INTERNATIONAL PRESS SOFTCOM LIMITED

ANNUAL REPORT

THIS ANNUAL REPORT HAS BEEN PREPARED BY THE COMPANY AND ITS CONTENTS HAVE BEEN REVIEWED BY THE COMPANY'S SPONSOR, PRIMEPARTNERS CORPORATE FINANCE PTE. LTD. (THE "SPONSOR") FOR COMPLIANCE WITH THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") LISTING MANUAL SECTION B: RULES OF CATALIST. THE SPONSOR HAS NOT VERIFIED THE CONTENTS OF THIS ANNUAL REPORT.

THIS ANNUAL REPORT HAS NOT BEEN EXAMINED OR APPROVED BY THE SGX-ST. THE SPONSOR AND THE SGX-ST ASSUME NO RESPONSIBILITY FOR THE CONTENTS OF THIS ANNUAL REPORT, INCLUDING THE ACCURACY, COMPLETENESS OR CORRECTNESS OF ANY OF THE INFORMATION, STATEMENTS OR OPINIONS MADE OR REPORTS CONTAINED IN THIS ANNUAL REPORT.

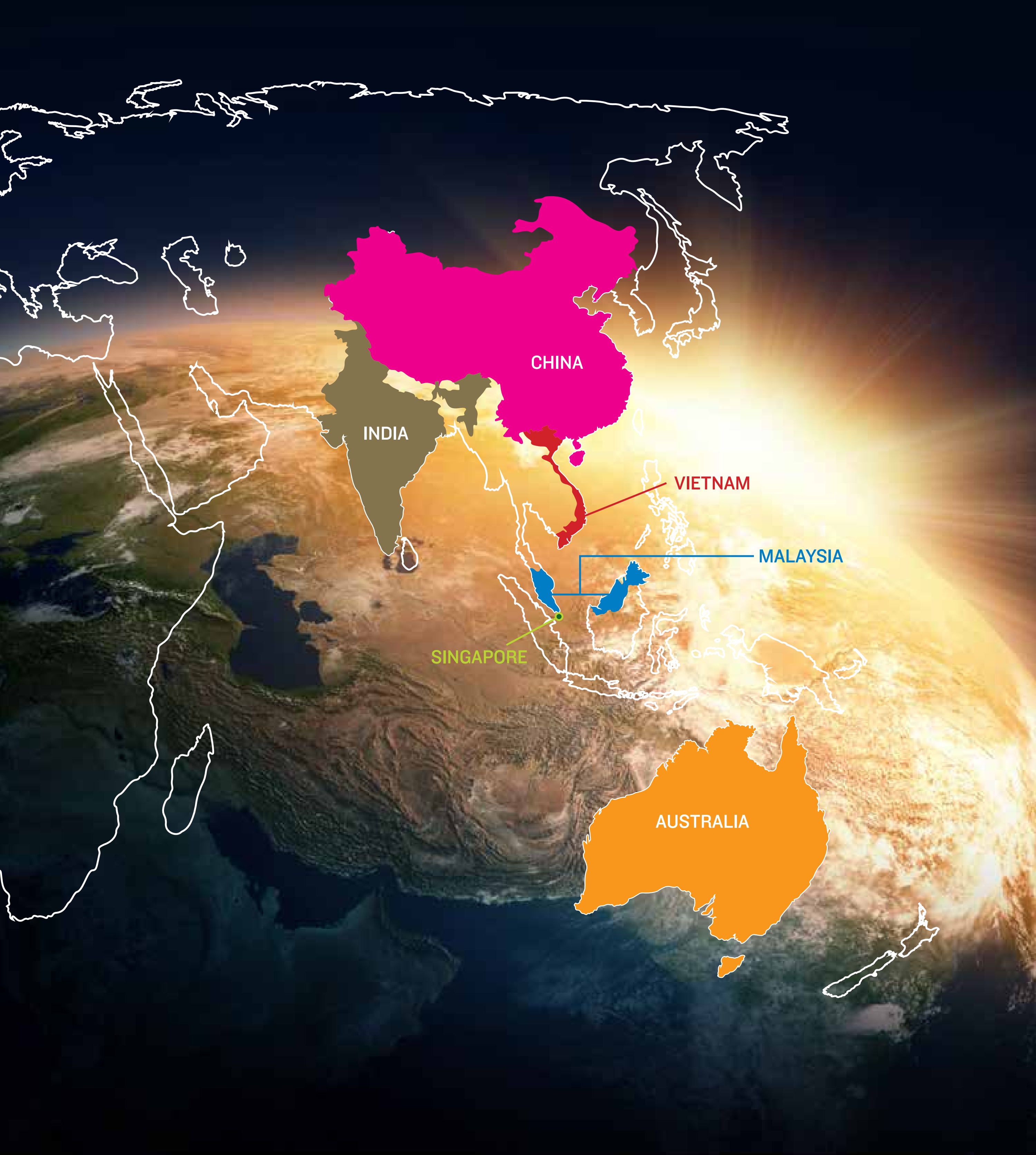
THE CONTACT PERSON FOR THE SPONSOR IS MS KENG YENG PHENG, ASSOCIATE DIRECTOR, CONTINUING SPONSORSHIP, AT 16 COLLYER QUAY, #10-00 INCOME AT RAFFLES, SINGAPORE 049318, TELEPHONE (65) 6229 8088.

CONTENTS

OUR MISSION

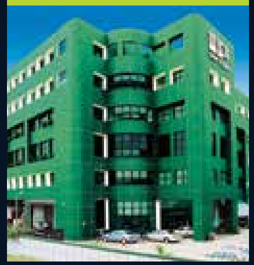
TO BE THE LEADING GLOBAL TECHNOLOGY-BASED PROVIDER OF VALUE CHAIN SERVICES, PRINT AND MEDIA PRODUCTS FOR OUR CUSTOMERS.

REGIONAL PRESENCE



OUR GROUP

1



International Press Softcom Limited (HQ)

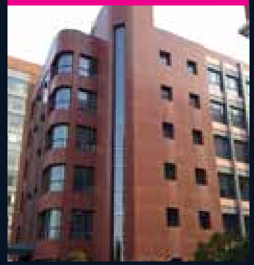
2

IP Softcom (Malaysia) Sdn. Bhd

3

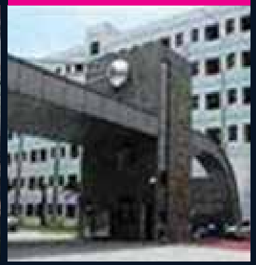
IP Softcom (Xiamen) Co., Ltd / IP Media (Xiamen) Co., Ltd

4



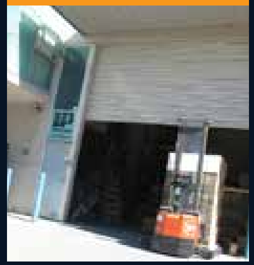
IP Softcom (Shanghai) Co., Ltd / IPS Trading (Shanghai) Co., Ltd

5



IP Softcom (Shenzhen) Co., Ltd

6



IP Softcom (Australia) Pty Ltd

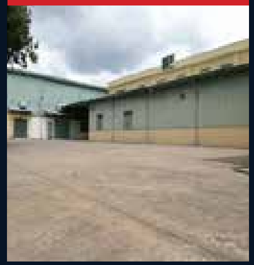
7

IP Softcom (India) Pvt Ltd

8

Scantrans (India) Pvt Ltd

9



International Press Softcom (Vietnam) Co., Ltd

List of all subsidiaries

- IP Softcom (Malaysia) Sdn. Bhd
- IP Softcom (Xiamen) Co., Ltd / IP Media (Xiamen) Co., Ltd
- IP Softcom (Shanghai) Co., Ltd / IPS Trading (Shanghai) Co., Ltd
- IP Softcom (Shenzhen) Co., Ltd
- IP Softcom (Australia) Pty Ltd
- IP Softcom (India) Pvt Ltd
- Scantrans (India) Pvt Ltd
- International Press Softcom (Vietnam) Co., Ltd
- IP Ventures Pte Ltd
- InPac Ventures Pte Ltd
- Greenfield Ventures (M) Sdn. Bhd
- Avantouch Systems Pte Ltd

CHAIRMAN'S STATEMENT

"Our overall turnover achieved a 7.8% year-on-year growth to S$50.6 million in FY2014."

Dear Shareholders

TAKING THE INITIATIVE TO DRIVE CHANGES

Against a competitive industry landscape, we are pleased to share that our core business in software contract manufacturing, which contributed 94.6% of the Group's revenue continued to grow due to increased demand. While we continue to face challenges in the various countries that we currently operate in, we strive to guide the Group towards the right business direction through our proactive restructuring efforts.

Following a careful and detailed assessment of the demanding market conditions, we adopted the initiative to scale down operations of our partially owned subsidiary, Avantouch Systems Pte. Ltd. ("Avantouch") in October 2014. Despite various measures implemented to grow the electronic marketing business segment, Avantouch remained unprofitable and the decision for cessation of operations was made after much due diligence. All operations of Avantouch were ceased by end of the full year ended 31 December 2014 ("FY2014").

While the cessation of Avantouch's operations did not affect our top-line performance, we incurred a S$8.4 million loss in the process primarily due to one-off expenses of S$5.0 million and a goodwill impairment of S$0.6 million. This translated to an overall net loss after tax of S$10.5 million for the Group in FY2014.

GEOGRAPHICAL PERFORMANCE

Our overall turnover achieved a 7.8% year-on-year ("yoy") growth to S$50.6 million in FY2014 due to:

- Turnover from our Singapore operations grew 8.8% yoy to S$15.2 million attributed mainly to an increase in sales to a major customer serving the China market.
- Turnover from our India operations grew 32.1% yoy to S$12.1 million driven by new and increased orders from existing customers.
- Turnover from our Australia operations increased 19.6% yoy to S$3.5 million due to a growth in new and current orders from customers.
- Turnover from our Vietnam operations increased 66.6% yoy to S$2.6 million due to acquisition of new customers.

The above increases were offset by the following:

- Turnover from our Malaysia operations decreased 10.4% yoy to S$4.0 million as a result of challenging economic conditions.
- Turnover from our China operations decreased 11.4% yoy to S$13.1 million due to a weakening in demand for print and media products and cessation of Avantouch's operations.

OUTLOOK

Despite the uncertainties in macroeconomic conditions, we are positive about our growth prospects in Australia, Vietnam and India. While the Group remained in a net loss position as at the end of FY2014, we have identified the issue and proactively adopted measures to address the situation with the cessation of Avantouch's loss-making operations.

Supported by our healthy balance sheet with a cash balance of S$7.3 million, we continue to exercise prudence in our cost and cash flow management to mitigate any business uncertainties.

APPRECIATION

As we move on to 2015, I will like to take this opportunity to express my most sincere appreciation to all shareholders for your continued support in us.

On behalf of the Board of Directors, I would also like to thank all our business partners, management and staff for their commitment and dedication. We look forward to your continued support as we work towards improving our financial performance.

LOW SONG TAKE
Chairman

BOARD OF DIRECTORS

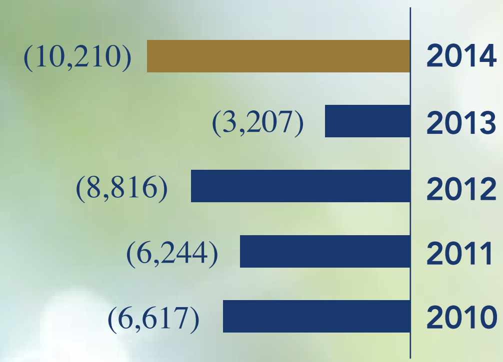
1. Mr Woo Khai Chong
   Vice Chairman
2. Mr Woo Khai San
   Executive Director
3. Mr Tiong Choon Hieng Steven
   Independent Director
4. Mr Low Song Take
   Chairman
5. Mr Neo Gim Kiong
   Lead Independent Director
6. Mr Low Ka Choon Kevin
   Managing Director /CEO
7. Mr Loh Yih
   Independent Director

CORPORATE CULTURE

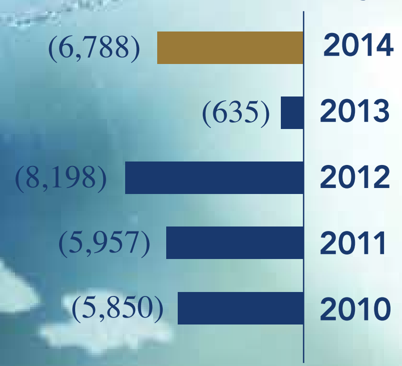
FINANCIAL HIGHLIGHTS

Turnover (S$'000)

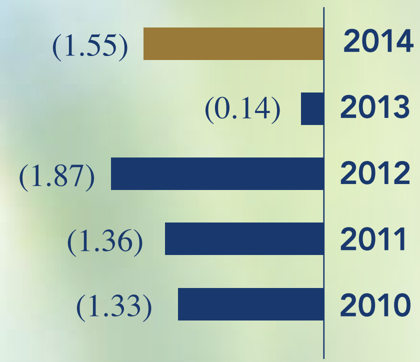
Loss Before Tax (S$'000)



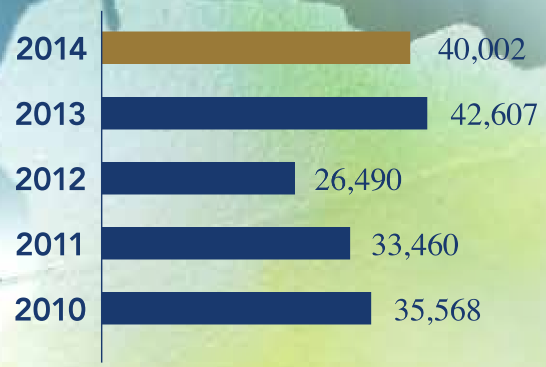
Loss Attributable to Owners of the Company (S$'000)



Loss Per Share (cents)



Fixed Assets (S$'000)



CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of International Press Softcom Limited (the "Company") recognises the importance of corporate governance in ensuring greater transparency, protecting the interests of its shareholders as well as strengthening investors' confidence in its management and financial reporting and is, accordingly, committed to maintaining a high standard of corporate governance within the Group.

This report outlines the Company's corporate governance practices which were in place throughout the financial year ended 31 December 2014 ("FY2014") with specific reference to the principles and guidelines as set out in the Code of Corporate Governance 2012 (the "Code") which was issued by the Monetary Authority of Singapore on 2 May 2012.

In line with the commitment of the Company to maintaining high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code.

The Board is pleased to report compliance of the Company with the Code and the Listing Manual Section B : Rules of Catalist of the Singapore Exchange Securities Limited (the "SGX-ST") (the "Catalist Rules") where applicable except where otherwise stated. Appropriate explanations have been provided in the relevant sections where there are deviations from the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board of Directors ("Board") holds meetings on a regular basis throughout the year to approve the Group's key strategic plans as well as major investments, disposals and funding decisions. The Board is also responsible for the overall corporate governance of the Group.

The Board has 7 members and comprises the following:

Name of Director	Designation
Mr Low Song Take	Chairman
Mr Woo Khai Chong	Vice Chairman
Mr Low Ka Choon Kevin	Managing Director / Chief Executive Officer ("CEO")
Mr Woo Khai San	Executive Director
Mr Loh Yih	Independent Director
Mr Tiong Choon Hieng Steven	Independent Director
Mr Neo Gim Kiong	Lead Independent Director

The Board conducts regular scheduled meetings and three (3) meetings were held in FY2014. Where circumstances require, ad-hoc meetings are arranged. Board meetings are conducted in Singapore and the Directors' attendance is regular. The Company's Articles of Association allow the Board to convene meetings through teleconferencing, video conferencing or similar communication equipment whereby all persons participating in the meeting are able to hear one another.

CORPORATE GOVERNANCE STATEMENT (cont'd)

The Board's Conduct of its Affairs (cont'd)

The Board has delegated specific responsibilities to various Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These Board Committees operate under clearly defined roles and responsibilities as set out in their respective terms of reference. They have the authority to deal with particular issues and report to the Board with their respective recommendations, if any.

The Board has identified, without limitation, the following matters that require Board approval:

- Major corporate policies on key areas of operation;
- Major funding proposals or bank borrowings;
- Corporate or financial restructuring and share issuances;
- Mergers and acquisitions;
- Material acquisitions and disposals;
- Declaration of dividends and other returns to shareholders of the Company;
- Approval of transactions involving interested person transactions; and
- Appointments of new Directors.

