IPC

Annual Report 2013

PROPERTY DEVELOPMENT & INVESTMENT

VISION

To be an accomplished property developer & hospitality group in Asia

MISSION

We are commited to provide value to our stakeholders & be socially responsible

CORE VALUES

PLEDGE OF PARTNERSHIP

We adopt a "Partnership" approach to achieve "win-win" in all relationships

SENSE OF RUB

Assuming RESPONSIBILITY is a SPIRIT and conviction to all our stakeholders

Upholding an ATTITUDE of URGENCY unleashes dynamism and relentless effort in accomplishing our mission

BELONGING is a BELIEF that will harness unity and strength in building a Great Corporation

CONTENTS

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of IPC Corporation Limited ("IPC" or "The Group") for the financial year ended 31 December 2013 ("FY 2013").

IPC saw many accomplishments this past year. These include the acquisition of three new business hotels in Japan, bringing IPC's total number of hotels in Japan to nine. The purchase is in line with The Group's strategy to acquire more income-producing assets with the goal of having a sustainable income stream. We have also completed the construction of our two condominium projects in Oppama and Oiso, Japan.

During the year under review, The Group started with the renovation and furnishing of its hotel building in Zhuhai, China. The 217-room boutique hotel, named Grand nest HOTEL zhuhai, is expected to commence its operation in second quarter of 2014.

Indeed, 2013 ended on a positive note with these significant achievements – a testament to IPC's commitment to having the right strategic direction, focus on executing our plans, and the relentless effort put in by members of The Group.

Ngiam Mia Je Patrick
Chairman & Chief Executive Officer

FINANCIAL PERFORMANCE

The Group sales increased to S$46.939 million for the year ended 31 December 2013 when compared to S$17.065 million recorded for the same period of the previous year.

Correspondingly, gross profit increased by 72.6% to S$13.384 million as compared to S$7.754 million of the previous year.

The increase in sales revenue was mainly derived from the following condominium projects and business hotels in Japan: i) the completed apartment units available for sale from the Oppama and Oiso projects since second quarter of 2013 and December 2013, respectively; ii) the fifth business hotel – nest HOTEL kumamoto and sixth business hotel – nest HOTEL sapporo odori, where completion of the purchase was in last quarter of 2012; iii) the seventh business hotel, nest HOTEL sapporo ekimae, where completion of the purchase was on 1st May 2013; iv) the eighth business hotel, nest HOTEL naha, Okinawa, where completion of the purchase was on 1st July 2013; and v) the ninth business hotel, nest HOTEL osaka shinsaibashi, where completion of the purchase was on 11th October 2013.

The Group's other gains of S$19.820 million were mainly attributed to gains of S$11.831 million from the revaluation of investment property in Japan and unrealised foreign exchange gains of S$7.597 million resulting from the weakening of exchange rate of Japanese Yen against Singapore dollars on The Group's Japanese Yen loans.

The gross profit of S$13.384 million coupled with other gains and other income have resulted in The Group profit before tax of S$22.872 million and an after-tax profit of S$18.765 million for the year ended 31 December 2013.

CHAIRMAN'S STATEMENT

JAPAN OPERATIONS

The year 2013 kicked off with the purchase of the seventh business hotel in Japan in May 2013 – the Chisun Hotel Sapporo. It is the second business hotel purchased by IPC in Sapporo, Hokkaido, the other one being Hotel Resol Sapporo Minami 2-jo that has been renamed to nest HOTEL sapporo odori.

The Chisun Hotel Sapporo is an 11-storey building with 162 guest rooms. It is leased to nest HOTEL Japan Corporation ("NHJ") with a fixed term until 30 April 2018. The hotel was renamed as nest HOTEL sapporo ekimae as part of The Group's strategy to promote its hotels under the "nest" brand. It is the second hotel to be renamed using the "nest" brand. nest HOTEL kumamoto is the first hotel in Japan to be renamed using the nest brand.

The 10-storey, 193-room Okinawa Port Hotel in Naha, Okinawa was the second hotel purchased by The Group in 2013 and the eighth business hotel in Japan. The hotel's completion and handover to IPC was done in July 2013. Okinawa Port Hotel was then renamed to nest HOTEL naha in October 2013, making it the third of eight hotels to be renamed using The Group's "nest" brand.

In October 2013, IPC acquired its ninth hotel – Chisun Hotel Shinsaibashi, a 13-storey building that has 302 guest rooms. The hotel is leased to Nest Hotel Japan Corporation and renamed as "nest HOTEL osaka shinsaibashi" in February 2014.

Osaka is Japan's second biggest economic center after Tokyo. nest HOTEL osaka shinsaibashi is strategically located right at the centre of trade and business, which is convenient for both business travellers and tourists. The Group is confident that it will pave the way for more opportunities for IPC.

In 2013, the biggest challenge for The Group was the volatile foreign exchange rate, particularly the Japanese Yen. Following the push of "Abenomics", the economic policies advocated by Japan Prime Minister Shinzo Abe, the Japanese property market has been attracting more attention from both local and foreign investors. This, of course, resulted in more competition for The Group. As a result, we took a prudent approach and applied a natural hedge to minimise impact from any adverse rate fluctuation.

CHINA OPERATIONS

The year also saw the birth of The Group's first hotel in China – Grand nest HOTEL zhuhai. Renovation and furnishing work on the hotel that features themed designs are expected to be completed in the second quarter of 2014.

The Group's 10% interest in the office cum commercial development project in Foshan – Aenon International Plaza has experienced some delays. We are expecting that it will be finalised by the second quarter of 2014.

LOOKING AHEAD

The Group will continue to sell the remaining stock of completed apartment units of the Oppama and Oiso projects in Japan in FY2014. In addition, one of our immediate goals in 2014 is to get Grand nest HOTEL zhuhai ready for operations in the second quarter of the year. The Group will then have a total of 10 hotels; nine in Japan and one in Zhuhai, People's Republic of China ("PRC"). With the completion of this boutique hotel, The Group hopes to gain inroads into the China market.

IPC remains focus on its plan to acquire additional business hotels in Japan as well as evaluate suitable acquisitions in other countries. Over the next few years, we will focus our business directions on the accumulation of the next 10 hotels that will be part of IPC's portfolio of business hotels in Japan.

As the Japan economy strengthens, we are expecting more competitors in the acquisition of target hotels, resulting in higher acquisition costs. The Group is well poised with management bandwidth and resources to execute our plan. We will continue to cultivate brand recognition of nest and Grand nest, and improve our operational efficiency to enhance productivity for better operating results.

IPC is continuously seeking and evaluating opportunities to expand its hotel portfolio in Japan, China, and other countries. The Group, at the opportune time, will need to build up our war chest through fundraising exercise, equity and/or debts, in order to fulfil funding requirements for the next batch of 10 hotels that will join our stable of business hotels.

DIVIDEND

To reward our shareholders for their continued support, the Board of Directors is proposing a first & final dividend (tax-exempt one tier) of 0.25 cents per ordinary share and a special dividend (tax-exempt one tier) of 0.10 cents per ordinary share to be approved at the upcoming Annual General Meeting.

APPRECIATION

I would like to extend the Board's appreciation to our valued customers, business associates, suppliers and shareholders for their continued support. I look forward to more rewarding mutual benefits for the years ahead. I would also like to thank my fellow board members, management team and our employees for their support and continued determination to grow with us through these challenging times.

NGIAM MIA JE PATRICK
Chairman & Chief Executive Officer

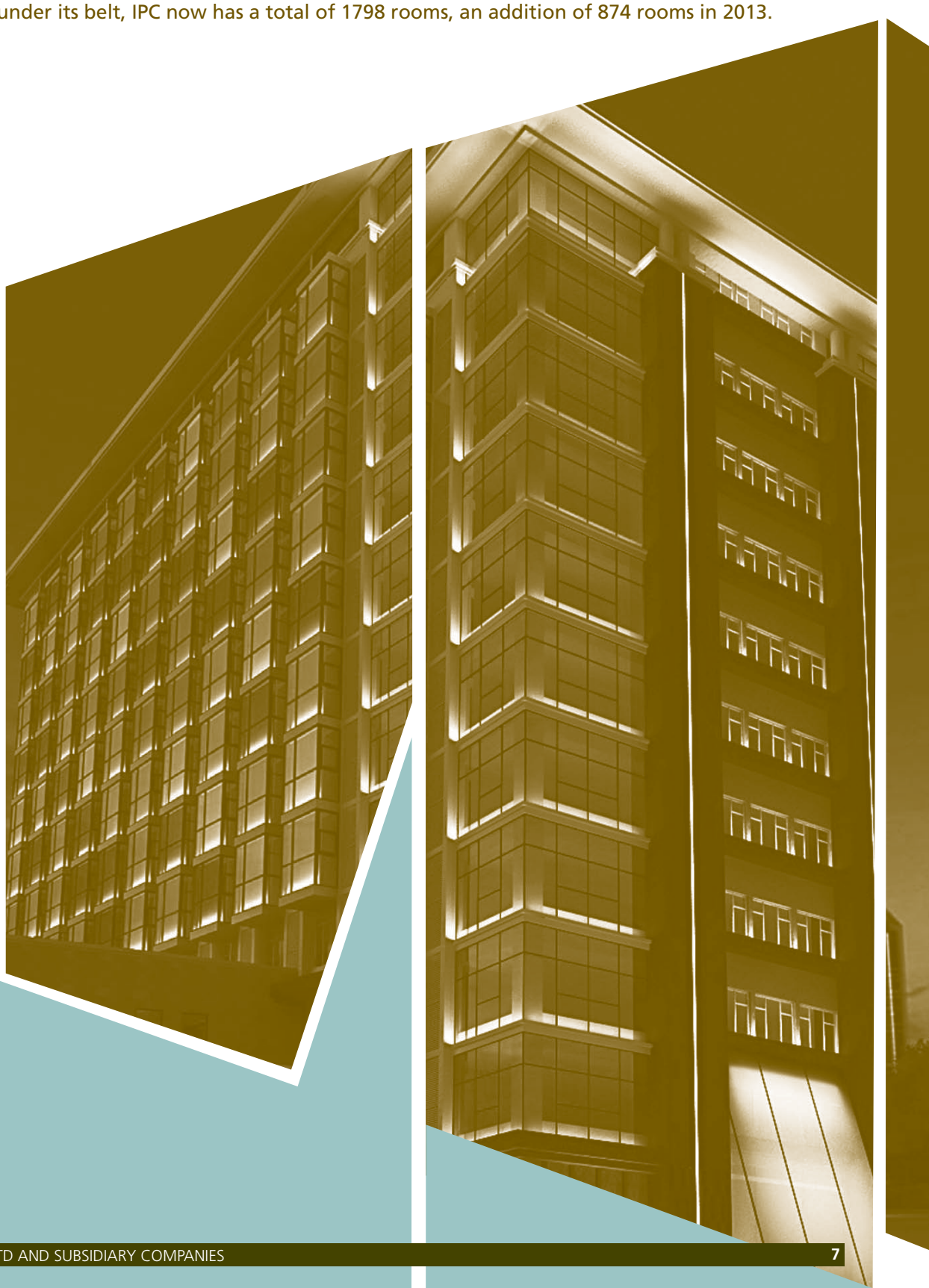
OPERATIONS REVIEW

The year 2013 has been an exciting year as The Group continued to expand its hotel portfolio. IPC has added four hotels – bringing The Group's total number of hotels to 10.

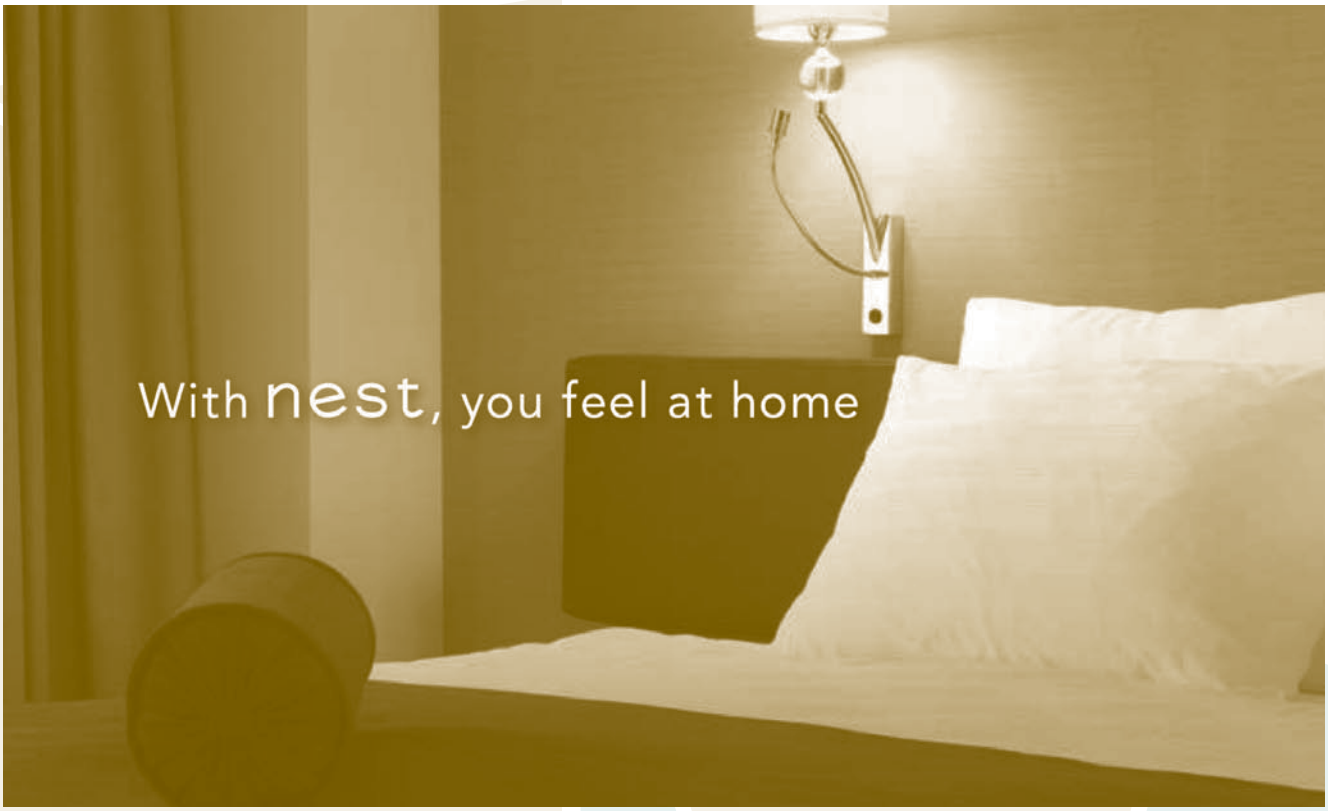
Three hotels in various cities in Japan were purchased – Sapporo, Okinawa and Osaka. The Group also started renovating and furnishing a hotel building it owns in Zhuhai, China into a 217-room boutique hotel with themed designs. The hotel, named Grand nest HOTEL zhuhai, is IPC's first in China.

