NIPPECRAFT

ANNUAL REPORT 2015

OUR VISION

"To develop new and better innovative concepts for business and personal enrichment"

Corporate Statement

Nippecraft Limited ("Nippecraft") is an established provider of innovative information and organizing tools for personal and professional users. This includes a wide range of diaries, notebooks, organisers and other stationery products for the office, home or school environment.

Headquartered in Singapore, Nippecraft has established core businesses in the United Kingdom, Australia, Singapore, and other parts of Asia. Furthermore, Nippecraft will actively expand its business into other new markets.

Our core brands are Collins and Debden. Collins has a strong heritage that dates back to the late 1700's in the United Kingdom. The first Collins diaries for the mass market were published in 1881. The Debden brand was introduced into Australia and New Zealand in 1978. The brand is named after the old Debden road in Singapore, near the Changi International Airport. Throughout the years, Collins and Debden have been providing our customers with the assurance of quality, value and choice in all our products.

Going forward, Nippecraft will continue to develop products that improve the daily lives of our customers by ensuring that they receive the very best features long before they are available elsewhere. The Company aims to continually remain at the forefront of offering solutions to customer needs, especially in a rapidly changing environment with technological advances that bring with it new pressures in daily life.

OUR MISSION

"To be one of the leading consumer-recognized brands globally"

CONTENTS

CORPORATE

INITIATIVES

Nippecraft Limited (or "Company") is dedicated to support and promote responsible forestry practices through our purchasing of materials and products. Our company is dedicated to maintaining a chain of custody (CoC) programme.

Our company has successfully implemented the sourcing and procurement program. Our company is committed to continually increasing the proportion of material from sources that are verified or certified under chain of custody (CoC) program.

As a responsible environmental company, we will continue to maintain our core focus well into the future and our proactive commitment to environmental awareness and stewardship. Increase consumer confidence, ensuring better access to the markets through strong differentiation.

We encourage all our employees to embrace the responsibilities of environmental protection both individually or as a team, to promote more effective awareness with our customers and building an effective and efficient environmental management in our organization.

FSC
www.fsc.org
FSC® C107892

The mark of
responsible forestry

CORPORATE INFORMATION

Chairlady	Linda Suryasari Wijaya Limantara (Non-Executive Director)
Executive Director	Connie Oi Yan Chan (Chief Executive Officer) (Appointed on 2 December 2015) Wiria Hartanto Muljono (Chief Executive Officer) (Resigned on 2 December 2015)
Non-Executive Directors	Indah Suryasari Wijaya Limantara Benny Iswandy
Independent Directors	Ching Jit Yow Lim Yu Neng Paul See Kian Heng Khoo Song Koon (Appointed on 27 February 2015)
Audit Committee	Ching Jit Yow (Chairman, Independent Director) Lim Yu Neng Paul (Independent Director) See Kian Heng (Independent Director) Khoo Song Koon (Independent Director) (Appointed on 27 February 2015)
Remuneration Committee	See Kian Heng (Chairman, Independent Director) Ching Jit Yow (Independent Director) Indah Suryasari Wijaya Limantara (Non-Executive Director)
Nominating Committee	Lim Yu Neng Paul (Chairman, Independent Director) Ching Jit Yow (Independent Director) Linda Suryasari Wijaya Limantara (Non-Executive Director)
Auditors	Crowe Horwath First Trust LLP (Appointed on 19 September 2014) 8 Shenton Way #05-01 AXA Tower Singapore 068811 Partner-in-charge: Goh Sia (Appointed on 19 September 2014)
Company Secretaries	Raymond Lam Kuo Wei (Appointed on 23 April 2015) Lee Lih Feng
Registered Office	9 Fan Yoong Road Singapore 629787 Tel: (65) 6262 2662 Fax: (65) 6262 1551 Email: investors@nippecraft.com.sg
Registrar	M & C Services Pte Ltd 112 Robinson Road #05-01 Singapore 068902

KEY FINANCIAL DATA

	2015	2014	2013	2012	2011
Group Financial Highlights					
$'000					
Sales for the Group	**328,392**	313,417	111,260	82,860	84,272
NPBT	**1,229**	(8,211)	(1,485)	(1,820)	(1,725)
EBITDA*	**3,419**	1,894	1,062	848	914
At year-end ($'000)					
Shareholders' funds	**49,564**	48,319	56,198	58,597	61,638
Total assets	**92,224**	96,599	100,537	87,139	88,359
Net tangible assets	**49,564**	48,319	52,348	54,248	56,466
Net borrowings	**19**	69	173	117	160
Per Share Data (cents)					
Net earnings / (loss) **	**0.24**	(2.21)	(0.60)	(0.64)	(0.55)
Net tangible assets **	**14.10**	13.75	14.90	15.44	16.07
Financial Ratios					
Return on equity (%)	1.70	(16.10)	(4.05)	(4.15)	(3.45)
Net gearing (times)	0.00	0.00	0.00	0.00	0.00

* *EBITDA means earnings before interest, taxes, depreciation , amortization, impairment and loss on disposal of subsidiary.*

** *Net earnings / (loss) and net tangible assets per share are based on the weighted average number of shares.*

Chairlady's

Statement

Dear Shareholders,

On behalf of the Board of Directors, I wish to present the Annual Report of Nippecraft Limited ("Nippecraft" or the "Group") for 2015 .

From 5 March 2014, following three years of consecutive net losses and an average market capitalization of less than $40 million, the Group has been placed on the Singapore Exchange Securities Trading Limited ("SGX-ST") Financial Watch-list. The Group has also been placed on the Minimum Trading Price Watch List with effect from 3 March 2016. The Board and Management are working hard and exploring various opportunities to remove the Group from the respective Watch-lists.

In order to get the Group to be removed from the financial watch list and thus avoiding the eventuality of a forced de-listing within 24 months from 5 March 2014, the Group had on 24 February 2016 submitted an application to SGX-ST for a further extension to exit the financial watch list. The application was made on the basis that the Group achieved a pre tax profit of $1.23 million for FY2015. On 1 April 2016, SGX-ST granted the Company an extension of up to 12 months to meet the requirements by 1 March 2017 for removal from the financial watch list subject to certain conditions.

The measures put in place since FY2014 is beginning to bear results. We have focused on:

(i) Cost reduction: The Group has implemented various cost savings measures such as outsourcing certain production activities and disposing off a loss making subsidiary, Jinmei Industrial Sdn Bhd in August 2014.

(ii) Product rationalization: The Group has kept its focus on its core brands "Collins" and "Debden", so as to achieve production and costs efficiencies.

(iii) Increase in trading activities.

The Group revenue for 2015 increased by $15.0 million to $328.4 million. There was also improvement gross profit margins of both stationery business (21.3% vs 20.9%) and trading business (2.9% vs 1.8%) in 2015 as compared to 2014. The Group for FY2015 made a net profit before tax of $1.23 million as compared to an adjusted (excluding exceptional items) net loss before tax of $834,000 in FY2014.

The exceptional losses in FY2014 arose from the impairment of fixed assets and intangible assets and disposal of subsidiary. The earnings before interest, taxation, depreciation, amortisation, impairment and loss of subsidiary ("EBITDA") in 2015 was $3.4 million, an improvement of $1.5 million or 80% increase from 2014. The Group remains financially strong in our cash balances.

We will be vigilant and mindful of the global economic outlooks which remain uncertain. We will continue to respond to market trends with fresh ideas by developing and launching our new stationery products under the Collins and Debden Brands. The Group will continue to practice disciplined costs management. The Group will continue to look for new business opportunities when they arise.

Nippecraft is an environmentally responsible company which understands and takes seriously that our actions will have an impact on the environment and our community. In addition to a comprehensive environmental procurement policy, committing the Group to increasing the proportion of materials from certified sources, the Group has taken steps to promote increased awareness of the impact to the environment within the Company. We hope to make environmental consciousness a collaborative effort on the part of every employees of the Group, from senior management to employees. The Company will continue finding opportunities to improve our corporate social responsibility program, bringing awareness and care to the community.

Looking forward, we understand the path ahead will be challenging. In the current year, we will continue to work harder to explore various ways to get the Group out of the SGX-ST Watch-lists. It may be difficult but definitely not insurmountable, especially with your continued support.

There were some changes to the Board of the Company. Mr Ching Jit Yow, having served on the Board for 20 years and will be retiring at the forthcoming AGM. I wish to put on record his many contributions to the Group and I wish him the very best in the years ahead. Mr Wiria Hartanto Muljono had also resigned as CEO and Executive Director of Nippecraft. Under his two years of leadership, the Group was able to achieve a profitable position in FY2015. I would also like to take this opportunity to welcome Ms Connie Oi Yan Chan as CEO and Executive Director of the Group. I am confident that with her rich and diverse experience, she will be a strong addition to the Group.

On behalf of the Board of Directors, I would like to thank our shareholders, customers, business associates, management and employees for their continued support. Your continued support will provide us with the confidence and drive to greater heights in 2016.

Thank you.

Sincerely,

Linda Suryasari Wijaya Limantara
Chairlady

1 April 2016

DIRECTOR'S PROFILE

Linda Suryasari Wijaya Limantara
Non-Executive Director, Chairlady

Ms Linda joined the Board on 2 May 2007 and was appointed as Non-Executive Director, Chairlady.

She has been a member of Sinarmas Pulp, Paper, Stationery & Chemical Division Steering Committee since 2004. She was appointed as Vice President Director of PT Indah Kiat Pulp & Paper Tbk and Director of PT Pabrik Kertas Tjiwi Kimia Tbk since June 2007. She was also appointed as Vice President Director of PT Pindo Deli Pulp and Paper Mills and PT Lontar Papyrus Pulp & Paper Industry since August 2007 and December 2007 respectively.

Ms Linda obtained Bachelor of Science of Industrial Engineering from the University of Michigan, Ann Arbor, USA in 2002 and Master of Financial Engineering from the Columbia University, USA in 2003.

Indah Suryasari Wijaya Limantara
Non-Executive Director

Ms Indah was appointed as Non Executive Director on 16 November 2007.

She has been a member of Sinarmas Pulp, Paper, Stationery & Chemical Division Steering Committee since 2004. She was appointed as Commissioner of PT Pabrik Kertas Tjiwi Kimia Tbk, PT Pindo Deli Pulp and Paper Mills and PT Lontar Papyrus Pulp & Paper Industry since 2014.

Ms Indah obtained her Master Degree from the University of Illinois at Chicago, USA in 2004.

Connie Oi Yan Chan
Executive Director and Chief Executive Officer

Ms Chan was appointed as Chief Executive Officer and Executive Director on 2 December 2015.

She worked for General Electric from 1997 to 2009 across different business units and countries. She joined British American Tobacco in 2009 as Head of Strategy & Business Development, Greater China. She was appointed as General Manager of British American Tobacco Singapore from 2012 to 2014.

Ms Chan obtained a Master of Business Administration from the Kellogg Business School at Northwestern University and Hong Kong University of Science and Technology, in 2007.

Benny Iswandy
Non-Executive Director

Mr Iswandy was appointed as Non Executive Director on 17 June 2014.

Mr Benny Iswandy has been working in Asia Pulp & Paper Group since 1997. He began his career as Product Entrepreneur in PT Pindo Deli Pulp and Paper Mills and has been assigned as Managing Director for South East Asia, Eastern Europe and North America of Asia Pulp & Paper Group. Currently, Mr Iswandy is the Deputy CEO of Asia Pulp and Paper Group.

Mr Iswandy holds a Bachelor degree in Industrial Engineering from Trisakti University.

Ching Jit Yow
Independent Director

Mr Ching has served as an independent director since 8 September 1995.

Mr Ching is also the executive chairman of Titan Group of companies with operations in Singapore, Malaysia, Thailand, Hong Kong, People's Republic of China & Taiwan. He has extensive experience in the various aspects of business.

Mr Ching holds a Bachelor's Degree in Business Administration from the former University of Singapore and has attended the Harvard Business School's Advanced Management Program.

See Kian Heng
Independent Director

Mr See joined the Board on 22 December 2008 and was appointed as an independent director on the same date.

Mr See is currently the Chief Executive Officer and Director of Otto Marine Limited. He has more than 20 years of experience in both the finance and general management role. Mr See graduated with a Bachelor Degree in Accounting from Edith Cowan University, Australia and a MBA in finance, Hull University, UK. He is also a Chartered Accountant with the Institute of Singapore Chartered Accountants and a member of CPA Australia. He is also a full member of the Singapore Institute of Directors and member of the Marketing Institute of Singapore.

Lim Yu Neng Paul
Independent Director

Mr Lim joined the Board on 29 July 2011 and was appointed as an independent director on the same date.

