



# International Press Softcom Limited

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## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

- 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		
		FY2015	FY2014	
Turnover		49,975	50,647	-1.3
Other operating income	1	2,315	1,004	130.6
Changes in stocks of finished goods and work in progress		36	(48)	NM
Raw materials and consumables used		(29,693)	(28,058)	5.8
Personnel expenses	2	(10,294)	(11,773)	-12.6
Depreciation and amortisation	3	(2,126)	(2,508)	-15.2
Rental, property tax and utilities		(2,506)	(2,661)	-5.8
Freight, travelling and transportation expenses		(2,507)	(2,681)	-6.5
Repair and maintenance expenses		(569)	(562)	1.2
Royalties	4	(159)	(124)	28.2
Subcontractor costs	5	(1,085)	(3,390)	-68.0
Intangible assets written off	6	-	(2,851)	NM
Fixed assets written off	6	(59)	(880)	-93.3
Bad debts written off	6	-	(631)	NM
Other operating expenses	7	(3,057)	(4,806)	-36.4
Impairment loss on goodwill	6	-	(642)	NM
Financial expense – net	8	(303)	(246)	23.2
<b>Loss before tax</b>		<b>(32)</b>	<b>(10,210)</b>	-99.7
Tax expense	9	(403)	(262)	53.8
<b>Loss, net of tax</b>		<b>(435)</b>	<b>(10,472)</b>	-95.8
<b>Loss attributable to:</b>				
- Owners of the Company		(436)	(6,788)	-93.6
- Non-controlling interests		1	(3,684)	NM
		<b>(435)</b>	<b>(10,472)</b>	-95.8

NM : not meaningful

### NOTES TO THE CONSOLIDATED INCOME STATEMENT

The Group had announced in FY2014 that it had scaled down the operations of its partially-owned subsidiary, Avantouch Systems Pte Ltd (“Avantouch”) in October 2014, with the cessation of its operations by end of FY2014.

#### Note 1

**Other operating income** was higher at S\$2.3 million, or 130.6% up year-on-year (“yoy”) mainly due to the 12 months rental income recognised in FY2015 as compared to 4 months in FY2014 and other services to existing customers. The Group’s higher foreign exchange gain and write-back of net allowance for doubtful debts in FY2015 also contributed to the increase.

#### Note 2

**Personnel expenses** were lower at S\$10.3 million or 12.6% down yoy largely due to the cessation of Avantouch’s operations in FY2015.

Note 3

**Depreciation and amortisation** was 15.2% lower yoy at S\$2.1 million due to the use of a reducing balance method for the depreciation of fixed assets and cessation of Avantouch's operations.

Note 4

**Royalties** was 28.2% higher yoy at S\$0.2 million mainly due to the increase in DVD sales by the Group's wholly-owned subsidiary in India.

Note 5

**Subcontractor costs** declined 68.0% yoy to S\$1.1 million largely due to the cessation of Avantouch's operations.

Note 6

The huge decline in **intangible assets, fixed assets and bad debts written off, and impairment loss on goodwill** in FY2015 were mainly due to cessation of Avantouch's operations in FY2014.

Note 7

**Other operating expenses** was 36.4% lower yoy at S\$3.1 million largely due to cessation of Avantouch's operations, lower allowance for inventory obsolescence (net) and general savings by the Group in FY2015.

Note 8

**Net financial expenses** was 23.2% higher yoy at S\$0.3 million mainly due to lower interest income earned from lower amount of fixed deposits placed in banks in FY2015.

Note 9

Higher **tax expense** in FY2015 was due to lesser tax credit on deferred tax written back in FY2015.

