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UNAUDITED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018

- 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.

(i) CONSOLIDATED INCOME STATEMENT

	Note	Group (unaudited)		
		S\$'000		%+/-
		1H2018	1H2017	
Turnover	1	15,889	16,008	-0.7
Other operating income	2	568	491	15.7
Changes in stocks of finished goods and work in progress	3	(140)	(174)	-19.5
Raw materials and consumables used	3	(8,113)	(8,408)	-3.5
Personnel expenses		(4,838)	(4,946)	-2.2
Depreciation		(1,056)	(1,042)	1.3
Rental, property tax and utilities		(1,101)	(1,144)	-3.8
Freight, travelling and transportation expenses		(1,205)	(1,111)	8.5
Repair and maintenance expenses		(258)	(323)	-20.1
Subcontractor costs	4	(467)	(403)	15.9
Other operating expenses		(1,436)	(1,535)	-6.4
Loss on liquidation of subsidiary	5	-	(268)	n.m.
Financial expense – net	6	(123)	(102)	20.6
Loss before tax		(2,280)	(2,957)	-22.9
Tax expense	7	(167)	(101)	65.3
Loss, net of tax		(2,447)	(3,058)	-20.0
Loss attributable to:				
- Owners of the Company		(2,352)	(3,011)	-21.9
- Non-controlling interests		(95)	(47)	102.1
		(2,447)	(3,058)	-20.0

n.m. denotes not meaningful.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Since the second quarter of 2018, one of the Group's wholly-owned subsidiary incorporated in Australia namely IP Softcom (Australia) Pty Ltd has ceased operations and has remained dormant.

Note 1

Reclassification of prior year presentation

The following income statement figures in 1H2017 have been reclassified to conform with current period's presentation:

Group	As previously classified S\$'000	As reclassified S\$'000
<u>Income Statement</u>		
Turnover	16,461	16,008
Raw materials and consumables used	8,861	8,408

For comparative purposes, the Group had offset turnover against raw materials and consumables used for a project undertaken by one of the Group's China subsidiary. The project included some costs that were reimbursed by the customer and the Group came to an agreement with the Auditor in December 2017 that they should not be included as part of turnover. For consistency to the method of computation applied in the preparation of the financial statements in the audited annual financial statements for the year ended 31 December 2017, the comparative figures in 1H2017 have been reclassified to confirm with current period's presentation. This reclassification has no impact to the profit and loss of the Group.

Note 2

Other operating income was higher at S\$0.6 million, or 15.7% up yoy due mainly to gain recognised on sale of the Group's leasehold property in Australia, offset by a drop in the overall other income of the Group such as rental and scrap sales.

Note 3

Raw materials and consumables used (S\$8.1 million), and **changes in stocks of finished goods and work in progress** (S\$0.1 million) was lower at S\$8.2 million, or 3.8% lower yoy due to lower turnover in 1H2018 and differences in sales mix.

Note 4

Subcontractor costs was 15.9% higher yoy at S\$0.5 million largely due to the higher business activities by the Group's wholly-owned Indian subsidiary that required outsourcing.

Note 5

Non-recurring **Loss on liquidation of subsidiary** was mainly related to the realisation of translation differences arising from the liquidation of the Group's China subsidiary, IP Softcom (Xiamen) Co., Ltd in 1H2017.

Note 6

Net financial expenses was 20.6% higher yoy mainly due to lower fixed deposits placed with banks.

Note 7

Current **tax expense** in the six months ("6M") ended 30 June 2018 ("1H2018") was higher, taking into consideration the chargeable income arising from the sale of the Group's Australia property in 1H2018.

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

	Note	Group	
		1H2018	1H2017
		S\$'000	
Bad debts written off		7	1
Allowance for doubtful trade receivables		3	-
Allowance for doubtful trade receivables written back		(1)	(5)
Allowance for inventory obsolescence		67	42
Allowance for inventory obsolescence written back		(82)	(34)
Allowance for other receivables written off		4	-
Inventories written off		25	85
Fixed assets written off		15	1
(Gain)/loss on disposal of fixed assets		-	(2)
Gain from assets held for sale	8	(154)	-
Interest income		(20)	(55)
Interest expense		143	157
Exchange loss, net		182	232

