



NIPPECRAFT LIMITED

(Incorporated in the Republic of Singapore)
Company registration number: 197702861N

The announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms. Charmian Lim (Tel: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Nippecraft Limited
Condensed Interim Financial Statements
for the six months ended
30 June 2023



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A. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		Change
		Half year ended		
		30-Jun-23	30-Jun-22	
		US\$'000	US\$'000	
Revenue from contracts with customers	5	48,061	55,186	-13%
Cost of sales		(45,529)	(52,340)	-13%
Gross profit		2,532	2,846	-11%
Distribution and marketing expenses		(2,034)	(2,114)	-4%
Administrative expenses		(1,838)	(1,803)	2%
Impairment loss on financial assets		(4)	(3)	33%
Other income, net	6	1,290	275	N.M.
Finance expense, net		(8)	(175)	-95%
Loss before tax	8	(62)	(974)	-94%
Tax credit/ (expense)	9	2	(34)	N.M.
Net loss for the period		(60)	(1,008)	-94%
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
- Foreign currency translation differences for foreign operations		330	(711)	N.M.
Other comprehensive income/ (loss) for the period, net of tax		330	(711)	N.M.
Total comprehensive income/ (loss) for the period		270	(1,719)	N.M.
Loss per share (US cents)				
- Basic & Diluted		(0.017)	(0.287)	

Note: N.M. - Not meaningful



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B. Condensed Statements of Financial Position

	Note	Group		Company	
		As at 30-Jun-23 US\$'000	As at 31-Dec-22 US\$'000	As at 30-Jun-23 US\$'000	As at 31-Dec-22 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	3,353	3,198	3,001	2,830
Intangible assets	15	-	-	-	-
Subsidiaries		-	-	16,512	16,512
Deferred tax assets		17	15	16	14
		3,370	3,213	19,529	19,356
Current assets					
Inventories		6,326	2,359	102	261
Trade and other receivables		21,549	40,017	6,875	3,156
Prepayments		415	298	97	161
Cash and bank balances		19,304	16,943	1,752	2,494
Asset held-for-sale	14	-	1,016	-	1,016
		47,594	60,633	8,826	7,088
TOTAL ASSETS		50,964	63,846	28,355	26,444
LIABILITIES					
Current liabilities					
Trade and other payables		18,948	32,083	2,476	2,382
Lease liabilities		382	248	288	135
		19,330	32,331	2,764	2,517
Non-current liabilities					
Lease liabilities		1,213	1,355	1,128	1,292
Provision for Long Service Leave		8	17	-	-
		1,221	1,372	1,128	1,292
TOTAL LIABILITIES		20,551	33,703	3,892	3,809
NET ASSETS		30,413	30,143	24,463	22,635
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	36,817	36,817	36,817	36,817
Reserves		648	570	496	748
Accumulated losses		(7,052)	(7,244)	(12,850)	(14,930)
TOTAL EQUITY		30,413	30,143	24,463	22,635

The accompanying notes form an integral part of these condensed interim financial statements.



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C. Condensed Statements of Changes in Equity

Group	Share capital US\$'000	Asset revaluation reserve US\$'000	Foreign currency translation reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance as at 01.01.2023	36,817	748	(178)	(7,244)	30,143
Transfer upon disposal of Asset held-for-sale	-	(252)	-	252	-
Loss for the period	-	-	-	(60)	(60)
Other comprehensive loss for the period, net of tax					
- Currency translation differences	-	-	330	-	330
Total comprehensive income for the period	-	-	330	(60)	270
Balance as at 30.6.2023	36,817	496	152	(7,052)	30,413
Balance as at 01.01.2022	36,817	748	693	(7,248)	31,010
Loss for the period	-	-	-	(1,008)	(1,008)
Other comprehensive loss for the period, net of tax					
- Currency translation differences	-	-	(711)	-	(711)
Total comprehensive loss for the period	-	-	(711)	(1,008)	(1,719)
Balance as at 30.6.2022	36,817	748	(18)	(8,256)	29,291

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C. Condensed Statements of Changes in Equity (Continued)

