

IPC CORPORATION LTD
(Company Registration No. 198501057M)
Full Year Financial Statement & Dividend Announcement

**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 THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	2017	Group 2016 Audited	Increase/ (decrease) %
	S\$'000	S\$'000	
Sales	4,070	3,920	3.8
Cost of sales	(3,264)	(2,646)	23.4
Gross profit/(loss)	806	1,274	(36.7)
Other income	634	900	(29.6)
Other gains/(losses), net	(861)	(9,444)	(90.9)
Expenses			
Distribution and marketing	(321)	(351)	(8.5)
Administrative	(4,357)	(4,785)	(8.9)
Finance	(669)	(744)	(10.1)
Other	–	(6)	(100)
	(5,347)	(5,886)	(9.2)
Profit/(loss) before income tax	(4,768)	(13,156)	(63.8)
Income tax credit/(expense)	–	1,616	(100)
Total profit/(loss)	(4,768)	(11,540)	(58.7)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value gain/(loss)	2	(77)	NM
- Disposal	18	(400)	NM
Currency translation gain/(loss) arising from consolidation	(1,950)	6,777	NM
Other comprehensive income/(loss), net of tax	(1,930)	6,300	NM
Total comprehensive income/(loss)	(6,698)	(5,240)	27.8

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

	2017	Group 2016	Increase/ (decrease)
	S\$'000	Audited S\$'000	%
Amortisation of leasehold properties (Note 5)	475	701	(32.2)
Depreciation (Note 6)	1,421	1,907	(25.5)
Foreign exchange losses/(gains), net (Note 3, 9)	932	8,465	(89.0)
Loss/(Gain) on disposal of financial assets, available-for-sale (Note 7)	(91)	(316)	(71.2)
Loss/(Gain) on disposal of other assets (Note 8)	20	–	NM
Impairment loss on other assets	–	20	(100)
Interest income (Note 2)	(166)	(403)	(58.8)
Interest expenses (Note 4)	669	744	(10.1)

Notes

1. Gross profit/(loss)

The decrease in gross profit for the financial period under review was due to an increase in depreciation and amortisation of leasehold properties arising from the reclassification of Non-current asset held for sale to Prepaid leasehold properties and Property, plant and equipment in July 2016.

2. Other income

The decrease in other income was mainly due to lower interest income received.

3. Other gains/(losses), net

The losses were mainly due to the weakening of the United States Dollar against the Singapore Dollar (Note 9) whereas in FY2016 were mainly due to the currency translation losses reclassified to income statement upon deconsolidation of subsidiaries in Japan after the full redemption of capital and the remeasurement of depreciation and amortisation due to the reclassification of Non-current asset held for sale to Prepaid leasehold properties and Property, plant and equipment.

4. Finance expense

The decrease was mainly due to lower finance cost 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 decrease was due to the decrease in disposal of financial assets, available-for-sale in FY2017.

8. The loss was due to the disposal of the club membership.

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>	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	S\$'000	Audited S\$'000	S\$'000	Audited S\$'000
ASSETS				
Current assets				
Cash and cash equivalents (i)	7,334	10,619	3,735	5,598
Trade and other receivables (ii)	831	566	2,218	190
Tax recoverable	627	643	–	–
Properties developed for sale	19,535	20,080	–	–
Properties held for sale	3,145	3,225	–	–
Other assets	40	40	–	–
	<u>31,512</u>	<u>35,173</u>	<u>5,953</u>	<u>5,788</u>
Non-current assets				
Financial assets, available-for-sale (iii)	3,890	5,524	1,024	2,586
Other receivables	–	–	57,203	60,563
Prepayment	7	2	–	–
Other assets (iv)	1	90	–	–
Investment in associated companies	–	–	–	–
Investment in subsidiaries	–	–	36,155	36,155
Prepaid leasehold properties	20,913	22,202	–	–
Land held for development	6,422	6,422	6,422	6,422
Property, plant and equipment	30,737	32,897	1,146	1,303
	<u>61,970</u>	<u>67,137</u>	<u>101,950</u>	<u>107,029</u>
Total assets	<u>93,482</u>	<u>102,310</u>	<u>107,903</u>	<u>112,817</u>
LIABILITIES				
Current liabilities				
Borrowings (v)	3,255	7,511	–	–
Trade and other payables	1,963	1,988	151	150
Current income tax liabilities	327	335	–	–
	<u>5,545</u>	<u>9,834</u>	<u>151</u>	<u>150</u>
Non-current liabilities				
Borrowings (v)	5,287	3,128	–	–
	<u>5,287</u>	<u>3,128</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>10,832</u>	<u>12,962</u>	<u>151</u>	<u>150</u>
NET ASSETS	<u>82,650</u>	<u>89,348</u>	<u>107,752</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	(3,748)	(1,798)	–	–
Fair value reserve	50	30	50	30
Retained earnings	53,158	57,926	74,512	79,447
Total equity	<u>82,650</u>	<u>89,348</u>	<u>107,752</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 and other receivables was mainly due to a loan to a third party and increase in revenue from 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 31 December 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,255	Nil	7,511	Nil

