



International Press Softcom Limited

(Incorporated in the Republic of Singapore-197201169E)
 26 Kallang Avenue, Singapore 339417, Republic of Singapore
 Tel: 6298 3800•Fax: 6297 1668
 Web: www.ipsoftcom.com

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT

	Note	Group		%+/-
		S\$'000		
		FY2014	FY2013	
Turnover		50,661	47,004	7.8
Other operating income	1	913	1,524	-40.1
Changes in stocks of finished goods and work in progress	2	(48)	(371)	-87.1
Raw materials and consumables used	3	(28,058)	(24,054)	16.6
Personnel expenses		(11,773)	(11,475)	2.6
Depreciation and amortisation	4	(2,508)	(2,199)	14.1
Rental, property tax and utilities		(2,661)	(2,540)	4.8
Freight, travelling and transportation expenses		(2,681)	(2,538)	5.6
Repair and maintenance expenses		(562)	(555)	1.3
Royalties	5	(124)	(63)	96.8
Subcontractor costs	6	(3,390)	(2,322)	46.0
Other operating expenses	7	(9,091)	(4,279)	112.5
Impairment loss	8	(642)	(1,000)	-35.8
Financial expense – net	9	(246)	(339)	-27.4
Loss before tax		(10,210)	(3,207)	218.4
Tax (expense)/credit		(250)	1,778	NM
Loss, net of tax		(10,460)	(1,429)	632.0
Loss attributable to:				
Owners of the Company		(6,776)	(635)	967.1
Non-controlling interests	10	(3,684)	(794)	364.0
		(10,460)	(1,429)	632.0

NM : not meaningful

NOTES TO THE CONSOLIDATED INCOME STATEMENT

After careful consideration of the challenging business environment and high costs, the Group has decided to scale down the operations of its partially owned and loss-making subsidiary, Avantouch Systems Pte Ltd (“Avantouch”) in October 2014, with the cessation of operations by the end of FY2014.

Note 1

Other operating income was lower at S\$0.9 million, or 40.1% down year-on-year (“yoy”) mainly due to the absence of one-off gain from the disposal of fixed assets and net write back of allowance for trade receivables and inventory obsolescence in FY2013. Lower other operating income in FY2014 was mitigated by the Group’s foreign exchange gain and rental income generated by the Company, which started contributions in September 2014.

Note 2

Changes in stocks of finished goods and work in progress declined largely due to the cessation of the Group’s Singapore printing operation.

Note 3

Raw materials and consumables used was higher at S\$28.1 million, or 16.6% higher yoy due to increased in turnover with margin mix products.

Note 4

Depreciation and amortisation was 14.1% higher yoy at S\$2.5 million largely due to higher depreciation as a result of an upward revaluation of the Company's leasehold property in December 2013.

Note 5

Royalties was 96.8% higher yoy at S\$0.1 million mainly due to the increase in DVD sales by the Group's wholly-owned subsidiary in India.

Note 6

Subcontractor costs increased 46.0% yoy to S\$3.4 million due to the surge in orders for the Group's Indian subsidiary that required higher subcontract work contents, and higher costs and payments made to subcontractors for early termination of contracts by Avantouch.

Note 7

Other operating expenses were 112.5% higher yoy at S\$9.1 million largely due to the intangible assets, fixed assets and trade receivables written off by Avantouch and start-up expenditure incurred for new printing facilities in Vietnam.

Note 8

Impairment loss for FY2014 was mainly due to the impairment of goodwill in Avantouch.

Note 9

Net financial expense decreased 27.4% due to higher interest income from bank deposits and lower interest expense incurred by the Group's Indian subsidiary.

Note 10

Loss attributable to **non-controlling interests** was 364.0% higher largely due to the higher loss incurred by Avantouch in FY2014.

