PROPERTY DEVELOPMENT and INVESTMENT

ANNUAL REPORT 2014

VISION

To be an accomplished property developer & hospitality group in Asia

MISSION

We are committed to provide value to our stakeholders & be socially responsible

CORE VALUES

PLEDGE OF PARTNERSHIP

We adopt a "Partnership" approach to achieve "win-win" in all relationships

SENSE OF RUB

Assuming RESPONSIBILITY is a SPIRIT and conviction to all our stakeholders

Upholding an ATTITUDE of URGENCY unleashes dynamism and relentless effort in accomplishing our mission

BELONGING is a BELIEF that will harness unity and strength in building a Great Corporation

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of IPC Corporation Limited ("IPC" or "The Group") for the financial year ended 31 December 2014 ("FY 2014").

The Group recorded a full-year of operating income from all nine hotels in Japan. In FY 2014, we have also completed the sales of our remaining apartment units under the Oppama project as well as most of the apartment units under the Oiso project in Japan.

During the year under review, in December 2014, The Group sold two hotels in Sapporo, Japan - "nest HOTEL sapporo odori" and "nest HOTEL sapporo ekimae" (the "Sapporo Hotels") to GK Sapporo Holdings Tokumei Kumiai. GK Sapporo Holdings Tokumei Kumiai is established as a wholly owned subsidiary of Ichigo Group Holdings Co., Ltd to hold the Sapporo Hotels.

The sale of the two Sapporo Hotels for approximately S$29.61 million was announced on 26 December 2014. IPC recorded a net gain of approximately JPY950 million (approximately S$10.45 million) from the said transaction. It will also allow The Group to unlock the value of the Sapporo Hotels and to reinvest the cash into projects that will optimise overall returns to our shareholders.

In April 2014, The Group also launched its first 217-room hotel in China, Grand nest HOTEL zhuhai, featuring notably its theme-designed rooms concept. In addition to this achievement, IPC's 10 percent interest in the office cum commercial development project in Foshan – Aenon International Plaza was externally completed. It is undergoing interior fitting and is scheduled for completion in the second quarter of 2015.

Financial Performance

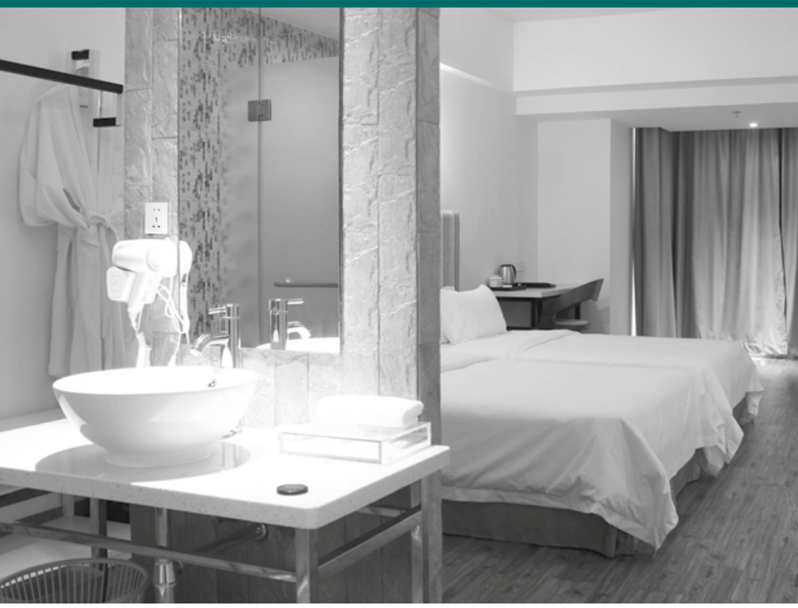
Amidst uncertain market trading conditions globally, The Group has delivered yet another year of sound financial result.

The Group sales decreased to S$33.366 million for the year ended 31 December 2014 when compared to S$46.939 million recorded for the same period of the previous year. Majority of the apartment units from the Oppama condominium project were sold in 2013, thereby resulting in a decrease in revenue for FY 2014.

Gross profit increased by 7.4% to S$14.380 million as compared to S$13.384 million of the previous year. The Group's other gains of S$38.760 million were mainly attributed to gains of S$22.704 million from the revaluation of investment properties in Japan and the gain of S$14.769 million on the disposal of investment properties in Japan. The gross profit of S$14.380 million coupled with other gains and other income have resulted in Group profit before tax of S$37.070 million and an after-tax profit of S$30.873 million for the year ended 31 December 2014.

Japan Operations

With the sale of the two hotels in Sapporo, IPC's total number of hotels in Japan is now down to seven. These are Smile Hotel Asagaya, Smile Hotel Asakusa, Comfort Hotel Okayama, Matsuyama Washington Hotel Plaza, nest HOTEL



kumamoto, nest HOTEL naha and nest HOTEL osaka shinsaibashi.

The Sapporo Hotels shall retain the "nest" brand and continue to be managed by Nest Hotel Japan ("NHJ"), a licensee of nest brand owned by IPC.

Future Plans and Prospects

The significant achievements in FY 2014 were primarily attributed to the relentless efforts put in by The Group, as well as the sound investments made in the past years. With the free cash and cash equivalents of S$65 million as at 31 December 2014, IPC shall continue to actively explore and evaluate business opportunities relating to its core business of property investments and development, with a particular focus on hotel investments and other income-producing assets.

In conjunction with its hotel investments, The Group will also seek and evaluate to expand its hotel management service business, particularly in Japan and China. We believe that this strategy best suits this period of economic uncertainty in order for IPC to harness economies of scale in its hotel operations. With the volatility of major currency exchange rates and the increase of interest rate looming, cross-country investments would face a more uphill challenge in the coming years. Because of this, The Group will practise extreme caution in 2015 when it comes to investing where/when possible and feasible.

We also plan to monetise our assets so as to build up The Group's war chest for other strategic expansion that will benefit IPC.

Dividend

The Board of Directors is proposing a first and final dividend (tax-exempt one tier) of 0.25 cents per ordinary share and a special dividend (tax-exempt one tier) of 0.35 cents per ordinary share to be approved at the upcoming Annual General Meeting.

Words of Appreciation

In closing, I would like to extend the Board's appreciation to our valued customers and shareholders for their unwavering support. I would also like to thank my fellow board members, management team and our employees for their continued trust and confidence in The Group that helped us get through these trying times.

Ngiam Mia Je Patrick
Chairman & Chief Executive Officer

OPERATIONS REVIEW

The year 2014 has been marked by challenges brought about by the complexities and uncertainties of the global market. As a result, The Group adopted cautious strategies in the countries where it operates.

Japan

In February 2014, The Group's hotel in Osaka was renamed to nest HOTEL osaka shinsaibashi. It is the fifth hotel to be renamed using its nest brand. This is a testament to IPC's goal to actively build and market its "nest" and "Grand nest" brands.

The Group concluded the year by entering into a sale and purchase agreement with GK Sapporo Holdings Tokumei Kumiai for the sale of its two hotels in Sapporo, Japan – "nest HOTEL sapporo odori" and "nest HOTEL sapporo ekimae" – on 26 December 2014.

The aggregate consideration of JPY2,691,550,000 (approximately S$29.61 million) paid for the Sapporo Hotels was negotiated on a willing-buyer and willing-seller basis, taking into account the recent market prices of hotels in the region. The sale consideration was paid wholly in cash to The Group when the sale and purchase agreement was signed.

As for The Group's condominium projects in Japan, all the apartment units from the Oppama project have been sold. Most of the apartment units of the Oiso project were sold as at 31 December 2014.

BUSINESS HOTELS
In Japan

1 nest HOTEL kumamoto, Kumamoto

2 nest HOTEL sapporo odori, Sapporo*

3 nest HOTEL sapporo ekimae, Sapporo*

4 nest HOTEL naha, Okinawa

5 nest HOTEL osaka shinsaibashi, Osaka

6 Smile Hotel Asagaya, Tokyo

7 Smile Hotel Asakusa, Tokyo

8 Comfort Hotel Okayama, Okayama

9 Matsuyama Washington Hotel Plaza, Matsuyama

*** Sold on 26 Dec 2014 but managed by Nest Hotel Japan, a licensee of the nest brand owned by IPC.**


4


5

1

6


7

2

8

3

9

OPERATIONS REVIEW

RESIDENTIAL CONDOMINIUM PROJECTS In Japan

1 **Tsukuba***
2 **Tsuchiura***
3 **Uraga***
4 **Tsukimino***
5 **Oppama***
6 **Oiso**

*** Completely sold.**

1


2


3


4

5

6

OPERATIONS REVIEW

China

During the year under review, The Group commenced operation of its maiden hotel in China – Grand nest HOTEL zhuhai in April 2014, a 217-room boutique hotel with 11-themed designs. It is the first hotel under the Grand nest branding of The Group. A well-run hotel will enhance the value of the property.

The year also saw the completion of all exteriors of The Group's 10 percent interest in the office cum commercial development project in Foshan – Aenon International Plaza. The interiors are scheduled for completion by mid-2015.

Financial Position

IPC continued to maintain a sound financial standing in the current financial year. Gross profit increased by 7.4 percent to S$14.380 million as compared to S$13.384 million in the previous year. The Group recorded a full year of operating income from all the nine hotels in Japan.

Together with the other gains of S$38.760 million which were mainly attributed to gains of S$22.704 million from the revaluation of investment properties in Japan and the gain of S$14.769 million on the disposal of investment properties in Japan, The Group made an after-tax profit of S$30.873 million for the year ended 31 December 2014.

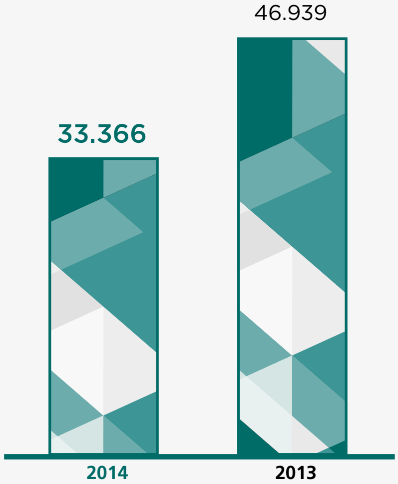
The Group's free cash and cash equivalent balances as at 31 December 2014 was around S$65 million, compared to approximately S$36 million of the previous year. The increase in cash and cash equivalents was mainly attributed to the proceeds from the disposal of investment properties in Japan.

Looking Ahead

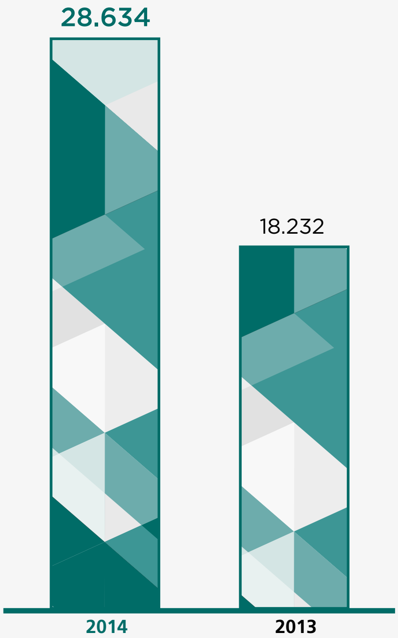
The Group shall continue to explore and evaluate business opportunities relating to its core business of property investments and development. However, we will exercise due care and caution given the uncertainties facing the global landscape.