Mr Lim has over 25 years of banking experience with international investment banks including Morgan Stanley, Deutsche Bank, Citigroup and Bankers Trust. He is currently the Managing Director and Head of Private Equity of SBI Ven Capital Pte Ltd.

Mr Lim is an Independent Director of China Everbright Water Limited and Golden Energy and Resources Limited. He obtained his Master Degree in Business Administration, Finance and Bachelor of Science in Computer Science from University of Wiscousin, Madison, USA. He is also a Chartered Financial Analyst (CFA).

Khoo Song Koon
Independent Director

Mr Khoo joined the Board on 27 February 2015 and was appointed as an independent director on the same date.

Mr Khoo is currently the executive director of JKhoo Consultancy Pte. Ltd. He has more than 20 years of professional experience including previously working in international accounting firms as well as a boutique corporate advisory firm.

Mr Khoo graduated with a Bachelor of Accountancy degree from Nanyang Technological University of Singapore. He is a member of the Institute of Singapore Chartered Accountants and a member of CPA Australia. He is also a member of the Singapore Institute of Directors.

Corporate Governance Statement

Nippecraft Limited (the "Company") strongly believes that good corporate governance is essential for long term sustainability of the Company businesses and performance. The Company is committed to maintain a high standard of corporate governance through effective disclosure and transparency. The Company believes that there is a link between good corporate governance and creating sustainable long term value to all the shareholders and stakeholders of the Company. In complying with the need for good and responsible governance, the Company has established mechanisms and best practices in accordance with the Code of Corporate Governance 2012 ("Code").

BOARD MATTERS

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 and the Management remains accountable to the Board.

The Board is accountable to the shareholders for overseeing the effective management of the business. The Board works closely with Management and Management remains accountable to the Board. It supervises Management of the business and affairs of the Company and its subsidiaries ("Group"), provides corporate direction, monitor managerial performance and review financial results of the Group. In addition to its statutory responsibilities, the Board reserves the following matters:

(a) reviewing and approving of corporate policies, budgets and financial plans of the Group;
(b) monitoring the financial performance of the business including the approval of release of the annual, interim financial reports and interested party transactions;
(c) approving the nomination of directors and appointment of key executives;
(d) approving major proposals involving funding, investments, acquisitions and/or divestments; and
(e) setting the Company's values and standards that ensures obligations to stakeholders and others thus contributing to responsible corporate governance.

To assist in the execution of its responsibilities, the Board has established a number of Board committees which include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, the "Board Committees"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regularly basis.

The Board convenes scheduled meetings at least on a half yearly basis to coincide with the announcement of the Company's half yearly results. Ad-hoc meetings are convened as and when necessary to review the Group's performance, and/or to deliberate on specific issues. To facilitate the Board's decision making process, the Company's Constitution provides for Directors to participate in Board meetings by teleconference.

The Board monitors the performance of the Company through its Board committees and conducts scheduled meetings. The Board also convened telephone conference to facilitate discussions and communication among members enabling the Board to provide direction and guidance to Management in the best interests of the Company and our businesses. In 2015, there were (8) meetings held, of which (1) was for Board meeting (attended by a majority of the directors), (4) was for AC meetings (attended by the AC members), (1) RC and (2) NC (attended by a majority of the members). Our directors especially our Chairlady have made a conscious effort to make themselves available and accessible to Management for discussion and consultation outside the framework of formal meetings. Directors contribute by providing Management with guidance and counsel on the strategic direction of the Company's plan, businesses and operations. As a consequence, the contribution of our directors goes beyond attendance at formal Board and committee meetings. Attendance at formal meetings alone is not a fair reflection of the true value and substance of their invaluable contributions.

Some of the Directors also sit on the boards of other listed companies, and are therefore not only well aware of their duties and responsibilities but how to discharge such duties. For incoming and/or new Directors, the Company will conduct briefings to ensure that any incoming and/or new Directors become familiar with the Group's businesses and Corporate Governance practices. Newly appointed directors are briefed by Management on the Group's business activities, strategic directions, policies and the regulatory environment in which it operates, as well as their statutory and other duties and responsibilities as directors. When required, the Group provides appropriate training and education program for the new directors.

To ensure that the directors keep pace with regulatory changes that have important bearing on the Company's or directors' disclosure obligations, the directors are briefed on such changes during Board meetings or specially convened sessions by professionals.

All directors are updated regularly concerning any changes in major Company policies. The non-executive directors can also request further explanations, briefings or informal discussions on any aspect of the Company's operations or business issues from Management. The executive directors will make the necessary arrangements for the briefings, informal discussions or explanations required.

Our Directors are also encouraged to attend relevant courses conducted by the Singapore Institute of Directors, Singapore Exchange Securities Trading Limited ("SGX-ST") and consultants.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be strong and independent element on the Board, which is able to exercise objective judgment 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 has eight (8) Directors of whom four are independent. The list of directors is as follows:

Ms Linda Suryasari Wijaya Limantara (Chairlady, Non-Executive Director)
Ms Connie Oi Yan Chan (Chief Executive Officer and Executive Director)
Ms Indah Suryasari Wijaya Limantara (Non-Executive Director)
Mr Benny Iswandy (Non-Executive Director)
Mr Ching Jit Yow (Independent Director)
Mr See Kian Heng (Independent Director)
Mr Lim Yu Neng Paul (Independent Director)
Mr Khoo Song Koon (Independent Director)

This composition complies with the Code's requirement that at least half of the Board should be made up of independent directors. The criterion for independence is based on the definition set out in the Code.

All appointments and retirements of Directors would be recommended by the NC to the Board. In addition, the NC also reviews annually the independence of each Director and the board succession planning. Mr Ching Jit Yow, after serving the Board for 20 years has volunteered to retire as Independent Director, Audit Committee Chairman, member of both Remuneration Committee and Nominating Committee at the conclusion of the forthcoming AGM. The Company will be appointing a new Audit Committee Chairman and appoint members to the Remuneration and Nominating Committees to preserve good corporate governance practice. As at the date of this Annual Report except for Mr Ching, none of the Independent Directors has served on the Board for nine(9) years or beyond.

None of the independent directors have received payment in excess of $200,000 from 10% shareholder.

The Board is of the view that the current Board size is appropriate, taking into consideration the nature and scope of the Company's operations.

CHAIRLADY AND CHIEF EXECUTIVE OFFICER

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

To maintain effective supervision and accountability at the Board and Management levels, the posts of Chairlady and CEO are held by separate individuals. The Chairlady's (non-executive Director) main responsibility to the Board is to lead the Board to ensure its effectiveness on all aspects of its role and acts in the best interests of the Company and its shareholders, while the CEO is responsible for the running of the Company's businesses.

The Chairlady ensures that the members of the Board and Management work together with integrity, competency and moral authority, and that the Board constructively engages Management on strategy, business operations, enterprise risk and other plans.

The CEO is a Board member and has full executive responsibilities over the business directions and operational decisions of the Company. The CEO, in consultation with the Chairlady, schedules Board meetings and finalizes the preparation of the Board meeting agenda. She ensures the quality and timeliness of the flow of information between Management and the Board. She is also responsible for ensuring that the Group complies with corporate governance guidelines. The Chairlady and the CEO are not related family members.

As no one individual holds considerable concentration of power, the Board is of the view that the objectives of the Code have been met.

The Independent Directors will be available to the shareholders in situations where there are concerns or issues which communication with the Chairlady or CEO has failed to resolve, or where such communication is inappropriate.

BOARD MEMBERSHIP

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

The NC currently comprises of three (3) Directors, a majority of whom are Independent Directors and they are:-

Mr Lim Yu Neng, Paul (Chairman, Independent Director)
Mr Ching Jit Yow (Member, Independent Director)
Ms Linda Suryasari Wijaya Limantara (Member, Non-Executive Director)

The responsibilities of the NC are to make recommendations to the Board on all Board appointments. In addition, the functions of the NC include:

(a) make recommendations to the Board on all board member appointments;
(b) be responsible for the re-nomination of the directors, taking into account the director's contributions and performance; and
(c) determine the independence of each director on an annual basis.

When considering a new Board member, the NC reviewed the curriculum vitae of the potential candidate and considered his/her experience and likely contribution to the Board. Meetings with the potential candidate were subsequently conducted before the NC makes its recommendation to the Board. The Board then makes the final determination for the appointment.

The NC has fulfilled its duty of making the requisite recommendations to the Board on all Board appointments and has also carried out its duty of re-nomination and re-election.

The Company's Constitution provides that at each annual general meeting of the Company, one-third (1/3) of the Directors for the time being shall retire from office by rotation and subject themselves to re-election by shareholders at every Annual General Meeting. This means that no Director stays in office for more than three (3) years without being re-elected by shareholders. The NC has assessed that each Director in the Company is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

Particulars of interests of directors who held office at the end of the financial year in shares and share options (if any) in the Company and its subsidiaries are set out in the Directors' Report.

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.**

We believe that Board performance is ultimately reflected in the long term performance of the Company.

The NC is responsible for assessing, reviewing and evaluating the performance and effectiveness of the Board as a whole. The performance measurement ensures that the mix of skills and experience of the Directors continues to meet the needs of the Company. Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole.

In evaluating the Board's performance, the NC considers a set of quantitative and qualitative performance criteria. These criteria have been approved by the Board. The performance criteria for the board evaluation are in respect of board size and composition, board processes, board information and accountability and board performance in relation to discharging its principal functions, communication with management and standards of conduct of the Directors.

ACCESS TO INFORMATION

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

Board members are provided with adequate and timely information prior to Board meetings on an on-going basis and have separate and independent access to Company's senior Management. Detailed Board papers are prepared for each meeting of the Board and are normally circulated in advance of each meeting. The Board papers include sufficient information from Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

The Company Secretary or in her absence, or an alternative person as appointed by the Board to attend Board and Committee meetings and he/she is responsible to ensure that established procedures and all relevant statutes and regulations which are applicable to the Company are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board also has in place procedures for Directors to seek independent professional advice concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a director to assist such director, if necessary, at the Company's expense.

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.

The RC comprises of three (3) Directors, a majority of whom are Independent Directors and they are:-

Mr See Kian Heng (Chairman, Independent Director)
Mr Ching Jit Yow (Member, Independent Director)
Ms Indah Suryasari Wijaya Limantara (Member, Non-Executive Director)

The members of the RC have many years of corporate experience and are knowledgeable in the field of executive compensation. In addition, the RC has access to expert professional advice on remuneration matters as and when necessary.

The RC is responsible for the following functions:

(a) to recommend to the Board a framework for remuneration;
(b) to recommend to the Board for endorsement of the remuneration of the executive directors; and
(c) to administer the share option scheme (if any) to decide on the allocations and grants of options to eligible participants under the share option.

The RC's recommendations are made in consultation with the Chairlady of the Board and submitted for endorsement by the entire Board.

No director is involved in determining his own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure 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 needed 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.

In setting the remuneration packages, the RC takes into account the performance of the Company, as well as individual Directors and key executives, aligning their interests with those of shareholders, and linking rewards to corporate and individual performance. In its deliberations, the RC takes into consideration industry practices and norms in compensation.

Directors are paid Directors' fees, determined by the Board based on the effort, time spent and responsibilities of the Directors. The directors' fees are recommended for Shareholders' approval at an Annual General Meeting. No member of the RC participated in deliberations or decisions on recommendations for his/her director's fee.

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, 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.

A summary compensation table of the directors' and key executives' remuneration of the Company and the Group for the year ended 31 December 2015 is set out below:

Directors $250,000 and below	Salary (1) %	Director Fees %	Others %	Total %
Linda Suryasari Wijaya Limantara	–	–	–	–
Connie Oi Yan Chan (2)	100	–	–	100
Wiria Hartanto Muljono (3)	100	–	–	100
Indah Suryasari Wijaya Limantara	–	–	–	–
Benny Iswandy	–	–	–	–
Ching Jit Yow	–	100	–	100
See Kian Heng	–	100	–	100
Lim Yu Neng, Paul	–	100	–	100
Khoo Song Koon (4)	–	100	–	100

The Company has not disclosed the total remuneration of each individual director (including the CEO) in dollar terms given the sensitivity of the remuneration matters and to maintain confidentiality of the remuneration packages of these directors (including the CEO). The total compensation paid to the Directors of the Company (including the CEO) amounting to $208,000 was disclosed on page 60 of the Annual Report 2015.

Key Management Personnel $250,000 and below	Salary (1) %	Director Fees %	Others %	Total %
See Kai Wai	100	–	–	100
Lim Poon Kheng	100	–	–	100
Steve Ferretti	100	–	–	100
Myles Uwin	100	–	–	100
Keith France	100	–	–	100

(1) The salary includes allowances, provident fund contributions and 13th month annual wage scheme.