Loss from operations is stated after charging/(crediting) the following:

		Group	
		S\$'000	
		FY2014	FY2013
Bad debts written off	11	631	6
Bad debts recovered		(3)	(1)
Allowance for doubtful trade receivables		69	75
Allowance for doubtful trade receivables written back		(46)	(25)
Allowance for inventory obsolescence		206	150
Allowance for inventory obsolescence written back	12	(4)	(606)
Inventories written off		234	143
Write back of inventories written off		(5)	(9)
Fixed assets written off	11	984	21
Intangible asset written off	11	2,851	6
Gain on disposal of fixed assets		(4)	(222)
Gain on disposal of assets held for sale		-	(164)
Interest income		(174)	(144)
Interest expense		420	483
Exchange (gain)/ loss, net	13	(259)	459
Impairment loss	8	642	1,000

Note 11

Higher **bad debts, fixed asset and intangible asset written off** were mainly due to the cessation of Avantouch's operations in FY2014.

Note 12

Lower **allowance for inventory obsolescence written back** in FY2014 was mainly due to the absence of one-off gain on allowance for inventory obsolescence written back in FY2013.

Note 13

Net exchange gain recorded in FY2014 was largely due to the appreciation of United States Dollars against the major currencies of the Group and the exchange gain recorded by the Indian subsidiaries as compared to the exchange loss incurred in FY2013 as a result of the slew of measures to mitigate depreciation pressures on the Indian Rupee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group	
	S\$'000	
	FY2014	FY2013
Loss net of tax	(10,460)	(1,429)
Other comprehensive income:		
<u>Items that will not be reclassified to profit or loss</u>		
Net surplus on revaluation of leasehold factory building	-	14,493
<u>Items that may be reclassified subsequently to profit or loss</u>		
Foreign currency translation	(128)	405
Other comprehensive income for the financial year, net of tax	<u>(128)</u>	<u>14,898</u>
Total comprehensive Income for the financial year, net of tax	<u>(10,588)</u>	<u>13,469</u>
Total comprehensive income attributable to:		
Owners of the Company	(6,776)	14,071
Non-controlling interests	<u>(3,812)</u>	<u>(602)</u>
	<u>(10,588)</u>	<u>13,469</u>

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

1(b)(i) BALANCE SHEETS

	Note	Group		Company	
		31/12/2014	31/12/2013	31/12/2014	31/12/2013
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Fixed assets		40,002	42,607	34,213	35,178
Intangible assets	14	2,806	5,494	-	-
Investment in subsidiaries		-	-	15,916	23,301
Deferred tax assets	15	739	227	-	-
Other receivable		9	21	9	21
Current assets					
Assets held for sale		-	104	-	104
Inventories	16	4,695	3,964	1,941	1,527
Trade receivables		11,332	10,136	4,035	3,861
Other receivables and deposits		2,721	2,820	270	245
Prepayments	17	388	2,193	60	83
Amounts due from subsidiaries (non-trade)		-	-	5,156	5,231
Tax recoverable		349	285	-	-
Cash and bank balances		7,302	9,786	1,592	2,466
		<u>26,787</u>	<u>29,288</u>	<u>13,054</u>	<u>13,517</u>
Current liabilities					
Trade and other payables	18	8,844	6,558	2,625	1,516
Accruals	19	3,024	2,634	1,433	1,353

	Group				Company	
		31/12/2014	31/12/2013	31/12/2014	31/12/2013	
	Note	S\$'000	S\$'000	S\$'000	S\$'000	
Amounts due to subsidiaries (non-trade)		-	-	378	432	
Interest-bearing bank loans		3,037	2,977	-	-	
Non-interest bearing loan		332	322	-	-	
Provision for taxation	20	406	290	-	-	
Amount due to holding company (loan)		695	682	695	682	
		<u>16,338</u>	<u>13,463</u>	<u>5,131</u>	<u>3,983</u>	
Net current assets		10,449	15,825	7,923	9,534	
Non-current liabilities						
Deferred tax liabilities	21	(976)	(1,281)	(725)	(968)	
Loan from a director of a subsidiary	22	(64)	-	-	-	
Net assets		<u>52,965</u>	<u>62,893</u>	<u>57,336</u>	<u>67,066</u>	
Equity attributable to owners of the Company						
Share capital		49,549	49,549	49,549	49,549	
Reserves	23	5,918	12,496	7,787	17,517	
		<u>55,467</u>	<u>62,045</u>	<u>57,336</u>	<u>67,066</u>	
Non-controlling interests		(2,502)	848	-	-	
Total equity		<u>52,965</u>	<u>62,893</u>	<u>57,336</u>	<u>67,066</u>	

NOTES TO THE BALANCE SHEET

Note 14

The Group's **intangible assets** decreased 48.9% largely due to website development costs written off and impairment of goodwill in Avantouch.

