

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 2016**

	<u>Group</u>		
	31 Mar 2016	31 Mar 2015	Increase/ (decrease) %
	S\$'000	S\$'000	
Sales	968	6,932	(86.0)
Cost of sales	(548)	(3,337)	(83.6)
Gross profit/(loss)	420	3,595	(88.3)
Other income	420	295	42.4
Other gains/(losses), net	(8,941)	1,217	NM
Expenses			
Distribution and marketing	(89)	(200)	(55.5)
Administrative	(1,244)	(2,904)	(57.2)
Finance	(189)	(685)	(72.4)
Other	(1)	(1)	-
	(1,523)	(3,790)	(59.8)
Profit/(loss) before income tax	(9,624)	1,317	NM
Income tax credit/(expense)	1,622	(1,011)	NM
Total profit/(loss)	(8,002)	306	NM
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value gain/(loss)	(53)	567	NM
- Disposal	(401)	(21)	NM
Currency translation gain/(loss) arising from consolidation	7,256	3,318	NM
Other comprehensive income/(loss), net of tax	6,802	3,864	76.0
Total comprehensive income/(loss)	(1,200)	4,170	NM
Profit/(loss) attributable to:			
- Equity holders of the Company	(8,002)	210	NM
- Non-controlling interests	-	96	NA
	(8,002)	306	NM
Total comprehensive income/(loss) attributable to:			
- Equity holders of the Company	(1,200)	4,074	NM
- Non-controlling interests	-	96	NA
	(1,200)	4,170	NM

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

	31 Mar 2016 S\$'000	<u>Group</u> 31 Mar 2015 S\$'000	Increase/ (decrease) %
Amortisation of leasehold properties	20	20	-
Depreciation (Note 5)	162	133	21.8
Foreign exchange losses/(gains), net (Note 7)	9,257	(1,184)	NM
Gain on disposal of financial assets, available-for-sale	(316)	(33)	NM
Interest income	(257)	(234)	9.8
Interest expenses (Note 6)	189	685	(72.4)

Notes

1. Gross profit/(loss)
The decrease in gross profit for the financial period under review was in tandem with decrease in sales.
2. Other income
The increase in other income was mainly due to higher fixed deposit interest and rental income received.
3. Distribution and marketing, administrative and finance expense
The decrease was mainly related to lower operating expenses and finance cost incurred in Japan after selling the 7 hotels at the end of FY2015.
4. Income tax credit
The income tax credit was mainly related to overprovision of deferred tax liabilities in Japan.
5. The increase in depreciation was mainly due to the addition of property, plant and equipment for the operation of Grand nest HOTEL zhuhai, China.
6. The decrease was mainly due to lower finance cost incurred in Japan after selling the 7 hotels at the end of FY2015.
7. The foreign exchange losses were mainly due to the currency translation losses reclassified to income statement upon deconsolidation of subsidiaries in Japan after the full redemption of capital.

The other movement in the exchange rates of United States Dollar, Hong Kong Dollar and Renminbi against the Singapore Dollar was mainly unrealised, due to recorded monetary balances denominated in foreign currencies that were adjusted to reflect the Singapore Dollars equivalent at the end of the reporting period.

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 2016	31 Dec 2015 Audited	31 Mar 2016	31 Dec 2015 Audited
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents (i)	147,030	168,392	143,775	102,236
Trade and other receivables (ii)	592	10,019	236	286
Tax recoverable	647	675	–	–
Properties developed for sale	20,232	21,175	–	–
Properties held for sale	3,170	3,306	–	–
Other assets	54	54	–	–
Non-current asset held for sale	44,805	47,080	–	–
	<u>216,530</u>	<u>250,701</u>	<u>144,011</u>	<u>102,522</u>
Non-current assets				
Financial assets, available-for-sale (iii)	5,306	12,904	2,440	10,039
Other receivables	–	–	60,708	63,232
Prepayment	1	3	–	–
Other asset	112	110	–	–
Investment in associated companies	–	–	–	–
Investment in subsidiaries	–	–	36,155	82,784
Prepaid leasehold properties	4,000	4,274	–	–
Land held for development	6,422	6,422	6,422	6,422
Property, plant and equipment	8,996	9,470	1,420	1,459
	<u>24,837</u>	<u>33,183</u>	<u>107,145</u>	<u>163,936</u>
Total assets	<u>241,367</u>	<u>283,884</u>	<u>251,156</u>	<u>266,458</u>
LIABILITIES				
Current liabilities				
Borrowings (iv)	5,671	10,940	–	5,326
Trade and other payables (v)	2,136	28,741	138	3,498
Current income tax liabilities (vi)	348	1,635	–	–
	<u>8,155</u>	<u>41,316</u>	<u>138</u>	<u>8,824</u>
Non-current liabilities				
Borrowings (iv)	3,356	3,937	–	–
Deferred income tax liabilities (vii)	–	2,877	–	–
	<u>3,356</u>	<u>6,814</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>11,511</u>	<u>48,130</u>	<u>138</u>	<u>8,824</u>
NET ASSETS	<u>229,856</u>	<u>235,754</u>	<u>251,018</u>	<u>257,634</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	(1,319)	(13,137)	–	–
Fair value reserve	53	507	53	507
Retained earnings	61,464	74,028	81,307	87,469
	<u>229,856</u>	<u>231,056</u>	<u>251,018</u>	<u>257,634</u>
Non-controlling interests	–	4,698	–	–
Total equity	<u>229,856</u>	<u>235,754</u>	<u>251,018</u>	<u>257,634</u>

