

UNAUDITED HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Group		
	S\$'000		%
	Half year to 30/06/2015	Half year to 30/06/2014	Change
Revenue	116,058	58,476	98.5
Cost of sales	(109,383)	(54,931)	99.1
Gross profit	6,675	3,545	88.3
Other income	124	829	(85.0)
Distribution and marketing expenses	(3,401)	(3,718)	(8.5)
Administrative expenses	(2,917)	(3,106)	(6.1)
Results from operating activities	481	(2,450)	N/M
Finance income	34	52	(34.6)
Finance expenses	(449)	-	N/M
Profit / (loss) before income tax	66	(2,398)	N/M
Income tax expense	(293)	(34)	N/M
Loss for the period	(227)	(2,432)	(90.7)

	Group		
	S\$'000		%
	Half year to 30/06/2015	Half year to 30/06/2014	Change
Loss for the period	(227)	(2,432)	(90.7)
Other comprehensive income			
Foreign currency translation differences for foreign operations	(76)	1,006	N/M
Total comprehensive loss for the period	(303)	(1,426)	(78.8)

- (ii) The income statement includes the followings items:

	Group		
	S\$'000		%
	Half year to 30/06/2015	Half year to 30/06/2014	Change
Depreciation of property, plant and equipment	375	903	(58.5)
Amortisation of intangible assets	-	298	N/M
Impairment loss on trade receivables	12	39	(69.2)
Provision for slow-moving stocks	175	295	(40.7)
Exchange (gain) / loss	114	(606)	N/M

N/M denotes Not Meaningful

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

	Group		Company	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	S\$'000	S\$'000	S\$'000	S\$'000
Property, Plant and Equipment	6,906	7,233	6,798	7,102
Investment in Subsidiaries	-	-	23,117	23,117
	6,906	7,233	29,915	30,219
Current Assets				
Inventories	15,346	8,504	3,322	3,103
Trade receivables	14,943	23,844	436	645
Amounts due from subsidiaries	-	-	13,326	5,220
Amounts due from related companies	17,885	29,103	19	-
Other receivables, deposits and prepayments	4,383	3,673	1,269	605
Cash and bank balances	26,218	24,242	3,388	5,837
	78,775	89,366	21,760	15,410
Current Liabilities				
Trade payables	26,310	33,482	2,441	1,658
Amounts due to subsidiaries	-	-	7,449	1,281
Amounts due to related companies	3,087	4,721	125	102
Other payables and accruals	7,358	9,449	1,417	2,247
Loans and borrowings	117	69	117	69
Provision for taxation	493	259	-	15
	37,365	47,980	11,549	5,372
Net Current Assets	41,410	41,386	10,211	10,038
Non-Current Liabilities				
Deferred taxation	300	300	300	300
	300	300	300	300
Net Assets	48,016	48,319	39,826	39,957
Capital and Reserves				
Share Capital	51,547	51,547	51,547	51,547
Asset revaluation reserve	1,047	1,047	1,047	1,047
Foreign currency translation reserve	(7,888)	(7,812)	-	-
Accumulated profits/(losses)	3,310	3,537	(12,768)	(12,637)
	48,016	48,319	39,826	39,957

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

(a) the amount repayable in one year or less, or on demand;

As at 30/06/2015		As at 31/12/2014	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	117	-	69

(b) the amount repayable after one year;

As at 30/06/2015		As at 31/12/2014	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

(c) whether the amounts are secured or unsecured; and

(d) Details of any collaterals.
Not applicable.

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

	Group	
	Half year ended	
	30/6/2015	30/6/2014
	S\$'000	S\$'000
Cashflow from operating activities		
Profit / (Loss) before tax for the period	66	(2,398)
Adjustments for :		
Depreciation of property, plant and equipment	375	903
Amortisation of intangible assets	-	298
Interest expense	449	-
Interest income	(34)	(52)
Impairment loss on trade receivables	12	39
Provision for slow-moving stocks	175	295
Operating profit / (loss) before changes in working capital	1,043	(915)
Changes in working capital:		
Trade and other receivables	8,145	(26,104)
Inventories	(7,144)	(897)
Trade and other payables	(9,317)	16,457
Amounts due from/to related companies	9,559	904
Cash generated from / (used in) operations	2,286	(10,555)
Income tax paid	(62)	(23)
Net cash generated from / (used in) operating activities	2,224	(10,578)
Cashflow from investing activities		
Interest received	34	52
Purchase of property, plant and equipment	(52)	(8)
Net cash (used in) / generated from investing activities	(18)	44
Cashflow from financing activities		
Deposits pledged	(2,290)	662
Interest paid	(449)	-
Repayment of bills payable	(151)	(268)
Proceeds from bills payable	198	94
Net cash (used in) / generated from financing activities	(2,692)	488
Net decrease in cash and cash equivalents	(486)	(10,046)
Effects of exchange rate changes on cash and cash equivalents	173	317
Cash and cash equivalents at beginning of the period	22,051	28,558
Cash and cash equivalents at end of the period	21,738	18,829
Cash and cash equivalents at end of the period comprises of:		
Cash and bank balances	25,236	18,739
Short term bank deposits	982	1,273
Deposits pledged	26,218	20,012
Cash and cash equivalents in the statement of cash flows	(4,480)	(1,183)
	21,738	18,829

- 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.