During FY2014, the attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings, is as follows:-

Attendance at Meetings

	Board	AC	NC	RC
Number of scheduled meetings held	**3**	**2**	**1**	**1**
Directors	**Number of meetings attended**			
Low Song Take	3	N/A	1	N/A
Low Ka Choon Kevin	3	N/A	N/A	N/A
Woo Khai Chong	3	N/A	N/A	N/A
Woo Khai San	3	N/A	1	N/A
Cheong Poh Kin(1)	1	1	1	0
Loh Yih	3	2	1	1
Tiong Choon Hieng Steven	3	2	1	1
Neo Gim Kiong(2)	1	1	0	0

Notes:
(1) Mr Cheong Poh Kin resigned as Independent Director with effect from 30 April 2014.
(2) Mr Neo Gim Kiong was appointed as Independent Director with effect from 30 May 2014.

All Directors are updated regularly on changes in Company's policies and provided continuing briefings from time to time and are kept updated on relevant new laws and regulations including directors' duties and responsibilities, corporate governance and financial reporting standards. Newly appointed Directors will be given briefings by the Management on the business activities of the Group and directors' duties and responsibilities via an orientation program.

The Directors also attend trainings, conferences and seminars which may have a bearing on their duties and contributions to the Board, organised by the professional bodies, regulatory institutions and corporations at the Company's expense, to keep themselves updated on the latest developments concerning the Group and to keep abreast of the latest regulatory changes.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises four (4) Executive Directors and three (3) Independent Directors. Key information regarding the Directors can be found under the "Corporate Information on Directors and Key Management Personnel" section of this annual report. The independence of each Director is reviewed annually by the NC. The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code. The NC is of the view that the Board, with Independent Non-Executive Directors making up at least one-third of the Board, has adequate objectivity in exercising judgement on corporate affairs independently from the Management, thus eliminating the risk of a particular group dominating the decision-making process.

Each year, the NC reviews the size and composition of the Board and Board Committees. The Board is of the view that the current board size of seven Directors is sufficient for effective decision-making, taking into account the nature and scope of the Company's operations.

The Board considers that its composition of Independent Non-Executive Directors provides the Board with a mix of knowledge, business network and extensive business and commercial experience. This balance is important in ensuring that the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Company. The Board does not currently have a female director, however, it will not discriminate any consideration on the nomination of a suitable female candidate as a director, as and when there is a need to appoint a new director to the Board.

Mr Tiong Choon Hieng Steven has served as the Independent Director of the Company for more than nine (9) years from his date of first appointment to the Board.

At the annual assessment carried out by the NC and with the concurrence of the Board, it was concluded that the contributions of Mr Tiong Choon Hieng Steven towards the Board remain objective and independent in expressing his view and in participating in the deliberations and decision making of the Board and Board Committees. The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. In particular, Mr Tiong Choon Hieng Steven, the Group has benefited greatly from his long service in terms of his detailed knowledge of the Group's businesses and he has proven his commitment, experience and competence to effectively provide core competencies and independent advice to the Group and to oversee the Management.

Mr Tiong Choon Hieng Steven had abstained from deliberating on the matter relating to his assessment.

To-date, none of the Independent Directors has been appointed as a director of any of the Company's principal subsidiaries outside of Singapore. The Board and the Management are of the view that the current board structures in the Company's principal subsidiaries outside of Singapore are already well organised and constituted. The Board will make the required disclosures if there is any appointment of the Independent Director to the boards of the Company's principal subsidiaries outside of Singapore.

To facilitate a more effective check on Management, the Independent Directors meet regularly without the presence of the Management.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Chairman and Managing Director/Chief Executive Officer ("CEO")

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executive responsibility for managing the Company's business. No one individual should represent a considerable concentration of power.

The roles of the Chairman and Managing Director / CEO are separate and their responsibilities are clearly defined to ensure a balance of power and authority within the Company.

The Chairman of the Board (the "Chairman") is Mr Low Song Take. His role is to approve agendas for Board meetings and exercise control over the quality, quantity and timeliness of the flow of information between Management and the Board. He also ensures effective communication with shareholders of the Company. He chairs Board meetings and monitors the translation of the Board's decisions to the Management. He promotes high standards of corporate governance.

The Managing Director / CEO, Mr Low Ka Choon Kevin, is the son of the Chairman. He has full executive responsibilities of the overall business and operational decisions of the Group. The Managing Director / CEO's performance and appointment to the Board and his remuneration package are reviewed annually by the RC.

In view that the Chairman and the Managing Director / CEO are immediate family members, and the Chairman is part of the management team, Mr Neo Gim Kiong had been appointed as the Lead Independent Director of the Company with effect from 17 October 2014. He will make himself available to shareholders at the Company's general meetings and to whom concerns may be conveyed to as and when the need arises.

The Independent Directors meet periodically without the presence of the other Directors and thereafter, provide feedback to the Chairman after such meetings.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Company believes that Board renewal must be an ongoing process, to ensure good governance and to maintain relevance to the business and changing needs of the Company. The Company's Articles of Association require at least one-third of Directors (excluding the Managing Director / CEO) to retire and subject themselves to re-election by shareholders at each annual general meeting ("AGM"). In other words, no Director (except for the Managing Director / CEO) shall stay in office for more than three consecutive years without being re-elected by shareholders.

Mr Tiong Choon Hieng Steven, an Independent Director, is the Chairman of the NC. The NC comprises three (3) Independent Directors, Mr Tiong Choon Hieng Steven, Mr Loh Yih and Mr Neo Gim Kiong and two (2) Executive Directors, Mr Low Song Take and Mr Woo Khai San.

The responsibilities of the NC are to (i) re-nominate the Directors having regard to the Directors' contribution and performance, (ii) determine annually whether or not a Director is independent, (iii) assess whether a Director is able to and has been adequately carrying out his duties as a Director of the Company and (iv) review the Board's structure, size, composition including the review of Board succession plans for Directors, in particular the Chairman and the Managing Director / CEO and make recommendations to the Board with regards to any adjustments that are deemed necessary. The NC also reviews the training and professional development programs for the Board from time to time.

Board Membership (cont'd)

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors. When an existing director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for appointment as a Director.

During FY2014, the NC met once, evaluating the Board's performance and contribution of each Board member as well as discussing the re-appointment of Directors who are subject to retirement at the forthcoming AGM. In addition, the NC reviewed the independence of the Independent Directors and is satisfied that there are no relationships which would jeopardize their independence as the Independent Directors.

The NC has nominated and recommended, and the Board has agreed that Mr Low Song Take who retire pursuant to Section 153(6) of the Companies Act, Cap 50, and Mr Loh Yih and Mr Neo Gim Kiong who retire pursuant to Article 107 and Article 117 of the Company's Articles of Association, respectively and all of them, being eligible for re-election, be re-elected as Directors at the forthcoming AGM.

Mr Low Song Take is deemed to have an interest in the shares held by Ze Hua Holdings Pte. Ltd. in International Press Holdings Pte. Ltd., the holding company of the Company. Mr Low Song Take is the father of Mr Low Ka Choon Kevin, the Managing Director / CEO of the Company. Save as disclosed herein, Mr Low Song Take does not have any relationships including immediate family relationships between himself and other Directors, the Company and its 10% shareholders.

As for Mr Loh Yih and Mr Neo Gim Kiong, there are no relationships including immediate family relationships between themselves and the other Directors, the Company and its 10% shareholders.

Key information of Mr Low Song Take, Mr Loh Yih and Mr Neo Gim Kiong can be found on page 26 of the annual report.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Board Membership (cont'd)

The NC is satisfied that all the Directors have devoted sufficient time and attention to the Company in carrying their fiduciary duties. The key information of the Directors are set out below:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Present Directorships in Listed Companies	Past 3 years Directorships in Listed Companies	Other Principal Commitments, if any
Low Song Take Chairman	30/08/1972	30/04/2014	–	–	–
Woo Khai Chong Vice Chairman	19/08/1991	26/04/2013	–	–	–
Woo Khai San Executive Director	23/06/1999	30/04/2014	–	–	–
Low Ka Choon Kevin Managing Director/CEO	23/06/1999	–	–	–	–
Loh Yih Independent Director	08/06/2012	–	(i) Ban Leong Technologies Limited (ii) Linair Technologies Limited	–	Managing partner of MGF Management Pte Ltd and Group Executive Chairman of Linair Technologies Limited
Neo Gim Kiong Lead Independent Director	30/05/2014	–	(i) Universal Resources and Services Limited (ii) Ban Leong Technologies Limited	–	Founding director of Bizmen Corporation and Dollar Tree Inc Pte. Ltd
Tiong Choon Hieng Steven Independent Director	18/12/2002	30/04/2014	–	–	–

The NC has taken cognizance of the Code with regard to the fixing of maximum number of board representations a Director may hold on other listed companies. The NC has, based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees, and their time commitment to the affairs of the Company, believes that it would not be necessary to put a maximum limit on the number of listed company board representations and other principal commitments of each Director. However, the NC would continue to review from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The NC will use its best efforts to ensure that all Directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made.

Board Performance (cont'd)

Subject to the Board's approval, the NC decides how the Board's performance is to be evaluated and proposes objective performance criteria. The NC has implemented a process for evaluating the effectiveness of the Board as a whole and the Board Committees and the contribution by each individual Director to the effectiveness of the Board and set objective performance criteria for such evaluation. A formal review of the Board's performance will be undertaken collectively and individually by the Board annually. The Board's performance will also be reviewed informally by the NC with inputs from the other Board members and the Managing Director /CEO. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director. Evaluations of individual Directors aim to assess whether that individual continues to contribute effectively and demonstrate commitment to the role (including Director's attendance at Board and Board Committees meetings, his contribution and performance at such meetings).

The NC is satisfied that each Director has contributed effectively and demonstrated commitment to their respective role (including commitment of time for the Board and Board Committee meetings, and any other duties). The Board as a whole has also met the performance evaluation criteria and objectives in FY2014.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to fulfill its responsibilities, the Management is required to provide adequate and timely information to the Board on affairs and issues that require the Board's decision as well as ongoing reports relating to the operational and financial performance of the Company and the Group.

The Board has separate and independent access to the senior Management and the Company Secretary at all times. Should Directors, whether as a group or individually, require independent professional advice, the Company Secretary will, upon direction by the Board, appoint a professional advisor selected by the group or the individual, and approved by the Managing Director /CEO, to render such advice. The cost of such professional advice will be borne by the Company.

The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed and applicable rules and regulations that are applicable to the Company are complied with. All Directors have separate and independent access to the advice and services of the Company Secretary. The appointment and the removal of the Company Secretary are subject to the Board's approval as a whole.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Level and Mix of Remuneration

Principle 8: The level of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration

Principle 9: Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The RC comprises three (3) Independent Directors, namely, Mr Loh Yih, Mr Neo Gim Kiong and Mr Tiong Choon Hieng Steven. Mr Loh Yih chairs the RC.

The RC reviews and recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration packages for the Chairman and the Managing Director / CEO. The recommendations of the RC are submitted for endorsement by the entire Board to provide a greater degree of objectivity and transparency in determining the remuneration. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. The RC also reviews the remuneration packages of employees who are related to the Directors and/or substantial shareholders.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Group, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Managing Director/CEO (together with other key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

All Directors receive directors' fees in accordance with their level of contribution and taking into account factors such as responsibilities, effort and time serving on the Board and Board Committees. The remuneration package of the Executive Directors and the key management personnel comprises a basic salary component and variable components which are the annual bonus and profit sharing, based on the performance of the Group as a whole and their individual performance. Service contracts for Executive Directors, are for a fixed appointment period and do not contain onerous removal clauses.

The remuneration package of the Executive Directors and key management personnel is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group. The Executive Directors and key management personnel have met the performance conditions in FY2014.

No remuneration consultants were engaged by the Company in FY2014. However, the RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and the performance of the individual Directors. No Director will be involved in deciding his own remuneration.

Disclosure on Remuneration (cont'd)

The Executive Directors have entered into service agreements with the Company. The service agreements cover the terms of employment, specifically salary and other benefits. The remuneration of Independent Directors is determined by his contribution to the Company, taking into account factors such as effort and time spent as well as his responsibilities on the Board. The Board will recommend the remuneration of the Independent Directors for approval at the AGM.

Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to Directors and/or substantial shareholders.

Directors' Remuneration

The Executive Directors' remuneration comprise mainly of their salary, allowances, bonuses and profit sharing awards conditional upon the achievement of certain profit before tax targets. The details of their remuneration package are given below.

The Independent Directors are paid directors' fees based on a basic retainer fees as Directors and additional fees for serving as members on the Board Committees and their roles in the committees. Directors' fees for the Directors are subject to the approval of the shareholders at the forthcoming AGM.

For competitive reasons, the Company does not disclose the annual remuneration of each individual Director for FY2014. Instead, the Company discloses the bands of remuneration as follows:-

	Directors' Fees*	Percentage of Variable Remuneration (consists of bonus, benefits in kinds & profit sharing award)	Percentage of Fixed Remuneration (consists of directors' fees, salary, allowance and contributions to central provident fund scheme)
S$250,001 to S$500,000			
Low Ka Choon Kevin[1]	35,000	24.2	75.8
S$250,000 and below			
Low Song Take	40,000	29.6	70.4
Woo Khai Chong	35,000	28.4	71.6
Woo Khai San	35,000	23.8	76.2
Cheong Poh Kin[2] (resigned on 30 April 2014)	13,334	35.5[#]	64.5
Loh Yih	40,000	-	100
Tiong Choon Hieng Steven	40,000	-	100
Neo Gim Kiong[3] (appointed on 30 May 2014)	23,333	-	100

** The remuneration in the form of directors' fees are subject to the approval of the shareholders at the forthcoming AGM.*

 # Token of appreciation to the Independent Director for his past years of services to the Company.

1 Mr Low Ka Choon Kevin is the son of Mr Low Song Take.

2 Mr Cheong Poh Kin retired as a Director on 30 April 2014 and his remuneration has been pro-rated accordingly to his date of resignation.

3 Mr Neo Gim Kiong was appointed as a Director on 30 May 2014 and his remuneration has been pro-rated accordingly to his date of appointment.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Remuneration of Key Management Personnel

Details of remuneration paid to key management personnel (who are not Directors or the Managing Director / CEO) of the Group for FY2014 are set out below. For competitive reasons, the Company discloses only the band of remuneration of each key management personnel as follows:-

	Percentage of Variable Remuneration (consists of bonus, benefits in kinds & profit sharing award)	Percentage of Fixed Remuneration (consists of directors' fees, salary, allowance and contributions to central provident fund scheme)
S$250,000 and below		
Teh Eng Chai	8.6	91.4
Srihari Raghavan	18.3	81.7
Chan Yee Liang	13.6	86.4
Ng Ching Beng Alvin	12.5	87.5

Notwithstanding Guidelines 9.3 of the Code, the Company is disclosing the remuneration of only four (4) key management personnel because the Company had only such a number of key management personnel (who were not also directors) during FY2014.

The annual aggregate remuneration paid to all the top 4 key management personnel in FY2014 was S$869,018.

For FY2014, there were no termination, retirement or post employment benefits granted to Directors and key management personnel other than the standard contractual notice period termination payment in lieu of service.

Details of remuneration paid to employees whose remuneration exceed S$50,000 in FY2014 and who are immediate family member of a Director or Managing Director / CEO:	Percentage of Variable Remuneration	Percentage of Fixed Remuneration
S$50,001 to S$100,000		
Leong Chee Mun	8.6	91.4

Mr Leong Chee Mun is the brother-in-law of Mr Low Song Take, the Chairman of the Company.

Save for the above disclosure, there was no other employee in the Group whose remuneration exceeded S$50,000 in FY2014 and who was immediate family member of the Director or Managing Director / CEO.

Share option scheme

The subsidiary of the Company, Avantouch Systems Pte Ltd, has implemented a share option scheme, Avantouch Share Option Scheme (the "**Scheme**") which was approved and adopted by the members at an Extraordinary General Meeting held on 30 December 2009. The Scheme is currently administered by Mr Low Ka Choon Kevin, the Managing Director/CEO of the Company and Mr Lee Kia Hwee, the founder and chief executive officer of the Avantouch Systems Pte Ltd, in accordance with the rules of the Scheme. The information on the Scheme is disclosed in the Directors' Report at pages 30 and 31 of this annual report.

Accountability and Audit

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board believes that it should promote best practices in order to build an excellent business for the shareholders as they are accountable to shareholders for the Company's and the Group's performance.

The Board is mindful of its obligations to provide timely and full disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released, after the review by the Board, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management and internal control system is an ongoing process designed to meet the Group's particular needs and to manage the risks associated with strategic, operations, financial and regulatory compliance.

The Board annually reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. The Board has received assurances from the Managing Director/CEO and the Group Financial Controller:-

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
(b) regarding the effectiveness of the Company's risk management and internal control systems.

