

**IPC CORPORATION LTD**  
**(Company Registration No. 198501057M)**  
**2<sup>nd</sup> 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 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2016**

	Group 2 <sup>nd</sup> quarter ended 30 June			Group Half year ended 30 June		
	2016 S\$'000	2015 S\$'000	Increase/ (decrease) %	2016 S\$'000	2015 S\$'000	Increase/ (decrease) %
Sales	831	5,729	(85.5)	1,799	12,661	(85.8)
Cost of sales	(468)	(2,123)	(78.0)	(1,016)	(5,460)	(81.4)
Gross profit/(loss)	363	3,606	(89.9)	783	7,201	(89.1)
Other income	172	340	(49.4)	592	635	(6.8)
Other gains/(losses), net	(6)	394	NM	(8,947)	1,611	NM
Expenses						
Distribution and marketing	(85)	(149)	(43.0)	(174)	(349)	(50.1)
Administrative	(1,426)	(2,800)	(49.1)	(2,670)	(5,704)	(53.2)
Finance	(210)	(731)	(71.3)	(399)	(1,416)	(71.8)
Other	–	–	–	(1)	(1)	–
	(1,721)	(3,680)	(53.2)	(3,244)	(7,470)	(56.6)
Profit/(loss) before income tax	(1,192)	660	NM	(10,816)	1,977	NM
Income tax credit/(expense)	(2)	(1,588)	(99.9)	1,620	(2,599)	NM
Total profit/(loss)	(1,194)	(928)	28.7	(9,196)	(622)	NM
<b>Other comprehensive income/(loss)</b>						
Items that may be reclassified subsequently to profit or loss:						
Financial assets, available-for-sale						
- Fair value gain/(loss)	(2)	(460)	(99.6)	(55)	107	NM
- Disposal	–	–	–	(401)	(21)	NM
Currency translation gain/(loss) arising from consolidation	(2,289)	(5,325)	(57.0)	4,967	(2,007)	NM
<b>Other comprehensive income/(loss), net of tax</b>	(2,291)	(5,785)	(60.4)	4,511	(1,921)	NM
<b>Total comprehensive income/(loss)</b>	(3,485)	(6,713)	(48.1)	(4,685)	(2,543)	84.2
<b>Profit/(loss) attributable to:</b>						
- Equity holders of the Company	(1,194)	(1,080)	10.6	(9,196)	(870)	NM
- Non-controlling interests	–	152	(100)	–	248	(100)
	(1,194)	(928)	28.7	(9,196)	(622)	NM
<b>Total comprehensive income/(loss) attributable to:</b>						
- Equity holders of the Company	(3,485)	(6,865)	(49.2)	(4,685)	(2,791)	67.9
- Non-controlling interests	–	152	(100)	–	248	(100)
	(3,485)	(6,713)	(48.1)	(4,685)	(2,543)	84.2

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

	Group			Group		
	2 <sup>nd</sup> quarter ended 30 June			Half year ended 30 June		
	2016	2015	Increase/ (decrease)	2016	2015	Increase/ (decrease)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Amortisation of leasehold properties	19	21	(9.5)	39	41	(4.9)
Depreciation (Note 6)	158	110	43.6	320	243	31.7
Foreign exchange losses/(gains), net (Note 9)	6	(394)	NM	9,263	(1,578)	NM
Gain on disposal of financial assets, available-for-sale	–	–	–	(316)	(33)	NM
Interest income (Note 7)	(52)	(217)	(76.0)	(309)	(451)	(31.5)
Interest expenses (Note 8)	210	731	(71.3)	399	1,416	(71.8)

