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NIPPECRAFT ANNUAL REPORT 2010

2010
NIPPECRAFT
Annual Report

OUR MISSION

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

OUR VISION

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

Corporate Statement

Nippecraft Limited is an established provider of innovative information and organizing tools for personal and business users. This includes a wide range of paper-based diaries, organizers and related accessories.

Apart from leveraging on our vertically integrated team to create and develop organising tools and accessories for our consumers through our core brands, Collins and Debden, we have also grown to extend our abilities to include global sourcing and project management.

Through our brand building efforts over the past 32 years, we have established a portfolio of global brands such as Fountain of Knowledge, Topgrade and H+O which express the aspirations, desires and needs of our discerning users.

Our ongoing efforts to provide essential, innovative and multi-functional solutions to our customers have placed us in good stead to extend our reach to untapped markets and to establish our presence in existing markets.

Headquartered in Singapore, Nippecraft takes a global view in our approach to business and seeks to network with partners in our key markets in the USA, UK, Australia as well as various parts of Asia.

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CORPORATE INITIATIVES

Nippecraft is dedicated to support and promote responsible forestry practices through our purchasing of materials and products. Our company is dedicated to maintain a Chain of Custody (CoC) programme in line with Programme for the Endorsement of Forest Certification Schemes (PEFC) and Forestry Stewardship Council (FSC) guidelines through SGS Tracking program.

During the year our company has successfully achieved PEFC CoC and FSC certification as well as ISO 14001 certification in our Malaysian facility. Our company is committed to continually increase the proportion of material from sources that are verified or certified under the guidelines of PEFC CoC and FSC.

As responsible environmental management we will continue to remain our core focus well into the future and our proactive commitment to environmental awareness and stewardship means; we increase consumer confidence, ensuring better access to the markets through strong differentiation, we are protecting forest resources and at the same time improving our brand image.

We encourage all our employees to embrace the responsibility of environmental protection both individually and as a team, to promote more effective and efficient environmental management in our organisation.

Corporate Information

Chairlady	Linda Suryasari Wijaya Limantara
Executive Directors	Ian Kardian Suwarganda (Chief Executive Officer/Managing Director) Chua Chay Hoon
Non-Executive Directors	Yudi Setiawan Lin Indah Suryasari Wijaya Limantara Ching Jit Yow George Lai Siew Choon (resigned on 30.6.2010) See Kian Heng
Audit Committee	Ching Jit Yow (Chairman, Independent) George Lai Siew Choon (Independent) (resigned on 30.6.2010) See Kian Heng (Independent)
Remuneration Committee	See Kian Heng (Chairman, Independent) Ching Jit Yow (Independent) Yudi Setiawan Lin
Nomination Committee	George Lai Siew Choon (Chairman, Independent) (resigned on 30.6.2010) Ching Jit Yow (Independent) Linda Suryasari Wijaya Limantara
Auditors	KPMG LLP 16 Raffles quay #22-00 Hong Leong Building Singapore 048581 Partner-in-charge: (Appointed with effect from 28 April 2008) Alex Koh
Company Secretary	Ong Eng Peng
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 138 Robinson Road #17-00 The Corporate Office Singapore 068906

KEY
FINANCIAL

Key Financial Data

	2010	2009	2008	2007	2006
Group Financial Highlights					
$'000					
Turnover by Geographical Locations:					
Singapore	**2,025**	1,642	2,037	629	1,334
Europe	**19,036**	18,914	23,533	27,551	26,992
Australia	**34,961**	35,499	35,861	33,306	31,344
North America - Integrated Services	**22,271**	9,839	12,125	15,299	13,329
North America - Office Paper Contract	**0**	0	0	136,658	57,376
North Asia	**1,573**	1,263	4,544	1,032	1,456
Others	**14**	11	18	0	8
Total for Group	**79,880**	67,168	78,118	214,475	131,839
NPBT	**36**	1,710	4,035	7,473	6,640
EBITDA*	**2,767**	4,487	6,505	9,898	10,346
At year-end ($'000)					
Shareholders' funds	**63,752**	65,334	59,897	68,603	64,356
Total assets	**88,095**	89,140	79,621	109,881	107,686
Net tangible assets	**57,847**	57,931	52,205	56,893	51,073
Net borrowings	**121**	249	241	580	319
Per Share Data (cents)					
Net earnings / (loss) **	**(0.05)**	0.46	0.83	1.85	1.29
Net tangible assets **	**16.46**	16.49	14.78	16.19	14.53
Financial Ratios					
Return on equity (%)	**(0.30)**	2.79	5.56	11.4	8.90
Net gearing (times)	**0.00**	0.00	0.00	0.01	0.01

* *EBITDA means earnings before interest, taxes, depreciation and amortization.*
** *Net earnings / (loss) and net tangible assets per share are based on the weighted average number of share.*

Chairlady's Statement

On behalf of the Board, here I present the results of Nippecraft Limited ("Nippecraft" or the "Group") for the financial year ended 31 December 2010.

The financial year 2010 was another difficult year for the group. The weaknesses in major developed economies continue to decelerated growth. Retailers reduced inventory level on the back of consumer cautious spending added to market condition.

I would like to report that our turnover increased by 18.9% to S$79.9 million for FY 2010 compared to S$67.2 million in FY2009. The increased was mainly contributed by trading sales of shopping bags of S$9.3 million to North America and toilet tissue converting sales of S$3.1 million to Australia. Core business sales overall improved marginally with the exception of Australia.

The cost of sales increased from 71.7% of the revenue in FY2009 to 75.3% in FY 2010. The nature of trading sales and higher raw materials costs of manufacturing resulted in lower gross margin.

The net cash flow from operating activities was lower however remained positive. The increased in inventory and receivables was due to the cyclical fluctuations of the business.

Segmental and Geographical Review

The performance across most segments has been disappointing. Highlights include increased market share in the UK despite recessionary conditions. Trading of shopping bags to the USA grew significantly. Singapore expenses, corporate expenses in particular, were reduced. Finally, tissue sales to Australia contributed nicely to the bottom-line.

However, these successes were insufficient to compensate for the lowlights. Core sales to both the USA and Australia dropped, while logistical costs grew. Also, the appreciation of the Singapore dollar contributed to an S$690,000 exchange rate loss.

In the second half of 2010 all efforts were made to 1) recover losses made in the first half and 2) prepare the company for a profitable year ahead.

Growth Strategy and Initiatives

In 2011 we are investing to grow both international markets and products. In the USA we have engaged two very large retailers on private label products. Our UK office is exploring distribution partnerships in continental Europe. Finally, in Asia we are expanding our retail presence in Singapore and at the same time we are building distribution partnerships in North and South-East Asia.

Despite the growth phenomenon of smart phones and tablet computers, our customers are still keen to retail our products. To help them target the young people we are expanding our range with co-branded products, Collins-Disney. To grow our share with corporate customers, we are launching an office product, Collins photocopy paper. We are also reviewing and redesigning our existing products, the Day-planner range in particular.

A never-ending initiative is to drive down costs. We are clearing ageing inventory; we are reducing wastage; we are buying materials smarter; and we are shipping selected products on cheaper vessel routes. This year inflation pressure is intense making cost management a high priority.

Acknowledgement

2011 is a must-turnaround year. In this effort I wish to thank our customers, directors, managers and staff. I also wish to thank Mr. George Lai, who resigned as director, for his advice and contribution over the many years of service. Finally, I extend my appreciation to our shareholders for their loyalty to the company.

Sincerely,

Linda Suryasari Wijaya Limantara
Chairlady

29 March 2011

Directors Profile

Linda Suryasari Wijaya Limantara
Non-Executive Chairlady

Ms Linda joined the Board on April 20, 2007 and was appointed the non-executive Chairman of Nippecraft Limited on July 11, 2007. She is a director of other companies within the Asia Pulp and Paper Co Ltd.

Ms Linda holds a degree in Industrial Engineering and a Master of Financial Engineering.

Ian Kardian Suwarganda
Managing Director and Chief Executive Officer

Mr Suwarganda was appointed in June 14, 2010 as an executive director and Chief Executive Officer of the Group.

Prior to joining Nippecraft Limited, Mr Suwarganda held various positions in California, USA, Indonesia and Singapore. He has also attended various management and technical training in Singapore and Indonesia.

Mr. Suwarganda holds a Master of Business Administration from INSEAD, Singapore and France. He also holds a Bachelor of Science Degree in Industrial Engineering from University of California at Berkeley, USA, and Visiting Undergraduate Scholar in Economics at Harvard University, USA.

Yudi Setiawan Lin
Non-Executive Director

Mr Lin was appointed a non-executive director on August 9, 1997.