FINANCIAL HIGHLIGHTS

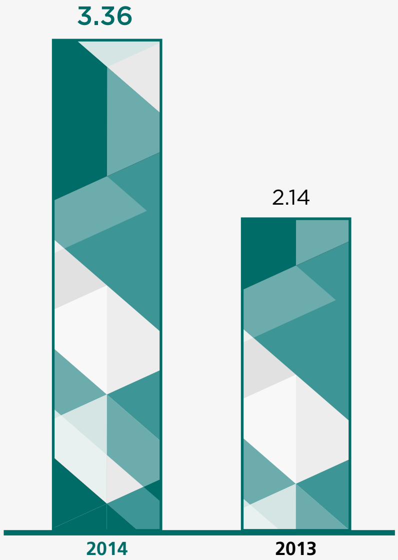
TOTAL SALES
(S$ million)



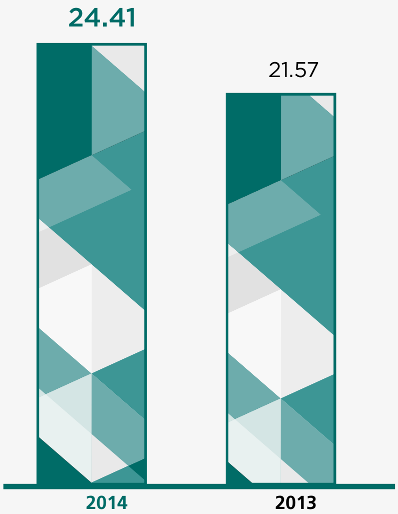
NET PROFIT AFTER TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(S$ million)



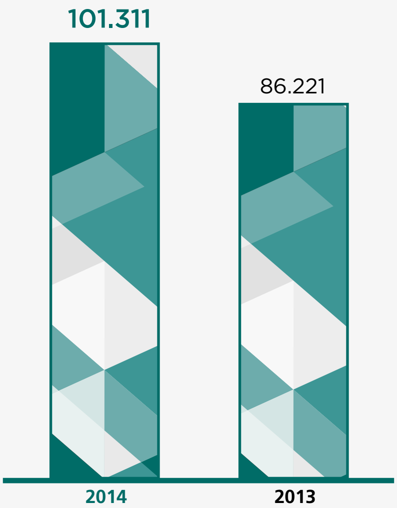
EARNINGS PER SHARE
(S$ cents)



NET ASSET VALUE PER ORDINARY SHARE
(S$ cents)



CASH AND CASH EQUIVALENTS
(S$ million)



BOARD OF DIRECTORS

NGIAM MIA JE PATRICK

Ngiam Mia Je Patrick is the Chairman and CEO of IPC. He has served on IPC's board of directors since 1992. He is also the Chairman and co-founder of Essex Investment and its group of companies ("Essex"). Patrick, graduated in Electronics Engineering with first class honours, is an acknowledged entrepreneur in Singapore and has received many accolades. In 1990, he was awarded the inaugural KPMG High-Tech Entrepreneur Award. Other awards include the DHL & Singapore Press Holdings Singapore Business Award for Businessman of the Year in 1994 and the Chevalier De L'Ordre National Du Merite conferred by Le President De La Republique Francaise in 1996.

NGIAM MIA KIAT BENJAMIN

Ngiam Mia Kiat Benjamin is the Managing Director of IPC. He has served on IPC's board of directors since 1992. He is also the co-founder of Essex. He has a Bachelor of Science in Electronics Engineering and graduated with first class honours from the University of Essex (UK).

LAUW HUI KIAN

Lauw Hui Kian is the Finance and Administration Director of IPC. She has served on IPC's board of directors since 1985. She graduated from the University of Essex (UK) with a Bachelor of Arts in Mathematical Economics with second class honours. Prior to joining IPC, she was the head of the finance department at Essex.

NGIAM MIA HAI BERNARD

Ngiam Mia Hai Bernard is the Executive Director of IPC and has served on IPC's board of directors since 1985. He graduated from the National University of Singapore with a Bachelor of Business Administration.

NGIAM MIA HONG ALFRED

Ngiam Mia Hong Alfred is the Executive Director of IPC and has served on IPC's board of directors since 1991. He graduated from the University of Waterloo, Canada with a Bachelor of Mathematics in Computer Science and Statistics, Dean's Honour Roll.

LEE JOO HAI

Lee Joo Hai is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 1996 and is the Chairman of the Nominating Committee. He is a Chartered Accountant of Singapore. His experience in accounting and auditing spans more than 30 years.

LEE SOO HOON PHILLIP

Lee Soo Hoon Phillip is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 1998 and is the Chairman of the Audit Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales and the Chartered Accountant of Singapore, a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Singapore Institute of Directors. He was with Ernst & Young, Singapore for 30 years and was a partner at the last 19 years. His experience covers areas of audit, investigations, liquidations, reorganisations and valuations. Currently, he is the Managing Director of Phillip Lee Management Consultants Pte Ltd.

SEAH SEOW KANG STEVEN

Seah Seow Kang Steven is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 2002 and is the Lead Independent Director and Chairman of the Remuneration Committee. He graduated with LLB (Hons) from the University of Singapore in 1980 and also holds a Diploma in Business Law from the National University of Singapore in 1988. His experience in civil and criminal litigation, conveyance matters, corporate secretarial services and general advice to institutions in finance, insurance and company matters spans more than 30 years. He is a partner in the law firm Seah Ong & Partners LLP.

LI LING XIU

Li Ling Xiu is a Non-Executive Director of IPC. She was appointed to IPC's board of director in 2009. She is the Chief Executive Officer of Chip Lian Investments (HK) Limited ("Chip Lian") and Sanion Enterprises Limited. Prior to joining Chip Lian, she was the Group Deputy General Manager of China Strategic Holdings Limited, a listed company in Hong Kong. She has 20 years experience in investing in Asia, especially in China. She sits on various Board of Directors including Wonderful Sky Financial Group Holdings Limited (a listed company in Hong Kong). She is also a director of Fudan Premium Fund Management.

LIEN KAIT LONG

Lien Kait Long is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 2013. He holds a Bachelor of Commerce in Accountancy from Nanyang University (Singapore) and is a fellow member of the CPA Australia and Fellow Chartered Accountant of Singapore. He had held a number of senior management positions as well as executive directorship in various public and private corporations in Singapore, Hong Kong and China. Currently he serves as Independent Director on the board of several Singapore and Chinese companies listed on the Singapore Exchange. The listed companies that he has current and prior experience in are from diverse industries including manufacturing, telecommunication, renewable energy, oil and gas service provider, consumer goods, property, healthcare, textile and packaging products.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ngiam Mia Je Patrick
(Chairman & Chief Executive Officer)

Ngiam Mia Kiat Benjamin
(Managing Director)

Lauw Hui Kian (Ms)
(Executive Director
– Finance & Administration)

Ngiam Mia Hai Bernard
(Executive Director – Marketing & Corporate Communications, Business Development)

Ngiam Mia Hong Alfred
(Executive Director – Business Development & IT Solutions)

NON-EXECUTIVE DIRECTORS

Lee Joo Hai
(Independent, Chairman
– Nominating Committee)

Lee Soo Hoon Phillip
(Independent, Chairman
– Audit Committee)

Seah Seow Kang Steven
(Independent, Chairman
– Remuneration Committee,
Lead Independent Director)

Li Ling Xiu (Ms)
(Non-Independent, Member
– Nominating Committee)

Lien Kait Long
(Independent, Member
- Audit Committee)

AUDIT COMMITTEE

Lee Soo Hoon Phillip
(Chairman)

Lee Joo Hai

Seah Seow Kang Steven

Lien Kait Long

NOMINATING COMMITTEE

Lee Joo Hai
(Chairman)

Seah Seow Kang Steven

Ngiam Mia Je Patrick
(Alternate – Ngiam Mia Kiat Benjamin)

Lee Soo Hoon Phillip

Li Ling Xiu

REMUNERATION COMMITTEE

Seah Seow Kang Steven
(Chairman)

Lee Soo Hoon Phillip

Lee Joo Hai

COMPANY SECRETARY

Ngiam Mia Hai Bernard

COMPANY REGISTRATION NO.

198501057M

REGISTERED OFFICE

23 Tai Seng Drive,
#06-00 Deutsche Telekom Centre,
Singapore 535224
Tel: 67442688 Fax: 67430691
www.ipc.com.sg

SHARE REGISTRAR'S OFFICE

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01,
Singapore Land Tower,
Singapore 048623.
Tel: 65365355 Fax: 65361360

AUDITORS

PricewaterhouseCoopers LLP
8 Cross Street #17-00, PWC Building
Singapore 048424

AUDIT PARTNER

Trillion So
Date of appointment: w.e.f. FY2014

REPORT OF CORPORATE GOVERNANCE

For the financial year ended 31 December 2014

The Board of Directors (the "Board") and the Management of IPC Corporation Ltd (the "Company") are committed to maintaining a high standard of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2012 (the "Code") issued by the Monetary Authority of Singapore on 2 May 2012. In areas where the Company deviates from the Code, rationales are provided.

This Report describes the Company's corporate governance processes and activities. For ease of reference, the relevant provisions of the Code under discussion are identified in italics.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

The principal functions of the Board are:

1. approving the Board policies, strategies and financial objectives of the Company and monitoring the performance of the Management;

2. overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

3. approving the nominations of directors and appointment of key personnel;

4. approving major funding proposals, investment and divestment proposals; and

5. assuming responsibility for corporate governance.

All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in their interest of the Company.

Matters which are specifically referred to the full Board for decision are those involving a conflict of interest for substantial shareholder or director, material acquisitions and disposals of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders and matters which require Board's approval as specified under the Company's interested person transaction policy.

The Board conducts at least 4 meetings in a year, and ad-hoc meetings are convened as and when required. The Company's Articles of Association (the "Articles") allows a board meeting to be conducted by way of tele-conference. The attendance of directors at meetings of the Board and Board Committees, as well as the frequency of such meetings are disclosed below:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	Number of meetings							
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ngiam Mia Je Patrick	4	4	-	-	-	-	1	1
Ngiam Mia Kiat Benjamin	4	4	-	-	-	-	-	-
Lauw Hui Kian	4	4	-	-	-	-	-	-
Ngiam Mia Hai Bernard	4	4	-	-	-	-	-	-
Ngiam Mia Hong Alfred	4	4	-	-	-	-	-	-
Lee Soo Hoon Phillip	4	4	4	4	1	1	1	1
Lee Joo Hai	4	4	4	4	1	1	1	1
Seah Seow Kang Steven	4	4	4	4	1	1	1	1
Li Ling Xiu	4	2	-	-	-	-	1	-
Lien Kait Long	4	4	4	4	-	-	-	-

All directors have access to the company secretary who provides the Board with regular updates on corporate governance processes and listing requirements of the SGX. The company secretary also attends all Board meetings and assists the Chairman in ensuring that Board procedures are followed and reviewed such that the Board functions effectively.

BOARD OF DIRECTORS (continued)

Principle 1: Board's Conduct of its Affairs (continued)

All directors also have access to senior management and are updated regularly concerning any changes in the Company's policies.

The Company has adopted a policy for directors to request explanations, briefings or informal discussions on any aspect of the Company's operations or business issues from the Management. The CEO will make the necessary arrangements for these briefings, informal discussions or explanations.

The directors can attend seminars or conferences in connection with their duties as directors. Newly appointed directors will be briefed on the Group's business and governance policies.