Amount repayable after one year

<u>Group</u>		<u>Group</u>	
As at 31 December 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,287	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

	2017	Group 2016
	S\$'000	Audited S\$'000
Cash flows from operating activities		
Total profit/(loss)	(4,768)	(11,540)
Adjustments for		
- Income tax expense/(credit)	-	(1,616)
- Depreciation	1,421	1,907
- Amortisation of prepaid leasehold properties	475	701
- Unrealised translation losses/(gains)	778	3,824
- Loss/(Gain) on disposal of financial assets, available-for-sale	(91)	(316)
- Loss/(Gain) on disposal of other assets	20	-
- Impairment loss on other assets	-	20
- Interest income	(166)	(403)
- Interest expenses	669	744
	<u>(1,662)</u>	<u>(6,679)</u>
Change in working capital		
- Other assets	(21)	14
- Properties	-	(34)
- Trade and other receivables	(257)	1,306
- Trade and other payables	(25)	(16,278)
Cash generated/(used in) from operations	<u>(1,965)</u>	<u>(21,671)</u>
Interest received	153	389
Income tax paid, net	-	(2,212)
Net cash provided by/(used in) operating activities (i)	<u>(1,812)</u>	<u>(23,494)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(49)	(96)
Proceeds from disposal of financial assets, available-for-sale	1,389	7,343
Proceeds from disposal of other asset	90	-
Deconsolidation of subsidiaries, net of cash deconsolidated	-	(1,916)
Net cash provided by/(used in) investing activities	<u>1,430</u>	<u>5,331</u>
Cash flows from financing activities		
Capital reduction	-	(136,468)
Bank deposit (pledged)	-	6,000
Interest paid	(669)	(1,577)
Proceeds from borrowings	5,492	7,718
Repayment of borrowings	(7,322)	(11,512)
Net cash provided by/(used in) financing activities	<u>(2,499)</u>	<u>(135,839)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(2,881)</u>	<u>(154,002)</u>
Cash and cash equivalents at beginning of financial year	10,619	162,392
Effects of currency translation on cash and cash equivalents	(404)	2,229
Cash and cash equivalents at end of financial year	<u>7,334</u>	<u>10,619</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 year							
Profit/(loss) for the year	–	–	–	(4,768)	(4,768)	–	(4,768)
Other comprehensive income/(loss) for the year	–	(1,950)	20	–	(1,930)	–	(1,930)
	–	(1,950)	20	(4,768)	(6,698)	–	(6,698)
As at 31 December	33,190	(3,748)	50	53,158	82,650	–	82,650
2016							
As at 1 January	169,658	(13,137)	507	74,028	231,056	4,698	235,754
Total comprehensive income/(loss) for the year							
Profit/(loss) for the year	–	–	–	(11,540)	(11,540)	–	(11,540)
Other comprehensive income/(loss) for the year	–	11,339	(477)	(4,562)	6,300	–	6,300
	–	11,339	(477)	(16,102)	(5,240)	–	(5,240)
Total transactions with owners, recognised directly in equity							
Capital reduction	(136,468)	–	–	–	(136,468)	–	(136,468)
Deconsolidation of subsidiaries	–	–	–	–	–	(4,698)	(4,698)
	(136,468)	–	–	–	(136,468)	(4,698)	(141,166)
As at 31 December	33,190	(1,798)	30	57,926	89,348	–	89,348

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 year				
Profit/(loss) for the year	–	–	(4,935)	(4,935)
Other comprehensive income/(loss) for the year	–	20	–	20
	–	20	(4,935)	(4,915)
As at 31 December	33,190	50	74,512	107,752
2016				
As at 1 January	169,658	507	87,469	257,634
Total comprehensive income/(loss) for the year				
Profit/(loss) for the year	–	–	(8,022)	(8,022)
Other comprehensive income/(loss) for the year	–	(477)	–	(477)
	–	(477)	(8,022)	(8,499)
Total transactions with owners, recognised directly in equity				
Capital reduction	(136,468)	–	–	(136,468)
	(136,468)	–	–	(136,468)
As at 31 December	33,190	30	79,447	112,667

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 31 December 2017 was 85,291,885 (31 December 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>	
	2017	2016 Audited
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)	(5.59)	(13.53)
(ii) On a fully diluted basis (in cents)	(5.59)	(13.53)

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 Dec 2017	31 Dec 2016 Audited	31 Dec 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 year:-	S\$0.97	S\$1.05	S\$1.26	S\$1.32
Number of existing issued shares excluding treasury shares at end of the financial 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\$4.070 million for the financial year ended 31 December 2017 compared to S\$3.920 million for the previous financial year.

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

Gross profit decreased by 36.7% to S\$0.806 million compared to S\$1.274 million in FY2016 was mainly due to the depreciation and amortisation of leasehold properties were charged full year in FY2017 as compared to half year in FY2016 arising from the reclassification of Non-current asset held for sale to Prepaid leasehold properties and Property, plant and equipment.