He started working with Ta Hung Paper Mills in Taiwan before he joined PT. Pabrik Kertas Tjiwi Kimia Tbk in 1978. He has been a Commissioner of PT Pindo Deli Pulp & Paper Mills and the President Director of PT. Pabrik Kertas Tjiwi Kimia Tbk since 1994. He was President Director of PT. Indah Kiat Pulp & Paper Tbk from 2003 to 2005 and was appointed President Commissioner of the Company since 2005.

He obtained his education at the College of Chinese Culture Academy in Taiwan majoring in Pulp and Paper Technology.

Indah Suryasari Wijaya Limantara
Non-Executive Director

Miss Indah joined the Board on October 3, 2007 and was appointed the non-executive Director of Nippecraft Limited on the same date. She has been a member of Sinar Mas Pulp, Paper & Chemical Division Steering Committee since 2004. She was appointed as a Commissioner of the Company on August 2005.

Ms Indah holds a Master degree from the University of Illinois at Chicago, USA.

Ching Jit Yow

Non-Executive Director

Mr Ching has served as an independent director on Nippecraft Limited Board since September 8, 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

Non-Executive Director

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

Mr See is currently the chief financial officer and company secretary of Otto Marine Limited, a position he held since March 2007. He has an extensive 13 years of experience in both the finance and general management role. Mr See graduated with an MBA in finance from the Hull University, UK & a CPA accredited by CPA Australia. He is also a full member of the Singapore Institute of Directors and ordinary member of Marketing Institute of Singapore.

Chua Chay Hoon

Executive Director

Mdm Chua joined the Board on October 3, 2007 and was appointed the executive Director of Nippecraft Limited on the same date.

Mdm Chua has work experience spanning 35 years beginning from the ground to management. She is currently holding the appointment of Business Director (FIN) with a wide exposure in various areas covering finance & investment, accounting, human resources, manufacturing operations & trading. She also oversees operations and businesses as a Director of Jinmei Industrial Sdn Bhd., Collins Debden Pty Ltd., in Australia and Collin Debden Ltd., in UK, subsidiaries of Nippecraft Ltd.

Corporate Governance Statement

Nippecraft Limited ("the Company") strongly believes that good corporate governance is essential to 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 in order to protect the interests of all its stakeholders. 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 ("CCG") as promulgated by the Council on Corporate Disclosure and Governance, Singapore.

BOARD OF DIRECTORS

CCG Principles 1, 2 & 3

The Board of Directors ("the Board") comprises seven directors, two of whom are independent and non-executive. During the year one of the independent and non-executive director resigned. Search of the third independent director is in progress to ensure the Board is made up of at least one-third independent directors in accordance with CCG.

The Company also maintains a clear separation in the appointment of chairman and chief executive officer ("CEO") to ensure a clear division of responsibilities and balance of the Board governance.

The chairman leads the Board, while the CEO, supported by the management team, is responsible for the Company business, strategies and policies. The Chairlady, Ms Linda Suryasari Wijaya Limantara and the CEO, Mr. Ian Kardian Suwarganda, are not related to each other.

The responsibilities of the Board are:

1. Reviewing and approving of corporate policies, budgets and financial plans of the Company;
2. Monitoring the financial performance of the business including the approval of the annual, interim as well as ad-hoc financial reports;
3. Approving the nomination of directors;
4. Approving major proposals involving funding, investments, acquisitions and/or divestments; and
5. Setting the Company values and standards that ensures obligations to stakeholders and others thus contributing to responsible corporate governance.

The Board conducts scheduled meetings as well as telephone and video conferences to facilitate discussion and communication among members in matters pertaining to the corporate governance activities.

To enable effective governance, certain functions have been delegated by the Board to various Board Committees.

AUDIT COMMITTEE (AC)

CCG Principle 11, 12 & 13

The Audit Committee ("AC") comprises two members, all of which are non-executive, independent directors.

The AC performs the following functions:

1. Review annual and interim financial audit reports of the Company with external auditors;
2. Review the auditors' evaluation of the system of internal accounting controls;
3. Review the balance sheets, profit/loss accounts at both company and consolidated group level before submission to the Board for its approval;
4. Review any Interested Party Transactions ("IPT") defined under the Singapore Exchange ("SGX") Listing Manual; and
5. To recommend to the Board the appointment of both internal and external auditors.

The AC has the full cooperation of the management team and the complete discretion to invite any member of management to attend its meetings. The auditors have unrestricted access to the AC.

NOMINATING COMMITTEE (NC)

CCG Principles 4 & 5

The Nominating Committee (NC) comprises three members, two of whom are non-executive, independent directors.

The NC performs the following functions:

1. Make recommendations to the Board on all board member appointments;
2. Be responsible for the re-nomination of directors, having regard to the director's contributions and performance; and
3. Determine the independence of each director on an annual basis.

Composition of the Board of Directors and each Board Committee are as follows:

Name of Director	Main Board	Audit Committee	Nominating Committee	Remuneration Committee
Non-Executive, Non-independent Director				
Linda Suryasari Wijaya Limantara *(re-elected as Director 28th April 2009)* *(appointed as Chairman on 11th July 2007)*	Chairman	-	Member	-
Yudi Setiawan Lin *(re-elected as Director on 28th April 2011)*	Member	-	-	Member
Indah Suryasari Wijaya Limantara *(elected as Director on 28th April 2008)*	Member	-	-	-
Non-Executive, Independent Director				
Ching Jit Yow *(re-elected as Director on 28th April 2011)*	Member	Chairman	Member	Member
George Lai Siew Choon *(resigned on 30th June 2010)*	Member	Member	Chairman	-
See Kian Heng *(re-elected as Director on 28th April 2009)*	Member	Member	-	Chairman
Executive Director				
Ian Kardian Suwarganda *(appointed as CEO and Director on 14th June 2010)*	Member	-	-	-
Chua Chay Hoon *(elected as Director on 28th April 2009)*	Member	-	-	-

(Tabulated information is correct at the time of this report)

REMUNERATION COMMITTEE (RC)

CCG Principles 7, 8 & 9

The Remuneration Committee (RC) comprises three members, two of whom are non-executive, independent directors.

The RC performs the following functions:

1. Recommend to the Board a framework for remuneration.
2. Recommend to the Board for endorsement of the remuneration of the executive directors.
3. Administer the share option scheme (if any) to decide on the allocations and grants of options to eligible participants under the share option.

DISCLOSURE ON REMUNERATION

(a) Directors' Remuneration

Summary compensation table for the year ended 31 December 2010:

Name of Director	Directors' Fees %	Base/Fixed Salary %	Variable/ Bonuses %	Benefits in Kind %	Others %	Total
$250,000 to $500,000						
Executive	-	-	-	-	-	
Below $250,000						
Executive						
Lo Chih-Hao @ Howard Lo *(resigned on 14.6.2010)*	-	83.2	-	16.8	-	100
Ian Kardian Suwarganda *(appointed on 14.6.2010)*	-	78.5	5.2	16.3	-	100
Chua Chay Hoon	-	81.4	-	18.6	-	100
Non-Executive						
Ching Jit Yow	100					100
George Lai Siew Choon *(resigned on 30.6.2010)*	100					100
See Kian Heng	100					100

(b) Remuneration Bands of Directors of the Company

The number of directors in each remuneration band is as follows:

Remuneration Band	2010	2009
Below $250,000	6	7
$250,000 to $500,000	0	1
Total	6	8

* *The above information relates to remuneration of directors of the Company during the financial year.*

(c) Remuneration of Top 5 Key Executives who are not Directors of Company

The top five executives who are not Directors of the Company fall below the remuneration band of $250,000.00.

The gross remuneration disclosed above is based on gross salaries, allowances and other benefits accruing during the financial year.

Corporate Governance Statement

ACCOUNTABILITY
CCG Principle10

The Board, through its announcements of half-year and full-year results, aims to provide stakeholders with a balanced and understandable assessment of the Company performance.

DEALING IN SECURITIES
[SGX Listing Rule 1207 sub-Rule (18)]

The Group has adopted the SGX-ST Listing Manual's guidelines on dealings in securities and has a policy against insider trading.

In line with the guidelines, directors and key executives of the Company who have access to price-sensitive and confidential information are not permitted to deal in the Company securities during the period beginning one month before the announcement of the Company full year and half-year financial results and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Company. Directors and employees are cautioned to observe the insider trading laws at all times.

A system of reporting securities dealings by Directors and key executives to the company secretary has been established to effectively monitor the dealings of these parties in the securities of the Company.

COMMUNICATIONS WITH INVESTORS AND SHAREHOLDERS
CCG Principles 14 & 15

The Company believes in prompt disclosure of pertinent information. News and information releases such as the half-year and full-year results are published through SGXNET and the Company online investor relations channels www.nippecraft.com.sg and nippecraft.listedcompany.com.

