

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 2018**

	<u>Group</u>		
	31 Mar 2018 S\$'000	31 Mar 2017 S\$'000	Increase/ (decrease) %
Sales	995	866	14.9
Cost of sales	(845)	(755)	11.9
Gross profit/(loss)	150	111	35.1
Other income	147	174	(15.5)
Other gains/(losses), net	(84)	(380)	(77.9)
Expenses			
Distribution and marketing	(62)	(64)	(3.1)
Administrative	(1,053)	(1,007)	4.6
Finance	(128)	(148)	(13.5)
	(1,243)	(1,219)	2.0
Profit/(loss) before income tax	(1,030)	(1,314)	(21.6)
Income tax credit/(expense)	(17)	-	NM
Total profit/(loss)	(1,047)	(1,314)	(20.3)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, FVOCI			
- Fair value gain/(loss)	(21)	2	NM
Currency translation gain/(loss) arising from consolidation	1,520	(1,827)	NM
Other comprehensive income/(loss), net of tax	1,499	(1,825)	NM
Total comprehensive income/(loss)	452	(3,139)	NM

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

	31 Mar 2018 S\$'000	<u>Group</u> 31 Mar 2017 S\$'000	Increase/ (decrease) %
Amortisation of prepaid leasehold properties	122	120	1.7
Depreciation	367	355	3.4
Foreign exchange losses/(gains), net (Note 3 & 6)	84	380	(77.9)
Interest income (Note 2)	(30)	(53)	(43.4)
Interest expenses (Note 4)	128	149	(14.1)

Notes

1. Gross profit/(loss)
The increase in gross profit for the financial period under review was in tandem with increase in sales revenue of Grand nest HOTEL zhuhai and sale of property developed for sale in Zhuhai, China.
2. Other income
The decrease in other income was mainly due to lower interest received.
3. Other gains/(losses), net
The losses were mainly contributed by the foreign exchange losses due to the weakening of United States Dollar against Singapore Dollars. (Note 6)
4. Finance expense
The decrease was mainly due to lower finance cost incurred in the operations of Zhuhai, China.
5. Income tax expense
The income tax expense in Q1 FY2018 was mainly related to the sale of property developed for sale in Zhuhai, China.
6. 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 2018	31 Dec 2017 Restated (iii)	1 Jan 2017 Restated (iii)	31 Mar 2018	31 Dec 2017 Audited
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents (i)	6,402	7,334	10,619	2,853	3,735
Trade and other receivables	873	831	566	2,224	2,218
Tax recoverable	640	627	643	–	–
Properties developed for sale	19,912	19,535	20,080	–	–
Properties held for sale	3,208	3,145	3,225	–	–
Other assets	48	40	40	–	–
	<u>31,083</u>	<u>31,512</u>	<u>35,173</u>	<u>5,077</u>	<u>5,953</u>
Non-current assets					
Financial assets, available-for-sale(ii)	–	3,890	5,524	–	1,024
Financial assets, at FVPL (ii)	2,968	–	–	102	–
Financial assets, at FVOCI (ii)	884	–	–	884	–
Other receivables	–	–	–	58,417	57,203
Prepayment	6	7	2	–	–
Other asset	1	1	90	–	–
Investment in associated companies	–	–	–	–	–
Investment in subsidiaries	–	–	–	36,155	36,155
Prepaid leasehold properties	21,419	20,913	22,202	–	–
Land held for development	6,422	6,422	6,422	6,422	6,422
Property, plant and equipment	30,971	30,737	32,897	1,107	1,146
	<u>62,671</u>	<u>61,970</u>	<u>67,137</u>	<u>103,087</u>	<u>101,950</u>
Total assets	<u>93,754</u>	<u>93,482</u>	<u>102,310</u>	<u>108,164</u>	<u>107,903</u>
LIABILITIES					
Current liabilities					
Borrowings	3,321	3,255	7,511	–	–
Trade and other payables	1,794	1,963	1,988	112	151
Current income tax liabilities	350	327	335	–	–
	<u>5,465</u>	<u>5,545</u>	<u>9,834</u>	<u>112</u>	<u>151</u>
Non-current liabilities					
Borrowings	5,187	5,287	3,128	–	–
	<u>5,187</u>	<u>5,287</u>	<u>3,128</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>10,652</u>	<u>10,832</u>	<u>12,962</u>	<u>112</u>	<u>151</u>
NET ASSETS	<u>83,102</u>	<u>82,650</u>	<u>89,348</u>	<u>108,052</u>	<u>107,752</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	33,190	33,190	33,190	33,190	33,190
Currency translation reserve	(430)	(1,950)	–	–	–
Fair value reserve	29	50	30	29	50
Retained earnings	50,313	51,360	56,128	74,833	74,512
Total equity	<u>83,102</u>	<u>82,650</u>	<u>89,348</u>	<u>108,052</u>	<u>107,752</u>