The AC, on behalf of the Board, has reviewed the risk management and internal control systems put in place by the Management with the assistance of the external auditors and the AC is satisfied that the Company has risk management and internal control systems which are adequate and effective in meeting the needs of the Group in its current business environment. The Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls were adequate and effective in addressing financial, operational, compliance and information technology risks as at 31 December 2014.

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC is made up of three (3) Independent Directors, of which two (2) have the appropriate accounting experience or related financial management expertise. The Independent Directors are Mr Neo Gim Kiong, Mr Loh Yih and Mr Tiong Choon Hieng Steven. Mr Neo Gim Kiong chairs the AC.

The AC holds periodic meetings and performs primarily the following, where relevant, with the Executive Directors and external auditors of the Company:-

(a) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal control, including the financial, operational, compliance and information technology controls;

(b) review issues of accounting policies and presentation for external financial reporting;

(c) review the Company's external auditors' audit plans;

(d) review the external auditors' reports;

(e) review the co-operation given by the Company's Officers to the external auditors;

(f) review the scope, strategies and results of the internal audit function;

(g) review the half-year interim results and annual financial statements of the Company and the Group before their submission to the Board of Directors for approval;

(h) review the independence and objectivity of the external auditors annually;

(i) nominate external auditors for appointment and re-appointment;

(j) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules and such amendments made thereto from time to time; and

(k) review interested person transactions.

The AC is guided by the terms of reference which stipulate its principal functions. The AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues.

On a half-yearly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval.

The AC is kept abreast by the Management and external auditors of changes to accounting standards and by the Company Secretary and Sponsors on the Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

In addition to the above, the AC meets with the external auditors in the absence of the Management, at least once a year.

Audit Committee (cont'd)

The AC has the power to conduct or authorise investigations into any matters within its terms of reference. The AC also has full access to and the co-operation of the Management. The external auditors have unrestricted access to the AC. Minutes of the AC meetings are submitted to the Board for its review.

The AC has incorporated a whistle blowing policy into the Company's internal control procedures to provide a channel for staff and external parties to report in good faith and in confidence, without fear of reprisals, concerns about suspected fraud, corruption, dishonest practices or other similar matters. The objective of the policy is to ensure an independent investigation of such matters and for appropriate follow-up actions.

Details of the whistle-blowing policies and arrangements have been made available to all employees and external parties. Employees and external parties are provided access to different levels of channels in the Company for them to raise their concerns in confidence to the Managing Director/CEO, Chairman or the Chairman of the AC.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

There were no reported incidents pertaining to whistle-blowing in FY2014.

The AC has reviewed all non-audit services provided by the external auditor and is satisfied that the nature and extent of such services has not and will not prejudice the independence and objectivity of the external auditors.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration.

The aggregate amount of fees to be paid to the external auditors, Ernst & Young LLP, for FY2014 is S$100,780 which comprises of audit fees of S$84,500 and non-audit fees of S$16,280. The AC has recommended to the Board the re-appointment of Ernst & Young LLP, as external auditors of the Company at the forthcoming AGM.

The Company has appointed different auditors for its overseas subsidiaries and/or significant associated companies as well as one of its Singapore-incorporated subsidiaries, Avantouch Systems Pte Ltd. The Board and the AC have reviewed the appointment of different auditors for its subsidiaries and/or significant associated companies and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 712 and 716 of the Catalist Rules.

Internal Audit

Principle 13: The Company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

The Board supports the need of an internal audit function where its primary objective is to maintain a system of internal controls and processes to safeguard shareholders' investment and the Group's assets. The internal auditor team is expected to meet the standards set by nationally or internationally recognized professional bodied including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Internal Audit (cont'd)

During FY2014, the Company did not have in place an internal audit function as the Board is of the view that this is not necessary under current circumstances, considering the size and operation of the Group. However, the Board will look into the possibility of appointing a qualified professional to perform the Company's internal audit function as and when is appropriate. Such qualified professionals when engaged, will report directly to the Chairman of the AC on audit matter and to the Managing Director/CEO on administrative functions.

The AC is satisfied that the Company's existing internal control systems put in place by the Management with the assistance of the external auditors is adequate and effective in meeting the needs of the Group in its current business environment.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with Shareholders

Principle 15: Companies actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Conduct of Shareholder Meeting

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company recognises the importance of regular, timely and effective communication with the shareholders.

The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Catalist Rules and the Companies Act of Singapore, it is the Board's policy that all shareholders should be equally informed, on a timely basis, of all major developments that will or expect to have an impact on the Company or the Group.

As at the date of this report, the Company does not have a formal dividend policy in place. The Board has not declared or recommended dividend for FY2014 as the Company was not profitable in FY2014. As such, no dividend was paid for FY2014. However, the Board will review the possibility of declaring dividend from time to time subject to the profitability of the Company. In considering the payment of dividend, apart from the profitability of the Company, the Board will also take into account various factors including:

- The level of our available cash;
- The return on equity and retained earnings; and
- Our projected levels of capital expenditure including existing and future development and investment plans of the Group.

Conduct of Shareholder Meeting (cont'd)

Shareholders are encouraged to attend the AGM to stay informed of the Company's goals and strategies and to ensure a high level of accountability by the Management. All shareholders will receive a copy of the annual report and notice of AGM. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairman of each Board Committee is also available at the meeting to answer those questions relating to the work of these committees.

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.

Other Information

1. Interested Person Transactions

   The Company does not have a general mandate for interested person transactions. The Group has procedures governing all interested person transactions to ensure they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

   During FY2014, the Board has reviewed the transactions entered into with interested persons and disclosure of interested person transactions is set out below.

Name of interested person	Nature of transaction	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 of the Rules of Catalist)	Aggregate value of all interested person transactions conducted under shareholders' mandate pusuant to Rule 920 of the Rules of Catalist (excluding transactions less than $100,000)
Avantouch Systems Pte Ltd	Provision of sales and services	S$119,915	–

2. Material Contracts

   There were no material contracts entered into by the Group involving the interests of the Managing Director / CEO, each Director or controlling shareholder either still subsisting at end of FY2014 or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Other Information (cont'd)

3. Catalist Sponsor

The Continuing Sponsor of the Company was changed from CNP Compliance Pte. Ltd. ("CNPC") to PrimePartners Corporate Finance Pte. Ltd. ("PPCF") with effect from 1 July 2014.

There was no non-sponsor fee paid to the CNPC and PPCF by the Company for FY2014.

4. Dealings in Securities

The Company has adopted an Internal Code in relation to dealings in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules that is applicable to the Company, its Directors and officers.

The Internal Code prohibits the officers from dealing in the Company's shares on short-term considerations. It also disallows the Company, its Directors and officers from dealing in the Company's shares while in possession of price-sensitive information and/or during the period commencing one month before the announcement of the Group's half-year and full-year financial results and ending on the date of the announcement of the relevant results.

The Company, its Directors and officers are also expected to observe insider trading laws at all times even when dealing with Company's securities within the permitted trading period.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Low Song Take (Chairman)
Woo Khai Chong (Vice Chairman)
Low Ka Choon Kevin (Managing Director / CEO)
Woo Khai San (Executive Director)
Loh Yih (Independent Director)
Neo Gim Kiong (Independent Director)
(Appointed on 30/05/2014)
Tiong Choon Hieng Steven (Independent Director)
Cheong Poh Kin (Independent Director)
(Retired on 30/04/2014)

COMPANY SECRETARIES
Teh Eng Chai, FCCA, FCMA
Loh Mei Ling, ACIS

REGISTERED OFFICE
Co. Reg. No: 197201169E
80 Robinson Road
#02-00
Singapore 068898
Tel: 6236 3333
Fax: 6236 4399

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
M&C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902
Tel: 6227 6660
Fax: 6225 1452

AUDIT COMMITTEE
Neo Gim Kiong (Chairman)
(Appointed on 30/05/2014)
Loh Yih
Tiong Choon Hieng Steven
Cheong Poh Kin (Retired on 30/04/2014)

REMUNERATION COMMITTEE
Loh Yih (Chairman)
Neo Gim Kiong (Appointed on 30/05/2014)
Tiong Choon Hieng Steven
Cheong Poh Kin (Retired on 30/04/2014)

NOMINATING COMMITTEE
Tiong Choon Hieng Steven (Chairman)
Loh Yih
Neo Gim Kiong (Appointed on 30/05/2014)
Low Song Take
Woo Khai San
Cheong Poh Kin (Retired on 30/04/2014)

AUDITORS
Ernst & Young LLP
One Raffles Quay
#18-01 North Tower
Singapore 048583

PARTNER-IN-CHARGE OF AUDIT
Ling Soon Hwa Philip (appointed since financial year ended 31 December 2013)

PRINCIPAL BANKERS
DBS Bank Ltd.
12 Marina Boulevard
DBS Asia Central @
Marina Bay Financial Centre
Tower 3
Singapore 018982

United Overseas Bank Ltd.
1 Raffles Place
OUB Centre
Singapore 048616

CONTINUING SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay #10-00
Income at Raffles
Singapore 049318

CORPORATE INFORMATION (cont'd)

INFORMATION ON DIRECTORS AND KEY MANAGEMENT PERSONNEL

1. The business and working experience of the Directors are as follows:

Low Song Take is the Chairman and co-founder of the Group. Mr Low established the business in 1968 as a partnership and has been in the printing industry for over 48 years. As Chairman of the Group, he exercises control over quality, quantity and timeliness of the flow of information between management and the Board. He also actively participates in the overall strategic planning and business direction of the Group.

Woo Khai Chong is the Vice Chairman of the Group. Mr Woo assists the Chairman in the overall flow of information between management and the Board. He also assists the Managing Director / CEO in overseeing the management and operations of the Group. Mr Woo has been with the Group since 1972 and has extensive practical experience in the printing industry, particularly in the areas of marketing, production, costing and print management.

Woo Khai San is an Executive Director of the Group and is responsible for the Commercial and Packaging Printing business of the Group. Mr Woo has been in the printing industry and with the Group since 1974 and has extensive experience in the areas of marketing and print production.

Low Ka Choon Kevin is the Managing Director / CEO and is responsible for the general management of the Group. Prior to his appointment as Managing Director / CEO in 1999, he held the position of the Business Development Director from 1995 when he joined International Press Softcom Limited ("IPS"). Prior to joining IPS, Low Ka Choon Kevin worked as a lawyer in a law firm in Singapore. He holds a Bachelor of Laws (Hons.) degree from the National University of Singapore.

Cheong Poh Kin was appointed as an Independent Director on 10 August 1999. Mr Cheong is presently a senior executive in an insurance firm. He has more than 29 years of working experience in investment, finance and corporate planning. Mr Cheong holds a Bachelor's of Engineering degree (First Class Honours) from the National University of Singapore and an MBA from the University of California at Los Angeles. Mr Cheong retired as a Director on 30 April 2014.

Tiong Choon Hieng Steven was appointed as an Independent Director on 18 December 2002. He was formerly a Non-Executive Director of Adroit Innovations Ltd, a listed company in the Stock Exchange of Singapore. Prior to this, he went into business as an investor and held several directorships. Mr Tiong also has years of experience working in several banks specialising in spot currencies trading. He holds a Bachelor of Science degree (First Class Honours) in Naval Architecture & Ocean Engineering from the University of Glasgow, UK.

Loh Yih was appointed as an Independent Director on 8 June 2012. Mr. Loh has been the managing partner of MGF Management Pte Ltd since 4 December 2006. He has more than 22 years of working experience in the Asia Capital Markets. Currently, Mr. Loh is also a lead Independent Director of Ban Leong Technology Ltd, a listed company in SGX, the Group Executive Chairman of Linair Technologies Limited, a listed company in SGX and Independent Director of Weichai Power Co. Ltd, a China SOE listed in both HKEx and SZSE.

Neo Gim Kiong was appointed as an Independent Director on 30 May 2014 and the Lead Independent Director on 17 October 2014. Mr Neo is the founding Director of Dollar Tree Inc Pte Ltd, a business advisory company incorporated in Singapore in 2004. He is also the Independent Non-Executive Chairman of Universal Resource and Services Ltd, and an Independent Director of Ban Leong Technologies Ltd, both of which are listed on SGX-ST. Mr Neo is a board member of the P.R. China Guangdong Province Overseas Exchange Association and Ningxia Autonomous Region Overseas Exchange Association. He holds a Bachelor of Science Degree in Mathematics (Honours) from the National University of Singapore.

2. The business and working experience of the Key Management Personnel are as follows:-

Teh Eng Chai is the Group Financial Controller. Mr Teh joined the Group in January 1998 and he is responsible for managing the Accounts Department and handling all finance-related matters. Mr Teh has approximately 24 years of experience in auditing, accounting and management in various organisations. Prior to joining the Group, Mr Teh was the Group Finance Manager of a manufacturing company with regional operations. Mr Teh holds a Bachelor of Science (Hons) degree in Finance and Accounting from the University of Salford, England. He is a Fellow of the Chartered Management Accountants and a Fellow of the Chartered Certified Accountants.

Srihari Raghavan is the General Manager for the Company's subsidiary in India, IP Softcom India Pvt Ltd (IPSI) and is appointed the General Manager for the Singapore operations in 2010. Mr. Raghavan joined the Group in 2006, as a Deputy General Manager for the India subsidiary and has since been promoted to the current position in 2009. He is responsible for the general management of Singapore and the subsidiary in India. Prior to joining the Group, Mr. Raghavan was a Sr. Vice President in one of India's largest printers and was responsible for Business Development for IT & Exports and Supply Chain Operations. Mr. Raghavan has approximately 24 years of experience in Supply Chain, Print and Packaging industry. He holds a Master of Commerce from the University of Mumbai and a MBA in Finance from the Institute of Chartered Financial Analysts of India (ICFAI).

Chan Yee Liang is the General Manager who is in-charge of the group of companies for China region. Mr. Chan joined the Company in 2003 as a Senior Manager, and was since promoted to Deputy General Manager of China Region in 2005 and General Manager of China region in 2009. Prior to joining the Company, he has many years of overseas and local working experience in the financial industry. His experience and expertise bring a different management prospective into the Group while managing the operations in China. Mr. Chan holds a Bachelor of Commerce & Economics (Honors) from the University of Windsor, Canada.

Ng Ching Beng Alvin is the General Manager who is in-charge of Malaysia, Australia and Vietnam markets. Mr. Ng joined the Company in November 2005 as Deputy General Manager overseeing the business and operations for Malaysia, Australia and Vietnam. He has since been promoted to the current position in 2009. He has approximately 20 years of experience in the manufacturing and supply chain management industry. Mr. Ng holds a Bachelor of Arts degree in Business Administration from Ottawa University, US and Diploma in Production Technology from German Singapore Institute (now Nanyang Polytechnic).

FINANCIAL REVIEW

DIRECTORS' REPORT

The Directors hereby present their report to the members together with the audited consolidated financial statements of International Press Softcom Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

Directors

The Directors of the Company in office at the date of this report are:

Low Song Take	(Chairman)
Woo Khai Chong	(Vice Chairman)
Woo Khai San	(Executive Director)
Low Ka Choon Kevin	(Managing Director/CEO)
Tiong Choon Hieng Steven	(Independent Director)
Loh Yih	(Independent Director)
Neo Gim Kiong	(Independent Director, appointed on 30 May 2014)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the Register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
	1 January 2014	31 December 2014	21 January 2015	1 January 2014	31 December 2014	21 January 2015
Chee Chun Holdings Pte. Ltd. *Ordinary shares*						
Woo Khai Chong	140,002	140,002	140,002	–	–	–
Woo Khai San	140,001	140,001	140,001	–	–	–
Avantouch Systems Pte Ltd *Ordinary shares*						
Tiong Choon Hieng Steven	–	–	–	826,568	826,568	826,568
Loh Yih	–	–	–	172,968	172,968	172,968

DIRECTORS' REPORT (cont'd)

Directors' interests in shares and debentures (cont'd)

	Direct interest			Deemed interest		
	1 January 2014	31 December 2014	21 January 2015	1 January 2014	31 December 2014	21 January 2015
Ze Hua Holdings Pte. Ltd.						
Ordinary shares ("A" shares)						
Low Song Take	28,001	28,001	28,001	28,001	28,001	28,001
Ordinary shares ("B" shares)						
Low Ka Choon Kevin	56,000	56,000	56,000	–	–	–
International Press Softcom Limited						
Ordinary shares						
Low Song Take	29,541,600	29,541,600	29,541,600	286,839,480	286,839,480	286,839,480
Woo Khai Chong	14,770,800	14,770,800	14,770,800	286,839,480	286,839,480	286,839,480
Woo Khai San	14,770,800	14,770,800	14,770,800	286,839,480	286,839,480	286,839,480
Low Ka Choon Kevin	7,484,320	7,484,320	7,484,320	286,839,480	286,839,480	286,839,480

The Company's holding company is International Press Holdings Pte Ltd, incorporated in Singapore. The holding company is equally owned by Chee Chun Holdings Pte. Ltd. and Ze Hua Holdings Pte. Ltd., both incorporated in Singapore.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Messrs. Woo Khai Chong and Woo Khai San are deemed to have an interest in the shares held by Chee Chun Holdings Pte. Ltd. in International Press Holdings Pte Ltd and its subsidiaries. Messrs. Low Song Take and Low Ka Choon Kevin are deemed to have an interest in the shares held by Ze Hua Holdings Pte. Ltd. in International Press Holdings Pte Ltd and its subsidiaries.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

Avantouch Systems Pte Ltd ("Avantouch") – Avantouch Share Option Scheme

The Avantouch Systems Pte. Ltd. Share Option Scheme ("the Scheme") was approved and adopted by the members of Avantouch at an Extraordinary General Meeting held on 30 December 2009.