The Company does not practice selective disclosure. Price sensitive information is first publicly released either before the Company meets with any group of investors and analysts or simultaneously with such meetings. Shareholders of any member of the public may post queries in writing or by email, investors@nippecraft.com.sg.

The Company has appointed an investor relations firm to respond to investor queries, as well as to ensure both fair and timely dissemination of all Company public releases. All shareholders of the Company receive the annual report and notice of Annual General Meeting ("AGM"). Notice of the AGM is also published in the major newspapers.

WHISTLE-BLOWING POLICY
The Group has in place a Whistle-Blowing Policy with a well-defined process to provide an independent feedback channel through which staff may, in confidence and in good faith, raise concerns about possible improprieties in matters of financial reporting or other matters. All cases are independently investigated and appropriate actions taken where required.


1966 1967 1968 1969 1970 1971
1974 1975 1976 1977 1978 1979 1980
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2023 2024 2025 2026 2027
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Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2010.

Directors

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

Linda Suryasari Wijaya Limantara	(Chairman)
Ian Kardian Suwarganda	(appointed as Chief Executive Officer on 15 June 2010)
Yudi Setiawan Lin	
Indah Suryasari Wijaya Limantara	
Chua Chay Hoon	
Ching Jit Yow	
See Kian Heng	

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings at beginning of the year	**Holdings at end of the year**
Name of director and corporation in which interests are held		
The Company		
Nippecraft Limited		
- Ordinary shares		
Chua Chay Hoon	15,000	15,000
Related Corporation		
PT Indah Kiat Pulp & Paper Tbk		
- Ordinary shares		
Yudi Setiawan Lin	3,000	9,450

Directors' interests (continued)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2011.

Since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report and except that Mr Ian Kardian Suwarganda and Mdm Chua Chay Hoon have an employment relationship with the Company and have received remuneration in that capacity.

Share options

During the financial year, there were:

(i) no options granted by the Company and its subsidiaries to any person to take up unissued shares in the Company and its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company and its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company and its subsidiaries under option.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

- Ching Jit Yow (Chairman), non-executive independent director
- See Kian Heng, non-executive independent director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held three 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.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half-year financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Ian Kardian Suwarganda
Director

Linda Suryasari Wijaya Limantara
Director

29 March 2011

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 23 to 70 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

On behalf of the Board of Directors

Ian Kardian Suwarganda
Director

Linda Suryasari Wijaya Limantara
Director

29 March 2011

Independent Auditors' Report

Members of the Company
Nippecraft Limited

Report on the financial statements

We have audited the accompanying financial statements of Nippecraft Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2010, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 23 to 70.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and statements of financial position 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 to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
29 March 2011

Statements of Financial Position

	Note	Group 2010	Group 2009	Company 2010	Company 2009
		$'000	$'000	**$'000**	$'000
Assets					
Property, plant and equipment	4	**18,057**	19,744	**16,674**	18,218
Intangible assets	5	**5,905**	7,403	**–**	–
Subsidiaries	6	**–**	–	**28,945**	28,945
Deferred tax assets	7	**1,508**	1,383	**–**	–
Non-current assets		**25,470**	28,530	**45,619**	47,163
Inventories	8	**14,811**	14,227	**5,329**	5,058
Trade and other receivables	9	**27,984**	26,416	**9,982**	4,788
Cash and cash equivalents	10	**19,830**	19,967	**7,538**	10,039
Current assets		**62,625**	60,610	**22,849**	19,885
Total assets		**88,095**	89,140	**68,468**	67,048
Equity					
Share capital	11	**51,547**	51,547	**51,547**	51,547
Reserves	12	**(5,431)**	(4,025)	**1,047**	1,047
Retained earnings		**17,636**	17,812	**8,118**	6,617
Total equity		**63,752**	65,334	**60,712**	59,211
Liabilities					
Loans and borrowings	13	**8**	17	**8**	17
Deferred tax liabilities	7	**1,870**	2,131	**1,870**	2,131
Non-current liabilities		**1,878**	2,148	**1,878**	2,148
Trade and other payables	14	**22,035**	20,725	**5,533**	4,800
Loans and borrowings	13	**113**	232	**113**	155
Current tax payable		**317**	701	**232**	734
Current liabilities		**22,465**	21,658	**5,878**	5,689
Total liabilities		**24,343**	23,806	**7,756**	7,837
Total equity and liabilities		**88,095**	89,140	**68,468**	67,048

Consolidated Income Statement

	Note	Group 2010 $'000	Group 2009 $'000
Revenue	15	**79,880**	67,168
Cost of sales		**(60,180)**	(48,146)
Gross profit		**19,700**	19,022
Distribution and marketing expenses		**(12,143)**	(10,637)
Administrative expenses		**(7,332)**	(7,487)
Other (expenses)/income	17	**(169)**	882
Results from operating activities		**56**	1,780
Finance income		**93**	94
Finance expense		**(113)**	(164)
Net finance expense	18	**(20)**	(70)
Profit before income tax		**36**	1,710
Income tax expense	19	**(212)**	(95)
(Loss)/Profit for the year	16	**(176)**	1,615
Earnings per share			
Basic earnings per share (cents)	20	**(0.050)**	0.460
Diluted earnings per share (cents)	20	**(0.050)**	0.460

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

Consolidated Statement of Comprehensive Income

	Group	
	2010	2009
	$'000	$'000
(Loss)/Profit for the year	**(176)**	1,615
Other comprehensive income		
Foreign currency translation differences for foreign operations	**(1,406)**	3,822
Other comprehensive income for the year, net of income tax	**(1,406)**	3,822
Total comprehensive income for the year	**(1,582)**	5,437

Consolidated Statement of Changes in Equity

	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2009	51,547	1,047	(8,894)	16,197	59,897
Total comprehensive income for the year					
Profit for the year	–	–	–	1,615	1,615
Other comprehensive income					
Foreign currency translation differences	–	–	3,822	–	3,822
Total other comprehensive income	–	–	3,822	–	3,822
Total comprehensive income for the year	–	–	3,822	1,615	5,437
At 31 December 2009	51,547	1,047	(5,072)	17,812	65,334
At 1 January 2010	51,547	1,047	(5,072)	17,812	65,334
Total comprehensive income for the year					
Loss for the year	–	–	–	(176)	(176)
Other comprehensive income					
Foreign currency translation differences	–	–	(1,406)	–	(1,406)
Total other comprehensive income	–	–	(1,406)	–	(1,406)
Total comprehensive income for the year	–	–	(1,406)	(176)	(1,582)
At 31 December 2010	51,547	1,047	(6,478)	17,636	63,752

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

Consolidated Statement of Cash Flows

	Note	2010	2009
		$'000	$'000
Cash flows from operating activities			
(Loss)/Profit for the year		**(176)**	1,615
Adjustments for:			
Amortisation of intangible assets		**779**	830
Depreciation		**1,932**	1,877
Loss/(gain) on sale of property, plant and equipment		**2**	(4)
Impairment loss on trade receivables		**60**	105
Income tax expense		**212**	95
Net finance expense		**20**	70
Write-down of inventories to net realisable value		**1,193**	1,705
		4,022	6,293
Changes in working capital:			
Inventories		**(1,865)**	(774)
Trade and other receivables		**(2,415)**	626
Trade and other payables		**2,183**	(2,221)
Cash generated from operating activities		**1,925**	3,924
Income tax paid		**(904)**	(1,347)
Net cash from operating activities		**1,021**	2,577
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(217)**	(1,320)
Interest received		**93**	94
Proceeds from sale of property, plant and equipment		**1**	4
Net cash used in investing activities		**(123)**	(1,222)
Cash flows from financing activities			
Deposits pledged		**191**	(1,855)
Interest paid		**(113)**	(164)
Payment of finance lease liabilities		**(9)**	(9)
Proceeds from bank borrowings		**4,283**	8,799
Repayment of bank borrowings		**(4,385)**	(8,793)
Net cash used in financing activities		**(33)**	(2,022)
Net increase/(decrease) in cash and cash equivalents		**865**	(667)
Cash and cash equivalents at beginning of year		**18,112**	17,925
Effect of exchange rate fluctuations on cash held		**(811)**	854
Cash and cash equivalents at end of year	10	**18,166**	18,112

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 March 2011.

1 Domicile and activities

Nippecraft Limited (the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 9 Fan Yoong Road, Singapore 629787.

The Company is listed on the Singapore Exchange.

The financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Group and the Company are those relating to the design, manufacture and distribution of personal and business organising tools.

APP Printing (Holding) Pte Ltd ("APH"), a company incorporated in Singapore, holds 63.69% (2009: 63.69%) of the share capital of the Company and is deemed as its immediate holding company.