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

	Group	
	S\$'000	
	FY2015	FY2014
Bad debts recoverable	(8)	(3)
Allowance for doubtful trade receivables	11	69
Allowance for doubtful trade receivables written back	(68)	(46)
Allowance for inventory obsolescence	286	206
Allowance for inventory obsolescence written back	(224)	(4)
Inventories written off	177	234
Write back of inventories previously written off	(8)	(5)
Gain on disposal of fixed assets	(7)	(4)
Loss on disposal of assets held for sale	-	104
Interest income	(92)	(174)
Interest expense	395	420
Provision for restructuring cost written back	(112)	-
Exchange gain, net	(584)	(259)

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Group</b>	
	<b>S\$'000</b>	
	<b>FY2015</b>	<b>FY2014</b>
<b>Loss net of tax</b>	(435)	(10,472)
<b>Other comprehensive income:</b>		
<u>Items that will not be reclassified to profit or loss</u>		
Net surplus on revaluation of leasehold factory building	707	-
<u>Items that may be reclassified subsequently to profit or loss</u>		
Foreign currency translation	(564)	(128)
<b>Other comprehensive income for the financial year, net of tax</b>	<b>143</b>	<b>(128)</b>
<b>Total comprehensive income for the financial year, net of tax</b>	<b>(292)</b>	<b>(10,600)</b>
<b>Total comprehensive income attributable to:</b>		
- Owners of the Company	(239)	(6,788)
- Non-controlling interests	(53)	(3,812)
	<b>(292)</b>	<b>(10,600)</b>

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**

	<b>Group</b>			<b>Company</b>	
	<b>Note</b>	<b>31/12/2015</b>	<b>31/12/2014</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
		<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
			<b>Restated</b>		
<b>Non-current assets</b>					
Fixed assets		40,617	40,002	33,279	34,213
Intangible assets	10	2,423	2,806	-	-
Investment in subsidiaries		-	-	15,904	15,916
Other investment	11	437	-	-	-
Other receivables and deposits	12	1,059	886	-	-
Deferred tax assets		710	727	-	-
<b>Current assets</b>					
Inventories		4,552	4,817	1,934	1,941
Trade receivables	13	11,418	11,332	5,092	4,035
Other receivables and deposits	14	1,059	1,946	286	279
Prepayments		227	266	49	60
Amounts due from subsidiaries (non-trade)		-	-	4,647	5,156
Tax recoverable	15	326	247	-	-
Cash and bank balances	16	5,363	7,302	1,404	1,592
		22,945	25,910	13,412	13,063
<b>Current liabilities</b>					
Trade and other payables	17	7,543	8,845	2,563	2,625
Accruals	18	2,317	3,024	1,058	1,433

	Group			Company	
		31/12/2015	31/12/2014	31/12/2015	31/12/2014
			Restated		
Note	S\$'000	S\$'000	S\$'000	S\$'000	
Amounts due to subsidiaries (non-trade)		-	-	103	378
Amount due to directors of company	19	145	-	145	-
Interest-bearing bank loans	20	3,348	3,037	208	-
Non-interest bearing loan	20	369	332	-	-
Provision for taxation	21	217	406	-	-
Amount due to holding company (loan)		708	694	708	695
		<u>14,647</u>	<u>16,338</u>	<u>4,785</u>	<u>5,131</u>
<b>Net current assets</b>		8,298	9,572	8,627	7,932
<b>Non-current liabilities</b>					
Deferred tax liabilities	22	(874)	(976)	(454)	(725)
Amount due to a director of a subsidiary	23	-	(64)	-	-
<b>Net assets</b>		<u>52,670</u>	<u>52,953</u>	<u>57,356</u>	<u>57,336</u>
<b>Equity attributable to owners of the Company</b>					
Share capital		49,549	49,549	49,549	49,549
Reserves		<u>5,673</u>	<u>5,905</u>	<u>7,807</u>	<u>7,787</u>
		55,222	55,454	57,356	57,336
Non-controlling interests		<u>(2,552)</u>	<u>(2,501)</u>	-	-
<b>Total equity</b>		<u>52,670</u>	<u>52,953</u>	<u>57,356</u>	<u>57,336</u>

#### **NOTES TO THE BALANCE SHEET**

In FY2015, the Group's Indian subsidiaries had other receivables in the forms of deposits with custom authority, service tax and tax deducted at source receivables that may not be expected to realise in the short-term. As a result, the Group had made reclassification of these receivables from Current to Non-Current Assets in FY2015. FY2014 comparatives had also been adjusted accordingly.