Out of the 10 hotels, 5 of them are operated under IPC's own "nest" brand and another under "Grand nest". The Group plans to rename the remaining hotels with the "nest" brand upon the expiry of their contracts with third party hotel operators.

With 10 hotels under its belt, IPC now has a total of 1798 rooms, an addition of 874 rooms in 2013.



OPERATIONS REVIEW



JAPAN

On 22 February 2013, The Group entered into an agreement to purchase the seventh business hotel – Chisun Hotel Sapporo which has 162 guest rooms. Completion of the purchase was made on 1 May 2013 and the hotel was renamed as nest HOTEL sapporo ekimae. It is the second business hotel purchased by The Group in Sapporo.

The eighth business hotel, Okinawa Port Hotel, was purchased on 10 May 2013 and completion was on 1 July 2013. The hotel, which has 193 guest rooms, was renamed as nest HOTEL naha on 1 October 2013.

The year ended with a purchase of the ninth business hotel – Chisun Hotel Shinsaibashi on 11 October. It has 302 guest rooms.

With a portfolio of nine business hotels in Japan, the total number of rooms is now 1581.

The renaming of Hotel Resol Sapporo Minami 2-jo to nest HOTEL sapporo odori on 9 December 2013 brings together 4 out of 9 hotels in Japan which carry The Group's "nest" brand as at 31st December 2013.

On 1 February 2014, Chisun Hotel Shinsaibashi was renamed as nest HOTEL osaka shinsaibashi, the fifth hotel to be renamed using the "nest" brand in Japan.

The Group shall continue to invest and expand its business hotels portfolio and cultivate the "nest" brand in Japan.

BUSINESS HOTELS IN JAPAN

- 1 nest HOTEL kumamoto, Kumamoto
- 2 nest HOTEL sapporo odori, Sapporo
- 3 nest HOTEL sapporo ekimae, Sapporo
- 4 nest HOTEL naha, Okinawa
- 5 nest HOTEL osaka shinsaibashi, Osaka
- 6 Smile Hotel Asagaya, Tokyo
- 7 Smile Hotel Asakusa, Tokyo
- 8 Comfort Hotel Okayama, Okayama
- 9 Matsuyama Washington Hotel Plaza, Matsuyama

OPERATIONS REVIEW

RESIDENTIAL CONDOMINIUM PROJECTS IN JAPAN


1


2


3


4

With regard to the development of IPC's condominium projects in Japan, the 85 apartment units in Oppama were completed in the second quarter of 2013. Majority of the units have been sold. The 75-unit condominium project in Oiso was completed in the fourth quarter of 2013. We are happy to report that sales have been encouraging. The Group shall focus on selling all the remaining stock of completed apartment units of the two projects in 2014.

- **1** Tsukuba
- **2** Tsuchiura
- **3** Uraga
- **4** Tsukimino
- **5** Oppama
- **6** Oiso

OPERATIONS REVIEW

CHINA

In 2013, a significant milestone in IPC's business in China is the commencement of furnishing the 217-room boutique hotel – Grand nest HOTEL zhuhai, IPC's first hotel in China. Renovation and furnishing works are expected to be completed in the second quarter of 2014. The hotel features themed designs and is the first hotel under the "Grand nest" brand.

On The Group's 10% interest in the office cum commercial development project in Foshan – Aenon International Plaza, the development experienced construction delays. As a result, completion is now expected by second quarter of 2014.

FINANCIAL POSITION

IPC continued to maintain a strong financial standing in the current financial year. Gross profit increased by 72.6% to S$13.384 million as compared to S$7.754 million in the previous year.

The increase in gross profit was in tandem with the increase in sales which was mainly contributed by additional business hotels (Kumamoto, Sapporo, Okinawa and Osaka) and sale of completed apartment units in Oppama and Oiso in Japan.

The year ended with The Group making an after-tax profit of S$18.765 million.

The Group's cash and cash equivalent balances as at 31 December 2013 was S$86.221 million, compared to S$67.408 million of the previous year. The increase in cash and cash equivalents was mainly attributable to the proceeds from the disposal of financial assets, available-for-sale and receipt from the sale of apartment units in Oppama and Oiso in Japan.

FUTURE PLANS AND PROSPECTS

The Group will continue to sell the remaining stock of completed apartment units of the Oppama and Oiso projects in Japan in FY2014. In addition, it is working towards getting Grand nest HOTEL zhuhai, PRC operated by the second quarter of 2014. By then, IPC will have a total of 10 hotels in operation – 9 in Japan and 1 in Zhuhai, PRC.

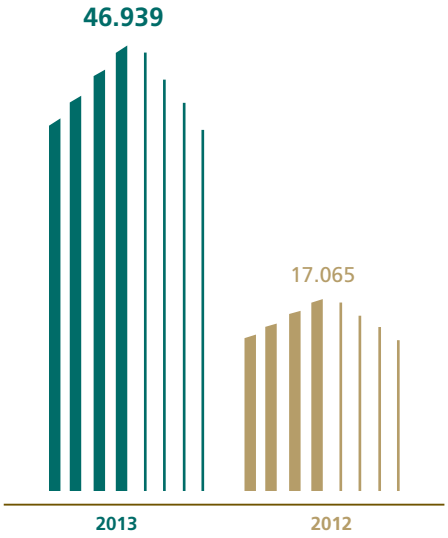
In line with IPC's strategic plans, it shall continue to build and expand its portfolio of hotels in order to create a sustainable income stream and profitability. Besides focusing on more hotels acquisition in Japan, The Group shall explore business opportunities in China and other countries.

In addition, The Group will actively build and pragmatically market its "nest" and "Grand nest" brands.

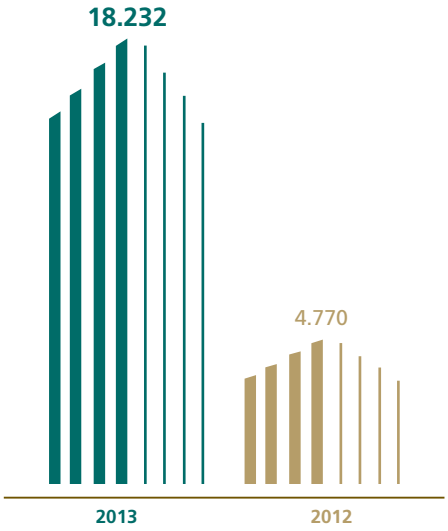
Various alternatives of funding, both capital and debts instruments, shall be explored to finance IPC's new properties acquisition. They shall be evaluated to the best interest of The Group and its shareholders.

FINANCIAL HIGHLIGHTS

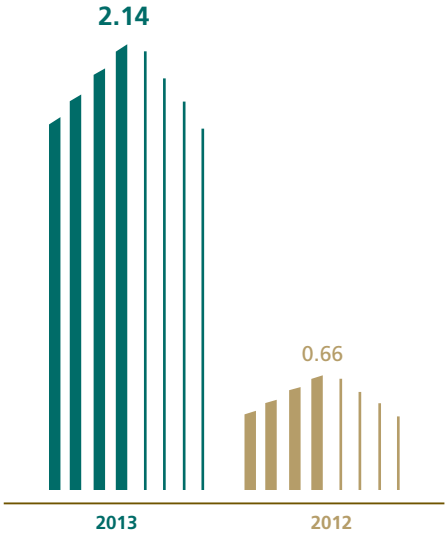
TOTAL SALES
(S$ million)



NET PROFIT AFTER TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(S$ million)

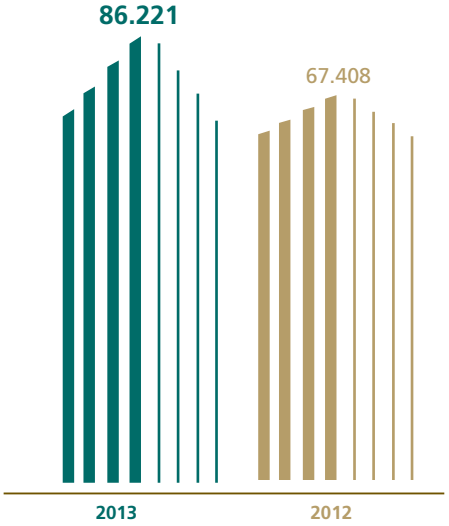


EARNINGS PER SHARE
(S$ cents)



NET ASSET VALUE PER ORDINARY SHARE
(S$ cents)

CASH AND CASH EQUIVALENTS
(S$ million)



BOARD OF DIRECTORS

NGIAM MIA JE PATRICK

Ngiam Mia Je Patrick is the Chairman and CEO of IPC. He has served on IPC's board of directors since 1992. He is also the Chairman and co-founder of Essex Investment and its group of companies ("Essex"). Patrick, graduated in Electronics Engineering with first class honours, is an acknowledged entrepreneur in Singapore and has received many accolades. In 1990, he was awarded the inaugural KPMG High-Tech Entrepreneur Award. Other awards include the DHL & Singapore Press Holdings Singapore Business Award for Businessman of the Year in 1994 and the Chevalier De L'Ordre National Du Merite conferred by Le President De La Republique Francaise in 1996.

NGIAM MIA KIAT BENJAMIN

Ngiam Mia Kiat Benjamin is the Managing Director of IPC. He has served on IPC's board of directors since 1992. He is also the co-founder of Essex. He has a Bachelor of Science in Electronics Engineering and graduated with first class honours from the University of Essex (UK).

LAUW HUI KIAN

Lauw Hui Kian is the Finance and Administration Director of IPC. She has served on IPC's board of directors since 1985. She graduated from the University of Essex (UK) with a Bachelor of Arts in Mathematical Economics with second class honours. Prior to joining IPC, she was the head of the finance department at Essex.

NGIAM MIA HAI BERNARD

Ngiam Mia Hai Bernard is the Executive Director of IPC and has served on IPC's board of directors since 1985. He graduated from the National University of Singapore with a Bachelor of Business Administration.

NGIAM MIA HONG ALFRED

Ngiam Mia Hong Alfred is the Executive Director of IPC and has served on IPC's board of directors since 1991. He graduated from the University of Waterloo, Canada with a Bachelor of Mathematics in Computer Science and Statistics, Dean's Honour Roll.

LEE JOO HAI

Lee Joo Hai is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 1996 and is the Chairman of the Nominating Committee. He is a Chartered Accountant of Singapore and is a member of the Institute of Chartered Accountants in England and Wales. His experience in accounting and auditing spans more than 25 years.

LEE SOO HOON PHILLIP

Lee Soo Hoon Phillip is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 1998 and is the Chairman of the Audit Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales and the Chartered Accountant of Singapore, a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Singapore Institute of Directors. He was with Ernst & Young, Singapore for 30 years and was a partner at the last 19 years. His experience covers areas of audit, investigations, liquidations, reorganisations and valuations. Currently, he is the Managing Director of Phillip Lee Management Consultants Pte Ltd.

SEAH SEOW KANG STEVEN

Seah Seow Kang Steven is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 2002 and is the Chairman of the Remuneration Committee. He graduated with LLB (Hons) from the University of Singapore in 1980 and also holds a Diploma in Business Law from the National University of Singapore in 1988. His experience in civil and criminal litigation, conveyance matters, corporate secretarial services and general advice to institutions in finance, insurance and company matters spans more than 30 years. He is a partner in the law firm Seah Ong and Partners LLP.

LI LING XIU

Li Ling Xiu is a Non-Executive Director of IPC. She was appointed to IPC's board of director in 2009. She is the Chief Executive Officer of Chip Lian Investments (HK) Limited ("Chip Lian") and Sanion Enterprises Limited. Prior to joining Chip Lian, she was the Group Deputy General Manager of China Strategic Holdings Limited, a listed company in Hong Kong. She has 20 years experience in investing in Asia, especially in China. She sits on various Board of Directors including Wonderful Sky Financial Group Holdings Limited (a listed company in Hong Kong). She is also a director of Fudan Premium Fund Management.

LIEN KAIT LONG

Lien Kait Long is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 2013. He holds a Bachelor of Commerce in Accountancy from Nanyang University (Singapore) and is a fellow member of the CPA Australia and Fellow Chartered Accountant of Singapore. He had held a number of senior management positions as well as executive directorship in various public and private corporations in Singapore, Hong Kong and China. Currently he serves as Independent Director on the board of several Singapore and Chinese companies listed on the Singapore Exchange. The listed companies that he has current and prior experience in are from diverse industries including manufacturing, telecommunication, renewable energy, oil and gas service provider, consumer goods, property, healthcare, textile and packaging products.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Ngiam Mia Je Patrick
(Chairman & Chief Executive Officer)

Ngiam Mia Kiat Benjamin
(Managing Director)

Lauw Hui Kian (Ms)
(Executive Director – Finance & Administration)

Ngiam Mia Hai Bernard
(Executive Director – Marketing & Corporate Communications, Business Development)

Ngiam Mia Hong Alfred
(Executive Director – Business Development & IT Solutions)

NON-EXECUTIVE DIRECTORS
Lee Joo Hai
(Independent, Chairman – Nominating Committee)

Lee Soo Hoon Phillip
(Independent, Chairman – Audit Committee)

Seah Seow Kang Steven
(Independent, Chairman – Remuneration Committee, Lead Independent Director)

Li Ling Xiu (Ms)
(Non-Independent, Member – Nominating Committee)

Lien Kait Long
(Independent, Member - Audit Committee)

AUDIT COMMITTEE
Lee Soo Hoon Phillip
(Chairman)

Lee Joo Hai

Seah Seow Kang Steven

Lien Kait Long

NOMINATING COMMITTEE
Lee Joo Hai
(Chairman)

Seah Seow Kang Steven

Ngiam Mia Je Patrick
(Alternate – Ngiam Mia Kiat Benjamin)

Lee Soo Hoon Phillip

Li Ling Xiu

REMUNERATION COMMITTEE
Seah Seow Kang Steven
(Chairman)

Lee Soo Hoon Phillip

Lee Joo Hai

COMPANY SECRETARY
Ngiam Mia Hai Bernard

COMPANY REGISTRATION NO.
198501057M

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Tel: 65365355 Fax: 65361360

AUDITORS
PricewaterhouseCoopers LLP
8 Cross Street #17-00, PWC Building
Singapore 048424

AUDIT PARTNER
Choo Eng Beng
Date of appointment: w.e.f. FY2012

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2013

The Board of Directors (the "Board") and the Management of IPC Corporation Ltd (the "Company") are committed to maintaining a high standard of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2012 (the "Code") issued by the Monetary Authority of Singapore on 2 May 2012. In areas where the Company deviates from the Code, rationales are provided.