For 2014, directors are being briefed in areas such as updates on Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and regulatory developments such as minimum trading price. Directors have visited the Grand nest HOTEL zhuhai and our investment project in China to better understand the Group's operations. Directors are also encouraged to attend relevant courses conducted by Singapore Institute of Directors, Singapore Exchange Limited, professional firm, business and financial institutions and consultants. In 2014, certain directors have attended seminar conducted by Singapore Institute of Directors, Singapore Exchange Limited and professional firm.

Principle 2: Board Composition and Guidance

Presently, the Board comprises four (4) non-executive and independent directors, one (1) non-executive and non-independent director and five (5) executive directors. This composition complies with the Code's requirement that at least one-third of the Board should be made up of independent directors. The Board noted the recommended guideline given under the Code that independent directors should make up at least half of the Board if the Chairman and CEO is the same person, which would be effective at the Annual General Meeting ("AGM") following the financial year ending 31 December 2017. The Board would implement this recommendation as and when appropriate.

The independence of each director is reviewed annually by the Nominating Committee ("NC"), which was formed on 2 September 2002. The NC adopts the Code's definition of what constitutes an independent director in its review. As a result of the NC's review of the independence of each director for FY 2014, the NC is of the view that the independent directors of the Company are independent and that no individual or small group of individuals dominate the Board's decision making process. Key information regarding the directors is given in the 'Board of Directors' section of the annual report.

The Board has determined after taking into account the views of the NC, that each independent director, namely Mr Lee Soo Hoon Phillip, Mr Lee Joo Hai, Mr Seah Seow Kang Steven and Mr Lien Kait Long is independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

Mr Lee Soo Hoon Phillip, Mr Lee Joo Hai and Mr Seah Seow Kang Steven had served the Board for more than 9 years. Taking into account the views of the NC, the Board has also reviewed and considered Mr Lee Soo Hoon Phillip, Mr Lee Joo Hai and Mr Seah Seow Kang Steven to be independent after having determined that they have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interest of the Company. Mr Lee Soo Hoon Phillip, Mr Lee Joo Hai and Mr Seah Seow Kang Steven have throughout their appointment, demonstrated strong independence in character and judgement in the discharge of their responsibilities as a director of the Company. They have continued to express their individual viewpoints, debated issues and objectively challenged the Management. They have sought clarification and amplification as they deemed required.

Having considered the nature and the scope of the Group's business and the number of Board committees, the Board considers its present board size of ten members appropriate. The Board comprises directors who as a group provide a balance of skills, experience and gender (2 existing female directors on Board) as well as core competencies in accounting, legal and business experience necessary to meet the Company's targets. More details of the directors' experience and core competencies are provided under the "Board of Directors" section in the Annual Report.

Non-executive directors have reviewed the performance of the Management in meeting agreed goals and objectives and monitored the reporting of the performance.

The Company would make available its premises for use by non-executive directors at any time for them to meet regularly without the presence of the Management.

BOARD OF DIRECTORS (continued)

Principle 3: Role of Chairman and Chief Executive Officer ("CEO")

The positions of Chairman and CEO are held by one person, Mr Ngiam Mia Je Patrick, who is an executive director. The Chairman and CEO is the most senior executive in the Company and bears executive responsibility for the Company's business, as well as for the workings of the Board.

The Chairman's roles include:

- lead the Board to ensure the effectiveness on all aspects of its role;
- set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issue;
- promote a culture of openness and debate at the Board;
- ensure that the directors receive complete, adequate and timely information;
- ensure effective communication with shareholders;
- encourage constructive relations within the Board and between the Board and the Management;
- facilitate the effective contribution of non-executive directors in particular; and
- promote high standards of corporate governance.

The Company believes that the non-executive and independent directors have demonstrated high commitments in their roles as directors and have ensured that there is a good balance of power and authority. The Board considered the current size of the Company and there is no need for the role of the Chairman and CEO to be separated.

The lead independent director, Mr Seah Seow Kang Steven (appointed on 27 January 2014) would be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Finance Director (or equivalent) has failed to resolve or is inappropriate.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfil its responsibilities, the Management provides Board members with regular updates of the financial position of the Company. Monthly reports and quarterly reports of the Company's financial performance are provided to the executive directors and the Board respectively. Analytical reports on the Company are forwarded to the directors on an on-going basis as and when received. The directors have also been provided with the telephone numbers and e-mail particulars of the Company's senior management and company secretary to facilitate access.

Should directors, whether as a group or individually, need independent professional advice, the company secretary will, upon direction by the Board, appoint a suitable professional advisor to render the advice. The cost of such professional advice will be borne by the Company.

The company secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed. It is the responsibility of the company secretary and the Management to ensure that the Company complies with all statutory and regulatory requirements.

The appointment and the removal of the company secretary is subject to the approval of the Board.

Please refer to the "Corporate Information" section of the annual report for the composition of the Company's Board of Directors and Board Committees.

BOARD COMMITTEES

Nominating Committee ("NC")

Principle 4: Board Membership

The Chairman of the NC, Mr Lee Joo Hai, is an independent non-executive director who is neither a substantial shareholder nor directly associated with a substantial shareholder. There are five (5) members in the NC, three (3) of whom are independent non-executive directors.

The members are:

Mr Lee Joo Hai	(Chairman)
Mr Seah Seow Kang Steven	
Mr Ngiam Mia Je Patrick	(Alternate - Mr Ngiam Mia Kiat Benjamin)
Mr Lee Soo Hoon Phillip	
Ms Li Ling Xiu	

BOARD COMMITTEES (continued)

Nominating Committee ("NC") (continued)

Principle 4: Board Membership (continued)

The NC's principal functions are:

1. to identify candidates and review all nominations for the appointment or re-appointment of members of the Board of Directors, the CEO of the Company and the members of the various Board Committees for the purpose of proposing such nominations to the Board for its approval;
2. to assess nominees or candidates for appointment or re-election to the Board, determining whether or not such nominee has the requisite qualifications;
3. to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;
4. to assess the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board;
5. to determine annually whether or not a director is independent;
6. to assess the abilities and the adequacy of directors with multiple board representations in carrying out their duties;
7. to make recommendations to the Board for the continuation (or not) in services of any director who has reached the age of seventy (70) years;
8. the review of board succession plans for directors, in particular, the Chairman and for the CEO;
9. the review of training and professional development program for Board.

In the selection and nomination for new directors, the NC taps on the directors' resources for recommendations of potential candidates. External resources may also be sought to source for potential candidates, where necessary. The potential candidates will go through a shortlisting process and thereafter, interviews are set up with the shortlisted candidates for the NC to assess them before a decision is made. The Board, on the recommendation of the NC, appoints new directors. Such new directors must submit themselves for re-election at the next AGM of the Company in accordance with Article 89 of the Company's Articles. Article 90 of the Company's Articles requires one-third of the Board to retire by rotation at every AGM.

The NC has recommended the nomination of the directors retiring by rotation under Article 90 of the Company's Articles for re-election at the forthcoming AGM, namely Mr Ngiam Mia Hong Alfred and Ms Lauw Hui Kian.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Lee Soo Hoon Phillip who is over the age of 70 years is subject to re-appointment as director of the Company at the forthcoming AGM to hold office until the next AGM. Mr Lee Soo Hoon Phillip is not related to any directors or controlling shareholder.

Although the directors have other listed company board representations and principal commitments, the NC has determined, during the annual assessment of the Board's performance, that the directors have devoted sufficient time and attention to their role as directors and to the affairs of the Group. The NC is of the view that such appointments will not affect the directors' ability to carry out their duties as directors of the Company and therefore, it would not be necessary to prescribe a maximum number of listed company board representations a director may hold. The Board concurs with the view of the NC.

The NC has reviewed and satisfied that all the directors have been adequately carrying out their duties as a director of the Company.

Principle 5: Board Performance

The NC, in recommending the nomination of any director for re-election, considers the contribution of the director, which includes his qualification, experience, area of expertise, time and effort devoted to the Company's affairs, attendance and participation at Board and Board Committee meetings. For those directors who hold multiple board representations in public listed companies, the Board is of the opinion that such multiple board representations will not affect their ability to carry out their duties as directors of the Company.

In assessing the Board's performance as a whole, both quantitative and qualitative criteria would be adopted. Such criteria would include return on equity, the success of strategic and long-term objectives set by the Board, and the effectiveness of the Board in monitoring the Management's performance against the goals that have been set by the Board.

BOARD COMMITTEES (continued)

Audit Committee ("AC")

Principle 10: Accountability

The Board is responsible to provide a balanced and understandable assessment of the Company's performance, position and prospects which extends to interim and other price sensitive public reports, and report to regulators (if applicable).

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Rules of the SGX-ST.

To ensure the Board fulfils its responsibilities, the Management is accountable to the Board by providing the necessary updates in relation to the performance of the Company as well as the financial information for the discharge of its duties. The Management provides the Board with information as the Board may require from time to time.

Principle 12: Audit Committee

The AC comprises four (4) members, all of whom are non-executive and independent directors. Mr Lee Soo Hoon Phillip, Mr Lee Joo Hai and Mr Lien Kait Long, are by profession a Chartered Accountant. Mr Seah Seow Kang Steven has many years of legal experience. The Board is of the view that its members have the requisite financial management expertise and experience to discharge the AC's functions. No former partner or director of the Company's existing auditing firm is a member of the AC.

The members are:

Mr Lee Soo Hoon Phillip (Chairman)
Mr Lee Joo Hai
Mr Seah Seow Kang Steven
Mr Lien Kait Long

The AC met on a quarterly basis for the year ended 31 December 2014 and performs the following main functions:

1. recommends to the Board of Directors the nomination of external auditor, approves the remuneration of the external auditor, and reviews the scope and results of the audit, and its cost-effectiveness;

2. reviews with the other committees, the Management, external auditor and together with the internal auditor (where necessary), significant financial risks or exposures that exist and assesses the steps the Management has taken to minimise such risks to the Company;

3. reviews (with the other committees and the Management) other significant risks and exposures that exist and assesses the steps the Management has taken to minimise such risks to the Company;

4. reviews the following:

   - the Group's quarterly and annual financial statements and related footnotes, and the integrity of financial reporting of the Group including accounting principles for recommendation to the Board for approval;
   - the external auditor's audit of the annual financial statements and reports thereon;
   - the adequacy of the Company's system of accounting control;
   - the assistance given by the Management to external auditor;
   - any related significant findings and recommendations of the external auditor together with the Management's responses thereto;
   - any significant changes required in the external auditor's audit plan, any serious difficulties or disputes with the Management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit;
   - the significant financial reporting issues and judgements for ensuring the integrity of the financial statements of the Company and announcements relating to the Company's financial performance; and
   - the effectiveness of the Company's internal audit function.

5. reviews with the Management and reports to the Board annually the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and, information technology systems and practices;

BOARD COMMITTEES (continued)

Audit Committee ("AC") (continued)

Principle 12: Audit Committee (continued)

6. reviews legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies, and programs, and reports received from regulators;

7. meets with external auditor, other committees and the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC; and

8. reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate.

The AC has the power to conduct or authorise investigations into any matters within its terms of reference and has full access to, and co-operation from the Management, and full discretion to invite any director and executive officer to attend its meetings. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

For the financial year ended 31 December 2014, the AC met once with the external auditor without the presence of the Management.

The aggregate amount of fees paid to external auditor amounted to $305,000 for audit services and $6,000 for non-audit services. The Company has complied with Rule 712 and Rule 715 of the Listing Manual of SGX-ST in relation to the appointment of auditing firm for the financial year ended 31 December 2014.