(2) Appointed on 2 December 2015 as CEO and Executive Director

(3) Resigned on 2 December 2015 as CEO and Executive Director

(4) Appointed on 27 February 2015

The Board was of the view that full disclosure in aggregate of the total remuneration paid to the above key management personnel would not be in the interests of the Company as such information was confidential and sensitive and would be exploited by competitors. The Board was of the opinion that the information disclosed on page 60 of the 2015 Annual Report would be sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices in respect of the Company's key management personnel.

There is no employee of the Group who is an immediate family member of a director or CEO whose remuneration exceeds $50,000 for FY2015. The Company does not employ any immediate family member of a director or a CEO.

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 undertakes the responsibility of overseeing the corporate performance of the Group and is accountable to shareholders for the processes and structure of directing and managing the Company's business and affairs. The Management's role is to report to the Board the operational and financial performance of the Group by keeping the Board informed on a regular basis.

Aside from adopting corporate governance practices in line with the spirit of the Code, the Company also observes obligations of continuing disclosure under the listing manual (the "Listing Manual") of the SGX-ST. The Company undertakes to circulate timely, adequate and non-selective disclosure of information. The Board also issues half-yearly and annual financial statements as reviewed by the AC to provide shareholders with comprehensive information and a balanced view on the Group's performance, position and prospects.

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.

RISK MANAGEMENT

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. The Company has an Enterprise Risk Management Framework in place for the Group. The said Framework has been reviewed by the AC and approved by the Board of Directors. The AC and the Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

INTERNAL CONTROLS

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

The Board recognises that no cost effective internal control system will preclude all errors and irregularities, as 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 Company's internal and external auditors conduct an annual review of the effectiveness of the Company's material internal control systems including financial, operational, compliance, information technology controls and risk assessment at least annually to ensure the adequacy thereof. In addition, annual review to ensure that safeguards, checks and balances are put in place to prevent any conflict of interest or any weakening of internal controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

The Board has also received assurance from the CEO and CFO that (i) 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 (ii) the Company risk management and internal control systems in place are effective. The CEO and CFO have obtained similar assurance from the subsidiaries' General Managers and Finance Managers.

The Board is satisfied that there is appropriate and adequate review by the AC of the adequacy and effectiveness of the Company's internal controls including financial, operational and compliance controls, information technology controls and risk management policies and systems established by Management. In this review, the AC has been assisted by both the external auditors and internal auditors and this review is conducted at least once every year. Based on the work performed by internal auditors during the financial year, as well as the statutory audit by external auditors, and the written assurance from Management, the Board, with the concurrence of the AC, is of the opinion that currently there are adequate internal controls systems in the Group in addressing financial, operational information technology and compliance risks.

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 oversees the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group. All the AC members are independent directors.

Mr Ching Jit Yow (Chairman, Independent Director)

Mr See Kian Heng (Member, Independent Director)

Mr Lim Yu Neng, Paul (Member, Independent Director)

Mr Khoo Song Koon (Member, Independent Director)

All members are appropriately qualified to discharge their responsibilities. The Chairman and members have many years of experience in senior management positions and have extensive management and financial experiences. The Board is of the view that the AC members, having accounting and related financial Management expertise of experience are appropriately qualified to discharge their responsibilities. The AC meets at least two times a year.

The functions of the AC include:

(a) reviewing the audit plans of the external and internal auditors of the Company, and their reports arising from the audit;

(b) ensuring the adequacy of the assistance and cooperation given by the Company's Management to the external and internal auditors;

(c) reviewing the financial statements of the Company and the consolidated financial statements of the Group;

(d) reviewing the half yearly and annual announcements of the results of the Group before submission to the Board for approval;

(e) ensuring the adequacy of the Group's internal controls;

(f) reviewing our risk management structure and any oversight of our risk management processes and activities to mitigate risk at acceptable levels determined by the Board.

(g) reviewing the auditors' audit report, their Management letter and Management's response on internal control;

(h) discussing problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);

(i) reviewing and discussing with the external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response;

(j) reporting to the Board on its findings from time to time on matters arising and requiring the attention of the AC;

(k) undertaking such other reviews and projects as may be requested by the Board;

(l) reviewing interested person transactions to ensure that the current procedures for monitoring of interested party transactions have been complied with; and

(m) considering the appointment/re-appointment of the external and internal auditors, the audit fee and matters relating to the resignation or dismissal of the auditors.

The AC has explicit authority to conduct or authorise investigations into any aspect of the Group's financial affairs, audits and exposure to risks of a regulatory or legal nature, with full access to records, resources and personnel, to enable it to discharge its functions properly. The AC has full access to and cooperation of Management, and has full discretion to invite any Director and executive officer to attend its meetings. Management is invited to attend all meetings of the AC.

The AC has reviewed and is satisfied with the effectiveness of the Company's system of accounting controls including financial, operational information technology and compliance controls. The AC also conducted a review of the Group's interested person transactions.

In performing its functions, the AC met with the external and internal auditors, without the presence of the Management. The external and internal auditors have unrestricted access to the AC. Reasonable resources were made available to the AC to enable it to discharge its functions properly.

The AC, having reviewed all non-audit services provided by Crowe Horwath First Trust LLP ("CHFT"), the external auditors, is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors and recommends to the Board, the nomination of the external auditors for re-appointment.

The Group's external auditors, CHFT, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. The AC is satisfied that CHFT and the audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. In this connection, the Group confirms that it is in compliance with Rules 712 and 715 of the Listing Manual.

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report".

The Company has a whistle blowing policy which provides well defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. Details of the whistle blowing policy and arrangements have been made available to the employees.

The AC has recommended to the Board the nomination of CHFT for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

AUDIT COMMITTEE

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

The Company recognises the importance of the internal audit function as an integral part of an effective system of good corporate governance.

The Company has an internal auditor to assist the Board and Management in assessing key operational controls. The internal audit is independent of the activities it audits. The appointment, resignation and dismissal of the internal auditor is reviewed and approved by AC. The internal auditor is a chartered member of a professional body. The internal auditor reporting line is to the AC chairman with an administrative line of reporting to the CEO of the Company. Such function is performed within the framework stated in the internal audit plan approved by the AC annually. The internal auditor has unrestricted access to the documents, records, properties and personnel of the Company and of the Group. In addition, the AC worked closely with Management to ensure that the internal audit controls are being reviewed and discussed with Management of the significant internal audit observations.

The internal auditor operates within the framework stated in its internal audit (IA) Charter which is approved by the AC. The standards of the IA Charter are consistent with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The internal control system in place is adequate in meeting the needs of the Group in its current business environment.

SHAREHOLDER RIGHTS AND GREATER SHAREHOLDER PARTICIPATION

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

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 Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. The Company is committed to timely dissemination of information and proper transparency and disclosure of relevant information to the public via SGXNET system and the press when appropriate.

The Company also encourages active shareholder participation at its general meetings. Notices of meetings are published in the major newspapers together with explanatory notes or a circular on items of special business, at least fourteen (14) clear days before the meeting. Reports or circulars of the general meetings are despatched to all shareholders by post. The Company's Constitution permit a shareholder to appoint up to two (2) proxies to attend and vote in his stead at these meetings. The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. The Chairmen of the AC, RC and NC are normally available at the AGM to answer those questions relating to the work of these committees. The external auditors are also usually present to assist the Directors in addressing any relevant queries by shareholders.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should engage in regular, effective and fair communication with shareholders

The Company engages in regular, effective and fair communication with its shareholders. It regularly conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. The Company also discloses information on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company makes the same disclosure publicly to all others as soon as practicable.

CODE OF BUSINESS CONDUCT

The Group has adopted a Code of Business Conduct to regulate the standards of ethical conduct of the Group, which provides that its Directors, officers and employees are required to observe and maintain high standards of integrity in compliance with the law, regulations and Company policies.

DEALINGS IN SECURITIES

In line with Rule 1207(19) of the Listing Manual, the Group has issued a policy on share dealings by Directors and key officers of the Company, setting out the implications of insider trading and recommendations of the best practices set out in Rule 1207(19). The Group adopts a code of conduct to provide guidance to its Directors and officers with regard to dealing in the Company's shares, which includes an annual declaration by the Company's Directors and officers with regard to securities trading and disclosure by the Company's Directors and officers when they deal in the Company's shares.

The Group also issues periodic circulars to its Directors, officers and employees reminding them that there must be no dealings in the Company's shares:

(i) on short term considerations,
(ii) during the period commencing one (1) month before the announcement of the Company's half yearly or full year financial results, as the case may be, and
(iii) if they are in possession of unpublished material price sensitive information.

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

The interested person transactions conducted under the shareholders' mandate for the financial year ended 31 December 2015 are set out in the appendix.

MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or a controlling shareholder of the Company except those announced via SGX Net from time to time in compliance with the SGX-ST Listing Manual.

Save as mentioned above, there are no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, Director or controlling shareholder for FY2015.

Contents

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Nippecraft Limited (the "Company") and subsidiaries (the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 26 to 73 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) 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.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors of the Company in office at the date of this report are as follows:

Linda Suryasari Wijaya Limantara	(Chairlady, Non-Executive Director)
Connie Oi Yan Chan	(Chief Executive Officer and Executive Director) (appointed on 2 December 2015)
Indah Suryasari Wijaya Limantara	
Benny Iswandy	
Ching Jit Yow	
See Kian Heng	
Lim Yu Neng Paul	
Khoo Song Koon	(appointed on 27 February 2015)

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office either at the beginning of the financial year, or at date of appointment if later or at the end of the financial year or as at 21 January 2016 had any interest in the shares or debentures of the Company or its related corporations.

Arrangements to enable directors to acquire benefits by means of the acquisition of 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 object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

DIRECTORS' STATEMENT (continued)

Audit Committee

The members of the Audit Committee at the end of the financial year are as follows:

Ching Jit Yow	(Chairman, Independent Director)
See Kian Heng	(Independent Director)
Lim Yu Neng Paul	(Independent Director)
Khoo Song Koon	(Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance.

The Audit Committee has held four Meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

In performing those functions, the Audit Committee reviewed:

- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;

- the assistance given by the Company's management to the independent auditors;

- the periodic results announcements prior to their submission to the Board for approval;

- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 prior to their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group; and

- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The Audit Committee has recommended to the Board of Directors that the independent auditors, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

In appointing the external auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT (continued)

Independant auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

LINDA SURYASARI WIJAYA LIMANTARA
Director

CONNIE OI YAN CHAN
Director

28 March 2016

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NIPPECRAFT LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Nippecraft Limited (the "Company") and subsidiaries (the "Group") set out on pages 26 to 73, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial 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 (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 that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' 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 judgement, 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 the 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 statement of financial position 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 financial position of the Group and of the Company as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group for the financial 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 the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2016

STATEMENTS OF FINANCIAL POSITION

(Amounts in Singapore dollars)

		Group		Company	
	Note	**2015**	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**6,600**	7,233	**6,508**	7,102
Intangible assets	4	**–**	–	**–**	–
Investment in subsidiaries	5	**–**	–	**23,117**	23,117
		6,600	7,233	**29,625**	30,219
Current assets					
Inventories	7	**7,576**	8,504	**1,557**	3,103
Trade and other receivables	8	**51,551**	54,892	**4,700**	6,194
Prepayments		**1,751**	1,728	**465**	276
Cash and cash equivalents	9	**24,746**	24,242	**5,102**	5,837
		85,624	89,366	**11,824**	15,410
TOTAL ASSETS		**92,224**	96,599	**41,449**	45,629
LIABILITIES					
Current liabilities					
Trade and other payables	13	**41,781**	47,652	**4,977**	5,288
Borrowings	14	**19**	69	**19**	69
Income tax payable		**560**	259	**–**	15
		42,360	47,980	**4,996**	5,372
Non-current liability					
Deferred tax liabilities	6	**300**	300	**300**	300
TOTAL LIABILITIES		**42,660**	48,280	**5,296**	5,672
NET ASSETS		**49,564**	48,319	**36,153**	39,957
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	10	**51,547**	51,547	**51,547**	51,547
Reserves	11	**(6,364)**	(6,765)	**1,047**	1,047
Retained earnings / (Accumulated losses)	12	**4,381**	3,537	**(16,441)**	(12,637)
TOTAL EQUITY		**49,564**	48,319	**36,153**	39,957

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts in Singapore dollars)

