as at 31 December 2014 are disclosed in Note 6.

The Group has unrecognised tax losses and unutilized capital allowances carried forward amounting of approximately $4,335,000 and $1,006,000 (2013: $3,753,000 and $1,006,000) as disclosed in Note 6. These losses relate to the Company and certain subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets. If the Group and the Company was able to recognise all unrecognised deferred tax assets, profit for the year would increase by approximately $1,437,000 (2013: $1,262,000).

(d) ***Useful lives of plant and equipment***

The cost of plant and machinery is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 25 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the balance sheet date is disclosed in Note 3.

3. Property, plant and equipment

	Leasehold land and buildings	Freehold land	Plant and machinery	Factory equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost or valuation								
As at 1.1.2013								
- Cost	987	81	38,348	1,161	2,137	2,100	458	45,272
- Valuation	12,560	–	–	–	–	–	–	12,560
	13,547	81	38,348	1,161	2,137	2,100	458	57,832
Additions	–	–	3	2	34	1	–	40
Disposals	–	–	–	–	(5)	–	–	(5)
Currency translation differences	–	(2)	(72)	(2)	(49)	(27)	(20)	(172)
As at 31.12.2013	13,547	79	38,279	1,161	2,117	2,074	438	57,695
As at 1.1.2014	13,547	79	38,279	1,161	2,117	2,074	438	57,695
Additions	–	–	102	–	19	38	–	159
Disposals	–	–	–	(80)	–	–	–	(80)
Written off	–	–	–	–	–	(1)	–	(1)
Disposal of a subsidiary (Note 5)	–	(77)	(2,351)	(83)	(115)	(131)	(72)	(2,829)
Currency translation differences	–	(2)	(60)	(2)	(28)	(20)	(7)	(119)
As at 31.12.2014	13,547	–	35,970	996	1,993	1,960	359	54,825
Representing:								
Cost	987	–	35,970	996	1,993	1,960	359	42,265
Valuation	12,560	–	–	–	–	–	–	12,560
As at 31.12.2014	13,547	–	35,970	996	1,993	1,960	359	54,825
Group								
Accumulated depreciation and impairment losses								
As at 1.1.2013	6,968	–	30,701	1,074	1,940	1,984	243	42,910
Charge for the year	365	–	1,321	14	107	60	53	1,920
Disposals	–	–	–	–	(5)	–	–	(5)
Currency translation differences	–	–	(50)	(2)	(46)	(24)	(7)	(129)
As at 31.12.2013	7,333	–	31,972	1,086	1,996	2,020	289	44,696
As at 1.1.2014	7,333	–	31,972	1,086	1,996	2,020	289	44,696
Charge for the year	365	–	1,225	12	65	11	48	1,726
Disposals	–	–	–	(80)	–	–	–	(80)
Disposals of a subsidiary (Note 5)	–	–	(1,798)	(63)	(76)	(113)	(70)	(2,120)
Impairment loss	–	–	3,434	–	–	–	–	3,434
Currency translation differences	–	–	(11)	(2)	(27)	(19)	(5)	(64)
As at 31.12.2014	7,698	–	34,822	953	1,958	1,899	262	47,592
Net carrying amount								
As at 31.12.2014	5,849	–	1,148	43	35	61	97	7,233
As at 31.12. 2013	6,214	79	6,307	75	121	54	149	12,999

3. Property, plant and equipment (continued)

	Leasehold land and buildings	Plant and machinery	Factory equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company							
Cost or valuation							
As at 1.1.2013							
- Cost	987	35,509	1,075	1,070	1,307	222	40,170
- Valuation	12,560	–	–	–	–	–	12,560
	13,547	35,509	1,075	1,070	1,307	222	52,730
Additions	–	–	–	9	–	–	9
As at 31.12.2013	13,547	35,509	1,075	1,079	1,307	222	52,739
As at 1.1.2014	13,547	35,509	1,075	1,079	1,307	222	52,739
Additions	–	102	–	6	–	–	108
Disposals	–	–	(80)	–	–	–	(80)
As at 31.12.2014	13,547	35,611	995	1,085	1,307	222	52,767
Representing:							
Cost	987	35,611	995	1,085	1,307	222	40,207
Valuation	12,560	–	–	–	–	–	12,560
As at 31.12.2014	13,547	35,611	995	1,085	1,307	222	52,767
Company							
Accumulated depreciation and impairment losses							
As at 1.1.2013	6,964	28,699	1,011	1,009	1,274	158	39,115
Charge for the year	365	1,194	10	39	6	19	1,633
As at 31.12.2013	7,329	29,893	1,021	1,048	1,280	177	40,748
As at 1.1.2014	7,329	29,893	1,021	1,048	1,280	177	40,748
Charge for the year	365	1,140	10	25	4	19	1,563
Disposals	–	–	(80)	–	–	–	(80)
Impairment loss	–	3,434	–	–	–	–	3,434
As at 31.12.2014	7,694	34,467	951	1,073	1,284	196	45,665
Net carrying amount							
As at 31.12.2014	5,853	1,144	44	12	23	26	7,102
As at 31.12. 2013	6,218	5,616	54	31	27	45	11,991

3. Property, plant and equipment (continued)

(a) The Group's major properties as at 31 December 2014 are as follows:

Type of property	Location	Approximate land area (in square metres)	Tenure
Four-storey factory cum office building	9 Fan Yoong Road Singapore 629787	4,622.4	60-year lease from 1 November 1967
Single-storey factory building	11 Fan Yoong Road Singapore 629787	4,499.3	60-year lease from 15 July 1982
Single-storey factory building	8 Kwong Min Road Singapore 628711	4,551.4	Lease of 55 years and 11 months from 1 July 1983

(b) The leasehold land and buildings located at Jurong, Singapore, were revalued by the directors based on external professional valuations carried out in July 1993 on the open market value basis for the Company's Initial Public Offering of shares in 1994. The revaluation was done on a one-off basis and accordingly, the transitional provision in FRS 16 Property, Plant and Equipment was adopted to continue with its existing policy of stating leasehold land and buildings at cost.

If the leasehold land and buildings stated at valuation had been included in the financial statements at cost less accumulated depreciation, their net book values would have been $4,166,000 (2013: $4,386,000).

(c) During the financial year, management carried out a review of the recoverable amount of its production equipment due to the softening of demand in the stationery business market. The Company's plant and equipment has an average remaining useful life of 4 years and most of the equipment are relatively old and obsolete. Considering all these factors, the Company has impaired the plant and equipment to its value-in-use calculated based on the discounted cash flow method (together with the intangible assets as one CGU, see Note 4). An impairment loss of $3,434,000 was charged to 'other expenses' in the consolidated statement of comprehensive income which is arising from Singapore segment.

Cash flow projections used in these calculations were based on financial budgets approved by management covering a four-year period until the end of its useful lives. The discount rate used was 8% per annum.

