

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 2014

	31 Mar 2014 S\$'000	Group 31 Mar 2013 S\$'000	Increase/ (decrease) %
Sales	7,463	2,597	NM
Cost of sales	(4,172)	(847)	NM
Gross profit/(loss)	3,291	1,750	88.1
Other income	318	342	(7.0)
Other gains/(losses), net	(1,032)	5,633	NM
Expenses			
Distribution and marketing	(535)	(27)	NM
Administrative	(2,464)	(2,051)	20.1
Finance	(865)	(363)	NM
Other	—	(4)	(100.0)
Profit/(loss) before income tax	(1,287)	5,280	NM
Income tax expense	(211)	(558)	(62.2)
Total profit/(loss)	(1,498)	4,722	NM
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Disposal	—	(257)	(100.0)
- Fair value gain/(loss)	134	54	NM
Currency translation gain/(loss) arising from consolidation	(1,135)	(6,712)	(83.1)
Other comprehensive income/(loss), net of tax	(1,001)	(6,915)	(85.5)
Total comprehensive income/(loss)	(2,499)	(2,193)	14.0
Profit/(loss) attributable to:			
- Equity holders of the Company	(1,611)	4,598	NM
- Non-controlling interests	113	124	(8.9)
	(1,498)	4,722	NM
Total comprehensive income/(loss) attributable to:			
- Equity holders of the Company	(2,612)	(2,317)	12.7
- Non-controlling interests	113	124	(8.9)
	(2,499)	(2,193)	14.0

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

	31 Mar 2014 S\$'000	Group 31 Mar 2013 S\$'000	Increase/ (decrease) %
Amortisation of leasehold properties	19	18	5.6
Depreciation (Note 7)	66	100	(34.0)
Fair value gain on asset revaluation	–	(1,717)	(100.0)
Foreign exchange loss/(gain), net (Note 8)	1,032	(3,705)	NM
Gain on disposal of financial assets, available-for-sale	–	(360)	(100.0)
Loss on disposal of assets capitalised in property under development	–	149	(100.0)
Interest income	(237)	(257)	(8.0)
Interest expenses (Note 5)	865	363	NM
Dividend income	–	(36)	(100.0)

Notes

1. Gross profit

The increase in gross profit was in tandem with the increase in sales which was mainly contributed by additional business hotels (nest HOTEL sapporo ekimae, nest HOTEL naha and nest HOTEL osaka shinsabashi) and sale of apartment units in Oppama and Oiso in Japan.

2. Other gains/(losses), net

Other losses for the 1st quarter 2014 were contributed by losses in unrealised foreign exchange (refer note 8). Other gains for the 1st quarter 2013 were contributed by gains in unrealised foreign exchange and gain in fair value on asset revaluation.

3. Distribution and marketing

The increase was mainly related to the marketing & advertising expenses for Oppama and Oiso projects in Japan.

4. Administrative expenses

The increase was mainly due to the re-branding expense incurred for nest HOTEL sapporo odori and nest HOTEL osaka shinsaibashi in Japan.

5. Finance expenses

The increase was mainly due to interest expenses incurred on additional borrowing for project in Japan comparing the two periods under review.

6. Income tax expenses

The decrease was related to income tax expenses incurred in Japan.

7. The decrease was related to reclassification of property, plant and equipment to investment property during 2013.

8. The movement in the exchange rates of Japanese Yen against the Singapore Dollar resulted in foreign exchange loss. The losses 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.