Note 15

Deferred tax assets at Group level increased 225.6% yoy to S\$0.7 million mainly due to the recognition of tax benefits derived from a provision for loan impairment amounting to S\$1.9 million by one of the Group's China subsidiaries.

Note 16

Inventories at Group level was 18.4% higher yoy to S\$4.7 million largely due to higher level of stocks held in the form of hardware components by the Company, higher raw material products maintained by the Group's Indian subsidiary and the new printing facility in the Group's Vietnam subsidiary.

Note 17

The Group's **prepayments** was 82.3% lower yoy to S\$0.4 million largely due to the exit of the top up business by Avantouch.

Note 18

	Group		Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	7,337	5,069	2,327	1,421
Other payables	1,507	1,489	298	95
Trade and other payables	8,844	6,558	2,625	1,516

The Group's **trade payables** was 44.7% higher yoy to S\$7.3 million mainly due to the higher level of stocks held as at 31 December 2014 while the Company's **other payables** increased 213.7% yoy to S\$0.3 million largely due to refundable rental deposits from third parties.

Note 19

The Group's **accruals** was 14.8% higher yoy to S\$3.0 million as operating expenses were higher in FY2014.

Note 20

The Group's **provision for taxation** was 40.0% higher yoy to S\$0.4 million due to lower tax paid in FY2014.

Note 21

The Group's **deferred tax liabilities** was 23.8% lower yoy to S\$1.0 million largely due to the recognition of tax credits by the Company in FY2014.

Note 22

This **loan** is granted by a director of the Group's Vietnam subsidiary. The loan is interest free and repayable on demand.

Note 23

The Group's overall **reserves** fell 52.6% yoy to S\$5.9 million after accounting for the Group's losses.

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,037	332	2,977	322

Amount repayable after one year

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	64	-	-

Details of any collateral

The secured bank loan facilities of S\$2.3 million as at 31 December 2014 (31 December 2013: S\$2.2 million) comprised of bank overdraft facilities undertaken by the Group's Indian subsidiaries. The term loan was secured by way of Standby Letter of Credits issued by the local bank serving the Group's Indian subsidiaries.

A bill discounting facilities of S\$0.7 million as at 31 December 2014 (31 December 2013: S\$0.8 million) was used by one of the Indian subsidiaries with a charge on the subsidiary's certain assets.

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

1(c) CONSOLIDATED STATEMENT OF CASH FLOW

	Group	
	FY2014	FY2013
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(10,210)	(3,207)
Adjustments for:		
Depreciation of fixed assets	2,356	2,049
Amortisation of intangible assets	152	150
Impairment of investment securities	-	980
Impairment of fixed assets	-	20
Impairment of goodwill	642	-
Intangible asset written off	2,851	6
Gain on disposal of fixed assets	(4)	(222)
Gain on disposal of assets held for sale	-	(164)
Fixed assets written off	984	21
Interest income	(174)	(144)
Interest expense	420	483
Bad debts written off	631	6
Bad debts recovered	(3)	(1)
Allowance for doubtful trade receivables	69	75
Allowance for doubtful trade receivables written back	(46)	(25)
Allowance for inventory obsolescence	206	150
Allowance for inventory obsolescence written back	(4)	(606)