#### **Note 10**

The Group's **intangible assets** decreased 13.6% yoy to S\$2.4 million due to the transfer of Avantouch's intangible assets as consideration for a 15.0% stake investment in a China company, partially offset by the translation differences arising from goodwill denominated in Indian rupees.

#### **Note 11**

**Other investment** mainly related to 15.0% interest in a China company owned by Avantouch through the transfer of intangible assets as consideration.

#### **Note 12**

The Group's non-current **other receivables and deposits** were 19.5% higher yoy to S\$1.1 million largely due to higher deposits placed with custom authority in India.

#### **Note 13**

The Company's trade receivables were 26.2% higher yoy to S\$5.1 million primarily due to longer credit term granted to a major customer.

#### **Note 14**

The Group's current **other receivables and deposits** was 45.6% lower yoy to S\$1.1 million largely due to the collection of Avantouch's receivables in FY2015.

Note 15

**Tax recoverable** was 32.0% higher yoy to S\$0.3 million largely due to the increase in excise duty input tax credit claimable by the Group's Indian subsidiary.

Note 16

The decrease in the Group's **cash and bank balances** was attributed largely to the purchase of freehold factory building in Australia amounting to S\$0.6 million and higher tax paid in FY2015.

Note 17

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	6,482	7,337	2,291	2,327
Other payables	1,061	1,508	272	298
<b>Trade and other payables</b>	<b>7,543</b>	<b>8,845</b>	<b>2,563</b>	<b>2,625</b>

The Group's **Trade Payables** was 11.7% lower yoy to S\$6.5 million mainly due to the lower level of stocks purchased in FY2015. Group's **Other payables** decreased 29.6% yoy to S\$1.1 million largely due to the decrease in output tax payable by the Group's subsidiary in Vietnam and the settlements made by Avantouch after cessation of its operations.

Note 18

The Group's **accruals** was 23.4% lower yoy to S\$2.3 million in line with lower operating expenses in FY2015.

Note 19

The Group's **amount due to Directors of the Company** was interest-free and payable on demand.

Note 20

The Group's total **borrowings** increased due to the short term financing undertaken by the Company and the drawdown of loans by the Indian subsidiaries for the purpose of working capital.

Note 21

The Group's **provision for taxation** was 46.6% lower yoy to S\$0.2 million due to higher amount of tax paid in FY2015 and lower tax expense for FY2015 largely due to lesser profit generated by subsidiaries in China and Australia.

Note 22

**Deferred tax liabilities** was 10.5% lower yoy to S\$0.9 million largely due to the tax credit written back, offset by deferred tax provided for revaluation of the Group's leasehold factory building in Malaysia in FY2015.

Note 23

The **amount due to a director of a subsidiary** was fully settled in FY2015.

**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 31/12/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,348	369	3,037	332

The Group's unsecured borrowings comprised mainly of a non-interest bearing loan due to a minority shareholder of a subsidiary.

### Amount repayable after one year

As at 31/12/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	145	-	64

### Details of any collateral

The Group's secured borrowings comprised of bank loans of Company and Indian subsidiaries and are secured over the mortgage of the Company's leasehold factory building, guarantees and other securities.

### 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	
	FY2015 S\$'000	FY2014 S\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(32)	(10,210)
Adjustments for:		
Depreciation of fixed assets	2,126	2,356
Impairment loss on goodwill	-	642
Intangible asset written off	-	2,851
Amortisation of intangible assets	-	152
Gain on disposal of fixed assets	(7)	(4)
Loss on disposal of assets held for sale	-	104
Fixed assets written off	59	880
Interest income	(92)	(174)
Interest expense	395	420
Bad debts written off	-	631
Bad debts recovered	(8)	(3)
Allowance for doubtful trade receivables	11	69
Allowance for doubtful trade receivables written back	(68)	(46)
Allowance for inventory obsolescence	286	206
Allowance for inventory obsolescence written back	(224)	(4)
Inventories written off	177	234
Write back of inventories previously written off	(8)	(5)
Allowance for restructuring cost written back	(112)	-
Currency realignment	(705)	(357)
<b>Operating cash flows before working capital changes</b>	<b>1,798</b>	<b>(2,258)</b>
<u>(Increase)/decrease in:</u>		
Inventories	66	(1,289)
Trade receivables	(23)	(1,851)
Other receivables, deposits and prepayments	845	1,940
<u>Increase/(decrease) in:</u>		
Trade and other payables	(1,220)	2,224
Accruals	(707)	390
Amount due to directors of company	145	-
<b>Cash flows generated from/(used in) operations</b>	<b>904</b>	<b>(844)</b>
Interest received	92	171
Interest paid	(383)	(407)
Tax paid	(941)	(887)
<b>Net cash flows used in operating activities</b>	<b>(328)</b>	<b>(1,967)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(2,192)	(868)
Additions to intangible assets	-	(930)
Proceeds from disposal of fixed assets	77	414
<b>Net cash flows used in investing activities</b>	<b>(2,115)</b>	<b>(1,384)</b>
<b>Cash flows from financing activities</b>		
Repayment of interest-bearing bank loans	-	(24)
Proceeds from interest-bearing bank loans	253	-
Proceed from non-interest bearing loan from minority shareholder of a subsidiary	31	-