As a result, the Group recorded a total loss after-tax of S\$4.768 million for the financial year ended 31 December 2017.

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 (Q3 FY2017) 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.

On 30 November 2017, the Company has entered into a binding term sheet with Global Health Byte Pte Ltd. ("GHB") in relation to the proposed investment in GHB for the aggregate investment amount of S\$2 million.

GHB is a private company incorporated in the Republic of Singapore and is building an intelligent, scalable clinic management and electronic medical record systems with accurate, up-to-date and actionable data to help physicians, clinics and individuals take smarter decisions.

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/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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediately preceding year.**

	<u>Income Producing Assets</u>	<u>Properties</u>	<u>Hotel Management</u>	<u>Other</u>	<u>Total</u>
	Japan S\$'000	China S\$'000	China S\$'000	Singapore S\$'000	S\$'000
Group					
2017					
Revenue and other income					
- external sales	–	–	4,070	–	4,070
- other income	–	343	23	268	634
	–	343	4,093	268	4,704
Cost of revenue and operating expenses					
	–	(554)	(3,163)	(2,998)	(6,715)
Depreciation and amortisation	–	(1,442)	(297)	(157)	(1,896)
Other gains/(losses), net	–	–	124	(985)	(861)
Profit/(loss) before income tax	–	(1,653)	757	(3,872)	(4,768)
Total Assets					
	–	69,622	4,847	18,386	92,855
Total assets includes:					
Additions to:					
- property, plant and equipment	–	1	48	–	49
2016					
Revenue and other income					
- external sales	–	43	3,877	–	3,920
- other income	2	306	24	568	900
	2	349	3,901	568	4,820
Cost of revenue and operating expenses					
	(138)	(619)	(3,213)	(3,229)	(7,199)
Depreciation and amortisation	–	(2,123)	(329)	(156)	(2,608)
Other gains/(losses), net	(6,668)	(1)	(122)	(1,378)	(8,169)
Profit/(loss) before income tax	(6,804)	(2,394)	237	(4,195)	(13,156)
Total Assets					
	–	73,114	6,428	22,125	101,667
Total assets includes:					
Additions to:					
- property, plant and equipment	–	63	33	–	96
Group					
	2017			2016	
	S\$'000			Audited	S\$'000
Segment assets for reportable segments	92,855			101,667	
Other segment assets					
Unallocated					
- tax recoverable		627			643
		93,482			102,310
Revenue from major products and services					
Properties		–			43
Hotel management		4,070			3,877
		4,070			3,920

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediately preceding year.** (continued)

Geographical information

	<u>Sales</u>	
	2017	2016 Audited
	S\$'000	S\$'000
China	4,070	3,920
	<hr/>	
	<u>Non-current Assets</u>	
	2017	2016 Audited
	S\$'000	S\$'000
Singapore	11,458	13,339
China	50,512	53,798
	<hr/>	<hr/>
	61,970	67,137

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

This has been explained in item 8 and item 10 above.

17. **A breakdown of sales.**

	Group		Increase/ (Decrease) %
	2017 S\$'000	2016 S\$'000	
Sales reported for the first half year	1,855	1,799	3.11
Operating profit/(loss) after tax before deducting non-controlling interests for first half year	(2,553)	(9,196)	(72.24)
Sales reported for second half year	2,215	2,121	4.43
Operating profit/(loss) after tax before deducting non-controlling interests for second half year	(2,215)	(2,344)	(5.50)

18. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

19. Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ngiam Mia Je Patrick	63	Please see notes below	Chairman and Chief Executive Officer. Responsible for the overall management of the Group. The positions were held since 1992.	No change
Ngiam Mia Kiat Benjamin	61	Please see notes below	Managing Director. Responsible for the operations of the Group. The position was held since 1992.	No change
Lauw Hui Kian	61	Please see notes below	Executive Director (Finance & Administration) Controlling the administration and finance activities of the Group. The position was held since 1985.	No change
Ngiam Mia Hai Bernard	57	Please see notes below	Executive Director (Marketing & Corporate Communications, Business Development) Managing the marketing activities and corporate communications of the Group and engaging in business development/investment activities. The position was held since 1985.	No change
Ngiam Mia Hong Alfred	54	Please see notes below	Executive Director (Business Development & IT Solutions) Responsible for all aspects of the IT solutions of the Group and engage in business development/investment activities. The position was held since 1991.	No change

Notes:

- Ms Lauw Hui Kian is the spouse of Mr Ngiam Mia Je Patrick.
- Messrs Ngiam Mia Je Patrick, Ngiam Mia Kiat Benjamin, Ngiam Mia Hai Bernard and Ngiam Mia Hong Alfred are brothers.
- Mr Ngiam Mia Je Patrick, Mr Ngiam Mia Kiat Benjamin and Ms Lauw Hui Kian are also substantial shareholders of the Company.

BY ORDER OF THE BOARD

Lauw Hui Kian
Director
25 January 2018