

IPC CORPORATION LTD
(Company Registration No. 198501057M)
2nd Quarter Financial Statement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR 2nd QUARTER ENDED 30 JUNE 2011

	Group 2 nd quarter ended 30 Jun			Group Half year ended 30 Jun		
	2011 S\$'000	2010 S\$'000	Increase/ (decrease) %	2011 S\$'000	2010 S\$'000	Increase/ (decrease) %
Sales	1,890	3,495	(45.9)	30,129	10,814	NM
Cost of sales	(1,053)	(2,850)	(63.1)	(24,449)	(9,078)	NM
Gross profit	837	645	29.8	5,680	1,736	NM
Other income	103	170	(39.4)	220	270	(18.5)
Other (losses)/gains, net	(779)	2,359	NM	(923)	3,278	NM
Expenses						
Distribution and marketing	(45)	(459)	(90.2)	(88)	(564)	(84.4)
Administrative	(1,457)	(1,609)	(9.4)	(3,208)	(3,014)	6.4
Finance	(238)	(194)	22.7	(502)	(200)	NM
Other	-	(71)	(100.0)	(1)	(72)	(98.6)
	(1,740)	(2,333)	(25.4)	(3,799)	(3,850)	1.3
(Loss)/profit before income tax	(1,579)	841	NM	1,178	1,434	(17.9)
Income tax expense	(545)	(602)	(9.5)	(636)	(711)	(10.5)
(Loss)/profit for the year	(2,124)	239	NM	542	723	(25.0)
Other comprehensive income/(loss), net of tax						
Financial assets, available-for-sale						
- Fair value (loss)/gain	(189)	55	NM	(1,560)	(96)	NM
Currency translation differences arising from consolidation	(668)	(135)	NM	(202)	(196)	3.1
Other comprehensive loss, net of tax	(857)	(80)	NM	(1,762)	(292)	NM
Total comprehensive (loss)/income	(2,981)	159	NM	(1,220)	431	NM
(Loss)/profit attributable to:						
- Equity holders of the Company	(2,979)	41	NM	(372)	525	NM
- Non-controlling interests	855	198	NM	914	198	NM
	(2,124)	239	NM	542	723	(25.0)
Total comprehensive (loss)/income attributable to:						
- Equity holders of the Company	(3,836)	(39)	NM	(2,134)	233	NM
- Non-controlling interests	855	198	NM	914	198	NM
	(2,981)	159	NM	(1,220)	431	NM

(i) (Loss)/profit for the period is arrived at after charging/(crediting) the following:

	Group 2 nd quarter ended 30 Jun			Group Half year ended 30 Jun		
	2011 S\$'000	2010 S\$'000	Increase/ (decrease)	2011 S\$'000	2010 S\$'000	Increase/ (decrease)
			%			%
Amortisation of leasehold properties	26	28	(7.1)	52	56	(7.1)
Depreciation (Note 7)	78	119	(34.5)	158	234	(32.5)
Foreign exchange loss/(gains), net (Note 8)	780	286	NM	917	(24)	NM
Gain on disposal of investment in associated company	-	-	NA	-	(599)	(100.0)
Gain on asset revaluation (Note 3)	-	(2,651)	(100.0)	-	(2,651)	(100.0)
Impairment loss of/(reversal of impairment of) other asset	-	5	(100.0)	3	(5)	NM
Interest income (Note 9)	(15)	(30)	(50.0)	(45)	(57)	(21.1)
Interest expenses (Note 5)	238	190	25.3	502	192	NM

Notes

- Gross profit**
The increase in gross profit was primarily contributed by the profit of the Group's business hotels in Japan.
- Other income**
The decrease was mainly due to translation of the weakened Chinese RMB to Singapore dollars.
- Other (losses)/gains, net**
The decrease was mainly derived from gain on revaluation of Japan investment properties in 2010.
- Distribution and marketing expenses**
The decrease was related to the distribution and marketing expenses in Japan.
- Finance expenses**
The increase was primarily due to interest expenses incurred on increased borrowings for business in Japan.
- Other expenses**
The expenses in 2010 were mainly due to the expenses incurred in China.
- Depreciation**
The decrease was due to certain assets that have been fully depreciated as well as the translation of the weakened Chinese RMB to Singapore dollars.
- The weakening of the average exchange rate of United States Dollar and Chinese RMB against the Singapore Dollar resulted in foreign exchange loss. This was mainly unrealised, due to recorded monetary balances denominated in foreign currencies that were adjusted to reflect the exchange rates at the balance sheet date.**
- The decrease in interest income was mainly attributed to the lower interest rate and translation of the weakened United States Dollar to Singapore dollars.**