The AC has conducted an annual review of all non-audit services provided by the external auditor in respect of financial year ended 31 December 2014 and is satisfied that the nature and extent of such services do not affect the independence of the external audit. Accordingly, it has recommended the re-appointment of PricewaterhouseCoopers LLP as external auditor of the Company at the forthcoming AGM.

The Company's external auditor, PricewaterhouseCoopers LLP, carried out, in the course of their statutory audit, a review of the Company's material internal controls to the extent required to express an opinion on the Group's financial statements. Material non-compliance and internal control weaknesses noted during their audit, and the external auditor's recommendations, are reported to the AC.

The Company has in place a whistle-blowing policy. The whistle-blowing policy serves to encourage and provide a channel where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. There were no whistle-blowing letters received during the year and until the date of this report.

Before the release of the Group's quarterly results, the AC meets to review the results announcement together with the external auditor prior to its recommendations to the Board for approval.

Any change and issue to accounting standards that may have a direct impact on the financial statements would be raised by the external auditor to keep the members abreast of such changes.

Principle 11: Risk Management and Internal Controls

The Company does not currently have a risk management committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

The Company has established four sets of Standard Operating Procedures ("SOP") which are link to the nature of the business to enhance its internal control systems. The four sets of SOP are (i) Investment Evaluation Risk and Operation Control Measures for Property Investment and Property Development Projects, (ii) IT Disaster Recovery Plan, (iii) Quoted Equity - Fund Investment and (iv) Finance and Operational Internal Controls. In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them.

BOARD COMMITTEES (continued)

Audit Committee ("AC") (continued)

Principle 11: Risk Management and Internal Controls (continued)

The Board has obtained assurance from the CEO and Finance Director for the period under review:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) that the Group's risk management systems and internal control systems are in place and effective.

The AC has reviewed the Company's risk assessment and is satisfied that there are adequate internal controls in the Company. The AC expects the risk assessment process to be a continuing process.

Based on the internal controls established and maintained by the Company, work performed by the external auditor and reviews performed by the Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, information technology controls, risk management systems and compliance risk were adequate and effective. The Company has complied with Rule 1207(10) of the Listing Manual of the SGX-ST.

Principle 13: Internal Audit

The Company has outsourced its internal audit function. The internal audit will be performed as and when necessary. The internal auditor reports primary to the Chairman of the AC. The internal auditor plans its internal audit schedule in consultation with but independent of the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC reviews the activities of the internal auditor, including overseeing and monitoring of the implementation of improvements required on internal control witnesses identified.

The AC approves the hiring, removal, evaluation and compensation of the accounting/auditing firm to which the internal audit function is outsourced. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC reviews the audit plans and ensures that the internal audit has been carried out effectively.

The internal auditor has adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

As part of the annual statutory audit of the financial statements, the external auditor also reports to the AC on any material weaknesses in the Group's internal controls and provide recommendation on other significant matters such as risk management which have come to their attention during the course of the audit.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The RC was formed on 2 September 2002, and it comprises 3 directors, all of whom are non-executive and independent directors.

The RC is chaired by Mr Seah Seow Kang Steven, a non-executive and lead independent director.

The members are:

Mr Seah Seow Kang Steven	(Chairman)
Mr Lee Soo Hoon Phillip	
Mr Lee Joo Hai	

The RC does possess general knowledge in the field of remuneration and will seek external professional advice, if necessary.

BOARD COMMITTEES (continued)

Remuneration Committee ("RC") (continued)

Principle 7: Procedures for Developing Remuneration Policies (continued)
Principle 8: Level and Mix of Remuneration (continued)
Principle 9: Disclosure on Remuneration (continued)

The RC's principal responsibilities are to review and recommend to the Board, a framework of remuneration and to determine specific remuneration packages and terms of employment for each of the executive directors and senior executives/divisional directors to ensure that the program is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully. Each member of the RC shall abstain from voting on any resolutions in respect of the assessment of his own remuneration.

In setting remuneration packages for the executive directors and key executives, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals. The terms of the service contracts of the executive directors and key executives, including termination clauses, are not overly generous.

The executive directors' remuneration packages include a variable bonus element which is performance related, and also share options which have been designed to align their interests with those of the shareholders.

All executive directors' service contracts were renewed on 10 April 2011 for a period of 5 years.

For competitive reasons and privacy, the Company is not disclosing the remuneration of each individual director. However, we shall adopt the disclosure in bands of S$250,000, which, in our context, would provide a good overview and is informative of the remuneration of the executive directors, who are also the key management members. The disclosure by respective bands of remuneration for the financial year ended 31 December 2014 is provided as follows:

	Profit sharing	Remuneration	Director's fee
	%	%	%
S$250,000 to S$499,999			
- Ngiam Mia Je Patrick	38	62	-
- Ngiam Mia Kiat Benjamin	46	54	-
- Lauw Hui Kian	51	49	-
- Ngiam Mia Hai Bernard	51	49	-
- Ngiam Mia Hong Alfred	51	49	-
Below S$250,000			
- Lee Soo Hoon Phillip	-	-	100
- Lee Joo Hai	-	-	100
- Seah Seow Kang Steven	-	-	100
- Li Ling Xiu	-	-	100
- Lien Kait Long	-	-	100

The Company does not have any key executive apart from executive directors and hence, no disclosure on remuneration of key executive (who are not directors or CEO) for the financial year ended 31 December 2014. The Company has no employee who is an immediate family member of a director or the CEO and whose remuneration exceeds S$50,000 for the financial year ended 31 December 2014.

Only non-executive directors are paid directors' fees and the fees are subject to the approval of the shareholders at the Company's AGM. The proposed fees are determined after considering factors such as effort, time spent and contribution from the non-executive directors as well as in accordance with the market practice.

The Company adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of variable bonus that is linked to the performance of the Company and the individual's performance.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company's results announcements are disseminated through SGXNET, news releases and the Company's website. All information on the Company's new initiatives are first disseminated via SGXNET followed by a news release (whenever deemed necessary), which is also available on the Company's website at www.ipc.com.sg.

The Company is aware of its obligations to shareholders in providing information regarding any changes in the Group's business which would likely to materially affect the price or value of the Company's shares.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously at such meetings. Results and annual reports are announced or issued within the mandatory period and are available on the Company's website. The Company does not practise selective disclosure.

The Company has an investor relations team who communicates with its investors and attends to their queries. All shareholders of the Company receive the annual reports and circulars for its general meeting. The notice of shareholders' meetings is also advertised in a daily newspaper and is made available on the SGXNET. At the AGM, shareholders are given the opportunity to air their views and ask directors (including the Chairman of AC, NC and RC who would be present at the AGM) and/or Management questions regarding the Company. The external auditor is also invited to attend the AGM to assist the directors in addressing any queries relating to the conduct of the audit and the preparation and content of the auditor's report.

According to the Company's Articles, at any general meeting a resolution to put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. The shareholders would be informed of the voting procedures at the commencement of the general meeting.

Until such time when it is mandatory under the Listing Manual of the SGX-ST to vote by poll, voting at general meetings will be by show of hands unless a poll is demanded.

Voting on show of hands enables the Company and shareholders to deal with the business of the general meeting expeditiously as the result of the vote is instantly available. The Company will adhere to the requirements of the Listing Manual of the SGX-ST where all resolutions are to be voted by poll for general meetings held on or after 1 August 2015.

A poll may be demanded by our Chairman, or by at least two members, or members representing not less than one-tenth of the total voting rights of all members having the rights to vote at a meeting.

The Company's Articles allows a member of the Company to appoint not more than two proxies to attend and vote in his/her stead at all shareholders meetings.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. The minutes of the general meetings are available to shareholders upon their written request.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The details of dividend payment would be disclosed via the release of financial results announcements through SGXNET.

Dealing in Securities

The Company has adopted a code of conduct to provide guidance to its officers with regards to dealings in Company's securities which states that its directors and officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year or one month before the announcement of the Company's results for the financial year and ending on the date of the announcement of the results, and at any time they are in possession of unpublished material price sensitive information. In addition, the directors, officers and employees of the Group are discouraged from dealing in the Company's securities on short-term considerations. This is in line with Rule 1207(19) of the Listing Manual of the SGX-ST on Dealings in Securities.

Interested Person Transactions Policy

The Company has adopted an internal policy in respect of any transactions with interested persons within the definition of Chapter 9 of the Listing Manual of the SGX-ST and has set out procedures for review and approval of all interested person transactions. There were no interested person transactions during the financial year which exceed the threshold limits set out under Chapter 9 of the Listing Manual of SGX-ST and no announcement or shareholders' approval was, therefore, required.

Material Contracts

No material contracts were entered between the Company or any of its subsidiaries with any directors or controlling shareholders during the financial year ended 31 December 2014.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

Directors

The directors of the Company in office at the date of this report are as follows:

Mr Ngiam Mia Je Patrick
Mr Ngiam Mia Kiat Benjamin
Ms Lauw Hui Kian
Mr Ngiam Mia Hai Bernard
Mr Ngiam Mia Hong Alfred
Mr Lee Joo Hai
Mr Lee Soo Hoon Phillip
Mr Seah Seow Kang Steven
Ms Li Ling Xiu
Mr Lien Kait Long

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
IPC Corporation Ltd				
(No. of ordinary shares)				
Ngiam Mia Je Patrick	10,639,812	10,639,812	87,178,939	87,178,939
Ngiam Mia Kiat Benjamin	10,536,811	10,536,811	75,581,149	75,581,149
Lauw Hui Kian	11,597,790	11,597,790	86,220,961	86,220,961
Ngiam Mia Hai Bernard	10,960,290	10,960,290	–	–
Ngiam Mia Hong Alfred	10,585,290	10,585,290	–	–
Seah Seow Kang Steven	31,011	31,011	–	–

(b) According to the register of directors' shareholdings, no directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted.

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

DIRECTORS' REPORT
For the financial year ended 31 December 2014

Share options

There were no options granted during the financial year.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit Committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Mr Lee Soo Hoon Phillip (Chairman)
Mr Lee Joo Hai
Mr Seah Seow Kang Steven
Mr Lien Kait Long

All members of the AC are non-executive and independent directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. In performing those functions, the AC reviewed:

- the scope and the results of internal audit procedures (if any);
- the audit plan of the Company's independent auditor and any recommendations on internal controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the Independent Auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group.

