

IPC CORPORATION LTD
(Company Registration No. 198501057M)
3rd 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 3rd QUARTER ENDED 30 SEPTEMBER 2017**

	Group			Group		
	2017	2016	Increase/ (decrease) %	2017	2016	Increase/ (decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Sales	1,033	913	13.1	2,888	2,712	6.5
Cost of sales	(837)	(768)	9.0	(2,370)	(1,784)	32.8
Gross profit/(loss)	196	145	35.2	518	928	(44.2)
Other income	137	161	(14.9)	473	753	(37.2)
Other gains/(losses), net	(150)	(1,195)	(87.4)	(683)	(10,142)	(93.3)
Expenses						
Distribution and marketing	(87)	(78)	11.5	(226)	(252)	(10.3)
Administrative	(1,013)	(1,014)	(0.1)	(3,234)	(3,684)	(12.2)
Finance	(189)	(166)	13.9	(507)	(565)	(10.3)
Other	—	—	—	—	(1)	(100)
	(1,289)	(1,258)	2.5	(3,967)	(4,502)	(11.9)
Profit/(loss) before income tax	(1,106)	(2,147)	(48.5)	(3,659)	(12,963)	(71.8)
Income tax credit/(expense)	—	(2)	(100)	—	1,618	(100)
Total profit/(loss)	(1,106)	(2,149)	(48.5)	(3,659)	(11,345)	(67.7)
Other comprehensive income/(loss)						
Items that may be reclassified subsequently to profit or loss:						
Financial assets, available-for-sale						
- Fair value gain/(loss)	(5)	9	NM	7	(46)	NM
- Disposal	—	—	—	18	(401)	NM
Currency translation gain/(loss) arising from consolidation	291	743	(60.8)	(2,255)	5,710	NM
Other comprehensive income/(loss), net of tax	286	752	(62.0)	(2,230)	5,263	NM
Total comprehensive income/(loss)	(820)	(1,397)	(41.3)	(5,889)	(6,082)	(3.2)
Profit/(loss) attributable to:						
- Equity holders of the Company	(1,106)	(2,149)	(48.5)	(3,659)	(11,345)	(67.7)
- Non-controlling interests	—	—	—	—	—	—
	(1,106)	(2,149)	(48.5)	(3,659)	(11,345)	(67.7)
Total comprehensive income/(loss) attributable to:						
- Equity holders of the Company	(820)	(1,397)	(41.3)	(5,889)	(6,082)	(3.2)
- Non-controlling interests	—	—	—	—	—	—
	(820)	(1,397)	(41.3)	(5,889)	(6,082)	(3.2)

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

	Group 3 rd quarter ended 30 Sep			Group 9 months ended 30 Sep		
	2017 S\$'000	2016 S\$'000	Increase/ (decrease) %	2017 S\$'000	2016 S\$'000	Increase/ (decrease) %
Amortisation of leasehold properties (Note 5)	118	541	(78.2)	356	580	(38.6)
Depreciation (Note 6)	355	1,226	(71.0)	1,060	1,546	(31.4)
Foreign exchange losses/(gains), net (Note 9)	220	(84)	NM	753	9,179	(91.8)
Loss/(Gain) on disposal of financial assets, available-for-sale	–	–	–	(91)	(316)	(71.2)
Loss/(Gain) on disposal of other assets (Note 7)	20	–	NM	20	–	NM
Interest income (Note 2)	(30)	(55)	(45.5)	(137)	(364)	(62.4)
Interest expenses (Note 8)	191	166	15.1	508	565	(10.1)