Note 8

One-off **Gain from assets held for sale** was recognised in 1H2018 on completion of the sale of the Group's freehold property in Australia.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group	
	S\$'000	
	1H2018	1H2017
Loss, net of tax	(2,447)	(3,058)
Other comprehensive income:		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Foreign currency translation	246	(78)
Other comprehensive income for the financial period, net of tax	246	(78)
Total comprehensive Income for the financial period, net of tax	(2,201)	(3,136)
Total comprehensive income attributable to:		
- Owners of the Company	(2,173)	(3,102)
- Non-controlling interests	(28)	(34)
	(2,201)	(3,136)

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

	Group		Company		
		30/06/2018	31/12/2017	30/06/2018	31/12/2017
	Note	(unaudited) S\$'000	(restated) S\$'000	(unaudited) S\$'000	(audited) S\$'000
Non-current assets					
Fixed assets		36,707	37,360	31,050	31,561
Intangible assets		2,253	2,355	-	-
Investment in subsidiaries		-	-	11,470	11,422
Investment securities		-	-	-	-
Other receivables and deposits	9	644	440	-	-
Deferred tax assets		674	679	-	-
Current assets					
Assets held for sale	10	-	647	-	-
Inventories		2,367	2,517	172	131
Trade receivables		7,583	7,593	1,304	1,346
Other receivables and deposits	9	1,626	1,920	329	339
Prepayments		208	262	66	60
Amounts due from subsidiaries (non-trade)		-	-	3,107	3,333
Tax recoverable		185	216	-	-
Cash and bank balances		3,917	4,028	636	729
		15,886	17,183	5,614	5,938
Current liabilities					
Trade and other payables		6,133	6,057	638	647
Accruals		1,855	2,116	791	942
Amounts due to subsidiaries		-	-	25	22

	Note	Group		Company	
		30/06/2018	31/12/2017	30/06/2018	31/12/2017
		(unaudited) S\$'000	(restated) S\$'000	(unaudited) S\$'000	(audited) S\$'000
(non-trade)					
Amount due to directors of company	11	410	410	410	410
Interest-bearing bank loans	11	3,881	3,323	1,000	-
Non-interest bearing loan	11	343	359	-	-
Provision for taxation		87	103	-	-
Amount due to holding company (loan)		733	733	733	733
		13,442	13,101	3,597	2,754
Net current assets		2,444	4,082	2,017	3,184
Non-current liabilities					
Deferred tax liabilities		383	376	-	-
Net assets		42,339	44,540	44,537	46,167
Equity attributable to owners of the Company					
Share capital		49,549	49,549	49,549	49,549
Reserves	12	(4,403)	(2,230)	(5,012)	(3,382)
		45,146	47,319	44,537	46,167
Non-controlling interests		(2,807)	(2,779)	-	-
Total equity		42,339	44,540	44,537	46,167

NOTES TO THE BALANCE SHEET

Note 9

	Group		Company	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Other receivables and deposits	S\$'000	S\$'000	S\$'000	S\$'000
Current	1,626	1,920	329	339
Non-current	644	440	-	-
Total	2,270	2,360	329	339

The Group's **current other receivables and deposits** was 15.3% lower yoy to S\$1.6 million largely due to the utilisation of service tax receivables against the goods and services tax by the Group's Indian subsidiaries.

The Group's **non-current other receivables and deposits** was 46.4% higher yoy to S\$0.6 million mainly due to the custom duty deposit made by the Group's wholly-owned Indian subsidiary demanded as a pre-condition for the hearing of Appeal by the Customs, Excise and Service Tax Appellate Tribunal ("Appeal").

Note 10

Assets held for sale mainly related to the freehold factory building in Australia of which was completed in January 2018.

Note 11

	Group		Company	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
Amount due to directors of Company	410	410	410	410
Interest-bearing bank loans	3,881	3,323	1,000	-
Non-interest bearing loan	343	359	-	-
Total borrowings	4,634	4,092	1,410	410

The Group and Company's level **borrowings** increased 13.2% to S\$4.6 million and 243.9% to S\$1.4 million respectively largely due to the drawdown of interest-bearing bank loans by the Company for working capital purposes.

Note 12

The Group's and Company's overall **reserves** dipped further into a negative reserve mainly due to the losses in 1H2018.

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 30/06/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,881	753	3,323	769

The Group's unsecured borrowing comprised mainly of a non-interest bearing loan due to a minority shareholder of a subsidiary and amount due to directors of the Company.