Notes

- (i) The decrease in cash and cash equivalents was mainly due to repayment of borrowings and used in operating activities.
- (ii) The Financial assets, available-for-sale had been reclassified to Financial assets, at FVPL and Financial assets, at FVOCI with the adoption of SFRS(I) 9 on 1 January 2018.
- (iii) Refer to page 7 and 8 item 5.

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 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,321	Nil	3,255	Nil

Amount repayable after one year

<u>Group</u>		<u>Group</u>	
As at 31 March 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,187	Nil	5,287	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>	
	31 Mar 2018	31 Mar 2017
	S\$'000	S\$'000
Cash flows from operating activities		
Total profit/(loss)	(1,047)	(1,314)
Adjustments for		
- Income tax expense/(credit)	17	-
- Depreciation	367	355
- Amortisation of prepaid leasehold properties	122	120
- Unrealised translation losses/(gains)	(126)	414
- Interest income	(30)	(53)
- Interest expenses	128	149
	<u>(569)</u>	<u>(329)</u>
Change in working capital		
- Other assets	(8)	(3)
- Properties	53	-
- Trade and other receivables	(13)	(23)
- Trade and other payables	(169)	(249)
Cash generated/(used in) from operations	<u>(706)</u>	<u>(604)</u>
Interest received	2	39
Net cash provided by/(used in) operating activities (i)	<u>(704)</u>	<u>(565)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(4)	(2)
Net cash provided by/(used in) investing activities	<u>(4)</u>	<u>(2)</u>
Cash flows from financing activities		
Interest paid	(128)	(190)
Proceeds from borrowings	-	3,081
Repayment of borrowings	(207)	(3,697)
Net cash provided by/(used in) financing activities	<u>(335)</u>	<u>(806)</u>
Net increase/(decrease) in cash and cash equivalents	(1,043)	(1,373)
Cash and cash equivalents at beginning of financial year	7,334	10,619
Effects of currency translation on cash and cash equivalents	111	(302)
Cash and cash equivalents at end of financial year	<u>6,402</u>	<u>8,944</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				
	Share capital S\$'000	Currency translation reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total S\$'000
2018					
As at 31 December 2017	33,190	(3,748)	50	53,158	82,650
Adoption of SFRS(I) 1	–	1,798	–	(1,798)	–
As at 1 January 2018	33,190	(1,950)	50	51,360	82,650
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	–	(1,047)	(1,047)
Other comprehensive income/(loss) for the period	–	1,520	(21)	–	1,499
	–	1,520	(21)	(1,047)	452
As at 31 March 2018	33,190	(430)	29	50,313	83,102

STATEMENT OF CHANGES IN EQUITY – GROUP	Attributable to Equity Holders of the Company				
	Share capital S\$'000	Currency translation reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total S\$'000
2017					
As at 31 December 2016	33,190	(1,798)	30	57,926	89,348
Adoption of SFRS(I) 1	–	1,798	–	(1,798)	–
As at 1 January 2017	33,190	–	30	56,128	89,348
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	–	(1,314)	(1,314)
Other comprehensive income/(loss) for the period	–	(1,827)	2	–	(1,825)
	–	(1,827)	2	(1,314)	(3,139)
As at 31 March 2017	33,190	(1,827)	32	54,814	86,209