Notes

- (i) The decrease in cash and cash equivalents was mainly due to repayment of borrowings and trade and other payables.
- (ii) The decrease was mainly due to deconsolidation of subsidiaries in Japan.
- (iii) The decrease was mainly due to the disposal of financial assets, available-for-sale during the period.
- (iv) The decrease was mainly due to repayment of borrowings.
- (v) The decrease was mainly due to the settlement of trade and other payables in Japan.
- (vi) The decrease was mainly due to the settlement of the tax liabilities in Japan.
- (vii) The decrease was mainly due to overprovision and the utilisation of deferred tax liabilities 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 March 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,671	Nil	10,940	Nil

Amount repayable after one year

<u>Group</u>		<u>Group</u>	
As at 31 March 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,356	Nil	3,937	Nil

Details of any collateral

The Group's borrowings were secured by pledge of non-current asset held for sale in Zhuhai, China.

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

	<u>Group</u>	
	31 Mar 2016	31 Mar 2015
	S\$'000	S\$'000
Cash flows from operating activities		
Total profit/(loss)	(8,002)	306
Adjustments for		
- Income tax expense/(credit)	(1,622)	1,011
- Depreciation	162	133
- Amortisation of prepaid leasehold properties	20	20
- Unrealised translation losses/(gains)	5,765	(1,935)
- Gain on disposal of financial assets, available-for-sale	(316)	(33)
- Interest income	(257)	(234)
- Interest expenses	189	685
	<u>(4,061)</u>	<u>(47)</u>
Change in working capital		
- Other assets	-	(9)
- Properties	(28)	2,626
- Trade and other receivables	1,509	1,689
- Trade and other payables	<u>(16,778)</u>	<u>(2,385)</u>
Cash generated/(used in) from operations	(19,358)	1,874
Interest received	10	111
Income tax paid, net	<u>(2,194)</u>	<u>(4,537)</u>
Net cash provided by/(used in) operating activities (i)	<u>(21,542)</u>	<u>(2,552)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(14)	(572)
Proceeds from disposal of financial assets, available-for-sale	7,343	376
Loss of control over subsidiaries, net of cash disposed	<u>(1,916)</u>	<u>-</u>
Net cash provided by/(used in) investing activities	<u>5,413</u>	<u>(196)</u>
Cash flows from financing activities		
Bank deposit (pledged)	6,000	10,945
Interest paid	(374)	(976)
Proceeds from borrowings	-	1,380
Repayment of borrowings	(5,460)	(18,557)
Distribution to non-controlling interests	-	(462)
Net cash provided by/(used in) financing activities	<u>166</u>	<u>(7,670)</u>
Net increase/(decrease) in cash and cash equivalents	(15,963)	(10,418)
Cash and cash equivalents at beginning of financial year	162,392	65,564
Effects of currency translation on cash and cash equivalents	601	681
Cash and cash equivalents at end of financial year	<u>147,030</u>	<u>55,827</u>

Notes:

- (i) The deficit in cash from operation was mainly related to the payment of trade and other payables due to the sale of the 7 hotels in Japan.
- (ii) For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	S\$'000	S\$'000
Cash and bank balances	147,030	81,322
Less: bank deposit pledged	-	(25,495)
Cash and cash equivalents per consolidated statement of cash flows	<u>147,030</u>	<u>55,827</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					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
2016							
As at 1 January	169,658	(13,137)	507	74,028	231,056	4,698	235,754
Total comprehensive income/(loss) for the period							
Profit/(loss) for the period	–	–	–	(8,002)	(8,002)	–	(8,002)
Other comprehensive income/(loss) for the period	–	11,818	(454)	(4,562)	6,802	–	6,802
	–	11,818	(454)	(12,564)	(1,200)	–	(1,200)
Total transactions with owners, recognised directly in equity							
Loss of control over subsidiaries	–	–	–	–	–	(4,698)	(4,698)
	–	–	–	–	–	(4,698)	(4,698)
As at 31 March	169,658	(1,319)	53	61,464	229,856	–	229,856