NM: Not meaningful (change more than 100%)

NA: Not applicable

1(b)(i) A statements of financial position (for the issuer and group), together with a comparative statement s at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Company</u>	
	30 Jun 2011	31 Dec 2010 Audited	30 Jun 2011	31 Dec 2010 Audited
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents (i)	58,570	68,717	46,771	46,363
Trade and other receivables	5,148	4,986	119	106
Tax recoverable	590	605	-	-
Properties held for sale (ii)	3,309	5,638	-	-
Properties developed for sale	19,332	19,356	-	-
Properties under development (iii)	37,506	50,118	-	-
Non-current asset held for sale	2,380	2,440	-	-
	<u>126,835</u>	<u>151,860</u>	<u>46,890</u>	<u>46,469</u>
Non-current assets				
Financial assets, available-for-sale (iv)	4,658	8,867	115	169
Other receivables	-	-	57,819	63,900
Prepayment (v)	315	392	-	-
Other asset	165	168	-	-
Investment in associates	-	-	-	-
Investment in subsidiaries	-	-	60,068	59,850
Investment properties	41,557	42,924	-	-
Prepaid leasehold properties	5,872	6,073	-	-
Land held for development	6,515	6,515	6,515	6,515
Property, plant and equipment	6,606	6,973	9	23
Deferred income tax assets (vi)	3	7	-	-
	<u>65,691</u>	<u>71,919</u>	<u>124,526</u>	<u>130,457</u>
Total assets	<u>192,526</u>	<u>223,779</u>	<u>171,416</u>	<u>176,926</u>
LIABILITIES				
Current liabilities				
Borrowings (vii)	22,793	37,429	22,131	24,973
Trade and other payables (viii)	3,937	13,597	387	687
Current income tax liabilities	529	501	-	-
	<u>27,259</u>	<u>51,527</u>	<u>22,518</u>	<u>25,660</u>
Non-current liabilities				
Borrowings (vii)	21,343	22,553	-	-
Deferred income tax liabilities	1,252	1,254	-	-
	<u>22,595</u>	<u>23,807</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>49,854</u>	<u>75,334</u>	<u>22,518</u>	<u>25,660</u>
NET ASSETS	<u>142,672</u>	<u>148,445</u>	<u>148,898</u>	<u>151,266</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	140,038	140,038	140,038	140,038
Currency translation reserve	(7,848)	(6,288)	-	-
Fair value reserve	706	908	(201)	(146)
Retained earnings	7,332	9,026	9,061	11,374
	<u>140,228</u>	<u>143,684</u>	<u>148,898</u>	<u>151,266</u>
Non-controlling interests	2,444	4,761	-	-
Total equity	<u>142,672</u>	<u>148,445</u>	<u>148,898</u>	<u>151,266</u>

Notes

- (i) The decrease was mainly attributed to repayment of borrowings and payment of dividends.
- (ii) The decrease was mainly due to sales of residential properties in USA.
- (iii) The decrease in properties under development was primarily attributable to the completion of a condominium project in Uraga, Japan and the sales were recognised in the 1st quarter of 2011.
- (iv) The decrease was due to disposal of financial assets, available-for-sale in China.
- (v) The decrease was mainly due to translation of the weakened Chinese RMB to Singapore dollars.
- (vi) This relates to deferred income tax assets in Japan.
- (vii) The decrease was due to the repayment of borrowings.
- (viii) The decrease was mainly due to the payment made for a condominium project in Uraga, Japan.

1 (b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 Jun 2011		As at 31 Dec 2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
22,793	Nil	37,429	Nil

Amount repayable after one year

As at 30 Jun 2011		As at 31 Dec 2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
21,343	Nil	22,553	Nil

Details of any collateral

The Group's borrowings were secured by a pledge of bank deposit, a property in Zhuhai and investment properties in Japan.