Options (cont'd)

Avantouch Systems Pte Ltd ("Avantouch") – Avantouch Share Option Scheme (cont'd)

The Scheme is administered by a committee comprising the following members:

Lee Kia Hwee
Low Ka Choon Kevin

Under the Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares at an exercise price specified in the Letter of Offer of Option. The consideration for the grant of the option is $1.00.

As at 31 December 2014, unissued ordinary shares of Avantouch were as follows:

		Number of shares under options					
Date granted	Exercise period	Aggregate options granted and accepted since commencement of scheme	Aggregate options lapsed since commencement of scheme to end of financial year	Aggregate options forfeited since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options outstanding as at end of financial year	Exercise price
30 December 2009	30 December 2009 to 29 December 2019	826,000	–	–	–	826,000	$1 per share payable in full on application
31 March 2010	31 March 2010 to 29 December 2019	18,000	–	–	–	18,000	$1 per share payable in full on application

Except disclosed above, there were no unissued shares of Avantouch or its subsidiaries under options granted by Avantouch or its subsidiaries as at the end of the financial year.

Audit Committee

The Audit Committee (the "AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Cap. 50. The functions performed are disclosed in the Corporate Governance Report.

Board's Opinion on Internal Controls

Based on the review of the various management controls put in place, the board of directors with the concurrence of the AC is of the opinion that the internal controls and risk management systems of the Group are adequate in addressing its financial, operational and compliance risks.

DIRECTORS' REPORT (cont'd)

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Low Song Take
Director

Low Ka Choon Kevin
Director

Singapore
27 March 2015

STATEMENT BY DIRECTORS

We, Low Song Take and Low Ka Choon Kevin, being two of the directors of International Press Softcom Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

Low Song Take
Director

Low Ka Choon Kevin
Director

Singapore
27 March 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2014
To the Members of International Press Softcom Limited

Report on the Financial Statements

We have audited the accompanying financial statements of International Press Softcom Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 36 to 123, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

27 March 2015

BALANCE SHEETS

As at 31 December 2014

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Non-current assets					
Fixed assets	4	40,001,759	42,606,693	34,212,734	35,177,936
Intangible assets	5	2,806,390	5,493,604	–	–
Investments in subsidiaries	6	–	–	15,916,438	23,301,048
Deferred tax assets	16	726,782	227,511	–	–
Other receivable	9	–	21,000	–	21,000
Current assets					
Assets held for sale		–	103,867	–	103,867
Inventories	7	4,817,185	3,963,539	1,940,855	1,527,575
Trade receivables	8	11,331,671	10,136,487	4,034,473	3,861,075
Other receivables and deposits	9	2,729,566	2,820,110	279,237	244,775
Prepayments		265,874	2,192,837	60,091	83,269
Amounts due from subsidiaries (non-trade)	10	–	–	5,155,979	5,230,805
Tax recoverable		349,456	285,469	–	–
Cash and bank balances	11	7,302,217	9,785,971	1,591,878	2,465,708
		26,795,969	29,288,280	13,062,513	13,517,074
Current liabilities					
Trade and other payables	12	8,844,632	6,557,920	2,625,226	1,515,984
Accruals	13	3,023,878	2,633,749	1,433,259	1,353,039
Amounts due to subsidiaries (non-trade)	10	–	–	377,618	431,963
Interest-bearing bank loans	14	3,037,457	2,977,041	–	–
Non-interest bearing loan	15	331,632	322,473	–	–
Provision for taxation		406,204	290,521	–	–
Amount due to holding company (loan)	10	694,500	681,500	694,500	681,500
		16,338,303	13,463,204	5,130,603	3,982,486
Net current assets		10,457,666	15,825,076	7,931,910	9,534,588

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Non-current liabilities					
Deferred tax liabilities	16	976,006	1,280,500	724,736	968,461
Amount due to a director of a subsidiary	17	64,000	–	–	–
Net assets		52,952,591	62,893,384	57,336,346	67,066,111
Equity attributable to owners of the Company					
Share capital	18	49,549,249	49,549,249	49,549,249	49,549,249
Reserves	19	5,905,137	12,495,904	7,787,097	17,516,862
		55,454,386	62,045,153	57,336,346	67,066,111
Non-controlling interests		(2,501,795)	848,231	–	–
Total equity		52,952,591	62,893,384	57,336,346	67,066,111

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 $	2013 $
Turnover	20	50,647,359	47,004,457
Other operating income	21	1,003,631	1,524,790
Changes in stocks of finished goods and work in progress		(48,303)	(371,211)
Raw materials and consumables used		(28,057,899)	(24,054,384)
Personnel expenses	22	(11,772,654)	(11,474,943)
Depreciation and amortisation	4,5	(2,507,974)	(2,198,811)
Rental, property tax and utilities		(2,661,320)	(2,539,971)
Freight, travelling and transportation expenses		(2,681,031)	(2,537,963)
Repair and maintenance expenses		(562,839)	(555,010)
Royalties		(123,671)	(62,967)
Subcontractor costs		(3,390,087)	(2,322,428)
Intangible asset written off		(2,850,855)	(5,629)
Fixed assets written off		(880,416)	(21,315)
Bad debts written off		(630,580)	(6,105)
Other operating expenses		(4,805,460)	(4,246,089)
Impairment loss on goodwill	5	(641,826)	–
Impairment loss on fixed assets	4	–	(19,669)
Impairment loss on investment securities		–	(980,100)
Financial expense – net	23	(245,653)	(339,240)
Loss before tax	24	(10,209,578)	(3,206,588)
Tax (expense)/credit	25	(262,081)	1,777,625
Loss, net of tax		(10,471,659)	(1,428,963)
Loss attributable to:			
Owners of the Company		(6,787,727)	(634,631)
Non-controlling interests		(3,683,932)	(794,332)
		(10,471,659)	(1,428,963)
Loss per share attributable to owners of the Company (cents per share)			
Basic	26	(1.55)	(0.14)
Diluted	26	(1.55)	(0.14)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 $	2013 $
Loss, net of tax	(10,471,659)	(1,428,963)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Net surplus on revaluation of leasehold factory building	–	14,493,077
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(128,650)	405,327
Other comprehensive income for the year, net of tax	(128,650)	14,898,404
Total comprehensive income for the year, net of tax	(10,600,309)	13,469,441
Total comprehensive income attributable to:		
Owners of the Company	(6,787,803)	14,072,043
Non-controlling interests	(3,812,506)	(602,602)
	(10,600,309)	13,469,441

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

Group 2014	Share capital $	Revaluation reserve $	Translation reserve $	Restricted reserve $	Other reserves $	Accumulated losses $	Equity attributable to owners of the Company, total $	Non-controlling interests $	Equity, total $
At 1 January 2014	49,549,249	22,402,346	(3,227,222)	942,287	2,358,596	(9,980,103)	62,045,153	848,231	62,893,384
Loss for the year	–	–	–	–	–	(6,787,727)	(6,787,727)	(3,683,932)	(10,471,659)
Other comprehensive income									
Foreign currency translation	–	–	(76)	–	–	–	(76)	(128,574)	(128,650)
Other comprehensive income for the year, net of tax	–	–	(76)	–	–	–	(76)	(128,574)	(128,650)
Total comprehensive income for the year	–	–	(76)	–	–	(6,787,727)	(6,787,803)	(3,812,506)	(10,600,309)
Contributions by and distribution to owners									
Others	–	–	–	–	8,049	–	8,049	2,684	10,733
Total contributions by and distribution to owners	–	–	–	–	8,049	–	8,049	2,684	10,733
Changes in ownership interests in subsidiaries that do not result in loss of control									
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	188,987	–	188,987	459,796	648,783
Total changes in ownership interests in subsidiaries	–	–	–	–	188,987	–	188,987	459,796	648,783
Total transactions with owners in their capacity as owners	–	–	–	–	197,036	–	197,036	462,480	659,516
At 31 December 2014	49,549,249	22,402,346	(3,227,298)	942,287	2,555,632	(16,767,830)	55,454,386	(2,501,795)	52,952,591

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

For the year ended 31 December 2014

Group 2013	Share capital $	Revaluation reserve $	Translation reserve $	Restricted reserve $	Other reserves $	Accumulated losses $	Equity attributable to owners of the Company, total $	Non-controlling interests $	Equity, total $
At 1 January 2013	49,549,249	7,909,269	(3,440,819)	932,071	1,058,207	(9,335,256)	46,672,721	258,176	46,930,897
Loss for the year	–	–	–	–	–	(634,631)	(634,631)	(794,332)	(1,428,963)
Other comprehensive income									
Net surplus on revaluation of leasehold land and factory building	–	14,493,077	–	–	–	–	14,493,077	–	14,493,077
Foreign currency translation	–	–	213,597	–	–	–	213,597	191,730	405,327
Other comprehensive income for the year, net of tax	–	14,493,077	213,597	–	–	–	14,706,674	191,730	14,898,404
Total comprehensive income for the year	–	14,493,077	213,597	–	–	(634,631)	14,072,043	(602,602)	13,469,441
Contributions by and distribution to owners									
Transfer to statutory reserve fund	–	–	–	10,216	–	(10,216)	–	–	–
Others	–	–	–	–	9,784	–	9,784	3,262	13,046
Total contributions by and distribution to owners	–	–	–	10,216	9,784	(10,216)	9,784	3,262	13,046
Changes in ownership interests in subsidiaries that do not result in loss of control									
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	1,290,605	–	1,290,605	1,189,395	2,480,000
Total changes in ownership interests in subsidiaries	–	–	–	–	1,290,605	–	1,290,605	1,189,395	2,480,000
Total transactions with owners in their capacity as owners	–	–	–	10,216	1,300,389	(10,216)	1,300,389	1,192,657	2,493,046
At 31 December 2013	49,549,249	22,402,346	(3,227,222)	942,287	2,358,596	(9,980,103)	62,045,153	848,231	62,893,384

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Loss before tax		(10,209,578)	(3,206,588)
Adjustments for:			
Depreciation of fixed assets	4	2,356,320	2,048,471
Impairment of goodwill	5	641,826	–
Impairment of investment securities		–	980,100
Impairment of fixed assets	4	–	19,669
Intangible asset written off	5	2,850,855	5,629
Amortisation of intangible assets	5	151,654	150,340
Gain on disposal of fixed assets		(3,961)	(221,601)
Loss/(gain) on disposal of assets held for sale		103,867	(164,298)
Fixed assets written off	4	880,416	21,315
Interest income		(174,555)	(144,116)
Interest expense		420,208	483,356
Bad debts written off		630,580	6,105
Bad debts recovered		(3,120)	(981)
Allowance for doubtful trade receivables	8	68,750	74,637
Allowance for doubtful trade receivables written back	8	(46,080)	(24,990)
Allowance for inventory obsolescence		206,224	149,625
Allowance for inventory obsolescence written back		(3,627)	(605,623)
Inventories written off		234,152	143,146
Write back of inventories previously written off		(5,311)	(8,532)
Currency realignment		(356,738)	364,897
Operating cash flows before working capital changes		(2,258,118)	70,561
Decrease/(increase) in:			
Inventories		(1,289,065)	1,946,941
Trade receivables		(1,851,016)	991,841
Other receivables, deposits and prepayments		2,042,197	(606,464)
(Decrease)/increase in:			
Trade and other payables		2,223,591	(1,072,635)
Accruals		390,129	(803,730)
Cash flows (used in)/generated from operations		(742,282)	526,514
Interest received		171,402	149,060
Interest paid		(407,208)	(470,356)
Tax paid		(988,843)	(1,013,084)
Tax recoverable		–	8,617
Net cash flows used in operating activities		(1,966,931)	(799,249)

	Note	2014 $	2013 $
Cash flows from investing activities			
Purchase of fixed assets	4	(867,915)	(1,042,656)
Additions to intangible assets	5	(929,948)	(950,344)
Proceeds from disposal of fixed assets		413,928	442,730
Proceeds from disposal of assets held for sale		–	816,458
Net cash flows used in investing activities		(1,383,935)	(733,812)
Cash flows from financing activities			
Repayment of interest-bearing bank loans		(24,143)	–
Proceeds from interest-bearing bank loans		–	32,907
Proceed from non-interest bearing loan from minority shareholder of a subsidiary		–	16,173
Pledge of fixed deposits		–	281,252
Issuance of new shares to non-controlling shareholders by a subsidiary		648,783	2,480,000
Proceed from amount due from a director of a subsidiary		64,000	–
Net cash flows generated from financing activities		688,640	2,810,332
Net (decrease)/increase in cash and cash equivalents		(2,662,226)	1,277,271
Effect of exchange rate changes on cash and cash equivalents		178,472	(67,897)
Cash and cash equivalents at beginning of year		9,785,971	8,576,597
Cash and cash equivalents at end of year	11	7,302,217	9,785,971

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. Corporate information

International Press Softcom Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The immediate holding company is International Press Holdings Pte Ltd, incorporated in Singapore. The immediate holding company is equally owned by Chee Chun Holdings Pte. Ltd. and Ze Hua Holdings Pte. Ltd., both incorporated in Singapore.

The registered office of International Press Softcom Limited is located at 80 Robinson Road #02-00, Singapore 068898. The address of its principal place of business is International Press Building, 26 Kallang Avenue, Singapore 339417.

The principal activities of the Company are the provision of supply chain solutions, print and media products which include material procurement, inventory management, logistics management and order fulfilment, printing; packaging and software replication.

The principal activities of the subsidiaries are as shown in Note 6 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or $), except when otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 16 *Property, Plant and Equipment*	1 July 2014
(e) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
(f) Amendments to FRS 38 *Intangible Assets*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(c) Amendments to FRS 40 *Investment Property*	1 July 2014
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 41 *Agriculture : Bearer Plants*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1 *Disclosures Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entity: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

With the exception of FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquires are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Exchange differences arising on monetary items that for part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Freehold land has an unlimited useful life and therefore is not depreciated.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

Depreciation is computed on a straight-line basis over the estimated useful lives of the asset as follows:

Leasehold factory buildings	30 – 50 years

Other fixed assets are depreciated using the reducing balance method to write-off the cost over their estimated useful lives. The annual depreciation rates are as follows:

Plant and machinery	10% - 20%
Factory equipment	10% - 30%
Computers	30%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2. Summary of significant accounting policies (cont'd)

2.8 Intangible assets (cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(a) Website development costs

Website development costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Website development costs have an estimated useful life of five years and are amortised on a straight-line basis.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.9 Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

There are no financial assets designated as financial assets at fair value through profit or loss and held-to-maturity investments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(ii) Available-for-sale financial assets (cont'd)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

There are no financial liabilities designated as financial liabilities at fair value through profit or loss.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase costs on a weighted average cost basis.

– Finished goods and work-in-progress: costs include material, all direct expenditures and an attributable portion of overheads determined on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, under a general heading such as "Other Operating Income". Alternatively, they are deducted in reporting the related expenses.

2. Summary of significant accounting policies (cont'd)

2.17 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits (cont'd)

(c) Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to except an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefits is recognised at the either of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employment benefits, or other long-term employee benefits.

(d) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options.

2. Summary of significant accounting policies (cont'd)

2.20 Leases

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised :

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from computer systems integration and consultancy services are measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental income

Rental income arising from operating leases on leasehold factory building is accounted for on a straight-line basis over the lease terms.

2. Summary of significant accounting policies (cont'd)

2.23 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (cont'd)

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

   (i) has control or joint control over the Company;

   (ii) has significant influence over the Company; or

   (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.26 Related parties (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the consolidated financial statements:

3. Significant accounting judgments and estimates (cont'd)

3.1 Judgments made in applying accounting policies (cont'd)

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Therefore, management concluded that the functional currency of the entities of the Group is in their respective local currency.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Website development costs

Website development costs are capitalised in accordance with the accounting policy in Note 2.8(a). Initial capitalisation of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. As at 31 December 2014, the carrying amount of website development costs capitalised at the end of the reporting period was $428,400 (2013: $2,539,466).