4. Intangible assets

	Group	
	2014	2013
	$'000	$'000
Cost		
As at 1 January	**20,728**	19,514
Currency translation differences	**(342)**	1,214
As at 31 December	**20,386**	20,728
Accumulated amortisation		
As at 1 January	**16,878**	15,165
Charge for the year	**769**	718
Impairment loss	**3,016**	–
Currency translation differences	**(277)**	995
As at 31 December	**20,386**	16,878
Net carrying amount		
As at 1 January	**3,850**	4,349
As at 31 December	**–**	3,850

4. Intangible Assets (continued)

Intangible assets was acquired by Collins Debden Ltd in the United Kingdom and had a deemed useful life of 20 years. Management has reviewed the carrying value as at 31 December 2014 and has determine it more appropriate to accelerate the amortisation of the remaining book value of $3,016,000 on the assumption that the intangible has an economic useful life of slightly less than 20 years. In addition, management has assessed the value in use to be nil as the management deemed that it is no longer financially and economically viable for the brand to generate material positive cash flow and have come to a conclusion that the impairment loss of $3,016,000 is required to be made and charged to other expenses in the consolidated statement of comprehensive income, pertaining to the Europe operating segment.

For the purpose of impairment testing at the balance sheet date, the recoverable amount of these intangible assets (together with the production equipment as one CGU, see Note 3) was determined based on a value-in-use calculation and was determined by discounting future cash flows to be generated from the continuing use of the intangible assets. Cash flow projections used in these calculations were based on financial budgets approved by management covering a four-year period and using a discount rate of 8%.

The key assumptions used in determining the value in use also include competitive but stable market conditions and continued acceptability of products sold. Management determined estimated operating margins based on past performance and its expectations of the market development. The discount rates used were pre-tax and reflected specific risks relating to the relevant industry.

5. Subsidiaries

	Company	
	2014	2013
	$'000	$'000
Equity investments, at cost		
At beginning of the year	**40,168**	40,168
Addition	**1,192**	–
Disposal of a subsidiary	**(2,249)**	–
At end of the year	**39,111**	40,168
Less: Impairment losses		
At beginning of the year	**(18,243)**	(18,243)
Disposal of a subsidiary	**2,249**	–
At end of the year	**(15,994)**	(18,243)
Net carrying amount	**23,117**	21,925

5. **Subsidiaries** (continued)

Name of companies	Principal activities/ Country of incorporation	Effective equity held by the Group	
		2014	2013
		%	%
Held by Company			
Paperich Pte Ltd (1)	Trading of pulp and waste paper / Singapore	**100**	100
Debden Importing (UK) Limited ('DIUK') (2)	Design, marketing and sale of branded products / United Kingdom	**100**	100
Collins Debden Pty Ltd ('CDA') (3)	Supplier of paper based stationery products / Australia	**100**	100
Jinmei Industrial Sdn Bhd (4)	Manufacturing and sales of organisers, diaries, calendars, bathroom tissue and other related products / Malaysia	**–**	100
Debden Malaysia Sdn Bhd (5)	Dormant / Malaysia	**100**	100 (6)
Phoenix Stationery Product, Inc (5)	Dormant / United States	**100**	100
Collins Office Products International Ltd (5)	To hold the Collins trademark in Australia / Mauritius	**100**	100
Held by DIUK			
Collins Debden Limited (2)	Design, marketing and sale of branded products / United Kingdom	**100**	100
Held by CDA			
Debden Importing Pty Ltd (3)	Dormant / Australia	**100**	100
Diary Specialists Pty Ltd (3)	Dormant / Australia	**100**	100
Albox Australia Pty Ltd (3)	Design in office records management / Australia	**11.78**	11.78

(1) Audited by Crowe Horwath First Trust LLP, Singapore.
(2) Audited by Crowe Clark Whitehill LLP, a member firm of Crowe Horwath International in United Kingdom.
(3) Audited by Crowe Horwath Sydney, a member firm of Crowe Horwath International in Australia.
(4) Reviewed by Crowe Horwath AF1018, a member firm of Crowe Horwath International in Malaysia, for Group consolidation purposes. The Company was disposed on 30 September 2014.
(5) Not required to be audited or not significant subsidiaries.
(6) 100% directly held by Jinmei Industrial Sdn Bhd in financial year 2013.

Disposal of a Subsidiary

On 21 August 2014, the Company entered into a sale and purchase agreement with Royalton Capital Pte. Ltd. to dispose of its entire interest in Jinmei Industrial Sdn. Bhd. ('Jinmei') for a cash consideration of US$1,000,000 ($1,241,000). The disposal was completed on 30 September 2014 and resulted in a loss of disposal amounting to $927,000. The effects of the disposal on the cash flows of the Group were:

5. **Subsidiaries** (continued)

	Group 2014 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	**595**
Trade and other receivables	**1,373**
Property, plant and equipment (Note 3)	**709**
Inventories	**1,119**
Total assets	**3,796**
Trade and other payables	**5,056**
Total liabilities	**5,056**
Net liabilities disposed off	**1,260**
Write-off of trade balance owing by Jinmei to the Company	**(3,216)**
Net assets derecognised	**(1,956)**
The cash inflows arising from the disposal of Jinmei were:	
Cash proceeds from disposal	**1,241**
Less: Cash and cash equivalents in subsidiary disposed off	**(595)**
Net cash inflow on disposal	**646**

The operations of Jinmei in Malaysia is not considered to be separate major geographical area of operations.

6. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group and Company

	2014	2013
	$'000	$'000
At beginning of year	**996**	301
Recognised in profit and loss (Note 17)	**(696)**	606
Exchange fluctuation	**–**	89
At end of year	**300**	996

Presented after appropriate offsetting as follows:

Deferred tax assets	**(289)**	(212)
Deferred tax liabilities	**589**	1,208
	300	996

The component and movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follow:

Deferred tax liabilities of the Group	**Property, plant and equipment**	**Others**	**Total**
	$'000	**$'000**	**$'000**
2014			
At beginning of year	1,208	–	1,208
Recognised in the:			
- profit or loss	(619)	–	(619)
At end of year	589	–	589
2013			
At beginning of year	1,720	(28)	1,692
Recognised in the:			
- profit or loss	(512)	28	(484)
At end of year	1,208	–	1,208

6. Deferred tax assets and liabilities (continued)

Deferred tax assets of the Group	Property, plant and equipment	Provisions	Total
	$'000	$'000	$'000
2014			
At beginning of year	–	(212)	(212)
Recognised in the:			
- profit or loss	–	(77)	(77)
At end of year	–	(289)	(289)
2013			
At beginning of year	(72)	(1,276)	(1,348)
Recognised in the:			
- profit or loss	64	983	1,047
Exchange differences	8	81	89
At end of year	–	(212)	(212)