	Group	
	FY2015	FY2014
	S\$'000	S\$'000
Issuance of new shares to non-controlling shareholders by a subsidiary	-	649
Proceed from amount due from a director of a subsidiary	-	64
Repayment of amount due to a director of a subsidiary	(64)	-
<b>Net cash flows generated from financing activities</b>	<u>220</u>	<u>689</u>
<b>Net decrease in cash and cash equivalents</b>	(2,223)	(2,662)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	284	178
<b>Cash and cash equivalents at beginning of financial year</b>	<u>7,302</u>	<u>9,786</u>
<b>Cash and cash equivalents at end of financial year (Note A)</b>	<u>5,363</u>	<u>7,302</u>

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**

**A. Cash and cash equivalents**

	31/12/2015	31/12/2014
	S\$'000	S\$'000
Cash and bank balances	4,270	4,890
Fixed deposits	1,093	2,412
	<u>5,363</u>	<u>7,302</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
<b>At 1 January 2015</b>	<b>49,549</b>	<b>22,402</b>	<b>(3,227)</b>	<b>942</b>	<b>2,556</b>	<b>(16,768)</b>	<b>55,454</b>	<b>(2,501)</b>	<b>52,953</b>
Loss for the year	-	-	-	-	-	(436)	(436)	1	(435)
<u>Other comprehensive income</u>									
Net surplus on revaluation of leasehold factory building	-	707	-	-	-	-	707	-	707
Foreign currency translation	-	-	(510)	-	-	-	(510)	(54)	(564)
Other comprehensive income for the year, net of tax	-	707	(510)	-	-	-	197	(54)	143
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>707</b>	<b>(510)</b>	<b>-</b>	<b>-</b>	<b>(436)</b>	<b>(239)</b>	<b>(53)</b>	<b>(292)</b>
<u>Contributions by and distribution to owners</u>									
Others	-	-	-	-	7	-	7	2	9
<b>Total contributions by and distribution to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>2</b>	<b>9</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>2</b>	<b>9</b>
<b>At 31 December 2015</b>	<b>49,549</b>	<b>23,109</b>	<b>(3,737)</b>	<b>942</b>	<b>2,563</b>	<b>(17,204)</b>	<b>55,222</b>	<b>(2,552)</b>	<b>52,670</b>



	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
<b>At 1 January 2014</b>	<b>49,549</b>	<b>22,402</b>	<b>(3,227)</b>	<b>942</b>	<b>2,359</b>	<b>(9,980)</b>	<b>62,045</b>	<b>848</b>	<b>62,893</b>
Loss for the year	-	-	-	-	-	(6,788)	(6,788)	(3,684)	(10,472)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	-	-	-	(128)	(128)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	(128)	(128)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,788)</b>	<b>(6,788)</b>	<b>(3,812)</b>	<b>(10,600)</b>
<u>Contributions by and distribution to owners</u>									
Others	-	-	-	-	8	-	8	3	11
<b>Total contributions by and distribution to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>8</b>	<b>3</b>	<b>11</b>
<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
<b>Total changes in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189</b>	<b>-</b>	<b>189</b>	<b>460</b>	<b>649</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197</b>	<b>-</b>	<b>197</b>	<b>463</b>	<b>660</b>
<b>At 31 December 2014</b>	<b>49,549</b>	<b>22,402</b>	<b>(3,227)</b>	<b>942</b>	<b>2,556</b>	<b>(16,768)</b>	<b>55,454</b>	<b>(2,501)</b>	<b>52,953</b>