Amount repayable after one year

As at 30/06/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

The secured borrowings pertained to secured interest-bearing bank loans by the Company and Indian subsidiaries 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	
	1H2018	1H2017
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(2,280)	(2,957)
Adjustments for:		
Depreciation of fixed assets	1,056	1,042
Gain on disposal of fixed assets	-	(2)
Gain from assets held for sale	(154)	-
Fixed assets written off	15	1
Interest income	(20)	(55)
Interest expense	143	157
Bad debts written off	7	1
Allowance for doubtful trade receivables	3	-
Allowance for doubtful trade receivables written back	(1)	(5)
Allowance for other receivables written off	4	-
Allowance for inventory obsolescence	67	42
Allowance for inventory obsolescence written back	(82)	(34)
Inventories written off	25	85
Loss on liquidation of subsidiary	-	268
Unrealised exchange loss/(gain)	181	(14)
Operating cash flows before working capital changes	(1,036)	(1,471)
Changes in working capital:		
Decrease/(increase) in inventories	132	(418)
Decrease/(increase) in trade receivables	3	(832)
Decrease in other receivables, deposits and prepayments	135	1
Increase in trade and other payables	73	1,028
Decrease in accruals	(262)	(57)
Cash flows used in operations	(955)	(1,749)
Interest received	24	51
Interest paid	(140)	(151)
Tax paid	(157)	(207)
Net cash flows used in operating activities	(1,228)	(2,056)

	Group	
	1H2018	1H2017
	S\$'000	S\$'000
Cash flows from investing activities		
Purchase of fixed assets	(386)	(523)
Proceeds from disposal of fixed assets	5	14
Proceeds from assets held for sales	789	-
Net cash flows generated from/(used in) investing activities	<u>408</u>	<u>(509)</u>
Cash flows from financing activities		
Proceeds from interest-bearing bank loans	1,000	-
Repayment of interest-bearing bank loans	(299)	(204)
Net cash flows generated from/(used in) financing activities	<u>701</u>	<u>(204)</u>
Net decrease in cash and cash equivalents	(119)	(2,769)
Effect of exchange rate changes on cash and cash equivalents	8	(7)
Cash and cash equivalents at beginning of year	4,028	8,024
Cash and cash equivalents at end of financial period (Note A)	<u>3,917</u>	<u>5,248</u>

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A. Cash and cash equivalents

	30/06/2018	30/06/2017
	S\$'000	S\$'000
Cash and bank balances	3,001	4,325
Fixed deposits	916	923
	<u>3,917</u>	<u>5,248</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 2018, as previously stated	49,549	23,299	(3,936)	513	2,568	(24,600)	47,393	(2,779)	44,614
Adoption of SFRS(I) 1	-	(59)	4,129	-	-	(4,144)	(74)	-	(74)
At 1 January 2018, as restated	49,549	23,240	193	513	2,568	(28,744)	47,319	(2,779)	44,540
Loss for the financial period	-	-	-	-	-	(2,352)	(2,352)	(95)	(2,447)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	179	-	-	-	179	67	246
Other comprehensive income for the financial period, net of tax	-	-	179	-	-	-	179	67	246
Total comprehensive income for the financial period			179	-	-	(2,352)	(2,173)	(28)	(2,201)
At 30 June 2018	49,549	23,240	372	513	2,568	(31,096)	45,146	(2,807)	42,339

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.

	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 2017, as previously stated	49,549	23,240	(4,129)	942	2,568	(19,688)	52,482	(2,757)	49,725
Adoption of SFRS(I) 1	-	-	4,129	-	-	(4,129)	-	-	-
At 1 January 2017, as restated	49,549	23,240	-	942	2,568	(23,817)	52,482	(2,757)	49,725
Loss for the financial period	-	-	-	-	-	(3,011)	(3,011)	(47)	(3,058)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	(91)	-	-	-	(91)	13	(78)
Other comprehensive income for the financial period, net of tax	-	-	(91)	-	-	-	(91)	13	(78)
Total comprehensive income for the financial period			(91)	-	-	-	(3,102)	(34)	(3,136)
<u>Contributions by and distribution to owners</u>									
Realization of reserves upon liquidation of subsidiary	-	-	250	(429)	-	429	250	-	250
Total contributions by and distribution to owners	-	-	250	(429)	-	429	250	-	250
Total transactions with owners in their capacity as owners	-	-	250	(429)	-	429	250	-	250
At 30 June 2017	49,549	23,240	159	513	2,568	(26,399)	49,630	(2,791)	46,839