Deferred tax liabilities / (assets) of the Company	Property, plant and equipment	Provisions	Net Deferred tax liabilities
	$'000	$'000	$'000
2014			
At beginning of year	1,208	(212)	996
Recognised in the:			
- profit or loss	(619)	(77)	(696)
At end of year	589	(289)	300
2013			
At beginning of year	1,720	(381)	1,339
Recognised in the:			
- profit or loss	(512)	169	(343)
At end of year	1,208	(212)	996

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following unused tax losses and credits:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Capital allowances	**1,006**	1,006	**–**	–
Tax losses	**4,335**	3,753	**1,271**	1,271
	5,341	4,759	**1,271**	1,271

The capital allowances and tax losses are subject to agreement by the tax authorities and compliance with tax regulations in Singapore and the respective countries in which certain subsidiaries operate mainly Australia. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

7. Inventories

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Raw materials	**2,180**	3,691	**2,180**	2,746
Work-in-progress	**476**	1,678	**417**	1,240
Finished goods	**5,223**	9,446	**129**	220
Goods in transit	**625**	1,508	**377**	189
	8,504	16,323	**3,103**	4,395

The Group's and the Company's inventories recognised as cost of sales amounted to $283,074,000 and $6,896,000 (2013: $82,487,000 and $13,656,000). Raw materials, work-in-progress and finished goods of the Group and the Company are stated at net realisable value after the write-down of inventories of $1,480,000 and $452,000 (2013: $1,327,000 and Nil) respectively during the year. In 2013, the reversal of write-down of inventories amounted to $212,000 and $223,000 was recognised for the Group and the Company respectively. These reversals and write-downs have been included in cost of sales.

8. Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Subsidiaries	**–**	–	**5,265**	11,931
- Related companies	**29,103**	6,352	**–**	9
- Third parties	**24,442**	17,541	**767**	365
	53,545	23,893	**6,032**	12,305
Less: Impairment losses				
- Subsidiaries	**–**	–	**(45)**	(45)
- Third parties	**(598)**	(537)	**(122)**	(65)
	(598)	(537)	**(167)**	(110)
Net trade receivables	**52,947**	23,356	**5,865**	12,195
Deposits[(1)]	**1,585**	12,700	**156**	151
Other receivables	**360**	399	**173**	77
	54,892	36,455	**6,194**	12,423

[(1)] The Group's deposits mainly relate to deposits placed with suppliers for the Group's pulp-trading business.

9. Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**22,099**	25,121	**5,837**	6,503
Short-term bank deposits	**2,143**	5,282	**–**	–
Cash and cash equivalents	**24,242**	30,403	**5,837**	6,503
Bank balances and deposits pledged	**(2,191)**	(1,845)	**–**	–
Cash and cash equivalents in the statement of cash flows	**22,051**	28,558	**5,837**	6,503

Short-term bank deposits at the reporting date had an average maturity of 1 month (2013: 1 month) from the end of the financial year. Bank balance and deposit are pledged as security by the Group to obtain trade finance facilities.

10. Share capital

	Group and Company			
	2014		2013	
	Number of ordinary shares ('000)	$'000	Number of ordinary shares ('000)	$'000
Fully paid ordinary shares, with no par value				
At beginning and end of the year	351,398	51,547	351,398	51,547

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

11. Reserves

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Asset revaluation reserve	**1,047**	1,047	**1,047**	1,047
Foreign currency translation reserve				
Disposal of a subsidiary	**547**	–	**–**	–
Net exchange differences on translation of financial statements of foreign subsidiaries	**(8,359)**	(7,713)	**–**	–
	(7,812)	(7,713)	**–**	–
Total reserve	**(6,765)**	(6,666)	**1,047**	1,047

Asset revaluation reserve

The asset revaluation reserve relates to the one-off revaluation of leasehold land and buildings. (Note 3)

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from:

a) translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and
b) translation of monetary items which form part of the Group's net investment in foreign operations.

The above reserves are not distributable as dividends.

12. Accumulated losses

	Company	
	2014	2013
	$'000	$'000
At the beginning of the year	**(3,767)**	(2,868)
Loss for the year	**(8,870)**	(899)
At end of year	**(12,637)**	(3,767)

13. Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade payables				
- Third parties	**33,483**	11,642	**1,658**	2,221
- Subsidiaries	**–**	–	**1,281**	2,351
- Related companies	**4,721**	9,181	**102**	95
Advance payment received from customers[1]	**3,454**	13,786	**1,364**	–
Accrued operating expenses	**5,882**	6,966	**854**	1,268
Other payables	**112**	1,470	**29**	1,470
	47,652	43,045	**5,288**	7,405

(1) Advance payment received from customers mainly relate to deposits received from related companies for the Group's pulp-trading business.

14. Borrowings

This note provides information about the contractual terms of the Group's and the Company's bills payable, which are measured at amortised cost.

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Current liability				
Bills payable	69	173	69	173

Terms and conditions of bills payable is as follows:

			2014		2013	
	Nominal interest rate	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Group and Company	**%**		**$'000**	**$'000**	**$'000**	**$'000**
Bills payable	–	2014 - 2015	69	69	173	173

15. Other expenses, net

	Group	
	2014	2013
	$'000	$'000
Exchange gain/ (loss)	**266**	(459)
Sale of scrap materials	**253**	369
Loss on disposal of a subsidiary (Note 5)	**(927)**	–
Impairment loss on property, plant and equipment (Note 3)	**(3,434)**	–
Impairment loss on intangible assets (Note 4)	**(3,016)**	–
Jobs credit scheme	**159**	70
	(6,699)	(20)

16. Finance (expense) / income

	Group	
	2014	2013
	$'000	$'000
Interest income	**88**	119
Interest expense – trade financing	**(233)**	(29)
	(145)	90

17. Tax (income) / expense

	Group	
	2014	2013
	$'000	$'000
Current tax		
Current year	**265**	261
Over provision of prior years	**–**	(230)
	265	31
Deferred tax		
Origination and reversal of temporary differences	**(696)**	775
Adjustment for prior years	**–**	(169)
	(696)	606
Income tax	**(431)**	637

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate is as follows:

Reconciliation of effective tax rate		
Loss before tax	**(8,211)**	(1,485)
Tax using the Singapore tax rate of 17% (2013: 17%)	**(1,396)**	(252)
Effect of tax rates in foreign jurisdictions	**(131)**	(130)
Tax exempt income	**(28)**	(26)
Adjustment on group loss on disposal of a subsidiary	**(209)**	–
Tax benefit and incentives	**–**	(39)
Non-deductible expenses	**1,159**	237
Deferred tax assets on temporary differences not recognised	**174**	1,246
Over provision of prior years	**–**	(399)
	(431)	637

17. Tax (income) / expense (continued)

The Company and its Singapore subsidiary
The Company and its Singapore incorporated subsidiary are subject to an applicable tax rate of 17% (2013: 17%), constitute a group under the Group Relief System for Singapore tax purposes.

United Kingdom subsidiaries
These subsidiaries are subject to an applicable tax rate of 21.5% (2013: 23.25%).

