

IPC CORPORATION LTD
(Company Registration No. 198501057M)
1st Quarter Financial Statement

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

- 1(a) An income statement and statement of comprehensive income or 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 1ST QUARTER ENDED 31 MARCH 2013

	31 Mar 2013 S\$'000	Group 31 Mar 2012 S\$'000	Increase/ (decrease) %
Sales	2,597	9,688	(73.2)
Cost of sales	(847)	(7,004)	(87.9)
Gross profit	1,750	2,684	(34.8)
Other income	342	161	NM
Other gains, net	5,633	1,296	NM
Expenses			
Distribution and marketing	(27)	(30)	(10.0)
Administrative	(2,051)	(1,409)	45.6
Finance	(363)	(380)	(4.5)
Other	(4)	—	NA
	(2,445)	(1,819)	34.4
Profit before income tax	5,280	2,322	NM
Income tax expense	(558)	(204)	NM
Total profit	4,722	2,118	NM
Other comprehensive (loss)/income, net of tax			
Financial assets, available-for-sale			
- Disposal	(257)	20	NM
- Fair value gain	54	427	(87.4)
Currency translation differences arising from consolidation	(6,712)	(1,437)	NM
Other comprehensive loss, net of tax	(6,915)	(990)	NM
Total comprehensive (loss)/income	(2,193)	1,128	NM
Profit attributable to:			
- Equity holders of the Company	4,598	2,010	NM
- Non-controlling interests	124	108	14.8
	4,722	2,118	NM
Total comprehensive (loss)/income attributable to:			
- Equity holders of the Company	(2,317)	1,020	NM
- Non-controlling interests	124	108	14.8
	(2,193)	1,128	NM

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

	31 Mar 2013 S\$'000	Group 31 Mar 2012 S\$'000	Increase/ (decrease) %
Amortisation of leasehold properties (Note 7)	18	27	(33.3)
Depreciation (Note 8)	100	67	49.3
Fair value gain on asset revaluation (Note 3)	(1,717)	–	NA
Foreign exchange gain, net (Note 9)	(3,705)	(1,096)	NM
Gain on disposal of financial assets, available-for-sale (Note 10)	(360)	(200)	80.0
Loss on disposal of other assets	149	–	NA
Interest income (Note 2)	(257)	(22)	NM
Interest expenses	363	380	(4.5)
Dividend income (Note 11)	(36)	(77)	(53.2)

Notes

1. Gross profit
The decrease in gross profit was in tandem with the decrease in sales.
2. Other income
The increase in other income was mainly due to interest income earned from financial asset, available-for sale.
3. Other gains, net
Other gains for the 1st quarter ended 2013 were mainly contributed by the increase in unrealised foreign exchange gains, net (refer to Note 9) and fair value gain on asset revaluation for investment property in Japan.
4. Distribution and marketing expenses
The decrease was related to lower distribution and marketing expenses incurred in China.
5. Administrative expenses
The increase was mainly due to higher expenses incurred for the projects and hotels in Japan.
6. Income tax expenses
The increase was related to income tax expenses incurred in Japan.
7. The decrease was related to amortisation expenses incurred in China.
8. The increase in depreciation was mainly due to additions in property, plant and equipment during last quarter of FY2012.
9. The movement in the exchange rates of Japanese Yen against the Singapore Dollar resulted in foreign exchange gain. The gains were mainly unrealised, due to recorded monetary balances denominated in foreign currencies that were adjusted to reflect the Singapore dollars equivalent at the statements of financial position date.
10. The increase was mainly due to disposal of investments.
11. The decrease was mainly due to the lower dividend income earned as compared to the same period of the previous year.