APH is a wholly-owned subsidiary of PT Andalan Prapanca Pertiwi ("PT APP") and Asia Pulp & Paper Company Ltd ("APP") has 89.9% 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% (2009: 63.32%) of the voting power of APP and is considered as the ultimate holding company.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain leasehold land and buildings, which are stated at their revalued amounts, as explained in note 3.4.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with FRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 5 - useful lives of intangible assets.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 5 and 9 – impairment of intangible assets and trade receivables
- Note 8 – allowance for obsolescence of inventories
- Notes 7 and 19 – measurement of current and deferred tax assets

2.5 Changes in accounting policies

(i) Accounting for business combinations

From 1 January 2010, the Group has applied FRS 103 *Business Combinations* (2009) in accounting for business combinations. Business combinations are now accounted for using the acquisition method as at the acquisition date (see note 3(a)(i)).

Previously, business combinations were accounted for under the purchase method. The cost of an acquisition was measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition was credited to profit or loss in the period of the acquisition. For business acquisitions that were achieved in stages, any existing equity interests in the acquiree were not re-measured to their fair value. Contingent consideration was recognised as an adjustment to the cost of acquisition only when it was probable and can be measured reliably.

The change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010 and has no material impact on earnings per share.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except for the change in accounting policies as described in note 2.5.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 *Financial instruments*

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

The Group initially recognises all other financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

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

3.4 *Property, plant and equipment*

Recognition and measurement

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 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 gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Subsequent costs

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.

Depreciation

Depreciation is based on the cost of an asset or other amount substituted for cost less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land and buildings	-	Over the terms of the leases which range from 40 to 60 years
Plant and machinery	-	10 to 25 years
Factory equipment	-	10 years
Office equipment	-	3 to 10 years
Furniture and fittings	-	3 to 25 years
Motor vehicles	-	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted if appropriate.

3.5 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, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life for the current and comparative periods is 20 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing the inventories 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 the estimated costs of completion and selling expenses.

3.7 *Impairment*

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considers evidence of impairment for loans and 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.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 *Employee benefits*

Defined contribution plans

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 pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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.

Employee leave entitlement

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

3.9 *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense.

3.10 *Revenue*

Goods sold

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 at 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, 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. Generally for such products, the customer has no right of return.

3.11 Government grants

Jobs Credit Scheme

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

3.12 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.13 Leased payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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.

3.14 Finance income and expense

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.16 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.

3.17 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 Company's BOD to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BOD 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 income 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.

3.18 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

4 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								
At 1 January 2009								
Cost	929	84	37,230	1,163	2,033	1,807	336	43,582
Valuation	12,560	–	–	–	–	–	–	12,560
	13,489	84	37,230	1,163	2,033	1,807	336	56,142
Additions	55	–	926	14	47	243	35	1,320
Disposals	–	–	–	–	(2)	–	–	(2)
Effect of movements in exchange rates	–	–	(20)	(2)	116	64	26	184
At 31 December 2009	13,544	84	38,136	1,175	2,194	2,114	397	57,644
Representing:								
Cost	984	84	38,136	1,175	2,194	2,114	397	45,084
Valuation	12,560	–	–	–	–	–	–	12,560
	13,544	84	38,136	1,175	2,194	2,114	397	57,644

	Leasehold land and buildings	Freehold land	Plant and machinery	Factory equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
Group								
Cost or valuation								
At 1 January 2010								
Cost	984	84	38,136	1,175	2,194	2,114	397	45,084
Valuation	12,560	–	–	–	–	–	–	12,560
	13,544	84	38,136	1,175	2,194	2,114	397	57,644
Additions	1	–	62	19	89	14	32	217
Disposals	(3)	–	(7)	–	(349)	–	–	(359)
Effect of movements in exchange rates	–	1	47	1	(11)	(15)	7	30
At 31 December 2010	13,542	85	38,238	1,195	1,923	2,113	436	57,532
Representing:								
Cost	982	85	38,238	1,195	1,923	2,113	436	44,972
Valuation	12,560	–	–	–	–	–	–	12,560
	13,542	85	38,238	1,195	1,923	2,113	436	57,532

4 Property, plant and equipment (continued)

	Leasehold land and buildings $'000	Freehold land $'000	Plant and machinery $'000	Factory equipment $'000	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
Group								
Accumulated depreciation								
At 1 January 2009	5,513	–	25,595	1,107	1,783	1,742	151	35,891
Depreciation for the year	361	–	1,261	12	146	55	42	1,877
Disposals	–	–	–	–	(2)	–	–	(2)
Effect of movements in exchange rates	–	–	(14)	–	90	47	11	134
At 31 December 2009	5,874	–	26,842	1,119	2,017	1,844	204	37,900
Depreciation for the year	366	–	1,325	12	119	61	49	1,932
Disposals	(2)	–	(7)	–	(347)	–	–	(356)
Effect of movements in exchange rates	–	–	26	1	(11)	(22)	5	(1)
At 31 December 2010	6,238	–	28,186	1,132	1,778	1,883	258	39,475
Carrying amounts								
At 1 January 2009	7,976	84	11,635	56	250	65	185	20,251
At 31 December 2009	7,670	84	11,294	56	177	270	193	19,744
At 31 December 2010	7,304	85	10,052	63	145	230	178	18,057

	Leasehold land and buildings $'000	Plant and machinery $'000	Factory equipment $'000	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
Company							
Cost or valuation							
At 1 January 2009							
Cost	929	35,434	1,105	1,280	1,292	206	40,246
Valuation	12,560	–	–	–	–	–	12,560
	13,489	35,434	1,105	1,280	1,292	206	52,806
Additions	55	–	–	1	–	–	56
Disposals	–	–	–	(1)	–	–	(1)
At 31 December 2009	13,544	35,434	1,105	1,280	1,292	206	52,861
Representing:							
Cost	984	35,434	1,105	1,280	1,292	206	40,301
Valuation	12,560	–	–	–	–	–	12,560
	13,544	35,434	1,105	1,280	1,292	206	52,861

4 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							
At 1 January 2010							
Cost	984	35,434	1,105	1,280	1,292	206	40,301
Valuation	12,560	–	–	–	–	–	12,560
	13,544	35,434	1,105	1,280	1,292	206	52,861
Additions	1	6	11	56	8	16	98
Disposals	(3)	(8)	–	(337)	–	–	(348)
At 31 December 2010	13,542	35,432	1,116	999	1,300	222	52,611
Representing:							
Cost	982	35,432	1,116	999	1,300	222	40,051
Valuation	12,560	–	–	–	–	–	12,560
	13,542	35,432	1,116	999	1,300	222	52,611
Company							
Accumulated depreciation							
At 1 January 2009	5,509	23,882	1,053	1,193	1,254	90	32,981
Depreciation for the year	361	1,217	11	53	6	15	1,663
Disposals	–	–	–	(1)	–	–	(1)
At 31 December 2009	5,870	25,099	1,064	1,245	1,260	105	34,643
Depreciation for the year	366	1,214	10	26	6	17	1,639
Disposals	(2)	(7)	–	(336)	–	–	(345)
At 31 December 2010	6,234	26,306	1,074	935	1,266	122	35,937
Carrying amounts							
At 1 January 2009	7,980	11,552	52	87	38	116	19,825
At 31 December 2009	7,674	10,335	41	35	32	101	18,218
At 31 December 2010	7,308	9,126	42	64	34	100	16,674

4 Property, plant and equipment (continued)

The Group's major properties as at 31 December 2010 are as follows:

Type of properties	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

The 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 Initial Public Offering of shares in 1994. The revaluation was done on a one-off basis and accordingly, the transitional provision in FRS 16 was adopted to continue with its existing policy of stating leasehold land and buildings at cost.

	Group		Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Net book value of property, plant and equipment held under finance lease	**37**	43	**37**	43

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 $5,045,000 (2009: $5,264,000).

5 Intangible assets

	Group	
	2010	2009
	$'000	$'000
Cost		
At 1 January	**22,150**	20,713
Effect of movements in exchange rates	**(2,275)**	1,437
At 31 December	**19,875**	22,150

5 Intangible assets (continued)

	Group	
	2010	2009
	$'000	$'000
Accumulated amortisation		
At 1 January	**14,747**	13,021
Amortisation for the year	**779**	830
Effect of movements in exchange rates	**(1,556)**	896
At 31 December	**13,970**	14,747
Carrying amounts		
At 1 January	**7,403**	7,692
At 31 December	**5,905**	7,403

Intangible assets comprise brands acquired from Harper Collins Publishers Limited as part of the purchase of its Stationery and Diary Division. Amortisation is included in administrative expenses in the income statement.