The AC has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ngiam Mia Je Patrick
Chairman

Ngiam Mia Kiat Benjamin
Director

12 February 2015

STATEMENT BY DIRECTORS
For the financial year ended 31 December 2014

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 30 to 79 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Ngiam Mia Je Patrick
Chairman

Ngiam Mia Kiat Benjamin
Director

12 February 2015

INDEPENDENT AUDITOR'S REPORT

To the members of IPC Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of IPC Corporation Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 30 to 79, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and statements of financial position and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 12 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Sales	4	**33,366**	46,939
Cost of sales		**(18,986)**	(33,555)
Gross profit/(loss)		**14,380**	13,384
Other income	7	**1,347**	1,361
Other gains/(losses), net	8	**38,760**	19,820
Expenses			
- Distribution and marketing		**(1,628)**	(132)
- Administrative		**(12,263)**	(9,814)
- Finance		**(3,524)**	(1,747)
- Other		**(2)**	–
		(17,417)	(11,693)
Profit/(loss) before income tax		**37,070**	22,872
Income tax expense	9	**(6,197)**	(4,107)
Total profit/(loss)		**30,873**	18,765
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Disposal		**–**	(385)
- Fair value gains/(losses)		**425**	311
Currency translation differences arising from consolidation			
- Gains/(losses)		**(1,806)**	(8,145)
Other comprehensive income/(loss), net of tax		**(1,381)**	(8,219)
Total comprehensive income/(loss)		**29,492**	10,546
Profit/(loss) attributable to:			
Equity holders of the Company		**28,634**	18,232
Non-controlling interests		**2,239**	533
		30,873	18,765
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**27,253**	10,013
Non-controlling interests		**2,239**	533
		29,492	10,546
Earnings per share for profit/(loss) attributable to equity holders of the Company			
(cents per share)			
- Basic	10	**3.36**	2.14
- Diluted	10	**3.36**	2.14

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**101,311**	86,221	**53,697**	65,768
Trade and other receivables	12	**4,475**	2,495	**303**	289
Tax recoverable		**802**	1,897	**–**	–
Properties developed for sale	13	**71,092**	42,655	**–**	–
Properties under development	14	**–**	42,920	**–**	–
Other assets		**53**	–	**–**	–
		177,733	176,188	**54,000**	66,057
Non-current assets					
Financial assets, available-for-sale	15	**22,092**	21,319	**13,480**	12,717
Other receivables	16	**–**	–	**60,279**	59,077
Prepayment		**10**	182	**–**	–
Investments in associated companies	17	**–**	–	**–**	–
Investment properties	18	**118,081**	116,772	**–**	–
Investments in subsidiaries	19	**–**	–	**98,827**	106,059
Prepaid leasehold properties	20	**4,243**	4,202	**–**	–
Land held for development	21	**6,422**	6,422	**6,422**	6,422
Property, plant and equipment	22	**7,186**	7,001	**93**	142
Deferred income tax assets		**1**	3	**–**	–
Other assets		**153**	156	**–**	–
		158,188	156,057	**179,101**	184,417
Total assets		**335,921**	332,245	**233,101**	250,474
LIABILITIES					
Current liabilities					
Trade and other payables	23	**8,507**	8,848	**1,366**	942
Current income tax liabilities		**611**	378	**–**	–
Borrowings	24	**64,197**	67,469	**40,923**	57,792
		73,315	76,695	**42,289**	58,734
Non-current liabilities					
Borrowings	24	**39,230**	62,566	**–**	–
Deferred income tax liabilities	25	**10,392**	6,035	**–**	–
		49,622	68,601	**–**	–
Total liabilities		**122,937**	145,296	**42,289**	58,734
NET ASSETS		**212,984**	186,949	**190,812**	191,740
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	**169,658**	169,658	**169,658**	169,658
Currency translation reserve		**(20,513)**	(18,707)	**–**	–
Fair value reserve	27	**1,820**	1,395	**1,249**	829
Retained earnings	28	**57,255**	31,606	**19,905**	21,253
		208,220	183,952	**190,812**	191,740
Non-controlling interests	19	**4,764**	2,997	**–**	–
Total equity		**212,984**	186,949	**190,812**	191,740

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Note	Share capital $'000	Currency translation reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
		Attributable to equity holders of the Company						
2014								
Beginning of financial year		169,658	(18,707)	1,395	31,606	183,952	2,997	186,949
Total comprehensive income/ (loss) for the year		–	(1,806)	425	28,634	27,253	2,239	29,492
Distribution to non-controlling interests		–	–	–	–	–	(472)	(472)
Dividends paid relating to 2013	29	–	–	–	(2,985)	(2,985)	–	(2,985)
End of financial year		169,658	(20,513)	1,820	57,255	208,220	4,764	212,984
2013								
Beginning of financial year		169,658	(10,562)	1,469	15,506	176,071	2,789	178,860
Total comprehensive income/ (loss) for the year		–	(8,145)	(74)	18,232	10,013	533	10,546
Distribution to non-controlling interests		–	–	–	–	–	(325)	(325)
Dividends paid relating to 2012	29	–	–	–	(2,132)	(2,132)	–	(2,132)
End of financial year		169,658	(18,707)	1,395	31,606	183,952	2,997	186,949

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Total profit/(loss)		**30,873**	18,765
Adjustments for			
- Income tax expense		**6,197**	4,107
- Depreciation		**414**	281
- Amortisation of prepaid leasehold properties		**77**	74
- Unrealised currency translation losses/(gains)		**214**	(5,186)
- Gain on disposal of financial assets, available-for-sale		**–**	(541)
- Loss on disposal of assets capitalised in property under development		**–**	154
- Fair value gain on asset revaluation		**(22,704)**	(11,831)
- Gain on disposal of investment properties		**(14,769)**	–
- Impairment loss of financial assets, available-for-sale		**148**	–
- Interest income		**(941)**	(1,110)
- Interest expense		**3,524**	1,747
- Dividend income		**–**	(36)
		3,033	6,424
Change in working capital			
- Inventories		**–**	32
- Other asset		**(53)**	–
- Properties		**13,910**	(7,034)
- Trade and other receivables		**(698)**	2,984
- Trade and other payables		**(512)**	(2,490)
Cash generated from/(used in) operations		**15,680**	(84)
Interest received		**926**	1,079
Income tax paid, net		**(1,046)**	(880)
Net cash provided by/(used in) operating activities		**15,560**	115
Cash flows from investing activities			
Purchases of property, plant and equipment		**(467)**	(30)
Purchases of investment properties		**–**	(46,506)
Purchases of financial assets, available-for-sale		**(343)**	(3,622)
Proceeds from disposal of property, plant and equipment		**4**	–
Proceeds from disposal of investment properties		**27,703**	–
Proceeds from disposal of financial assets, available-for-sale		**–**	14,974
Dividends received		**–**	36
Net cash provided by/(used in) investing activities		**26,897**	(35,148)
Cash flows from financing activities			
Bank deposit (pledged)		**13,979**	(9,519)
Interest paid		**(3,353)**	(1,747)
Proceeds from borrowings		**7,544**	70,749
Repayment of borrowings		**(29,469)**	(13,287)
Distribution to non-controlling interests		**(472)**	(325)
Dividends paid to equity holders of the Company		**(2,985)**	(2,132)
Net cash provided by/(used in) financing activities		**(14,756)**	43,739
Net increase/(decrease) in cash and cash equivalents		**27,701**	8,706
Cash and cash equivalents at beginning of financial year	11	**36,495**	27,201
Effects of currency translation on cash and cash equivalents		**1,368**	588
Cash and cash equivalents at end of financial year	11	**65,564**	36,495

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

IPC Corporation Ltd (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 23 Tai Seng Drive, #06-00, Singapore 535224.

The principal activities of the Company are investment holding, property investment and property development.

The principal activities of its subsidiary companies are investment holding, property investment and property development, investing and reselling properties, property consulting, hospitality services and sale and distribution of telecommunication products.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 112 Disclosures of Interest in Other Entities

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112. The Group has incorporated the additional required disclosures into the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the goods are delivered to the customers and it is probable that the goods will not be returned.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(b) Sale of development properties

Revenue from sale of development properties is recognised when the properties are delivered to the buyers.

(c) Rendering of services

Revenue from rendering of services is recognised when the services are rendered.

(d) Hotel revenue

Revenue from letting out of rooms, food and beverages sales and other hotel related services is recognised at the time when services are rendered.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

(g) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(h) Membership fee

Membership fee is recognised on a straight-line basis over the membership term.

2.3 Group accounting

(a) Subsidiaries

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

As defined under Financial Reporting Standards 110 - Consolidated Financial Statements ("FRS 110"), the Group identified that it has existing rights that give it the current ability to direct relevant activities of the TK operators established in Japan, is exposed to variable returns from its involvement with the TK operators and has the ability to affect those returns through the existing rights over the TK operators. The Group accordingly consolidates their financial statements for reporting purpose. TK operators are principally engaged in property-related businesses.

A TK operator is consolidated from the date on which the Group has met requirements under FRS 110. It is deconsolidated from the date that these requirements are not met.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of these profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associated companies are derecognised when the Group losses significant influence. If the retained interest in the associated company is a financial asset, the retained interest is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

The accounting policy on investments in subsidiaries and associated companies in the separate financial statements of the Company is as included in Note 2.11.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Leasehold land and buildings are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (Note 2.8).

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land and buildings	50 - 99 years
Leasehold improvements	5 - 20 years
Plant and equipment	3 - 20 years
Furniture, fixtures and fittings	1 - 20 years
Office equipment	3 - 5 years
Motor vehicles	3 - 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.5 Land held for development

Land held for development includes the costs for obtaining the right to occupy and use land, certain fees for altering the intended use of land and resettlement costs, and are stated at cost less accumulated impairment losses.

2.6 Development properties

(a) Properties under development

Development properties are stated at cost, less foreseeable losses. An allowance is made where the estimated net realisable value of the properties has fallen below their carrying value.

Cost includes cost of land and other direct and related expenditure, including interest on borrowings, incurred in developing the properties. Interest and other related expenditure are capitalised as and when the activities that are necessary to get the asset ready for its intended development are in progress.

The interest on borrowings capitalised is arrived at by reference, where appropriate, to the actual rate payable on borrowings for development purposes.

When the development of these properties is completed, these properties are transferred and accounted for as properties developed for sale.

(b) Properties developed for sale

Properties developed for sale are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2. Significant accounting policies (continued)

2.7 Properties held for sale

Properties held for sale are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under constructions.

2.9 Prepaid leasehold properties

Prepaid leasehold properties are properties under operating leases where substantially all risks and rewards incidental to ownership are retained by the lessor. They are carried initially at cost and subsequently amortised on a straight-line basis over the lease periods.

2.10 Investment properties

Investment properties comprise of acquired business hotels that are held for rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by an independent and qualified valuer on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.11 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.12 Impairment of non-financial assets

Property, plant and equipment
Land held for development
Investments in subsidiaries and associated companies

Property, plant and equipment, land held for development and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

2. Significant accounting policies (continued)

2.12 Impairment of non-financial assets (continued)

Property, plant and equipment (continued)
Land held for development (continued)
Investments in subsidiaries and associated companies (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.13 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

(ii) *Financial assets, available-for-sale*

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of reporting period.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

(d) Subsequent measurement

For financial assets, available-for-sale that are subsequently carried at fair value, changes in the fair values are recognised in other comprehensive income and accumulated in the fair value reserve. For equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, the investments are carried at cost less impairment losses. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences, if any, are recognised in profit or loss and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) *Financial assets, available-for-sale*

In addition to the objective evidence of impairment described in Note 2.13(e)(i), significant or prolonged decline in the fair value of an equity security below its cost and the disappearance of an active trading market for the security are objective evidence that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is recognised to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2. Significant accounting policies (continued)

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Where appropriate quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.17 Operating lease

(a) When the Group is the lessee:

The Group leases office space, hostels and motor vehicle under operating leases from non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the Group is the lessor:

The Group leases commercial properties and investment properties under operating leases to non-related parties.

Leases of commercial properties and investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2. Significant accounting policies (continued)

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probably that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.20 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

2. Significant accounting policies (continued)

2.20 Employee compensation (continued)

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to end of the reporting period.

2.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group are presented in Singapore Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/(losses), net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the date of the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") whose members are responsible for allocating resources and assessing performance of the operating segments.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions less restricted cash which are subject to an insignificant risk of change in value.

2. Significant accounting policies (continued)

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.25 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) Impairment of non-financial assets

Leasehold buildings and land amounting to $6,703,000 and land held for development amounting to $6,422,000 are reviewed for impairment whenever events or changes in circumstances indicate carrying amount exceeds its recoverable amounts. These assets were subject to impairment tests at the end of this financial year. The recoverable amounts have been determined based on fair value less costs to sell calculations using valuations performed by independent and qualified valuers. The independent and qualified valuers used the direct comparison method which involves the comparison of recently transacted sales of similar investments and some adjustments were made to such observable data in arriving at the recoverable amounts of these non-financial assets held by the Group. Based on the valuations, management concluded that no impairment was required as at 31 December 2014.