Company	Share	Asset	Accumulated	Total
	capital	revaluation	losses	equity
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 01.01.2023	36,817	748	(14,930)	22,635
Transfer upon disposal of Asset held-for-sale	-	(252)	252	-
Profit for the period	-	-	1,828	1,828
Total comprehensive income for the period	-	-	1,828	1,828
Balance as at 30.6.2023	36,817	496	(12,850)	24,463
Balance as at 01.01.2022	36,817	748	(15,153)	22,412
Profit for the period	-	-	254	254
Total comprehensive income for the period	-	-	254	254
Balance as at 30.6.2022	36,817	748	(14,899)	22,666



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D. Condensed Consolidated Statement of Cash Flows

	Note	Group	
		Half year ended	
		30-Jun-23 US\$'000	30-Jun-22 US\$'000
Cash flows from operating activities			
Loss before tax		(62)	(974)
Adjustments:			
Depreciation of property, plant and equipment	8	299	263
Property, plant and equipment written off		9	-
Gain on sale of Asset held-for-sale		(1,129)	-
Impairment on financial assets		4	3
Interest income	8	(28)	(10)
Interest expense	8	36	185
Write-down of inventories		118	172
Operating loss before working capital changes		(753)	(361)
Movement in working capital:			
Inventories		(3,939)	(3,968)
Trade and other receivables		18,484	9,832
Trade and other payables		(13,223)	(8,324)
Cash generated from/ (used in) operations		569	(2,821)
Income tax paid, net	9	-	-
Net cash generated from/ (used in) operating activities		569	(2,821)
Cash flows from investing activities			
Acquisition of property, plant and equipment	A, 14	(59)	(36)
Interest received		28	10
Proceeds from disposal of Asset held-for-sale		2,145	-
Net cash generated from/ (used in) investing activities		2,114	(26)
Cash flows from financing activities			
Interest paid for trade financing		-	(147)
Payment of principal portion of lease liabilities		(400)	(168)
Interest paid on lease liabilities		(36)	(38)
Net cash used in financing activities		(436)	(353)
Net increase/ (decrease) in cash and cash equivalents		2,247	(3,200)
Cash and cash equivalents as at beginning of the period		13,043	19,458
Effects of exchange rate changes on cash and cash equivalents		114	(522)
Cash and cash equivalents as at end of the period		15,404	15,736



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D. Consolidated Statement of Cash Flows (Continued)

<u>Group</u>	
Half year ended	
30-Jun-23	30-Jun-22

Note to Condensed Consolidated Statement of Cash Flows:

Note A:

Addition of property, plant and equipment	454	36
Less: Addition of right-of-use assets	(395)	-
Acquisition of property, plant and equipment	<u>59</u>	<u>36</u>

Note B:

Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprise the following amounts:

Cash at bank and in hand	14,177	15,626
Short-term bank deposits	5,127	3,610
Cash and bank balances	<u>19,304</u>	<u>19,236</u>
Bank balances and deposits pledged	(3,900)	(3,500)
Cash and cash equivalents per consolidated statement of cash flows	<u>15,404</u>	<u>15,736</u>

The accompanying notes form an integral part of these condensed interim financial statements.



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E. Notes to the condensed interim consolidated financial statements

1. General Information

Nippecraft Limited (the “**Company**”) is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of the Company’s registered office and principal place of business is 2 Venture Drive #24-01 Vision Exchange, Singapore 608526.

APP Printing (Holding) Pte Ltd (“**APP Printing**”), a company incorporated in Singapore, holds 49% (2022: 49%) of the share capital of the Company and is deemed to be the controlling shareholder of the Company. APP Printing is a wholly-owned subsidiary of PT Andalan Prapanca Pertiwi (“**PT APP**”), and Asia Pulp & Paper Company Ltd (“**APP**”) owns 92.45% (2022: 92.45%) of the shares in PT APP. APP Golden Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, currently controls approximately 66.33% (2022: 66.33%) of the voting power of APP and is considered as the ultimate holding company.

The condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Group and the Company are those relating to the design, manufacture, distribution and trading of paper, personal and business organising tools, as well as general trading of pulp, chemical, and recycled waste and other products.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2a.

The condensed interim financial statements are presented in United States dollars (“**US\$**”) which is the Company’s functional currency.



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a. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

b. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the Group's accounting policies and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

c. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

3. Segment and revenue information

The Group operates in two business segments:

- **Stationery business**
The main activities are design, development, sales and marketing of planners/ diaries, business accessories and related stationery products.
- **Trading business**
The main activities are trading and strategic sourcing of recycled waste, chemicals, papers, paper bags, pulp and other related materials.

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer ("CEO") who is responsible for allocating resources and assessing performance of the operating segments.



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4. Reportable segments

Group	Stationery	Trading	Total
1-Jan-23 to 30-Jun-23	US\$'000	US\$'000	US\$'000
Segment revenue	10,328	44,126	54,454
Intra-Segment revenue	(6,393)	-	(6,393)
External revenue	3,935	44,126	48,061
Segment loss	(49)	(5)	(54)
Finance income			28
Finance expense			(36)
Loss before tax			(62)
Tax credit			2
Consolidated loss for the financial period			(60)
Segment assets	20,630	30,334	50,964
Segment liabilities	6,530	14,021	20,551
Other segment information:			
Capital expenditure	59	-	59
Depreciation	278	21	299
Gain on disposal of Asset held-for-sale	1,129	-	1,129
Write-down of inventories	118	-	118
Impairment loss on financial assets	4	-	4
Group	Stationery	Trading	Total
1-Jan-22 to 30-Jun-22	US\$'000	US\$'000	US\$'000
Segment revenue	9,603	51,061	60,664
Intra-Segment revenue	(5,478)	-	(5,478)
External revenue	4,125	51,061	55,186
Segment loss	(1,133)	334	(799)
Finance income			10
Finance expense			(185)
Loss before tax			(974)
Tax expense			(34)
Consolidated loss for the financial period			(1,008)
Segment assets	22,554	30,142	52,696
Segment liabilities	8,048	15,357	23,405
Other segment information:			
Capital expenditure	36	-	36
Depreciation	262	1	263
Write-down of inventories	172	-	172
Impairment loss on financial assets	3	-	3



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5. Disaggregation of Revenue

The Group derives revenue from the transfer of goods at a point in time and disaggregation by type of products and geographical location based on location of customers. Revenue is recognised when the control of goods has been transferred based on shipping terms.

	Group	
	Half year ended	
	30-Jun-23	30-Jun-22
	US\$'000	US\$'000
Sale of goods		
- Stationery products	3,935	4,125
- Pulp and related trading products	44,126	51,061
	48,061	55,186

Geographical markets		
- Hong Kong	31,613	20,293
- Malaysia	12,301	12,206
- United Kingdom	1,969	2,056
- Australia	1,536	1,706
- Singapore	251	803
- Continental Europe	97	121
- Indonesia	59	17,856
- United States of America	37	3
- Others	198	142
	48,061	55,186

	Group	
	As at	
	30-Jun-23	31-Dec-22
	US\$'000	US\$'000
Non-current assets		
Singapore	3,087	2,847
United Kingdom	158	206
Australia	125	160
	3,370	3,213



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6. Other Income, net

	Group	
	Half year ended	
	30-Jun-23	30-Jun-22
	US\$'000	US\$'000
	Note	
Other income		
Rental income	211	289
Government grant income	8	6
Foreign exchange gain	13	-
Gain on disposal of Asset held-for-sale	1,129	-
	<u>1,361</u>	<u>295</u>
Other expenses		
Foreign exchange loss	-	20
Restructuring expenses	71	-
	<u>71</u>	<u>20</u>
Other income, net	<u>1,290</u>	<u>275</u>



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7. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	<u>Group</u>		<u>Company</u>	
	As at		As at	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Financial assets at fair value through other comprehensive income (FVOCI)	-	-	-	-
Cash and bank balances and trade and other receivables (Amortised cost)	39,233	54,616	8,422	5,507
	39,233	54,616	8,422	5,507
Financial liabilities				
Trade and other payables and borrowings (Amortised cost)	20,529	33,527	3,878	3,809