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	23	**328,392**	313,417
Cost of sales		**(311,916)**	(299,722)
Gross profit		**16,476**	13,695
Distribution and marketing expenses		**(8,521)**	(8,461)
Administrative expenses		**(6,385)**	(6,601)
Other income / (expenses), net	15	**940**	(6,699)
Finance expense, net	16	**(1,281)**	(145)
Profit / (Loss) before tax	18	**1,229**	(8,211)
Tax (expense) / income	17	**(385)**	431
Profit / (Loss) for the year		**844**	(7,780)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences arising from consolidation		**401**	(646)
- Currency translation differences realised through disposal of a subsidiary		**–**	547
Other comprehensive income / (loss) for the year, net of tax		**401**	(99)
Total comprehensive income / (loss) for the year		**1,245**	(7,879)
Earnings / (Loss) per share (cents)			
Basic and diluted	20	**0.240**	(2.214)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in Singapore dollars)

	Attributable to equity holders of the Company				
	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1.1.2014	51,547	1,047	(7,713)	11,317	56,198
Loss for the year	–	–	–	(7,780)	(7,780)
Other comprehensive loss, net of tax					
- Currency translation differences	–	–	(99)	–	(99)
Total comprehensive loss	–	–	(99)	(7,780)	(7,879)
Balance at 31.12.2014	51,547	1,047	(7,812)	3,537	48,319
Balance at 1.1.2015	51,547	1,047	(7,812)	3,537	48,319
Profit for the year	–	–	–	844	844
Other comprehensive income, net of tax					
- Currency translation differences	–	–	401	–	401
Total comprehensive income	–	–	401	844	1,245
Balance at 31.12.2015	51,547	1,047	(7,411)	4,381	49,564

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in Singapore dollars)

	Note	2015	2014
		$'000	$'000
Cash flows from operating activities			
Profit / (Loss) before tax		**1,229**	(8,211)
Adjustments:			
Amortisation of intangible assets	4	**-**	769
Depreciation of property, plant and equipment	3	**733**	1,726
Gain on disposal of property, plant and equipment	18	**(21)**	(9)
Loss on disposal of a subsidiary		**-**	927
Property, plant and equipment written off		**-**	(62)
Impairment loss on intangible assets		**-**	3,016
Impairment loss on property, plant and equipment		**-**	3,434
Impairment loss on trade receivables		**172**	135
Unrealised foreign exchange gain		**(56)**	(476)
Interest income		**(53)**	(88)
Interest expense		**1,334**	233
Write-down of inventories		**1,302**	1,480
Operating profit before working capital changes		**4,640**	2,874
Inventories		**(374)**	5,206
Trade and other receivables		**2,960**	(21,242)
Trade and other payables		**(5,773)**	6,455
Cash generated from / (used in) operations		**1,453**	(6,707)
Income tax (paid) / refund		**(111)**	72
Net cash generated from / (used in) operating activities		**1,342**	(6,635)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(106)**	(159)
Interest received		**53**	88
Proceeds from sale of property, plant and equipment		**22**	78
Net proceed from disposal of a subsidiary	5	**-**	646
Net cash (used in) / generated from investing activities		**(31)**	653
Cash flows from financing activities			
Deposits pledged	9	**(609)**	(346)
Interest paid		**(1,334)**	(233)
Proceeds from bills payable		**266**	299
Repayment of bills payable		**(318)**	(407)
Net cash used in financing activities		**(1,995)**	(687)
Net decrease in cash and cash equivalents		**(684)**	(6,669)
Cash and cash equivalents at beginning of year		**22,051**	28,558
Effects of exchange rate changes in cash and cash equivalents		**579**	162
Cash and cash equivalents at end of year	9	**21,946**	22,051

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in Singapore dollars unless otherwise stated)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Nippecraft Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of the Company's registered office and principal place of business is 9 Fan Yoong Road, Singapore 629787.

APP Printing (Holding) Pte Ltd ("APP Printing"), a company incorporated in Singapore, holds 63.69% (2014: 63.69%) of the share capital of the Company and is deemed as its immediate holding company. APP Printing is a wholly-owned subsidiary of PT Andalan Prapanca Pertiwi ("PT APP"), and Asia Pulp & Paper Company Ltd ("APP") owns 89.9% of the shares in PT APP. APP Golden Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, currently controls approximately 63.32% (2014: 63.32%) of the voting power of APP and is considered as the ultimate holding company.

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

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 28 March 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in Singapore dollars ("$") and all values are rounded to the nearest thousand ($'000) as indicated.

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
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 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	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*	To be determined
Improvements to FRSs (November 2014)	
- Amendment to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
- Amendment to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
- Amendment to FRS 19 *Employee Benefits*	1 January 2016
- Amendment to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 7: *Disclosure Initiative*	1 January 2017
Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Except for Amendments to FRS 27, Amendments to FRS 1 and FRS 7, FRS 109 and FRS 115, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of these new or revised FRSs are described below.

Amendments to FRS 27: *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in FRS 28 Investments in Associates and Joint Ventures, in addition to measurement at cost and in accordance with FRS 39 Financial Instruments: Recognition and Measurement. The accounting option must be applied by category of investments.

The Company currently presents its investment in separate financial statements at cost and will review this policy consequent to this amendment which is effective in 2016.

Improvements to FRSs (November 2014): Amendment to FRS 107 *Financial Instruments: Disclosures*

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required in relation to transferred assets. The amendments apply retrospectively, except that an entity is not required to apply the amendments to any period beginning before the annual period in which the amendments are first applied.

Amendments to FRS 1: *Disclosure Initiative*

FRS 1 *Presentation of Financial Statements* is amended as part of the initiatives by the standard-setters to improve presentation and disclosure in financial reports. The amendments clarify materiality guidance in FRS 1 and clarify on aggregating and disaggregating line items on the statement of financial position and statement of profit or loss and other comprehensive income, including added guidance on presenting sub-totals. The amendments also give examples on systematic ordering or grouping of the structure of the notes to financial statements. In addition, following the amendments, the share of Other Comprehensive Income (OCI) of the equity-accounted investments shall be presented separately from the other OCI on the statement of changes in equity. The Group will apply these amendments in 2016.

Amendments to FRS 7: *Disclosure Initiative*

The amendments introduce additional disclosure requirement intended to enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes. The Group will apply these amendments prospectively in 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that unrealized losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences. The amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits if there is sufficient evidence; and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions arising from the reversal of those deductible temporary differences. The amendments are to be applied retrospectively and are effective from 1 January 2017 with earlier application permitted.

FRS 109 *Financial Instruments*

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. FRS 109 also introduces a new expected loss impairment model, and adds detailed guidance on impairment-related presentation and disclosures. FRS 109 also contains new requirements on hedge accounting, which adopts a more principle-based approach, and allows entities to choose between applying hedge accounting requirements of FRS 109 or continue to apply the existing hedge accounting requirements in FRS 39 for all hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Group is in the process of assessing the impact of the new standard for the future periods.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a single comprehensive model in accounting for revenue arising from contracts with customers, and will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective in 2018.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under FRS 115, an entity recognises revenue when (or as) a performance obligations is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers.

The application of FRS 115 may have a material impact on the amounts reported and disclosures in the Group's consolidated financial statements. The Group is in the process of assessing the impact of the new standard for the future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Group accounting

Subsidiaries

(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. 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) *Acquisition of businesses*

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

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 accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity. It will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

(c) Disposals of subsidiaries or businesses

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investment in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies 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 reporting date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the reporting date 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 the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for certain leasehold land and buildings, which are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revalued amounts were based on external professional valuations carried out in July 1993 on the open market value basis for the Company's Initial Public Offering of shares in 1994. No subsequent revaluation has been performed and the Company does not have a policy of regularly revaluing the properties.

Any gain arising on revaluation is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific leasehold land and building, with any remaining gain recognised in other comprehensive income and presented in the asset revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the asset revaluation reserve in equity to the extent that an amount had previously been included in the asset revaluation reserve relating to the specific leasehold land and building, with any remaining loss recognised immediately in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

All items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Leasehold land and buildings	Over the terms of the leases which range from 40 to 60 years
Factory equipment	10 years
Office equipment	3 to 10 years
Furniture and fittings	3 to 25 years
Motor vehicles	5 to 10 years

After impairment was provided as at 31 December 2014, carrying amount of the plant and machinery is depreciated over the estimated remaining useful lives of 4 years (2014: cost is depreciated over 10 to 25 years). The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income (expenses)" and the asset revaluation reserve related to those asset, if any, is transferred directly to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets consist of brands and are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated based on the cost of the asset. Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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 such indication exists, or when an annual impairment assessment 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 to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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 forecasts calculations are generally covering a period of four years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fourth year.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, 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.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This 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 the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position 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. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

(ii) Subsequent measurement

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every reporting date. As at the reporting date, the Group has no financial assets in the category of financial assets at fair value through profit or loss, held-to-maturity investment and available-for-sale financial assets other than the category of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables, including amounts due from related parties.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate 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.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition 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.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Impairment of financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets *(Continued)*

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.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and 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 the 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.

<u>Loans and receivables</u>

The Group considers evidence of impairment for loans or receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories is calculated using the weighted average cost formula, and includes expenditures incurred in acquiring the inventories, production conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

(i) 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. 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. As at the reporting date, the Group does not have financial liabilities at fair value through profit or loss.

(ii) Subsequent measurement

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

<u>As lessee</u>

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date 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. Where 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.

Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is 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 persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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. If it is probable that discounts will be granted that the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sale agreement. For sales of paper products and pulp, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading of the goods onto the relevant carrier at the port.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

(i) Retirement benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pensions are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantially enacted by the reporting date 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.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

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 the 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 the Company or of a parent of the Company.

(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.
- (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).

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in cash and cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Critical accounting estimates and assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next four years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. 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. The Group recognised an impairment loss on property, plant and equipment of Nil (2014: $3,434,000) and impairment loss on intangible assets of Nil (2014: $3,016,000) during the financial year. The accumulated impairment as at 31 December 2015 and 2014 is $3,434,000 for property, plant and equipment and is $3,016,000 for intangible assets. The carrying amount of property, plant and equipment and intangible assets applied in the impairment assessment of property, plant and equipment and intangible assets are disclosed in Note 3 and Note 4.

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and assumptions and judgements (Continued)

(i) **Critical accounting estimates and assumptions** (Continued)

(b) Impairment of loans and receivables (Continued)

payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The carrying amount of trade and other receivables of the Group and the Company at the end of the reporting period was $70,785,000 and $9,658,000 (2014: $77,549,000 and $11,875,000) respectively. Out of which $8,878,000 (2014: $8,940,000) and $2,039,000 (2014: $3,892,000) relate to trade receivables of the Group and the Company that are past due but not impaired. The relevant credit risk information is disclosed in Note 24.

If the net present values of estimated cash flows for all past due but not impaired trade receivables decrease by 10% from management's estimates, the Group's and Company's allowance for impairment will increase by $888,000 and $204,000 (2014: $894,000 and $389,200) in Note 24.

(c) Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group has not recognised any additional tax liability on these uncertain tax positions. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group and the Company current tax payable were $560,000 and Nil (2014: $259,000 and $15,000). The carrying amount of the Group's deferred tax assets and liabilities as at 31 December 2015 are disclosed in Note 6.

The Group has unrecognised tax losses and unutilised capital allowances carried forward amounting to approximately $5,104,000 and $1,006,000 (2014: $4,335,000 and $1,006,000) as disclosed in Note 6. These losses relate to the Company and certain subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets. If the Group was able to recognise all unrecognised deferred tax assets, profit for the year would increase by approximately $1,659,000 (2014: $1,437,000).