The Group
(S\$'000)

	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Accumulated profits/(losses)	Total
As at 1 January 2014	51,547	1,047	(7,713)	11,317	56,198
Total comprehensive income for the period	-	-	-	(2,432)	(2,432)
Net loss for the period	-	-	-	(2,432)	(2,432)
Other comprehensive income, net of tax	-	-	1,006	-	1,006
Foreign currency translation differences	-	-	1,006	-	1,006
Total comprehensive income/(loss) for the period	-	-	1,006	(2,432)	(1,426)
Balance as at 30 June 2014	51,547	1,047	(6,707)	8,885	54,772
As at 1 January 2015	51,547	1,047	(7,812)	3,537	48,319
Total comprehensive income for the period	-	-	-	(227)	(227)
Net loss for the period	-	-	-	(227)	(227)
Other comprehensive income, net of tax	-	-	(76)	-	(76)
Foreign currency translation differences	-	-	(76)	-	(76)
Total comprehensive loss for the period	-	-	(76)	(227)	(303)
Balance as at 30 June 2015	51,547	1,047	(7,888)	3,310	48,016

The Company
(S\$'000)

	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Accumulated profits/(losses)	Total
As at 1 January 2014	51,547	1,047	-	(3,767)	48,827
Total comprehensive loss for the period	-	-	-	(1,888)	(1,888)
Net loss for the period	-	-	-	(1,888)	(1,888)
Balance as at 30 June 2014	51,547	1,047	-	(5,655)	46,939
As at 1 January 2015	51,547	1,047	-	(12,637)	39,957
Total comprehensive loss for the period	-	-	-	(131)	(131)
Net loss for the period	-	-	-	(131)	(131)
Balance as at 30 June 2015	51,547	1,047	-	(12,768)	39,826

- 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.

Nil.

- 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 immediately preceding year.

Total number of issued shares

The Group	
30/6/2015	31/12/2014
351,398,000	351,398,000

- 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.

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

The figures have not been audited or 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 preparing the financial statements for the current accounting period compared with the most recently audited financial statements for the year ended 31 December 2014.

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.

Not applicable.

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

Loss per ordinary share for the period based on net profit attributable to shareholders:

(i) Based on the weighted average number of ordinary shares on issue; and

(ii) On a fully diluted basis (detailing any adjustments made to the earnings).

The Group	
30/6/2015	30/6/2014
(0.065) cts	(0.692) cts
(0.065) cts	(0.692) cts

Notes:

Loss per share for periods ending 30/06/2015 and 30/06/2014 were based on 351,398,000 shares.

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.

Net assets value per ordinary share based on issued share capital at the end of the period - The Group

Net assets value per ordinary share based on issued share capital at the end of the period - The Company

30/6/2015	31/12/2014
S\$ 0.137	S\$ 0.138
S\$ 0.113	S\$ 0.114

Note:

Net assets value per share for periods ending 30/06/2015 and 31/12/2014 were based on 351,398,000 shares.

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:- (a) 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 (b) any material factors that affected the cashflow, working capital, assets or liabilities of the group during the current financial period reported on.

Consolidated Income Statement

	Half year to 30 June 2015	Half year to 30 June 2014	Variance	Change
	S\$'000	S\$'000	S\$'000	%
<u>Revenue</u>				
Trading sales	105,304	43,080	62,224	144.4%
Stationery Business	10,754	15,395	(4,641)	-30.1%
	<u>116,058</u>	<u>58,475</u>	<u>57,583</u>	<u>98.5%</u>

The Group recorded a revenue of S\$116.1 million for the half year ended 30 June 2015 ("1H2015"). This represents an increase in revenue of 98.5% or S\$57.6 million against the corresponding first half of 2014 ("1H2014"). The increase in trading sales (pulp and waste papers) revenue of S\$62.2 million was due to increase in trading activities. This increase was offset by a decrease in sales of S\$4.6 million from the stationery business which was as follows:

(a) Decrease of stationery business sales of S\$2.4 million from the Australia market. The decrease was due to timing of billing to customers in which there was late arrival of goods into Australia.

Due to the nature of our product offerings, our stationery business sales tend to be stronger in the second half of each year.

(b) Decrease sales of S\$2.0 million from the household tissue business. We had sold the household tissue business in August 2014.

	Half year to 30 June 2015	Gross Profit	Half year to 30 June 2014	Gross Profit	Variance	Change
	S\$'000	Margin	S\$'000	Margin	S\$'000	%
<u>Gross Profit</u>						
Trading sales	3,084	2.9%	897	2.1%	2,187	243.8%
Stationery Business	3,591	33.4%	2,648	17.2%	943	35.6%
	<u>6,675</u>	<u>5.8%</u>	<u>3,545</u>	<u>6.1%</u>	<u>3,130</u>	<u>88.3%</u>

We achieved a higher gross profit of S\$6.7 million for 1H2015, an increase of S\$3.1 million as compared to 1H2014. Overall, a slight decline in gross profit margin of 5.8% in 1H2015 as compared to 6.1% in 1H2014. The increase in gross profit was due to:

(a) Increase due to higher trading sales activities. Higher gross profit margin due to different product mix traded.