6 Subsidiaries

	Company	
	2010	2009
	$'000	$'000
Equity investments at cost	**37,510**	37,510
Impairment losses	**(8,565)**	(8,565)
	28,945	28,945

During the first half of 2008, the Company received cash of GBP 1.5 million from a 100% owned UK subsidiary through a share reduction. In relation to the share buy-back by the UK subsidiary, there was a write-back of impairment loss of $861,000 to profit or loss by the Company in 2009.

Details of significant subsidiaries are as follows:

Name of companies	**Country of incorporation**	**Effective equity held by the Group**	
		2010	**2009**
		%	%
Debden Importing (UK) Limited	United Kingdom	100	100
Collins Debden Pty Ltd	Australia	100	100
Jinmei Industrial Sdn Bhd	Malaysia	100	100
Paperich Pte Ltd	Singapore	100	100
Collins Debden Limited	United Kingdom	100	100
Debden Importing Pty Ltd	Australia	100	100
Diary Specialists Pty Ltd	Australia	100	100
Debden Malaysia Sdn Bhd	Malaysia	100	100

KPMG LLP, Singapore is the auditor of the Singapore-incorporated subsidiary. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

7 Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2009	Recognised in profit or loss (note 19)	Currency translation differences	At 31 December 2009	Recognised in profit or loss (note 19)	Currency translation differences	At 31 December 2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Deferred tax liabilities							
Property, plant and equipment	2,797	(395)	–	2,402	(215)	–	2,187
Others	–	54	2	56	(47)	–	9
Total	2,797	(341)	2	2,458	(262)	–	2,196
Deferred tax assets							
Property, plant and equipment	(21)	(10)	(6)	(37)	(21)	(3)	(61)
Provisions	(1,328)	(68)	(277)	(1,673)	(35)	(65)	(1,773)
Others	(25)	25	–	–	–	–	–
Total	(1,374)	(53)	(283)	(1,710)	(56)	(68)	(1,834)

	At 1 January 2009	Recognised in profit or loss	At 31 December 2009	Recognised in profit or loss	At 31 December 2010
	$'000	$'000	$'000	$'000	$'000
Company					
Deferred tax liabilities					
Property, plant and equipment	2,797	(395)	2,402	(215)	2,187
Deferred tax assets					
Provisions	(321)	50	(271)	(46)	(317)

7 Deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are attributable to the following:

	2010	2009
	$'000	$'000
Group		
Deferred tax liabilities		
Property, plant and equipment	**2,187**	2,402
Other items	**9**	56
Set off of tax	**(326)**	(327)
Net deferred tax liabilities	**1,870**	2,131
Deferred tax assets		
Property, plant and equipment	**(61)**	(37)
Provisions	**(1,773)**	(1,673)
Other items	**–**	–
Deferred tax assets	**(1,834)**	(1,710)
Set off of tax	**326**	327
Net deferred tax assets	**(1,508)**	(1,383)
Company		
Deferred tax liabilities		
Property, plant and equipment	**2,187**	2,402
Set off of tax	**(317)**	(271)
Net deferred tax liabilities	**1,870**	2,131
Deferred tax assets		
Provisions	**(317)**	(271)
Set off of tax	**317**	271
Net deferred tax assets	**–**	–

Unrecognised deferred tax liabilities

At 31 December 2010, deferred tax liabilities of $1,544,000 (2009: $1,442,000) for temporary differences of $10,292,000 (2009: $9,614,000) related to investments in subsidiaries were not recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

7 Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Capital allowances	**729**	162	**–**	–
Tax losses	**611**	1,502	**–**	–
	1,340	1,664	**–**	–

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. 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 profit will be available against which the Group can utilise the benefits.

8 Inventories

	Group		Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Raw materials	**4,217**	3,822	**3,568**	3,471
Work-in-progress	**1,586**	1,213	**950**	939
Finished goods	**7,819**	8,257	**93**	104
Goods in transit	**1,189**	935	**718**	544
	14,811	14,227	**5,329**	5,058

In 2010, raw materials, changes in finished goods and work-in-progress recognised as cost of sales amounted to $47,197,000 (2009: $34,189,000).

In 2010, the write-down of inventories to net realisable value amounted to $1,193,000 (2009: $1,705,000) and $271,000 (2009: $271,000) for the Group and Company respectively. The write-down is included in cost of sales.

9 Trade and other receivables

	Group		Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade receivables:				
- Subsidiaries	**–**	–	**8,313**	5,199
- Related companies	**6,447**	6,865	**9**	10
- Third parties	**20,771**	18,904	**1,326**	1,503
	27,218	25,769	**9,648**	6,712
Less:				
Impairment losses:				
- Subsidiaries	**–**	–	**(45)**	(2,045)
- Third parties	**(505)**	(521)	**(65)**	(65)
	(505)	(521)	**(110)**	(2,110)
Net trade receivables	**26,713**	25,248	**9,538**	4,602
Deposits	**523**	432	**149**	148
Other receivables	**15**	21	**8**	15
Loans and receivables	**27,251**	25,701	**9,695**	4,765
Prepayments	**733**	715	**287**	23
	27,984	26,416	**9,982**	4,788

The trade receivables due from subsidiaries and related parties are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to credit and currency risk, and impairment losses related to loans and receivables is disclosed in note 23.

10 Cash and cash equivalents

	Group		Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**17,044**	18,082	**5,874**	8,184
Short-term bank deposits	**2,786**	1,885	**1,664**	1,855
Cash and cash equivalents	**19,830**	19,967	**7,538**	10,039
Deposits pledged	**(1,664)**	(1,855)		
Cash and cash equivalents in the statement of cash flows	**18,166**	18,112		

Short-term bank deposits at the balance sheet date had an average maturity of 1 month (2009: 1 month) from the end of the financial year.

The weighted average effective interest rates per annum relating to cash and cash equivalents, excluding bank overdrafts, at the balance sheet date for the Group and the Company are 0.52% (2009: 0.13%) and 0.21% (2009: 0.07%) respectively. Interest rates reprice at intervals of less than one month.

Deposits pledged represents bank balances pledged as security to obtain trade finance facilities.

11 Share capital

	2010 Number of shares	2009 Number of shares
	'000	'000
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	**351,398**	351,398

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

12 Reserves

	Group		Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Asset revaluation reserve	**1,047**	1,047	**1,047**	1,047
Foreign currency translation reserve	**(6,478)**	(5,072)	**–**	–
	(5,431)	(4,025)	**1,047**	1,047

Asset revaluation reserve

The asset revaluation reserve relates to the one-off revaluation of leasehold land and buildings (note 4).

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the:

(a) translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and

(b) translation of monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

13 Loans and borrowings

This note provides information about the contractual terms of the Group and the Company's loans and borrowings, which are measured at amortised cost. The Group and the Company's exposure to interest rate, currency and liquidity risks related to financial liabilities is disclosed in note 23.

	Group		Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Non-current liabilities				
Finance lease liabilities	**8**	17	**8**	17
Current liabilities				
Bills payable	**104**	223	**104**	146
Finance lease liabilities	**9**	9	**9**	9
	113	232	**113**	155
Total financial liabilities	**121**	249	**121**	172

Security granted

Total financial liabilities include secured liabilities of $NIL (2009: $41,000) for the Group. These liabilities are secured by a corporate guarantee from the Company (note 23). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

13 Loans and borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2010 Face value	2010 Carrying amount	2009 Face value	2009 Carrying amount
Group	%		$'000	$'000	$'000	$'000
Finance lease liabilities	6.77	2012	**17**	**17**	26	26
Bills payable	–	2010	**104**	**104**	223	223
			121	**121**	249	249
Company						
Finance lease liabilities	6.77	2012	**17**	**17**	26	26
Bills payable	–	2010	**104**	**104**	146	146
			121	**121**	172	172

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Principal
	$'000	$'000	$'000
Group and Company			
2010			
Repayable:			
- Within one year	11	2	9
- Between one and five years	9	1	8
	20	3	17
2009			
Repayable:			
- Within one year	11	2	9
- Between one and five years	20	3	17
	31	5	26

14 Trade and other payables

	Group		Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade payables to:				
- Third parties	**3,612**	2,482	**1,696**	1,494
- Subsidiaries	**–**	–	**1,286**	699
- Related companies	**8,184**	7,145	**109**	75
Accrued operating expenses	**10,239**	11,098	**2,442**	2,532
	22,035	20,725	**5,533**	4,800

The Group and the Company's exposure to currency and liquidity risks related to trade and other payables is disclosed in note 23.

Outstanding balances with related parties are unsecured, interest-free and repayable on demand.