(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 2015	49,549	22,173	341	(14,727)	57,336
Profit for the financial year, represents total comprehensive income for the year	-	-	-	20	20
At 31 December 2015	49,549	22,173	341	(14,707)	57,356
At 31 January 2014	49,549	22,173	341	(4,997)	67,066
Loss for the financial year, represents total comprehensive income for the year	-	-	-	(9,730)	(9,730)
At 31 December 2014	49,549	22,173	341	(14,727)	57,336

- 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 31 December 2015 and 31 December 2014.

There were no treasury shares of the Company as at 31 December 2015 and 31 December 2014.

- 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 31 December 2015 was 439,222,000 (31 December 2014: 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. The figures have not been audited nor reviewed by the Company's auditors.

**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 compared to the audited annual financial statements for the financial year ended 31 December 2014, 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 2015.

The adoption of the revised FRS and INT FRS has not resulted in any substantial changes to the Group's and Company's accounting policies and had no material effect 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	
	FY2015	FY2014
Loss per ordinary share for the financial year attributable to owners of the Company		
- (a) on weighted average number of ordinary shares on issue	(0.10) cents	(1.54) cents
- (b) on a fully diluted basis	(0.10) cents	(1.54) 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 year ended 31 December 2015 and 31 December 2014.

**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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the respective financial year	12.57 cents	12.63 cents	13.06 cents	13.05 cents

The net asset value per ordinary share is calculated based on the 439,222,000 (31 December 2014: 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**

##### **FY2015 vs FY2014**

###### **Turnover**

The Group's turnover fell 1.3% year-on-year ("yoy") to S\$50.0 million for FY2015 mainly due to the cessation of Avantouch's operations since the end of FY2014. With the cessation of its business in computer systems integration and consultancy services, the entire turnover was from its software contract manufacturing ("SCM") business. Turnover from the SCM grew 4.3% yoy to S\$50.0 million for FY2015.

###### **Turnover by geographical segment**

	Turnover		
	FY2015	FY2014	
	S\$'000	S\$'000	% +/-
Singapore	16,656	15,240	9.3
Malaysia	4,150	4,020	3.2
People's Republic of China	9,619	13,134	-26.8
India	13,878	12,124	14.5
Australia	2,032	3,511	-42.1
Vietnam	3,640	2,618	39.0
<b>Total</b>	<b>49,975</b>	<b>50,647</b>	<b>-1.3</b>

On a geographical basis, the operations that recorded a decline in turnover in FY2015 were as follow:

- Turnover from the Group's China operations declined 26.8% yoy to S\$9.6 million largely due to the cessation of Avantouch's operations and the weakening demand in view of a slowdown in China's economy.
- Turnover from the Group's Australia operations fell 42.1% yoy to S\$2.0 million as a result of weakening sales due to a slowdown in the Australian economy and currency depreciation of approximately 10.2% in FY2015.

The decline was, however mitigated by growth drivers from operations in Vietnam, India, Singapore and Malaysia as follow:

- Turnover from the Singapore operations increased 9.3% yoy to S\$16.7 million, with continued growth in sales volume.
- Turnover from the Group's Malaysia operations remained relatively stable with a 3.2% yoy growth to S\$4.2 million despite difficult economic conditions.
- Turnover from the Group's Indian operations increased 14.5% yoy to S\$13.9 million, driven by increase in orders from both new and existing customers.
- Turnover from the Group's Vietnam operations grew 39.0% yoy to S\$3.6 million due to continued growth in orders from new and existing customers.

###### **Profitability**

The Group's loss after tax reduced 95.8% yoy to S\$0.4 million in FY2015. Loss per share attributable to owners of the Company was 0.10 Singapore cents in FY2015 (FY2014: 1.54 Singapore cents). Excluding the loss of S\$8.4 million (including goodwill impairment of S\$0.6 million) from Avantouch in FY2014 (which had ceased operations at the end of FY2014), the Group's loss after tax would have decreased by 78.8% yoy.