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 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	S\$'000	Audited S\$'000	S\$'000	Audited S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	84,914	86,221	64,695	65,768
Trade and other receivables	2,386	2,495	409	289
Tax recoverable	1,772	1,897	–	–
Properties developed for sale (i)	38,270	42,655	–	–
Properties under development	42,985	42,920	–	–
	<u>170,327</u>	<u>176,188</u>	<u>65,104</u>	<u>66,057</u>
Non-current assets				
Financial assets, available-for-sale	21,223	21,319	12,838	12,717
Other receivables	–	–	57,393	59,077
Prepayment (ii)	141	182	–	–
Other asset	156	156	–	–
Investment in associated companies	–	–	–	–
Investment in subsidiaries	–	–	106,032	106,059
Investment properties	118,718	116,772	–	–
Prepaid leasehold properties	4,001	4,202	–	–
Land held for development	6,422	6,422	6,422	6,422
Property, plant and equipment	6,748	7,001	130	142
Deferred income tax assets (iii)	5	3	–	–
	<u>157,414</u>	<u>156,057</u>	<u>182,815</u>	<u>184,417</u>
Total assets	<u>327,741</u>	<u>332,245</u>	<u>247,919</u>	<u>250,474</u>
LIABILITIES				
Current liabilities				
Borrowings	67,166	67,469	57,671	57,792
Trade and other payables (iv)	6,964	8,848	1,178	942
Current income tax liabilities	341	378	–	–
	<u>74,471</u>	<u>76,695</u>	<u>58,849</u>	<u>58,734</u>
Non-current liabilities				
Borrowings	62,815	62,566	–	–
Deferred income tax liabilities	6,112	6,035	–	–
	<u>68,927</u>	<u>68,601</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>143,398</u>	<u>145,296</u>	<u>58,849</u>	<u>58,734</u>
NET ASSETS	<u>184,343</u>	<u>186,949</u>	<u>189,070</u>	<u>191,740</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	(19,842)	(18,707)	–	–
Fair value reserve	1,529	1,395	950	829
Retained earnings	29,995	31,606	18,462	21,253
	<u>181,340</u>	<u>183,952</u>	<u>189,070</u>	<u>191,740</u>
Non-controlling interests	3,003	2,997	–	–
Total equity	<u>184,343</u>	<u>186,949</u>	<u>189,070</u>	<u>191,740</u>

Notes

- (i) The decrease was due to sales of completed apartment units from Oppama and Oiso projects in Japan.
- (ii) The decrease was due to the utilisation of prepayment in China.
- (iii) The increase was due to deferred income tax assets in Japan.
- (iv) The decrease was due to payment made to creditors in 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 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
61,166	6,000	61,469	6,000

Amount repayable after one year

<u>Group</u>		<u>Group</u>	
As at 31 Mar 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
62,815	Nil	62,566	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, 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 2014	31 Mar 2013
	S\$'000	S\$'000
Cash flows from operating activities		
Total profit/(loss)	(1,498)	4,722
Adjustments for		
- Income tax expense	211	558
- Depreciation	66	100
- Amortisation of prepaid leasehold properties	19	18
- Unrealised translation losses/(gains)	1,191	(3,183)
- Gain on disposal of financial assets, available-for-sale	-	(360)
- Loss on disposal of assets capitalised in property under development	-	149
- Fair value gain on asset valuation	-	(1,717)
- Interest income	(237)	(257)
- Interest expenses	865	363
- Dividend income	-	(36)
	617	357
Change in working capital		
- Inventories	-	32
- Properties	2,487	(13,282)
- Trade and other receivables	164	4,126
- Trade and other payables	(2,182)	7,371
Cash generated from/(used in) operations	1,086	(1,396)
Interest received	349	134
Income tax paid, net	(264)	(156)
Net cash provided by/(used in) operating activities	1,171	(1,418)
Cash flows from investing activities		
Purchases of financial assets, available-for-sale	-	(1,500)
Purchases of property, plant and equipment	(10)	-
Proceeds from disposal of financial assets, available-for-sale	-	9,679
Dividends received	-	36
Net cash provided by/(used in) investing activities	(10)	8,215
Cash flows from financing activities		
Bank deposits (pledged)	333	(2,288)
Interest paid	(565)	(363)
Proceeds from borrowings	-	5,765
Repayment of borrowings	(1,603)	(879)
Distribution to non-controlling interests	(107)	(111)
Net cash provided by/(used in) financing activities	(1,942)	2,124
Net increase/(decrease) in cash and cash equivalents	(781)	8,921
Cash and cash equivalents at beginning of financial year	36,495	27,201
Effects of currency translation on cash and cash equivalents	(193)	266
Cash and cash equivalents at end of financial year	35,521	36,388