NM:Not meaningful (change more than 100%)

NA:Not applicable

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

STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Company</u>	
	31 Mar 2013	31 Dec 2012 Audited	31 Mar 2013	31 Dec 2012 Audited
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents (i)	78,883	67,408	60,354	52,708
Trade and other receivables (ii)	2,149	6,115	410	277
Inventories	–	32	–	–
Tax recoverable	1,099	1,131	–	–
Properties developed for sale	19,541	20,264	–	–
Properties under development (iii)	70,048	60,729	–	–
	<u>171,720</u>	<u>155,679</u>	<u>60,764</u>	<u>52,985</u>
Non-current assets				
Financial assets, available-for-sale (iv)	23,838	31,715	15,146	23,122
Other receivables	–	–	56,530	55,433
Prepayment (v)	289	322	–	–
Other asset	156	156	–	–
Investment in associated companies	–	–	–	–
Investment in subsidiaries	–	–	95,088	89,608
Investment properties	70,858	65,288	–	–
Prepaid leasehold properties	3,989	3,896	–	–
Land held for development	6,422	6,422	6,422	6,422
Property, plant and equipment (vi)	6,862	15,962	178	191
Deferred income tax assets (vii)	11	9	–	–
	<u>112,425</u>	<u>123,770</u>	<u>173,364</u>	<u>174,776</u>
Total assets	<u>284,145</u>	<u>279,449</u>	<u>234,128</u>	<u>227,761</u>
LIABILITIES				
Current liabilities				
Borrowings	57,362	55,692	46,974	45,367
Trade and other payables (viii)	18,709	11,338	521	729
Current income tax liabilities	339	353	–	–
	<u>76,410</u>	<u>67,383</u>	<u>47,495</u>	<u>46,096</u>
Non-current liabilities				
Borrowings	27,395	29,571	–	–
Deferred income tax liabilities	3,784	3,635	–	–
	<u>31,179</u>	<u>33,206</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>107,589</u>	<u>100,589</u>	<u>47,495</u>	<u>46,096</u>
NET ASSETS	<u>176,556</u>	<u>178,860</u>	<u>186,633</u>	<u>181,665</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	169,658	169,658	169,658	169,658
Currency translation reserve	(17,274)	(10,562)	–	–
Fair value reserve	1,266	1,469	636	794
Retained earnings	20,104	15,506	16,339	11,213
	<u>173,754</u>	<u>176,071</u>	<u>186,633</u>	<u>181,665</u>
Non-controlling interests	2,802	2,789	–	–
Total equity	<u>176,556</u>	<u>178,860</u>	<u>186,633</u>	<u>181,665</u>

Notes

- (i) The increase in cash and cash equivalents was mainly attributable to the proceeds from the disposal of financial assets, available-for-sale and refund of advance payment from third party.
- (ii) The decrease was mainly due to refund of advance payment in regards to termination of contract in China.
- (iii) The increase was due to the condominium projects in Oppama and Oiso, Japan.
- (iv) The decrease was mainly due to the disposal of investments.
- (v) The decrease was due to amortisation of prepayment in China.
- (vi) The decrease was mainly attributable to the transfer of property, plant and equipment to investment property in Japan.
- (vii) The increase was due to deferred income tax assets in Japan.
- (viii) The increase was mainly due to the accrual of construction cost for the condominium projects in Oppama and Oiso, Japan.

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

Amount repayable in one year or less, or on demand

<u>Group</u>		<u>Group</u>	
As at 31 Mar 2013		As at 31 Dec 2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
57,362	Nil	55,692	Nil

Amount repayable after one year

<u>Group</u>		<u>Group</u>	
As at 31 Mar 2013		As at 31 Dec 2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
27,395	Nil	29,571	Nil