(b) Estimated net realisable value of properties developed for sale

Properties developed for sale in China amounting to $66,525,000 were subject to net realisable value test at the end of the financial year ended 31 December 2014. The net realisable values of these assets have been determined based on valuation performed by an independent and qualified valuer. The independent and qualified valuer used the direct comparison method which involves the comparison of recently transacted sales of similar properties and some adjustments were made to such observable data in arriving at the recoverable amounts of the properties developed for sale held by the Group. Based on the valuation, the management concluded that no write-down was required as at 31 December 2014.

(c) Valuation of investment properties

Investment properties are stated at fair value based on valuations performed by an independent and qualified valuer. In determining the fair value, the independent and qualified valuer have used valuation methods which involve certain estimates. The fair values are determined based on the properties' highest-and-best-use using the Income Approach, which includes the direct capitalisation approach ("DCA") and discounted cash flow method ("DCF"). This approach involves the estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties. Based on the valuation reports, management is of the view that the valuation methods and estimates are reflective of the current market condition. The fair value gain on asset revaluation is disclosed in Note 8.

3.2 Critical judgements in applying the entity's accounting policies

Fair valuation of financial assets, available-for-sale

The Group holds an unquoted debt investment that is not traded in an active market with a carrying amount of $5,373,000. Estimating the value of this debt instrument required the Group to make certain estimates and assumptions, and hence the values are judgemental. In determining the fair value, the Group obtained a valuation from an independent valuer. The independent valuer used recent market transaction as a basis. Based on the valuation report, management has exercised judgement and is of the opinion that the carrying amount is reflective of the fair value of the unquoted debt investment.

4. Revenue

	Group 2014 $'000	Group 2013 $'000
Sale of properties developed for sale	**15,971**	35,303
Rendering of services	**1,980**	27
Rental income (Note 18)	**15,415**	10,877
Hotel revenue	**–**	732
Total sales	**33,366**	46,939

5. Expenses by nature

	Group 2014 $'000	Group 2013 $'000
Purchases of properties held-for-sale, properties under development and properties developed for sale	**1,831**	39,016
Depreciation of property, plant and equipment (Note 22)	**414**	281
Amortisation of prepaid leasehold property (Note 20)	**77**	74
Rental expense on operating lease	**337**	375
Advertising	**46**	46
Professional fees	**1,575**	1,116
Employee compensation (Note 6)	**3,817**	2,625
Property and miscellaneous taxes	**1,557**	1,286
Transportation	**202**	26
Interest expense	**3,524**	1,747
Maintenance	**3,794**	629
Insurance	**245**	220
Write-down of property developed for sale	**2,113**	431
Changes in properties	**(14,201)**	(7,034)

6. Employee compensation

	Group 2014 $'000	Group 2013 $'000
Wages and salaries	**3,702**	2,525
Employer's contribution to defined contribution plans including Central Provident Fund	**115**	100
	3,817	2,625

7. Other income

	Group	
	2014	2013
	$'000	$'000
Interest income	**941**	1,110
Dividend income	**–**	36
Rental income (on operating leases)	**190**	176
Other	**216**	39
	1,347	1,361

8. Other gains/(losses), net

	Group	
	2014	2013
	$'000	$'000
Fair value gain on investment properties (Note 18)	**22,704**	11,831
Gain on disposal of investment properties	**14,769**	–
Gain on disposal of financial assets, available-for-sale	**–**	541
Impairment loss of financial assets, available-for-sale	**(148)**	–
Currency translation gain - net	**1,438**	7,597
Loss on disposal of assets capitalised in property under development (Note 14)	**–**	(154)
Gain on disposal of property, plant and equipment	**1**	–
Bad debt written back	**–**	5
Others	**(4)**	–
	38,760	19,820

9. Income taxes

	Group	
	2014	2013
	$'000	$'000
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
Foreign taxes		
- Current income tax	**1,291**	894
- Deferred income tax (Note 25)	**4,906**	3,213
	6,197	4,107

9. Income taxes (continued)

The tax on Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2014	2013
	$'000	$'000
Profit/(loss) before tax	**37,070**	22,872
Tax calculated at tax rate of 17% (2013: 17%)	**6,302**	3,888
Effects of		
- different tax rates in other countries	**1,480**	1,164
- utilisation of previously unrecognised tax losses	**(140)**	–
- expenses not deductible for tax purposes	**890**	454
- income not subject to tax	**(4,834)**	(2,885)
- deferred tax assets not recognised	**1,834**	695
- other taxes in other countries	**665**	791
Tax charge	**6,197**	4,107

The Group has tax losses of approximately $94.6 million (2013: $92.8 million) which includes development and expansion tax losses of $8.4 million (2013: $8.4 million) and unutilised tax losses of $86.2 million (2013: $84.4 million) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Tax losses incurred by a subsidiary of $7,008,000 (2013: $4,109,000) can be carried forward for a period of up to five years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

10. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Total	
	2014	2013
Profit attributable to equity holders of the Company ($'000)	**28,634**	18,232
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**852,921**	852,921
Basic earnings per share (cents per share)	**3.36**	2.14

The basic earnings per share are the same as the diluted earnings per share as there are no dilutive potential ordinary shares.

11. Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**43,102**	15,890	**766**	709
Short-term bank deposits	**58,209**	70,331	**52,931**	65,059
	101,311	86,221	**53,697**	65,768

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2014	2013
	$'000	$'000
Cash and bank balances	**101,311**	86,221
Less: Bank deposits pledged	**(35,747)**	(49,726)
Cash and cash equivalents per consolidated statement of cash flows	**65,564**	36,495

Certain bank deposits are pledged in relation to the security granted for some borrowings (Note 24).

12. Trade and other receivables - current

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**1,871**	1,147	**191**	178
Deposits	**225**	230	**111**	110
Prepayments	**400**	1,070	**1**	1
Other receivables - non-related parties	**1,979**	48	**–**	–
	4,475	2,495	**303**	289

13. Properties developed for sale

	Group	
	2014	2013
	$'000	$'000
Land cost	**29,794**	14,872
Development expenditure	**41,298**	27,783
	71,092	42,655

As at 31 December 2014, the Group's properties developed for sale are held by IPC Property Development (Zhuhai) Ltd, a wholly-owned subsidiary of the Company which is incorporated in the People's Republic of China and Palladio One LLC, an entity set up under the TK arrangement in Japan.

13. Properties developed for sale (continued)

The details of the Group's properties developed for sale are as follows:

Name of property	Location	Type of development	Site area sq.m.	Gross floor area held-for-sale sq.m.	Attributable interest
Xu Ri Wan Hua Yuan Kindergarten	Tang Jia Tang Qi Lu, Zhuhai, China	Commercial	1,038	2,727	100%
Xu Ri Wan Hua Yuan	1-3 Zu Tuan, Zhuhai, China	Residential car park	2,646	2,646	100%
Xu Ri Wan Hua Yuan	4-5 Zu Tuan, Zhuhai, China	Residential car park	2,144	2,144	100%
Xu Ri Wan Hua Yuan	Tang Jia Tang Qi Lu, Zhuhai, China	Commercial	2,752	16,237	100%
Oiso	Kanagawa Prefecture, Japan	Residential	8,459	1,606	100%

Bank borrowings are secured on a property developed for sale in China with carrying amounts of $44,005,000 (2013: $Nil) (Note 24).

14. Properties under development

	Group 2014 $'000	Group 2013 $'000
Properties under development	–	42,920

The property under development in Xu Ri Wan Hua Yuan, was completed in April 2014, subsequently, it was reclassified to properties developed for sale.

In 2013, bank borrowings are secured on a property under development in China with carrying amounts of $42,920,000.

15. Financial assets, available-for-sale

	Group		Company	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Beginning of financial year	**21,319**	31,715	**12,717**	23,122
Currency translation differences	**163**	524	**–**	–
Additions	**343**	3,622	**343**	3,624
Impairment loss recognised in profit and loss	**(148)**	–	**–**	–
Fair value gains recognised in other comprehensive income	**415**	277	**420**	421
Disposals	**–**	(14,819)	**–**	(14,450)
End of financial year	**22,092**	21,319	**13,480**	12,717

15. Financial assets, available-for-sale (continued)

Financial assets, available-for-sale are analysed as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Listed securities				
- equity securities - Asia Pacific	**54**	207	**–**	–
- bond funds - Asia Pacific	**1,884**	1,468	**1,884**	1,468
- bond funds - Europe	**11,047**	10,570	**11,047**	10,570
- bond funds - Eurasia	**447**	577	**447**	577
Unlisted securities				
- debt investments - Asia Pacific	**8,558**	8,395	**–**	–
- equity securities - Asia Pacific	**102**	102	**102**	102
	22,092	21,319	**13,480**	12,717

Bank borrowings are secured on certain financial assets, available-for-sale, of the Group and of the Company with fair value amounts of $13,378,000 (2013: $12,615,000) (Note 24).

16. Other receivables - non-current

The loans to subsidiaries amounting to $60,253,000 (2013: $59,056,000) are treated as a long-term source of additional capital and financing within the Group. Accordingly, they are managed centrally and deemed to be quasi-equity loans representing the Company's net investments in the subsidiaries. The carrying amount of the remaining loan to subsidiaries amounting to $26,000 (2013: $21,000) approximates to its fair value.

	Company	
	2014	2013
	$'000	$'000
Other receivables		
- Loans to subsidiaries	**60,279**	59,077

The loans to subsidiaries are unsecured, interest free and are not expected to be repaid in the next twelve months.

17. Investments in associated companies

	Group	
	2014	2013
	$'000	$'000
Beginning and end of financial year	**–**	–

	Company	
	2014	2013
	$'000	$'000
Equity investment at cost		
Beginning and end of financial year	**500**	500
Accumulated impairment losses		
Beginning and end of financial year	**500**	500
Net carrying amount	**–**	–
The summarised financial information of associated companies are as follows:		
- Liabilities	**12,451**	12,450
- Net loss	**(1)**	(1)

The Group has not recognised its share of loss of associated companies amounting to $535 (2013: $600) because the Group's cumulative share of losses exceeds its interests in those entities and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to $6,725,309 (2013: $6,724,774) at the end of the reporting period.

Details and changes of significant associated companies are provided in Note 37.

18. Investment properties

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**116,772**	65,288
Currency translation differences	**(8,461)**	(14,566)
Additions	**–**	46,506
Disposal	**(12,934)**	–
Net fair value gain recognised in profit or loss (Note 8)	**22,704**	11,831
Reclassified from property, plant and equipment (Note 22)	**–**	7,713
End of financial year	**118,081**	116,772
Change in unrealised gains or losses for the period included in profit or loss assets held at the end of the financial year, under "Other gains/(losses), net"	**22,704**	11,831

Investment properties are carried at fair values at the end of the financial year as determined by an independent and qualified valuer. Valuations are made annually based on the properties' highest-and-best-use using the Income Approach.

Investment properties are leased to non-related parties under operating leases (Note 31(b)).

Bank borrowings are secured on investment properties of the Group with fair value amounts of $118,081,000 (2013: $116,772,000) (Note 24).

18. Investment properties (continued)

The following amounts are recognised in profit and loss:

	Group	
	2014	2013
	$'000	$'000
Rental income (Note 4)	**15,415**	10,877
Direct operating expenses arising from:		
- Investment properties that generate rental income	**5,863**	1,895

Contingent rents amounting to $6,763,000 (2013: $3,833,000) has been recognised as income by the Group during the financial year (Note 31(b)).