(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 2018	49,549	22,173	341	(25,896)	46,167
Loss for the financial period, represents total comprehensive income for the financial period	-	-	-	(1,630)	(1,630)
At 30 June 2018	49,549	22,173	341	(27,526)	44,537
At 31 January 2017	49,549	22,173	341	(21,755)	50,308
Loss for the financial period, represents total comprehensive income for the financial period	-	-	-	(679)	(679)
At 30 June 2017	49,549	22,173	341	(22,434)	49,629

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	No. of Shares	Share Capital (S\$'000)
As at 31/12/17	439,222,000	21,961
As at 30/06/18	439,222,000	21,961

There was no change in share capital between 31 December 2017 and 30 June 2018.

There were no outstanding options or convertibles as at the end of the current financial period and corresponding period of the immediately preceding financial year.

There were no treasury shares and subsidiary holdings of the Company as at the end of the current financial period and corresponding period of the immediately preceding financial year.

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 period was 439,222,000 (31 December 2017: 439,222,000)

1(d)(iv) A statement showing all sales, transfers, 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 period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period 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 a matter).

Not applicable. The figures have not been audited or 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 adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information in accordance with SFRS(I), and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board for the financial year ending 31 December 2018.

The accounting policies and methods of computation applied in the preparation of the financial statements for the current financial period are consistent with those disclosed in the audited annual financial statements for the year ended 31 December 2017, except for the adoption of new/revised IFRS applicable for the financial period beginning 1 January 2018 as follows:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 15 Revenue from Contracts with Customers

Application of IFRS 1 Optional exemptions

In adopting IFRS 1, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. If there are changes to accounting policies arising from new or amended standards effective 1 January 2018, restatement of comparatives may be required because IFRS 1 requires both the opening balance sheet and comparative informations to be prepared using the most current accounting policies. The Group's opening balance sheet under SFRS(I)s had been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

a) Translation Reserve

The Group has elected for the optional exemption to reset its cumulative translation reserve to nil at the date of transition at 1 January 2017. As a result, cumulative translation reserve of S\$4,129,000 was reclassified from translation reserve to accumulated losses as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

b) Fair value as deemed cost exemption for fixed assets

The Group has elected to regard the fair values of the leasehold factory building as their deemed cost at the date of transition to IFRS on 1 January 2018.

The effects of the adoption of SFRS(I) 1 are as follows:

	Group	
	1H2018	1H2017
Consolidated Income Statement	S\$'000	S\$'000
Decrease in depreciation	(1)	-

	Group	
	As at 1 January 2018	As at 1 January 2017
Statement of financial position	S\$'000	S\$'000
Increase in translation reserve	4,129	4,129
Increase in accumulated losses	(4,144)	(4,129)
Decrease in revaluation reserves	(59)	-
Decrease in equity attributable to owners of Company	(74)	-
Decrease in fixed assets	(67)	-
Increase in deferred tax liability	7	-

	Group	
	As at 1 January 2018	As at 1 January 2017
	Cents	Cents
Decrease in net asset value per ordinary share	(0.02)	-

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group had performed a preliminary assessment of IFRS 15. The Group is a business of providing supply chain management solutions, logistics, printing, assembly and packing and expects that the adoption of IFRS 15 did not have any significant impact to the financial statements of the Group.

Save as disclosed, the adoption of the new financial reporting framework has no material impact to the Group's accounting policies and financial statements.

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	
	1H2018	1H2017
Loss per ordinary share for the financial period attributable to owners of the Company		
- (a) on weighted average number of ordinary shares on issue	(0.54) cents	(0.69) cents
- (b) on a fully diluted basis	(0.54) cents	(0.69) 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 as at 30 June 2018 and 30 June 2017.

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	
	30/06/2018	31/12/2017 restated	30/06/2018	31/12/2017
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the respective financial period	10.28 cents	10.77 cents	10.14 cents	10.51 cents

The net asset value per ordinary share is calculated based on the 439,222,000 (FY2017: 439,222,000) ordinary shares outstanding at the end of the respective financial periods.

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 cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

GROUP FINANCIAL PERFORMANCE REVIEW

Turnover

1H2018 vs 1H2017

For the six months ended 30 June 2018 ("1H2018"), the Group registered a slight 0.7% year-on-year ("yoy") decline in turnover as compared to the six months ended 30 June 2017 ("1H2017") from S\$16.0 million in 1H2017 to S\$15.9 million in 1H2018 largely due to the lacklustre demand for supply chain management.