(b) Increase in gross profit from the stationery business due to lower cost of sales (declined by S\$5.6 million or 43.8%) even though revenue declined by S\$4.6 million or 30.1%. The lower cost of sales was due to (i) reduction in depreciation costs by S\$528,000 as a result of impairment charge on plant and equipment incurred in FY2014; (ii) increasing outsourcing activities to reduce production costs; and (iii) absence of production costs incurred by a wholly-owned subsidiary, Jinmei Industrial, which was sold in August 2014.

A higher gross profit margin of 33.4% was achieved in 1H2015 as compared to 17.2% in the corresponding period. The improvement of gross profit margin was due to lower unit costs of production as a result of a combination of (i) more outsourcing activities; (ii) higher production output in 1H2015 as compared to 1H2014; and (iii) lower overhead costs, namely depreciation costs.

Distribution and Marketing Expenses

We incurred a lower distribution costs of S\$317,000 or 8.5% due to lower stationery business sales.

Administrative Expenses

Administrative expenses declined by S\$189,000 due to absence of amortisation charge in 1H2015 as a result of impairment of intangibles in FY2014 offset by an increase in salary costs (increase in headcount).

Other Income

The decrease in other income of S\$705,000 was mainly due to exchange fluctuations as a result of weakening of Australia dollars.

Finance Expenses

The finance expenses incurred was due to discounting of trade bills for our trading sales business.

Profit / (Loss) Before Income Tax

We incurred a net profit before tax of S\$66,000 for the 1H2015 as compared to a loss of S\$2.4 million in the corresponding period. EBITDA (Earnings before tax, interests, depreciation and amortisation) also improved in 1H2015. We achieved a positive EBITDA of S\$890,000 as compared to a negative EBITDA of S\$1.2 million in 1H2014.

Income Tax Expense

The higher income tax expense in 1H2015 was due to higher taxable profit arising from the trading business.

Statements of Financial Position

On an overall basis, our net assets value declined by S\$0.3 million or 0.6% to S\$48.0 million as at 30 June 2015.

Total current assets decreased by S\$10.6 million to S\$78.8 million. The decline of S\$11.2 million due from related companies and S\$8.9 million from trade receivables were due to collections received. The increase in inventory of S\$6.8 million was built up of dated stationery products to be sold in the second half of the year.

Total current liabilities decreased by S\$10.6 million to S\$37.4 million. The decrease was due mainly to payments to our suppliers.

Cash Flow

The group reported a net increase in cash of S\$2.0 million from S\$24.2 million as at 31 December 2014 to S\$26.2 million as at 30 June 2015. The net increase in cash for 1H2015 of \$2.3 million was due to profit incurred in 1H2015 and changes in working capital.

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

No forecast or prospect statement was disclosed to shareholders previously.

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.

Global economic outlook is expected to improve marginally, with growth likely to remain tepid and fraught with uncertainties. The weakening of the Australia Dollars against major currencies, the expectation of an interest rate hike and an increasingly competitive business environment, the Group expects the operating environment to remain challenging for the next 12 months. The Group will continue to expand its stationery business under the Collins brand into new markets. We will continue with our outsourcing activities to remain cost competitive and will continue to explore business and investment opportunities when they arise.

11. If a decision regarding dividend has been made:-

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

Nil.

(b) (i) Amounts per share

(ii) Previous corresponding period

Nil.

(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.

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	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	
	Six-month period ended 30/6/2015 S\$'000	30/6/2014 S\$'000	Six-month period ended 30/6/2015 S\$'000	30/6/2014 S\$'000
<u>Purchases</u>				
PT Indah Kiat Pulp & Paper Tbk	-	-	53	-
PT Pindo Deli Pulp and Paper Mills	-	-	-	1,186
PT Pabrik Kertas Tjiwi Kimia Tbk	-	-	3,359	4,166
Toprint Computer Supplies Pte Ltd	-	-	141	-
<u>Sales</u>				
PT Indah Kiat Pulp & Paper Tbk	-	-	21,593	13,851
PT Pindo Deli Pulp and Paper Mills	-	-	35,919	11,302
PT Pabrik Kertas Tjiwi Kimia Tbk	-	-	13,899	11,933
PT Lontar Papyrus Pulp & Paper Industry	-	-	6,582	535
PT The Univenus	-	-	89	178
PT Ekamas Fortuna	-	-	344	-
Total Interested Person Transactions	-	-	81,979	43,151

14. Confirmation of negative assurance on interim results by the Board of Directors (the "Board") of Nippecraft Limited (the "Company") pursuant to rule 705(5) of the listing manual of the Singapore Exchange Securities Trading Limited.

The Director of the Company, do hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of directors which may render the unaudited half year financial results for the period ended 30 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Wiria Hartanto Muljono
Chief Executive Officer and Executive Director

Date: 6 August 2015