1(c)A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>Group</u>		<u>Group</u>	
	2 nd quarter ended 30 Jun 2011	2010	Half year ended 30 Jun 2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss)/profit for the period	(2,124)	239	542	723
Adjustments for				
- Income tax expense	545	602	636	711
- Depreciation	78	119	158	234
- Amortisation of prepaid leasehold properties	26	28	52	56
- Unrealised translation losses/(gains)	497	4	9	(317)
- Gain on disposal of investment in associated company	-	-	-	(599)
- Gain on asset revaluation	-	(2,651)	-	(2,651)
- (Gain)/loss on disposal of property, plant and equipment	(3)	14	1	14
- Impairment loss of/(reversal of impairment of) other asset	-	5	3	(5)
- Interest income	(15)	(30)	(45)	(57)
- Interest expenses	238	190	502	192
	<u>(758)</u>	<u>(1,480)</u>	<u>1,858</u>	<u>(1,699)</u>
Change in working capital				
- Properties	1,288	(40,088)	14,942	(41,257)
- Trade and other receivables	195	8,678	(85)	6,493
- Trade and other payables	(174)	(1,049)	(9,660)	380
- Bank deposit (pledged)	7,232	(19,189)	5,233	(7,839)
Cash provided by/(used in) operations	<u>7,783</u>	<u>(53,128)</u>	<u>12,288</u>	<u>(43,922)</u>
Interest received	15	30	45	57
Interest paid	(238)	(190)	(502)	(192)
Income tax paid, net	(553)	(202)	(554)	(214)
Net cash provided by/(used in) operating activities	<u>7,007</u>	<u>(53,490)</u>	<u>11,277</u>	<u>(44,271)</u>
Cash flows from investing activities				
Purchases of property, plant and equipment	-	(4)	-	(42)
Purchases of financial assets, available-for-sale	-	(4,152)	-	(4,152)
Proceeds from disposal of property, plant and equipment	34	-	39	-
Proceeds from disposal of investment in associated company	-	-	-	998
Proceeds from disposal of financial assets, available-for-sale	-	-	3,920	-
Dividends received	2	-	2	-
Net cash provided by/(used in) investing activities	<u>36</u>	<u>(4,156)</u>	<u>3,961</u>	<u>(3,196)</u>
Cash flows from financing activities				
Proceeds from borrowings	-	49,490	6,699	51,869
Repayment of borrowings	(8,793)	-	(20,606)	(8,817)
Proceeds from investment by non-controlling interests	-	3,348	-	3,348
Distribution to non-controlling interests	(2,320)	-	(2,320)	-
Dividends paid to equity holders of the Company	(1,322)	(1,322)	(1,322)	(1,322)
Dividends paid to non-controlling interests	(812)	-	(812)	-
Net cash (used in)/provided by financing activities	<u>(13,247)</u>	<u>51,516</u>	<u>(18,361)</u>	<u>45,078</u>
Net decrease in cash and cash equivalents	<u>(6,204)</u>	<u>(6,130)</u>	<u>(3,123)</u>	<u>(2,389)</u>
Cash and cash equivalents at beginning of financial period	40,847	45,655	38,507	41,395
Effects of currency translation on cash and cash equivalents	(1,050)	(528)	(1,791)	(9)
Cash and cash equivalents at end of financial period	<u>33,593</u>	<u>38,997</u>	<u>33,593</u>	<u>38,997</u>

Notes:

(i) For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	<u>30 Jun 2011</u>	<u>30 Jun 2010</u>
Cash and bank balances	58,570	60,836
Less: bank deposit pledged	(24,977)	(21,839)
Cash and cash equivalents per consolidated statement of cash flows	<u>33,593</u>	<u>38,997</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY – GROUP	Attributable to Equity Holders of the Company						
	Share capital S\$'000	Currency translation reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
2011							
As at 1 Jan	140,038	(6,288)	908	9,026	143,684	4,761	148,445
Total comprehensive (loss)/income for the period	---	(892)	(13)	2,607	1,702	59	1,761
Distribution to non-controlling interests	---	---	---	---	---	(2,393)	(2,393)
As at 31 Mar	140,038	(7,180)	895	11,633	145,386	2,427	147,813
Total comprehensive (loss)/income for the period	---	(668)	(189)	(2,979)	(3,836)	855	(2,981)
Distribution to non-controlling interests	---	---	---	---	---	(26)	(26)
Dividends paid	---	---	---	(1,322)	(1,322)	(812)	(2,134)
As at 30 Jun	140,038	(7,848)	706	7,332	140,228	2,444	142,672

STATEMENT OF CHANGES IN EQUITY – GROUP	Attributable to Equity Holders of the Company						
	Share capital S\$'000	Currency translation reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
2010							
As at 1 Jan	140,038	(5,772)	150	5,524	139,940	---	139,940
Total comprehensive (loss)/income for the period	---	(61)	(151)	484	272	---	272
As at 31 Mar	140,038	(5,833)	(1)	6,008	140,212	---	140,212
Total comprehensive (loss)/income for the period	---	(135)	55	41	(39)	198	159
Incorporation of a special purpose entity and investment by non-controlling interests	---	---	---	---	---	3,348	3,348
Dividends paid relating to 2009	---	---	---	(1,322)	(1,322)	---	(1,322)
As at 30 Jun	140,038	(5,968)	54	4,727	138,851	3,546	142,397