	Group	
	FY2014	FY2013
	S\$'000	S\$'000
Inventories written off	234	143
Write back of inventories written off	(5)	(9)
Currency re-alignment	(357)	365
Operating cash flows before working capital changes	(2,258)	70
<u>(Increase)/decrease in:</u>		
Inventories	(1,167)	1,947
Trade receivables	(1,851)	992
Other receivables, deposits and prepayments	1,920	(607)
<u>Increase/(decrease) in:</u>		
Trade and other payables	2,224	(1,072)
Accruals	390	(804)
Cash flows (used in)/generated from operations	(742)	526
Interest received	171	149
Interest paid	(407)	(470)
Tax paid	(963)	(1,013)
Tax recoverable	(26)	9
Net cash flows used in operating activities	(1,967)	(799)
Cash flows from investing activities		
Purchase of fixed assets	(868)	(1,043)
Additions to intangible assets	(930)	(950)
Proceeds from disposal of fixed assets	414	443
Proceeds from disposal of assets held for sale	-	816
Net cash flows used in investing activities	(1,384)	(734)
Cash flows from financing activities		
Repayment of interest-bearing bank loans	(24)	-
Proceeds from interest-bearing bank loans	-	33
Proceed from non-interest bearing loan from minority shareholder of a subsidiary	-	16
Proceed from loan from a director of a subsidiary	64	-
Issuance of new shares to non-controlling shareholders by a subsidiary	649	2,480
Pledge of fixed deposits	-	281
Net cash flows generated from financing activities	689	2,810
Net (decrease)/increase in cash and cash equivalents	(2,662)	1,277
Effect of exchange rate changes on cash and cash equivalents	178	(68)
Cash and cash equivalents at beginning of financial year	9,786	8,577
Cash and cash equivalents at end of financial year (Note A)	7,302	9,786

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A. Cash and cash equivalents

	31/12/2014	31/12/2013
	S\$'000	S\$'000
Cash and bank balances	4,890	5,331
Fixed deposits	2,412	4,455
	<u>7,302</u>	<u>9,786</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(d)(i) STATEMENT OF CHANGES IN EQUITY

	Share capital	Revaluation reserve	Translation reserve	Restricted reserve	Other reserves	Accumulated losses	Equity attributable to owners of Company, total	Non-controlling interests	Equity, total
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2014	49,549	22,402	(3,227)	942	2,359	(9,980)	62,045	848	62,893
Loss for the financial year	-	-	-	-	-	(6,776)	(6,776)	(3,684)	(10,460)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	-	-	-	(128)	(128)
Other comprehensive income for the financial year, net of tax	-	-	-	-	-	-	-	(128)	(128)
Total comprehensive income for the financial year	-	-	-	-	-	(6,776)	(6,776)	(3,812)	(10,588)
<u>Contributions by and distribution to owners</u>									
Others	-	-	-	-	9	-	9	2	11
Total contributions by and distribution to owners	-	-	-	-	9	-	9	2	11
<u>Changes in ownership interests in subsidiaries that do not result in a loss of control</u>									
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	189	-	189	460	649
Total changes in ownership interests in subsidiaries	-	-	-	-	189	-	189	460	649
Total transactions with owners in their capacity as owners	-	-	-	-	198	-	198	462	660
At 31 December 2014	49,549	22,402	(3,227)	942	2,557	(16,756)	55,467	(2,502)	52,965

	Share capital	Revaluation reserve	Translation reserve	Restricted reserve	Other reserves	Accumulated losses	Equity attributable to owners of Company, total	Non-controlling interests	Equity, total
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2013	49,549	7,909	(3,440)	932	1,058	(9,335)	46,673	258	46,931
Loss for the financial year	-	-	-	-	-	(635)	(635)	(794)	(1,429)
<u>Other comprehensive income</u>									
Net surplus on revaluation of leasehold factory building	-	14,493	-	-	-	-	14,493	-	14,493
Foreign currency translation	-	-	213	-	-	-	213	192	405
Other comprehensive income for the financial year, net of tax	-	14,493	213	-	-	-	14,706	192	14,898
Total comprehensive income for the financial year	-	14,493	213	-	-	(635)	14,071	(602)	13,469
<u>Contributions by and distribution by owners</u>									
Transfer to statutory reserve fund	-	-	-	10	-	(10)	-	-	-
Others	-	-	-	-	10	-	10	3	13
Total contributions by and distribution to owners	-	-	-	10	10	(10)	10	3	13
<u>Changes in ownership interests in subsidiaries that do not result in a loss of control</u>									
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	1,291	-	1,291	1,189	2,480
Total changes in ownership interests in subsidiaries	-	-	-	-	1,291	-	1,291	1,189	2,480
Total transactions with owners in their capacity as owners	-	-	-	10	1,301	(10)	1,301	1,192	2,493
At 31 December 2013	49,549	22,402	(3,227)	942	2,359	(9,980)	62,045	848	62,893

(d)(i) STATEMENT OF CHANGES IN EQUITY (Cont'd)