Notes:

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

	31 Mar 2014	31 Mar 2013
	S\$'000	S\$'000
Cash and bank balances	84,914	78,883
Less: bank deposit pledged	(49,393)	(42,495)
Cash and cash equivalents per consolidated statement of cash flows	35,521	36,388

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
2014							
As at 1 Jan	169,658	(18,707)	1,395	31,606	183,952	2,997	186,949
Total comprehensive income/(loss) for the period	–	(1,135)	134	(1,611)	(2,612)	113	(2,499)
Distribution to non-controlling interests	–	–	–	–	–	(107)	(107)
As at 31 Mar	169,658	(19,842)	1,529	29,995	181,340	3,003	184,343

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 income/(loss) for the period	–	(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 – COMPANY

	Share capital	Fair value reserve	Retained earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
2014				
As at 1 Jan	169,658	829	21,253	191,740
Total comprehensive income/(loss) for the period	–	121	(2,791)	(2,670)
As at 31 Mar	169,658	950	18,462	189,070

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 income/(loss) for the period	–	(158)	5,126	4,968
As at 31 Mar	169,658	636	16,339	186,633

- 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.**

Not applicable.

- 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 2014 was 852,920,638 (31 Dec 2013: 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 2013, 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.**

FRS 110 Consolidated Financial Statements

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

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 adoption of these FRSs do not have any material impact on the amounts reported for the current and prior financial year.

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	
	31 Mar 2014	31 Mar 2013
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)	(0.19)	0.54
(ii) On a fully diluted basis (in cents)	(0.19)	0.54

**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 2014	31 Dec 2013 Audited	31 Mar 2014	31 Dec 2013 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:-	21.26 cents	21.57 cents	22.17 cents	22.48 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 increased by 187.4% to S\$7.463 million for the 1st quarter ended 31 March 2014 when compared to S\$2.597 million recorded for the same period of the previous year.

The increase in sales revenue was mainly derived from the following condominium projects and business hotels in Japan:

- i) completed apartment units available for sale from the Oppama and Oiso projects since Q2 and December 2013, respectively;
- ii) the seventh business hotel, nest HOTEL sapporo ekimae, Sapporo, where completion of the purchase was on 1st May 2013;
- iii) the eighth business hotel, nest HOTEL naha, Okinawa, where completion of the purchase was on 1st July 2013; and
- iv) the ninth business hotel, nest HOTEL osaka shinsaibashi, Osaka, where completion of the purchase was on 11th October 2013.

Correspondingly, gross profit has increased by 88.1% to S\$3.291 million as compared to S\$1.750 million of the same period of the previous year.

Notwithstanding an increase in the gross profit, the Group recorded a loss before tax of S\$1.287million and an after-tax loss of S\$1.498 million for the 1st quarter ended 31 March 2014 due to the following:

- i) The Group's other losses of S\$1.032 million (due to unrealised foreign exchange losses resulting mainly from the strengthening of exchange rate of Japanese Yen against Singapore dollars on the Group's Japanese Yen loans);
- ii) a one-time marketing & advertising expense of \$0.488 million incurred for the Oiso and Oppama projects; and
- iii) a one-time re-branding expense of \$0.557 million incurred for nest HOTEL sapporo odori and nest HOTEL osaka shinsaibashi.

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

The commentary under paragraph 10 of the Group's previous results announcement (Q4 FY2013) and the actual results are in line with the commentary.

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 Group will continue to sell the remaining stock of completed apartment units of the Oppama and Oiso projects in Japan in FY2014. Grand nest HOTEL zhuhai, in PRC has commenced operation on 28 April 2014.

The Group is continuously seeking and evaluating opportunities to expand its hotel portfolio in Japan, China and other countries.

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.

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 2014 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 2014

BY ORDER OF THE BOARD

Lauw Hui Kian
Director
30 April 2014