Details of any collateral

The Group's borrowings were secured by pledge of prepaid leasehold property, leasehold building and property under development in Zhuhai, China, certain investment properties in Japan, certain bank deposits and certain financial assets, available-for-sale.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	31 Mar 2013	31 Mar 2012
	S\$'000	S\$'000
Cash flows from operating activities		
Total profit	4,722	2,118
Adjustments for		
- Income tax expense	558	204
- Depreciation	100	67
- Amortisation of prepaid leasehold properties	18	27
- Unrealised translation gains	(3,183)	(1,708)
- Gain on disposal of financial assets, available-for-sale	(360)	(200)
- Loss on disposal of other assets	149	-
- Fair value gain on asset valuation	(1,717)	-
- Interest income	(257)	(22)
- Interest expenses	363	380
- Dividend income	(36)	(77)
	357	789
Change in working capital		
- Inventories	32	-
- Properties	(13,282)	945
- Trade and other receivables	4,126	67
- Trade and other payables	7,371	(865)
Cash (used in)/ generated from operations	(1,396)	936
Interest received	134	22
Income tax paid, net	(156)	(448)
Net cash (used in)/provided by operating activities (i)	(1,418)	510
Cash flows from investing activities		
Purchases of financial assets, available-for-sale	(1,500)	-
Purchases of property, plant and equipment	-	(2)
Proceeds from disposal of financial assets, available-for-sale	9,679	253
Dividends received	36	77
Net cash provided by investing activities	8,215	328
Cash flows from financing activities		
Bank deposits (pledged)	(2,288)	884
Interest paid	(363)	(380)
Proceeds from borrowings (ii)	5,765	2,782
Repayment of borrowings	(879)	(5,344)
Proceeds from issuance of shares	-	7,200
Distribution to non-controlling interests	(111)	(97)
Net cash provided by financing activities	2,124	5,045
Net increase in cash and cash equivalents	8,921	5,883
Cash and cash equivalents at beginning of financial year	27,201	38,710
Effects of currency translation on cash and cash equivalents	266	(1,140)
Cash and cash equivalents at end of financial year	36,388	43,453

Notes:

- (i) The deficit in cash from operations was mainly related to the projects in Japan.
- (ii) The borrowing was taken for the projects in Japan.
- (iii) For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	31 Mar 2013	31 Mar 2012
	S\$'000	S\$'000
Cash and bank balances	78,883	62,270
Less: bank deposit pledged	(42,495)	(18,817)
Cash and cash equivalents per consolidated statement of cash flows	36,388	43,453

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					Non-controlling interests	Total Equity
	Share capital	Currency translation reserve	Fair value reserve	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2013							
As at 1 Jan	169,658	(10,562)	1,469	15,506	176,071	2,789	178,860
Total comprehensive (loss)/income for the year	–	(6,712)	(203)	4,598	(2,317)	124	(2,193)
Distribution to non-controlling interests	–	–	–	–	–	(111)	(111)
As at 31 Mar	169,658	(17,274)	1,266	20,104	173,754	2,802	176,556

STATEMENT OF CHANGES IN EQUITY – GROUP	Attributable to Equity Holders of the Company					Non-controlling interests	Total Equity
	Share capital	Currency translation reserve	Fair value reserve	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2012							
As at 1 Jan	140,038	(3,373)	314	11,352	148,331	3,472	151,803
Issue of new shares	7,200	–	–	–	7,200	–	7,200
Total comprehensive (loss)/income for the year	–	(1,437)	447	2,010	1,020	108	1,128
Distribution to non-controlling interests	–	–	–	–	–	(97)	(97)
As at 31 Mar	147,238	(4,810)	761	13,362	156,551	3,483	160,034

STATEMENT OF CHANGES IN EQUITY – COMPANY

	Share capital	Fair value reserve	Retained earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
2013				
As at 1 Jan	169,658	794	11,213	181,665
Total comprehensive (loss)/income for the year	–	(158)	5,126	4,968
As at 31 Mar	169,658	636	16,339	186,633

STATEMENT OF CHANGES IN EQUITY – COMPANY

	Share capital	Fair value reserve	Retained earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
2012				
As at 1 Jan	140,038	(291)	10,164	149,911
Issue of new shares	7,200	–	–	7,200
Total comprehensive income/(loss) for the year	–	348	(308)	40
As at 31 Mar	147,238	57	9,856	157,151

- 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 31 MAR 2012

	Options as at 1 Jan 2012	Lapsed	Options as at 31 Mar 2012
ESOS Grant 2002	975,000	(975,000)	–
TOTAL	975,000	(975,000)	–

There are no outstanding share options as at 31 March 2013.