Australia subsidiaries
These subsidiaries are subject to an applicable tax rate of 30% (2013: 30%).

18. Loss for the year

The following items have been included in arriving at loss for the year:

	Group	
	2014	2013
	$'000	$'000
Amortisation of intangible assets	**769**	718
Depreciation of property, plant and equipment	**1,726**	1,920
Impairment loss on trade receivables	**135**	73
Impairment loss on property, plant and equipment	**3,434**	–
Impairment loss on intangible assets	**3,016**	–
Audit fees payable to:		
- auditors of the Company	**110**	156
- other auditors	**98**	162
Non-audit fees payable to:		
- auditors of the Company	**13**	10
- other auditors	**–**	10
Operating lease expense	**1,052**	1,077
Personnel expenses (Note 19)	**11,334**	13,156
Provision for slow-moving stocks	**1,480**	1,115
Fixed assets written off	**62**	–
Gain on disposal of property, plant and equipment	**9**	–

19. Personnel expenses

	Group	
	2014	2013
	$'000	$'000
Wages, salaries and bonuses	**9,220**	10,861
Defined contribution plans	**1,245**	1,386
Others	**869**	909
	11,334	13,156

Included in the personnel expenses, $ 5,688,000 (2013: $7,082,000) is allocated to cost of sales, $5,646,000 (2013: $6,074,000) is allocated to administrative, distribution and marketing expenses.

20. Loss per share (cents)

	Group	
	2014	2013
	$'000	$'000
Net loss attributable to equity holders of the Company	**(7,780)**	(2,122)

	Number of shares	Number of shares
	'000	'000
Weighted average number of ordinary shares outstanding for basic and diluted loss per share	**351,398**	351,398
Basic and diluted loss per share (cents)	**(2.214)**	(0.604)

21. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date, but not recognised as liabilities, are analysed as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Within 1 year	**759**	704	**272**	252
Between 1 and 5 years	**1,939**	2,358	**1,013**	1,018
More than 5 years	**3,883**	4,050	**3,883**	4,050
	6,851	7,112	**5,168**	5,320

22. Related party information

Related party transactions

Some of the arrangements with related parties (as defined in Note 2) and the effects of these bases determined between the parties are reflected elsewhere in this report. Details of transactions between the Group and other related companies are disclosed below:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Purchase of goods from related companies	**11,775**	6,769	**1,661**	3,910
Sale of goods to related companies	**236,716**	55,549	**11,569**	21,407

Related companies refers to the fellow subsidiaries within the group which is controlled by the ultimate holding company.

22. Related party information (continued)

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	2014	2013
	$'000	$'000
Short-term employee benefits	**690**	841
Post-employment benefits (including contribution to defined contribution plans)	**55**	77
	745	918

Included in the above was total compensation to directors of the Company amounting to $154,000 (2013: $301,000).

23. Operating segments

The Group has seven (2013: five) reportable segments, as described below, which are the Group's geographical segments. For each of the geographical segments, the Group's Board of Director reviews internal management reports on at least a half-yearly basis. The following summary describes the operations in each of the Group's reportable segments:

(i) Singapore

(a) Headquarters
Design, development, global brand management, international sales and marketing as well as operational leadership extend from Singapore. To facilitate the enhancement of the Group's business development, the Group maintains manufacturing capabilities in Singapore and Malaysia whereby the Group design, produces and pilots its own range of branded products through a mixture of its vertically integrated capabilities as well as its strategic sourcing network.

(b) Market
The main activities are sales and marketing of promotional products, gifts and related products.

(ii) Europe
The main activities are marketing, sales and distribution of planners/diaries, business accessories and related stationery products.

(iii) Australia
The main activities are import, sales and distribution of planners, organisers, business accessories and related gift products in Australia and New Zealand.

(iv) North America and South America*
The main activities are trading and strategic sourcing of papers, sales and distribution of planners, gift stationery and other related office products.

(v) Indonesia
The main activities are trading and sourcing of recycled waste, chemicals, pulp and related materials.

(vi) Hong Kong*
The main activities are trading of pulp and waste papers.

(vii) Others
The main activities are sales of organisers, diaries, business accessories and other related products.

Geographical segment information of marketing, sales and operating profit are presented on the basis of the location of markets. Segment assets, segment liabilities, capital expenditure, depreciation and amortisation are determined based on the country of incorporation of the company.

*With the effect from current financial year, the Group's Board of Directors review the performance of these markets separately despite not meeting quantitative threshold. Comparative information is therefore not disclosed.

23. Operating segments (continued)

Inter-segment pricing is determined on mutually agreed terms. Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management report that are reviewed by the Company's Board of Director.

2014	**Gross sales**	**Consolidation elimination**	**Net sales**
	$'000	**$'000**	**$'000**
Segment revenue			
By geographical areas			
- Singapore	7,768	1,666	6,102
- Europe	23,788	6,211	17,577
- Australia	24,792	5,105	19,687
- North America	10,612	–	10,612
- South America	3,308	–	3,308
- Indonesia	238,312	–	238,312
- Hong Kong	17,197	–	17,197
- Other countries	2,598	1,976	622
	328,375	14,958	313,417

2013	**Gross sales**	**Consolidation elimination**	**Net sales**
	$'000	**$'000**	**$'000**
Segment revenue			
By geographical areas			
- Singapore	11,556	4,118	7,438
- Europe	26,992	9,670	17,322
- Australia	34,663	10,695	23,968
- North America	6,014	–	6,014
- Indonesia	55,269	–	55,269
- Other countries	5,900	4,651	1,249
	140,394	29,134	111,260

	2014	2013
	$'000	$'000
Revenue-sales of goods by products:		
- Diaries / Dated products	**31,892**	31,092
- Undated stationery	**6,752**	11,697
- Organiser	**540**	–
- Paper bags	**9,801**	3,667
- Household tissues	**2,791**	5,217
- Recycled waste	**1,151**	18,848
- Chemical	**1,250**	3,337
- Pulp	**255,065**	36,622
- Paperboard products	**3,374**	–
- Others	**801**	780
	313,417	111,260

23. Operating segments (continued)

Major customer

Revenue of approximately, $236,716,000 (2013: $55,549,000), representing 76% (2013: 50%) of the Group's revenue in Indonesia segment are generated from this 1 (2013: 1) group of customers during the financial year, being the related companies (Note 22). Other than the related companies which are considered as a single group of companies being controlled by the ultimate holding company of the Company as disclosed in Note 1, there are no major customers which contributes more than 10% of the Group's revenue for both financial years 2014 and 2013.