(d) Useful lives of plant and equipment

The cost of plant and machinery is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 25 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the reporting date is disclosed in Note 3 to the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Freehold land	Plant and machinery	Factory equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost or valuation								
As at 1.1.2014	13,547	79	38,279	1,161	2,117	2,074	438	57,695
Additions	–	–	102	–	19	38	–	159
Disposals	–	–	–	(80)	–	–	–	(80)
Written off	–	–	–	–	–	(1)	–	(1)
Disposal of a subsidiary (Note 5)	–	(77)	(2,351)	(83)	(115)	(131)	(72)	(2,829)
Currency translation differences	–	(2)	(60)	(2)	(28)	(20)	(7)	(119)
As at 31.12.2014	13,547	–	35,970	996	1,993	1,960	359	54,825
As at 1.1.2015	13,547	–	35,970	996	1,993	1,960	359	54,825
Additions	–	–	–	3	81	22	–	106
Disposals	–	–	–	–	(173)	(5)	(167)	(345)
Currency translation differences	–	–	–	–	(16)	(10)	(7)	(33)
As at 31.12.2015	13,547	–	35,970	999	1,885	1,967	185	54,553
Representing:								
Cost	987	–	35,970	999	1,885	1,967	185	41,993
Valuation	12,560	–	–	–	–	–	–	12,560
As at 31.12.2015	13,547	–	35,970	999	1,885	1,967	185	54,553
Accumulated depreciation and impairment losses								
As at 1.1.2014	7,333	–	31,972	1,086	1,996	2,020	289	44,696
Charge for the year	365	–	1,225	12	65	11	48	1,726
Disposals	–	–	–	(80)	–	–	–	(80)
Disposal of a subsidiary (Note 5)	–	–	(1,798)	(63)	(76)	(113)	(70)	(2,120)
Impairment loss	–	–	3,434	–	–	–	–	3,434
Currency translation differences	–	–	(11)	(2)	(27)	(19)	(5)	(64)
As at 31.12.2014	7,698	–	34,822	953	1,958	1,899	262	47,592
As at 1.1.2015	7,698	–	34,822	953	1,958	1,899	262	47,592
Charge for the year	362	–	277	9	34	13	38	733
Disposals	–	–	–	–	(173)	(5)	(166)	(344)
Currency translation differences	–	–	–	–	(16)	(9)	(3)	(28)
As at 31.12.2015	8,060	–	35,099	962	1,803	1,898	131	47,953
Net carrying amount								
As at 31.12.2015	5,487	–	871	37	82	69	54	6,600
As at 31.12.2014	5,849	–	1,148	43	35	61	97	7,233

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land and buildings	Plant and machinery	Factory equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company							
Cost or valuation							
As at 1.1.2014	13,547	35,509	1,075	1,079	1,307	222	52,739
Additions	–	102	–	6	–	–	108
Disposals	–	–	(80)	–	–	–	(80)
As at 31.12.2014	13,547	35,611	995	1,085	1,307	222	52,767
As at 1.1.2015	13,547	35,611	995	1,085	1,307	222	52,767
Additions	–	–	3	68	22	–	93
Disposals	–	–	–	(24)	(5)	(167)	(196)
As at 31.12.2015	13,547	35,611	998	1,129	1,324	55	52,664
Representing:							
Cost	987	35,611	998	1,129	1,324	55	40,104
Valuation	12,560	–	–	–	–	–	12,560
As at 31.12.2015	13,547	35,611	998	1,129	1,324	55	52,664
Accumulated depreciation and impairment losses							
As at 1.1.2014	7,329	29,893	1,021	1,048	1,280	177	40,748
Charge for the year	365	1,140	10	25	4	19	1,563
Disposals	–	–	(80)	–	–	–	(80)
Impairment loss	–	3,434	–	–	–	–	3,434
As at 31.12.2014	7,694	34,467	951	1,073	1,284	196	45,665
As at 1.1.2015	7,694	34,467	951	1,073	1,284	196	45,665
Charge for the year	362	277	9	18	5	15	686
Disposals	–	–	–	(24)	(5)	(166)	(195)
As at 31.12.2015	8,056	34,744	960	1,067	1,284	45	46,156
Net carrying amount							
As at 31.12.2015	5,491	867	38	62	40	10	6,508
As at 31.12.2014	5,853	1,144	44	12	23	26	7,102

3. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The Group's major properties as at 31 December 2015 are as follows:

Type of property	Location	Approximate land area (in square metres)	Tenure
Four-storey factory cum office building	9 Fan Yoong Road Singapore 629787	4,622.4	60-year lease from 1 November 1967
Single-storey factory building	11 Fan Yoong Road Singapore 629789	4,499.3	60-year lease from 15 July 1982
Single-storey factory building	8 Kwong Min Road Singapore 628711	4,551.4	Lease of 55 years and 11 months from 1 July 1983

(b) The above leasehold land and buildings located at Jurong, Singapore, were revalued by the directors based on external professional valuations carried out in July 1993 on the open market value basis for the Company's Initial Public Offering of shares in 1994. The revaluation was done on a one-off basis and accordingly, the transitional provision in FRS 16 Property, Plant and Equipment was adopted to continue with its existing policy of stating leasehold land and buildings at cost. Subsequent leasehold improvements are carried at cost less accumulated depreciation.

If the leasehold land and buildings stated at valuation had been included in the financial statements at cost less accumulated depreciation, their net book values would have been $3,946,000 (2014: $4,166,000).

(c) In the previous financial year, management carried out a review of the recoverable amount of its production equipment due to the softening of demand in the stationery business market. The Company's plant and equipment has an average remaining useful life of 4 years and most of the equipment are relatively old and obsolete. Considering all these factors, the Company has impaired the plant and equipment to its value-in-use calculated based on the discounted cash flow method (together with the intangible assets as one CGU, see Note 4). An impairment loss of $3,434,000 was charged to 'other expenses' in profit or loss for the financial year 2014 which is arising from Stationery Business-Singapore segment.

Cash flow projections used in these calculations were based on financial budgets approved by management covering a four-year period until the end of its useful lives. The discount rate used was 8% per annum.

4. INTANGIBLE ASSETS

	Group	
	2015	2014
	$'000	$'000
Cost		
As at 1 January	**20,386**	20,728
Currency translation differences	**400**	(342)
As at 31 December	**20,786**	20,386
Accumulated amortisation and impairment		
As at 1 January	**20,386**	16,878
Charge for the year	**–**	769
Impairment loss	**–**	3,016
Currency translation differences	**400**	(277)
As at 31 December	**20,786**	20,386
Net carrying amount		
As at 1 January	**–**	3,850
As at 31 December	**–**	–

4. INTANGIBLE ASSETS (continued)

Intangible assets was acquired by Collins Debden Ltd in the United Kingdom and had a deemed useful life of 20 years. In the previous financial year, the management has reviewed the carrying value as at 31 December 2014 and has assessed the value in use to be nil as the management deemed that it is no longer financially and economically viable for the brand to generate material positive cash flow and have come to a conclusion that the impairment loss of $3,016,000 is required to be made and charged to other expenses in the consolidated statement of comprehensive income, pertaining to the Stationery Business-Europe operating segment. Segment results is disclosed on Note 23.

For the purpose of impairment testing, the recoverable amount of these intangible assets (together with the production equipment as one CGU, see Note 3) was determined based on a value-in-use calculation and was determined by discounting future cash flows to be generated from the continuing use of the intangible assets. Cash flow projections used in these calculations were based on financial budgets approved by management covering a four-year period and using a discount rate of 8%.

The key assumptions used in determining the value in use also include competitive but stable market conditions and continued acceptability of products sold. Management determined estimated operating margins based on past performance and its expectations of the market development. The discount rates used were pre-tax and reflected specific risks relating to the relevant industry.

5. SUBSIDIARIES

	Company	
	2015	2014
	$'000	$'000
Equity investments, at cost		
At beginning of the year	**39,111**	40,168
Addition	**–**	1,192
Disposal of a subsidiary	**–**	(2,249)
At end of the year	**39,111**	39,111
Less: Impairment losses		
At beginning of the year	**(15,994)**	(18,243)
Disposal of a subsidiary	**–**	2,249
At end of the year	**(15,994)**	(15,994)
Net carrying amount	**23,117**	23,117

5. SUBSIDIARIES (continued)

Name of companies	Principal activities/ Country of incorporation	Proportion(%) of ownership interest 2015 %	2014 %
Held by Company			
Paperich Pte Ltd (1)	Trading of pulp and waste paper / Singapore	**100**	100
Debden Importing (UK) Limited ('DIUK') (2)	Design, marketing and sale of branded products / United Kingdom	**100**	100
Collins Debden Pty Ltd ('CDA') (3)	Supplier of paper based stationery products / Australia	**100**	100
Debden Malaysia Sdn Bhd (4)	Dormant / Malaysia	**100**	100
Phoenix Stationery Product, Inc (4)	Dormant / United States	**100**	100
Collins Office Products International Ltd (4)	To hold the Collins trademark in Australia / Mauritius	**100**	100
Held by DIUK			
Collins Debden Limited (2)	Design, marketing and sale of branded products / United Kingdom	**100**	100
Held by CDA			
Debden Importing Pty Ltd (3)	Dormant / Australia	**100**	100
Diary Specialists Pty Ltd (3)	Dormant / Australia	**100**	100

(1) Audited by Crowe Horwath First Trust LLP, Singapore.

(2) Audited by Crowe Clark Whitehill LLP, a member firm of Crowe Horwath International in United Kingdom.

(3) Audited by Crowe Horwath Sydney, a member firm of Crowe Horwath International in Australia.

(4) Not required to be audited or not significant subsidiaries.

5. SUBSIDIARIES (continued)

Disposal of a Subsidiary

On 21 August 2014, the Company entered into a sale and purchase agreement with Royalton Capital Pte. Ltd. to dispose of its entire interest in Jinmei Industrial Sdn. Bhd. ('Jinmei') for a cash consideration of US$1,000,000 ($1,241,000). The disposal was completed on 30 September 2014 and resulted in a loss of disposal amounting to $927,000. The effects of the disposal on the cash flows of the Group were:

	Group
	2014
	$'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	595
Trade and other receivables	1,373
Property, plant and equipment (Note 3)	709
Inventories	1,119
Total assets	3,796
Trade and other payables	5,056
Total liabilities	5,056
Net liabilities disposed of	1,260
Write-off of trade balance owing by Jinmei to the Company	(3,216)
Net assets derecognised	(1,956)

The cash inflows arising from the disposal of Jinmei were:

Cash proceeds from disposal	1,241
Less: Cash and cash equivalents in subsidiary disposed of	(595)
Net cash inflow on disposal	646

The operations of Jinmei in Malaysia is not considered to be separate major geographical area of operations.

6. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At beginning of year	**300**	996	**300**	996
Recognised in profit and loss (Note 17)	**–**	(696)	**–**	(696)
At end of year	**300**	300	**300**	300
Presented after appropriate offsetting as follows:				
Deferred tax liabilities, net	**300**	300	**300**	300
	300	300	**300**	300

The component and movement of deferred tax liabilities and assets of the Group and the Company during the financial year prior to offsetting are as follows:

Deferred tax liabilities / (assets) of the Group and Company	Property, plant and equipment	Provisions	Net
	$'000	**$'000**	**$'000**
2015			
At beginning of year and at end of year	589	(289)	300
2014			
At beginning of year	1,208	(212)	996
Recognised in the:			
- Profit or loss	(619)	(77)	(696)
At end of year	589	(289)	300

6. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following unused tax losses and credits:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Capital allowances	**1,006**	1,006	**–**	–
Tax losses	**5,104**	4,335	**1,337**	1,271
	6,110	5,341	**1,337**	1,271

The capital allowances and tax losses are subject to agreement by the tax authorities and compliance with tax regulations in Singapore and the respective countries in which certain subsidiaries operate mainly Australia. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

7. INVENTORIES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Raw materials	**1,052**	2,180	**1,052**	2,180
Work-in-progress	**262**	476	**261**	417
Finished goods	**5,807**	5,223	**212**	129
Goods in transit	**455**	625	**32**	377
	7,576	8,504	**1,557**	3,103

The Group's and the Company's inventories recognised as cost of sales amounted to $300,771,000 and $10,270,000 (2014: $283,074,000 and $6,896,000). Raw materials, work-in-progress and finished goods of the Group and the Company are stated at net realisable value after the write-down of inventories of $1,302,000 and $232,000 (2014: $1,480,000 and $452,000) respectively during the year.

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Subsidiaries[1]	–	–	**4,431**	5,265
- Related companies[1]	**6,734**	29,103	**–**	–
- Third parties	**39,896**	24,442	**292**	767
	46,630	53,545	**4,723**	6,032
Less: Impairment losses				
- Subsidiaries	-	-	**(45)**	(45)
- Third parties	**(667)**	(598)	**(122)**	(122)
	(667)	(598)	**(167)**	(167)
Net trade receivables	**45,963**	52,947	**4,556**	5,865
Deposits [2]	**5,512**	1,585	**144**	156
Other receivables	**76**	360	**–**	173
	51,551	54,892	**4,700**	6,194

(1) The trade receivables due from subsidiaries and related companies are unsecured, interest-free and repayable on demand.

(2) Group's deposits mainly relate to deposits placed with suppliers for the Group's pulp-trading business.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**23,584**	22,099	**5,102**	5,837
Short-term bank deposits[(i)]	**1,162**	2,143	**–**	–
Cash and cash equivalents	**24,746**	24,242	**5,102**	5,837
Bank balances and deposits pledged[(ii)]	**(2,800)**	(2,191)	**–**	–
Cash and cash equivalents per statement of cash flows	**21,946**	22,051	**5,102**	5,837

(i) Short-term bank deposits at the reporting date had an average maturity of 1 month (2014: 1 month) from the end of the financial year.

(ii) Bank balance and deposit are pledged to banks as security by the Group to obtain trade finance facilities.

10. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of ordinary shares ('000)	$'000	Number of ordinary shares ('000)	$'000
Issued and fully paid ordinary shares				
At beginning and end of the year	351,398	51,547	351,398	51,547

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

11. RESERVES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Asset revaluation reserve	**1,047**	1,047	**1,047**	1,047
Foreign currency translation reserve				
Disposal of a subsidiary	–	547	–	–
Net exchange differences on translation of financial statements of foreign subsidiaries	**(7,411)**	(8,359)	–	–
	(7,411)	(7,812)	–	–
Total reserve	**(6,364)**	(6,765)	**1,047**	1,047

Asset revaluation reserve

The asset revaluation reserve arose from the one-off revaluation of leasehold land and buildings (Note 3(b))

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.

The above reserves are not distributable as dividends.

12. ACCUMULATED LOSSES

	Company	
	2015	2014
	$'000	$'000
At the beginning of the year	**(12,637)**	(3,767)
Loss for the year	**(3,804)**	(8,870)
At the end of the year	**(16,441)**	(12,637)

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade payables				
- Third parties	**24,626**	33,483	**1,134**	1,658
- Subsidiaries	**–**	–	**1,444**	1,281
- Related companies	**6,533**	4,721	**9**	102
Advance payment received from customers[1]	**4,287**	3,454	**1,531**	1,364
Accrued operating expenses	**5,172**	5,882	**859**	854
Other payables	**1,163**	112	**–**	29
	41,781	47,652	**4,977**	5,288

[1] Advance payment received from customers relate to deposits received from related companies for the Group's pulp-trading business, amounting to Nil in 2015 (2014: $2,261,000). The remainder balances are third parties.

14. BORROWINGS

This note provides information about the contractual terms of the Group's and the Company's bills payable, which are measured at amortised cost.

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current liability				
Bills payable	**19**	69	**19**	69

Terms and conditions of bills payable is as follows:

			2015		2014	
	Nominal interest rate	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Group and Company	**%**		**$'000**	**$'000**	**$'000**	**$'000**
Bills payable	–	2015-2016	19	19	69	69

15. OTHER INCOME / (EXPENSES), NET

	Group	
	2015	2014
	$'000	$'000
Exchange gain	**267**	266
Sale of scrap materials	**157**	253
Loss on disposal of subsidiary (Note 5)	**–**	(927)
Impairment loss on property, plant and equipment (Note 3)	**–**	(3,434)
Impairment loss on intangible assets (Note 4)	**–**	(3016)
Job credit scheme	**140**	159
Others	**376**	–
	940	(6,699)

16. FINANCE EXPENSE, NET

	Group	
	2015	2014
	$'000	$'000
Interest income	**53**	88
Interest expense – trade financing	**(1,334)**	(233)
	(1,281)	(145)

17. TAX EXPENSE / (INCOME)

	Group	
	2015	2014
	$'000	$'000
Current tax		
Current year	**385**	265
	385	265
Deferred tax		
Origination and reversal of temporary differences	**–**	(696)
Income tax	**385**	(431)

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate is as follows:

Reconciliation of effective tax rate		
Profit / (Loss) before tax	**1,229**	(8,211)
Tax using the Singapore tax rate of 17% (2014: 17%)	**208**	(1,396)
Effect of tax rates in foreign jurisdictions	**(101)**	(131)
Tax exempt income	**(88)**	(28)
Adjustment on group loss on disposal of a subsidiary	**–**	(209)
Non-deductible expenses	**73**	1,159
Deferred tax assets on temporary differences not recognised	**293**	174
	385	(431)

The Company and its Singapore subsidiary
The Company and its Singapore incorporated subsidiary are subject to an applicable tax rate of 17% (2014: 17%), constitute a group under the Group Relief System for Singapore tax purposes.

United Kingdom subsidiaries
These subsidiaries are subject to an applicable tax rate of 21% (2014: 21.5%).

Australia subsidiaries
These subsidiaries are subject to an applicable tax rate of 30% (2014: 30%). However, these subsidiaries are in a tax loss position.

18. PROFIT / (LOSS) FOR THE YEAR

This is determined after charging / (crediting) the following:

	Group	
	2015	2014
	$'000	$'000
Foreign exchange gain, net	**(267)**	(266)
Amortisation of intangible assets	**–**	769
Depreciation of property, plant and equipment	**733**	1,726
Impairment loss on trade receivables	**172**	135
Impairment loss on property, plant and equipment	**–**	3,434
Impairment on loss intangible assets	**–**	3,016
Audit fees payable to:		
- auditors of the Company	**110**	110
- other auditors	**89**	98
Directors' fees payable to:		
- directors of the Company	**97**	80
Non-audit fees payable to:		
- auditors of the Company	**16**	13
Operating lease expense	**919**	1,052
Personnel expenses (Note 19)	**11,096**	11,334
Write-down of inventories	**1,302**	1,480
Fixed assets written off	**–**	62
Gain on disposal of property, plant and equipment	**(21)**	(9)

19. PERSONNEL EXPENSES

	Group	
	2015	2014
	$'000	$'000
Wages, salaries and bonuses*	**9,016**	9,220
Defined contribution plans*	**1,174**	1,245
Others	**906**	869
	11,096	11,334

*This includes directors' remuneration as disclosed in Note 18 and 22.

Out of the above personnel expenses, an amount $5,246,000 (2014:$5,688,000) is included as cost of sales for the current financial year.

20. EARNINGS / (LOSS) PER SHARE (CENTS)

	Group	
	2015	2014
	$'000	$'000
Net profit / (loss) attributable to equity holders of the Company	**844**	(7,780)
	Number of Shares	Number of Shares
	('000)	('000)
Weighted average number of ordinary shares outstanding for basic and diluted earnings / (loss) per share	**351,398**	351,398
Basic and diluted earnings / (loss) per share (cents)	**0.240**	(2.214)

21. OPERATING LEASE COMMITMENTS

The Group has various operating lease agreements for equipment, offices and other facilities. Most leases contain renewable options. Some of the leases contain escalation clauses and provide for contingent rentals based on percentages of sales derived from assets held under operating leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Within 1 year	**646**	759	**265**	272
Between 1 and 5 years	**1,608**	1,939	**1,050**	1,013
More than 5 years	**3,712**	3,883	**3,713**	3,883
	5,966	6,581	**5,028**	5,168

22. RELATED PARTY INFORMATION

Related party transactions

Some of the arrangements with related parties (as defined in Note 2) and the effects of these bases determined between the parties are reflected elsewhere in this report. Details of transactions between the Group and other related companies are disclosed below:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Purchase of goods from related companies	**8,382**	11,775	**484**	1,661
Sale of goods to related companies	**222,086**	236,716	**18,592**	11,569

Related companies refers to the fellow subsidiaries within the APP group which is controlled by the ultimate holding company.

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	2015	2014
	$'000	$'000
Short-term employee benefits	**1,143**	610
Post-employment benefits	**68**	55
Directors' fees	**97**	80
	1,308	745

Included in the above was total compensation to directors of the Company amounting to $208,000 (2014: $154,000).

23. OPERATING SEGMENTS

The Group's reportable segments, as described below, is organised based on broad business type and geographical locations of the markets within the business. For each of the segments, the Group's Board of Director reviews internal management reports on at least a half-yearly basis. The prior period comparatives are re-presented to conform with current year segmental presentation due to current period economic reasons as assessed by the CODM. The following summary describes the operations in each of the Group's reportable segments:

(i) Singapore

(a) Headquarters

Design, development, global brand management, international sales and marketing as well as operational leadership extend from Singapore. To facilitate the enhancement of the Group's business development, the Group maintains manufacturing capabilities in Singapore whereby the Group design, produces and pilots its own range of branded products through a mixture of its vertically integrated capabilities as well as its strategic sourcing network.

(b) Stationery business

The main activities are manufacturing, sales and marketing of promotional products, gifts and related products.

(ii) Europe - Stationery business

The main activities are marketing, sales and distribution of planners/diaries, business accessories and related stationery products.

(iii) Australia - Stationery business

The main activities are import, sales and distribution of planners, organisers, business accessories and related gift products in Australia and New Zealand.

(iv) North America and South America

The main activities are trading and strategic sourcing of papers and paper bags.

(v) Indonesia - Trading business

The main activities are trading and sourcing of recycled waste, chemicals, pulp and related materials.

(vi) Hong Kong - Trading business

The main activities are trading of pulp and waste papers and hygiene products.

(vii) Other countries

The main activities are sale of organisers, diaries, business accessories and other related products.

The Europe segment pertains to the United Kingdoms, North America pertains to the USA and South America pertains to Brazil. Geographical segment information of revenue and operating profit are presented on the basis of the location of markets. Segment assets, segment liabilities, capital expenditure, depreciation, amortisation and material non-cash expenses are determined based on the country of incorporation of the group entities.

Inter-segment pricing is determined on mutually agreed terms.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Company's Board of Directors.

23. OPERATING SEGMENTS (continued)

2015	Total revenue	Inter-segment revenue	External revenue
	$'000	$'000	$'000
Segment revenue			
By geographical areas and business			
Trading business			
- North America	7,906	–	7,906
- South America	3,240	–	3,240
- Indonesia	222,281	–	222,281
- Hong Kong	57,283	–	57,283
	290,710	–	290,710
Stationery business			
- Singapore	558	18	540
- Europe	25,291	8,726	16,565
- Australia	28,894	10,527	18,367
- North America	804	–	804
- Indonesia	16	–	16
- Hong Kong	1,049	–	1,049
- Other countries	381	40	341
	56,993	19,311	37,682
	347,703	19,311	328,392

2014	Total revenue	Inter-segment revenue	External revenue
	$'000	$'000	$'000
Segment revenue			
By geographical areas and business			
Trading business			
- Singapore	2,903	16	2,887
- Europe	59	59	–
- Australia	82	82	–
- North America	9,785	–	9,785
- South America	3,308	–	3,308
- Indonesia	238,312	–	238,312
- Hong Kong	17,197	–	17,197
	271,646	157	271,489
Stationery business			
- Singapore	4,865	1,650	3,215
- Europe	23,729	6,152	17,577
- Australia	24,710	5,023	19,687
- North America	827	–	827
- Other countries	2,598	1,976	622
	56,729	14,801	41,928
	328,375	14,958	313,417

23. OPERATING SEGMENTS (continued)

Major customer

Other than revenue made to related companies which are considered as a single group of companies being controlled by the ultimate holding company of the Compnay as disclosed in Note 22 amounting to $222,086,000 (2014: $236,716,000) included in Indonesian segment (trading business), there are no major customers which contributes more than 10% to the Group's revenue for both financial years 2015 and 2014.

	Operating profit/(loss)	
	2015	2014
	$'000	$'000
Segment results		
Trading business		
- Singapore	**–**	56
- North America	**190**	187
- South America	**77**	63
- Indonesia	**5,333**	4,562
- Hong Kong	**1,375**	329
	6,975	5,197
Stationery business		
- Singapore	**(1,267)**	(8,824)
- Europe	**62**	(3,134)
- Australia	**(1,041)**	(534)
- North America	**(1,835)**	(578)
- Indonesia	**(37)**	–
- Hong Kong	**30**	–
- Other countries	**(377)**	(193)
	(4,465)	13,263
	2,510	(8,066)
Finance income	**53**	88
Finance expense	**(1,334)**	(233)
Profit / (loss) before tax	**1,229**	(8,211)
Income tax	**(385)**	431
Consolidated profit / (loss) for the year	**844**	(7,780)

23. OPERATING SEGMENTS (continued)

	Non-current assets	Segment assets	Segment liabilities
	$'000	$'000	$'000
2015			
Assets and liabilities			
Trading business			
- Singapore	–	45,608	32,274
Stationery business			
- Singapore	6,508	14,127	3,851
- Europe	19	19,199	3,640
- Australia	73	13,287	2,776
- Other countries	–	3	119
Total	6,600	92,224	42,660
2014			
Assets and liabilities			
Trading business			
- Singapore	–	46,359	38,273
Stationery business			
- Singapore	7,102	17,361	4,562
- Europe	20	17,969	3,046
- Australia	111	14,907	2,379
- Other countries	–	3	20
Total	7,233	96,599	48,280

23. OPERATING SEGMENTS (continued)

	Captial expenditure (Note 3)	Depreciation and amortisation	Impairment on non-current assets	Write-down of inventories
	$'000	$'000	$'000	$'000
2015				
Other segment information				
Stationery business				
- Singapore	93	687	–	232
- Europe	13	14	–	297
- Australia	–	32	–	773
Total	106	733	–	1,302

	Captial expenditure (Note 3)	Depreciation and amortisation	Impairment on non-current assets	Write-down of inventories
2014				
Other segment information				
Stationery business				
- Singapore	107	1,562	3,434	452
- Europe	9	787	3,016	41
- Australia	43	42	–	987
- Other countries	–	104	–	–
Total	159	2,495	6,450	1,480

24. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Audit Committee provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk), liquidity risk and credit risk. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the Audit Committee.