The Company	Share capital S\$'000	Revaluation reserve S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 January 2014	49,549	22,173	341	(4,997)	67,066
Loss for the financial year, represents total comprehensive income for the financial year	-	-	-	(9,730)	(9,730)
At 31 December 2014	49,549	22,173	341	(14,727)	57,336
At 1 January 2013	49,549	7,680	341	(4,148)	53,422
Loss for the year	-	-	-	(849)	(849)
Other comprehensive income					
Net surplus on revaluation of leasehold factory building	-	14,493	-	-	14,493
Other comprehensive income for the year, net of tax	-	14,493	-	-	14,493
Total comprehensive income for the year	-	14,493	-	-	14,493
At 31 December 2013	49,549	22,173	341	(4,997)	67,066

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

Share capital

There have been no changes in the Company's issued share capital since the end of the previous period reported on.

There were no outstanding options or convertibles as at the end of 31 December 2014 and 31 December 2013.

There were no treasury shares of the Company as at the end of 31 December 2014 and 31 December 2013.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares, excluding treasury shares, as at the end of the current financial year was 439,222,000 (31 December 2013: 439,222,000)

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial year reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as compared to the audited annual financial statements for the financial year ended 31 December 2013, except for the adoption of certain revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that became effective for the annual period beginning on or after 1 January 2014.

The adoption of the revised FRS and INT FRS has not resulted in any substantial changes to the Group's accounting policies nor any significant impact on the Group's financial statements for the current financial year reported on.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to paragraph 4 above.

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

	Group	
	FY2014	FY2013
Loss per ordinary share for the financial year attributable to owners of the Company		
- (a) on weighted average number of ordinary shares on issue	(1.54) cents	(0.14) cents
- (b) on a fully diluted basis	(1.54) cents	(0.14) cents
- Weighted average number of ordinary shares outstanding	439,222,000	439,222,000

The basic and fully diluted loss per share were the same as there were no potentially dilutive ordinary shares in issue for the period ended 31 December 2014 and 31 December 2013.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the respective financial year	12.63 cents	14.13 cents	13.05 cents	15.27 cents

The net asset value per ordinary share is calculated based on the 439,222,000 (FY2013: 439,222,000) ordinary shares outstanding at the end of the respective financial years.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

GROUP FINANCIAL PERFORMANCE REVIEW

Turnover

FY2014 vs FY2013

For the twelve months ended 31 December 2014 ("FY2014"), the Group recorded a 7.8% yoy increase in turnover to S\$50.7 million, primarily due to higher sales from the software contract manufacturing ("SCM") business, which outweighed a reduction in turnover from the Group's electronic marketing arm, Avantouch in China.

For FY2014, the SCM business accounted for 94.6% of Group's turnover, while the Group's electronic marketing arm, Avantouch accounted for the remaining 5.4% of Group's revenue.

Turnover by geographical segment

	Turnover		
	FY2014	FY2013	
	S\$'000	S\$'000	% +/-
Singapore	15,254	14,004	8.9
Malaysia	4,020	4,486	-10.4
People's Republic of China	13,134	14,827	-11.4
India	12,124	9,181	32.1
Australia	3,511	2,935	19.6
Vietnam	2,618	1,571	66.6
Total	50,661	47,004	7.8

The operations that recorded improvement in turnover were as follows:

- Turnover from the Group's Vietnam operations grew 66.6% yoy to S\$2.6 million due to the addition of new customers.
- Turnover from the Group's Indian operations increased 32.1% yoy to S\$12.1 million, driven by new and increased orders from customers.
- Turnover from the Group's Australia operations grew 19.6% yoy to S\$3.5 million. The increase in turnover was due to the growth in new and current orders from customers.
- Turnover from the Group's Singapore operations grew 8.9% yoy to S\$15.3 million mainly due to the increase in sales to a major customer serving the China market.

The increase was, however offset by the results of the following:

- Turnover from the Group's China operations declined 11.4% yoy to S\$13.1 million due to weakening demand for its print and media products and the cessation of Avantouch's operations in FY2014.
- Turnover from the Group's Malaysia operations fell 10.4% yoy to S\$4.0 million due to challenging economic conditions.

Profitability

FY2014 vs FY2013

The Group recorded a net loss after tax of S\$10.5 million in FY2014 (FY2013: S\$1.4 million). Loss per share attributable to owners of the Company was 1.54 Singapore cents in FY2014 (FY2013: 0.14 Singapore cents).