	Operating profit / (loss)	
	2014	2013
	$'000	$'000
Segment results		
Singapore	**(8,768)**	(285)
Europe	**(3,134)**	(200)
Australia	**(534)**	(1,142)
North America	**(391)**	(648)
South America	**63**	–
Indonesia	**4,562**	731
Hong Kong	**329**	–
Other countries	**(193)**	(31)
	(8,066)	(1,575)
Finance income	**88**	119
Finance expense	**(233)**	(29)
Operating loss before tax	**(8,211)**	(1,485)
Income tax	**431**	(637)
	(7,780)	(2,122)

	Non-current assets	Segment assets	Segment liabilities
	$'000	**$'000**	**$'000**
2014			
Assets and liabilities			
- Singapore	7,102	19,937	2,290
- Europe	20	17,080	4,343
- Australia	111	18,157	2,721
- North America	–	4,036	1,879
- South America	–	2,996	87
- Indonesia	–	29,115	6,676
- Hong Kong	–	4,555	27,519
- Other countries	–	723	2,765
Total	7,233	96,599	48,280
2013			
Assets and liabilities			
- Singapore	11,964	30,055	6,268
- Europe	3,880	21,694	3,573
- Australia	111	19,873	2,586
- North America	–	4,166	4,420
- Indonesia	–	6,221	18,385
- Other countries	894	18,528	9,107
Total	16,849	100,537	44,339

23. Operating segments (continued)

	Capital expenditure $'000	Depreciation and amortisation $'000	Impairment on non-current assets $'000	Write down of inventories $'000
2014				
Other segment information				
Singapore	107	1,562	3,434	452
Europe	9	787	3,016	41
Australia	43	42	–	987
Other countries	–	104	–	–
Total	159	2,495	6,450	1,480
2013				
Other segment information				
Singapore	9	1,634	–	(223)
Europe	25	736	–	69
Australia	–	115	–	1,258
Other countries	6	153	–	11
Total	40	2,638	–	1,115

24. Financial instruments

Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Audit Committee provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk), liquidity risk and credit risk. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the Audit Committee.

It is the Group's policy not to trade in derivative contracts.

(i) Market risk

(a) Foreign exchange risk

The Group operates mainly in Singapore, Europe, Australia and Indonesia and the Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD dollars, US dollars, Australia dollars and Great Britain Pound. The Group's trade receivable and trade payable balances at the end of financial year have similar exposures. The Group also hold cash and short-term deposits denominated in foreign currencies for working capital purposes.

24. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

Group 2014	Singapore dollars	United States dollars	Australian dollars	Great Britain Pound	Euro	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Trade and other receivables	974	39,410	7,932	4,986	5	–	53,307
Cash and cash equivalents	432	9,125	3,845	10,762	78	–	24,242
Intragroup receivables	2,237	5,276	1,440	–	–	–	8,953
	3,643	53,811	13,217	15,748	83	–	86,502
Financial liabilities							
Bills Payable	–	–	–	–	69	–	69
Trade and other payables	4,076	38,282	2,009	3,002	263	20	47,652
Intragroup payables	2,237	5,276	1,440	–	–	–	8,953
	6,313	43,558	3,449	3,002	332	20	56,674
Net financial assets / (liabilities)	(2,670)	10,253	9,768	12,746	(249)	(20)	29,828
Less: Net financial liabilities / (assets) denominated in the respective entities functional currencies	(1,283)	(3,534)	(8,428)	(11,628)	–	1	(24,872)
Foreign currency exposure	(3,953)	6,719	1,340	1,118	(249)	(19)	4,956

24. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

Group 2013	Singapore dollars	United States dollars	Australian dollars	Great Britain Pound	Ringgit Malaysia	Euro	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Trade and other receivables	853	12,859	6,193	3,811	28	11	23,755
Cash and cash equivalents	778	11,980	6,133	10,704	488	320	30,403
Intragroup receivables	7,122	8,505	956	19	2	–	16,604
	8,753	33,344	13,282	14,534	518	331	70,762
Financial liabilities							
Bills Payable	–	65	–	–	–	108	173
Trade and other payables	3,314	32,900	2,824	3,410	368	229	43,045
Intragroup payables	7,122	8,505	956	19	2	–	16,604
	10,436	41,470	3,780	3,429	370	337	59,822
Net financial assets / (liabilities)	(1,683)	(8,126)	9,502	11,105	148	(6)	10,940
Less: Net financial liabilities / (assets) denominated in the respective entities functional currencies	(5,133)	12,419	(9,407)	(9,850)	(148)	–	(12,119)
Foreign currency exposure	(6,816)	4,293	95	1,255	–	(6)	(1,179)

24 Financial instruments (continued)

Financial risk management objectives and policies (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

Company **2014**	**Singapore dollars**	**United States dollars**	**Australian dollars**	**Great Britain Pound**	**Euro**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Trade and other receivables	3,202	2,354	477	–	5	6,038
Cash and cash equivalents	404	3,266	1,094	1,051	22	5,837
	3,606	5,620	1,571	1,051	27	11,875
Financial liabilities						
Bills Payable	–	–	–	–	69	69
Trade and other payables	2,323	1,512	1,194	3	256	5,288
	2,323	1,512	1,194	3	325	5,357
Net financial assets / (liabilities)	1,283	4,108	377	1,048	(298)	6,518
Less: Net financial assets denominated in the functional currencies	(1,283)	–	–	–	–	(1,283)
Foreign currency exposure	–	4,108	377	1,048	(298)	5,235

Company **2013**	**Singapore dollars**	**United States dollars**	**Australian dollars**	**Great Britain Pound**	**Euro**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Trade and other receivables	7,784	4,356	120	–	12	12,272
Cash and cash equivalents	453	4,349	564	1,109	28	6,503
	8,237	8,705	684	1,109	40	18,775
Financial liabilities						
Bills Payable	–	64	–	–	109	173
Trade and other payables	3,104	3,273	799	1	228	7,405
	3,104	3,337	799	1	337	7,578
Net financial assets / (liabilities)	5,133	5,368	(115)	1,108	(297)	11,197
Less: Net financial assets denominated in the functional currencies	(5,133)	–	–	–	–	(5,133)
Foreign currency exposure	–	5,368	(115)	1,108	(297)	6,064

24. **Financial instruments** (continued)

Financial risk management objectives and policies (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Singapore dollars against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. If the Singapore dollars weakens by 10% (2013: 10%) against the relevant foreign currency, with all other variables held constant, profit or loss and other equity will increase / (decrease) by:

Group	**Singapore dollars**	**United States dollars**	**Australian dollars**	**Great Britain Pound**	**Euro**	**Others**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2014						
Loss for the year	(328)	558	111	93	(21)	(2)
2013						
Loss for the year	(566)	356	8	104	–	(1)
Company						
2014						
Loss for the year	–	341	31	87	(25)	–
2013						
Loss for the year	–	445	(10)	92	(25)	–

(ii) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

All the financial liabilities of the Group as at 31 December 2014 and 2013 are repayable on demand or due within 1 year from the balance sheet date. The carrying amount recorded represents the contractual cash flows of these financial liabilities except for an intragroup guarantee by the Company amounted to $1,163,000 in 2013.

24. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's receivables from customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. At the same time, large sales transactions are backed by letters of credit from reputable financial institutions whenever possible. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management.

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of manufacturing and distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of trade receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

In 2013, the Group's policy is to provide financial guarantees only to wholly-owned subsidiaries.

The carrying amount of trade receivables represents the maximum credit exposure. The maximum exposure to credit risk for trade receivables of the reporting date was:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
By geographical region:				
- Singapore	**492**	2,800	**2,136**	1,341
- Australia	**8,002**	6,395	**3,250**	6,583
- North America	**4,035**	4,165	**–**	64
- South America	**2,996**	–	**–**	–
- United Kingdom	**4,306**	3,654	**247**	–
- Indonesia	**29,103**	6,210	**–**	9
- Hong Kong	**3,233**	–	**–**	–
- Europe	**148**	36	**124**	11
- Other countries	**632**	96	**108**	4,187
	52,947	23,356	**5,865**	12,195
By type of customers:				
Related companies	**29,103**	6,352	–	–
Subsidiaries	**–**	–	**5,220**	11,895
Non-related parties				
- Multinational companies	**4,086**	4,167	–	–
- Other companies*	**19,758**	12,837	**645**	300
	52,947	23,356	**5,865**	12,195

24. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

*Included in the amount is balances owing from the established office supplies wholesaler and retailers in Australia and United Kingdom amounting to $6,352,000 (2013: $5,710,000). Also included is amounts owing from 2 pulp trading companies in Hong Kong and United States amounting to $7,252,000 (2013: $4,147,000). Other than these debtors, there are no other concentration of credit risks of the Group.

There is no concentration of credit risk with respect to trade receivables of the Company in respect to non-related parties as the Company has large number of diversified customers.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The age analysis of trade receivables is as follows:

	Gross 2014	**Impairment 2014**	Gross 2013	Impairment 2013
	$'000	**$'000**	$'000	$'000
Group				
Not past due	**44,192**	**185**	17,720	–
- Past due 0 to 3 months	**2,660**	**51**	1839	112
- Past due 3 to 6 months	**5,147**	**64**	862	58
- More than 6 months	**1,546**	**298**	3,472	367
	53,545	**598**	23,893	537
Company				
Not past due	**1,973**	**–**	1,516	–
- Past due 0 to 3 months	**1,573**	**–**	3,831	–
- Past due 3 to 6 months	**179**	**–**	3,699	–
- More than 6 months	**2,307**	**167**	3,259	110
	6,032	**167**	12,305	110

24. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

The movement in allowance for impairment loss is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Balance at beginning of the year	**537**	462	**110**	110
Disposal of subsidiary	**(73)**	–	**–**	–
Impairment loss recognised	**135**	73	**57**	–
Amounts written off	**(5)**	(4)	**–**	–
Currency translation differences	**4**	6	**–**	–
Balance at end of the year	**598**	537	**167**	110

Trade receivables that are individually determined to be impaired at the balance sheet related to debtors that are in financial difficulties and have defaulted on payment as well as by reference to past default experience. Included in the Group's trade receivables balance are debtors with total carrying amount of $8,940,000 (2013: $5,636,000), which are past due but not impaired as there has not been a significant change in credit quality and the amount are still considered recoverable.

Based on historical default rates, the Group and the Company believe that no impairment allowance is necessary in respect of trade receivables not past due. These receivables are mainly arising by customers that have a good payment record with the Group and the Company.

(iv) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Loans and receivables	**86,502**	70,762	**11,875**	18,775
Financial liabilities at amortised cost	**56,674**	59,822	**5,357**	7,578

Capital risk management policies and objectives

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The strategies of the Group and the Company, which were unchanged from 2013, are to maintain gearing ratios within 1%.

24 Financial instruments (continued)

Capital risk management policies and objectives (continued)

The gearing ratio is calculated as debt divided by total capital. Debt refers to the Group's and the Company's borrowings. Adjusted equity is computed as total equity less reserves. Total capital is calculated as adjusted equity plus debt. The Group's gearing ratio as at 31 December 2014 is as follows:-

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Total debt	**69**	173	**69**	173
Adjusted equity	**55,084**	62,864	**38,910**	47,780
Total capital	**55,153**	63,037	**38,979**	47,953
Gearing ratio %	**0.13**	0.27	**0.18**	0.36

The Management reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital, and monitors the gearing ratio. Based on recommendations of the committee, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debts.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 Fair value disclosures

At balance sheet date, there are no financial instruments that are carried at fair value. The carrying amounts of financial assets and liabilities reported on the balance sheet date are reasonable approximation of their fair value due to relatively short-term maturity of these financial instruments.

Interested Person Transactions

Name of interested person	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)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920	
	full year ended		full year ended	
	31/12/2014	**31/12/2013**	**31/12/2014**	**31/12/2013**
	$'000	**$'000**	**$'000**	**$'000**
<u>Purchases</u>				
PT Pindo Deli Pulp and Paper Mills	–	–	**1,891**	3,157
PT Pabrik Kertas Tjiwi Kimia Tbk	–	–	**9,884**	3,597
Yalong Paper Products (Kunshan) Co. Ltd	–	–	**–**	15
<u>Sales</u>				
PT Indah Kiat Pulp & Paper Tbk	–	–	**85,111**	18,237
PT Pabrik Kertas Tjiwi Kimia Tbk	–		**71,792**	20,080
Solaris Paper Pty Ltd	–	–	**–**	252
PT Pindo Deli Pulp and Paper Mills	–	–	**73,475**	15,285
PT Lontar Papyrus Pulp & Paper Industry	–	–	**5,760**	1,340
PT. The Univenus	–	–	**355**	331
Toprint Computer Supplies Pte Ltd	–	–	**–**	24
PT Ekamas Fortuna	–	–	**223**	–
Total Interested Person Transactions	–	–	**248,491**	62,318

Shareholding Statistics as at 16 March 2015

Number of issued ordinary shares	:	351,398,000
Issued and paid up capital	:	$51,547,000.00
Number of treasury shares held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

Shareholdings held in the hands of public

Based on the information available to the Company as at 16 March 2015, approximately 36.3% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Analysis of Shareholdings

Range of Shareholdings	*No. of Shareholders*	*%*	*No. of Shares*	*%*
1 - 1,000	1,606	25.86	1,598,206	0.46
1,001 - 10,000	3,391	54.61	18,640,041	5.30
10,001 - 1,000,000	1,196	19.26	63,346,537	18.03
1,000,001 and above	17	0.27	267,813,216	76.21
	6,210	100.00	351,398,000	100.00