Notes

1. Gross profit/(loss)
The increase in gross profit for the financial period under review was in tandem with the increase in sales revenue of Grand nest HOTEL zhuhai, China.
2. Other income
The decrease in other income was mainly due to lower interest income received.
3. Other gains/(losses), net
The losses in Q3 FY2017 were mainly due to the weakening of the United States Dollar against the Singapore Dollar (Note 9) whereas in Q3 FY2016 were mainly contributed by the amortisation and the depreciation due to the remeasurement from the reclassification of Non-current asset held for sale to Prepaid leasehold properties and Property, plant and equipment.
4. Distribution and marketing and finance expense
The increase was mainly due to higher expenses incurred from the operations of Zhuhai, China.
5. The decrease in amortisation of leasehold properties was mainly due to the remeasurement from the reclassification of Non-current asset held for sale to Prepaid leasehold properties in July 2016.
6. The decrease in depreciation was mainly due to the remeasurement from the reclassification of Non-current asset held for sale to Property, plant and equipment in July 2016.
7. The loss was due to the disposal of the club membership.
8. The increase was mainly due to higher finance cost incurred from the operations of Zhuhai, China.
9. 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>	
	30 Sep 2017	31 Dec 2016 Audited	30 Sep 2017	31 Dec 2016 Audited
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents (i)	7,838	10,619	4,490	5,598
Trade and other receivables (ii)	715	566	209	190
Tax recoverable	625	643	–	–
Properties developed for sale	19,452	20,080	–	–
Properties held for sale	3,132	3,225	–	–
Other assets	41	40	–	–
	<u>31,803</u>	<u>35,173</u>	<u>4,699</u>	<u>5,788</u>
Non-current assets				
Financial assets, available-for-sale (iii)	3,982	5,524	1,044	2,586
Other receivables	–	–	58,867	60,563
Prepayment	12	2	–	–
Other assets (iv)	1	90	–	–
Investment in associated companies	–	–	–	–
Investment in subsidiaries	–	–	36,155	36,155
Prepaid leasehold properties	20,908	22,202	–	–
Land held for development	6,422	6,422	6,422	6,422
Property, plant and equipment	30,968	32,897	1,185	1,303
	<u>62,293</u>	<u>67,137</u>	<u>103,673</u>	<u>107,029</u>
Total assets	<u>94,096</u>	<u>102,310</u>	<u>108,372</u>	<u>112,817</u>
LIABILITIES				
Current liabilities				
Borrowings (v)	3,040	7,511	–	–
Trade and other payables	1,803	1,988	128	150
Current income tax liabilities	325	335	–	–
	<u>5,168</u>	<u>9,834</u>	<u>128</u>	<u>150</u>
Non-current liabilities				
Borrowings (v)	5,469	3,128	–	–
	<u>5,469</u>	<u>3,128</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>10,637</u>	<u>12,962</u>	<u>128</u>	<u>150</u>
NET ASSETS	<u>83,459</u>	<u>89,348</u>	<u>108,244</u>	<u>112,667</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	33,190	33,190	33,190	33,190
Currency translation reserve	(4,053)	(1,798)	–	–
Fair value reserve	55	30	55	30
Retained earnings	54,267	57,926	74,999	79,447
Total equity	<u>83,459</u>	<u>89,348</u>	<u>108,244</u>	<u>112,667</u>

Notes

- (i) The decrease in cash and cash equivalents was mainly due to repayment of borrowings.
- (ii) The increase in trade receivable was mainly for the operation in Zhuhai, China.
- (iii) The decrease was mainly due to the redemption of one of the financial assets, available-for-sale.
- (iv) The decrease was due to the disposal of the club membership.
- (v) The decrease was mainly due to repayment of borrowings.

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 30 September 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,040	Nil	7,511	Nil

Amount repayable after one year

<u>Group</u>		<u>Group</u>	
As at 30 September 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,469	Nil	3,128	Nil