## Notes

- Gross profit/(loss)  
The decrease in gross profit for the financial period under review was in tandem with decrease in sales.
- Other income  
The decrease in other income was mainly due to lower fixed deposit interest received.
- Other gains/(losses), net  
The gains in Q2 FY2015 was mainly contributed by the foreign exchange gains. (Note 9)
- Distribution and marketing, administrative and finance expense  
The operating expenses and finance cost were significantly reduced after selling the 7 hotels in Japan at the end of FY2015.
- Income tax credit/(expense)  
The income tax expense in Q2 FY2015 was mainly related to withholding tax expenses incurred in Japan.
- The increase in depreciation was mainly due to the addition of property, plant and equipment for the operation of Grand nest HOTEL zhuhai, China.
- The decrease was mainly due to the decrease in fixed deposit after distributing cash to shareholders through a capital reduction exercise on 8 April 2016.
- The decrease was mainly due to no finance cost incurred in Japan after selling the 7 hotels at the end of FY2015.
- The 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>	
	30 Jun 2016	31 Dec 2015 Audited	30 Jun 2016	31 Dec 2015 Audited
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents (i)	11,093	168,392	6,387	102,236
Trade and other receivables (ii)	616	10,019	201	286
Tax recoverable	629	675	–	–
Properties developed for sale	19,614	21,175	–	–
Properties held for sale	3,153	3,306	–	–
Other assets	47	54	–	–
Non-current asset held for sale	43,300	47,080	–	–
	<u>78,452</u>	<u>250,701</u>	<u>6,588</u>	<u>102,522</u>
<b>Non-current assets</b>				
Financial assets, available-for-sale (iii)	5,308	12,904	2,442	10,039
Other receivables	–	–	59,070	63,232
Prepayment	1	3	–	–
Other asset	111	110	–	–
Investment in associated companies	–	–	–	–
Investment in subsidiaries	–	–	36,155	82,784
Prepaid leasehold properties (iv)	3,816	4,274	–	–
Land held for development	6,422	6,422	6,422	6,422
Property, plant and equipment	8,642	9,470	1,381	1,459
	<u>24,300</u>	<u>33,183</u>	<u>105,470</u>	<u>163,936</u>
<b>Total assets</b>	<u>102,752</u>	<u>283,884</u>	<u>112,058</u>	<u>266,458</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings (v)	7,486	10,940	–	5,326
Trade and other payables (vi)	2,182	28,741	194	3,498
Current income tax liabilities (vii)	327	1,635	–	–
	<u>9,995</u>	<u>41,316</u>	<u>194</u>	<u>8,824</u>
<b>Non-current liabilities</b>				
Borrowings (v)	2,854	3,937	–	–
Deferred income tax liabilities (viii)	–	2,877	–	–
	<u>2,854</u>	<u>6,814</u>	<u>–</u>	<u>–</u>
<b>Total liabilities</b>	<u>12,849</u>	<u>48,130</u>	<u>194</u>	<u>8,824</u>
<b>NET ASSETS</b>	<u>89,903</u>	<u>235,754</u>	<u>111,864</u>	<u>257,634</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital (ix)	33,190	169,658	33,190	169,658
Currency translation reserve	(3,608)	(13,137)	–	–
Fair value reserve	51	507	51	507
Retained earnings	60,270	74,028	78,623	87,469
	<u>89,903</u>	<u>231,056</u>	<u>111,864</u>	<u>257,634</u>
<b>Non-controlling interests</b>	–	4,698	–	–
<b>Total equity</b>	<u>89,903</u>	<u>235,754</u>	<u>111,864</u>	<u>257,634</u>

## Notes

- (i) The decrease in cash and cash equivalents was mainly due to repayment of borrowings and the distribution of cash to shareholders through a capital reduction exercise on 8 April 2016.
- (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.
- (iv) The decrease was mainly due to the movement in the exchange rate in Renminbi against Singapore Dollar.
- (v) The decrease was mainly due to repayment of borrowings.
- (vi) The decrease was mainly due to the settlement of trade and other payables in Japan during Q1 FY2016.
- (vii) The decrease was mainly due to the settlement of the tax liabilities in Japan during Q1 FY2016.
- (viii) The decrease was mainly due to overprovision and the utilisation of deferred tax liabilities in Japan during Q1 FY2016.
- (ix) The decrease was due to the distribution of S\$1.60 per share to shareholders through a capital reduction exercise on 8 April 2016.