This Report describes the Company's corporate governance processes and activities. For ease of reference, the relevant provisions of the Code under discussion are identified in italics.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

The principal functions of the Board are:

1. approving the Board policies, strategies and financial objectives of the Company and monitoring the performance of the Management;

2. overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

3. approving the nominations of directors and appointment of key personnel;

4. approving major funding proposals; investment and divestment proposals; and

5. assuming responsibility for corporate governance.

All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in their interest of the Company.

Matters which are specifically referred to the full Board for decision are those involving a conflict of interest for substantial shareholder or director, material acquisitions and disposals of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders and matters which require Board's approval as specified under the Company's interested person transaction policy.

The Board conducts at least 4 meetings in a year, and ad-hoc meetings are convened as and when required. The Company's Articles of Association (the "Articles") allows a board meeting to be conducted by way of tele-conference. The attendance of directors at meetings of the Board and Board Committees, as well as the frequency of such meetings are disclosed below:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	Number of meetings							
Name	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Ngiam Mia Je Patrick	4	4	-	-	-	-	1	1
Ngiam Mia Kiat Benjamin	4	4	-	-	-	-	-	-
Lauw Hui Kian	4	4	-	-	-	-	-	-
Ngiam Mia Hai Bernard	4	4	-	-	-	-	-	-
Ngiam Mia Hong Alfred	4	4	-	-	-	-	-	-
Lee Soo Hoon Phillip	4	4	4	4	1	1	1	1
Lee Joo Hai	4	4	4	4	1	1	1	1
Seah Seow Kang Steven	4	4	4	4	1	1	1	1
Li Ling Xiu	4	4	-	-	-	-	1	1
Lien Kait Long[1]	4	2	4	2	-	-	-	-

[1] *Mr Lien Kait Long was appointed as director with effect from 5 July 2013.*

BOARD OF DIRECTORS (CONTINUED)

Principle 1: Board's Conduct of its Affairs (continued)

All directors have access to the company secretary who provides the Board with regular updates on corporate governance processes and listing requirements of the SGX. The company secretary also attends all Board meetings and assists the Chairman in ensuring that Board procedures are followed and reviewed such that the Board functions effectively.

All directors also have access to senior management and are updated regularly concerning any changes in the Company's policies.

The Company has adopted a policy for directors to request explanations, briefings or informal discussions on any aspect of the Company's operations or business issues from the Management. The CEO will make the necessary arrangements for these briefings, informal discussions or explanations.

The directors can attend seminars or conferences in connection with their duties as directors. Directors are also encouraged to attend relevant courses conducted by Singapore Institute of Directors, Singapore Exchange Limited, business and financial institutions and consultants. Newly appointed directors will be briefed on the Group's business and governance policies. In July 2013, the newly appointed director, Mr Lien Kait Long was given an orientation, amongst others on the Group's business strategies, operations and standard operating procedures.

For 2013, directors are being briefed in areas such as changes under the Code, updates on Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and regulatory requirements on internal control. Directors have also visited the business hotels acquired by the Company in Japan to better understand the Group's operations.

Principle 2: Board Composition and Guidance

Presently, the Board comprises four (4) non-executive and independent directors, one (1) non-executive and non-independent director and five (5) executive directors. This composition complies with the Code's requirement that at least one-third of the Board should be made up of independent directors. The Board noted the recommended guideline given under the Code that the independent directors should make up at least half of the Board if the Chairman and CEO is the same person, which would be effective at the Annual General Meeting ("AGM") following the financial year ending 31 December 2017. The Board would implement this recommendation as and when appropriate.

The independence of each director is reviewed annually by the Nominating Committee ("NC"), which was formed on 2 September 2002. The NC adopts the Code's definition of what constitutes an independent director in its review. As a result of the NC's review of the independence of each director for FY 2013, the NC is of the view that the independent directors of the Company are independent and that no individual or small group of individuals dominate the Board's decision making process. Key information regarding the directors is given in the 'Board of Directors' section of the annual report.

The Board has determined after taking into account the views of the NC, that each independent director, namely Mr Lee Soo Hoon Phillip, Mr Lee Joo Hai, Mr Seah Seow Kang Steven and Mr Lien Kait Long is independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

Mr Lee Soo Hoon Phillip, Mr Lee Joo Hai and Mr Seah Seow Kang Steven had served the Board for more than 9 years. Taking into account the views of the NC, the Board has also reviewed and considered Mr Lee Soo Hoon Phillip, Mr Lee Joo Hai and Mr Seah Seow Kang Steven to be the independent directors after having determined that they have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interest of the Company. Mr Lee Soo Hoon Phillip, Mr Lee Joo Hai and Mr Seah Seow Kang Steven have throughout their appointment, demonstrated strong independence in character and judgement in the discharge of their responsibilities as a director of the Company. They have continued to express their individual viewpoints, debated issues and objectively challenged the Management. They have sought clarification and amplification as they deemed required.

Having considered the nature and the scope of the Group's business and the number of Board committees, the Board considers its present board size of ten members appropriate. The Board comprises directors who as a group provide a balance of skills, experience and gender (2 existing female directors on Board) as well as core competencies in accounting, legal and business experience necessary to meet the Company's targets.

BOARD OF DIRECTORS (CONTINUED)

Principle 2: Board Composition and Guidance (continued)

Non-executive directors have reviewed the performance of the Management in meeting agreed goals and objectives and monitored the reporting of the performance.

The Company would make available the Company's premises for use by the non-executive directors at any time for them to meet regularly without the presence of the Management.

Principle 3: Role of Chairman and Chief Executive Officer ("CEO")

The positions of Chairman and CEO are held by one person, Mr Ngiam Mia Je Patrick, who is an executive director. The Chairman and CEO is the most senior executive in the Company and bears executive responsibility for the Company's business, as well as for the workings of the Board.

The Chairman's roles include:

- lead the Board to ensure the effectiveness on all aspects of its role;
- set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issue;
- promote a culture of openness and debate at the Board;
- ensure that the directors receive complete, adequate and timely information;
- ensure effective communication with shareholders;
- encourage constructive relations within the Board and between the Board and the Management;
- facilitate the effective contribution of non-executive directors in particular; and
- promote high standards of corporate governance.

The Company believes that the non-executive and independent directors have demonstrated high commitments in their roles as directors and have ensured that there is a good balance of power and authority. The Board considered the current size of the Company and there is no need for the role of the Chairman and CEO to be separated.

The lead independent director, Mr Seah Seow Kang Steven (appointed on 27 January 2014) would be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Finance Director (or equivalent) has failed to resolve or is inappropriate.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfil its responsibilities, the Management provides Board members with regular updates of the financial position of the Company. Monthly reports and quarterly reports of the Company's financial performance are provided to the executive directors and the Board respectively. Analytical reports on the Company are forwarded to the directors on an on-going basis as and when received. The directors have also been provided with the telephone numbers and e-mail particulars of the Company's senior management and company secretary to facilitate access.

Should directors, whether as a group or individually, need independent professional advice, the company secretary will, upon direction by the Board, appoint a suitable professional advisor to render the advice. The cost of such professional advice will be borne by the Company.

The company secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed. It is the responsibility of the company secretary and the Management to ensure that the Company complies with all statutory and regulatory requirements.

The appointment and the removal of the company secretary is subject to the approval of the Board.

Please refer to the "Corporate Information" section of the annual report for the composition of the Company's Board of Directors and Board Committees.

BOARD COMMITTEES

Nominating Committee ("NC")

Principle 4: Board Membership

The Chairman of the NC, Mr Lee Joo Hai, is an independent non-executive director who is neither a substantial shareholder nor directly associated with a substantial shareholder. There are five (5) members in the NC, three (3) of whom are independent non-executive directors.

The members are:

Mr Lee Joo Hai	(Chairman)
Mr Seah Seow Kang Steven	
Mr Ngiam Mia Je Patrick	(Alternate - Mr Ngiam Mia Kiat Benjamin)
Mr Lee Soo Hoon Phillip	
Ms Li Ling Xiu	

The NC's principal functions are:

1. to identify candidates and review all nominations for the appointment or re-appointment of members of the Board of Directors, the CEO of the Company and the members of the various Board Committees for the purpose of proposing such nominations to the Board for its approval;

2. to assess nominees or candidates for appointment or re-election to the Board, determining whether or not such nominee has the requisite qualifications;

3. to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;

4. to assess the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board;

5. to determine annually whether or not a director is independent;

6. to assess the abilities and the adequacy of directors with multiple board representations in carrying out their duties;

7. to make recommendations to the Board for the continuation (or not) in services of any director who has reached the age of seventy (70) years;

8. the review of board succession plans for directors, in particular, for the Chairman and the CEO; and

9. the review of training and professional development program for Board.

In the selection and nomination for new directors, the NC taps on the directors' resources for recommendations of potential candidates. External resources may also be sought to source for potential candidates, where necessary. The potential candidates will go through a shortlisting process and thereafter, interviews are set up with the shortlisted candidates for the NC to assess them before a decision is made. The Board, on the recommendation of the NC, appoints new directors. Such new directors must submit themselves for re-election at the next AGM of the Company in accordance with Article 89 of the Company's Articles. Article 90 of the Company's Articles requires one-third of the Board to retire by rotation at every AGM.

The NC has recommended the nomination of director retiring under Article 89 of the Company's Articles, namely Mr Lien Kait Long for re-election at the forthcoming AGM of the Company.

The NC has also recommended the nomination of the directors retiring by rotation under Article 90 of the Company's Articles for re-election at the forthcoming AGM, namely Mr Seah Seow Kang Steven and Ms Li Ling Xiu.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Lee Soo Hoon Phillip who is over the age of 70 years is subject to re-appointment as director of the Company at the forthcoming AGM to hold office until the next AGM. Mr Lee Soo Hoon Phillip is not related to any directors or controlling shareholder.

BOARD COMMITTEES (CONTINUED)

Nominating Committee ("NC") (continued)

Principle 4: Board Membership (continued)

Although the directors have other listed company board representations and principal commitments, the NC has determined, during the annual assessment of the Board's performance, that the directors have devoted sufficient time and attention to their role as directors and to the affairs of the Group. The NC is of the view that such appointments will not affect the directors' ability to carry out their duties as directors of the Company and therefore, it would not be necessary to prescribe a maximum number of listed company board representations a director may hold. The Board concurs with the view of the NC.

The NC has reviewed and satisfied that all the directors have been adequately carrying out their duties as a director of the Company.

Principle 5: Board Performance

The NC, in recommending the nomination of any director for re-election, considers the contribution of the director, which includes his qualification, experience, and area of expertise, time and effort devoted to the Company's affairs, attendance and participation at Board and Board Committee meetings. For those directors who hold multiple board representations in public listed companies, the Board is of the opinion that such multiple board representations will not affect their ability to carry out their duties as directors of the Company.

In assessing the Board's performance as a whole, both quantitative and qualitative criteria would be adopted. Such criteria would include return on equity, the success of strategic and long-term objectives set by the Board, and the effectiveness of the Board in monitoring the Management's performance against the goals that have been set by the Board.

Audit Committee ("AC")

Principle 10: Accountability

The Board is responsible to provide a balanced and understandable assessment of the Company's performance, position and prospects which extends to interim and other price sensitive public reports, and report to regulators (if applicable).

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Rules of the SGX-ST.

To ensure the Board fulfils its responsibilities, the Management is accountable to the Board by providing with the necessary updates in relation to the performance of the Company as well as the financial information for the discharge of its duties. The Management provides the Board with information as the Board may require from time to time.

Principle 12: Audit Committee

The AC comprises four (4) members, all of whom are non-executive and independent directors. Mr Lee Soo Hoon Phillip, Mr Lee Joo Hai and Mr Lien Kait Long, are by profession a Chartered Accountant. Mr Seah Seow Kang Steven has many years of legal experience. The Board is of the view that its members have the requisite financial management expertise and experience to discharge the AC's functions. No former partner or director of the Company's existing auditing firm is a member of the AC.

The members are:

Mr Lee Soo Hoon Phillip	(Chairman)
Mr Lee Joo Hai	
Mr Seah Seow Kang Steven	
Mr Lien Kait Long	(appointed on 5 July 2013)

BOARD COMMITTEES (CONTINUED)

Audit Committee ("AC") (continued)

Principle 12: Audit Committee (continued)

The AC met on a quarterly basis for the year ended 31 December 2013 and performs the following main functions:

1. recommends to the Board of Directors the nomination of external auditor, approves the remuneration of the external auditor, and reviews the scope and results of the audit, and its cost-effectiveness;

2. reviews with the other committees, the Management, external auditor and together with the internal auditor (where necessary), significant financial risks or exposures that exist and assesses the steps the Management has taken to minimise such risks to the Company;

3. reviews (with the other committees and the Management) other significant risks and exposures that exist and assesses the steps the Management has taken to minimise such risks to the Company;

4. reviews the following:

   - the Group's quarterly and annual financial statements and related footnotes, and the integrity of financial reporting of the Group including accounting principles for recommendation to the Board for approval;
   - the external auditor's audit of the annual financial statements and reports thereon;
   - the adequacy of the Company's system of accounting control;
   - the assistance given by the Management to external auditor;
   - any related significant findings and recommendations of the external auditor together with the Management's responses thereto;
   - any significant changes required in the external auditor's audit plan, any serious difficulties or disputes with the Management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit;
   - the significant financial reporting issues and judgements for ensuring the integrity of the financial statements of the Company and announcements relating to the Company's financial performance; and
   - the effectiveness of the Company's internal audit function.

5. reviews with the Management and reports to the Board annually the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and, information technology systems and practices;

6. reviews legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies, and programs, and reports received from regulators;

7. meets with external auditor, other committees and the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC; and

8. reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate.

The AC has the power to conduct or authorise investigations into any matters within its terms of reference and has full access to, and co-operation from the Management, and full discretion to invite any director and executive officer to attend its meetings. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

For the financial year ended 31 December 2013, the AC met once with the external auditor without the presence of the Management.

The aggregate amount of fees paid to external auditor amounted to $290,750 for audit services and $6,500 for non-audit services. The Company has complied with Rule 712 and Rule 715 of the Listing Manual of SGX-ST in relation to the appointment of auditing firm for the financial year ended 31 December 2013.

The AC has conducted an annual review of all non-audit services provided by the external auditor in respect of financial year ended 31 December 2013 and is satisfied that the nature and extent of such services do not affect the independence of the external audit. Accordingly, it has recommended the re-appointment of PricewaterhouseCoopers LLP as external auditor of the Company at the forthcoming AGM.