It is the Group's policy not to trade in derivative contracts.

(i) Market risk

Foreign exchange risk

The Group operates mainly in Singapore, Europe, Australian and Indonesia and the Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD dollars, US dollars, Australian dollars and Great Britain Pound. The Group's trade receivable and trade payable balances at the end of financial year have similar exposures. The Group also hold cash and short-term deposits denominated in foreign currencies for working capital purposes.

24. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

Group 2015	Singapore dollars	United States dollars	Australian dollars	Great Britain Pound	Euro	Others*	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Trade and other receivables	214	33,137	7,314	5,356	18	–	46,039
Cash and cash equivalents	391	11,376	2,593	10,273	113	–	24,746
Intragroup receivables	1,174	5,758	1,614	3	–	–	8,549
	1,779	50,271	11,521	15,632	131	–	79,334
Financial liabilities							
Bills payable	–	–	–	–	19	–	19
Trade and other payables	1,640	29,419	2,749	3,576	93	17	37,494
Intragroup payables	1,753	5,792	996	6	–	2	8,549
	3,393	35,211	3,745	3,582	112	19	46,062
Net financial assets / (liabilities)	(1,614)	15,060	7,776	12,050	19	(19)	33,272
Less: Net financial liabilities / (assets) denominated in the respective entities functional currencies	592	(8,507)	(6,386)	(11,826)	–	3	(26,124)
Foreign currency exposure	(1,022)	6,553	1,390	224	19	(16)	7,148

*Others are denominated in Ringgit, Hong Kong and New Zealand dollars.

24. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

Group 2014	Singapore dollars	United States dollars	Australian dollars	Great Britain Pound	Euro	Others*	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Trade and other receivables	974	39,410	7,932	4,986	5	–	53,307
Cash and cash equivalents	432	9,125	3,845	10,762	78	–	24,242
Intragroup receivables	2,237	5,276	1,440	–	–	–	8,953
	3,643	53,811	13,217	15,748	83	–	86,502
Financial liabilities							
Bills payable	–	–	–	–	69	–	69
Trade and other payables	3,916	34,987	2,009	3,002	265	19	44,198
Intragroup payables	2,237	5,276	1,440	–	–	–	8,953
	6,153	40,263	3,449	3,002	334	19	53,220
Net financial assets / (liabilities)	(2,510)	13,548	9,768	12,746	(251)	(19)	33,282
Less: Net financial liabilities / (assets) denominated in the respective entities functional currencies	(1,442)	(6,232)	(8,428)	(11,628)	–	–	(27,730)
Foreign currency exposure	(3,952)	7,316	1,340	1,118	(251)	(19)	5,552

*Others are denominated in Ringgit, Hong Kong and New Zealand dollars.

24. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

Company 2015	**Singapore dollars**	**United States dollars**	**Australian dollars**	**Great Britain Pound**	**Euro**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Trade and other receivables	1,263	2,754	521	–	18	4,556
Cash and cash equivalents	380	3,484	988	190	60	5,102
	1,643	6,238	1,509	190	78	9,658
Financial liabilities						
Bills payable	–	–	–	–	19	19
Trade and other payables	2,235	303	818	12	78	3,446
	2,235	303	818	12	97	3,465
Net financial assets / (liabilities)	(592)	5,935	691	178	(19)	6,193
Less: Net financial liabilities denominated in the functional currency of the company	592	–	–	–	–	592
Foreign currency exposure	–	5,935	691	178	(19)	6,785

Company 2014	**Singapore dollars**	**United States dollars**	**Australian dollars**	**Great Britain Pound**	**Euro**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Trade and other receivables	3,202	2,354	477	–	5	6,038
Cash and cash equivalents	404	3,266	1,094	1,051	22	5,837
	3,606	5,620	1,571	1,051	27	11,875
Financial liabilities						
Bills payable	–	–	–	–	69	69
Trade and other payables	2,164	307	1,194	3	256	3,924
	2,164	307	1,194	3	325	3,993
Net financial assets / (liabilities)	1,442	5,313	377	1,048	(298)	7,882
Less: Net financial assets denominated in the functional currency of the company	(1,442)	–	–	–	–	(1,442)
Foreign currency exposure	–	5,313	377	1,048	(298)	6,440

24. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Singapore dollars against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. If the Singapore dollars weakens by 10% (2014: 10%) against the relevant foreign currency, with all other variables held constant, profit or loss and for the year increase / (decrease) by:

Group	**Singapore dollars**	**United States dollars**	**Australian dollars**	**Great Britain Pound**	**Euro**	**Others**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2015						
Profit for the year	85	(544)	(115)	(19)	(2)	1
2014						
Loss for the year	328	(607)	(111)	(93)	21	2
Company						
2015						
Loss for the year	–	(493)	(57)	(15)	2	–
2014						
Loss for the year	–	(441)	(31)	(87)	25	–

(ii) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

All the financial liabilities of the Group as at 31 December 2015 and 2014 are repayable on demand or due within 1 year from the reporting date.

24. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises principally from the Group's receivables from customers which is influenced mainly by the individual characteristics of each customer. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. At the same time, large trading sales transactions are backed by letters of credit from reputable financial institutions whenever possible. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management.

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of manufacturing and distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of trade receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

As the Group and the Company does not hold any collateral, the carrying amount of trade receivables represents the maximum credit exposure. The maximum exposure to credit risk for trade receivables at the reporting date was:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
By geographical areas:				
- Singapore	**134**	492	**1,261**	2,136
- Australia	**7,345**	8,002	**2,953**	3,250
- North America	**8,184**	4,035	**3**	–
- South America	**1,069**	2,996	**–**	–
- United Kingdom	**4,775**	4,306	**221**	247
- Indonesia	**6,734**	29,103	**–**	–
- Hong Kong	**17,137**	3,233	**–**	–
- Europe	**150**	148	**14**	124
- Other countries	**435**	632	**104**	108
	45,963	52,947	**4,556**	5,865
By type of customers:				
Related companies	**6,734**	29,103	**–**	–
Subsidiaries	**–**	–	**4,386**	5,220
Non-related parties				
- Multinational companies	**4,678**	4,086	**–**	–
- Other companies*	**34,551**	19,758	**170**	645
	45,963	52,947	**4,556**	5,865

24. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

*This amount include balances owing from the established office supplies wholesaler and retailers in Australia and United Kingdom amounting to $8,477,000 (2014: $6,352,000). It also include amounts owing from the trading customers from United States amounting to $8,121,000 (2014: $7,252,000). Other than these debtors, there are no other concentration of credit risks of the Group.

There is no concentration of credit risk with respect to trade receivables of the Company in respect to non-related parties as majority of the balance was due from subsidiaries.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables, which is a specific loss that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The age analysis of trade receivables is as follows:

	Gross 2015	**Impairment 2015**	Gross 2014	Impairment 2014
	$'000	**$'000**	$'000	$'000
Group				
Not past due	**37,223**	**138**	44,192	185
- Past due 0 to 3 months	**3,438**	**218**	2,660	51
- Past due 3 to 6 months	**2,151**	**–**	5,147	64
- More than 6 months	**3,818**	**311**	1,546	298
	46,630	**667**	53,545	598
Company				
Not past due	**2,517**	**–**	1,973	–
- Past due 0 to 3 months	**667**	**–**	1,573	–
- Past due 3 to 6 months	**844**	**–**	179	–
- More than 6 months	**695**	**167**	2,307	167
	4,723	**167**	6,032	167

24. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

The movement in allowance for impairment loss is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Balance at beginning of the year	**598**	537	**167**	110
Disposal of subsidiary	**–**	(73)	**–**	–
Impairment loss recognised	**172**	135	**–**	57
Amounts written off	**(124)**	(5)	**–**	–
Currency translation differences	**21**	4	**–**	–
Balance at end of the year	**667**	598	**167**	167

Trade receivables that are individually determined to be impaired at the reporting date related to debtors that are in significant financial difficulties and have defaulted on payment as well as by reference to past default experience. Included in the Group's trade receivables balance are debtors with total carrying amount of $8,878,000 (2014: $8,940,000), which are past due but not impaired as there has not been a significant change in credit quality and the amount are still considered recoverable.

These receivables which are neither past due nor impaired are mainly arising by customers that have a good payment record with the Group and the Company. Based on historical default rates and analysis of the profiles, the Group and the Company believe that no impairment allowance is necessary in respect of trade receivables not past due.

(iv) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position, except for the following:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Loans and receivables (including cash and cash equivalents)	**70,785**	77,549	**9,658**	11,875
Financial liabilities at amortised cost	**37,513**	44,268	**3,465**	3,993

Capital risk management policies and objectives

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The strategies of the Group and the Company, which were unchanged from 2014, are to maintain gearing ratios within 1%.

24. FINANCIAL INSTRUMENTS (continued)

Capital risk management policies and objectives (continued)

The gearing ratio is calculated as debt divided by total capital. Debt refers to the Group's and the Company's borrowings. Adjusted equity is computed as total equity less reserves. Total capital is calculated as adjusted equity plus debt. The Group's gearing ratio as at 31 December 2015 is as follows:

	Group		**Company**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Total debt	**19**	69	**19**	69
Adjusted equity	**55,928**	55,084	**35,106**	38,910
Total capital	**55,947**	55,153	**35,125**	38,979
Gearing ratio %	**0.03**	0.13	**0.05**	0.18

The Management reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital, and monitors the gearing ratio. Based on recommendations of the committee, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debts.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25. FAIR VALUE DISCLOSURES

At reporting date, there are no financial instruments that are carried at fair value. The carrying amounts of financial assets and liabilities reported on the reporting date are reasonable approximation of their fair value due to relatively short-term maturity of these financial instruments.

INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920	
	full year ended		full year ended	
	31/12/2015	**31/12/2014**	**31/12/2015**	**31/12/2014**
	$'000	**$'000**	**$'000**	**$'000**
Purchases				
PT Indah Kiat Pulp & Paper Tbk	–	–	**53**	–
PT Pindo Deli Pulp and Paper Mills	–	–	**–**	1,891
PT Pabrik Kertas Tjiwi Kimia Tbk	–	–	**8,175**	9,884
Toprint Computer Supplies Pte Ltd	–	–	**154**	–
Sales				
PT Indah Kiat Pulp & Paper Tbk	–	–	**41,416**	85,111
PT Pindo Deli Pulp and Paper Mills	–	–	**93,453**	73,475
PT Pabrik Kertas Tjiwi Kimia Tbk	–	–	**35,872**	71,792
PT Lontar Papyrus Pulp & Paper Industry	–	–	**12,554**	5,760
PT. The Univenus	–	–	**482**	355
PT Ekamas Fortuna	–	–	**682**	223
PT Paramitra Gunakarya Cemerlang	–	–	**37,627**	–
Total Interested Person Transactions	–	–	**230,468**	248,491

SHAREHOLDING STATISTICS AS AT 16 MARCH 2016

Number of issued ordinary shares	:	351,398,000
Issued and paid up capital	:	$51,547,000.00
Number of treasury shares held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

Shareholdings held in the hands of public
Based on the information available to the Company as at 16 March 2016, approximately 36.3% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Analysis of Shareholdings

Range of Shareholdings	*No. of Shareholders*	*%*	*No. of Shares*	*%*
1 - 1,000	1,596	26.52	1,583,706	0.45
1,001 - 10,000	3,269	54.31	17,902,491	5.10
10,001 - 1,000,000	1,135	18.86	59,186,387	16.84
1,000,001 and above	19	0.31	272,725,416	77.61
	6,019	100.00	351,398,000	100.00

TOP 20 SHAREHOLDERS

No.	**Name of shareholders**	***No. of Shares Held***	***%***
1	APP PRINTING (HOLDING) PTE LTD	223,804,666	63.69
2	RHB SECURITIES SINGAPORE PTE LTD	6,057,000	1.72
3	LIM POH CHOON	4,922,700	1.40
4	LIU WENYING	4,483,000	1.28
5	CITIBANK NOMINEES SINGAPORE PTE LTD	4,439,900	1.26
6	PHILLIP SECURITIES PTE LTD	3,557,100	1.01
7	DBS NOMINEES PTE LTD	3,467,500	0.99
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,721,250	0.77
9	KGI FRASER SECURITIES PTE LTD	2,700,000	0.77
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,587,400	0.74
11	UOB KAY HIAN PTE LTD	2,523,900	0.72
12	ANG HAO YAO (HONG HAOYAO)	2,073,000	0.59
13	RAFFLES NOMINEES (PTE) LTD	1,753,100	0.50
14	BANK OF SINGAPORE NOMINEES PTE LTD	1,561,000	0.44
15	LUO FENG	1,268,900	0.36
16	THIAN YIAN CHIEW	1,243,000	0.35
17	ABN AMRO CLEARING BANK N.V.	1,242,000	0.35
18	KOH CHIN HWA	1,222,000	0.35
19	HL BANK NOMINEES (SINGAPORE) PTE LTD	1,098,000	0.31
20	QUEEMAY HOLDINGS PTE LTD	1,000,000	0.29
		273,725,416	77.89

Substantial Shareholders as at 16 March 2016
(as shown in the Company's Register of substantial shareholders)

Name of Shareholders	*Direct Interest*	***No. of Shares*** %	*Deemed Interest*	*%*
APP Printing (Holding) Pte Ltd	223,804,666	63.69	–	–
PT Andalan Prapanca Pertiwi	–	–	223,804,666	63.69
Asia Pulp & Paper Company Ltd	–	–	223,804,666	63.69
APP Golden Limited	–	–	223,804,666	63.69

APP Printing (Holding) Pte Ltd ("APP Printing") is the immediate holding company of Nippecraft Limited.