(b) Impairment of goodwill

As disclosed in Note 5 to the financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to have been determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 5 to the financial statements.

The carrying amount of goodwill as at 31 December 2014 is $2,377,990 (2013: $2,954,138).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts for the next 1 year.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses. The carrying value of recognised tax losses at 31 December 2014 was $16,516,000 (2013: $13,913,000) and the unrecognised tax losses at 31 December 2014 was $19,890,000 (2013: $12,841,000).

If the Group was able to recognise all unrecognised deferred tax assets, losses would decrease by $5,301,000 (2013: $2,917,000).

(d) Revaluation of leasehold factory buildings and land

The Group carries its leasehold factory buildings at fair value, with changes in fair value being recognised in other comprehensive income.

The fair value of leasehold factory buildings and land is determined by directors/independent real estate valuation experts using the Direct Comparison Method.

Fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Revaluation of leasehold factory buildings and land (cont'd)

The determination of the fair value of the leasehold factory building requires the analysis and study of recent sales of comparable properties in the vicinity localities. Adjustments are made for differences in location, age, tenure, size, condition, building facilities and date of sale, etc. before arriving at the market value of the building. These estimates are based on local market conditions existing at the end of each reporting date.

The carrying amount and key assumptions used to determine the fair value of the leasehold buildings are further explained in Note 4.

4. Fixed assets

	At valuation	At cost						
Group	Leasehold factory buildings $	Freehold land $	Plant and machinery $	Factory equipment $	Computers $	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Cost or valuation								
At 1 January 2013	20,848,954	67,299	37,999,832	2,149,277	6,976,321	290,757	7,016,574	75,349,014
Additions	–	–	480,373	54,657	133,886	1,554	376,055	1,046,525
Disposals	–	(64,692)	(5,168,673)	(5,063)	(41,193)	(55,046)	(9,364)	(5,344,031)
Written off	–	–	(21,277)	(8,227)	(258,660)	–	(109,202)	(397,366)
Assets held-for-sale	–	–	(3,003)	–	–	–	–	(3,003)
Revaluation surplus	17,461,538	–	–	–	–	–	–	17,461,538
Elimination of accumulated depreciation on revaluation	(1,461,538)	–	–	–	–	–	–	(1,461,538)
Translation difference	(67,588)	(2,607)	(301,119)	(86,471)	(26,766)	(3,990)	112,315	(376,226)
At 31 December 2013 and 1 January 2014	36,781,366	–	32,986,133	2,104,173	6,783,588	233,275	7,386,378	86,274,913
Additions	–	–	102,295	109,157	160,004	–	559,580	931,036
Disposals	–	–	(2,123,934)	–	(334,072)	–	(1,585,769)	(4,043,775)
Written off	–	–	(3,650)	(1,495)	(238,463)	–	(1,105,362)	(1,348,970)
Translation difference	(32,407)	–	242,532	29,740	16,990	(938)	21,695	277,612
At 31 December 2014	36,748,959	–	31,203,376	2,241,575	6,388,047	232,337	5,276,522	82,090,816

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

4. Fixed assets (cont'd)

Group	At valuation: Leasehold factory buildings $	At cost: Freehold land $	Plant and machinery $	Factory equipment $	Computers $	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Accumulated depreciation								
At 1 January 2013	1,019,455	–	34,212,787	1,613,737	6,357,987	227,794	5,427,173	48,858,933
Charge for the year	531,824	–	680,044	121,026	237,410	38,379	439,788	2,048,471
Disposals	–	–	(5,034,202)	(2,082)	(37,275)	(39,979)	(9,364)	(5,122,902)
Written off	–	–	(18,704)	(5,671)	(249,977)	–	(101,699)	(376,051)
Assets held-for-sale	–	–	(1,956)	–	–	–	–	(1,956)
Impairment loss	–	–	14,151	–	304	–	5,214	19,669
Elimination of accumulated depreciation on revaluation	(1,461,538)	–	–	–	–	–	–	(1,461,538)
Translation difference	(2,844)	–	(265,832)	(54,651)	(29,664)	(3,351)	59,936	(296,406)
At 31 December 2013 and 1 January 2014	86,897	–	29,586,288	1,672,359	6,278,785	222,843	5,821,048	43,668,220
Charge for the year	1,015,941	–	689,527	89,381	196,453	3,230	361,788	2,356,320
Disposals	–	–	(2,122,846)	-	(302,956)	–	(1,208,006)	(3,633,808)
Written off	–	–	(2,568)	(1,003)	(158,070)	–	(306,913)	(468,554)
Translation difference	(2,643)	–	142,598	18,730	12,724	(818)	(3,712)	166,879
At 31 December 2014	1,100,195	–	28,292,999	1,779,467	6,026,936	225,255	4,664,205	42,089,057
Net carrying amount								
At 31 December 2014	35,648,764	–	2,910,377	462,108	361,111	7,082	612,317	40,001,759
At 31 December 2013	36,694,469	–	3,399,845	431,814	504,803	10,432	1,565,330	42,606,693

4. Fixed assets (cont'd)

Company	At valuation: Leasehold factory building $	At cost: Plant and machinery $	Factory equipment $	Computers $	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Cost or valuation							
At 1 January 2013	19,000,000	18,874,656	844,963	4,570,838	254,901	3,072,215	46,617,573
Additions	–	–	–	20,175	–	2,970	23,145
Disposals	–	(4,445,507)	(1,780)	–	(55,046)	–	(4,502,333)
Written off	–	–		(51,853)	–	–	(51,853)
Revaluation of surplus	17,461,538	–	–	–	–	–	17,461,538
Elimination of accumulated depreciation on revaluation	(1,461,538)	–	–	–	–	–	(1,461,538)
At 31 December 2013 and 1 January 2014	35,000,000	14,429,149	843,183	4,539,160	199,855	3,075,185	58,086,532
Additions	–	–	–	77,533	–	29,800	107,333
Disposals	–	(2,111,914)	–	–	–	–	(2,111,914)
Written off	–	–	–	(22,939)	–	–	(22,939)
At 31 December 2014	35,000,000	12,317,235	843,183	4,593,754	199,855	3,104,985	56,059,012

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

4. Fixed assets (cont'd)

Company	At valuation: Leasehold factory building $	At cost: Plant and machinery $	Factory equipment $	Computers $	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Accumulated depreciation							
At 1 January 2013	974,359	18,870,985	828,700	4,355,044	198,313	2,937,846	28,165,247
Charge for the year	487,179	3,671	16,254	103,670	35,528	97,704	744,006
Disposals	–	(4,445,507)	(1,780)	–	(39,979)	–	(4,487,266)
Written off	–	–	–	(51,853)	–	–	(51,853)
Elimination of accumulated depreciation on revaluation	(1,461,538)	–	–	–	–	–	(1,461,538)
At 31 December 2013 and 1 January 2014	–	14,429,149	843,174	4,406,861	193,862	3,035,550	22,908,596
Charge for the year	972,222	–	9	89,206	2,327	8,771	1,072,535
Disposals	–	(2,111,914)	–	–	–	–	(2,111,914)
Written off	–	–	–	(22,939)	–	–	(22,939)
At 31 December 2014	972,222	12,317,235	843,183	4,473,128	196,189	3,044,321	21,846,278
Net carrying amount							
At 31 December 2014	34,027,778	–	–	120,626	3,666	60,664	34,212,734
At 31 December 2013	35,000,000	–	9	132,299	5,993	39,635	35,177,936

4. Fixed assets (cont'd)

Major properties of the Group are as follows:

Description	Location	Area (sq. m)	Tenure of lease	Net carrying amount 2014 $	Net carrying amount 2013 $
Leasehold factory buildings					
Purpose built 6-storey industrial building	26 Kallang Avenue, Singapore 339417	4,989	60 years	34,027,778	35,000,000
Single-storey factory cum warehouse with 1 attached double-storey office	Plot No. 46, Hilir Sungai Keluang 2, Phase IV, Bayan Lepas Industrial Estate, 11900 Penang, Malaysia	4,157	60 years	1,620,986	1,694,469

Revaluation of leasehold factory buildings

The Group's leasehold factory building at 26 Kallang Avenue is valued based on an independent professional valuation carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd on 31 December 2013.

The Group's leasehold factory building at Plot No. 46, Hilir Sungai Keluang 2, Phase IV, Bayan Lepas Industrial Estate, 11900 Penang, Malaysia is valued based on an independent professional valuation carried out by Henry Butcher Malaysia in December 2011.

Details of the valuation techniques and inputs used are disclosed in Note 31.

If the leasehold factory buildings were measured using the cost model (stated at cost less accumulated depreciation), the carrying amounts of the leasehold factory buildings as at 31 December 2014 would have been $8,319,368 (2013: $8,559,428).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

4. Fixed assets (cont'd)

Asset pledged as security

The Company's leasehold factory building with a carrying amount of $34,027,778 (2013: $35,000,000) is mortgaged to secure the Group's banking facilities.

Purchase of fixed assets

For the purpose of consolidated cash flow statement, purchase of fixed assets comprises the following at 31 December:

	2014 $	2013 $
Additions	931,036	1,046,525
Amount payable		
- Remaining unpaid at the end of the financial year	(80,926)	(17,805)
- Opening balance paid during the financial year	17,805	13,936
Purchase of fixed assets in cash	867,915	1,042,656

5. Intangible assets

Group	Website development costs $	Club membership $	Goodwill $	Total $
At cost				
At 1 January 2013	1,672,665	8,888	3,155,701	4,837,254
Additions	950,344	–	–	950,344
Written off	–	(8,888)	–	(8,888)
Translation differences	108,077	–	(201,563)	(93,486)
At 31 December 2013 and 1 January 2014	2,731,086	–	2,954,138	5,685,224
Additions	929,948	–	–	929,948
Written off	(3,192,075)	–	–	(3,192,075)
Translation differences	(40,559)	–	65,678	25,119
At 31 December 2014	428,400	–	3,019,816	3,448,216
Accumulated amortisation and impairment losses				
At 1 January 2013	35,976	3,259	–	39,235
Amortisation for the year	150,340	–	–	150,340
Written off	–	(3,259)	–	(3,259)
Translation differences	5,304	–	–	5,304
At 31 December 2013 and 1 January 2014	191,620	–	–	191,620
Impairment loss	–	–	(641,826)	(641,826)
Amortisation for the year	151,654	–	–	151,654
Written off	(341,220)	–	–	(341,220)
Translation differences	(2,054)	–	–	(2,054)
At 31 December 2014	–	–	(641,826)	(641,826)
Net carrying amount				
At 31 December 2014	428,400	–	2,377,990	2,806,390
At 31 December 2013	2,539,466	–	2,954,138	5,493,604

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

5. Intangible assets (cont'd)

Company	Club membership $
At cost	
At 1 January 2013	8,888
Written off	(8,888)
At 31 December 2013, 1 January 2014 and 31 December 2014	–
Accumulated amortisation	
At 1 January 2013	3,259
Written off	(3,259)
At 31 December 2013, 1 January 2014 and 31 December 2014	–
Net carrying amount	
At 31 December 2014	–
At 31 December 2013	–

Website development costs

Website development costs relate to the custom design graphics and interactive features for the Group's platform provider and have an average remaining amortisation period of 5 years (2013: 5 years).

During the financial year, the Group has written down the carrying amount of website development cost in Avantouch to its recoverable amount (Note 33). The written down amount of $2,850,855 (2013: Nil) has been recognised in profit or loss under the line item "Intangible asset written off".

Amortisation expense

The amortisation of website development costs is included in the "Depreciation and amortisation" line item in the profit and loss.

5. Intangible assets (cont'd)

Impairment testing of goodwill on consolidation

Goodwill acquired through business combinations arose from the acquisition of Avantouch Systems Pte Ltd and Scantrans (India) Pvt. Ltd in previous financial years. Goodwill has been allocated to two cash-generating units (CGU), which are also the subsidiaries of the group, for impairment testing as follows:

– Avantouch Systems Pte Ltd ("Avantouch")

– Scantrans (India) Pvt. Ltd ("Scantrans")

The carrying amounts of goodwill allocated to each CGU are as follows:

	Avantouch		Scantrans	
	2014 $	2013 $	2014 $	2013 $
Goodwill	–	641,826	2,377,990	2,312,312

During the financial year, the Group fully impaired the goodwill in Avantouch of $641,826 due to the cessation of Avantouch's operations.

The recoverable amount of Scantrans has been determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a five years period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	2014	2013
Growth rates	0%	0% - 6%
Pre-tax discount rate	15%	10% - 15%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

5. Intangible assets (cont'd)

Key assumptions used for impairment testing

The calculations of value in use for the CGU are most sensitive to the following assumptions:

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each investment, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment – specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Management determined the weighted average growth rate based on past performance and its expectations for market development.

Sensitivity to changes in assumptions

With regards to the assessment of the value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying values to materiality exceed the recoverable amounts.

6. Investments in subsidiaries

	Company 2014 $	Company 2013 $
Shares, at cost	15,057,838	15,057,838
Cost of share based payments (Note 19) #	340,800	340,800
Impairment losses	(970,000)	(970,000)
Carrying amount of investments	14,428,638	14,428,638
Loans to subsidiaries	1,487,800	8,872,410
	15,916,438	23,301,048

This arose from the share-based payment expense not being re-charged to subsidiaries for the share options granted to the employees of the subsidiaries.

6. Investments in subsidiaries (cont'd)

Loans to subsidiaries are unsecured, interest-free and no fixed terms of repayment. Included in loans to subsidiaries are $270,700 (2013: $281,450) denominated in Australian Dollars.

During the financial year, the Company made an impairment of the loan to its subsidiary amounting to S$7,711,227 (2013: $Nil) based on the management's estimate of the recoverable amount of the loan to subsidiary at year end.

(a) *Composition of the Group*

The Group has the following investment in subsidiaries.

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	Percentage of equity interest held by the Group 2013 %	Cost of investment 2014 $	Cost of investment 2013 $
Held by the Company						
IP Softcom (Malaysia) Sdn. Bhd. [(1)]	Assembling software packages and peripherals, printed materials, compact discs and diskettes and manufacturing and duplication of diskettes and compact discs	Malaysia	100	100	2,151,840	2,151,840
IP Softcom (Xiamen) Co., Ltd [(1)]	Manufacturing and distribution of electronic and telecommunication goods, computer software, hardware and its peripherals and packaging boxes, paper boxes, plastic products and providing other related technical services and after sales service	People's Republic of China	100	100	338,100	338,100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

6. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	2013 %	Cost of investment 2014 $	2013 $
Held by the Company						
IP Ventures Pte Limited [2]	Investment holding	Singapore	100	100	2	2
IP Softcom (Shanghai) Co., Ltd [1]	Development of all kinds of computer software, manufacturing of computer hardware, electrical & electronics products and its accessories, sales of the products and providing related technical, consulting and after-sales services. The wholesale, import and export, online retail of printing products (except publications), electronic products, decoration products, package materials, and craft gifts (except Heritage); Business planning services, exhibition design and production service, stage design and layout service; Business marketing planning services, exhibition design and production and business consultation service; Graphic and literary works design and production (not including books, newspapers and periodicals).	People's Republic of China	100	100	527,200	527,200

6. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	2013 %	Cost of investment 2014 $	2013 $
Held by the Company						
IP Softcom (Shenzhen) Co., Ltd [1]	Manufacturing and distributing computer software and hardware and providing other technical related services	People's Republic of China	100	100	516,000	516,000
InPac Ventures Pte Ltd [2]	Investment holding	Singapore	100	100	200,000	200,000
Greenfield Ventures (M) Sdn Bhd [1]	Investment holding	Malaysia	100	100	1	1
IP Media (Xiamen) Co., Ltd. [1]	Manufacturing and printing and providing other technical related services	People's Republic of China	100	100	2,467,503	2,467,503
IP Softcom (Australia) Pty Ltd [1]	Manufacturing and processing of electronics and communication products, computer software, hardware and peripherals and providing related technical development and support and after-sales services	Australia	100	100	127,600	127,600
IP Softcom (India) Private Limited [1]	Provision of software contract manufacturing services comprising of supply chain management services, software replication, documentation, assembling of software packages and peripherals	India	100	100	555,713	555,713

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

6. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	2013 %	Cost of investment 2014 $	2013 $
Held by the Company						
Scantrans (India) Pvt. Ltd [1]	Offset printing and packaging services	India	75	75	7,655,106	7,655,106
International Press Softcom (Vietnam) Co., Ltd [5]	Packing of software bundles, software printed manuals, permitted compact discs and other permitted software packages and peripherals. Supply of prepacked software, computer hardware, and industrial and consumer electronics related components and equipment, and supply chain management services incidental to these services	Vietnam	100	100	73,745	73,745
IPS Trading (Shanghai) Co., Ltd [1]	Wholesale, commission agency (excluding auction), import and export of electronic products, communication products, computers, printers and related cum accessories; paper products, plastic products, packing materials; office appliances, medical hardware, household appliance, electronic components; medical appliances, medical materials	People's Republic of China	100	100	445,028	445,028

6. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	2013 %	Cost of investment 2014 $	2013 $
Held by the Company						
IPS Trading (Shanghai) Co., Ltd [1](cont'd)	(including Class 3 medical appliance: the injection puncture instrument, medical polymer materials and products, Class 2 medical appliance: operating room, emergency room, clinic equipment and appliances, dental materials, medical sanitation materials and dressings), and providing related supporting services (not involving state-owned trade management products, but involving in quota and license management products, make application in accordance with relevant state regulations; related to administrative licensing, applying relevant license					
					15,057,838	15,057,838

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

6. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2014 %	2013 %
Held through subsidiary, IP Ventures Pte Ltd				
Avantouch Systems Pte Ltd [3]	Computer systems integration and consultancy services	Singapore	54.71	55.10
Held through subsidiary's subsidiary, Avantouch Systems Pte Ltd				
Avantouch Software (Suzhou) Co., Ltd [4]	Computer systems integration and consultancy services	People's Republic of China	54.71	55.10

(1) *Audited by member firms of Ernst & Young Global in the respective countries.*
(2) *Audited by Ernst & Young LLP, Singapore.*
(3) *Audited by PK Lim & Co., Chartered Accountants, Singapore.*
(4) *Audited by Suzhou Sucheng Certified Public Accountants Co. Ltd, People's Republic of China.*
(5) *Audited by BHP Auditing and Accounting Consultancy Service Company.*

During the financial year, Avantouch Systems Pte Ltd issued an additional 216,261 (2013: 543,505) new shares at an issue price of $4.56 (2013: $4.56) to its new and existing shareholders. Out of the 216,261 new shares issued, 142,277 new shares were accepted by the non-controlling interest. As a result, the effective interest held by the Group decreased from 55.10% to 54.71% (2013: 57.88% to 55.10%). The difference amounting to $188,987 (2013: $1,290,605) between the carrying value of the net assets relating to the dilution and the net proceeds is recognised as "changes in ownership interests in subsidiaries that do not result in a loss of control" within equity.