STATEMENT OF CHANGES IN EQUITY – COMPANY

	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
2011				
As at 1 Jan	140,038	(146)	11,374	151,266
Total comprehensive income/(loss) for the period	---	49	(1,412)	(1,363)
As at 31 Mar	140,038	(97)	9,962	149,903
Total comprehensive income/(loss) for the period	---	(104)	421	317
Dividends paid relating to 2010	---	---	(1,322)	(1,322)
As at 30 Jun	140,038	(201)	9,061	148,898

STATEMENT OF CHANGES IN EQUITY – COMPANY

	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
2010				
As at 1 Jan	140,038	71	17,446	157,555
Total comprehensive loss for the period	---	(107)	(88)	(195)
As at 31 Mar	140,038	(36)	17,358	157,360
Total comprehensive loss for the period	---	(7)	899	892
Dividends paid relating to 2009	---	---	(1,322)	(1,322)
As at 30 Jun	140,038	(43)	16,935	156,930

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

SHARE OPTIONS AS AT 30 JUN 2011

	Options as at 1 Jan 2011	Lapsed	Options as at 30 Jun 2011
ESOS Grant 2001	150,000	---	150,000
ESOS Grant 2002	975,000	---	975,000
TOTAL	1,125,000	---	1,125,000

SHARE OPTIONS AS AT 30 JUN 2010

	Options as at 1 Jan 2010	Lapsed	Options as at 30 Jun 2010
ESOS Grant 2001	150,000	---	150,000
ESOS Grant 2002	975,000	---	975,000
TOTAL	1,125,000	---	1,125,000

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares as at 30 Jun 2011 was 528,613,759 (31 Dec 2010: 528,613,759). The Group and Company have no treasury share for both years.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Group and Company have no treasury share.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computations applied by the Group are consistent with those used in its audited financial statements as at 31 December 2010, except for those as disclosed under item 5 below.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

On 1 January 2011, the Group adopted the Amendments to FRS 24 – Related party and disclosures. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The adoption of this amended FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	2 nd quarter ended 2011	30 Jun 2010	Half year ended 2011	30 Jun 2010
Earnings per ordinary share of the Group for the year, after deducting any provision for preference dividends:-				
(i) Based on the weighted average number of ordinary shares on issue (in cents)	(0.56)	0.01	(0.07)	0.10
(ii) On a fully diluted basis (in cents)	(0.56)	0.01	(0.07)	0.10

Note

The basic and diluted earnings per share calculation as at 30 Jun 2011 are based on the number of shares of 528,613,759 (30 Jun 2010: 528,613,759).

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	GROUP		COMPANY	
	30 Jun 2011	31 Dec 2010 Audited	30 Jun 2011	31 Dec 2010 Audited
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares at the end of the financial period/year:-	26.53 cents	27.18 cents	28.17 cents	28.62 cents
Number of existing issued shares excluding treasury shares at end of the financial period/year:	528,613,759	528,613,759	528,613,759	528,613,759

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

For the 2nd quarter under review, the Group recorded sales of S\$1.890 million, a decrease of about 46% as compared to the same period of the previous year. The sales were mainly derived from sales of Single Family Residential units in USA and rental income of the three business hotels in Japan (Asagaya, Asakusa and Okayama). Unlike in the previous quarter, there were no completed units of condominium for sales, as the Group's development projects are still under construction. Group gross profit has, however, increased by 29.8% to S\$0.837 million. The increase was attributed to contributions from the three business hotels in Japan.

The lower sales and an unrealised foreign translation loss of S\$0.780 million in the 2nd quarter have resulted in an after-tax loss of S\$2.124 million against a gain of S\$0.239 million recorded in the same period of the previous year. For the half year ended 30 June 2011, an after-tax profit of S\$0.542 million from sales of S\$30.129 million was recorded.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The main highlight for the quarter under review was the commencement of the construction of the 6-storey condominium project comprising 38 apartment units in Tsukimino, Japan ("Tsukimino Project"). Tsukimino is located in the northern part of Kanagawa Prefecture. The completion is scheduled by end of December 2011.

While the Group remains engaged in its property investment and development activities in Japan, the level of such activities may still be affected by the March 11 earthquake and radiation leak in near term.

The buy-sell activity of Single Family Residential ("SFR") units in USA is ongoing. Similarly, the Group's unit in China continues its property consulting and investment (PCI) activity in the 2nd tier cities.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable

- 15. A breakdown of sales.**

Not applicable

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable

BY ORDER OF THE BOARD

Lauw Hui Kian
Director
29 July 2011

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the second quarter ended 30 June 2011 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ngiam Mia Je Patrick
Executive Chairman

Ngiam Mia Kiat Benjamin
Managing Director

29 July 2011