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

UPDATE OF FINANCIAL POSITION AND FUTURE DIRECTION FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 UNDER RULE 1313 (2) OF THE LISTING MANUAL

Nippecraft Limited (the "Company" together with its subsidiaries, the "Group") was placed on the watch-list pursuant to Rule 1311 of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual on 5 March 2014.

Pursuant to Rule 1313 (2) of the Listing Manual of the SGX-ST, the Board of Directors of the Company wishes to provide the following updates in respect to the unaudited consolidated financial statements of the Company and its subsidiaries for the nine months ended 30 September 2014.

1. Update on Financial Position

The Group revenue for the nine months ended 30 September 2014 ("9MFY2014") was S$188.4 million, 243.8% higher than the revenue of S$54.8 million for the corresponding period ended 30 September 2013 ("9MFY2013").

Revenue	Period ended 30 September 2014	Period ended 30 September 2013	Variance	Change
	S$' '000	S$'000	S$'000	%
Stationery business	29,020	32,840	(3,820)	(11.6%)
Trading business	159,330	21,941	137,389	626.2%
Total Revenue	188,350	54,781	133,569	243.8%

The increase in revenue of S$133.6 million was primarily due to the increase in trading sales (pulp and waste paper) of S$137.4 million to the Indonesia market. We have focused our internal resources on this segment as it continues to drive revenue and operating earnings for 2014. The decline in sales in the stationery business was due to weak market demand mainly from the Australia market (a decline of S$2.3 million) and a decrease of sales of S$1.1 million from the household tissue business. There will be no more household tissue business in fourth quarter of 2014 as we have disposed our wholly owned subsidiary, Jinmei Industrial Sdn Bhd ("Jinmei") on 21 August 2014. (Refer to SGX announcements dated 21 August 2014 and 30 September 2014).

Gross Profit	Period ended 30 September 2014	Gross Profit Margin (%)	Period ended 30 September 2013	Gross Profit Margin (%)	Variance	Change
	S$' '000	%	S$'000	%	S$'000	%
Stationery business	5,165	17.8%	8,716	26.5%	(3,551)	(40.7%)
Trading business	2,451	1.5%	598	2.7%	1,853	309.9%
Total Gross Profit	7,616	4.0%	9,314	17.0%	(1,698)	(18.2%)

Although the total revenue has increased, we achieved a lower gross profit of S$7.6 million for 9MFY2014, a decline of S$1.7 million as compared to 9MFY2013. The trading business continued to be profitable but lower gross profit margin. The slight decline in gross profit margin was due to different product mix traded.

The stationery business gross profit dec cvlined by S$3.6 million or 40.7% was due to lower sales. The lower gross profit margin was due to different mix of products sold and higher cost of production due to lower production output.

Net profit after tax	Period ended 30 September 2014	Period ended 30 September 2013	Variance	Change
	S$' '000	S$'000	S$'000	%
Net loss after tax (including loss on disposal of Jinmei)	(2,971)	(2,890)	(81)	(2.8%)
Add Loss on disposal of Jinmei (one off transaction)	927	0	927	NM
Net loss after tax (exclude loss on disposal of Jinmei)	(2,044)	(2,890)	846	29.3%

NM: not meaningful

The Group incurred a net loss of S$3.0 million for 9MFY2014 as compared with a net loss of S$2.9 million in 9MFY2013. Had we excluded the loss on disposal of Jinmei (a one off transaction of S$0.9 million), the Group would have reported a net loss of S$2.0 million instead of S$3.0 million for 9MFY2014.

Although we achieved a lower gross profit for 9MFY2014, the Group incurred a lower net loss of S$2.0 million (exclude loss on disposal of Jinmei) for 9MFY2014 as compared to S$2.9 million in 9MFY2013. The lower net loss was due to our effort to manage selling and distribution costs and general administration costs and foreign exchange gain.

2. Update on Future Direction

The current market remains challenging, we will continue to focus on the trading business. For the stationery business, we have outsourced certain production processes to reduce our production costs and the cost savings will only materialise in 2015. The launch of new products under the Collins Debden brand to the new market is on track. However, the impact arising from this launch will not be material in 2014 as the financial impact will only be felt in 2015 and it is still dependent on market demand. The Group will continue to look for new business opportunities when they arise.

BY ORDER OF THE BOARD

Wiria Hartanto Muljono
Chief Executive Officer and Executive Director
14 November 2014