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

#### Amount repayable in one year or less, or on demand

Group As at 30 June 2016		Group As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
7,486	Nil	10,940	Nil

#### Amount repayable after one year

Group As at 30 June 2016		Group As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,854	Nil	3,937	Nil

#### Details of any collateral

The Group's borrowings were secured by pledge of prepaid leasehold properties, leasehold building and 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**

	Group		Group	
	2 <sup>nd</sup> quarter ended 30 June 2016 S\$'000	2015 S\$'000	Half year ended 30 June 2016 S\$'000	2015 S\$'000
<b>Cash flows from operating activities</b>				
Total profit/(loss)	(1,194)	(928)	(9,196)	(622)
Adjustments for				
- Income tax expense/(credit)	2	1,588	(1,620)	2,599
- Depreciation	158	110	320	243
- Amortisation of prepaid leasehold properties	19	21	39	41
- Unrealised translation losses/(gains)	(97)	673	5,668	(1,262)
- Gain on disposal of financial assets, available-for-sale	-	-	(316)	(33)
- Interest income	(52)	(217)	(309)	(451)
- Interest expenses	210	731	399	1,416
	<u>(954)</u>	<u>1,978</u>	<u>(5,015)</u>	<u>1,931</u>
Change in working capital				
- Other assets	7	7	7	(2)
- Properties	(5)	1,615	(33)	4,241
- Trade and other receivables	(6)	546	1,503	2,235
- Trade and other payables	274	(470)	(16,504)	(2,855)
Cash generated/(used in) from operations	<u>(684)</u>	<u>3,676</u>	<u>(20,042)</u>	<u>5,550</u>
Interest received	52	98	62	209
Income tax paid, net	(14)	37	(2,208)	(4,500)
<b>Net cash provided by/(used in) operating activities (i)</b>	<u>(646)</u>	<u>3,811</u>	<u>(22,188)</u>	<u>1,259</u>
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment	(15)	(1,800)	(29)	(2,372)
Purchases of financial assets, available-for-sale	-	(903)	-	(903)
Proceeds from disposal of financial assets, available-for-sale	-	-	7,343	-
Loss of control over subsidiaries, net of cash disposed	-	-	(1,916)	376
<b>Net cash provided by/(used in) investing activities</b>	<u>(15)</u>	<u>(2,703)</u>	<u>5,398</u>	<u>(2,899)</u>
<b>Cash flows from financing activities</b>				
Capital reduction	(136,468)	-	(136,468)	-
Bank deposit (pledged)	-	1,300	6,000	12,245
Interest paid	(440)	(1,040)	(814)	(2,016)
Proceeds from borrowings (ii)	3,802	1,403	3,802	2,783
Repayment of borrowings	(2,178)	(1,733)	(7,638)	(20,290)
Distribution to non-controlling interests	-	(197)	-	(659)
Dividends paid to equity holders of the Company	-	(5,118)	-	(5,118)
<b>Net cash provided by/(used in) financing activities</b>	<u>(135,284)</u>	<u>(5,385)</u>	<u>(135,118)</u>	<u>(13,055)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(135,945)</u>	<u>(4,277)</u>	<u>(151,908)</u>	<u>(14,695)</u>
Cash and cash equivalents at beginning of financial period	147,030	55,827	162,392	65,564
Effects of currency translation on cash and cash equivalents	8	(2,096)	609	(1,415)
<b>Cash and cash equivalents at end of financial period</b>	<u>11,093</u>	<u>49,454</u>	<u>11,093</u>	<u>49,454</u>

**Notes:**

- (i) The deficit in cash from operation was mainly related to the loss from operations during the period.
- (ii) The proceeds of borrowings was for the operation of the Grand nest HOTEL zhuhai, China.
- (iii) For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	30 Jun 2016 S\$'000	30 Jun 2015 S\$'000
Cash and bank balances	11,093	73,455
Less: bank deposit pledged	-	(24,001)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<u>11,093</u>	<u>49,454</u>