TOP 20 SHAREHOLDERS

No.	**Name of shareholders**	***No. of Shares Held***	***%***
1	APP PRINTING (HOLDING) PTE LTD	223,804,666	63.69
2	DBS NOMINEES PTE LTD	9,640,500	2.74
3	LIM POH CHOON	5,529,000	1.57
4	CITIBANK NOMINEES SINGAPORE PTE LTD	3,703,000	1.05
5	PHILLIP SECURITIES PTE LTD	3,433,000	0.98
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,891,250	0.82
7	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,739,500	0.78
8	MAYBANK NOMINEES (S) PTE LTD	2,737,000	0.78
9	ANG HAO YAO	2,423,000	0.69
10	UOB KAY HIAN PTE LTD	1,962,900	0.56
11	RAFFLES NOMINEES (PTE) LTD	1,608,000	0.46
12	BANK OF SINGAPORE NOMINEES PTE LTD	1,561,000	0.45
13	LUO FENG	1,253,600	0.36
14	THIAN YIAN CHIEW	1,243,000	0.35
15	LIU WEN YING	1,157,800	0.33
16	HL BANK NOMINEES (S) PTE LTD	1,098,000	0.31
17	KOH CHIN HWA	1,028,000	0.29
18	QUEEMAY HOLDINGS PTE LTD	1,000,000	0.29
19	LOW EE LAM LEWIS	981,000	0.28
20	ABN AMRO CLEARING BANK N.V.	912,000	0.26
		270,706,216	77.04

Substantial Shareholders as at 16 March 2015
(as shown in the Company's Register of substantial shareholders)

	No. of Shares			
Name of Shareholders	***Direct Interest***	***%***	***Deemed Interest***	***%***
APP Printing (Holding) Pte Ltd	223,804,666	63.69	–	–
PT Andalan Prapanca Pertiwi	–	–	223,804,666	63.69
Asia Pulp & Paper Company Ltd	–	–	223,804,666	63.69
APP Golden Limited	–	–	223,804,666	63.69

APP Printing (Holding) Pte Ltd ("APHP") is the immediate holding company of Nippecraft Limited.

Asia Pulp & Paper Company Ltd ("APP") and APP Golden Limited (previously known as APP Global Limited) ("APP Golden") are deemed to have an interest of 223,804,666 ordinary shares in Nippecraft Limited as APHP is a wholly owned subsidiary of PT. Andalan Prapanca Pertiwi ("PT APP") and APP has 89.9% shares in PT APP whereas APP Golden controls approximately 63.32% of the voting power of APP.

NOTICE OF ANNUAL GENERAL MEETING

NIPPECRAFT LIMITED
Registration No. 197702861N
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Annual General Meeting ***(AGM)*** of Nippecraft Limited ***(Company)*** will be held at 9 Fan Yoong Road, Singapore 629787, on Wednesday, 29 April 2015 at 10:00 am for the following purposes:

As Ordinary Business

1) To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014, together with the Auditors' Report thereon. (Resolution 1)

2) To re-elect the following directors who are retiring by rotation under article 104 of the Company's Articles of Association:
   (a) Ms Indah Suryasari Wijaya Limantara; and (Resolution 2)
   (b) Mr Lim Yu Neng Paul (Resolution 3)

3) To re-elect the following directors who are retiring under article 114 of the Company's Articles of Association:-
   (a) Mr Benny Iswandy (Resolution 4)
   (b) Mr Khoo Song Koon (Resolution 5)

4) To approve Directors' fees of $80,000 payable by the Company for the financial year ended 31 December 2014 (2013: $80,000). (Resolution 6)

5) To re-appoint Crowe Horwath First Trust LLP as auditors of the Company for the financial year ending 31 December 2015 and to authorise the Directors of the Company to fix their remuneration. (Resolution 7)

6) To transact any other business that may properly be transacted at an Annual General Meeting.

As Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

7) <u>Authority to allot and issue shares</u>

"THAT, pursuant to section 161 of the Companies Act, Chapter 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ***(SGX-ST)***, authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ***(Shares)*** (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, ***Instruments***) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 50% of the total number of issued Shares (excluding treasury shares, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 8)

8) <u>Renewal Of The Shareholders' Mandate For Interested Person Transactions</u>

"THAT

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST for the Company, its subsidiaries and target associated companies or any of them, to enter into any of the transactions falling within the types of interested person transactions, described in the Appendix to the Annual General Meeting to shareholders of the Company dated 10 April 2015 (the ***Appendix***) with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on an arm's length basis and on normal commercial terms and in accordance with the guidelines and review procedures for such interested person transactions as amended in the Appendix;

(b) the approval given in paragraph (a) above (the ***Shareholders' Mandate***) shall, unless revoked or varied by the Company in General Meeting, continue in force until the next annual general meeting of the Company; and

(c) the Directors of the Company, be and are hereby authorised to complete and do all such acts, deeds and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate or this Resolution."

(Resolution 9)

(See Explanatory Notes)

By Order of the Board of Directors

Lee Lih Feng

Company Secretary

Singapore

10 April 2015

Explanatory Notes:

1. The Chairman of the Annual General Meeting will be exercising his right under article 79 of the Company's Articles of Association to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of poll.
2. A member of the Company entitled to attend and vote at the above Annual General Meeting may appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated. Such proxy need not be a member of the Company.
3. The instrument appointing a proxy must be deposited at the Company's registered office at 9 Fan Yoong Road, Singapore 629787, not less than 48 hours before the time appointed for holding the meeting.

Explanatory Notes and Statement under article 70 of the Company's Articles of Association

Resolution 3

If re-elected, Mr Lim Yu Neng Paul, an independent director, shall remain as a member of the Audit Committee and the Chairman of the Nominating Committee of the Company.

Resolution 5

If re-elected, Mr Khoo Song Koon, an independent director, shall remain as a member of the Audit Committee of the Company.

Resolution 8

The proposed Resolution 8, if passed, will empower the Directors, from the date of the Annual General Meeting until the next Annual General Meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50% of the total number of issued Shares excluding treasury shares, with a sub-limit of 20% for Shares other than on a pro-rata basis to Shareholders.

Resolution 9

The proposed Resolution 9, if passed will renew the IPT Mandate (which was approved at the annual general meeting of the Company held on 28 April 2014) to facilitate the Company, its subsidiaries and associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, to enter into Interested Persons Transactions, the details of which are set out in the Appendix accompanying this Annual Report. The authority under the renewed IPT Mandate will, unless revoked or varied by the Company in the general meeting, expire at the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier.

Personal data privacy:

By submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives relating to the AGM (including any adjournment thereof); and

(ii) warrants that where the member discloses the personal data of the member's proxy and/or representative to the Company (or its agents), the member has obtained all necessary consents to do so, and that the Company (or its agents) may collect, use and disclose such personal data for the purposes above.

This page has been intentionally left blank.