The Group's 130.6% yoy rise in other operating income to S\$2.3 million was one of the key drivers in narrowing the Group's net losses. The increase in other operating income in FY2015 was mainly due to:

- 12 months rental income recognised in FY2015 as compared to 4 months in FY2014 and other services provided to existing customers in FY2015.
- Higher foreign exchange gain in FY2015.
- Net allowance for doubtful debts written back in FY2015 as compared to a net allowance for doubtful debts in FY2014.

The Group's other operating expenses was 36.4% lower yoy at S\$3.1 million in FY2015 mainly due to the cessation of Avantouch's operations, lower net allowance for inventory obsolescence and the overall savings by the Group.

Depreciation was 9.8% lower yoy to S\$2.1 million for FY2015 due to a reducing balance method for depreciation of fixed assets.

Tax expense increased 53.8% yoy to S\$0.4 million in FY2015 due to lesser tax credit on deferred tax written back in FY2015.

The Group's overall net finance costs was 23.2% higher yoy mainly due to lower bank interest earned from lower amount of fixed deposits placed in banks in FY2015.

While the Group's turnover decreased 1.3% yoy to S\$50.0 million for FY2015, raw materials and consumables used grew by 5.8% yoy to S\$29.7 million due to the lower margin sales mix.

#### Profitability by geographical segment (Please refer to page 19 for geographical information)

The financial results of the main companies in the Group for FY2015 were as follows:

1. The Group's Singapore operations reduced its loss after tax by 39.7% yoy to S\$2.6 million for FY2015, largely due to the increase in turnover and rental income contributions which started in September 2014.
2. The Group's Malaysia operations recorded a profit after tax of S\$0.9 million, up 32.2% for FY2015 primarily due to an increase in foreign exchange gain from the appreciation of United States Dollars.
3. Avantouch contributed a loss after tax of S\$8.4 million to the Group in FY2014. It ceased operations at the end of FY2014 and was dormant in FY2015.
4. The Group's India operations recorded a profit after tax of S\$0.4 million in FY2015, reversing a loss after tax of S\$0.2 million in FY2014 due to improved turnover and stable monetary conditions.
5. The Group's Vietnam operations recorded a profit after tax of S\$0.1 million in FY2015, reversing a loss after tax of S\$0.1 million in FY2014 due to increase in turnover. In addition, the printing division that was in the setup phase at the start of FY2014 was fully operational in FY2015.

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

1. The Group's wholly-owned China operations recorded a 62.1% yoy decline in net profit after tax to S\$0.6 million in FY2015 due to slower sales and a lower margin sales mix.
2. The Group's Australia operations recorded a 81.3% yoy decline in net profit after tax to S\$0.1 million as a result of weakening sales due to a slowdown in the Australian economy and a lower cost margin sales mix.

#### **Financial Position**

##### Non-current assets

The Group's non-current assets increased S\$0.8 million from S\$44.4 million as at 31 December 2014 to S\$45.2 million as at 31 December 2015 primarily due to the acquisition of a freehold property in Australia and an increase in deposits placed with the custom authority in India.

##### Current assets

The Group's current assets decreased S\$3.0 million from S\$25.9 million as at 31 December 2014 to S\$22.9 million as at 31 December 2015. Cash and bank balances fell S\$1.9 million largely due to higher tax paid and acquisition of a freehold property in Australia. Other receivables and deposits fell S\$0.9 million largely due to the realisation of Avantouch's receivables.

##### Current liabilities

The Group's current liabilities decreased S\$1.7 million from S\$16.3 million as at 31 December 2014 to S\$14.6 million as at 31 December 2015. This was mainly attributed to the decrease in trade payables by S\$0.8 million due to lower level of stocks purchased in FY2015. The Group's other payables and accruals also fell by S\$0.5 million and S\$0.7 million, respectively. The decrease was offset by the drawdown of loans by the Indian subsidiaries and short term financing undertaken by the Company.