8. Loss before tax

a) Significant items

	<u>Group</u>	
	Half year ended	
	30-Jun-23	30-Jun-22
	US\$'000	US\$'000
Depreciation of property, plant and equipment	299	263
Write-down of inventories	118	172
Property, plant and equipment written-off	9	-
Gain on disposal of Asset held-for-sale	(1,129)	-
Foreign exchange (gain)/ loss, net	(13)	20
Restructuring expenses	71	-
	28	10
Interest income	28	10
Interest expense	(36)	(185)
Finance expense, net	(8)	(175)

b) Related party transactions

There were no material related party transactions apart from those disclosed under the section titled "Interested person transactions" in the financial statements or in the information required by SGX Catalist Listing Rules Appendix 7C.



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9. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Half year ended	
	30-Jun-23	30-Jun-22
	US\$'000	US\$'000
Current income tax expense	-	34
Deferred income tax credit relating to origination and reversal of temporary differences	(2)	-

10. Loss per share

Loss per share for the period attributed to the owners of the Company during the period:

	Group	
	Half year ended	
	30-Jun-23	30-Jun-22
Loss per share based on average number of shares (US cents)	(0.017)	(0.287)

	Group	
	As at	
	30-Jun-23	30-Jun-22
	('000)	('000)
Total number of shares	351,398	351,398
Weighted average number of shares	351,398	351,398

There were no potentially dilutive shares issued during the period reported on.

11. Dividends

No dividend has been declared or recommended for 1H2023 (1H2022: nil) in view of the negative earnings.



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12. Net asset value

	<u>Group</u>		<u>Company</u>	
	As at		As at	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
Net asset value per share (US cents)	<u>8.65</u>	<u>8.58</u>	<u>6.96</u>	<u>6.44</u>
Number of issued shares less treasury shares ('000)	<u>351,398</u>	<u>351,398</u>	<u>351,398</u>	<u>351,398</u>

13. Financial assets at fair value through other comprehensive income

Not applicable.

14. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to US\$59,000 (31 December 2022: US\$129,000) and disposed-off assets amounting to US\$9,000 (31 December 2022: US\$nil).

15. Intangible assets

	<u>Group</u>	
	As at	
	30-Jun-23	31-Dec-22
	US\$'000	US\$'000
Cost		
As at 1 January 2023 and 1 January 2022	11,926	13,339
Currency translation differences	702	(1,413)
As at 30 June 2023 and 31 December 2022 respectively	<u>12,628</u>	<u>11,926</u>
Accumulated amortisation and impairment losses		
As at 1 January 2023 and 1 January 2022	11,926	13,339
Currency translation differences	702	(1,413)
As at 30 June 2023 and 31 December 2022 respectively	<u>12,628</u>	<u>11,926</u>
Net carrying amount		
As at 30 June 2023 and 31 December 2022 respectively	<u>-</u>	<u>-</u>

Note:

Intangible assets were trademarks acquired by a subsidiary, Collins Debdon Limited in the United Kingdom in 1995 and had a deemed useful life of 20 years.

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16. Investment properties

Not applicable.

17. Borrowings

	Group and Company			
	As at 30-Jun-23		As at 31-Dec-22	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-
Total	-	-	-	-

Details of any collateral

Not applicable.

18. Share capital

	Group and Company			
	30-Jun-23		31-Dec-22	
	Number of ordinary shares ('000)	US\$'000	Number of ordinary shares ('000)	US\$'000
Issued and fully paid ordinary shares				
At beginning and end of financial period	351,398	36,817	351,398	36,817

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share at the general meeting of the Company. There is no par value for these ordinary shares.

There was no change in the Company's issued and paid-up share capital from 1 January 2023 to 30 June 2023. There were no outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2023 and 30 June 2022.

There were no sales, transfers, cancellation and/or use of treasury shares during the current financial period reported on.



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19. Acquisition of subsidiary

Not applicable.

20. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



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F. Other information required by SGX Catalyst Listing Rules Appendix 7C

1. Review

The condensed consolidated statement of financial position of Nippecraft Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

A) Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue

	Group			Variance
	Half year ended			
	30-Jun-23	30-Jun-22		
	US\$'000	US\$'000	US\$'000	
Stationery business	3,935	4,125	(190)	-5%
Trading business	44,126	51,061	(6,935)	-14%
	48,061	55,186	(7,125)	-13%

The Group recorded revenue of US\$48.1 million for the half year ended 30 June 2023 ("1H2023") as compared to US\$55.2 million in the previous corresponding half year ended 30 June 2022 ("1H2022"). The decrease in revenue of US\$7.1 million or 13% was mainly attributed to the decline in both the trading business and stationery business.

Stationery business revenue decreased by US\$0.2 million or 5%, which is mainly due to the foreign exchange translation losses of US\$0.2 million as a result of the currency translation of sales made in Australia and UK into USD. Assuming constant currency exchange rates as 1H2022, stationery revenue for 1H2023 would have remained largely the same.

Trading business revenue decreased by US\$6.9 million or 14% to US\$44.1 million mainly due to the decrease in sales to a mandated interested person partially offset by the increase in sales to third parties (Please refer to paragraph F6).

The decrease in revenue from customers in Indonesia and Singapore as a result of strong market competition was partially offset by the increase in revenue from customers in Hong Kong and Malaysia.



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Gross profit

	Half year ended		Half year ended		Variance
	30-Jun-23		30-Jun-22		
	US\$'000	Margin	US\$'000	Margin	US\$'000
Stationery business	2,074	52.7%	2,061	50.0%	13
Trading business	458	1.0%	785	1.5%	(327)
	2,532	5.3%	2,846	5.2%	(314)

Gross profit for 1H2023 decreased by US\$0.3m to US\$2.5 million as compared to 1H2022.

Overall gross profit margin for 1H2023 increased by 0.1 percentage point mainly due to the change in gross profit contributions by the stationery and trading business. Gross profit margin for the stationery business increased by 2.7 percentage point to 52.7% mainly driven by sales mix and decrease in write-down of inventories. Gross profit margin for trading business decreased marginally by 0.5 percentage point to 1.0% were mainly due to the absence of one-off discounted pulp prices offered by the vendors and the absence of higher margin sales from a mandated interested person.

In 1H2023, the trading business contributed to approximately 18% of the gross profit, compared to 28% in 1H2022.

Distribution and marketing and Administrative expenses

	Group			Variance
	Half year ended		US\$'000	
	30-Jun-23	30-Jun-22		
	US\$'000	US\$'000	US\$'000	
Distribution and marketing expenses	2,034	2,114	(80)	-4%
Administrative expenses	1,838	1,803	35	2%
Total operating expenses	3,872	3,917	(45)	-1%

Distribution and marketing expenses incurred in 1H2023 decreased by US\$0.1 million or 4% as compared to 1H2022. This was mainly due to decrease in freight, personnel expenses and advertising expenses which were partially offset by the increase in storage expenses.

Administrative expenses remained flat at US\$1.8 million.



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Other income, net

Other income in 1H2023 increased by US\$1.0 million as compared to 1H2022. The increase was mainly attributable to gain on disposal of Asset held-for sale relating to the disposal of 9 Fan Yoong Road that was completed on 8 March 2023 and the increase in foreign exchange gains. The increase was offset by the restructuring expenses in 1H2023 and decrease in rental income.

Finance expense, net

Finance expense decreased by US\$0.2 million or 95% in 1H2023 compared to 1H2022 mainly due to lower interest expense incurred in financing the trading business.

Tax credit/(expense)

Tax credit in 1H2023 was due to deferred tax recognized on leases. No tax provision was required due to transfer of tax losses within the Group.

Net loss for the period

As a result of the above, the Group's net loss after tax decreased by US\$0.9 million or 94% to US\$0.1 million in 1H2023 as compared to a net loss of US\$1.0 million recorded in 1H2022.

B) Condensed Statements of Financial Position

Group

Non-current assets

Property, plant and equipment increased by US\$0.2 million due to addition of right-of-use assets partially offset by the depreciation incurred in 1H2023.