This recorded loss was largely contributed by the Group's partially owned subsidiary, Avantouch. Despite various innovative measures made to the retail, online-to-offline and e-commerce space, Avantouch continued to incur losses of S\$8.4 million (including goodwill impairment of S\$0.6 million) in FY2014. After a careful consideration of the

challenging business environment and the high costs in running the operation, the Group started scaling down Avantouch's operations in October 2014, with a cessation of operations by the end of FY2014. This resulted in the Group incurring one-off expenses amounting to S\$5.6 million which consist of intangible assets, fixed assets and bad debts written off, other redundancy costs and goodwill impairment for FY2014.

Depreciation increased 15.0% yoy to S\$2.4 million in FY2014 largely due to the higher carrying value of the Company's leasehold property after its revaluation in December 2013.

Other operating income decreased 40.1% yoy to S\$0.9 million in FY2014 due to the absence of one-off gain from the disposal of fixed assets and net write back of allowance for trade receivables and inventory obsolescence in FY2013. Lower other operating income in FY2014 was mitigated by the Group's foreign exchange gain and rental income generated by the Company, which started contributions in September 2014.

Tax expense in FY2014 was S\$0.3 million as compared to a tax credit of S\$1.8 million in FY2013 was largely due to the recognition of unutilised tax credits carry forward as deferred tax assets by the Company.

Profitability by geographical segment (Please refer to page 18 for geographical information)

The financial results of the main companies in the Group for FY2014 were as follows:

1. The Group's India operations narrowed its net loss after tax to S\$0.2 million in FY2014, compared to a net loss after tax of S\$0.6 million in FY2013 due to an improvement in turnover and macroeconomics conditions.
2. The Group's Malaysia subsidiary recorded a net profit after tax of S\$0.7 million in FY2014 and FY2013 despite registering a lower turnover. This was a result of austerity measures together with higher operational efficiency and productivity.
3. The Group's Australia operations recorded a stable net profit after tax of S\$0.4 million in FY2014 despite an improvement in turnover. This was due to low cost margin sales mix and unfavourable exchange rate.

The above was partially negated by the financial results of the following companies in the Group:

1. The Group's Singapore operations recorded a net loss after tax of S\$4.4 million in FY2014, a 259.4% yoy increase from FY2013's net loss of S\$1.2 million (after excluding the one-off impairment of investment securities of S\$1.0 million). This was due to pricing pressure from a major customer, higher depreciation on its leasehold property revalued in December 2013, the absence of an one-off gain from the disposal of fixed assets and net write back of allowance for trade receivables and inventory obsolescence in FY2013. There was also a S\$2.5 million deferred tax assets on unutilised tax credits carry forward in FY2013 as compared to a tax credit of S\$0.2 million only in FY2014.
2. The Group's Vietnam operations recorded a marginal net loss after tax of S\$0.1 million in FY2014 compared with breaking even in FY2013. This was due mainly to higher start-up expenditure incurred for investment in setting up the new printing capabilities in FY2014 which offset the increase in turnover.
3. The Group's wholly-owned China operations recorded a 10.9% yoy decline in net profit after tax to S\$1.5 million in FY2014 due to the challenging market conditions and slowed demand for its print and media products.
4. The Group's partially owned subsidiary in China, Avantouch recorded a net loss after tax of S\$8.4 million (including goodwill impairment of S\$0.6 million) in FY2014 largely due to the one-off expenses in the cessation of its operations.

Financial Position and Cash Flow

The Group's cash and cash equivalents stood at S\$7.3 million as at 31 December 2014, down S\$2.5 million from S\$9.8 million as at 31 December 2013. The Group generated negative operating cashflows amounting to S\$2.2 million in FY2014 largely due to one-off expenses incurred from scaling down Avantouch in October 2014, with the cessation of operations by end of FY2014. Cash holding for the Group was also lower due to the payments made for the purchase of property, plant and equipment, and intangible assets to support the expansion of the Group's Vietnam operations and Avantouch (before the decision to cease operations). This was offset by the proceeds from the issuance of new shares to non-controlling shareholders by Avantouch in 1H2014 and a loan from the director of Vietnam subsidiary, net of repayment of interest bearing loans by the Group's Indian subsidiary.