Turnover by geographical segment

	Turnover		
	1H2018	1H2017	
	S\$'000	S\$'000	% +/-
Singapore	970	1,300	-25.4
Malaysia	2,103	1,812	16.1
People's Republic of China	3,415	3,670	-6.9
India	6,715	6,408	4.8
Australia	25	529	-95.3
Vietnam	2,661	2,289	16.3
Total	15,889	16,008	-0.7

Since the second quarter of 2018, one of the Group's wholly-owned subsidiary incorporated in Australia namely IP Softcom (Australia) Pty Ltd has ceased operations and remained dormant. As a result, turnover from the Australia operations fell 95.3% yoy to S\$0.03 million for 1H2018. In addition, turnover from the Group's Singapore and China Operations fell 25.4% and 6.9% yoy to S\$1.0 million and S\$3.4 million respectively for 1H2018 mainly due to weak demand and lesser orders from customers.

The decline in turnover from the above geographical regions was partially offset by growth from operations in Malaysia, Vietnam and India. Turnover from the Group's operations in Malaysia increased 16.1% yoy to S\$2.1 million for 1H2018 largely due to the shift of orders from the Group's Australia operations to Malaysia. Turnover from the Group's Vietnam operations continued to grow 16.3% yoy to S\$2.7 million for 1H2018 due to growth in sales to new and existing customers. Turnover from the Group's India operations increased 4.8% yoy to S\$6.7 million for 1H2018 largely due to an increase in sales from customers.

Profitability

1H2018 vs 1H2017

For 1H2018, the Group recorded a net loss after tax of S\$2.4 million as compared to a net loss after tax of S\$3.1 million for 1H2017. Diluted loss per share attributable to owners of the Company was 0.54 Singapore cents for 1H2018 (1H2017: 0.69 Singapore cents).

Excluding the non-recurring gain recognised in 1H2018 of S\$0.2 million on completion of sale of the Group's freehold property in Australia and S\$0.3 million loss on the liquidation of one of the Group's wholly-owned subsidiaries in China in 1H2017, the decrease in the net loss after tax would have been S\$0.2 million.

While the Group's turnover for 1H2018 had declined, subcontractor costs increased 15.9% yoy to S\$0.5 million largely due to the higher business activities that required outsourcing by the Group's wholly-owned Indian subsidiary. Current tax expense for 1H2018 was higher, taking into the consideration the chargeable income arising from the sale of the Group's leasehold property in Australia. The above was partially cushioned by a 6.4% yoy decrease in other operating expenses to S\$1.4 million for 1H2018.

The key financial results of the Group's operations for 1H2018 were as follows:

1. The Group's Malaysia operations recorded a S\$0.1 million net profit after tax for 1H2018 as compared to breakeven results for 1H2017 due to the increase in turnover and better monetary conditions.
2. The Group's Australia operations recorded a net profit after tax of S\$0.1 million for 1H2018 as compared to a breakeven results for 1H2017 mainly due to the gain recognised on the sales of its freehold property, offset by the expenses and current tax incurred on the completion of the sale. Some expenses were also incurred in closing down the operation.
3. While turnover improved in Vietnam for 1H2018, the Group's Vietnam operations broke even in both 1H2018 and 1H2017. This was primarily due to weaker exchange rate and sales mix with lower margins.
4. While turnover from India increased 4.8% yoy to S\$6.7 million for 1H2018, the Group's operations in India recorded a loss after tax of S\$0.2 million both in the 1H2018 and 1H2017 largely due to the foreign exchange loss in 1H2018 as compared to a foreign exchange gain for 1H2017.
5. Despite a decrease in turnover, the Group's Singapore operations recorded a loss after tax of S\$2.6 million for 1H2018, a slight improvement as compared to a loss after tax of S\$2.7 million for 1H2017. The deterioration in business activity was cushioned by a 26.9% yoy decline in other operating expenses to S\$0.5 million for 1H2018 from S\$0.7 million for 1H2017, due mainly to a foreign exchange gain recognised in 1H2018 as compared to a foreign exchange loss in 1H2017.
6. The Group's China operations registered a profit after tax of S\$0.1 million for 1H2018 (1H2017: S\$0.2 million) due to lower turnover.

Financial Position

The Group's total net assets decreased 4.9% yoy to S\$42.3 million as at 30 June 2018. The Group's net current assets declined 40.1% yoy to S\$2.4 million as at 30 June 2018.