On 18 December 2014, Avantouch Software (Suzhou) Co., Ltd ("Avantouch SZ") entered into an agreement to subscribe for 15% equity interest in Shanghai Fengzhiwo E-Commerce Techonology Co., Ltd ("SFET"), a company incorporated in the People's Republic of China. The consideration will be satisfied by the transfer of Avantouch SZ's intangible assets at the carrying amount of $428,400. This transaction was not completed as at year end.

6. Investments in subsidiaries (cont'd)

(b) Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiary that has NCI that is material to the Group.

Name of Subsidiary	Principal place of business	Proportion of interest held by non-controlling interest %	Loss allocated to NCI during the reporting period $	Accumulated NCI at the end of reporting period $	Dividends paid to NCI $
2014					
Avantouch Systems Pte Ltd	Singapore	45.29	(3,521,626)	(1,103,539)	–
Scantrans (India) Pvt. Ltd	India	25.00	(162,306)	(1,398,256)	–
2013					
Avantouch Systems Pte Ltd	Singapore	44.90	(580,910)	2,044,336	–
Scantrans (India) Pvt. Ltd	India	25.00	(213,422)	(1,196,105)	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

6. Investments in subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Avantouch Systems Pte Ltd		Scantrans (India) Pvt. Ltd	
	2014	2013	2014	2013
	$	$	$	$
Current				
Assets	899,990	3,134,732	3,584,618	2,647,481
Liabilities	(3,910,863)	(2,319,423)	(10,072,166)	(8,563,009)
Net current (liabilities)/assets	(3,010,873)	815,309	(6,487,548)	(5,915,528)
Non-current				
Assets	428,400	4,232,470	3,579,781	3,743,779
Liabilities	–	–	(1,292,206)	(1,285,295)
Net non-current assets	428,400	4,232,470	2,287,575	2,458,484
Net (liabilities)/assets	(2,582,473)	5,047,779	(4,199,973)	(3,457,044)

Summarised statement of comprehensive income

	Avantouch Systems Pte Ltd		Scantrans (India) Pvt. Ltd	
	2014	2013	2014	2013
Revenue				
Loss before income tax	(8,424,797)	(1,319,713)	(649,226)	(853,687)
Income tax expense	–	–	–	–
Loss after tax	(8,424,797)	(1,319,713)	(649,226)	(853,687)
Other comprehensive (loss)/income	(191,605)	170,004	(170,113)	469,645
Total comprehensive loss	(8,616,402)	(1,149,709)	(819,339)	(384,042)
Other summarised information				
Intangible assets written off	2,850,855	–	–	–
Impairment loss on goodwill	641,826	–	–	–

7. Inventories

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Balance sheet				
Finished goods	3,158,624	2,705,714	1,940,416	1,527,010
Work-in-progress	235,967	163,840	6	126
Raw materials	1,422,594	1,093,985	433	439
Total inventories at lower of cost and net realisable value	4,817,185	3,963,539	1,940,855	1,527,575
Income statement				
Inventories recognised as an expense in cost of sales	28,106,202	24,425,595	11,954,258	10,652,479
Inclusive of the following charge:				
– Allowance for inventory obsolescene	206,224	149,625	4,279	15,309
– Allowance for inventory obsolescene written back	(3,627)	(605,623)	(3,627)	(594,594)
– Write back of inventories previously written off	(5,311)	(8,532)	–	–
– Inventories written off	234,152	143,146	105,829	65,979

The write back of inventories previously written off was made when the related inventories were sold above their carrying amounts in 2014.

8. Trade receivables

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade receivables	11,664,466	10,751,212	3,210,985	3,269,630
Amounts due from subsidiaries	–	–	1,030,202	1,025,246
	11,664,466	10,751,212	4,241,187	4,294,876
Allowance for doubtful trade receivables	(332,795)	(614,725)	(206,714)	(433,801)
	11,331,671	10,136,487	4,034,473	3,861,075

Trade receivables are non-interest bearing and are generally on 30 to 120 days' terms (2013: 30 to 120 days). They are recognised at their original invoice amounts which represents their fair value on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

8. Trade receivables (cont'd)

Trade receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
– United States Dollars	3,995,961	3,533,575	3,379,758	3,051,648
– Great Britain Pounds	49,221	176,905	–	360
– New Zealand Dollars	22,870	–	–	–

Receivables that are past due but not impaired

The Group has trade receivables amounting to $2,820,699 (2013: $3,149,162) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade receivables past due:				
Lesser than 30 days	2,090,724	2,259,574	229,843	565,751
31 – 60 days	476,711	430,361	114,193	27,727
61 – 90 days	205,357	276,411	–	–
More than 90 days	47,907	182,816	8,871	–
	2,820,699	3,149,162	352,907	593,478

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
At 1 January	614,725	620,526	433,801	450,792
Charge for the year	68,750	74,637	–	5,960
Written off	(310,303)	(56,118)	(226,588)	(5,262)
Written back	(46,080)	(24,990)	(499)	(17,689)
Exchange differences	5,703	670	–	–
At 31 December	332,795	614,725	206,714	433,801

8. Trade receivables (cont'd)

Trade receivables that are determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

9. Other receivables and deposits

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Deposits	537,130	496,546	9,200	9,200
Advance to employees	26,437	84,518	10,713	–
Advances to suppliers	635,351	993,354	–	–
Service tax receivable	1,243,022	921,536	–	–
Other non-trade debtors	287,626	324,156	259,324	235,575
	2,729,566	2,820,110	279,237	244,775
Add: Other non-trade debtors (non-current)	–	21,000	–	21,000
Less: Advances to suppliers	(635,351)	(993,354)	–	–
Service tax receivable	(1,243,022)	(921,536)	–	–
Advances to employees	(26,437)	(84,518)	(10,713)	–
Other receivables and deposits classified as loans and receivables (Note 29)	824,756	841,702	268,524	265,775

Included in other non-trade debtors is an amount of $231,840 (2013: $231,840) receivable from the non-controlling interests of Scantrans as they were unable to meet the profit guarantee as per the terms and conditions in the Joint Venture Agreement entered into in 2007.

Other non-trade debtors (non-current) is unsecured, non-interest bearing and are to be settled in cash.

10. Amounts due from/(to) related companies

Amounts due from/(to) subsidiaries (non-trade)

The amounts due from/(to) subsidiaries are unsecured, interest-free, and repayable on demand.

Amount due to holding company (loan)

The loan from holding company is unsecured, bears interest at 2.00% p.a, is to be settled in cash and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

11. Cash and bank balances

Cash and bank balances included in the consolidated cash flows statement comprise the following balances as at 31 December:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Cash and bank balances	4,889,939	5,331,181	1,591,878	1,425,887
Fixed deposits	2,412,278	4,454,790	–	1,039,821
Cash and cash equivalents	7,302,217	9,785,971	1,591,878	2,465,708

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between one week and a year, depending on the immediate cash requirements of the Group and Company, and earn interests at the respective short-term deposit rates. The effective interest rates as at 31 December 2014 for the Group and the Company ranges from 3.00% to 8.75% (2013: from 0.15% to 8.75%) per annum.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
– United States Dollars	1,704,698	1,381,041	1,080,208	835,604
– Australian Dollars	662,854	845,412	–	839,319

12. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade payables	7,337,008	5,069,081	1,981,807	1,280,700
Amounts due to subsidiaries (trade)	–	–	345,563	140,208
Sundry payables	1,426,697	1,471,034	233,015	95,076
Payables in relation to purchase of fixed assets	80,927	17,805	64,841	–
	8,844,632	6,557,920	2,625,226	1,515,984

Trade payables are normally settled on 30 to 120 days terms (2013: 30 to 120 days) and interest-free.

12. Trade and other payables (cont'd)

Trade payables denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
– United States Dollars	1,801,586	1,092,744	1,836,003	921,400
– Euro	144,263	109,958	144,263	108,122

13. Accruals

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Accrued operating expenses	2,822,547	2,470,460	1,259,970	1,189,750
Advance billings	38,042	–	10,000	–
Provision for restructuring expenses	163,289	163,289	163,289	163,289
	3,023,878	2,633,749	1,433,259	1,353,039
Less: Advance billings	(38,042)	–	(10,000)	–
Accruals classified as financial liabilities (Note 29)	2,985,836	2,633,749	1,423,259	1,353,039

Accruals denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
– United States Dollars	67,132	42,294	67,132	42,294

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

14. Interest-bearing bank loans

	Effective interest rate per annum	Maturity	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Current:						
Bank overdrafts	Base rate + 3.5%	2015	2,302,809	2,265,408	–	–
Bill discounting facility	13.5%	2015	734,648	711,633	–	–
			3,037,457	2,977,041	–	–

Bank overdrafts

Bank overdrafts are denominated in INR, bears interest at India bank base rate + 3.5% p.a. (2013: India bank base rate + 3.5% p.a.) and are secured by a standby letter of credit issued by Development Bank of Singapore.

Bill discounting facility

Bill discounting facility is denominated in INR, bears interest rate at 13.5% p.a. (2013: 13.5% p.a.). This loan is secured by corporate guarantee from the Company and a first charge on certain assets of Scantrans.

Breach of Bank Loan Covenants

The Group's partially-owned subsidiary, Scantrans India Pvt Ltd ("Scantrans") has breached certain covenants of the loan agreements with its bankers. The Banks have not exercised its rights under the loan agreements to recall the loan and have maintained the loan as status quo. In the event that the breach of covenants is not rectified, the bank may exercise its rights under the loan agreement and the loan amount may be repayable at the banks' demand.

As no letter of waiver on the breach of loan covenants has been obtained from the banks, the loan amounting to INR144,049,587 ($3,025,041), which mature in 2015 has been classified as current liabilities.

Subsequent to year end, Scantrans had repaid the loan amount to the banks with credit facilities obtained from another bank.

15. Non-interest bearing loan

The loan due to a minority shareholder of a subsidiary is unsecured and interest-free. The loan is to be settled in cash and is repayable on demand.

16. Deferred tax

Deferred tax as at 31 December relates to the following:

Group 2014	At 1 January $	Credited/ (charged) to the income statement $	Recognised in equity $	Translation difference $	At 31 December $
Deferred tax liabilities					
Differences in depreciation	1,256,555	305,246	–	1,613	1,563,414
Revaluation and other reserves	(2,614,183)	5,298	–	9,777	(2,599,108)
Undistributed earnings of subsidiaries	(160,000)	40,000	–	–	(120,000)
Other sundry timing differences	237,128	(55,776)	–	(1,664)	179,688
	(1,280,500)	294,768	–	9,726	(976,006)
Deferred tax assets					
Provisions	143,381	475,027	–	22,896	641,304
Differences in depreciation	81,037	2,119	–	2,322	85,478
Other sundry timing differences	3,093	(3,056)	–	(37)	–
	227,511	474,090	–	25,181	726,782

Group 2013	At 1 January $	Credited/ (charged) to the income statement $	Recognised in equity $	Translation difference $	At 31 December $
Deferred tax liabilities					
Differences in depreciation	1,104,244	144,274	–	8,037	1,256,555
Revaluation and other reserves	(2,031,494)	2,366,149	(2,954,828)	5,990	(2,614,183)
Undistributed earnings of subsidiaries	(160,000)	–	–	–	(160,000)
Other sundry timing differences	229,689	11,225	–	(3,786)	237,128
	(857,561)	2,521,648	(2,954,828)	10,241	(1,280,500)
Deferred tax assets					
Provisions	44,176	99,451	–	(246)	143,381
Differences in depreciation	75,149	12,450	–	(6,562)	81,037
Other sundry timing differences	–	3,026	–	67	3,093
	119,325	114,927	–	(6,741)	227,511

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

16. Deferred tax (cont'd)

Company 2014	At 1 January $	Credited/ (charged) to the income statement $	Recognised in equity $	At 31 December $
Deferred tax liabilities				
Differences in depreciation	1,313,014	291,015	–	1,604,029
Revaluation reserve	(2,415,806)	–	–	(2,415,806)
Other sundry timing differences	134,331	(47,290)	–	87,041
	(968,461)	243,725	–	(724,736)

Company 2013	At 1 January $	Credited/ (charged) to the income statement $	Recognised in equity $	At 31 December $
Deferred tax liabilities				
Differences in depreciation	1,179,163	133,851	–	1,313,014
Revaluation reserve	(1,813,494)	2,366,149	(2,968,461)	(2,415,806)
Other sundry timing differences	134,331	–	–	134,331
	(500,000)	2,500,000	(2,968,461)	(968,461)

Temporary differences relating to investment in subsidiaries

As at 31 December 2014, the temporary differences for which deferred tax liability has not been recognised aggregate to $1,116,000 (2013: $682,000) as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. The deferred tax liability is estimated to $167,000 (2013: $102,000).

Unrecognised tax losses

As at the end of the reporting period, the Group had unutilised wear and tear allowances and tax losses of approximately $3,110,000 (2013: $2,776,000) and $28,497,000 (2013: $26,417,000) respectively, which are available for offset against future taxable income of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

17. Amount due to a director of a subsidiary

The amount due to a director of a subsidiary is unsecured and interest-free. The loan is to be settled in cash.

18. Share capital

	2014 No. of shares	2014 $	2013 No. of shares	2013 $
Issued and fully paid:				
Balance at beginning and end of year				
– ordinary shares	439,222,000	49,549,249	439,222,000	49,549,249

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

19. Reserves

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Revaluation reserve	22,402,346	22,402,346	22,173,162	22,173,162
Translation reserve	(3,227,298)	(3,227,222)	–	–
Restricted reserve	942,287	942,287	–	–
Other reserves	2,555,632	2,358,596	340,800	340,800
Accumulated loss	(16,767,830)	(9,980,103)	(14,726,865)	(4,997,100)
	5,905,137	12,495,904	7,787,097	17,516,862

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

19. Reserves (cont'd)

(a) Movement in reserves for the Group is disclosed in the Consolidated Statement of Changes in Equity. Movement in reserves for the Company is set out below:

	Company	
	2014	2013
	$	$
Revaluation reserve		
Balance at beginning of the year	22,173,162	7,680,085
Net surplus on revaluation of leasehold factory building	–	14,493,077
Balance at end of the year	22,173,162	22,173,162
Other reserves		
Balance at beginning and end of the year (Note 6)	340,800	340,800
Accumulated loss		
Balance at beginning of the year	(4,997,100)	(4,147,642)
Net loss	(9,729,765)	(849,458)
Balance at end of the year	(14,726,865)	(4,997,100)
Total reserves	7,787,097	17,516,862

(b) Revaluation reserve

The revaluation reserve represents increases in the fair value of leasehold factory building, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

(c) Restricted reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China (PRC), the subsidiaries are required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

19. Reserves (cont'd)

(d) *Translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(e) *Other reserve*

The Group adopted the entity concept method to account for additional shares in subsidiaries acquired from non-controlling interests. Any acquisition of additional shares from non-controlling interests is treated as being a transaction between owners and the difference between the share of the assets and liabilities acquired from the non-controlling interests and the cost of the additional interests in the subsidiary acquired is reflected as discount arising from the purchase of non-controlling interests shares in other reserve.