##### Non-current liabilities

The Group's non-current liabilities decreased S\$0.1 million from S\$1.0 million as at 31 December 2014 to S\$0.9 million as at 31 December 2015 primarily due to further tax credit recognised offset by deferred tax provided for revaluation of the Group's leasehold factory building in Malaysia in FY2015, net of repayment to a director of a subsidiary.

As at 31 December 2015, the Group was in a net current asset position of S\$8.3 million, down 13.3% largely due to the acquisition of fixed assets in FY2015.

### **Cashflows**

The Group's net cash flows used in operating activities of S\$0.3 million during FY2015 was mainly due to positive operating cash flows before working capital changes of S\$1.8 million and a net working capital outflow of S\$0.9 million and bank interest and tax paid of \$1.2 million.

The Group's net cash flows used in investing activities of S\$2.1 million during FY2015 were mainly attributable to acquisition of fixed assets, including the acquisition of a freehold building in Australia as part of the Group's cost saving initiative. The outflow on acquisition was partially offset by the proceeds from disposal of fixed assets.

The Group's net cash flows generated from financing activities of S\$0.2 million during FY2015 were mainly due to the drawdown from bank borrowing of S\$0.3 million, partially offset by repayment of amount due to director of subsidiary of S\$0.1 million.

As a result of the above, the Group's cash and cash equivalents stood at S\$5.4 million as at 31 December 2015, registering a S\$2.2 million decline from 31 December 2014.

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

The current results are in line with the Company's discussion that the Group is positive about its growth prospect in Vietnam and India as presented in Note 10 of the unaudited results announcement dated 26 February 2015. While the demand in Australia appeared to be stabilizing in FY2014, the turnover had slowed down in FY2015 due to the weak Australian dollar against the United States Dollar.

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

The Group's business continues to experience headwind due to the following two factors:

Firstly, the Group's operations are expected to be impacted by global economic uncertainty, in particular the slowdown witnessed in China's economy.

Secondly, the depreciation of Australian currency against Singapore dollar and weak economic conditions have resulted in significant volatility in the Australian consumer electronics market.

In spite of the above, the Group's priority focuses on guiding the business back to profitability. With this in mind, the Group has made headway with its restructuring and cost management initiatives. This included the cessation of loss-making Avantouch business in FY2014 which helped curb losses for the Group.

While the economic outlook is expected to remain challenging, the Group continues to prospect selectively and actively for growth opportunities in the geographical regions it operates in.

**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)**

None.

***(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 FY2015.

**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.**

The Company did not obtain a general mandate from shareholders for IPTs.

There was no IPT of S\$100,000 and above for FY2015.

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

Not applicable.

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

The Company hereby confirms that it has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

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

16. **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.**

<b>BY BUSINESS SEGMENT</b>	<b>Software contract manufacturing</b>	<b>Investment Holdings</b>	<b>Computer systems integration and consultancy services</b>	<b>Adjustments &amp; Eliminations</b>	<b>Notes</b>	<b>Per consolidated financial statements</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>		<b>S\$'000</b>
<b>FY2015</b>						
Turnover:						
External customers	49,975	-	-	-		49,975
Inter-segment	7,540	-	-	(7,540)	A	-
Total turnover	57,515	-	-	(7,540)		49,975
<b>Results:</b>						
Interest income	(92)	-	-	-		(92)
Interest expense	395	-	-	-		395
Depreciation and amortisation	2,126	-	-	-		2,126
Other non-cash expenses	218	-	-	-	B	218
Segment loss	(115)	(11)	(2)	96	C	(32)
Additions to non-current assets	2,112	-	-	-	D	2,112
Segment assets	67,345	263	466	117	E	68,191
Segment liabilities	13,682	5	35	1,799	F	15,521



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
<b><u>FY2014</u></b>						
Turnover:						
External customers	47,906	-	2,741		A	50,647
Inter-segment	8,955	-		(8,955)		
Total turnover	56,861	-	2,741	(8,955)		50,647
<b>Results:</b>						
Interest income	(174)	-	-	-		(174)
Interest expense	420	-	-	-		420
Depreciation and amortisation	2,112	-	396	-		2,508
Impairment loss on 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	272	E	70,331
Segment liabilities	14,898	6	398	2,076	F	17,378