Details of any collateral

The Group's borrowings were secured by pledge of prepaid leasehold properties and leasehold buildings 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>		<u>Group</u>	
	3 rd quarter ended 30 Sep 2017 S\$'000	2016 S\$'000	9 months ended 30 Sep 2017 S\$'000	2016 S\$'000
Cash flows from operating activities				
Total profit/(loss)	(1,106)	(2,149)	(3,659)	(11,345)
Adjustments for				
- Income tax expense/(credit)	–	2	–	(1,618)
- Depreciation	355	1,226	1,060	1,546
- Amortisation of prepaid leasehold properties	118	541	356	580
- Unrealised translation losses/(gains)	135	267	813	5,935
- Loss/(Gain) on disposal of financial assets, available-for-sale	–	–	(91)	(316)
- Loss/(Gain) on disposal of other assets	20	–	20	–
- Interest income	(30)	(55)	(137)	(364)
- Interest expenses	191	166	508	565
	<u>(317)</u>	<u>(2)</u>	<u>(1,130)</u>	<u>(5,017)</u>
Change in working capital				
- Other assets	2	–	(21)	7
- Properties	–	(467)	–	(500)
- Trade and other receivables	(95)	(75)	(147)	1,428
- Trade and other payables	124	(301)	(99)	(16,805)
Cash generated/(used in) from operations	<u>(286)</u>	<u>(845)</u>	<u>(1,397)</u>	<u>(20,887)</u>
Interest received	30	55	123	117
Income tax paid, net	–	–	–	(2,208)
Net cash provided by/(used in) operating activities (i)	<u>(256)</u>	<u>(790)</u>	<u>(1,274)</u>	<u>(22,978)</u>
Cash flows from investing activities				
Purchases of property, plant and equipment	(33)	(64)	(37)	(93)
Proceeds from disposal of financial assets, available-for-sale	–	–	1,389	7,343
Proceeds from disposal of other assets	90	–	90	–
Loss of control over subsidiaries, net of cash disposed	–	–	–	(1,916)
Net cash provided by/(used in) investing activities	<u>57</u>	<u>(64)</u>	<u>1,442</u>	<u>5,334</u>
Cash flows from financing activities				
Capital reduction	–	–	–	(136,468)
Bank deposit (pledged)	–	–	–	6,000
Interest paid	(213)	(346)	(594)	(1,160)
Proceeds from borrowings	2,433	3,099	5,489	7,737
Repayment of borrowings	(3,245)	(2,634)	(7,319)	(11,108)
Net cash provided by/(used in) financing activities	<u>(1,025)</u>	<u>119</u>	<u>(2,424)</u>	<u>(134,999)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,224)</u>	<u>(735)</u>	<u>(2,256)</u>	<u>(152,643)</u>
Cash and cash equivalents at beginning of financial period	9,155	11,093	10,619	162,392
Effects of currency translation on cash and cash equivalents	(93)	203	(525)	812
Cash and cash equivalents at end of financial period	<u>7,838</u>	<u>10,561</u>	<u>7,838</u>	<u>10,561</u>

Notes:

- (i) The net cash used in operating activities was mainly related to the loss from operations.

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 S\$'000	Total Equity S\$'000
	Share capital S\$'000	Currency translation reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total S\$'000		
2017							
As at 1 January	33,190	(1,798)	30	57,926	89,348	–	89,348
Total comprehensive income/(loss) for the period							
Profit/(loss) for the period	–	–	–	(2,553)	(2,553)	–	(2,553)
Other comprehensive income/(loss) for the period	–	(2,546)	30	–	(2,516)	–	(2,516)
	–	(2,546)	30	(2,553)	(5,069)	–	(5,069)
As at 30 June	33,190	(4,344)	60	55,373	84,279	–	84,279
Total comprehensive income/(loss) for the period							
Profit/(loss) for the period	–	–	–	(1,106)	(1,106)	–	(1,106)
Other comprehensive income/(loss) for the period	–	291	(5)	–	286	–	286
	–	291	(5)	(1,106)	(820)	–	(820)
As at 30 September	33,190	(4,053)	55	54,267	83,459	–	83,459
STATEMENT OF CHANGES IN EQUITY – GROUP	Attributable to Equity Holders of the Company					Non-controlling interests S\$'000	Total Equity S\$'000
	Share capital S\$'000	Currency translation reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total 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	–	–	–	(9,196)	(9,196)	–	(9,196)
Other comprehensive income/(loss) for the period	–	9,529	(456)	(4,562)	4,511	–	4,511
	–	9,529	(456)	(13,758)	(4,685)	–	(4,685)
Total transactions with owners, recognised directly in equity							
Capital reduction	(136,468)	–	–	–	(136,468)	–	(136,468)
Loss of control over subsidiaries	–	–	–	–	–	(4,698)	(4,698)
	(136,468)	–	–	–	(136,468)	(4,698)	(141,166)
As at 30 June	33,190	(3,608)	51	60,270	89,903	–	89,903
Total comprehensive income/(loss) for the period							
Profit/(loss) for the period	–	–	–	(2,149)	(2,149)	–	(2,149)
Other comprehensive income/(loss) for the period	–	743	9	–	752	–	752
	–	743	9	(2,149)	(1,397)	–	(1,397)
As at 30 September	33,190	(2,865)	60	58,121	88,506	–	88,506