NIPPECRAFT LIMITED
Registration No. 197702861N
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their CPF Approved Nominees so that their CPF Approved Nominee may register, within the specified timeframe, with the Company. (CPF Approved Nominee: please see Note No. 9 on the reverse side of this form on the required details)
4. CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

I/We____(NRIC/Passport No) ______________________________

of____ (Address)

being a member/members of NIPPECRAFT LIMITED ***(Company)***, hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

and/or (delete as appropriate)

or failing him/them, the Chairman of the Annual General Meeting ***(AGM)*** as my/our proxy/proxies to attend and vote for me/us on my/our behalf and if necessary, to demand a poll, at the AGM of the Company to be held at 9 Fan Yoong Road, Singapore 629787 on Wednesday, 29 April 2015 at 10:00 am and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

(If you wish to exercise all your votes "For" or "Against", please tick with "√" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution.)

No	Resolutions	For	Against
	Ordinary Business		
1.	To receive and adopt the directors' report and audited financial statements for the financial year ended 31 December 2014.		
2.	To re-elect Ms Indah Suryasari Wijaya Limantara as a director.		
3.	To re-elect Mr Lim Yu Neng Paul as a director.		
4.	To re-elect Mr Benny Iswandy as a director.		
5.	To re-elect Mr Khoo Song Koon as a director.		
6.	To approve the directors' fees for the financial year ended 31 December 2014.		
7.	To re-appoint Crowe Horwath First Trust LLP as auditors and to authorise the Directors of the Company to fix their remuneration.		
	Special Business		
8.	To authorise the directors to issue shares and/or Instruments pursuant to section 161 of the Companies Act, Cap. 50.		
9.	To renew the Mandate for Interested Person Transactions.		

Signed this   day of April 2015.

Total Number of shares in:	No of shares
(a) CDP Register	
(b) Register of members	
Total	

____
Signature(s) of Member(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

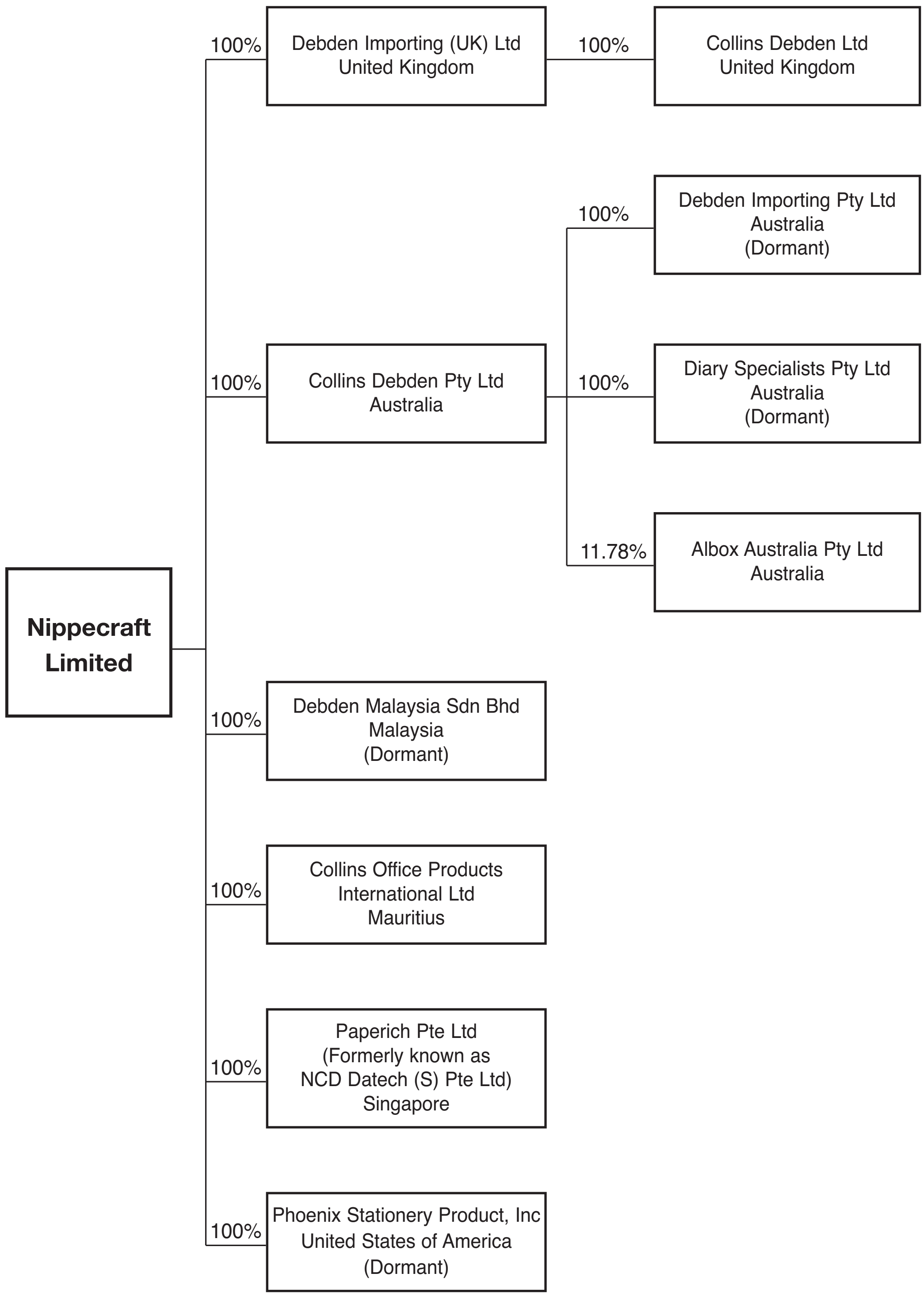
1. A member should insert the total number of ordinary shares in the capital of the Company ***(Shares)*** held. If the member has Shares entered against his name in the Depository Register (as defined in section 130A of the Companies Act, Cap. 50), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. This instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company)) must be deposited at the registered office of the Company at 9 Fan Yoong Road, Singapore 629787 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Cap. 50.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument appointing a proxy or proxies.
8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. CPF Approved Nominees acting on the request of CPF Investors who wish to attend the Annual General Meeting as observers are required to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorized signatory of the CPF Approved Nominee, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

Corporate Structure

As at 31 December 2014



Head Office

Singapore	Nippecraft Limited 9 Fan Yoong Road Singapore 629787 Tel: (65) 6262 2662 Fax: (65) 6262 1551 Website: www.nippecraft.com.sg

Subsidiaries

Australia	Collins Debden Pty Ltd Basalt Road Pemulwuy New South Wales 2145 Australia Tel: (61-2) 8863 1500 Fax: (61-2) 9688 4835 Website: www.collinsdebden.com.au
United Kingdom	Collins Debden Ltd Campsie View, Westerhill Road Bishopbriggs Glasgow G64 2QT United Kingdom Tel: (44-141) 300 8500 Fax: (44-141) 300 8600 Website: www.collinsdebden.com
Singapore	Paperich Pte Ltd 9 Fan Yoong Road Singapore 629787 Tel: (65) 6262 2662 Fax: (65) 6262 1551 Website: www.paperich.com

www.nippecraft.com.sg