BOARD COMMITTEES (CONTINUED)

Audit Committee ("AC") (continued)

Principle 12: Audit Committee (continued)

The Company's external auditor, PricewaterhouseCoopers LLP, carried out, in the course of their statutory audit, a review of the Company's material internal controls to the extent required to express an opinion on the Group's financial statements. Material non-compliance and internal control weaknesses noted during their audit, and the external auditor's recommendations, are reported to the AC.

The Company has in place a whistle-blowing policy. The whistle-blowing policy serves to encourage and provide a channel where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. There were no whistle-blowing letters received during the year and until the date of this report.

Before the release of the Group's quarterly results, the AC meets to review the results announcement together with the external auditor prior to its recommendations to the Board for approval.

Any change and issue to accounting standards that may have a direct impact on the financial statements would be raised by the external auditor and the members were kept abreast of such changes.

Principle 11: Risk Management and Internal Controls

The Company has established four sets of Standard Operating Procedures ("SOP") which are link to the nature of the business to enhance its internal control systems. The four sets of SOP are (i) Investment Evaluation Risk and Operation Control Measures for Property Investment and Property Development Projects, (ii) IT Disaster Recovery Plan, (iii) Quoted Equity - Fund Investment and (iv) Finance and Operational Internal Controls. In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them.

The Board has obtained assurance from the CEO and Finance Director for the period under review:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) that the Group's risk management systems and internal control systems are in place and effective.

The AC has reviewed the Company's risk assessment and is satisfied that there are adequate internal controls in the Company. The AC expects the risk assessment process to be a continuing process.

Based on the internal controls established and maintained by the Company, work performed by the external auditor and reviews performed by the Management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational, information technology controls, risk management systems and compliance risk were adequate. The Company has complied with Rule 1207(10) of the Listing Manual of SGX-ST.

Principle 13: Internal Audit

The Company has outsourced its internal audit function. The internal audit will be performed as and when necessary. As part of the annual statutory audit of the financial statements, the external auditor also reports to the AC on any material weaknesses in the Group's internal controls and provide recommendation on other significant matters such as risk management which have come to their attention during the course of the audit.

The AC approves the hiring, removal, evaluation and compensation of the accounting/ auditing firm to which the internal audit function is outsourced. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC reviews the audit plans and ensures that the internal audit has been carried out effectively.

The internal auditor has adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The RC was formed on 2 September 2002, and it comprises 3 directors, all of whom are non-executive and independent directors.

The RC is chaired by Mr Seah Seow Kang Steven, a non-executive and independent director.

The members are:

Mr Seah Seow Kang Steven (Chairman)
Mr Lee Soo Hoon Phillip
Mr Lee Joo Hai

The RC do possess general knowledge in the field of remuneration and will seek external professional advice, if necessary.

The RC's principal responsibilities are to review and recommend to the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the executive directors and senior executives/divisional directors to ensure that the program is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully. Each member of the RC shall abstain from voting on any resolutions in respect of the assessment of his own remuneration.

The executive directors' remuneration packages include a variable bonus element which is performance related, and also share options which have been designed to align their interests with those of the shareholders.

All executive directors' service contracts were renewed on 10 April 2011 for a period of 5 years.

For competitive reasons and privacy, the Company is not disclosing the remuneration of each individual director. However, we shall adopt the disclosure in bands of S$250,000, which, in our context, would provide a good overview and is informative of the remuneration of the executive directors, who are also the key management members. The disclosure by respective bands of remuneration for the financial year ended 31 December 2013 is provided as follows:

	Profit sharing %	Remuneration %	Director's fee %
S$250,000 to S$499,999			
- Ngiam Mia Je Patrick	36	64	-
- Ngiam Mia Kiat Benjamin	40	60	-
- Lauw Hui Kian	33	67	-
- Ngiam Mia Hai Bernard	33	67	-
- Ngiam Mia Hong Alfred	33	67	-
Below S$250,000			
- Lee Soo Hoon Phillip	-	-	100
- Lee Joo Hai	-	-	100
- Seah Seow Kang Steven	-	-	100
- Li Ling Xiu	-	-	100
- Lien Kait Long	-	-	100

The Company has not disclosed the remuneration of its key executives (apart from executive directors) as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. The Company has no employee who is an immediate family member of a director or the CEO and whose remuneration exceeds S$50,000 for the financial year ended 31 December 2013.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee ("RC") (continued)

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration (continued)

Only non-executive directors are paid directors' fees and the fees are subject to the approval of the shareholders at the Company's AGM. The proposed fees are determined after considering factors such as effort, time spent and contribution from the non-executive directors as well as in accordance with the market practice.

The Company adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of variable bonus that is linked to the performance of the Company and the individual's performance.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company's results announcements are disseminated through SGXNET, news releases and the Company's website. All information on the Company's new initiatives are first disseminated via SGXNET followed by a news release (whenever deemed necessary), which is also available on the Company's website at www.ipc.com.sg.

The Company is aware of its obligations to shareholders in providing information regarding any changes in the Group's business which would likely to materially affect the price or value of the Company's shares.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously at such meetings. Results and annual reports are announced or issued within the mandatory period and are available on the Company's website. The Company does not practise selective disclosure.

The Company has an investor relations team who communicates with its investors and attends to their queries. All shareholders of the Company receive the annual reports and circulars for its general meeting. The notice of shareholders' meetings is also advertised in a daily newspaper and is made available on the SGXNET. At the AGM, shareholders are given the opportunity to air their views and ask directors (including the Chairman of AC, NC and RC who would be present at the AGM) and/or the Management questions regarding the Company. The external auditor is also invited to attend the AGM to assist the directors in addressing any queries relating to the conduct of the audit and the preparation and content of the auditor's report.

According to the Company's Articles, at any general meeting a resolution to put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. The shareholders would be informed of the voting procedures at the commencement of the general meeting.

Voting on show of hands enables the Company and shareholders to deal with the business of the general meeting expeditiously as the result of the vote is instantly available.

A poll may be demanded by our Chairman, or by at least two members, or members representing not less than one-tenth of the total voting rights of all members having the rights to vote at a meeting.

The Company's Articles allows a member of the Company to appoint not more than two proxies to attend and vote in his/her stead at all shareholders' meetings.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. The minutes of the general meetings are available to shareholders upon their request.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The details of dividend payment would be disclosed via the release of financial results announcements through SGXNET.

Dealing in Securities

The Company has adopted a code of conduct to provide guidance to its officers with regards to dealings in Company's securities which states that its directors and officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year or one month before the announcement of the Company's results for the financial year and ending on the date of the announcement of the results, and at any time they are in possession of unpublished material price sensitive information. In addition, the directors, officers and employees of the Group are discouraged from dealing in the Company's securities on short-term considerations. This is in line with Rule 1207(19) of the Listing Manual of the SGX-ST on Dealings in Securities.

Interested Person Transactions Policy

The Company has adopted an internal policy in respect of any transactions with interested persons within the definition of Chapter 9 of the Listing Manual of the SGX-ST and has set out procedures for review and approval of all interested person transactions. There were no interested person transactions during the financial year.

Material Contracts

No material contracts were entered between the Company or any of its subsidiaries with any directors or controlling shareholders during the financial year ended 31 December 2013.

DIRECTORS' REPORT

For the financial year ended 31 December 2013

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2013 and the statement of financial position of the Company as at 31 December 2013.

Directors

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

Mr Ngiam Mia Je Patrick
Mr Ngiam Mia Kiat Benjamin
Ms Lauw Hui Kian
Mr Ngiam Mia Hai Bernard
Mr Ngiam Mia Hong Alfred
Mr Lee Joo Hai
Mr Lee Soo Hoon Phillip
Mr Seah Seow Kang Steven
Ms Li Ling Xiu
Mr Lien Kait Long (appointed on 5 July 2013)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2013	At 1.1.2013	At 31.12.2013	At 1.1.2013
IPC Corporation Ltd (No. of ordinary shares)				
Ngiam Mia Je Patrick	10,639,812	10,639,812	87,178,939	87,178,939
Ngiam Mia Kiat Benjamin	10,536,811	10,536,811	75,581,149	75,581,149
Lauw Hui Kian	11,597,790	11,597,790	86,220,961	86,220,961
Ngiam Mia Hai Bernard	10,960,290	10,960,290	-	-
Ngiam Mia Hong Alfred	10,585,290	10,585,290	-	-
Seah Seow Kang Steven	31,011	31,011	-	-

(b) According to the register of directors' shareholdings, no directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted.

(c) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2014 were the same as those as at 31 December 2013.

Directors' contractual benefits

Since the end of the previous 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.

Share options

There were no options granted during the financial year.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit Committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Mr Lee Soo Hoon Phillip (Chairman)
Mr Lee Joo Hai
Mr Seah Seow Kang Steven
Mr Lien Kait Long

All members of the AC are non-executive and independent directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. In performing those functions, the AC reviewed:

- the scope and the results of internal audit procedures (if any);
- the audit plan of the Company's independent auditor and any recommendations on internal controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2013 before their submission to the Board of Directors, as well as the Independent Auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group.

The AC has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ngiam Mia Je Patrick
Chairman

Ngiam Mia Kiat Benjamin
Director

12 February 2014

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2013

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 31 to 73 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

Ngiam Mia Je Patrick
Chairman

Ngiam Mia Kiat Benjamin
Director

12 February 2014

INDEPENDENT AUDITOR'S REPORT

To the members of IPC Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of IPC Corporation Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 31 to 73, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2013, the consolidated 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.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 12 February 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Sales	4	**46,939**	17,065
Cost of sales		**(33,555)**	(9,311)
Gross profit/(loss)		**13,384**	7,754
Other income	7	**1,361**	987
Other gains/(losses) - net	8	**19,820**	6,106
Expenses			
- Distribution and marketing		**(132)**	(131)
- Administrative		**(9,814)**	(6,610)
- Finance		**(1,747)**	(1,543)
		(11,693)	(8,284)
Profit/(loss) before income tax		**22,872**	6,563
Income tax expense	9	**(4,107)**	(1,317)
Total profit/(loss)		**18,765**	5,246
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Disposal		**(385)**	(84)
- Fair value gain/(loss)		**311**	1,239
Currency translation gain/(loss) arising from consolidation		**(8,145)**	(7,189)
Other comprehensive income/(loss), net of tax		**(8,219)**	(6,034)
Total comprehensive income/(loss)		**10,546**	(788)
Profit/(loss) attributable to:			
Equity holders of the Company		**18,232**	4,770
Non-controlling interests		**533**	476
		18,765	5,246
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**10,013**	(1,264)
Non-controlling interests		**533**	476
		10,546	(788)
Earnings per share for profit attributable to equity holders of the company	10		
(cents per share)			
- Basic		**2.14**	0.66
- Diluted		**2.14**	0.66

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**86,221**	67,408	**65,768**	52,708
Trade and other receivables	12	**2,495**	6,115	**289**	277
Inventories		**-**	32	**-**	-
Tax recoverable		**1,897**	1,131	**-**	-
Properties developed for sale	13	**42,655**	20,264	**-**	-
Properties under development	14	**42,920**	60,729	**-**	-
		176,188	155,679	**66,057**	52,985
Non-current assets					
Financial assets, available-for-sale	15	**21,319**	31,715	**12,717**	23,122
Other receivables	16	**-**	-	**59,077**	55,433
Prepayment		**182**	322	**-**	-
Other asset	17	**156**	156	**-**	-
Investments in associated companies	18	**-**	-	**-**	-
Investment properties	19	**116,772**	65,288	**-**	-
Investments in subsidiaries	20	**-**	-	**106,059**	89,608
Prepaid leasehold properties	21	**4,202**	3,896	**-**	-
Land held for development	22	**6,422**	6,422	**6,422**	6,422
Property, plant and equipment	23	**7,001**	15,962	**142**	191
Deferred income tax assets		**3**	9	**-**	-
		156,057	123,770	**184,417**	174,776
Total assets		**332,245**	279,449	**250,474**	227,761
LIABILITIES					
Current liabilities					
Trade and other payables	24	**8,848**	11,338	**942**	729
Current income tax liabilities		**378**	353	**-**	-
Borrowings	25	**67,469**	55,692	**57,792**	45,367
		76,695	67,383	**58,734**	46,096
Non-current liabilities					
Borrowings	25	**62,566**	29,571	**-**	-
Deferred income tax liabilities	26	**6,035**	3,635	**-**	-
		68,601	33,206	**-**	-
Total liabilities		**145,296**	100,589	**58,734**	46,096
NET ASSETS		**186,949**	178,860	**191,740**	181,665
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	27	**169,658**	169,658	**169,658**	169,658
Currency translation reserve		**(18,707)**	(10,562)	**-**	-
Fair value reserve	28	**1,395**	1,469	**829**	794
Retained earnings	29	**31,606**	15,506	**21,253**	11,213
		183,952	176,071	**191,740**	181,665
Non-controlling interests		**2,997**	2,789	**-**	-
Total equity		**186,949**	178,860	**191,740**	181,665

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

		Attributable to equity holders of the Company						
	Note	Share capital	Currency translation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
2013								
Beginning of financial year		169,658	(10,562)	1,469	15,506	176,071	2,789	178,860
Total comprehensive income/(loss) for the year		-	(8,145)	(74)	18,232	10,013	533	10,546
Distribution to non-controlling interests		-	-	-	-	-	(325)	(325)
Dividends paid relating to 2012	30	-	-	-	(2,132)	(2,132)	-	(2,132)
End of financial year		169,658	(18,707)	1,395	31,606	183,952	2,997	186,949
2012								
Beginning of financial year		140,038	(3,373)	314	11,352	148,331	3,472	151,803
Issue of new shares	27	29,945	-	-	-	29,945	-	29,945
Share issue expenses	27	(325)	-	-	-	(325)	-	(325)
Total comprehensive income/(loss) for the year		-	(7,189)	1,155	4,770	(1,264)	476	(788)
Distribution to non-controlling interests		-	-	-	-	-	(353)	(353)
Dividends paid relating to 2011	30	-	-	-	(1,422)	(1,422)	-	(1,422)
Liquidation of subsidiary companies		-	-	-	806	806	(806)	-
End of financial year		169,658	(10,562)	1,469	15,506	176,071	2,789	178,860

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Total profit/(loss)		**18,765**	5,246
Adjustments for			
- Income tax expense		**4,107**	1,317
- Depreciation		**281**	281
- Amortisation of prepaid leasehold properties		**74**	71
- Unrealised currency translation gains		**(5,186)**	(4,359)
- Gain on disposal of financial assets, available-for-sale		**(541)**	(549)
- Loss on disposal of assets capitalised in property under development		**154**	-
- Fair value gain on asset revaluation		**(11,831)**	(741)
- Loss on liquidation of subsidiary companies		**-**	13
- Impairment loss of land held for development		**-**	93
- Interest income		**(1,110)**	(419)
- Interest expense		**1,747**	1,543
- Dividend income		**(36)**	(262)
		6,424	2,234
Change in working capital			
- Inventories		**32**	(32)
- Other asset		**-**	(6)
- Properties		**(7,034)**	(19,143)
- Trade and other receivables		**2,984**	(4,894)
- Trade and other payables		**(2,490)**	5,313
Cash generated from/(used in) operations		**(84)**	(16,528)
Interest received		**1,079**	292
Income tax paid, net		**(880)**	(1,167)
Net cash provided by/(used in) operating activities		**115**	(17,403)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(30)**	(10,210)
Purchases of investment properties		**(46,506)**	(6,764)
Purchases of financial assets, available-for-sale		**(3,622)**	(20,766)
Proceeds from disposal of financial assets, available-for-sale		**14,974**	7,402
Dividends received		**36**	262
Net cash provided by/(used in) investing activities		**(35,148)**	(30,076)
Cash flows from financing activities			
Bank deposit (pledged)		**(9,519)**	(20,506)
Interest paid		**(1,747)**	(1,533)
Proceeds from borrowings		**70,749**	39,998
Repayment of borrowings		**(13,287)**	(7,814)
Proceeds from issuance of shares		**-**	29,945
Share issue expenses		**-**	(325)
Distribution to non-controlling interests		**(325)**	(353)
Dividends paid to equity holders of the Company		**(2,132)**	(1,422)
Net cash provided by/(used in) financing activities		**43,739**	37,990
Net increase/(decrease) in cash and cash equivalents		**8,706**	(9,489)
Cash and cash equivalents at beginning of financial year	11	**27,201**	38,710
Effects of currency translation on cash and cash equivalents		**588**	(2,020)
Cash and cash equivalents at end of financial year	11	**36,495**	27,201

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

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

1. General information

IPC Corporation Ltd (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 23 Tai Seng Drive, #06–00 Deutsche Telekom Centre, Singapore 535224.