Current assets

Inventories increased by US\$4.0 million mainly due to inventories build-up in both UK and Australia in anticipation of sales in the coming months.

Trade and other receivables decreased by US\$18.5 million mainly due to subsequent receipts from customers in 1H2023 from the ordinary course of business.

Asset held for sale amounting to US\$1.0 million related to the proposed sale of property located at 9 Fan Yoong Road. The sale of the property was completed on 8 March 2023.

Cash and bank balances increased by US\$2.4 million to US\$19.3 million as at 30 June 2023.

Current liabilities

Trade and other payables decreased by US\$13.1 million mainly due to subsequent payments in 1H2023 attributed to the trading business in the ordinary course of business.



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Current lease liabilities increased US\$0.1 million due to new leases committed in 1H2023 partially offset by contractual payment made in 1H2023.

Non-current liabilities

Long-term lease liabilities decreased by US\$0.1 million due to new leases committed in 1H2023 partially offset by contractual payment made in 1H2023.

C) Condensed Consolidated Statement of Cash Flows

Net cash generated from operating activities in 1H2023 amounted to US\$0.6 million. The operating loss before working capital changes was US\$0.8 million. The operating activities' net cash inflows during 1H2023 were due to cash inflows of US\$18.5 million from trade and other receivables that were partially offset by increase in inventories of US\$3.9 million and decrease in trade and other payables of US\$13.2 million.

Net cash generated from investing activities of US\$2.1 million were mainly due to proceeds from disposal for Asset held-for-sale and interest income received which were partially offset against the capital expenditure on acquisition of property, plant and equipment.

Net cash used in financing activities of US\$0.4 million was due to payment of lease liabilities including interest.

As a result of the above, cash and cash equivalents increased by US\$2.2 million in 1H2023. Together with the positive effect of exchange rate changes, the cash and cash equivalents stood at US\$15.4 million as at 30 June 2023.

3. 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 prospect statement had been previously disclosed to the shareholders for 1H2023.

4. 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 operating period and the next 12 months

The continuation of interest rate hikes, high inflation and the conflict in Europe are expected to negate the effects of a small economic recovery and reduce the demand for our products in our key markets. Moving forward, the Group expects to operate in a highly competitive environment for both of its business segments. Stationery business is likely to be impacted by the higher inflation-driven costs in raw materials, manpower and local logistics costs. Given the rising interest rates, the trading business expects its topline and gross profit margin to be impacted.

The Group will calibrate its business strategy in adapting to the shift in demand by optimizing the performance of its key business units. The Group will continue to be proactive and agile in strengthening the financial position, preserve cash, optimise cash flow, improve liquidity and reduce operating cost.



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5. Dividend information

(a) Current Financial Period Reported On

Any dividend declared for the current financial period report on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.



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6. Interested person transactions

The Group has renewed its general mandate for Interested Person Transactions (“IPT”) at the recently concluded annual general meeting held on 24 April 2023. The IPTs for 1H2023 were as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)	
		Half year ended 30-Jun-23 US\$'000	Half year ended 30-Jun-22 US\$'000	Half year ended 30-Jun-23 US\$'000	Half year ended 30-Jun-22 US\$'000
<u>Sales</u>					
PT Paramitra Gunakarya Cemerlang	APP Printing (Holding) Pte Ltd, an entity under the APP Group, holds 49% of the Company's shares and is deemed to be the controlling shareholder of the Company. Entities under the APP Group (which comprises Asia Pulp & Paper Company Ltd, its subsidiaries and associated companies).	-	-	-	17,819
APP China Trading Limited		-	-	-	124
Total IPTs		-	-	-	17,943

7. Confirmation pursuant to Rule 705(5) of the Catalist Rules.

To the best of their knowledge, nothing has come to the attention of the Directors of the Company which may render the unaudited half year results for the period ended 30 June 2023 to be false or misleading in any material aspects.



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

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

BY ORDER OF THE BOARD

Raja Hayat
Executive Director and
Chief Executive Officer
8 August 2023