Details of the Group's investment properties as at 31 December 2014 are as follows:

Business hotels in Japan	Location	No. of rooms	Tenure
Smile Hotel Asagaya	Asagaya, Tokyo	112	Freehold
Smile Hotel Asakusa	Asakusa, Tokyo	96	Freehold
Comfort Hotel Okayama	Okayama	208	Freehold
Matsuyama Washington Hotel Plaza	Matsuyama	190	Freehold
nest HOTEL kumamoto	Kumamoto	201	Freehold
nest HOTEL naha	Naha	193	Freehold
nest HOTEL osaka shinsaibashi	Osaka	302	Freehold

18. Investment properties (continued)

Fair value hierarchy

	Fair value measurement at 31 December 2014 using		
	Quoted price in active markets for identical assets (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
Description			
Recurring fair value measurement			
Investment properties:			
- Business Hotels	**–**	**–**	**118,081**

	Fair value measurement at 31 December 2013 using		
	Quoted prices in active markets for identical assets (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
Description			
Recurring fair value measurement			
Investment properties:			
- Business Hotels	–	–	116,772

There were no changes in valuation techniques during the year.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers into or out of fair value hierarchy levels for the financial year ended 31 December 2014 and 2013.

18. Investment properties (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value at 31 December 2014 ($'000)	Valuation techniques(s)	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Business hotels	**118,081** (2013: 24,936)	Average of DCA and DCF	Capitalisation rate	6.1% - 8.5% (2013: 8.2% - 8.7%)	The higher the capitalisation rate, the lower the valuation.
			Discount rate	5.9% - 7.2% (2013: 7.6% - 7.7%)	The higher the discount rate, the lower the valuation.
			Terminal capitalisation rate	6.3% - 9.0% (2013: 8.7% - 9.3%)	The higher the terminal capitalisation rate, the lower the valuation.
			Average rental (per room per month)	$419 - $1,550 (2013: $480 - $800)	The higher the average rental, the higher the valuation.
			Length of lease in place (years)	1y - 6y (2013: 1y -7y)	The longer the length of lease in place, the higher the valuation.
			Net cash flow	$0.6 million - $2.3 million (2013: $0.8 million - $1.4 million)	The higher the net cash flow, the higher the valuation.
			Age of building (years)	21y - 39y (2013: 25y - 30y)	The higher the age of the building, the lower the valuation.
Business hotels	- (2013: 91,836)	DCF	Discount rate	- (2013: 6.4% - 7.7%)	The higher the discount rate, the lower the valuation.
			Terminal capitalisation rate	- (2013: 6.9% - 9.7%)	The higher the terminal capitalisation rate, the lower the valuation.
			Average rental (per room per month)	- (2013: $500 - $1,600)	The higher the average rental, the higher the valuation.
			Length of lease in place (years)	- (2013: 4y - 7y)	The longer the length of lease in place, the higher the valuation.
			Age of building (years)	- (2013: 20y - 38y)	The higher the age of the building, the lower the valuation.

18. Investment properties (continued)

Valuation processes of the Group

The Group engages external, independent and qualified valuer to determine the fair value of the group's properties at the end of every financial year based on the properties' highest and best use. As at 31 December 2014, the fair values of the properties have been determined by an independent and qualified valuer.

The Group reviews the valuations required for financial reporting purposes, including Level 3 fair values. The finance department reports directly to the Finance Director ("FD"). Discussion of valuation processes and results are held between the FD, the Chief Executive Officer ("CEO"), the Managing Director ("MD") and the Audit Committee ("AC") at least annually, in line with the Group's reporting dates.

19. Investments in subsidiaries

	Company	
	2014	2013
	$'000	$'000
Beginning of financial year	**106,059**	89,608
New TK arrangements	**–**	25,634
Return of capital	**(7,232)**	(9,183)
End of financial year	**98,827**	106,059

Details of all subsidiaries are listed in Note 37.

(a) In previous financial year, the Company invested $18,427,000 in Japan hotels by entering into a TK arrangement as a TK Investor in Palladio Hospitality Two LLC. The Company further invested $7,207,000 in Palladio One LLC.

(b) During 2014, the TK operators returned net investment amounting to $7,232,000 (2013: $9,183,000) to the Company.

The Group's subsidiaries with material non-controlling interest are as follows:

Name	Principal activities	Country of business/ incorporation	Equity holding held by parent and the Group		Equity holding held by non-controlling interest	
			2014	2013	**2014**	2013
			%	%	**%**	%
Palladio Hospitality LLC	Investment in income producing assets	Japan	**89**	89	**11**	11
Palladio Hospitality One LLC	Investment in income producing assets	Japan	**89**	89	**11**	11

19. Investments in subsidiaries (continued)

Carrying value of non-controlling interests

	2014	2013
	$'000	$'000
Palladio Hospitality LLC	**2,133**	1,146
Palladio Hospitality One LLC	**1,440**	1,383
Other subsidiaries with immaterial non-controlling interests	**1,191**	468
	4,764	2,997

Summarised financial information of subsidiaries with material non-controlling interest

Set out below are the summarised financial information for each subsidiary that has material non-controlling interest. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2014 and 2013.

Summarised balance sheet

	Palladio Hospitality LLC		**Palladio Hospitality One LLC**	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Current				
Assets	**2,536**	2,280	**4,140**	4,006
Liabilities	**(13,839)**	(1,030)	**(2,462)**	(2,585)
Total current net assets/liabilities	**(11,303)**	1,250	**1,678**	1,421
Non-current				
Assets	**35,363**	24,612	**24,046**	24,940
Liabilities	**(4,340)**	(14,786)	**(12,418)**	(13,054)
Total non-current net assets	**31,023**	9,826	**11,628**	11,886
Net assets	**19,720**	11,076	**13,306**	13,307

19. Investments in subsidiaries (continued)

Summarised income statement

	Palladio Hospitality LLC		Palladio Hospitality One LLC	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Revenue	**3,143**	3,141	**2,779**	3,022
Profit before income tax	**14,623**	2,526	**2,213**	1,068
Income tax (expenses)/credit	**(3,346)**	(234)	**(309)**	16
Post-tax profit from continuing operations	**11,277**	2,292	**1,904**	1,084
Total comprehensive income allocated to non-controlling interests	**1,262**	260	**235**	121
Dividends paid to non-controlling interests	**275**	152	**178**	118

Summarised cash flows

	Palladio Hospitality LLC	Palladio Hospitality One LLC
	2014	**2014**
	$'000	**$'000**
<u>Cash flows from operating activities</u>		
Cash generated from operations	**2,460**	**2,272**
Income tax paid	**(13)**	**(7)**
Net cash generated from operating activities	**2,447**	**2,265**
Net cash used in financing activities	**(2,114)**	**(1,931)**
Net increase in cash and cash equivalents	**333**	**334**
Cash and cash equivalents at beginning of year	**2,102**	**3,985**
Exchange (losses)/gains on cash and cash equivalents	**(105)**	**(199)**
Cash and cash equivalents at end of year	**2,330**	**4,120**

20. Prepaid leasehold properties

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**4,202**	3,896
Currency translation differences	**118**	380
Amortisation recognised in profit or loss (Note 5)	**(77)**	(74)
End of financial year	**4,243**	4,202

Bank borrowings are secured on prepaid leasehold properties of the Group with carrying amounts of $4,243,000 (2013: $4,202,000) (Note 24).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

21. Land held for development

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Beginning and end of financial year	**6,422**	6,422	**6,422**	6,422

Details of the Group's land held for development as at 31 December 2014 are as follows:

Name of property	Location	Type of development	Stage of completion	Site area sq.m.	Gross floor area held-for-development sq.m.	Attributable interest
Ju Ren Da Sha	Xiang Zhou Yin Hua Lu, Zhuhai, China	Office	Not Commenced	29,045	NA	24%

22. Property, plant and equipment

	Leasehold land, building and improvements $'000	Furniture, fixtures and fittings $'000	Motor vehicles $'000	Office equipment $'000	Plant and machinery $'000	Freehold land $'000	Total $'000
Group							
2014							
Cost							
Beginning of financial year	7,726	526	681	508	–	–	9,441
Currency translation differences	155	13	4	10	–	–	182
Additions	101	261	–	105	–	–	467
Disposals	–	–	–	(38)	–	–	(38)
End of financial year	7,982	800	685	585	–	–	10,052
Accumulated depreciation							
Beginning of financial year	1,130	517	332	461	–	–	2,440
Currency translation differences	27	9	3	8	–	–	47
Depreciation charge (Note 5)	122	159	108	25	–	–	414
Disposals	–	–	–	(35)	–	–	(35)
End of financial year	1,279	685	443	459	–	–	2,866
Net book value							
End of financial year	**6,703**	**115**	**242**	**126**	**–**	**–**	**7,186**

22. Property, plant and equipment (continued)

	Leasehold land, building and improvements $'000	Furniture, fixtures and fittings $'000	Motor vehicles $'000	Office equipment $'000	Plant and machinery $'000	Freehold land $'000	Total $'000
Group							
2013							
Cost							
Beginning of financial year	13,195	641	669	457	9	3,092	18,063
Currency translation differences	(447)	(8)	12	23	(1)	(477)	(898)
Additions	–	–	–	30	–	–	30
Disposals	–	–	–	(2)	–	–	(2)
Reclassified to investment property (Note 18)	(5,022)	(107)	–	–	(8)	(2,615)	(7,752)
End of financial year	7,726	526	681	508	–	–	9,441
Accumulated depreciation							
Beginning of financial year	951	508	215	427	–	–	2,101
Currency translation differences	60	10	7	22	–	–	99
Depreciation charge (Note 5)	151	6	110	14	–	–	281
Disposals	–	–	–	(2)	–	–	(2)
Reclassified to investment property (Note 18)	(32)	(7)	–	–	–	–	(39)
End of financial year	1,130	517	332	461	–	–	2,440
Net book value							
End of financial year	**6,596**	**9**	**349**	**47**	**–**	**–**	**7,001**

Bank borrowings are secured on certain leasehold building of the Group with carrying amount of $6,703,000 (2013: $6,596,000) (Note 24).

	Furniture, fixtures and fittings $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Company				
2014				
Cost				
Beginning and end of financial year	343	242	123	708
Accumulated depreciation				
Beginning of financial year	343	100	123	566
Depreciation charge	–	49	–	49
End of financial year	343	149	123	615
Net book value				
End of financial year	**–**	**93**	**–**	**93**

22. Property, plant and equipment (continued)

	Furniture, fixtures and fittings $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Company				
2013				
Cost				
Beginning and end of financial year	343	242	123	708
Accumulated depreciation				
Beginning of financial year	343	52	122	517
Depreciation charge	–	48	1	49
End of financial year	343	100	123	566
Net book value				
End of financial year	**–**	**142**	**–**	**142**

23. Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade payables to				
- Non-related parties	**137**	2,996	**–**	–
- Associated companies	**663**	663	**–**	–
- Subsidiaries	**–**	–	**24**	24
	800	3,659	**24**	24
Deposits received	**2,089**	2,222	**–**	–
Accrued operating expenses	**5,618**	2,967	**1,342**	918
	8,507	8,848	**1,366**	942

24. Borrowings

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Current				
- Bank borrowings (secured)	**64,197**	61,469	**40,923**	51,792
- Borrowings from a third party (unsecured)	**–**	6,000	**–**	6,000
	64,197	67,469	**40,923**	57,792
Non-current				
- Bank borrowings (secured)	**39,230**	62,566	**–**	–
Total borrowings	**103,427**	130,035	**40,923**	57,792

24. Borrowings (continued)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the end of the reporting date are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Less than 1 year	**64,197**	67,469	**40,923**	57,792
1 - 5 years	**39,230**	62,566	**-**	-

(a) Security granted

Borrowings of $103,427,000 (2013: $124,035,000) are secured by pledge of prepaid leasehold property (Note 20), leasehold building (Note 22) and certain property development for sale (Note 13) in Zhuhai, China, investment properties in Japan (Note 18), certain bank deposits (Note 11) and certain financial assets, available-for-sale (Note 15).