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
2015							
As at 1 January	169,658	(20,513)	1,820	57,255	208,220	4,764	212,984
Total comprehensive income/(loss) for the period							
Profit/(loss) for the period	–	–	–	210	210	96	306
Other comprehensive income/(loss) for the period	–	3,318	546	–	3,864	–	3,864
	–	3,318	546	210	4,074	96	4,170
Total transactions with owners, recognised directly in equity							
Distribution to non-controlling interests	–	–	–	–	–	(462)	(462)
	–	–	–	–	–	(462)	(462)
As at 31 March	169,658	(17,195)	2,366	57,465	212,294	4,398	216,692

STATEMENT OF CHANGES IN EQUITY – COMPANY	Share capital	Fair value reserve	Retained earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
2016				
As at 1 January	169,658	507	87,469	257,634
Total comprehensive income/(loss) for the period				
Profit/(loss) for the period	–	–	(6,162)	(6,162)
Other comprehensive income/(loss) for the period	–	(454)	–	(454)
	–	(454)	(6,162)	(6,616)
As at 31 March	169,658	53	81,307	251,018

STATEMENT OF CHANGES IN EQUITY – COMPANY

	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
2015				
As at 1 January	169,658	1,249	19,905	190,812
Total comprehensive income/(loss) for the period				
Profit/(loss) for the period	–	–	19,492	19,492
Other comprehensive income/(loss) for the period	–	533	–	533
	–	533	19,492	20,025
As at 31 March	169,658	1,782	39,397	210,837

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 March 2016 was 85,291,885 (31 Dec 2015: 85,291,885). The Group and Company do not have treasury share for both periods.

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 do not have 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 2015, 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 1 Presentation of financial statements (effective for annual periods beginning on or after 1 January 2016)

The amendments clarify the guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

The adoption of the FRS does 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.

	<u>Group</u>	
	31 Mar 2016	31 Mar 2015 Restated*
Earning/(loss) 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)	(9.38)	0.25
(ii) On a fully diluted basis (in cents)	(9.38)	0.25

* For comparison purpose, due to the share consolidation of every ten (10) ordinary shares into one (1) ordinary share in the Capital of the Company, fractional entitlements to be disregarded, which was completed on 9 June 2015.

**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.**

	<u>Group</u>		<u>Company</u>	
	31 Mar 2016	31 Dec 2015 Audited	31 Mar 2016	31 Dec 2015 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:-	S\$2.69	S\$2.71	S\$2.94	S\$3.02
Number of existing issued shares excluding treasury shares at end of the financial period/year:	85,291,885	85,291,885	85,291,885	85,291,885

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.**

The Group recorded sales of S\$0.968 million for the 1st quarter ended 31 March 2016 compared to S\$6.932 million for the previous financial period.

The decrease in sales for the 1st quarter under review compared to the same period of previous year was mainly due to the following:

- i) The absence of sales from Oiso project in Japan; and
- ii) The absence of rental income from the 7 hotels which were sold at the end of FY2015.

As a result, the gross profit decreased by 88.3% to S\$0.420 million compared to S\$3.595 million of the same period of the previous year.

The other losses of S\$8.941 million was mainly from the currency translation losses reclassified to income statement upon deconsolidation of subsidiaries in Japan after the full redemption of capital which resulted in Group loss before tax of S\$9.624 million. An after-tax loss of S\$8.002 million for the 1st quarter ended 31 March 2016 was recorded.

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 FY2015) 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.**

Following the divestment of the Group's hotels in Japan at the end of FY2015 and the distribution of S\$1.60 per share to shareholders through a capital reduction exercise on 8 April 2016, the Group expects its coming quarters' operating performances to be negatively impacted.

The Group continues to seek investment opportunities that will strengthen its operating performance and enhance shareholders' value.

- 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.

- 14. Confirmation Pursuant to Rule 720(1) of the Listing Manual.**

IPC Corporation Ltd confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

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 2016 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 April 2016

BY ORDER OF THE BOARD

Lauw Hui Kian
Director

29 April 2016