STATEMENT OF CHANGES IN EQUITY – COMPANY

	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
2017				
As at 1 January	33,190	30	79,447	112,667
Total comprehensive income/(loss) for the period				
Profit/(loss) for the period	–	–	(3,875)	(3,875)
Other comprehensive income/(loss) for the period	–	30	–	30
	–	30	(3,875)	(3,845)
As at 30 June	33,190	60	75,572	108,822
Total comprehensive income/(loss) for the period				
Profit/(loss) for the period	–	–	(573)	(573)
Other comprehensive income/(loss) for the period	–	(5)	–	(5)
	–	(5)	(573)	(578)
As at 30 September	33,190	55	74,999	108,244

STATEMENT OF CHANGES IN EQUITY – COMPANY

	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity 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	–	–	(8,846)	(8,846)
Other comprehensive income/(loss) for the period	–	(456)	–	(456)
	–	(456)	(8,846)	(9,302)
Total transactions with owners, recognised directly in equity				
Capital reduction	(136,468)	–	–	(136,468)
	(136,468)	–	–	(136,468)
As at 30 June	33,190	51	78,623	111,864
Total comprehensive income/(loss) for the period				
Profit/(loss) for the period	–	–	(19)	(19)
Other comprehensive income/(loss) for the period	–	9	–	9
	–	9	(19)	(10)
As at 30 September	33,190	60	78,604	111,854

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 September 2017 was 85,291,885 (31 Dec 2016: 85,291,885). There is no treasury share for both periods.

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

There is no treasury share as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There is no subsidiary holdings as at the end of the current financial period reported on.

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 2016.

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.**

There are no changes in the accounting policies or methods of computation effective for annual periods beginning on or after 1 January 2017.

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>	
	3 rd quarter ended 30 Sep 2017	30 Sep 2016	9 months ended 30 Sep 2017	30 Sep 2016
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)	(1.30)	(2.52)	(4.29)	(13.30)
(ii) On a fully diluted basis (in cents)	(1.30)	(2.52)	(4.29)	(13.30)

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 Sep 2017	31 Dec 2016 Audited	30 Sep 2017	31 Dec 2016 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\$0.98	S\$1.05	S\$1.27	S\$1.32
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\$1.033 million for the 3rd quarter ended 30 September 2017 compared to S\$0.913 million for the previous corresponding financial period.

The increase in sales for the 3rd quarter under review compared to the same period of previous year was mainly due to the increase in the sales revenue of Grand nest HOTEL zhuhai, China.

The gross profit increased by 35.2% to S\$0.196 million compared to S\$0.145 million of the same period of the previous year was mainly due to the increase in the sales revenue of Grand nest HOTEL zhuhai, China.

As a result, the Group recorded a total loss after-tax of S\$1.106 million for the 3rd quarter ended 30 September 2017.

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

The actual results are in line with the commentary under paragraph 10 of the Group's previous results announcement (Q2 FY2017).

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.

On 17 September 2017, the Company had entered into non-binding heads of agreements with Xinyuan (China) Real Estate Co., Ltd., a subsidiary of Xinyuan Real Estate Co., Ltd., a company listed on the New York Stock Exchange, in relation to the proposed:

- disposal of its hotel, "Grand nest HOTEL zhuhai", to the Xinyuan (China) Real Estate Co., Ltd. for an indicative purchase consideration of approximately RMB200 million; and
- acquisition by the Company of 51% equity interest in Beijing iJourney Technology Development Co. Ltd (北京爱接力科技发展有限公司) for an indicative purchase consideration of approximately USD5.1 million. It is envisaged that the consideration for the Proposed Acquisition will be satisfied through the issue of new shares in the capital of the Company at the issue price of S\$0.40 each.

The discussion with Xinyuan (China) Real Estate Co., Ltd. is still ongoing.

The Group continues to focus on its hospitality business development and other 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 3rd quarter ended 30 September 2017 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

27 October 2017

BY ORDER OF THE BOARD

Lauw Hui Kian
Director

27 October 2017