Non-current assets

Total non-current assets (excluding deferred tax assets) for the Group declined marginally to S\$39.6 million as at 30 June 2018, primarily due to the depreciation charge on fixed assets. The decline was partially cushioned by the one-off Indian customs deposit in relation to the Appeal.

Current assets

The Group's current assets decreased S\$1.3 million or 7.5% yoy to S\$15.9 million as at 30 June 2018. The decrease in current assets was largely due to the realisation of assets held for sale completed in January 2018 and the utilisation of service tax receivables against the goods and services tax by the Group's Indian subsidiaries.

Current liabilities

The Group's current liabilities increased S\$0.3 million from S\$13.1 million as at 31 December 2017 to S\$13.4 million as at 30 June 2018. The increase was largely due to the drawdown of interest-bearing bank loans, offset by reduction in accruals of the Company due to lesser business activity.

Non-current liabilities

The Group's deferred tax liabilities remained stable at S\$0.4 million as at 30 June 2018.

Cashflows

For 1H2018, the Group generated negative net cashflows from operations amounting to S\$1.2 million, as compared to S\$2.1 million in 1H2017 largely due to the decrease in business activity and losses recorded by the Group.

On the other hand, the Group generated S\$0.4 million for investing activities in 1H2018 largely due to the proceeds from the sales of the Group's freehold factory building in Australia.

Net cash generated from financing activities amounted to S\$0.7 million for 1H2018 mainly due to the draw down of S\$1.0 million interest-bearing bank loan by the Company on its existing revolving credit facility for working capital purposes, offset by the repayment of interest-bearing bank loans by the Indian subsidiaries.

As a result of the above, the Group's cash and cash equivalents stood at S\$3.9 million as at 30 June 2018, down S\$0.1 million from 31 December 2017.

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 global economic outlook continues to be characterised by uncertainty and volatility. Exacerbated by current international trade tensions, the macroeconomic landscape should continue to impact the Group's performance.

In spite of these factors, the Group continues to explore further opportunities within the region to grow its business operations. Additionally, the Group will also tighten its cost controls in order to mitigate negative impacts arising from macroeconomic fluctuations.

The Company had in July 2018 completed the proposed non-renounceable non-underwritten rights issue of up to 292,814,666 new ordinary shares in the capital of the Company at an issue price of S\$0.011 per Rights Share. The final net proceeds from the Rights Issue of approximately S\$2,367,500 accrued to the Company will be used by the Group to enhance its working capital, strengthen its financial position, improve its cashflow position and ultimately enhance the Group's ability to formulate, strategise and execute its business plans. It will also provide the Group greater financial capacity and flexibility to capitalise on any investment opportunities in a timely manner as and when such opportunities arise.

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 six months ended 30 June 2018.

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 does not have a general mandate from shareholders of IPTs.

There was no IPT of S\$100,000 and above for 1H2018.

14. Use of Proceeds from the Rights Issue

As at the date of this announcement, the Company has utilised the net proceeds amounting to S\$2.68 million (after deducting for estimated costs and expense incurred in connection with the rights issue approximately S\$0.1 million and offsetting of shareholders' loan of S\$0.7 million) ("Final Net Proceeds") accrued to the Company from the rights issue completed in July 2017, as follows:

Intended Use of Final Net Proceeds	Amount Allocated (S\$)	Amount utilised (S\$)	Amount unutilised (S\$)
Repayment of outstanding debts	1,000,000	1,000,000	-
Payment of directors' fees	555,000	-	555,000
For general corporate and working capital purposes including but not limited to (i) operating costs and (ii) making strategic investments and/or acquisitions if opportunities arise	812,500	-	812,500
Total	2,367,500	1,000,000	1,367,500

This utilisation of the Final Net Proceeds is in accordance with the intended use of the Final Net Proceeds as stated in the Offer Information Statement dated 29 June 2018.

15. Negative confirmation pursuant to Rule 705(5).

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE RULES OF CATALIST

We, Low Song Take and Low Ka Choon Kevin, being two of the Directors of International Press Softcom Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of Directors of the Company which may render the unaudited interim financial results for the six months ended 30 June 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Low Song Take
Founder Director
Singapore, 14 August 2018

Low Ka Choon Kevin
Director
Singapore, 14 August 2018

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) 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 7.7 of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Teh Eng Chai
Company Secretary
14 August 2018

*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 (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).