15 Revenue

	Group	
	2010	2009
	$'000	$'000
Sale of goods	**79,880**	67,168

16 (Loss)/Profit for the year

The following items have been included in arriving at (loss)/profit for the year:

	Group	
	2010	2009
	$'000	$'000
Amortisation of intangible assets	**779**	830
Contributions to defined contribution plans, included in staff costs	**1,240**	1,232
Depreciation of property, plant and equipment	**1,932**	1,877
Directors' fees	**(198)**	124
Exchange loss/(gain)	**690**	(150)
Impairment loss on trade receivables	**60**	105
Loss/(Gain) on disposal of property, plant and equipment	**2**	(4)
Non-audit fees paid to auditors of the Company	**13**	16
Operating lease expense	**952**	1,089
Staff costs	**14,345**	14,079
Write-down of inventories to net realisable value	**1,193**	1,705

17 Other (expense)/income

	Group	
	2010	2009
	$'000	$'000
Exchange (loss)/gain	**(690)**	150
Government grants - Jobs Credit Scheme	**73**	402
Sale of scrap	**442**	438
Others	**6**	(108)
	(169)	882

18 Finance income and expenses

	Group	
	2010	2009
	$'000	$'000
Recognised in profit or loss		
Interest income	**93**	94
Finance income	**93**	94
Interest expense		
- bank overdrafts and term loans	**(111)**	(162)
- finance lease liabilities	**(2)**	(2)
Finance expenses	**(113)**	(164)
Net finance expense recognised in profit or loss	**(20)**	(70)

19 Income tax expense

	Group	
	2010	2009
	$'000	$'000
Current tax expense		
Current year	**626**	711
Adjustment for prior years	**(96)**	(222)
	530	489
Deferred tax expense		
Origination and reversal of temporary differences	**(318)**	(323)
Adjustment for prior years	**–**	71
Reduction in tax rate	**–**	(142)
	(318)	(394)
Income tax expense	**212**	95

Reconciliation of effective tax rate

	2010	2009
(Loss)/Profit for the year	**(176)**	1,615
Total income tax expense	**212**	95
Profit excluding income tax	**36**	1,710
Income tax using the Singapore tax rate of 17% (2009: 17%)	**6**	291
Effect of tax rates in foreign jurisdictions	**53**	103
Reduction in tax rate	**–**	(142)
Tax exempt income	**(377)**	(141)
Non-deductible expenses	**652**	282
Change in unrecognised temporary differences	**(87)**	(119)
Overprovision in respect of prior years	**(96)**	(151)
Others	**61**	(28)
	212	95

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit 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 recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

20 Earnings per share

	Group	
	2010	2009
	$'000	$'000
The calculation of basic and diluted earnings per share at 31 December was based on:		
(Loss)/Profit attributable to ordinary shareholders	**(176)**	1,615
	No. of shares	No. of shares
	(000)	(000)
Weighted average number of ordinary shares	**351,398**	351,398

21 Dividends

The following dividends were declared and paid by the Group and the Company:

	Group and Company	
	2010	2009
	$'000	$'000
Final dividend paid in respect of the previous financial year of Nil cents (2009: Nil cents) per share	–	–

22 Operating lease commitments

The Group and the Company leases various factories and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are analysed as follows:

	Group		Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Within one year	**942**	821	**184**	182
Between one and five years	**1,347**	1,628	**721**	710
More than five years	**3,453**	3,566	**3,445**	3,544
	5,742	6,015	**4,350**	4,436

23 Financial instruments

Credit risk

Exposure to credit risk

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.

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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
By geographical region:				
Singapore	**692**	624	**780**	708
Europe	**75**	176	**542**	243
Australia	**14,976**	11,496	**3,233**	2,154
North America	**3,940**	7,080	**110**	245
United Kingdom	**5,400**	5,280	**–**	–
Other	**1,630**	592	**4,873**	1,252
	26,713	25,248	**9,538**	4,602
By type of customers:				
Related parties	**6,447**	6,865	**8,277**	3,164
Non-related parties:				
- Multi-national companies	**3,702**	3,536	**–**	–
- Other companies	**16,564**	14,847	**1,261**	1,438
	26,713	25,248	**9,538**	4,602

The Group's and Company's trade receivables include 11 major debtors (2009: 11 debtors) and 3 major debtors (2009: 4 debtors) respectively; these debtors represented 64% (2009: 41%) and 64% (2009: 75%) of the Group's and Company's total trade receivables respectively.

23 Financial instruments (continued)

Impairment losses

The ageing of trade receivables at the reporting date was:

	Gross 2010	**Impairment 2010**	Gross 2009	Impairment 2009
	$'000	**$'000**	$'000	$'000
Group				
Not past due	**19,801**	**–**	16,661	–
Past due 0 - 3 months	**4,635**	**52**	4,584	60
Past due 3 - 6 months	**1,408**	**139**	4,154	112
More than 6 months	**1,374**	**314**	370	349
	27,218	**505**	25,769	521
Company				
Not past due	**4,779**	**–**	2,969	–
Past due 0 - 3 months	**804**	**–**	1,026	–
Past due 3 - 6 months	**1,729**	**–**	–	–
More than 6 months	**2,336**	**110**	2,717	2,110
	9,648	**110**	6,712	2,110

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		**Company**	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At 1 January	**521**	422	**2,110**	2,110
Impairment loss recognised	**60**	105	**–**	–
Bad debt recovery	**4**	–	**–**	–
Allowance for impairment utilised	**(68)**	(20)	**(2,000)**	–
Currency translation differences	**(12)**	14	**–**	–
At 31 December	**505**	521	**110**	2,110

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due. These receivables are mainly arising by customers that have a good payment record with the Group.

23 Financial instruments (continued)

Liquidity risk

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows		
		Contractual cash flows	Within 1 year	Within 1 to 5 years
	$'000	$'000	$'000	$'000
Group				
2010				
Liabilities carried at amortised cost				
Finance lease liabilities	17	(20)	(11)	(9)
Bills payable	104	(104)	(104)	–
Trade and other payables	22,035	(22,035)	(22,035)	–
	22,156	(22,159)	(22,150)	(9)
2009				
Liabilities carried at amortised cost				
Finance lease liabilities	26	(31)	(11)	(20)
Bills payable	223	(223)	(223)	–
Trade and other payables	20,725	(20,725)	(20,725)	–
	20,974	(20,979)	(20,959)	(20)
Company				
2010				
Liabilities carried at amortised cost				
Finance lease liabilities	17	(20)	(11)	(9)
Bills payable	104	(104)	(104)	–
Trade and other payables	5,533	(5,533)	(5,533)	–
Recognised financial liabilities	5,654	(5,657)	(5,648)	(9)
Intragroup financial guarantee	–	(1,254)	(1,254)	–
	5,654	(6,911)	(6,902)	(9)
2009				
Liabilities carried at amortised cost				
Finance lease liabilities	26	(31)	(11)	(20)
Bills payable	146	(146)	(146)	–
Trade and other payables	4,800	(4,800)	(4,800)	–
Recognised financial liabilities	4,972	(4,977)	(4,957)	(20)
Intragroup financial guarantee	–	(1,230)	(1,230)	–
	4,972	(6,207)	(6,187)	(20)

23 Financial instruments (continued)

The Company discloses the maximum amount of issued intragroup financial guarantees in the earliest time period for which the guarantees could be called upon in the contractual maturity analysis. This amount of $1,254,000 represents the total amount of credit facility which was guaranteed by the Company. In 2010, $ NIL (2009: $41,000) was drawn down from the credit facility (note 13).

Currency risk

Exposure to currency risk

The Group and the Company's exposure to foreign currency risk based on notional amounts was as follows:

	31 December 2010		
	US dollar	**Australian dollar**	**Great Britain Pound**
	$'000	**$'000**	**$'000**
Group			
Loans and receivables	7,156	12,973	5,402
Cash and cash equivalents	6,883	2,431	9,176
Financial liabilities	–	–	–
Trade and other payables	(8,557)	(5,799)	(3,015)
	5,482	9,605	11,563
Less:			
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(405)	(9,342)	(8,580)
Gross balance sheet exposure	5,077	263	2,983

	31 December 2009		
	US dollar	**Australian dollar**	**Great Britain Pound**
	$'000	**$'000**	**$'000**
Group			
Loans and receivables	7,956	11,359	5,337
Cash and cash equivalents	6,700	178	9,054
Financial liabilities	(4)	(36)	–
Trade and other payables	(8,554)	(4,885)	(2,674)
	6,098	6,616	11,717
Less:			
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(332)	(6,325)	(8,469)
Gross balance sheet exposure	5,766	291	3,248

23 Financial instruments (continued)

	31 December 2010		
	US dollar	Australian dollar	Great Britain Pound
	$'000	**$'000**	**$'000**
Company			
Loans and receivables	5,185	142	42
Cash and cash equivalents	3,737	621	2,490
Financial liabilities	–	–	–
Trade and other payables	(1,688)	(622)	(1)
Gross balance sheet exposure	7,234	141	2,531

	31 December 2009		
	US dollar	Australian dollar	Great Britain Pound
	$'000	**$'000**	**$'000**
Company			
Loans and receivables	1,780	165	84
Cash and cash equivalents	3,493	250	3,141
Financial liabilities	(4)	–	–
Trade and other payables	(862)	(269)	(7)
Gross balance sheet exposure	4,407	146	3,218

23 Financial instruments (continued)

Sensitivity analysis

A 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. There is no impact on equity. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2009.