## **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:

	<b>Group</b>	
	<b>FY2015</b>	<b>FY2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Net gain on disposal of fixed assets	(7)	(4)
Net loss on disposal of assets held for sale	-	104
Fixed assets written off	59	880
Bad debts recovered	(8)	(3)
Bad debts written off	-	631
Intangible asset written off	-	2,851
Allowance for doubtful trade receivables	11	69
Allowance for doubtful trade receivables written back	(68)	(46)
Allowance for inventory obsolescence	286	206
Allowance for inventory obsolescence written back	(224)	(4)
Inventories written off	177	234
Write back of inventories previously written off	(8)	(5)
	<u>218</u>	<u>4,913</u>

### **Note C**

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

	<b>Group</b>	
	<b>FY2015</b>	<b>FY2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Consolidation adjustments	<u>96</u>	<u>73</u>
	<u>96</u>	<u>73</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:

	<b>Group</b>	
	<b>FY2015</b>	<b>FY2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Deferred tax assets	710	727
Consolidation adjustments	<u>(593)</u>	<u>(455)</u>
	<u>117</u>	<u>272</u>

**Note F**

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

	Group	
	FY2015	FY2014
	S\$'000	S\$'000
Deferred tax liabilities	874	976
Provision for taxation	217	406
Unallocated inter-segment liabilities	708	694
	1,799	2,076

**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) after tax		Non-current assets(*)	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	Restated S\$'000
Singapore	16,656	15,240	(2,659)	(4,411)	33,279	34,213
Malaysia	4,150	4,020	908	687	2,643	2,050
People's Republic of China	9,619	13,134	575	(6,902)	1,219	1,909
India	13,878	12,124	431	(250)	5,523	4,869
Australia	2,032	3,511	81	434	685	22
Vietnam	3,640	2,618	85	(143)	1,187	631
Eliminations and adjustments	-	-	144	113	-	-
At 31 December	49,975	50,647	(435)	(10,472)	44,536	43,694

(\*) Excludes deferred tax assets

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

**Major customer**

Revenue from one major customer amount to S\$14.6 million (FY2014: S\$13.2 million) in the software contract manufacturing segment.

## 17. 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****FY2015 vs FY2014**

As explained in paragraph 8 above, the Group's turnover fell 1.3% to S\$50.0 million for FY2015 mainly due to the cessation of Avantouch, mitigated by growth in turnover from Vietnam, India and Singapore.

**Software contract manufacturing segment ("SCM")**

The Group's SCM turnover improved 4.3% yoy to S\$50.0 million in FY2015 due to better performing Vietnam, India and Singapore. Turnover from the Group's Malaysia operations remained relatively stable with a 3.2% yoy growth to S\$4.2 million despite difficult economic conditions. However tough economic conditions in China and Australia have led to a lower topline, offsetting the growth in turnover.

The Group's SCM segment recorded a net loss before tax of S\$0.1 million in FY2015 as compared to a net loss before tax of S\$1.8 million in FY2014.

The key growth drivers were:

- 12 months rental income recognised in FY2015 as compared to 4 months in FY2014 and other services provided to existing customers in FY2015.
- Higher foreign exchange gain in FY2015.
- Overall savings that resulted in lesser other operating expenses in FY2015.

Investment holding ("IH")

There were no business activity in FY2015.

Computer systems integration and consultancy services ("CSI")

There were no business activity as Avantouch was dormant in FY2015.

**18. A breakdown of sales as follows:**

	FY2015	FY2014	% +/-
Group	S\$'000	S\$'000	
(a) Sales reported for first half year	25,570	23,379	9.4
(b) Operating loss after tax before deducting minority interests reported for first half year	(1,112)	(2,125)	-47.7
(c) Sales reported for second half year	24,405	27,268	-10.5
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	677	(8,347)	NM

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

	FY2015 S\$'000	FY2014 S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

**20. 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.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

**BY ORDER OF THE BOARD**

Teh Eng Chai  
Company Secretary  
26 February 2016

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*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 Catalist. 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.*