STATEMENT OF CHANGES IN EQUITY – COMPANY	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
2018				
As at 1 January	33,190	50	74,512	107,752
Total comprehensive income/(loss) for the period				
Profit/(loss) for the period	–	–	321	321
Other comprehensive income/(loss) for the period	–	(21)	–	(21)
	–	(21)	321	300
As at 31 March	33,190	29	74,833	108,052

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	–	–	(2,282)	(2,282)
Other comprehensive income/(loss) for the period	–	2	–	2
	–	2	(2,282)	(2,280)
As at 31 March	33,190	32	77,165	110,387

- 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 March 2018 was 85,291,885 (31 December 2017: 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 Group has adopted Singapore Financial Reporting Standard (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards on 1 January 2018. Other than the adoption of the new standards that are effective on 1 January 2018, the new framework will have no material impact on the accounting policies and methods of computations applied by the Group with those used in its audited financial statements as at 31 December 2017 that were prepared in accordance with Singapore Financial Reporting Standard ("SFRS"), 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.**

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the quarter ended 31 March 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

- a) Application of SFRS(I) 1

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017.

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. (continued)

b) Adoption of SFRS(I)s

The following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company are effective on or after the same date.

- SFRS(I) 15 Revenue from Contracts with Customers
- SFRS(I) 9 Financial Instruments
- SFRS(I) 16 Leases
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

Adoption of SFRS(I) 9

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempt the Group from applying SFRS(I) 9 to comparative information. Accordingly, requirements of SFRS(I) 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017.

SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation.

- Classification and measurement

The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9.

As a result, certain balance sheet items were adjusted as at 1 January 2018.

The line items on the Group's financial statements with significant impact arising from the adoption of SFRS(I) are summarised below:

	As at 31 Dec 2017 reported under SFRS S\$'000	As at 1 Jan 2018 reported under SFRS(I) S\$'000	As at 1 Jan 2017 reported under SFRS S\$'000	As at 1 Jan 2017 reported under SFRS(I) S\$'000
Financial assets, available-for-sale	3,890	-	5,524	5,524
Financial assets, at FVPL	-	2,968	-	-
Financial assets, at FVOCI	-	922	-	-
Currency translation reserve	(3,748)	(1,950)	(1,798)	-
Retained earnings	53,158	51,360	57,926	56,128

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 2018 31 Mar 2017

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)	(1.23)	(1.54)
(ii) On a fully diluted basis (in cents)	(1.23)	(1.54)

- 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.

	<u>Group</u>		<u>Company</u>	
	31 Mar 2018	31 Dec 2017 Audited	31 Mar 2018	31 Dec 2017 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\$0.97	S\$0.97	S\$1.27	S\$1.26
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\$0.995 million for the 1st quarter ended 31 March 2018 compared to S\$0.866 million for the previous financial period.

The gross profit increased by 35.1% to S\$0.150 million compared to S\$0.111 million of the previous financial period. The increase in gross profit for the financial period under review was in tandem with increase in sales revenue of Grand nest HOTEL zhuhai and sale of the property developed for sale in Zhuhai, China.

As a result, the Group reduced the loss before tax to S\$1.030 million and the loss after tax to S\$1.047 million for the 1st quarter ended 31 March 2018.

- 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 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.

The binding term sheet with Global Health Byte Pte Ltd. ("GHB") on 30 November 2017 in relation to the proposed investment in GHB for the aggregate investment amount of S\$2 million by the Company was cancelled with mutual consent on 23 April 2018.

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.

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 2018 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 April 2018

BY ORDER OF THE BOARD

Lauw Hui Kian
Director

27 April 2018