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

Not applicable. No forecast or a prospect statement has been previously disclosed to shareholders.

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

The Ministry of Trade and Industry (“MTI”) announced on 17 February 2015 that the Singapore economy grew 2.9% in FY2014 compared to 4.4% in FY2013. With the global economic climate in FY2015 expected to perform marginally better than in FY2014, the Singapore economy in FY2015 is forecasted to grow at 2.0 – 4.0%.

The Group is positive about its growth prospects in Australia, Vietnam and India. While the Group was in a net loss position for FY2014, it had proactively taken measures to address the issue by scaling down operations of Avantouch and eventually a cessation of its operations by end FY2014.

Supported by a cash balance of S\$7.3 million, the Group remains optimistic going forward and continues to adopt prudent cost and cash flow management in order to mitigate any business uncertainties.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b) (i) Amount per share (cents)

Not applicable.

(b) (ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for the current financial year.

13. **If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Name of interested person	Nature of transaction	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Rules of Catalist)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Rules of Catalist (excluding transactions less than \$100,000)
Avantouch Systems Pte Ltd	Provision of sales and services	\$119,915	Nil

No general mandate for IPT has been previously obtained.

14. **Negative confirmation pursuant to Rule 705(5)**

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

BY BUSINESS SEGMENT	Software contract manufacturing	Investment Holdings	Computer systems integration and consultancy services	Adjustments & Eliminations	Notes	Per consolidated financial statements
	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
FY2014						
Turnover:						
External customers	47,920	-	2,741			50,661
Inter-segment	8,955	-		(8,955)	A	
Total turnover	56,875	-	2,741	(8,955)		50,661
Results:						
Interest income	174	-	-	-		174
Interest expense	420	-	-	-		420
Depreciation and amortisation	2,112	-	396	-		2,508
Impairment of goodwill	-	-	642	-		642
Other non-cash expenses	644	-	4,269	-	B	4,913
Segment loss	(1,843)	(15)	(8,425)	73	C	(10,210)
Additions to non-current assets	485	-	1,376	-	D	1,861
Segment assets	68,462	269	1,328	284	E	70,343
Segment liabilities	14,898	6	398	2,076	F	17,378

BY BUSINESS SEGMENT	Software contract manufacturing	Investment Holdings	Computer systems integration and consultancy services	Adjustments & Eliminations	Notes	Per consolidated financial statements
	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
<u>FY2013</u>						
Turnover:						
External customers	43,507	-	3,497		A	47,004
Inter-segment	6,803	-		(6,803)		
Total turnover	50,310	-	3,497	(6,803)		47,004
Results:						
Interest income	144	-	-	-		144
Interest expense	483	-	-	-		483
Depreciation and amortisation	1,836	-	363	-		2,199
Impairment of fixed assets	20	-	-	-		20
Impairment of investment securities	980	-	-	-		980
Other non-cash expenses	(627)	-	1	-	B	(626)
Segment loss	(1,550)	(13)	(1,320)	(324)	C	(3,207)
Additions to non-current assets	676	-	1,321	-	D	1,997
Segment assets	71,842	274	5,699	(178)	E	77,637
Segment liabilities	11,841	5	645	2,253	F	14,744

NOTES TO SEGMENT INFORMATION

Note A

Inter-segment revenues are eliminated on consolidation.

Note B

Non-cash expenses are added to/(deducted from) segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	Group	
	FY2014	FY2013
	S\$'000	S\$'000
Gain disposal of fixed assets	(4)	(222)
Gain on disposal of assets held for sale	-	(164)
Fixed assets written off	984	21
Bad debts recovered	(3)	(1)
Bad debts written off	631	6
Intangible asset written off	2,851	6
Allowance for doubtful trade receivables	69	75
Allowance for doubtful trade receivables written back	(46)	(25)
Allowance for inventory obsolescence	206	150
Allowance for inventory obsolescence written back	(4)	(606)
Inventories written off	234	143
Write back of inventories written off	(5)	(9)
	<u>4,913</u>	<u>(626)</u>

Note C

Unallocated expenses are added to segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	Group	
	FY2014	FY2013
	S\$'000	S\$'000
Consolidation adjustments	73	(324)
	<u>73</u>	<u>(324)</u>

Note D

Additions to non-current assets consists of additions to property, plant and equipment and intangible asset.