The principal activities of the Company are investment holding, property investment and property development.

The principal activities of its subsidiary companies are investment holding, property investment and property development, investing and reselling properties, property consulting and sale and distribution of telecommunication products.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2013

On 1 January 2013, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The FRS that is relevant to the Group is as follows:

Amendment to FRS 1 Presentation of Items of Other Comprehensive Income

The Group has adopted the amendment to FRS 1 *Presentation of Items of Other Comprehensive Income* on 1 January 2013. The amendment is applicable for annual periods beginning on or after 1 July 2012 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

FRS 113 Fair Value Measurement

FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclose requirements for use across FRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its is already require or permitted by other standards within FRSs.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Group. The Group has incorporated the additional disclosures required by FRS 113 into the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Hotel revenue

Revenue from letting out of rooms, food and beverages sales and other hotel related services is recognised at the time when services are rendered.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(b) Sale of goods

Revenue from sale of goods is recognised when the goods are delivered to the customers and it is probable that the goods will not be returned.

(c) Sale of development properties

Revenue from sale of development properties is recognised when the properties are delivered to the buyers.

(d) Rendering of services

Revenue from rendering of services is recognised when the services are rendered.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

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

(g) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(h) Membership fee

Membership fee is recognised on a straight-line basis over the membership term.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The Group identified the TK operators established in Japan as special purpose entities as defined in Interpretation of Financial Reporting Standards 12 Consolidation – Special Purpose Entities ("INT FRS 12"). TK operators are principally engaged in property-related businesses. Under the TK agreements, the Group primarily bears the risk and enjoys the benefits of the activities of TK operators and, accordingly, consolidates their financial statements for reporting purpose.

A TK operator is consolidated from the date on which the relationship of the special purpose entity defined under INT FRS 12 is established between the Group and the TK operator. It is de-consolidated from the date that such relationship ceases.

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

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

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

(ii) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

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

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

(iii) Disposals of subsidiaries or businesses

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

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and above but not exceeding 50% of the voting right. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies (continued)

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associated companies are derecognised when the Group losses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

The accounting policy on investments in subsidiaries and associated companies in the separate financial statements of the Company is as included in Note 2.11.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and building

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Leasehold land and buildings are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (Note 2.8).

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land and buildings	50 - 99 years
Leasehold improvements	5 - 20 years
Plant and equipment	3 - 20 years
Furniture, fixtures and fittings	3 - 20 years
Office equipment	3 - 5 years
Motor vehicles	3 - 10 years

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation (continued)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.5 Land held for development

Land held for development includes the costs for obtaining the right to occupy and use land, certain fees for altering the intended use of land and resettlement costs, and are stated at cost less accumulated impairment losses.

2.6 Development properties

(a) Properties under development

Development properties are stated at cost, less foreseeable losses. An allowance is made where the estimated net realisable value of the properties has fallen below their carrying value.

Cost includes cost of land and other direct and related expenditure, including interest on borrowings, incurred in developing the properties. Interest and other related expenditure are capitalised as and when the activities that are necessary to get the asset ready for its intended development are in progress.

The interest on borrowings capitalised is arrived at by reference, where appropriate, to the actual rate payable on borrowings for development purposes.

When the development of these properties is completed, these properties are transferred and accounted for as properties developed for sale.

(b) Properties developed for sale

Properties developed for sale are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2.7 Properties held for sale

Properties held for sale are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under constructions.

2.9 Prepaid leasehold properties

Prepaid leasehold properties are properties under operating leases where substantially all risks and rewards incidental to ownership are retained by the lessor. They are carried initially at cost and subsequently amortised on a straight-line basis over the lease periods.

2. Significant accounting policies (continued)

2.10 Investment properties

Investment properties comprise of acquired business hotels that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by an independent and qualified valuer on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.11 Investments in subsidiaries and associated companies

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

2.12 Impairment of non-financial assets

Property, plant and equipment
Land held for development
Investments in subsidiaries and associated companies

Property, plant and equipment, land held for development and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.13 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

(a) Classification (continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

(ii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of reporting period.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

For financial assets, available-for-sale that are subsequently carried at fair value, changes in the fair values are recognised in the fair value reserve. For equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, the investments are carried at cost less impairment losses. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences, if any, are recognised in profit or loss and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables (continued)

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

In addition to the objective evidence of impairment described in Note 2.13(e)(i), significant or prolonged decline in the fair value of an equity security below its cost and the disappearance of an active trading market for the security are objective evidence that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Where appropriate quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.17 Operating lease

(a) When the Group is the lessee:

The Group leases office space, hostels and motor vehicle under operating leases from non-related parties.

Leases of office space where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2. Significant accounting policies (continued)

2.17 Operating lease (continued)

(b) When the Group is the lessor:

The Group leases commercial properties and investment properties under operating leases to non-related parties.

Leases of commercial properties and investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.19 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probably that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

2. Significant accounting policies (continued)

2.20 Provisions (continued)

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.21 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) Employee leave entitlement

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

2.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group are presented in Singapore Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the date of the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

2. Significant accounting policies (continued)

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions less restricted cash which are subject to an insignificant risk of change in value.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

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

3.1 Critical accounting estimates and assumptions

(a) Impairment of non-financial assets

Leasehold buildings and land amounting to $6,596,000 and land held for development amounting to $6,422,000 are reviewed for impairment whenever events or changes in circumstances indicate carrying amount exceeds its recoverable amounts. These assets were subject to impairment tests at the end of this financial year. The recoverable amounts have been determined based on fair value less costs to sell calculations using valuations performed by independent and qualified valuers. The independent and qualified valuers used the direct comparison method which involves the comparison of recently transacted sales of similar investments and some adjustments were made to such observable data in arriving at the recoverable amounts of these non-financial assets held by the Group. Based on the valuations, management concluded that no impairment was required as at 31 December 2013.

(b) Estimated net realisable value of properties under development

Properties under development amounting to $42,920,000 were subject to net realisable value test at the end of the financial year ended 31 December 2013. The net realisable values of these assets have been determined based on valuation performed by an independent and qualified valuer. The independent and qualified valuer used the direct comparison method which involves the comparison of recently transacted sales of similar properties and some adjustments were made to such observable data in arriving at the recoverable amounts of the properties under development held by the Group. Based on the valuation, the management concluded that no write-down was required as at 31 December 2013.

(c) Valuation of investment properties

Investment properties are stated at fair value based on valuations performed by an independent and qualified valuer. In determining the fair value, the independent and qualified valuer have used valuation methods which involve certain estimates. The fair values are determined based on the properties' highest-and-best-use using the Income Approach, which includes the direct capitalisation approach ("DCA") and discounted cash flow method ("DCF"). This approach involves the estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties. Based on the valuation reports, management is of the view that the valuation methods and estimates are reflective of the current market condition. The fair value gain on asset revaluation is disclosed in Note 8.

3. Critical accounting estimates, assumptions and judgements (continued)

3.2 Critical judgements in applying the entity's accounting policies

Fair valuation of financial assets, available-for-sale

The Group holds an unquoted debt investment that is not traded in an active market with a carrying amount of $5,270,000. Estimating the value of this debt instrument required the Group to make certain estimates and assumptions, and hence the values are judgemental. The management has exercised judgement and is of the opinion that the carrying amount is reflective of the fair value of the unquoted debt investment.

4. Revenue

	Group	
	2013	2012
	$'000	$'000
Sale of properties developed for sale	**35,303**	6,717
Sale of properties held for sale	**-**	2,872
Rendering of services	**27**	31
Rental income (Note 19)	**10,877**	7,182
Hotel revenue	**732**	263
Total sales	**46,939**	17,065

5. Expenses by nature

	Group	
	2013	2012
	$'000	$'000
Purchases of properties held-for-sale, properties under development and properties developed for sale	**39,016**	27,616
Depreciation of property, plant and equipment (Note 23)	**281**	281
Amortisation of prepaid leasehold property (Note 21)	**74**	71
Rental expense on operating lease	**375**	258
Advertising	**46**	2
Professional fees	**1,116**	1,284
Employee compensation (Note 6)	**2,625**	2,355
Property and miscellaneous taxes	**1,286**	714
Transportation	**26**	221
Interest expense	**1,747**	1,543
Maintenance	**629**	638
Insurance	**220**	142
Write-down of property developed for sale	**431**	-
Changes in properties	**(7,034)**	(19,143)

6. Employee compensation

	Group	
	2013	2012
	$'000	$'000
Wages and salaries	**2,525**	2,244
Employer's contribution to defined contribution plans including Central Provident Fund	**100**	111
	2,625	2,355

7. Other income

	Group	
	2013	2012
	$'000	$'000
Interest income	**1,110**	419
Dividend income	**36**	262
Rental income (on operating leases)	**176**	175
Other	**39**	131
	1,361	987

8. Other gains/(losses) - net

	Group	
	2013	2012
	$'000	$'000
Fair value gain on investment properties (Note 19)	**11,831**	741
Gain on disposal of financial assets, available-for-sale	**541**	549
Currency translation gain - net	**7,597**	4,922
Loss on disposal of assets capitalised in property under development (Note 14)	**(154)**	-
Loss on liquidation of subsidiary companies	**-**	(13)
Impairment loss of land held for development (Note 22)	**-**	(93)
Bad debt written back	**5**	-
	19,820	6,106

9. Income taxes

	Group	
	2013	2012
	$'000	$'000
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
Foreign taxes		
- Current income tax	**894**	831
- Deferred income tax (Note 26)	**3,213**	537
	4,107	1,368
Over provision in prior financial year	**-**	(51)
	4,107	1,317

The tax on Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2013	2012
	$'000	$'000
Profit before tax	**22,872**	6,563
Tax calculated at tax rate of 17% (2012: 17%)	**3,888**	1,116
Effects of		
- different tax rates in other countries	**1,164**	211
- expenses not deductible for tax purposes	**454**	196
- income not subject to tax	**(2,885)**	(1,638)
- deferred tax assets not recognised	**695**	719
- other taxes in other countries	**791**	764
Tax charge	**4,107**	1,368

9. Income taxes (continued)

The Group has tax losses of approximately $92.8 million (2012: $102.1 million) which includes development and expansion tax losses of $8.4 million (2012: $8.4 million) and unutilised tax losses of $84.4 million (2012: $93.7 million) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Tax losses incurred by a subsidiary of $4,109,000 (2012: $3,690,000) can be carried forward for a period of up to five years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

10. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Total	
	2013	2012
Profit attributable to equity holders of the Company ($'000)	**18,232**	4,770
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**852,921**	724,640
Basic earnings per share (cents per share)	**2.14**	0.66

The basic earnings per share are the same as the diluted earnings per share as there are no dilutive potential ordinary shares.

11. Cash and cash equivalents

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**15,890**	10,389	**709**	806
Short-term bank deposits	**70,331**	57,019	**65,059**	51,902
	86,221	67,408	**65,768**	52,708

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2013	2012
	$'000	$'000
Cash and bank balances	**86,221**	67,408
Less: Bank deposits pledged	**(49,726)**	(40,207)
Cash and cash equivalents per consolidated statement of cash flows	**36,495**	27,201

Certain bank deposits are pledged in relation to the security granted for some borrowings (Note 25).

12. Trade and other receivables - current

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Trade receivables - Non-related parties	**1,147**	202	**178**	145
Deposits	**230**	252	**110**	110
Prepayments	**1,070**	5,410	**1**	22
Other receivables - non-related parties	**48**	251	**-**	-
	2,495	6,115	**289**	277

13. Properties developed for sale

	Group	
	2013	2012
	$'000	$'000
Land cost	**14,872**	9,076
Development expenditure	**27,783**	11,188
	42,655	20,264

As at 31 December 2013, the Group's properties developed for sale are held by IPC Property Development (Zhuhai) Ltd, a wholly-owned subsidiary of the Company which is incorporated in the People's Republic of China and Palladio One LLC, a special purpose entity set up under the TK arrangement in Japan.

The details of the Group's properties developed for sale are as follows:

Name of property	Location	Type of develoment	Site area sq.m.	Gross floor area held-for-sale sq.m.	Attributable interest
Xu Ri Wan Hua Yuan Kindergarten	Tang Jia Tang Qi Lu, Zhuhai, China	Commercial	2,727	2,727	100%
Xu Ri Wan Hua Yuan	1-3 Zu Tuan, Zhuhai, China	Residential car park	2,646	2,646	100%
Xu Ri Wan Hua Yuan	4-5 Zu Tuan, Zhuhai, China	Residential car park	2,144	2,144	100%
Oppama	Kanagawa Prefecture, Japan	Residential	3,636	1,247	100%
Oiso	Kanagawa Prefecture, Japan	Residential	8,459	4,325	100%

14. Properties under development

	Group	
	2013	2012
	$'000	$'000
Properties under development	**42,920**	60,729

As at 31 December 2013, the Group's properties under development comprised of a property held by IPC Property Development (Zhuhai) Ltd, a wholly-owned subsidiary of the Company which is incorporated in the People's Republic of China.