SHARE CAPITAL

	<u>2013</u>		<u>2012</u>	
	Number of shares	S\$'000	Number of shares	S\$'000
As at 1 Jan	852,920,638	169,658	528,613,759	140,038
Issue of shares pursuant to placement	–	–	40,000,000	7,200
As at 31 Mar	852,920,638	169,658	568,613,759	147,238

- 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 31 Mar 2013 was 852,920,638 (31 Dec 2012: 852,920,638). 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 2012, 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 2013, the Group adopted the FRS 113 Fair Value Measurement. 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 FRS did not result in any 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.

	31 Mar 2013	Group 31 Mar 2012 <i>(Restated)</i>	31 Mar 2012
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)	0.54	0.33*	0.37
(ii) On a fully diluted basis (in cents)	0.54	0.33*	0.37

Note:

The basic and diluted earnings per share calculation for the above are based on the following weighted average number of shares:

	31 Mar 2013	Group 31 Mar 2012 <i>(Restated)</i>	31 Mar 2012
Weighted average number of shares	852,920,638	605,780,468*	539,602,770

*In July 2012, the Company issued and allotted 284,306,879 new ordinary shares in the capital of the Company 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. The Rights Shares were offered at S\$0.08 per share and represented a discount to the fair value of existing shares. The number of shares used for prior period calculation of earnings per share was adjusted for the discounted Rights Issue in order to provide a comparable basis for the current year.

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	
	31 Mar 2013	31 Dec 2012 Audited	31 Mar 2013	31 Dec 2012 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:-	20.37 cents	20.64 cents	21.88 cents	21.30 cents
Number of existing issued shares excluding treasury shares at end of the financial period/year:	852,920,638	852,920,638	852,920,638	852,920,638

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.**

Group sales decreased by 73.2% to S\$2.597 million for the 1st quarter ended 31 March 2013 when compared to S\$9.688 million recorded for the same period of the previous year. The sales for Q1 FY2013 were mainly derived from income of six business hotels in Japan (Asagaya, Asakusa, Okayama, Matsuyama, Kumamoto and Sapporo).

The decrease in sales was attributed to completed condominium units not being available for sale in Q1 FY2013 as the Group's two condominium projects under development (Oppama and Oiso in Japan) are scheduled for completion by Q2 FY2013 and Q4 FY2013 respectively. Correspondingly, gross profit has decreased by 34.8% to S\$1.75 million as compared to S\$2.684 million.

The Group's other gains of S\$5.633 million were mainly attributed to unrealised foreign exchange gains of S\$3.705 million resulting from the weakening of exchange rate of Japanese Yen against Singapore dollars on the Japanese Yen loans, gains of S\$1.717 million from the revaluation of investment property in Japan, gains on disposal of available-for-sale financial assets of S\$0.36 million and net off other losses.

The gross profit of S\$1.75 million coupled with other gains and other income have resulted a Group profit before tax of S\$5.28 million and an after-tax profit of S\$4.722 million for the 1st quarter ended 31 March 2013.

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 purchase of the seventh business hotel in Sapporo, Japan. The hotel is currently being operated under the name of Chisun Hotel Sapporo ("Sapporo North Hotel"). Target completion of the purchase and delivery of the hotel to the Company is in May 2013.

The Group is working towards the completion of 2 condominium projects in Oppama and Oiso in Japan by Q2 and Q4 FY2013 respectively. Based on the initial schedule, the Oiso project was expected to complete by Q3 FY2013, but due to some delays in obtaining certain approval, the project is expected to be completed by Q4 FY2013.

Concurrently, the Group has commenced work to furnish a boutique hotel under its own brand, Grand nest, in Zhuhai, PRC of over 200 rooms and completion is expected to be in Q4 FY2013.

The Group shall continue to actively evaluate opportunities to invest in income producing assets such as business hotels in Japan, China and other countries with the view to having a constant income stream.

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/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have any general mandate from shareholders pursuant to Rule 920.

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 1st quarter ended 31 March 2013 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

30 April 2013

BY ORDER OF THE BOARD

Lauw Hui Kian
Director
30 April 2013