Note E

The following items are (deducted from) or added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	FY2014	FY2013
	S\$'000	S\$'000
Deferred tax assets	739	227
Consolidation adjustments	(455)	(405)
	<u>284</u>	<u>(178)</u>

Note F

The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	FY2014	FY2013
	S\$'000	S\$'000
Deferred tax liabilities	976	1,281
Provision for taxation	406	290
Unallocated inter-segment liabilities	694	682
	<u>2,076</u>	<u>2,253</u>

Geographical information

In presenting information on the basis of geographical segments, revenue, loss after tax and non-current assets are based on the geographical location of the source of revenue and assets respectively.

BY GEOGRAPHICAL SEGMENT	Turnover		Group (Loss)/profit after tax		Non-current assets(*)	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	15,254	14,004	(4,411)	(2,207)	34,222	36,278
Malaysia	4,020	4,486	687	732	2,050	2,203
People's Republic of China	13,134	14,827	(6,890)	404	1,909	5,015
India	12,124	9,181	(250)	(585)	3,983	4,171
Australia	3,511	2,935	434	369	22	25
Vietnam	2,618	1,571	(143)	10	631	430
Eliminations and adjustments	-	-	113	(152)	-	-
At 31 December	<u>50,661</u>	<u>47,004</u>	<u>(10,460)</u>	<u>(1,429)</u>	<u>42,817</u>	<u>48,122</u>

(*) Excludes deferred tax assets

Non current assets information presented above consist of property, plant and equipment, other receivable and intangible assets as presented in the consolidated balance sheet.

Major customer

Revenue from one major customer amount to S\$13.2 million (FY2013: S\$9.9 million), arising from sales by the software contract manufacturing segment.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Turnover and profitability by business segments FY2014 vs FY2013

As explained in paragraph 8 above, the Group saw an increase of 7.8% in Group's turnover with growth in Vietnam, Australia, India and Singapore in FY2014.

Software contract manufacturing segment ("SCM")

The Group's SCM turnover improved 10.1% yoy to S\$47.9 million in FY2014 due to better performing Vietnam, Australia, India and Singapore. However tough economic conditions in Malaysia and China over the past few years has led to a lower topline, offsetting the growth in turnover.

Despite the increase in turnover, the Group recorded a net loss before tax of S\$1.8 million in FY2014 as compared to a net loss before tax of S\$0.6 million (excluding the one-off impairment of investment securities at S\$1.0 million) in FY2013. This was due to higher start up expenditure in setting up the new printing capabilities in Vietnam, higher depreciation on the Company's leasehold factory building revalued upwards in Dec 2013 and the absence of an one-off gain from the disposal of fixed assets and net write back of allowance for trade receivables and inventory

obsolescence in FY2013. On top of that, the SCM segment has been witnessing pricing pressure from existing customers.

Investment holding ("IH")

There were no business activity in FY2014.

Computer systems integration and consultancy services ("CSI")

The Group had completely ceased Avantouch's operations in December 2014. Turnover from Avantouch declined 21.6% yoy to S\$2.7 million. Net loss before tax was S\$8.4 million (including impairment of goodwill of S\$0.6 million) in FY2014 largely due to the one-off expenses in the cessation of Avantouch's operations.

17. A breakdown of sales as follows:

	FY2014	FY2013	% +/-
Group	S\$'000	S\$'000	
(a) Sales reported for first half year	23,379	23,182	0.8
(b) Operating loss after tax before deducting minority interests reported for first half year	(2,125)	(2,064)	3.0
(c) Sales reported for second half year	27,282	23,822	14.5
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	(8,335)	635	NM

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2014	FY2013
	S\$'000	S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a Director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial Shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
LEONG CHEE MUN	60	Brother-in-law of Low Song Take, the Chairman, Director and Substantial Shareholder of International Press Softcom Limited	Current Position: Press Manager of Printing Department. Duties: Second-in-charge of the Printing Department, Year Position First Held: 1 July 1997	Nil

BY ORDER OF THE BOARD

Teh Eng Chai
Company Secretary
26 February 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.