Details of the Group's properties under development are as follows:

Name of property	Location	Type of development	Stage of completion/ expected date of completion	Site area sq.m.	Gross floor area sq.m.	Attributable interes
Xu Ri Wan Hua Yuan	Tang Jia Tang Qi Lu, Zhuhai, China	Hotel	90%/June 2014	16,237	173,960	100%

Bank borrowings are secured on a property under development in China with carrying amounts of $42,920,000 (2012: $36,063,000) (Note 25).

15. Financial assets, available-for-sale

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**31,715**	16,916	**23,122**	8,124
Currency translation differences	**524**	(269)	**-**	-
Additions	**3,622**	20,766	**3,624**	20,766
Fair value gains recognised in other comprehensive income	**277**	1,239	**421**	1,169
Disposals	**(14,819)**	(6,937)	**(14,450)**	(6,937)
End of financial year	**21,319**	31,715	**12,717**	23,122

Financial assets, available-for-sale are analysed as follows:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Listed securities				
- equity securities - Asia Pacific	**207**	351	**-**	-
- bond funds - Asia Pacific	**1,468**	2,679	**1,468**	2,679
- bond funds - Europe	**10,570**	19,241	**10,570**	19,241
- bond funds - Eurasia	**577**	1,202	**577**	1,202
Unlisted securities				
- debt investments - Asia Pacific	**8,395**	8,242	**-**	-
- equity securities - Asia Pacific	**102**	-	**102**	-
	21,319	31,715	**12,717**	23,122

Bank borrowings are secured on certain financial assets, available-for-sale, of the Group and of the Company with fair value amounts of $12,615,000 (2012: $12,016,000) (Note 25).

16. Other receivables - non-current

The loans to subsidiaries amounting to $59,056,000 (2012: $55,423,000) are treated as a long-term source of additional capital and financing within the Group. Accordingly, they are managed centrally and deemed to be quasi-equity loans representing the Company's net investments in the subsidiaries. The carrying amount of the remaining loan to subsidiaries amounting to $21,000 (2012: $10,000) approximates to its fair value.

	Company	
	2013	2012
	$'000	$'000
Other receivables - Loans to subsidiaries	**59,077**	55,433

The loans to subsidiaries are unsecured, interest free and are not expected to be repaid in the next twelve months.

17. Other asset

	Group	
	2013	2012
	$'000	$'000
Beginning of financial year	**156**	150
Addition	**-**	6
End of financial year	**156**	156

18. Investments in associated companies

	Group	
	2013	2012
	$'000	$'000
Beginning and end of financial year	**-**	-

	Company	
	2013	2012
	$'000	$'000
Equity investment at cost		
Beginning of financial year	**500**	1,020
Written off	**-**	(520)
End of financial year	**500**	500
Accumulated impairment losses		
Beginning of financial year	**500**	1,020
Written off	**-**	(520)
End of financial year	**500**	500
Net carrying amount	**-**	-
The summarised financial information of associated companies are as follows:		
- Assets	**-**	-
- Liabilities	**12,450**	12,449
- Revenue	**-**	-
- Net loss	**(1)**	(1)

The Group has not recognised its share of loss of associated companies amounting to $600 (2012: $700) because the Group's cumulative share of losses exceeds its interests in those entities and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to $6,724,774 (2012: $6,724,174) at the end of the reporting period.

Details and changes of significant associated companies are provided in Note 38.

19. Investment properties

	Group	
	2013	2012
	$'000	$'000
Beginning of financial year	**65,288**	68,904
Currency translation differences	**(14,566)**	(11,121)
Additions	**46,506**	6,764
Net fair value gain recognised in profit or loss (Note 8)	**11,831**	741
Reclassified from property, plant and equipment (Note 23)	**7,713**	-
End of financial year	**116,772**	65,288
Change in unrealised gains or losses for the period included in profit or loss assets held at the end of the financial year, under "Other gains - net"	**11,831**	741

Investment properties are carried at fair values at the end of the financial year as determined by an independent and qualified valuer. Valuations are made annually based on the properties' highest-and-best-use using the Income Approach.

Investment properties are leased to non-related parties under operating leases (Note 32(b)).

Bank borrowings are secured on investment properties of the Group with fair value amounts of $116,772,000 (2012: $58,860,000) (Note 25).

19. Investment properties (continued)

The following amounts are recognised in profit and loss:

	Group	
	2013	2012
	$'000	$'000
Rental income (Note 4)	**10,877**	7,182
Direct operating expenses arising from:		
- Investment properties that generated rental income	**1,895**	742

Contingent rents amounting to $3,833,000 (2012: $1,663,000) has been recognised as income by the Group during the financial year (Note 32(b)).

Details of the Group's investment properties as at 31 December 2013 are as follows:

Business hotels in Japan	Location	No. of rooms	Tenure
Smile Hotel Asagaya	Asagaya, Tokyo	112	Freehold
Smile Hotel Asakusa	Asagaya, Tokyo	96	Freehold
Comfort Hotel Okayama	Okayama	208	Freehold
Matsuyama Washington Hotel Plaza	Matsuyama	190	Freehold
nest HOTEL kumamoto	Kumamoto	201	Freehold
nest HOTEL sapporo odori	Sapporo	117	Freehold
nest HOTEL sapporo ekimae	Sapporo	162	Freehold
nest HOTEL naha	Naha	193	Freehold
Chisun Hotel Shinsaibashi (renamed as nest HOTEL osaka shinsaibashi in February 2014)	Osaka	302	Freehold

Fair value hierarchy

	Fair value measurement at 31 December 2013 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	$'000	$'000
Description			
Recurring fair value measurement			
Investment properties:			
- Business Hotels	**-**	**-**	**116,772**

19. Investment properties (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value at 31 December 2013 ($'000)	Valuation techniques(s)	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Business hotels	**91,836**	DCF	Discount rate	6.4% - 7.7%	The higher the discount rate, the lower the valuation.
			Terminal capitalisation rate	6.9% - 9.7%	The higher the terminal capitalisation rate, the lower the valuation.
			Average rental (per room per month)	$500 - $1,600	The higher the average rental, the higher the valuation.
			Length of lease in place (years)	4y - 7y	The longer the length of lease in place, the higher the valuation.
			Age of building (years)	20y - 38y	The higher the age of the building, the lower the valuation.
Business hotels	**24,936**	Average of DCA and DCF	Capitalisation rate	8.2% - 8.7%	The higher the capitalisation rate, the lower the valuation.
			Discount rate	7.6% - 7.7%	The higher the discount rate, the lower the valuation.
			Terminal capitalisation rate	8.7% - 9.3%	The higher the terminal capitalisation rate, the lower the valuation.
			Average rental (per room per month)	$480 - $800	The higher the average rental, the higher the valuation.
			Length of lease in place (years)	1y - 7y	The longer the length of lease in place, the higher the valuation.
			Net cash flow	$0.8 million - $1.4 million	The higher the net cash flow, the higher the valuation.
			Age of building (years)	25y - 30y	The higher the age of the building, the lower the valuation.

Valuation processes of the Group

The Group engages external, independent and qualified valuer to determine the fair value of the group's properties at the end of every financial year based on the properties' highest and best use. As at 31 December 2013, the fair values of the properties have been determined by an independent and qualified valuer.

The Group reviews the valuations required for financial reporting purposes, including Level 3 fair values. The finance department reports directly to the Finance Director ("FD"). Discussion of valuation processes and results are held between the FD, the Chief Executive Officer ("CEO"), the Managing Director ("MD") and the Audit Committee ("AC") at least annually, in line with the Group's reporting dates.

20. Investments in subsidiaries

	Company	
	2013	2012
	$'000	$'000
Beginning of financial year	**89,608**	59,786
Impairment loss	**-**	(1,454)
TK arrangements	**25,634**	36,722
Return of capital	**(9,183)**	(5,446)
End of financial year	**106,059**	89,608

Details of significant subsidiaries and special purpose entities are included in Note 38.

(a) During 2013, the Company invested $18,427,000 (2012: $18,029,000) in Japan hotels by entering into a TK arrangement as a TK Investor in Palladio Hospitality Two LLC. The Company further invested $7,207,000 (2012: $18,693,000) in Palladio One LLC.

(b) During 2013, the TK operators returned net investment amounting to $9,183,000 (2012: $5,446,000) to the Company.

21. Prepaid leasehold properties

	Group	
	2013	2012
	$'000	$'000
Beginning of financial year	**3,896**	4,176
Currency translation differences	**380**	(209)
Amortisation recognised in profit or loss (Note 5)	**(74)**	(71)
End of financial year	**4,202**	3,896

Bank borrowings are secured on prepaid leasehold properties of the Group with carrying amounts of $4,202,000 (2012: $3,896,000) (Note 25).

22. Land held for development

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**6,422**	6,515	**6,422**	6,515
Impairment loss (Note 8)	**-**	(93)	**-**	(93)
End of financial year	**6,422**	6,422	**6,422**	6,422

Details of the Group's land held for development as at 31 December 2013 are as follows:

Name of property	Location	Type of development	Stage of completion	Site area sq.m	Gross floor area held-for-sale sq.m.	Attributable interest
Ju Ren Da Sha	Xiang Zhou Yin Hua Lu, Zhuhai, China	Office	Not Commenced	29,045	NA	24%

23. Property, plant and equipment

	Leasehold land, building and improvements	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Plant and machinery	Freehold land	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
2013							
Cost							
Beginning of financial year	13,195	641	669	457	9	3,092	18,063
Currency translation differences	(447)	(8)	12	23	(1)	(477)	(898)
Additions	-	-	-	30	-	-	30
Disposals	-	-	-	(2)	-	-	(2)
Reclassified to investment property (Note 19)	(5,022)	(107)	-	-	(8)	(2,615)	(7,752)
End of financial year	7,726	526	681	508	-	-	9,441
Accumulated depreciation							
Beginning of financial year	951	508	215	427	-	-	2,101
Currency translation differences	60	10	7	22	-	-	99
Depreciation charge (Note 5)	151	6	110	14	-	-	281
Disposals	-	-	-	(2)	-	-	(2)
Reclassified to investment property (Note 19)	(32)	(7)	-	-	-	-	(39)
End of financial year	1,130	517	332	461	-	-	2,440
Net book value							
End of financial year	**6,596**	**9**	**349**	**47**	**-**	**-**	**7,001**
Group							
2012							
Cost							
Beginning of financial year	7,502	520	674	467	-	-	9,163
Currency translation differences	(920)	(19)	(5)	(14)	(1)	(351)	(1,310)
Additions	6,613	140	-	4	10	3,443	10,210
End of financial year	13,195	641	669	457	9	3,092	18,063
Accumulated depreciation							
Beginning of financial year	844	511	107	402	-	-	1,864
Currency translation differences	(26)	(7)	(1)	(10)	-	-	(44)
Depreciation charge (Note 5)	133	4	109	35	-	-	281
End of financial year	951	508	215	427	-	-	2,101
Net book value							
End of financial year	**12,244**	**133**	**454**	**30**	**9**	**3,092**	**15,962**

Bank borrowings are secured on certain leasehold building of the Group with carrying amount of $6,596,000 (2012: $6,315,000) (Note 25).

23. Property, plant and equipment (continued)

	Furniture, fixtures and fittings $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Company				
2013				
Cost				
Beginning and end of financial year	343	242	123	708
Accumulated depreciation				
Beginning of financial year	343	52	122	517
Depreciation charge	-	48	1	49
End of financial year	343	100	123	566
Net book value				
End of financial year	**-**	**142**	**-**	**142**
Company				
2012				
Cost				
Beginning and end of financial year	343	242	123	708
Accumulated depreciation				
Beginning of financial year	343	4	121	468
Depreciation charge	-	48	1	49
End of financial year	343	52	122	517
Net book value				
End of financial year	**-**	**190**	**1**	**191**

24. Trade and other payables

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Trade payables to				
- Non-related parties	**2,996**	342	**-**	-
- Associated companies	**663**	663	**-**	-
- Subsidiaries	**-**	-	**24**	24
	3,659	1,005	**24**	24
Deposits received	**2,222**	2,775	**-**	-
Accrued development costs	**-**	5,592	**-**	-
Accrued operating expenses	**2,967**	1,966	**918**	705
	8,848	11,338	**942**	729

25. Borrowings

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Current				
- Bank borrowings (secured)	**61,469**	55,692	**51,792**	45,367
- Borrowings from a third party (unsecured)	**6,000**	-	**6,000**	-
	67,469	55,692	**57,792**	45,367
Non-current				
- Bank borrowings (secured)	**62,566**	29,571	**-**	-
Total borrowings	**130,035**	85,263	**57,792**	45,367

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the end of the reporting date are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Less than 1 year	**67,469**	55,692	**57,792**	45,367
1 - 5 years	**62,566**	29,571	**-**	-

(a) Security granted

Borrowings of $124,035,000 are secured by pledge of prepaid leasehold property (Note 21), leasehold building (Note 23) and property under development (Note 14) in Zhuhai, China, investment properties in Japan (Note 19), certain bank deposits (Note 11) and certain financial assets, available-for-sale (Note 15).

(b) Fair value of non-current borrowings

	Group	
	2013	2012
	$'000	$'000
Bank borrowings	**59,421**	28,365

The fair value above is within Level 2 of the fair value hierarchy and is determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at end of reporting period which the directors expect to be available to the Group as follows:

	Group	
	2013	2012
Bank borrowings	**2.62%**	2.31%

26. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown in the statements of financial position as follows:

	Group	
	2013	2012
	$'000	$'000
Deferred income tax liabilities		
- to be settled after one year	**6,035**	3,635

26. Deferred income taxes (continued)

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Fair value gain on asset revaluation $'000
2013	
Beginning of financial year	**3,635**
Charged to - profit or loss (Note 9)	3,213
Currency translation differences	(813)
End of financial year	**6,035**
2012	
Beginning of financial year	**3,704**
Charged to - profit or loss (Note 9)	537
Currency translation differences	(606)
End of financial year	**3,635**

27. Share capital

	No. of ordinary shares Issued share capital '000	Amount Share capital $'000
Group and Company		
2013		
Beginning and end of financial year	**852,921**	**169,658**
Group and Company		
2012		
Beginning of financial year	528,614	140,038
Shares issued pursuant to placement	40,000	7,200
Shares issued pursuant to Rights issue	284,307	22,745
Share issue expenses	-	(325)
End of financial year	852,921	169,658

All issued shares are fully paid.

On 7 March 2012, the Company issued a new share placement of 40,000,000 ordinary shares at a placement price of $0.18 for each ordinary share. Total consideration received was $7,200,000 to provide funds for the expansion of the Group's operations.