	Profit or loss	
	Group	**Company**
	$'000	**$'000**
31 December 2010		
US dollar	(508)	(723)
Australian dollar	(26)	(14)
Great Britain Pound	(298)	(253)
31 December 2009		
US dollar	(577)	(441)
Australian dollar	(29)	(15)
Great Britain Pound	(325)	(322)

A 10% weakening of Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not have a significant impact on profit or loss.

Fair values

The carrying amounts of the Group and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2010 and 2009 due to short period to maturity.

24 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

• credit risk
• liquidity risk
• market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk 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 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.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. In addition, the Company has provided corporate guarantees to banks on a subsidiary's borrowings of $ NIL (2009: $41,000) (note 13).

24 Financial risk management (continued)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component 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.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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 for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's policy is to maintain most of its borrowings in fixed rate instruments. As the Group and Company do not have significant borrowings, they are not exposed to significant interest rate risk.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US dollar, Australian dollar and Great Britain Pound.

The Group minimises its foreign currency risk exposure by matching to the extent possible the currencies it uses for its purchases and sales.

In respect of other monetary assets and liabilities held in currencies other than the US dollar, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

24 Financial risk management (continued)

Capital management policy

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 Group and the Company strategies, which were unchanged from 2009, are to maintain gearing ratios within 1%.

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

	Group		**Company**	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Debt	**121**	249	**121**	172
Adjusted equity	**69,183**	69,359	**59,665**	58,164
Total capital	**69,304**	69,608	**59,786**	58,336
Gearing ratio (%)	**0.17**	0.36	**0.20**	0.29

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

25 Related parties

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	2010	2009
	$'000	$'000
Short-term employee benefits	**1,085**	1,227
Post-employment benefits (including contribution to defined contribution plans)	**88**	68
	1,173	1,295

Included in the above was total compensation to directors of the Company amounting to $472,000 (2009: $633,000).

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group		Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Purchase of goods from related companies	**23,302**	10,268	**5,639**	5,808
Purchase of equipment	**–**	582	**–**	–
Sale of goods to related companies	**22,551**	8,496	**24,751**	23,569
Licensing fee paid/payable to a related company	**134**	183	**–**	–

26 Operating segments

The Group has five reportable segments, as described below, which are the Group's geographical segments.

For each of the geographical segments, the Group's BOD reviews internal management reports on at least half-yearly basis. The following summary describes the operations in each of the Group's reportable segments:

(a) Singapore

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 and Malaysia whereby the Group prototypes, produces and pilots its own range of branded products through a mixture of its vertically integrated capabilities as well as its strategic sourcing network.

Market

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

(b) Australia

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

(c) Europe

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

(d) North America

The main activities are trading and strategic sourcing of papers, sales and distribution of planners, gift stationery and other related office products;

(e) Others

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

26 Operating segments (continued)

Geographical segment information of marketing, sales and operating profit are presented on the basis of the location of markets. Segment assets, segment liabilities, capital expenditure, depreciation and amortisation are determined based on the country of incorporation of the company. Unallocated assets and liabilities include short term bank deposits, deferred tax assets, current tax liabilities and deferred tax liabilities.

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 BOD:

	Gross sales	**Elimination**	**Net sales**
	$'000	**$'000**	**$'000**
31 December 2010			
Segment Revenue			
By geographical region:			
Singapore	9,184	7,159	2,025
Europe	28,654	9,618	19,036
Australia	50,043	15,082	34,961
North America	22,271	–	22,271
Others	7,530	5,943	1,587
Total	117,682	37,802	79,880
By product:			
Diaries/dated products			40,602
Undated stationery			14,397
Paper bags			18,888
Toilet rolls			5,979
Others			14
			79,880

26 Operating segments (continued)

	Gross sales	Elimination	Net sales
	$'000	**$'000**	**$'000**
31 December 2009			
Segment Revenue			
By geographical region:			
Singapore	8,829	7,187	1,642
Europe	27,409	8,495	18,914
Australia	50,793	15,294	35,499
North America	9,923	84	9,839
Others	6,582	5,308	1,274
Total	103,536	36,368	67,168
By product:			
Diaries/dated products			37,270
Undated stationery			18,618
Paper bags			8,384
Toilet rolls			2,866
Others			30
			67,168

Major customer

Revenues from one customer of the Group's North America segment represents approximately $13,616,000 (2009: $8,496,000) of the Group's total revenues.

	Operating profit
	$'000
31 December 2010	
Segment Results	
Singapore	(153)
Europe	(20)
Australia	407
North America	(73)
Others	(105)
Total	56
Finance income	93
Finance expense	(113)
Operating profit before tax	36
Income tax	(212)
Net loss for the year	(176)

26 Operating segments (continued)

	Operating profit
	$'000
31 December 2009	
Segment Results	
Singapore	252
Europe	101
Australia	1,217
North America	26
Others	184
Total	1,780
Finance income	94
Finance expense	(164)
Operating profit before tax	1,710
Income tax	(95)
Net profit for the year	1,615

	Non-current assets	Segment assets	Segment liabilities
	$'000	$'000	$'000
31 December 2010			
Assets and liabilities			
Singapore	16,676	29,892	2,921
Europe	5,925	21,590	3,447
Australia	229	24,729	5,888
North America	–	3,994	28
Others	1,132	4,687	9,750
	23,962	84,892	22,034
Unallocated assets/liabilities	1,508	3,203	2,309
Total	25,470	88,095	24,343
31 December 2009			
Assets and liabilities			
Singapore	18,224	31,918	3,645
Europe	7,428	22,194	2,984
Australia	355	20,838	4,719
North America	–	7,192	149
Others	1,140	3,730	9,227
	27,147	85,872	20,724
Unallocated assets/liabilities	1,383	3,268	3,082
Total	28,530	89,140	23,806

26 Operating segments (continued)

	Capital expenditure	Depreciation	Amortisation
	$'000	$'000	$'000
31 December 2010			
Other Segment Information			
Singapore	98	1,642	–
Europe	13	16	779
Australia	12	147	–
Others	94	127	–
Total	217	1,932	779
31 December 2009			
Other Segment Information			
Singapore	56	1,668	–
Europe	11	17	830
Australia	245	138	–
Others	1,008	54	–
Total	1,320	1,877	830

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	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
	$'000	$'000	$'000	$'000
Purchases				
PT Indah Kiat Pulp & Paper Tbk	–	–	–	331
PT Pindo Deli Pulp & Paper Mills	–	582	3,411	316
PT Pabrik Kertas Tjiwi Kimia Tbk	–	–	18,072	8,254
Toprint Pte Ltd	–	–	14	235
TK Import & Export Ltd	–	–	467	602
IK Import & Export Ltd	–	–	540	208
Gold East Trading (HK) Co Ltd	–	–	–	322
Solaris Paper Pty Ltd	–	–	798	2,224
Sales				
Asia Pulp & Paper (Canada) Ltd	–	–	2,020	–
PAK 2000, Inc	–	–	13,616	8,496
PAK 2000, France	–	–	862	–
PAK 2000, (UK) Ltd	–	–	177	–
Solaris Paper Pty Ltd	–	–	2,085	2,936
Solaris Paper, Inc	–	–	2,931	–
EQBD Converting Pty Ltd	–	–	860	–
Total Interested Person Transactions	–	582	45,853	23,924

Shareholding Statistics

Authorised share capital	:	S$100,000,000
Issued and paid up capital	:	S$35,139,800
Class of shares	:	Ordinary shares of S$0.10 each
Voting rights	:	One vote per share

Shareholding held in the hands of public

Based on the information available to the Company as at 9 March 2011, 36.1% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

Analysis of Shareholdings

Range of Shareholdings	*No. of Shareholders*	*%*	*No. of Shares*	*%*
1 - 999	17	0.25	8,706	0.00
1,000 - 10,000	5,368	78.98	22,286,541	6.55
10,001 - 1,000,000	1,399	20.58	68,515,587	19.94
1,000,001 and above	13	0.19	260,587,166	73.51
	6,797	100.00	351,398,000	100.00