20. Turnover

Turnover represents sale of goods and services in the normal course of business. Intra-group transactions have been excluded from Group turnover.

Turnover comprises the following:

	Group	
	2014	2013
	$	$
Software contract manufacturing	47,906,482	43,507,440
Computer systems integration and consultancy services	2,740,877	3,497,017
	50,647,359	47,004,457

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

21. Other operating income

	Group 2014 $	Group 2013 $
Foreign exchange gain	273,087	70,922
Trade payables written off	226,993	–
Rental income	168,371	–
Allowance for inventory obsolescence written back, net	–	455,998
Gain on disposal of assets	–	221,601
Gain on disposal of assets held for sale	–	164,298
Scrap sales	287,261	352,544
Bad debts recoverable, insurances claims, grants	47,919	259,427
	1,003,631	1,524,790

22. Personnel expenses

	Group 2014 $	Group 2013 $
Wages and salaries	9,893,301	9,528,818
Central Provident Fund and other pension costs	991,823	1,132,916
Other personnel related expenses	887,530	813,209
	11,772,654	11,474,943

Avantouch Systems Pte Ltd ("Avantouch") Share Option Schemes

Under the Avantouch Share Option Schemes, an option entitles the option holder to subscribe for a specific number of new ordinary shares at an exercise price specified in the Letter of Offer of Option. The consideration for the grant of the option is $1.

Movement of share options during the financial year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	No. 2014	WAEP ($) 2014	No. 2013	WAEP ($) 2013
Outstanding at the beginning and end of the year	844,000	1.00	844,000	1.00
Exercisable at end of year	844,000	1.00	844,000	1.00

22. Personnel expenses (cont'd)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the service received is measured based on a Black-Scholes model. The inputs into the model were as follows:

	2014	2013
Exercise price ($)	1	1
Expected volatility (%)	40	40
Risk-free interest rate (%)	3.75	3.75
Expected life of options (years)	5	6
Weighted average share price ($)	0.10	0.10

Expected volatility was determined by calculating the historical volatility of Avantouch's net asset values since its incorporation in 2003. The expected life used has been adjusted, was based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

As the fair value of the share options was insignificant, the management of Avantouch had not recognised any expenses relating to the equity-settled share-based payment transactions.

23. Financial expense – net

	Group 2014 $	Group 2013 $
Interest income		
– Bank deposits	(174,555)	(144,116)
Interest expense		
– Bank loans and bank overdrafts	407,208	413,642
– Others	13,000	69,714
	245,653	339,240

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

24. Loss before tax

The following items have been included in arriving at loss before tax:

	Group 2014 $	Group 2013 $
Audit fees		
– auditors of the Company	84,500	86,500
– other auditors	167,649	163,639
Non–audit fees		
– auditors of the Company	16,280	14,500
– other auditors	11,806	16,456
Directors' fees		
– Directors of the Company	261,667	265,000
– Directors of subsidiaries	51,616	52,158
Fixed assets written off	880,416	21,315
Impairment of fixed assets	–	19,669
Impairment of investment securities	–	980,100
Impairment of goodwill	641,826	–
Net gain on disposal of fixed assets	(3,961)	(221,601)
Net loss/(gain) on disposal of assets held for sale	103,867	(164,298)
Bad debts recovered	(3,120)	(981)
Bad debts written off	630,580	6,105
Allowance for doubtful trade receivables	68,750	74,637
Allowance for doubtful trade receivables written back	(46,080)	(24,990)
Allowance for inventory obsolescence	206,224	149,625
Allowance for inventory obsolescence written back	(3,627)	(605,623)
Write back of inventories previously written off	(5,311)	(8,532)
Inventories written off	234,152	143,146
Intangible assets written off	2,850,855	5,629
Exchange (gain)/loss, net	(259,276)	459,137
Operating lease expenses	1,462,835	1,287,901

25. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group 2014 $	Group 2013 $
Consolidated income statement		
Current income tax:		
– current income tax:	1,010,029	886,869
– under/(over)provision in respect of prior years	20,911	(27,919)
Deferred income tax (Note 16):		
– current year	(767,671)	(2,635,792)
– overprovision in respect of prior years	(1,188)	(783)
Tax expense/(credit) recognised in the income statement	262,081	(1,777,625)
Statement of comprehensive income		
Deferred tax expense related to other comprehensive income:		
– Net surplus on revaluation of leasehold factory building	–	2,968,461

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December 2014 and 2013 is as follows:

	Group 2014 $	Group 2013 $
Loss from operations before tax	(10,209,578)	(3,206,588)
Tax at the domestic rates applicable to profits in the countries concerned	(4,042,376)	(143,891)
Effect of change in tax rate	(3,130)	(6,048)
Income not subject to tax	(376,380)	(164,255)
Expenses not deductible for tax purposes	4,280,323	434,720
Benefits from previously unrecognised tax losses	–	(2,593,366)
Under/(Over)provision in respect of prior years	19,723	(28,702)
Deferred tax asset not recognised	539,238	860,771
Others	(155,317)	(136,854)
Tax expense/(credit) recognised in the income statement	262,081	(1,777,625)

The tax rates used in computing taxes for entities incorporated in the People's Republic of China was 25% (2013: 25%).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

26. Earnings per share

The basic earnings per share are calculated by dividing the loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share from continuing operations are calculated by dividing loss, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2014	2013
	$	$
Loss for the year attributable to owners of the Company used in the computation of basic earnings per share	(6,787,727)	(634,631)

	Group	
	2014	2013
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation *	439,222,000	439,222,000

* *Potential ordinary shares shall be treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share.*

27. Commitments and contingent liabilities

(a) Contingent liabilities

Corporate guarantees

The Company issued corporate guarantees amounting to $3,255,000 (2013: $3,165,100) in favour of certain financial institutions for banking facilities granted to and utilised by India subsidiary companies.

27. Commitments and contingent liabilities (cont'd)

(b) Operating lease commitments – as lessee

The Group have operating lease commitments in respect of office, factory and residential premises. These leases have an average life of between 1 year and 60 years with both renewal and non-renewal option included in the contracts. In addition, there is no escalation clause included in the contracts. There are no restrictions placed upon the Group or the Company by entering into these leases.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2014 amounted to $1,042,770 (2013: $1,046,424).

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Future minimum lease payments				
Not later than one year	802,204	902,714	269,096	255,085
Later than one year but not later than five years	1,490,819	1,491,296	1,083,600	1,027,200
Later than five years	8,160,863	8,048,156	8,160,863	7,992,900
	10,453,886	10,442,166	9,513,559	9,275,185

(c) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its leasehold factory building. These cancellable leases have remaining lease terms of between two and three years.

Future minimum rental receivables under cancellable operating leases as at 31 December are as follows:

	Group	
	2014	2013
	$	$
Not later than one year	544,270	–
Later than one year but not later than five years	887,116	–
	1,431,386	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

27. Commitments and contingent liabilities (cont'd)

(d) Capital commitments

At the end of the reporting period, the Group and Company had no significant commitments.

28. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2014	2013
	$	$
Interest payable to holding company	13,000	13,000

(b) Compensation of key management personnel

	Group	
	2014	2013
	$	$
Short-term employee benefits	1,936,849	2,040,930
Central Provident Fund contributions	77,951	76,905
Total compensation paid to key management personnel	2,014,800	2,117,835
Comprise amounts paid to:		
Directors of the Company	1,145,782	1,222,617
Other key management personnel	869,018	895,218
	2,014,800	2,117,835

The remuneration of key management personnel are determined by the remuneration committee having regards to the performance of individuals and market trends.

29. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Financial Controller. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from interest-bearing bank loans. The Group's policy is to obtain the most favourable interest rates available. The Group's interest-bearing bank loans are repriced at interval of change in the prime ceiling rate.

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, assuming that all other variables remain constant except that the Indian Rupee interest rate had been 100 basis points lower/higher, the Group's loss net of tax would have been $30,085 (2013: $31,112) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the Board of Directors to finance the Group's and the Company's operations and mitigate the effects of fluctuation in cash flows. The Group and the Company will ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

29. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group 2014	One year or less $	One to five years $	Over five years $	Total $
Financial assets:				
Trade receivables	11,331,671	–	–	11,331,671
Other receivables and deposits	824,756	–	–	824,756
Cash and bank balances	7,302,217	–	–	7,302,217
Total undiscounted financial assets	19,458,644	–	–	19,458,644
Financial liabilities:				
Trade and other payables	8,844,632	–	–	8,844,632
Accruals	2,985,836	–	–	2,985,836
Interest-bearing bank loans	3,068,322	–	–	3,068,322
Non-interest bearing loan	331,632	–	–	331,632
Amount due to holding company (loan)	694,500	–	–	694,500
Amount due to a director of a subsidiary	–	64,000	–	64,000
Total undiscounted financial liabilities	15,924,922	64,000	–	15,988,922
Total net undiscounted financial assets	3,533,722	(64,000)	–	3,469,722

29. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Group 2013	One year or less $	One to five years $	Over five years $	Total $
Financial assets:				
Trade receivables	10,136,487	–	–	10,136,487
Other receivables and deposits	820,702	21,000	–	841,702
Cash and bank balances	9,785,971	–	–	9,785,971
Total undiscounted financial assets	20,743,160	21,000	–	20,764,160
Financial liabilities:				
Trade and other payables	6,557,920	–	–	6,557,920
Accruals	2,633,749	–	–	2,633,749
Interest-bearing bank loans	3,081,237	–	–	3,081,237
Non-interest bearing loan	322,473	–	–	322,473
Amount due to holding company (loan)	681,500	–	–	681,500
Total undiscounted financial liabilities	13,276,879	–	–	13,276,879
Total net undiscounted financial assets	7,466,281	21,000	–	7,487,281

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

29. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Company 2014	One year or less $	One to five years $	Over five years $	Total $
Financial assets:				
Trade receivables	4,034,473	–	–	4,034,473
Other receivables and deposits	268,524	–	–	268,524
Amount due from subsidiaries (non-trade)	5,155,979	–	–	5,155,979
Cash and bank balances	1,591,878	–	–	1,591,878
Total undiscounted financial assets	11,050,854	–	–	11,050,854
Financial liabilities:				
Trade and other payables	2,625,226	–	–	2,625,226
Accruals	1,423,259	–	–	1,423,259
Amount due to subsidiaries (non-trade)	377,618	–	–	377,618
Amount due to holding company (loan)	694,500	–	–	694,500
Total undiscounted financial liabilities	5,120,603	–	–	5,120,603
Total net undiscounted financial assets	5,930,251	–	–	5,930,251

Company 2013	One year or less $	One to five years $	Over five years $	Total $
Financial assets:				
Trade receivables	3,861,075	–	–	3,861,075
Other receivables and deposits	244,775	21,000	–	265,775
Amount due from subsidiaries (non-trade)	5,230,805	–	–	5,230,805
Cash and bank balances	2,465,708	–	–	2,465,708
Total undiscounted financial assets	11,802,363	21,000	–	11,823,363
Financial liabilities:				
Trade and other payables	1,515,984	–	–	1,515,984
Accruals	1,353,039	–	–	1,353,039
Amount due to subsidiaries (non-trade)	431,963	–	–	431,963
Amount due to holding company (loan)	681,500	–	–	681,500
Total undiscounted financial liabilities	3,982,486	–	–	3,982,486
Total net undiscounted financial assets	7,819,877	21,000	–	7,840,877

29. Financial risk management objectives and policies (cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group believes that its credit risk in trade receivables is mitigated by its credit evaluation process, credit control and collection procedure.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2014		2013	
	$	% of total	$	% of total
By country:				
People's Republic of China	3,371,894	30	3,055,725	30
India	2,875,342	25	2,095,728	21
United States of America	2,534,180	22	2,204,310	22
Malaysia	984,616	9	996,122	10
Vietnam	734,372	7	437,492	4
Australia	385,069	3	438,168	4
Singapore	216,445	2	380,561	4
Europe	116,210	1	458,562	4
Other countries	113,543	1	69,819	1
	11,331,671	100	10,136,487	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due or impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

29. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 8.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollars (SGD), Ringgit Malaysia (RM), Renminbi (RMB), Australian Dollar (AUD), Indian Rupees (INR) and Vietnam Dong (VND). The foreign currencies in which these transactions are denominated are mainly the United States Dollars (USD).

The Group and the Company also hold cash and cash equivalents denominated in foreign currency for working capital purposes. Information regarding cash and cash equivalents denominated in foreign currency is disclosed in Note 11.

The Group is also exposed to currency translation risk arising from its net investments in the foreign operations, including Malaysia, People's Republic of China ("PRC"), Australia, India and Vietnam. These assets are long-term in nature and the exchange differences from translation are taken directly to the translation reserve. The exchange rates are monitored regularly.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD, AUD, and GBP exchange rates against respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(decrease) Loss after tax	
	2014	2013
	$'000	$'000
United States Dollar/Singapore Dollars		
– strengthened 6.0% (2013: 4.5%)	188	137
– weakened 6.0% (2013: 4.5%)	(188)	(137)
Australian Dollar/Singapore Dollars		
– strengthened 8.0% (2013: 15.6%)	44	110
– weakened 8.0% (2013: 15.6%)	(44)	(110)
Great Britain Pounds/Singapore Dollars		
– strengthened 4.0% (2013: 11.9%)	2	17
– weakened 4.0% (2013: 11.9%)	(2)	(17)

30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

As disclosed in Note 19, a subsidiary is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to the approval by the relevant PRC authorities. This externally imposed capital requirement had been complied with by the subsidiary for the financial years ended 31 December 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less restricted reserves.

	Note	Group	
		2014	2013
		$	$
Trade and other payables	12	8,844,632	6,557,920
Interest-bearing bank loans	14	3,037,457	2,977,041
Non-interest bearing loan	15	331,632	322,473
Amount due to holding company	10	694,500	681,500
Amount due to a director of a subsidiary	17	64,000	–
Less: Cash and bank balances	11	(7,302,217)	(9,785,971)
Net debt		5,670,004	752,963
Equity attributable to owners of the Company		55,466,917	62,045,153
Less: Restricted reserves	19	(942,287)	(942,287)
Total capital		54,524,630	61,102,866
Capital and net debt		60,194,634	61,855,829
Gearing ratio		9.4%	1.2%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

31. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

Transfers between levels of fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers. There is no transfer between fair value hierarchy during the year.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

31. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Fair value measurements at the end of the reporting period using			
Group 2014	**Quoted prices in active markets for identical instruments (Level 1) $**	**Significant other observable inputs (Level 2) $**	**Significant unobservable inputs (Level 3) $**	**Total $**
Assets measured at fair value measurements				
Non-financial assets:				
Property, plant and equipment				
Leasehold factory buildings	–	–	36,748,959	36,748,959
Total property, plant and equipment	–	–	36,748,959	36,748,959
Non-financial assets as at 31 December 2014	–	–	36,748,959	36,748,959
Group 2013				
Assets measured at fair value measurements				
Non-financial assets:				
Property, plant and equipment				
Leasehold factory buildings	–	–	36,781,366	36,781,366
Total property, plant and equipment	–	–	36,781,366	36,781,366
Non-financial assets as at 31 December 2013	–	–	36,781,366	36,781,366

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

31. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair Value at 31 December 2014	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Property, plant and equipment				
Purpose built 6-storey industrial building	$35,000,000	Direct comparison method	Transacted price of comparable properties (psqm)	$3,273- $5,634
Single-storey factory cum warehouse with 1 attached double-storey office	$1,748,959	Direct comparison method	Transacted price of comparable properties (psqm)	$350 - $459

Description	Fair Value at 31 December 2013	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Property, plant and equipment				
Purpose built 6-storey industrial building	$35,000,000	Direct comparison method	Transacted price of comparable properties (psqm)	$3,273- $5,634
Single-storey factory cum warehouse with 1 attached double-storey office	$1,781,366	Direct comparison method	Transacted price of comparable properties (psqm)	$350 - $459

31. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for assets measured at fair value based on significant unobservable inputs (Level 3):

Group Fair value measurements using significant unobservable inputs (Level 3)	Property, plant and equipment Leasehold factory buildings $
At 1 January 2013	20,848,954
Total gains or losses for the period included in other comprehensive income:	
– Net surplus on revaluation of building	16,000,000
Exchange differences	(67,588)
At 31 December 2013 and 1 January 2014	36,781,366
Exchange differences	(32,407)
At 31 December 2014	36,748,959

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

31. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures

The Group Financial Controller (GFC), who is assisted by the Head of Finance from the respective subsidiaries (collectively referred to as the "GFC office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant observable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The GFC office is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the GFC office reviews the appropriateness of the valuation methodologies and assumptions adopted. The GFC office also evaluates the appropriateness and reliability of the inputs (including those adopted internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. During the year, director's valuations are performed to ensure that the carrying amounts do not differ materially from the fair value of the leasehold buildings at the end of the reporting period.