On 27 July 2012, the Company issued and allotted 284,306,879 new ordinary shares in the capital of the Company at an issue price of $0.08 for each ordinary share pursuant to the renounceable and non-underwritten Rights issue on the basis of one Rights share for every two existing ordinary shares, in the capital of the Company. Total consideration received was $22,745,000 to provide funds for the expansion of the Group's operations.

The Company has fully utilised the net proceeds of the share placement and Rights issue to fund its property acquisitions in Japan in 2012.

28. Fair value reserve

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**1,469**	314	**794**	(291)
Fair value gains on financial assets, available-for-sale (Note 15)	**277**	1,239	**421**	1,169
Disposal	**(385)**	(84)	**(386)**	(84)
Currency translation differences	**34**	-	**-**	-
End of financial year	**1,395**	1,469	**829**	794

29. Retained earnings

All retained earnings of the Group and the Company are distributable.

30. Dividends

	Group and Company	
	2013	2012
	$'000	$'000
Ordinary dividends paid		
Final tax exempt (one-tier) dividend paid in respect of the previous financial year of 0.25 cents (2012: 0.25 cents) per share	**2,132**	1,422

At the forthcoming Annual General Meeting, a final tax exempt (one-tier) dividend of 0.25 cents per share amounting to a total of $2,132,000 and a special tax exempt (one-tier) dividend of 0.10 cents per share amounting to a total of $853,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

31. Contingencies

Contingent liabilities

Group

IPC Property Development (Zhuhai) Ltd ("IPC Zhuhai"), a wholly-owned subsidiary of the Company, is the developer of residential and commercial projects. It is customary for financial institutions in China to require the developers to provide counter-guarantees for mortgage loan extended to buyers of the developers' properties.

Under the counter-guarantee provided by IPC Zhuhai to financial institutions in China, any default on the mortgage loan by the mortgagee will require IPC Zhuhai to pay to the financial institutions the balance amount unrecovered from proceeds of the property sold and other legal recovering proceedings against the mortgagee.

These guarantees will be released upon the issuance of the real estate ownership certificate to buyers and issuance of certificate of mortgage register for real estate ownership to the banks for mortgaged loans entered after 1 January 2005. For mortgage loans entered before 1 January 2005, the guarantees will be released upon the settlement of mortgaged loans between the banks and buyers.

	Group	
	2013	2012
	$'000	$'000
Guarantee given to banks for mortgage facilities granted to IPC Zhuhai's properties	**574**	838

32. Commitments

(a) Operating lease commitments - where the Group is a lessee

The Group and Company leases office space, hostels and motor vehicle from non-related parties under non-cancellable operating lease agreements. These leases have varying terms and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group	
	2013	2012
	$'000	$'000
Not later than one year	**310**	295
Between one and five years	**334**	583
	644	878

(b) Operating lease commitments - where the Group is a lessor

The Group leases out business hotels, kindergarten and supermarket to non-related parties under non-cancellable operating leases. The lessees are required to either pay a fixed monthly amount over the lease period, or contingent rent in addition to fixed monthly amount based on profits or sales achieved during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of reporting period but not recognised as receivables, are as follows:

	Group	
	2013	2012
	$'000	$'000
Not later than one year	**7,921**	6,161
Between one and five years	**19,504**	13,606
Later than five years	**5,929**	8,601
	33,354	28,368

33. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits are established in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia, with dominant operations in Singapore, the People's Republic of China and Japan, and in the United States of America. Entities in the Group regularly transact in the currencies other than their respective functional currencies ("foreign currencies") such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Chinese Yuan or Renminbi ("RMB") and Japanese Yen ("JPY").

Currency risk arises when transactions are denominated in foreign currencies.

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group does not enter into any arrangements or contracts to manage its foreign currency risk arising from cash flows from anticipated transactions and financial arrangements denominated in foreign currencies, primarily the JPY, RMB and USD. Consequently, transactions are subjected to the fluctuation of foreign currencies.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Japan, the People's Republic of China and United States of America are managed primarily by borrowings and operating cash flows denominated in JPY, RMB, Hong Kong Dollar ("HKD") and USD, which mitigate currency exposure arising from the subsidiaries' net assets.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	JPY $'000	RMB $'000	HKD $'000	Others $'000	Total $'000
At 31 December 2013							
Financial assets							
Cash and cash equivalents and financial assets, available-for-sale	47,392	35,808	12,970	10,832	486	52	107,540
Trade and other receivables	338	-	1,078	9	-	-	1,425
	47,730	35,808	14,048	10,841	486	52	108,965
Financial liabilities							
Borrowings	-	-	118,441	11,594	-	-	130,035
Trade and other payables	1,614	-	6,034	1,087	113	-	8,848
	1,614	-	124,475	12,681	113	-	138,883
Net financial assets/(liabilities)	46,116	35,808	(110,427)	(1,840)	373	52	(29,918)
Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(46,116)	-	52,738	1,840	111	-	8,573
Currency exposure	**-**	**35,808**	**(57,689)**	**-**	**484**	**52**	**(21,345)**

	SGD $'000	USD $'000	JPY $'000	RMB $'000	HKD $'000	Others $'000	Total $'000
At 31 December 2012							
Financial assets							
Cash and cash equivalents and financial assets, available-for-sale	47,075	33,570	8,653	9,291	473	61	99,123
Trade and other receivables	191	110	393	11	-	-	705
	47,266	33,680	9,046	9,302	473	61	99,828
Financial liabilities							
Borrowings	-	-	76,353	8,910	-	-	85,263
Trade and other payables	1,400	-	9,271	558	109	-	11,338
	1,400	-	85,624	9,468	109	-	96,601
Net financial assets/(liabilities)	45,866	33,680	(76,578)	(166)	364	61	3,227
Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(45,866)	-	31,223	166	107	-	(14,370)
Currency exposure	**-**	**33,680**	**(45,355)**	**-**	**471**	**61**	**(11,143)**

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD	USD	JPY	RMB	HKD	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2013							
Financial assets							
Cash and cash equivalents and financial assets, available-for-sale	46,441	31,405	103	-	484	52	78,485
Trade and other receivables	309	-	-	59,056	-	-	59,365
	46,750	31,405	103	59,056	484	52	137,850
Financial liabilities							
Borrowings	-	-	57,792	-	-	-	57,792
Trade and other payables	942	-	-	-	-	-	942
	942	-	57,792	-	-	-	58,734
Net financial assets/(liabilities)	45,808	31,405	(57,689)	59,056	484	52	79,116
Net financial assets denominated in the respective entities' functional currencies	(45,808)	-	-	-	-	-	(45,808)
Currency exposure	**-**	**31,405**	**(57,689)**	**59,056**	**484**	**52**	**33,308**

	SGD	USD	JPY	RMB	HKD	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2012							
Financial assets							
Cash and cash equivalents and financial assets, available-for-sale	45,968	29,317	13	-	471	61	75,830
Trade and other receivables	155	110	-	55,423	-	-	55,688
	46,123	29,427	13	55,423	471	61	131,518
Financial liabilities							
Borrowings	-	-	45,367	-	-	-	45,367
Trade and other payables	729	-	-	-	-	-	729
	729	-	45,367	-	-	-	46,096
Net financial assets/(liabilities)	45,394	29,427	(45,354)	55,423	471	61	85,422
Net financial assets denominated in the respective entities' functional currencies	(45,394)	-	-	-	-	-	(45,394)
Currency exposure	**-**	**29,427**	**(45,354)**	**55,423**	**471**	**61**	**40,028**

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, RMB, JPY and HKD strengthen against the SGD by 1% (2012: 1%), 3% (2012: 3%), 9% (2012: 1%) and 1% (2012: 1%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/(liability) position will be as follows:

	2013		2012	
	Increase/(decrease)			
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	$'000	**$'000**	$'000	$'000
Group				
USD against SGD	**358**	**-**	337	-
RMB against SGD	**-**	**55**	-	5
JPY against SGD	**(5,192)**	**4,746**	(454)	312
HKD against SGD	**5**	**1**	5	1
Company				
USD against SGD	**314**	**-**	294	-
RMB against SGD	**1,772**	**-**	1,663	-
JPY against SGD	**(5,192)**	**-**	(454)	-
HKD against SGD	**5**	**-**	5	-

The weakening of USD, RMB, JPY and HKD against the SGD by 1% (2012: 1%), 3% (2012: 3%), 9% (2012: 1%) and 1% (2012: 1%) respectively had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(ii) Price risk

The Group is exposed to equity securities, bond funds and debt investments price risks arising from the investments held by the Group which are classified in the consolidated statement of financial position as financial assets, available-for-sale. These financial assets are either listed in Singapore or non-listed. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board of Directors.

If prices for listed equity securities, listed bond funds, fair value of unlisted debt investments and fair value of unlisted equity investments change by 6% (2012: 5%), 3% (2012: 5%), 4% (2012: 4%) and 3% (2012: NA) respectively with all other variables including tax rate being held constant, the profit after tax and equity will be:

	2013		2012	
	Increase/(decrease)			
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	$'000	**$'000**	$'000	$'000
Increased by				
Group				
Listed in Asia Pacific	**-**	**56**	-	152
Listed in Europe	**-**	**317**	-	962
Listed in Eurasia	**-**	**17**	-	60
Unlisted in Asia Pacific	**-**	**336**	-	330
Unlisted in Japan	**-**	**3**	-	-

33. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

	2013		2012	
	Increase/(decrease)			
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	$'000	**$'000**	$'000	$'000
Company				
Listed in Asia Pacific	**-**	**44**	-	134
Listed in Europe	**-**	**317**	-	962
Listed in Eurasia	**-**	**17**	-	60
Unlisted in Japan	**-**	**3**	-	-

A 6% (2012: 5%) weakening on the price of the listed equity securities, 3% (2012: 5%) weakening in listed bond funds, 4% (2012: 4%) weakening on fair value of unlisted debt investments and 3% (2012: NA) weakening on unlisted equity investments would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant. This assumes that the decrease does not give rise to impairment.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to changes in interest rates is mainly attributable to its fixed deposits and certain borrowings.

The Group's fixed deposits and borrowings exposed to changes in interest rates on which effective hedges have not been entered into are denominated in SGD, USD, RMB and JPY. At 31 December 2013, if SGD, USD, RMB and JPY interest rate has increased/decreased by 0.5% (2012: 0.5%), 0.5% (2012: 0.5%), 0.5% (2012: 0.5%) and 0.5% (2012: 0.5%) respectively with all other variables including tax rate being held constant, the profit after tax for the year would have been higher/lower by $224,000 (2012: $220,000), higher/lower by $127,000 (2012: $64,000), lower/higher by $57,000 (2012: $42,000) and lower/higher by $259,000 (2012: $227,000).

Financial assets, available-for-sale and other financial assets and liabilities do not have material interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers. For banks and financial institutions, deposits are placed with regulated banks. For credit exposures to customers, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets, available-for-sale of the Group mainly comprises of 12 counterparties (2012: 11) that represented 88% (2012: 78%) of financial assets, available-for-sale.

The trade and other receivables of the Group mainly comprise 18 debtors (2012: 6 debtors) that represent 85% (2012: 90%) of trade and other receivables. The Company does not have significant concentration of debtors, in both 2013 and 2012.

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 statement of financial position.

The Group's and Company's major classes of financial assets are bank deposits and trade and other receivables.

33. Financial risk management (continued)

(b) Credit risk (continued)

The credit risk for trade and other receivables based on the information provided to key management is as follows:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
By geographical area				
Asia Pacific	**1,425**	705	**288**	255
By types of customers				
Non-related parties				
- Other companies	**1,416**	695	**288**	255
- Individuals	**9**	10	**-**	-
	1,425	705	**288**	255

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks and financial institutions which are regulated by local monetary authorities. Trade and other receivables that are neither past due nor impaired are substantially companies or individuals with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade and other receivables past due but not impaired is as follows:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Past due < 3 months	**-**	5	**-**	-
Past due 3 to 6 months	**-**	-	**-**	-
Past due over 6 months	**61**	61	**-**	-
	61	66	**-**	-

There are no trade and other receivables individually determined to be impaired.

(c) Liquidity risk

The Group and Company manages its liquidity risk by maintaining sufficient cash and cash equivalents deemed adequate by management to finance their normal operating commitments and to mitigate the effects of fluctuations in cash flows. The Group and Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and fixed deposits as disclosed in Note 11.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

33. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group				
At 31 December 2013				
Trade and other payables	8,848	-	-	-
Borrowings	67,469	18,769	50,677	-
At 31 December 2012				
Trade and other payables	11,338	-	-	-
Borrowings	55,712	1,419	31,127	-
Company				
At 31 December 2013				
Trade and other payables	942	-	-	-
Borrowings	57,792	-	-	-
At 31 December 2012				
Trade and other payables	729	-	-	-
Borrowings	45,367	-	-	-

(d) Capital risk

The Group's objectives when managing capital are 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 shareholders' equity.

The Group is not subject to any externally imposed capital requirement.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2013				
Assets				
Available-for-sale financial assets				
- Equity securities	207	-	102	309
- Debt investments	-	-	8,395	8,395
- Bond funds	12,615	-	-	12,615
Total assets	**12,822**	**-**	**8,497**	**21,319**

33. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2012				
Assets				
Available-for-sale financial assets				
- Equity securities	351	-	-	351
- Debt investments	-	3,292	4,950	8,242
- Bond funds	23,122	-	-	23,122
Total assets	**23,473**	**3,292**	**4,950**	**31,715**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2013				
Assets				
Available-for-sale financial assets				
- Equity securities	-	-	102	102
- Bond funds	12,615	-	-	12,615
Total assets	**12,615**	**-**	**102**	**12,717**
Company				
2012				
Assets				
Available-for-sale financial assets				
- Bond funds	23,122	-	-	23,122
Total assets	**23,122**	**-**	**-**	**23,122**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of reporting period. The quoted market price used for financial assets held by the Group is current bid price. The instruments are included in Level 1.

During the financial year ended 31 December 2013, the Group transferred a debt investment with a carrying amount of $3,125,000 (2012: $3,292,000) from Level 2 to Level 3 as the fair value of this investment is obtained based on direct comparison method, which involves the comparison of recently transacted sales of similar properties and incorporating some unobservable inputs. The valuation was performed by an independent and qualified valuer.

The fair valuation of a Level 3 debt instrument with a carrying amount of $5,270,000 is described in Note 3.2.

The Group uses quoted market price and engages external, independent and qualified valuer to determine the fair value of the Group's financial assets available-for-sale at the end of every financial year. Where it is not practical to determine the fair value of the unquoted debt investment, the Group will exercise judgement on the fair value of the investment.