Asia Pulp & Paper Company Ltd ("APP") and APP Golden Limited (previously known as APP Global Limited) ("APP Golden") are deemed to have an interest of 223,804,666 ordinary shares in Nippecraft Limited as APP Printing is a wholly owned subsidiary of PT. Andalan Prapanca Pertiwi ("PT APP") and APP has 89.9% shares in PT APP whereas APP Golden controls approximately 63.32% of the voting power of APP.

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

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Nippecraft Limited ***(Company)*** will be held at 9 Fan Yoong Road, Singapore 629787 on Thursday, 28 April 2016 at 10.00 am for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015, together with the Auditors' Report thereon. **(Resolution 1)**

2(a). To re-elect Mr See Kian Heng who is retiring by rotation under regulation 104 of the Company's Constitution. **(Resolution 2)**

2(b). To note the retirement of Mr Ching Jit Yow who is retiring under regulation 104 of the Company's Constitution.

3. To re-elect Ms Connie Oi Yan Chan, who is retiring under regulation 114 of the Company's Constitution. **(Resolution 3)**

4. To approve Directors' fees of S$97,000 payable by the Company for the financial year ended 31 December 2015 (2014: S$80,000). **(Resolution 4)**

5. To re-appoint Crowe Horwath First Trust LLP as auditors of the Company for the financial year ending 31 December 2016 and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

6. To transact any other business that may properly be transacted at an Annual General Meeting.

As Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

7. Authority to allot and issue shares

"THAT, pursuant to section 161 of the Companies Act, Chapter 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ***(SGX-ST)***, authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ***(Shares)*** (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, ***Instruments***) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 50% of the total number of issued Shares (excluding treasury shares, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 6)

(See Explanatory Notes)

8. Renewal Of The Shareholders' Mandate For Interested Person Transactions

"THAT:-

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST for the Company, its subsidiaries and target associated companies or any of them, to enter into any of the transactions falling within the types of interested person transactions, described in the Appendix to the Annual General Meeting to shareholders of the Company dated 11 April 2016 (**Appendix**) with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on an arm's length basis and on normal commercial terms and in accordance with the guidelines and review procedures for such interested person transactions as amended in the Appendix;

(b) the approval given in paragraph (a) above (***Shareholders' Mandate***) shall, unless revoked or varied by the Company in General Meeting, continue in force until the next annual general meeting of the Company; and

(c) the Directors of the Company, be and are hereby authorised to complete and do all such acts, deeds and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate or this Resolution."

(Resolution 7)

(See Explanatory Notes)

By Order of the Board of Directors

Raymond Lam & Lee Lih Feng

Company Secretaries

Singapore

11 April 2016

Explanatory Notes:

1. The Chairman of the Annual General Meeting will be exercising his right under regulation 79 of the Company's Constitution to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of poll.
2. A member of the Company entitled to attend and vote at the above Annual General Meeting may appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated. Such proxy need not be a member of the Company.
3. Pursuant to section 181 of the Companies Act, Chapter 50 a member who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "relevant intermediary" means:

   (a) a banking corporation licenced under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

4. The instrument appointing a proxy must be deposited at the Company's registered office at 9 Fan Yoong Road, Singapore 629787, not less than 48 hours before the time appointed for holding the meeting.

Explanatory Notes and Statement under regulation 70 of the Company's Constitution

Resolution 2

If re-elected, Mr See Kian Heng, an independent director, shall remain as a member of the Audit Committee and the Chairman of the Remuneration Committee of the Company.

Resolution 6

The proposed Resolution 6, if passed, will empower the Directors, from the date of the Annual General Meeting until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50% of the total number of issued Shares excluding treasury shares, with a sub-limit of 20% for Shares other than on a pro rata basis to Shareholders.

Resolution 7

The proposed Resolution 7, if passed, will renew the Shareholders' Mandate (which was approved at the annual general meeting of the Company held on 29 April 2015) to facilitate the Company, its subsidiaries and associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, to enter into Interested Persons Transactions, the details of which are set out in the Appendix accompanying this Notice/Annual Report. The authority under the renewed Shareholders' Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.

Personal Data Privacy:

By submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the Annual General Meeting 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 processing and administration by the Company (or its agents) of proxies and representatives relating to the Annual General Meeting (including any adjournment thereof); and

(ii) warrants that where the member discloses the personal data of the member's proxy and/or representative to the Company (or its agents), the member has obtained all necessary consents to do so, and that the Company (or its agents) may collect, use and disclose such personal data for the purposes above.

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

ANNUAL GENERAL MEETING

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note No. 4 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. PLEASE READ THE NOTES TO THE PROXY FORM.

PROXY FORM

I/We____(NRIC/Passport No) ______________________________

of____ (Address)

being a member/members of NIPPECRAFT LIMITED ***(Company)***, hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

and/or (delete as appropriate)

or failing him/them, the Chairman of the Annual General Meeting ***(AGM)*** as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM of the Company to be held at 9 Fan Yoong Road, Singapore 629787 on Thursday, 28 April 2016 at 10:00 am 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 indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

(If you wish to exercise all your votes "For" or "Against", please tick with "√" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution.)

No	Resolutions	For	Against
	Ordinary Business		
1.	To receive and adopt the directors' statement and audited financial statements for the financial year ended 31 December 2015.		
2.	To re-elect Mr See Kian Heng as a director		
3.	To re-elect Ms Connie Oi Yan Chan as a director		
4.	To approve the directors' fees for the year ended 31 December 2015		
5.	To re-appoint Crowe Horwath First Trust LLP as auditors and to authorise the directors to fix their remuneration		
	Special Business		
6.	To authorise the directors to issue shares and/or Instruments pursuant to section 161 of the Companies Act, Cap. 50		
7.	To renew the Shareholders' Mandate for Interested Person Transactions.		

Signed this   day of April 2016.

Total Number of shares in:	No of shares
(a) CDP Register	
(b) Register of members	
Total	

____
Signature(s) of Member(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. A member should insert the total number of ordinary shares in the capital of the Company ***(Shares)*** held. If the member has Shares entered against his name in the Depository Register, he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

4. Pursuant to section 181 of the Companies Act, Chapter 50 a member who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "relevant intermediary" means:

   (a) a banking corporation licenced under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

5. This instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company)) must be deposited at the registered office of the Company at 9 Fan Yoong Road, Singapore 629787 not less than 48 hours before the time appointed for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Chapter 50.

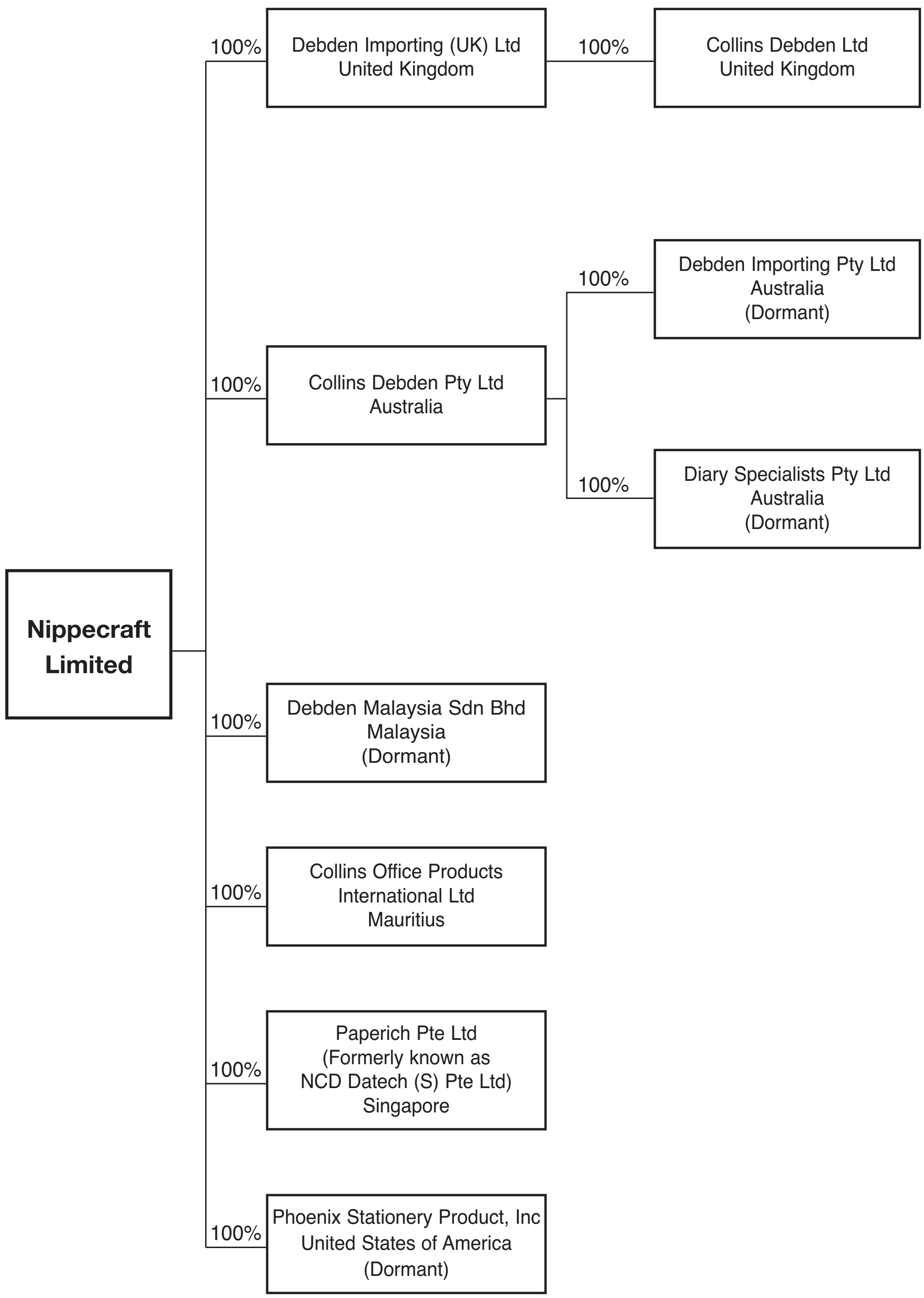
8. The Company shall be entitled to reject this instrument of proxy if it is incomplete improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time set for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

CORPORATE STRUCTURE

As at 31 December 2015



Head Office

Singapore	Nippecraft Limited 9 Fan Yoong Road Singapore 629787	
	Tel:	(65) 6262 2662
	Fax:	(65) 6262 1551
	Website:	www.nippecraft.com.sg

Subsidiaries

Australia	Collins Debden Pty Ltd Basalt Road Pemulwuy New South Wales 2145 Australia	
	Tel:	(61-2) 8863 1500
	Fax:	(61-2) 9688 4835
	Website:	www.collinsdebden.com.au
United Kingdom	Collins Debden Ltd Campsie View, Westerhill Road Bishopbriggs Glasgow G64 2QT United Kingdom	
	Tel:	(44-141) 300 8500
	Fax:	(44-141) 300 8600
	Website:	www.collinsdebden.com
Singapore	Paperich Pte Ltd 9 Fan Yoong Road Singapore 629787	
	Tel:	(65) 6262 2662
	Fax:	(65) 6262 1551
	Website:	www.paperich.com

www.nippecraft.com.sg