Significant changes in fair value measurements from period to period are evaluated by the GFC office for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

31. Fair value of assets and liabilities (cont'd)

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and bank balances, trade receivables, other receivables and deposits, amounts due from subsidiaries, trade and other payables, accruals, amounts due to subsidiaries, amount due to holding company, interest-bearing bank loans, non-interest bearing loan and amount due to a director of a subsidiary.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

Loan to subsidiaries

It is non-practical to estimate the fair value of the non-current loan to subsidiaries due to principally to a lack of repayment term entered by the parties involved, and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at balance sheet date to be significantly different from the values that would be eventually be received or settled.

(e) Carrying amounts of financial instruments by categories

The table below is an analysis of the carrying amounts of financial instruments by categories as at 31 December:

Group	Note	2014 $	2013 $
Loans and receivables			
Trade receivables	8	11,331,671	10,136,487
Other receivables and deposits	9	824,756	841,702
Cash and bank balances	11	7,302,217	9,785,971
		19,458,644	20,764,160
Financial liabilities at amortised cost			
Trade and other payables	12	8,844,632	6,557,920
Accruals	13	2,985,836	2,633,749
Interest-bearing bank loans	14	3,037,457	2,977,041
Non-interest bearing loan	15	331,632	322,473
Amount due to holding company (loan)	10	694,500	681,500
Amount due to a director of a subsidiary	17	64,000	–
		15,958,057	13,172,683

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

31. Fair value of assets and liabilities (cont'd)

(e) Carrying amounts of financial instruments by categories (cont'd)

Company	Note	2014 $	2013 $
Loans and receivables			
Trade receivables	8	4,034,473	3,861,075
Other receivables and deposits	9	268,524	265,775
Cash and bank balances	11	1,591,878	2,465,708
Amounts due from subsidiaries (non-trade)	10	5,155,979	5,230,805
Loans to subsidiaries	6	1,487,800	8,872,410
		12,538,654	20,695,773
Financial liabilities at amortised cost			
Trade and other payables	12	2,625,226	1,515,984
Accruals	13	1,423,259	1,353,039
Amounts due to subsidiaries (non-trade)	10	377,618	431,963
Amount due to holding company (loan)	10	694,500	681,500
		5,120,603	3,982,486

32. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

i. The software contract manufacturing segment provides a wide range of value-added services which includes supply chain solutions, print and media products which include material procurement, inventory management, logistics management, software replication and order fulfilment.

ii. The investment holding segment holds investment, whether quoted or unquoted.

iii. The computer systems integration and consultation services segment focuses on mobile contents including digital product shelf displays and other related activities.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

32. Segment information (cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets consist primarily of fixed assets, certain inventories and receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation. Capital expenditure comprises additions to fixed assets.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

By business segment

2014	Software contract manufacturing $'000	Investment holdings $'000	Computer systems integration and consultancy services $'000	Adjustments and eliminations $'000	Notes	Per consolidated financial statements $'000
Turnover:						
External customers	47,906	–	2,741	–		50,647
Inter-segment	8,955	–	–	(8,955)	A	–
Total turnover	56,861	–	2,741	(8,955)		50,647
Results:						
Interest income	(174)	–	–	–		(174)
Interest expense	420	–	–	–		420
Depreciation and amortisation	2,112	–	396	–		2,508
Impairment of goodwill	–	–	642	–		642
Other non-cash expenses	644	–	4,269	–	B	4,913
Segment loss	(1,843)	(15)	(8,425)	73	C	(10,210)
Additions to non-current assets	485	–	1,376	–	D	1,861
Segment assets	68,462	269	1,328	272	E	70,331
Segment liabilities	14,898	6	398	2,076	F	17,378

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

32. Segment information (cont'd)

By business segment

2013	Software contract manufacturing $'000	Investment holdings $'000	Computer systems integration and consultancy services $'000	Adjustments and eliminations $'000	Notes	Per consolidated financial statements $'000
Turnover:						
External customers	43,507	–	3,497	–		47,004
Inter-segment	6,803	–	–	(6,803)	A	–
Total turnover	50,310	–	3,497	(6,803)		47,004
Results:						
Interest income	(144)	–	–	–		(144)
Interest expense	483	–	–	–		483
Depreciation and amortisation	1,836	–	363	–		2,199
Impairment of fixed assets	20	–	–	–		20
Impairment of investment securities	980	–	–	–		980
Other non-cash expenses	(627)	–	1	–	B	(626)
Segment loss	(1,550)	(13)	(1,320)	(324)	C	(3,207)
Additions to non-current assets	676	–	1,321	–	D	1,997
Segment assets	71,842	274	5,699	(178)	E	77,637
Segment liabilities	11,841	5	645	2,253	F	14,744

32. Segment information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Non-cash expenses are added to/(deducted from) segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	2014 $'000	2013 $'000
Net gain on disposal of fixed assets	(4)	(222)
Net loss/(gain) on disposal of assets held for sale	104	(164)
Fixed assets written off	880	21
Bad debts recovered	(3)	(1)
Bad debts written off	631	6
Intangible asset written off	2,851	6
Allowance for doubtful trade receivables	69	75
Allowance for doubtful trade receivables written back	(46)	(25)
Allowance for inventory obsolescence	206	150
Allowance for inventory obsolescence written back	(4)	(606)
Inventories written off	234	143
Write back of inventories previously written off	(5)	(9)
	4,913	(626)

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

	2014 $'000	2013 $'000
Consolidation adjustments	73	(324)

D Additions to non-current assets consists of additions to property, plant and equipment and intangible asset.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2014

32. Segment information (cont'd)

E The following items are (deducted) from or added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	2014 $'000	2013 $'000
Deferred tax assets	727	227
Consolidation adjustments	(455)	(405)
	272	(178)

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

	2014 $'000	2013 $'000
Deferred tax liabilities	976	1,281
Provision for taxation	406	290
Unallocated inter-segment liabilities	694	682
	2,076	2,253

Geographical information

Revenue, loss after tax and non-current assets information based on the geographical location of the source of revenue and assets respectively are as follows:

	Group					
	Turnover		(Loss)/Profit after tax		Non-current assets	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Singapore	15,240	14,004	(4,411)	(2,207)	34,213	36,278
Malaysia	4,020	4,486	687	732	2,050	2,203
People's Republic of China	13,134	14,827	(6,902)	404	1,909	5,015
India	12,124	9,181	(250)	(585)	3,983	4,171
Australia	3,511	2,935	434	369	22	24
Vietnam	2,618	1,571	(143)	10	631	430
Eliminations and adjustments	–	–	113	(152)	–	–
At 31 December	50,647	47,004	(10,472)	(1,429)	42,808	48,121

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

32. Segment information (cont'd)

Information about a major customer

Revenue from one major customer amounted to $13,167,904 (2013: $9,947,440), arising from sales by the software contract manufacturing segment.

33. Authorisation of financial statements

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 27 March 2015.

SHAREHOLDINGS STATISTICS

As at 16 March 2015

Issued and fully paid up	-	S$49,549,249
Class of shares	-	Ordinary shares each with equal voting rights

SHAREHOLDINGS HELD IN THE HAND OF THE PUBLIC

Based on information available to the Company as at 16 March 2015, 19.5% of the issued ordinary shares of the Company were held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	2	0.07	12	0.00
100 - 999	384	13.54	384,000	0.09
1,001 - 10,000	1,663	58.64	7,854,000	1.79
10,001 - 1,000,000	768	27.08	49,109,988	11.18
1,000,001 and above	19	0.67	381,874,000	86.94
	2,836	100.00	439,222,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	International Press Holdings Pte Ltd	286,839,480	65.31
2	Low Song Take or Leong Shook Wah	29,541,600	6.73
3	Woo Khai Chong	14,770,800	3.36
4	Woo Khai San	14,770,800	3.36
5	Low Ka Choon Kevin	7,484,320	1.70
6	Maybank Kim Eng Securities Pte Ltd	7,367,000	1.68
7	Raffles Nominees (Pte) Ltd	2,963,000	0.67
8	DBS Nominees Pte Ltd	2,248,000	0.51
9	Ong Chong Sun	2,000,000	0.46
10	Yeo Ah Moey	2,000,000	0.46
11	Lim Tee Ming or Low Sai Lee	1,665,000	0.38
12	United Overseas Bank Nominees Pte Ltd	1,618,000	0.37
13	Chua Ah Bah	1,530,000	0.35
14	Ang Hao Yao (Hong Hao Yao)	1,378,000	0.31
15	Chicken Delight Private Limited	1,239,000	0.28
16	Chan Yee Liang	1,150,000	0.26
17	Cheong Chee Kin	1,150,000	0.26
18	Ng Keat Leong	1,112,000	0.25
19	Tong Din Eu	1,047,000	0.24
20	Chio Kian Huat	1,000,000	0.23
		382,874,000	87.17

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%
International Press Holdings Pte Ltd	286,839,480	65.31	-	-
Low Song Take or Leong Shook Wah	29,541,600	6.73	286,839,480	65.31
Woo Khai Chong	14,770,800	3.36	286,839,480	65.31
Woo Khai San	14,770,800	3.36	286,839,480	65.31
Low Ka Choon Kevin	7,484,320	1.70	286,839,480	65.31

The Company's holding company is International Press Holdings Pte Ltd. The holding company is equally owned by Chee Chun Holdings Pte. Ltd. and Ze Hua Holdings Pte. Ltd., both incorporated in Singapore. Messrs. Woo Khai Chong and Woo Khai San are deemed to have an interest in the shares held by Chee Chun Holdings Pte. Ltd. in International Press Holdings Pte Ltd and its subsidiaries. Messrs. Low Song Take and Low Ka Choon Kevin are deemed to have an interest in the shares held by Ze Hua Holdings Pte. Ltd. in International Press Holdings Pte Ltd and its subsidiaries.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("AGM") of **INTERNATIONAL PRESS SOFTCOM LIMITED (the "Company")** will be held at 26 Kallang Avenue, Conference Room, Level 2 International Press Building, Singapore 339417 on Wednesday, 29 April 2015 at 9.30 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' Fees of S$261,667 for the financial year ended 31 December 2014 (2013: S$265,000). **Resolution 2**

3. To re-elect Mr Loh Yih who is retiring under Article 107 of the Company's Articles of Association. [See Explanatory Note (i)] **Resolution 3**

4. To re-elect Mr Neo Gim Kiong who is retiring under Article 117 of the Company's Articles of Association. [See Explanatory Note (ii)] **Resolution 4**

5. To re-appoint Mr Low Song Take as a Director of the Company to hold office until the next AGM pursuant to Section 153(6) of the Companies Act, Cap. 50.
[See Explanatory Note (iii)] **Resolution 5**

6. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

7. To transact any other ordinary business which may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:-

8. <u>SHARE ISSUE MANDATE</u> **Resolution 7**

"THAT pursuant to Section 161 of the Companies Act, Cap. 50 and subject to Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("Catalist Rules"), authority be and is hereby given to the Directors of the Company to issue and allot new shares in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, PROVIDED ALWAYS that:-

(i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 100% of the issued shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 50% of the issued shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Rules of Catalist), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued share capital shall be based on the issued shares of the Company at the time this Resolution is passed, after adjusting for:-

(a) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent consolidation or subdivision of shares;

(iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or by the date by which the next AGM of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note (iv)]

BY ORDER OF THE BOARD

TEH ENG CHAI
Company Secretary

Date: 13 April 2015
Singapore

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes:

(i) If re-elected under Resolution 3, Mr Loh Yih will remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. He will also remain as Chairman of the Remuneration Committee and a member of the Nominating Committee. Save as disclosed herein, there is no relationship including immediate family relationships between himself and the other Directors, the Company and its 10% shareholders (as defined in the Singapore Code of Corporate Governance 2012 (the "Code"). The detailed information of Mr Loh Yih can be found under the section entitled "Board Membership" in the Corporate Governance Report and page 26 of the 2014 Annual Report.

(ii) If re-elected under Resolution 4, Mr Neo Gim Kiong will remain as the Lead Independent Director and the Chairman of the Audit Committee. He will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. He will also remain as a member of the Remuneration Committee and Nominating Committee. Save as disclosed herein, there is no relationship including immediate family relationships between himself and the other Directors, the Company and its 10% shareholders (as defined in the Code). The detailed information of Mr Neo Gim Kiong can be found under the section entitled "Board Membership" in the Corporate Governance Report and page 26 of the 2014 Annual Report.

(iii) If re-appointed under Resolution 5, Mr Low Song Take who is over the age of 70, will continue in office as the Executive Chairman of the Board of Directors and a member of the Nominating Committee until the next AGM of the Company. Mr Low Song Take is the father of Mr Low Ka Choon Kevin, the Managing Director / Chief Executive Officer of the Company. Mr Low Song Take is also the substantial shareholder of the Company and is deemed to have an interest in the shares held by Ze Hua Holdings Pte Ltd in International Press Holdings Pte Ltd, the holding company of the Company. Save as disclosed herein, Mr Low Song Take does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders (as defined in the Code). The detailed information of Mr Low Song Take can be found under the section entitled "Board Membership" in the Corporate Governance Report and page 26 of the 2014 Annual Report.

(iv) Resolution 7 is to empower the Directors of the Company from the date of this AGM until the date of the next AGM, to issue shares in the Company. The number of shares which the Directors may issue under this Resolution would not exceed 100% of the issued share capital of the Company at the time of passing this Resolution. For issue of shares other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares to be issued shall not exceed 50% of the issued share capital of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM or by the date by which the next AGM is required by law to be held, whichever is the earlier.

Notes:-

(i) A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.

(ii) A proxy need not be a member of the Company.

(iii) The instrument appointing a proxy must be deposited at the Company's registered office at 80 Robinson Road, #02-00, Singapore 068898 at least 48 hours before the time of the AGM.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page has been intentionally left blank.

Please glue and seal along the edge

INTERNATIONAL PRESS SOFTCOM LIMITED
(incorporated in the Republic of Singapore)

IMPORTANT:
1. For Investors who have used their CPF monies to buy International Press Softcom Limited shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
(Please see notes overleaf before completing this Form)
(Company Registration No: 197201169E)

I/We ____________________ NRIC/Passport No. ____________

of ____(Address)
being a member/members of the above-mentioned Company, hereby appoint:-

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of shares	%

as my/our proxy/proxies or failing him/her/them, the Chairman of the Annual General Meeting of the Company (the "**AGM**") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the AGM to be held at 26 Kallang Avenue, Conference Room, Level 2 International Press Building, Singapore 339417 on Wednesday, 29 April 2015 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as hereunder indicated.

Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the AGM.

No.	Ordinary Resolutions	For	Against
Ordinary Business			
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and Auditors' Report.		
2.	Approval of Directors' Fees for the financial year ended 31 December 2014.		
3.	Re-election of Mr Loh Yih as Director of the Company.		
4.	Re-election of Mr Neo Gim Kiong as Director of the Company.		
5.	Re-appointment of Mr Low Song Take as Director of the Company.		
6.	Re-appointment of Messrs Ernst & Young LLP as auditors of the Company and to authorize the Directors to fix their remuneration.		
Special Business			
7.	Approval of Share Issue Mandate.		

Dated this ________ day of ____________ 2015.

No. of Shares Held

IMPORTANT: PLEASE READ NOTES OVERLEAF

____
Signature(s) of member(s) or Common Seal

Please glue and seal along the edge

INTERNATIONAL PRESS SOFTCOM LIMITED
Notes to the Proxy Form

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead.

3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 percent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 at least 48 hours before the time appointed for the AGM.

1st Fold

6. A corporation which is a member may authorise by resolution of its Directors or other governing body such a person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.

7. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

9. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2015.

2nd Fold

Affix
Postage
Stamp

The Company Secretary
INTERNATIONAL PRESS SOFTCOM LIMITED
(Incorporated in the Republic of Singapore - 197201169E)
80 Robinson Road #02-00
Singapore 068898

3rd Fold

INTERNATIONAL PRESS SOFTCOM LIMITED
International Press Building, 26 Kallang Avenue, Singapore 339417
Tel: (65) 6298 3800 Fax: (65) 6297 1668