Major Shareholders - Top 20

No.	**Name of shareholders**	*No. of Shares Held*	*%*
1	APP PRINTING (HOLDING) PTE LTD	223,804,666	63.69
2	DBS NOMINEES PTE LTD	8,795,750	2.50
3	LIM POH CHOON	5,807,000	1.65
4	THIAN YIM PHENG	4,955,000	1.41
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,124,250	0.89
6	MAYBAN NOMINEES (S) PTE LTD	2,853,000	0.81
7	HSBC (SINGAPORE) NOMINEES PTE LTD	2,567,000	0.73
8	OCBC NOMINEES SINGAPORE PTE LTD	2,456,500	0.70
9	CITIBANK NOMINEES SINGAPORE PTE LTD	1,661,000	0.47
10	THIAN YIAN CHIEW	1,243,000	0.35
11	ANG HAO YAO	1,230,000	0.35
12	CHUA KIM BEE	1,025,000	0.30
13	LOW EE LAM LEWIS	1,040,000	0.30
14	QUEEMAY HOLDINGS PTE LTD	1,000,000	0.28
15	PANG FOO NYAK @ RICHARD PANG CHIN SANG	907,000	0.26
16	WIRTZ JOCHEN	667,000	0.19
17	TAY THENG KWANG	588,000	0.17
18	GOH JUI HOO	526,000	0.15
19	LIM TOW MENG LIONEL	500,000	0.14
20	NG TENG LAI	500,000	0.14
		265,250,166	75.49

Substantial Shareholders

	No. of Shares			
Name of Shareholders	***Direct Interest***	***%***	***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 (“APH”) is the immediate holding company of Nippecraft Limited.

Asia Pulp & Paper Company Ltd (“APH”) and APP Golden Limited (previously known as APP Global Limited) are deemed to have an interest of 223,804,666 ordinary shares in Nippecraft Limited as, APH 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.

NOTICE OF ANNUAL GENERAL MEETING

NIPPECRAFT LIMITED
(incorporated in the Republic of Singapore)

To All Shareholders

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at 9 Fan Yoong Road, Singapore 629787, on Thursday, 28th April 2011, at 10:00 a.m. for the following purposes:

As Ordinary Business

1) To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2010 together with the Auditors' Report thereon. Resolution 1

2) (a) To re-elect Ching Jit Yow as Director under Article 104. Resolution 2 (a)
(b) To re-elect Linda Suryasari Wijaya Limantara as Director under Article 104. Resolution 2 (b)
(c) To re-elect Ian Kardian Suwarganda as Director under Article 114. Resolution 2 (c)

3) To approve Directors' fees for the financial year 31 December 2010. Resolution 3

4) To re-appoint Messrs KPMG as auditors of the Company. Resolution 4

5) To transact any other business that may be transacted at an Annual General Meeting.

As Special Business

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

6. Renewal Of The Shareholders' Mandate For Interested Person Transactions Resolution 5

THAT:

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and target associated companies (the "Group"), 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 AGM to shareholders of the Company dated 05 April 2011 (the "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 (the "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.

By Order of the Board

Ong Eng Peng
Company Secretary
Singapore

5 April 2011

Notes: A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy (or in the case of a corporation to appoint its authorised representative or proxy) to attend and vote on his behalf. Such proxy need not be a member of the Company. 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 for holding the Meeting.

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Proxy Form

IMPORTANT

1. For investors who have used their CPF moneys to buy ordinary shares in the capital of Nippecraft Limited, the 2010 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We____ (Name) _______________________ (NRIC/Passport No)
of____ (Address)
being a Member(s) of Nippecraft Limited hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

As my/our proxy/proxies, to vote for me/us and on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Nippecraft Ltd, 4th floor, Conference Room, 9 Fan Yoong Road, Singapore 629787, on 28th April 2011 at 10.00 a.m., at any adjournment thereof in the following manner.

No	Resolutions	For	Against
	Ordinary Business		
1	Adoption of Directors' Report and Accounts		
2	Re-election of Directors under Article 104		
	(a) Re-election of Ching Jit Yow		
	(b) Re-election of Linda Suryasari Wijaya Limantara		
	Re-election of Directors under Article 114		
	(c) Re-election of Ian Kardian Suwarganda		
3	Approval of directors' fee		
4	Re-appointment of auditors		
	Special Business		
5	Renewal of shareholders' mandate for Interested Person Transactions		

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

If this form of proxy contains no indication as to how the proxy should vote in relation to each resolution, the proxy shall, as in the case of Any Other Business raised at the meeting, vote as the proxy deems fit.

As witness my/our hand(s) this day of 2011

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

____
Signature or Common Seal of Shareholder
IMPORTANT: PLEASE READ NOTES OVERLEAF

Important Notes

Notes:

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

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 and such proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

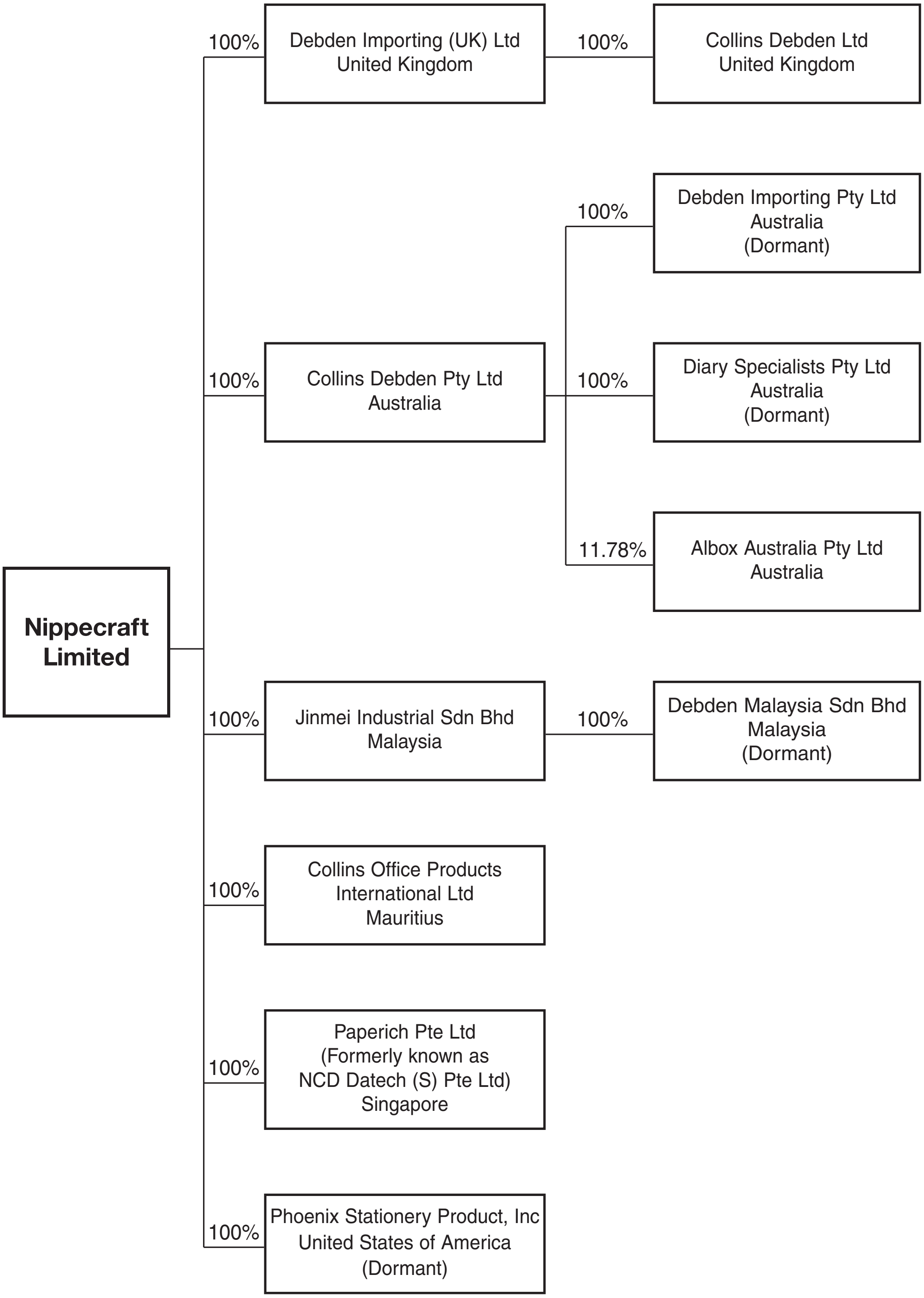
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Fan Yoong Road Singapore 629787, not less than 48 hours before the time appointed for the Annual General Meeting. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of an appointor or a duly certified copy of that power or authority (failing previous registration with the Company) shall be attached to the instrument of proxy to be lodged with the Company, failing which the instrument may be treated as invalid.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor 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 an officer or attorney duly authorised.

6. 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 of Singapore.

General : The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible of where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by the Central Depository (Pte) Limited to the Company.

Corporate Structure



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