**STATEMENT OF CHANGES IN EQUITY – COMPANY**

	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
<b>2016</b>				
<b>As at 1 January</b>	<b>169,658</b>	<b>507</b>	<b>87,469</b>	<b>257,634</b>
<b>Total comprehensive income/(loss) for the period</b>				
Profit/(loss) for the period	–	–	(6,162)	(6,162)
Other comprehensive income/(loss) for the period	–	(454)	–	(454)
	<b>–</b>	<b>(454)</b>	<b>(6,162)</b>	<b>(6,616)</b>
<b>As at 31 March</b>	<b>169,658</b>	<b>53</b>	<b>81,307</b>	<b>251,018</b>
<b>Total comprehensive income/(loss) for the period</b>				
Profit/(loss) for the period	–	–	(2,684)	(2,684)
Other comprehensive income/(loss) for the period	–	(2)	–	(2)
	<b>–</b>	<b>(2)</b>	<b>(2,684)</b>	<b>(2,686)</b>
<b>Total transactions with owners, recognised directly in equity</b>				
Capital reduction	(136,468)	–	–	(136,468)
	<b>(136,468)</b>	<b>–</b>	<b>–</b>	<b>(136,468)</b>
<b>As at 30 June</b>	<b>33,190</b>	<b>51</b>	<b>78,623</b>	<b>111,864</b>

**STATEMENT OF CHANGES IN EQUITY – COMPANY**

	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
<b>2015</b>				
<b>As at 1 January</b>	<b>169,658</b>	<b>1,249</b>	<b>19,905</b>	<b>190,812</b>
<b>Total comprehensive income/(loss) for the period</b>				
Profit/(loss) for the period	–	–	19,492	19,492
Other comprehensive income/(loss) for the period	–	533	–	533
	<b>–</b>	<b>533</b>	<b>19,492</b>	<b>20,025</b>
<b>As at 31 March</b>	<b>169,658</b>	<b>1,782</b>	<b>39,397</b>	<b>210,837</b>
<b>Total comprehensive income/(loss) for the period</b>				
Profit/(loss) for the period	–	–	(1,094)	(1,094)
Other comprehensive income/(loss) for the period	–	(449)	–	(449)
	<b>–</b>	<b>(449)</b>	<b>(1,094)</b>	<b>(1,543)</b>
<b>Total transactions with owners, recognised directly in equity</b>				
Dividend paid	–	–	(5,118)	(5,118)
	<b>–</b>	<b>–</b>	<b>(5,118)</b>	<b>(5,118)</b>
<b>As at 30 June</b>	<b>169,658</b>	<b>1,333</b>	<b>33,185</b>	<b>204,176</b>

**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 30 June 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>		<u>Group</u>	
	2 <sup>nd</sup> quarter ended	30 June	Half year ended	30 June
	2016	2015	2016	2015
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)	(1.40)	(1.27)	(10.78)	(1.02)
(ii) On a fully diluted basis (in cents)	(1.40)	(1.27)	(10.78)	(1.02)

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>	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
		Audited		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\$1.05	S\$2.71	S\$1.31	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\$0.831 million for the 2<sup>nd</sup> quarter ended 30 June 2016 compared to S\$5.729 million for the previous financial period.

The decrease in sales for the 2<sup>nd</sup> 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, gross profit decreased by 89.9% to S\$0.363 million compared to S\$3.606 million of the same period of the previous year.

The Group recorded a loss before tax of S\$1.192 million and the after-tax loss of S\$1.194 million for the 2<sup>nd</sup> quarter ended 30 June 2016.

**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 (Q1 FY2016) 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 expand the hotel management business and to seek investment opportunities to strengthen its operating performance.

**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.

- 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 2<sup>nd</sup> quarter ended 30 June 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 July 2016

**BY ORDER OF THE BOARD**

Lauw Hui Kian  
Director

29 July 2016