The Group reviews the valuations required for financial reporting purposes, including Level 3 fair values. The finance department reports directly to the FD. Discussion of valuation processes and results are held between the FD, the CEO, the MD and the AC at least annually, in line with the Group's reporting dates.

33. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents the changes in Level 3 instruments:

	2013 Equity investments available- for-sale $'000	**2013 Debt investments available- for-sale $'000**	2012 Debt investments available-for-sale $'000
Opening balance	**-**	**4,950**	5,123
Additions	**102**	**-**	-
Transfers	**-**	**3,125**	-
Currency translation differences	**-**	**320**	(173)
Closing balances	**102**	**8,395**	4,950

(f) Financial Instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 15 to the financial statements, except for the following:

	Group		**Company**	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Loans and receivables	**87,646**	68,113	**125,133**	108,396
Financial liabilities at amortised cost	**138,883**	96,601	**58,734**	46,096

34. Related party transactions

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

(a) Sales and purchases of goods and services

	Group	
	2013 $'000	2012 $'000
Rental income received from a related party*	**72**	72
Administration fee received from a related party*	**10**	10

* Related party refers to a company with common directors.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2013 $'000	2012 $'000
Wages and salaries	**2,161**	1,685
Employer's contribution to defined contribution plans, including Central Provident Fund	**37**	37
	2,198	1,722

35. Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") that are used to make strategic decisions. The CODM comprises the Chief Executive Officer, the Managing Director and the Administration and Finance Director.

35. Segment information (continued)

The CODM considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in two primary geographic areas: Asia Pacific and Americas. All geographic locations are engaged primarily in the property related business, which includes properties and income producing assets.

Business under "Properties" relate to property development, investing and reselling of properties. Business under "Income producing assets" relate primarily to investments in hospitality assets. Other services included within Asia Pacific include investment holding and the sale and distribution of telecommunication products. The results of these operations are included in the "Other" column.

The segment information provided to the CODM for the reportable segments is as follows:

	Income Producing Assets	Properties		Other	Total
	Asia Pacific	Asia Pacific	Americas	Asia Pacific	
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
2013					
Revenue and other income					
- external sales	11,609	35,330	-	-	46,939
- other income	5	127	-	1,229	1,361
	11,614	35,457	-	1,229	48,300
Cost of revenue and operating expenses	(6,607)	(35,308)	-	(3,333)	(45,248)
Other gains/(losses), net	11,831	(154)	-	8,143	19,820
Profit/(loss) before income tax	16,838	(5)	-	6,039	22,872
Total assets	130,518	108,790	-	91,037	330,345
Total assets include:					
Additions to:					
- property, plant and equipment	-	30	-	-	30
- investment properties	66,048	-	-	-	66,048

	Income Producing Assets	Properties		Other	Total
	Asia Pacific	Asia Pacific	Americas	Asia Pacific	
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
2012					
Revenue and other income					
- external sales	7,445	6,748	2,872	-	17,065
- other income	26	207	-	754	987
	7,471	6,955	2,872	754	18,052
Cost of revenue and operating expenses	(3,922)	(7,928)	(2,893)	(2,852)	(17,595)
Other gains/(losses), net	741	(92)	1,902	3,555	6,106
Profit/(loss) before income tax	4,290	(1,065)	1,881	1,457	6,563
Impairment loss of land held for development	-	-	-	93	93
Total assets	82,900	106,939	-	88,470	278,309
Total assets include:					
Additions to:					
- property, plant and equipment	10,208	2	-	-	10,210
- investment properties	7,505	-	-	-	7,505

The CODM assesses the performance of the operating segments based on a measure of profit before tax.

35. Segment information (continued)

Reportable segments' assets are reconciled to total assets as follows:

	2013	2012
	$'000	$'000
Segment assets for reportable segments	**330,345**	278,309
Other segment assets		
Unallocated:		
- Tax recoverable	**1,897**	1,131
- Deferred income tax assets	**3**	9
	332,245	279,449

Revenue from major products and services

Revenue from external customers are derived mainly from the sale of properties, provision of property consulting services and rental income from hospitality assets.

	Group	
	2013	2012
	$'000	$'000
Income producing assets	**11,609**	7,445
Properties	**35,330**	9,620
	46,939	17,065

Geographical information

The Group's business segments operate in two main geographic areas:

- Asia Pacific - the Company is headquartered in Singapore and has operations in Singapore, China and Japan. The operations in this region are principally investment holding, property investment and property development, investing and reselling properties, property consulting and the sale and distribution of telecommunication products;

- Americas - the operations in this region are investing and reselling properties.

	Sales	
	2013	2012
	$'000	$'000
China	**27**	31
Japan	**46,912**	14,162
United States of America	**-**	2,872
	46,939	17,065

	Non-current assets	
	2013	2012
	$'000	$'000
Singapore	**19,780**	30,427
China	**19,466**	18,839
Japan	**116,811**	74,504
	156,057	123,770

36. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2014 or later periods and which the Group has not early adopted.

- *FRS 110 Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2014)

  FRS 110 replaces all of the guidance on control and consolidation in FRS 27 "Consolidated and Separate Financial Statements" and INT FRS 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess.

- *FRS 112 Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)

  FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities.

The management anticipates that the adoption of these accounting standards or interpretations will not have a material impact on the financial statements of the Group and of the Company.

37. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of IPC Corporation Limited on 12 February 2014.

38. Listing of all companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2013 %	2012 %
Subsidiaries held by the Company				
Corex Technology (S) Pte Ltd[(c), (d)]	Compulsory liquidation	Singapore	**100**	100
Corex Systems (S) Pte Ltd[(a), (c), (g)]	Assembly of electronic components and trading of electronic products (Dormant)	Singapore	**100**	100
e-ipc (HK) Ltd[(c)]	Investment holding (Dormant)	Hong Kong	**100**	100
Essex Electronics (Singapore) Pte Ltd[(a), (c)]	Sales and distribution of telecommunication products	Singapore	**100**	100
IPC Corporation (Korea) Ltd[(c)]	Sales and distribution of computers and related products (Dormant)	Korea	**92**	92
IPC (Holdings) Inc.[(c)]	Investment holding (Dormant)	U.S.A	**100**	100
IPC Information and Communication (Pte) Ltd[(a), (c)]	Provision of commercial value added network services (Dormant)	Singapore	**100**	100
IPC Peripherals (Pte) Ltd[(a), (c)]	Sales and distribution of computer system boards and peripheral products	Singapore	**100**	100
IPC Singapore Pte Ltd[(a), (c)]	Investment holding (Dormant)	Singapore	**100**	100
IPC Property Development (Zhuhai) Ltd[(a)]	Investment holding and property development	People's Republic of China	**100**	100
Zhuhai Costa Del Sol Club Management Co. Ltd[(b), (h)]	Club management company	People's Republic of China	**25**	25
Special Purpose Entities				
Palladio Hospitality LLC[(e), (f)]	Investment in income producing assets	Japan	**89**	89
Palladio Hospitality One LLC[(e), (f)]	Investment in income producing assets	Japan	**89**	89
Palladio Hospitality Two LLC[(e), (f)]	Investment in income producing assets	Japan	**98.5**	98.5
Palladio One LLC[(e), (f)]	Investing and developing properties	Japan	**97**	97

38. Listing of all companies in the Group (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2013 %	2012 %
Subsidiaries held by the subsidiaries				
IPC Peripherals Inc[(c), (i)]	Development and marketing of computer peripheral products (Liquidated)	U.S.A	**-**	90
Zhuhai Costa Del Sol Club Management Co. Ltd[(b), (h)]	Club Management company	People's Republic of China	**75**	75
Associated company held by the Company				
Hagenuk (Pte) Ltd[(a), (c)]	Sales and distribution of telecommunication products (Dormant)	Singapore	**50**	50

(a) Audited by PricewaterhouseCoopers LLP, Singapore.

(b) Audited by other accounting firms. Management financial statements are reviewed by PricewaterhouseCoopers LLP, Singapore as part of the audit of the consolidated financial statements.

(c) Immaterial to the Group.

(d) In the process of liquidation.

(e) This special purpose entity has been consolidated in the financial statements in accordance with Interpretations of Financial Reporting Standard 12 Consolidation-Special Purpose Entities, as the Group primarily bears the risks and enjoys the benefits of the investments held by these special purpose entities. The percentage disclosed represents the beneficial interest of the Group.

(f) Not required to be audited under the laws of the country of incorporation. Management financial statements are reviewed by PricewaterhouseCoopers LLP, Singapore as part of the audit of the consolidated financial statements.

(g) In 2012, the Company acquired the entire shareholdings of Corex Systems (S) Pte Ltd from its wholly owned subsidiary, Corex Technology (S) Pte Ltd, which is under compulsory liquidation.

(h) Effective holding by the Group is 100%.

(i) Liquidated during the financial year.

SHAREHOLDERS' INFORMATION

As at 17 March 2014

Number of equity securities	:	852,920,638
Class of equity securities	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	Nil

Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	999	8,442	30.41	3,749,438	0.44
1,000	-	10,000	15,094	54.38	47,831,470	5.61
10,001	-	1,000,000	4,176	15.05	224,825,294	26.36
1,000,001		and above	44	0.16	576,514,436	67.59
Total:			**27,756**	**100.00**	**852,920,638**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	DB NOMINEES (SINGAPORE) PTE LTD	254,352,500	29.82
2	ESSEX INVESTMENT (S) PTE LTD	75,581,149	8.86
3	CITIBANK NOMINEES SINGAPORE PTE LTD	23,284,250	2.73
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	20,539,097	2.41
5	RAFFLES NOMINEES (PTE) LIMITED	16,386,125	1.92
6	OCBC SECURITIES PRIVATE LIMITED	15,644,220	1.83
7	UOB KAY HIAN PRIVATE LIMITED	12,448,650	1.46
8	BANK OF SINGAPORE NOMINEES PTE. LTD.	12,211,875	1.43
9	LAUW HUI KIAN	11,597,790	1.36
10	NGIAM MIA HAI BERNARD	10,960,290	1.29
11	NGIAM MIA JE PATRICK	10,639,812	1.25
12	NGIAM MIA HONG ALFRED	10,585,290	1.24
13	NGIAM MIA KIAT BENJAMIN	10,536,811	1.24
14	DBS NOMINEES (PRIVATE) LIMITED	8,580,987	1.01
15	TANG YINGJIE	5,993,000	0.70
16	BOON SUAN AIK	5,555,555	0.65
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,534,470	0.65
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,294,860	0.62
19	ONG CHU POH	4,882,000	0.57
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,782,829	0.56
	Total:	**525,391,560**	**61.60**

Percentage of Shareholdings in Public's Hand

Approximately 54.95% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

SHAREHOLDERS' INFORMATION

As at 17 March 2014

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct interest	%	Deemed interest	%
Oei Hong Leong[1]	254,332,000	29.82	-	-
Essex Investment (Singapore) Pte Ltd ("Essex")	75,581,149	8.86	-	-
Ngiam Mia Je Patrick[2]	10,639,812	1.25	87,178,939	10.22
Ngiam Mia Kiat Benjamin[3]	10,536,811	1.24	75,581,149	8.86
Lauw Hui Kian[4]	11,597,790	1.36	86,220,961	10.11

Notes:

1 Mr Oei Hong Leong's shares are registered in the name of DB Nominees (Singapore) Pte Ltd.

2 Deemed interest in 75,581,149 shares held by Essex by virtue of Section 7 of the Companies Act and 11,597,790 shares held by Ms Lauw Hui Kian.

3 Deemed interest in 75,581,149 shares held by Essex by virtue of Section 7 of the Companies Act.

4 Deemed interest in 75,581,149 shares held by Essex by virtue of Section 7 of the Companies Act and 10,639,812 shares held by Mr Ngiam Mia Je Patrick.

NOTICE OF ANNUAL GENERAL MEETING

For the financial year ended 31 December 2013

IPC CORPORATION LTD (Company Registration No.198501057M) (Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of IPC Corporation Ltd ("the Company") will be held at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 on Tuesday, 29 April 2014 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2013 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a first and final dividend of 0.25 cents per share (tax-exempt one-tier) and a special dividend of 0.10 cents per share (tax-exempt one-tier) for the year ended 31 December 2013 (previous year: first and final dividend of 0.25 cents per share).

   (Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Article 90 of the Articles of Association of the Company:

   Mr Seah Seow Kang Steven **(Resolution 3)**
   Ms Li Ling Xiu **(Resolution 4)**

   Mr Seah Seow Kang Steven will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee respectively and will be considered independent.

   Ms Li Ling Xiu will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee and will be considered non-independent.

4. To re-elect Mr Lien Kait Long, a Director of the Company retiring under Article 89 of the Articles of Association of the Company.

   Mr Lien Kait Long will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent.

   (Resolution 5)

5. To re-appoint Mr Lee Soo Hoon Phillip, a Director of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.
   [See Explanatory Note (i)]

   Mr Lee Soo Hoon Phillip will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee respectively and will be considered independent.

   (Resolution 6)

6. To approve the payment of Directors' fees of S$197,500.00 for the year ended 31 December 2013 *(previous year: S$165,000.00).*

   (Resolution 7)

7. To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 8)

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

9. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

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

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

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

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

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)]

(Resolution 9)

By Order of the Board

Ngiam Mia Hai Bernard
Secretary

Singapore, 11 April 2014

Explanatory Notes:

(i) The effect of the Ordinary Resolution 6 is to re-appoint a Director of the Company who is over 70 years of age.

(ii) The Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

IPC CORPORATION LTD
Company Registration No.198501057M
(Incorporated in Singapore with limited liability)

PROXY FORM

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

IMPORTANT:

1. For investors who have used their CPF monies to buy IPC CORPORATION LTD's shares, this Report is forwarded to them at the request of the 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.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____

of _____

being a member/members of IPC Corporation Ltd (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 29 April 2014 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2013		
2	Payment of proposed first & final dividend and a special dividend		
3	Re-election of Mr Seah Seow Kang Steven as a Director		
4	Re-election of Ms Li Ling Xiu as a Director		
5	Re-election of Mr Lien Kait Long as a Director		
6	Re-appointment of Mr Lee Soo Hoon Phillip as a Director		
7	Approval of Directors' fees amounting to S$197,500.00		
8	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors		
9	Authority to issue new shares		

Dated this _____ day of _____ 2014

_____
Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

*Delete where inapplicable

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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 of 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 by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member of the Company appoints more than one proxy, that member shall specify the proportion of his/her shareholding to be represented by each proxy and if the proportion is not specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding of that member and the second named proxy shall be deemed to be an alternate to the first named proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 not less than 48 hours before the time appointed for the Meeting.

6. 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. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the 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, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

IPC Corporation Ltd

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www.ipc.com.sg
Registration No. 198501057M