(b) Fair value of non-current borrowings

	Group	
	2014	2013
	$'000	$'000
Bank borrowings	**38,136**	59,421

The fair value above is within Level 2 of the fair value hierarchy and is determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at end of reporting period which the directors expect to be available to the Group as follows:

	Group	
	2014	2013
Bank borrowings	**3.24%**	2.62%

25. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown in the statements of financial position as follows:

	Group	
	2014	2013
	$'000	$'000
Deferred income tax liabilities		
- to be settled after one year	**10,392**	6,035

25. Deferred income taxes (continued)

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Withholding tax on unremitted earnings $'000
2014	
Beginning of financial year	**6,035**
Charged to	
- profit or loss (Note 9)	4,906
Currency translation differences	(549)
End of financial year	**10,392**

	Withholding tax on unremitted earnings $'000
2013	
Beginning of financial year	**3,635**
Charged to	
- profit or loss (Note 9)	3,213
Currency translation differences	(813)
End of financial year	**6,035**

26. Share capital

	No. of ordinary shares Issued share capital '000	Amount Share capital $'000
Group and Company		
2014		
Beginning and end of financial year	**852,921**	**169,658**
Group and Company		
2013		
Beginning and end of financial year	**852,921**	**169,658**

All issued shares are fully paid.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

27. Fair value reserve

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**1,395**	1,469	**829**	794
Fair value gains on financial assets, available-for-sale (Note 15)	**415**	277	**420**	421
Disposal	**–**	(385)	**–**	(386)
Currency translation differences	**10**	34	**–**	–
End of financial year	**1,820**	1,395	**1,249**	829

28. Retained earnings

All retained earnings of the Group and the Company are distributable.

29. Dividends

	Group and Company	
	2014	2013
	$'000	$'000
Ordinary dividends paid		
First and final tax exempt (one-tier) dividend paid in respect of the previous financial year of 0.25 cents (2013: 0.25 cents) per share and special tax exempt (one-tier) dividend of 0.10 cents (2013: Nil) per share	**2,985**	2,132

At the forthcoming Annual General Meeting, a final tax exempt (one-tier) dividend of 0.25 cents per share amounting to a total of $2,132,000 and a special tax exempt (one-tier) dividend of 0.35 cents per share amounting to a total of $2,985,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

30. Contingencies

Contingent liabilities

Group

IPC Property Development (Zhuhai) Ltd ("IPC Zhuhai"), a wholly-owned subsidiary of the Company, is the developer of residential and commercial projects. It is customary for financial institutions in China to require the developers to provide counter-guarantees for mortgage loans extended to buyers of the developers' properties.

Under the counter-guarantee provided by IPC Zhuhai to financial institutions in China, any default on the mortgage loan by the mortgagee will require IPC Zhuhai to pay to the financial institutions the balance amount unrecovered from proceeds of the property sold and other legal recovering proceedings against the mortgagee.

These guarantees will be released upon the issuance of the real estate ownership certificate to buyers and issuance of certificate of mortgage register for real estate ownership to the banks for mortgaged loans entered after 1 January 2005. For mortgage loans entered before 1 January 2005, the guarantees will be released upon the settlement of mortgaged loans between the banks and buyers.

	Group	
	2014	2013
	$'000	$'000
Guarantee given to banks for mortgage facilities granted to IPC Zhuhai's properties	**319**	574

31. Commitments

(a) Operating lease commitments - where the Group is a lessee

The Group and Company leases office space, hostels and motor vehicles from non-related parties under non-cancellable operating lease agreements. These leases have varying terms and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group	
	2014	2013
	$'000	$'000
Not later than one year	**319**	310
Between one and five years	**34**	334
	353	644

(b) Operating lease commitments - where the Group is a lessor

The Group leases out business hotels, kindergarten and supermarket to non-related parties under non-cancellable operating leases. The lessees are required to either pay a fixed monthly amount over the lease period, or contingent rent in addition to fixed monthly amount based on profits or sales achieved during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of reporting period but not recognised as receivables, are as follows:

	Group	
	2014	2013
	$'000	$'000
Not later than one year	**6,089**	7,921
Between one and five years	**17,514**	19,504
Later than five years	**1,965**	5,929
	25,568	33,354

32. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits are established in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia, with dominant operations in Singapore, the People's Republic of China and Japan. Entities in the Group regularly transact in the currencies other than their respective functional currencies ("foreign currencies") such as the Singapore Dollar ("SGD"), Chinese Yuan or Renminbi ("RMB") and Japanese Yen ("JPY").

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Currency risk arises when transactions are denominated in foreign currencies.

The Group does not enter into any arrangements or contracts to manage its foreign currency risk arising from cash flows from anticipated transactions and financial arrangements denominated in foreign currencies, primarily the JPY, RMB and USD. Consequently, transactions are subjected to the fluctuation of foreign currencies.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Japan and the People's Republic of China are managed primarily by borrowings and operating cash flows denominated in JPY, RMB and Hong Kong Dollar ("HKD"), which mitigate currency exposure arising from the subsidiaries' net assets.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	JPY $'000	RMB $'000	HKD $'000	Others $'000	Total $'000
At 31 December 2014							
Financial assets							
Cash and cash equivalents and financial assets, available for sale	33,898	37,949	39,876	11,128	504	48	123,403
Trade and other receivables	352	–	3,658	65	–	–	4,075
	34,250	37,949	43,534	11,193	504	48	127,478
Financial liabilities							
Borrowings	–	–	89,046	14,381	–	–	103,427
Trade and other payables	2,035	–	4,718	1,636	118	–	8,507
	2,035	–	93,764	16,017	118	–	111,934
Net financial assets/(liabilities)	32,215	37,949	(50,230)	(4,824)	386	48	15,544
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(32,215)	–	9,460	4,824	118	–	(17,813)
Currency exposure	**–**	**37,949**	**(40,770)**	**–**	**504**	**48**	**(2,269)**
At 31 December 2013							
Financial assets							
Cash and cash equivalents and financial assets, available-for-sale	47,392	35,808	12,970	10,832	486	52	107,540
Trade and other receivables	338	–	1,078	9	–	–	1,425
	47,730	35,808	14,048	10,841	486	52	108,965
Financial liabilities							
Borrowings	–	–	118,441	11,594	–	–	130,035
Trade and other payables	1,614	–	6,034	1,087	113	–	8,848
	1,614	–	124,475	12,681	113	–	138,883
Net financial assets/(liabilities)	46,116	35,808	(110,427)	(1,840)	373	52	(29,918)
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(46,116)	–	52,738	1,840	111	–	8,573
Currency exposure	**–**	**35,808**	**(57,689)**	**–**	**484**	**52**	**(21,345)**

32. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	JPY $'000	RMB $'000	HKD $'000	Others $'000	Total $'000
At 31 December 2014							
Financial assets							
Cash and cash equivalents and financial assets, available-for-sale	33,122	33,352	153	–	502	48	67,177
Trade and other receivables	328	–	–	60,254	–	–	60,582
	33,450	33,352	153	60,254	502	48	127,759
Financial liabilities							
Borrowings	–	–	40,923	–	–	–	40,923
Trade and other payables	1,366	–	–	–	–	–	1,366
	1,366	–	40,923	–	–	–	42,289
Net financial assets/(liabilities)	32,084	33,352	(40,770)	60,254	502	48	85,470
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(32,084)	–	–	–	–	–	(32,084)
Currency exposure	**–**	**33,352**	**(40,770)**	**60,254**	**502**	**48**	**53,386**
At 31 December 2013							
Financial assets							
Cash and cash equivalents and financial assets, available-for-sale	46,441	31,405	103	–	484	52	78,485
Trade and other receivables	309	–	–	59,056	–	–	59,365
	46,750	31,405	103	59,056	484	52	137,850
Financial liabilities							
Borrowings	–	–	57,792	–	–	–	57,792
Trade and other payables	942	–	–	–	–	–	942
	942	–	57,792	–	–	–	58,734
Net financial assets/(liabilities)	45,808	31,405	(57,689)	59,056	484	52	79,116
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(45,808)	–	–	–	–	–	(45,808)
Currency exposure	**–**	**31,405**	**(57,689)**	**59,056**	**484**	**52**	**33,308**

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, RMB, JPY and HKD strengthen against the SGD by 1% (2013: 1%), 1% (2013: 3%), 8% (2013: 9%) and 1% (2013: 1%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/(liability) position will be as follows:

	2014		2013	
	Increase/(decrease)			
	Profit after tax $'000	**Other comprehensive income $'000**	Profit after tax $'000	Other comprehensive income $'000
Group				
USD against SGD	**379**	**–**	358	–
RMB against SGD	**–**	**(48)**	–	(55)
JPY against SGD	**(3,262)**	**(757)**	(5,192)	(4,746)
HKD against SGD	**5**	**(1)**	5	(1)
Company				
USD against SGD	**334**	**–**	314	–
RMB against SGD	**603**	**–**	1,772	–
JPY against SGD	**(3,262)**	**–**	(5,192)	–
HKD against SGD	**5**	**–**	5	–

The weakening of USD, RMB, JPY and HKD against the SGD by 1% (2013: 1%), 1% (2013: 3%), 8% (2013: 9%) and 1% (2013: 1%) respectively had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(ii) Price risk

The Group is exposed to equity securities, bond funds and debt investments price risks arising from the investments held by the Group which are classified in the statement of financial position as financial assets, available-for-sale. These financial assets are either listed or non-listed. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board of Directors.

32. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

If prices for listed equity securities, listed bond funds, fair value of unlisted debt investments and fair value of unlisted equity investments change by 12% (2013: 6%), 2% (2013: 3%), 4% (2013: 4%) and 3% (2013: 3%) respectively with all other variables including tax rate being held constant, the profit after tax and equity will be:

	2014		2013	
	Increase/(decrease)			
	Profit after tax $'000	**Other comprehensive income $'000**	Profit after tax $'000	Other comprehensive income $'000
Increased by				
Group				
Listed in Asia Pacific	–	**52**	–	56
Listed in Europe	–	**265**	–	317
Listed in Eurasia	–	**11**	–	17
Unlisted in Asia Pacific	–	**342**	–	336
Unlisted in Japan	–	**3**	–	3

	2014		2013	
	Increase/(decrease)			
	Profit after tax $'000	**Other comprehensive income $'000**	Profit after tax $'000	Other comprehensive income $'000
Company				
Listed in Asia Pacific	–	**45**	–	44
Listed in Europe	–	**265**	–	317
Listed in Eurasia	–	**11**	–	17
Unlisted in Japan	–	**3**	–	3

A 12% (2013: 6%) weakening on the price of the listed equity securities, 2% (2013: 3%) weakening in listed bond funds, 4% (2013: 4%) weakening on fair value of unlisted debt investments and 3% (2013: 3%) weakening on unlisted equity investments would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant. This assumes that the decrease does not give rise to impairment.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to changes in interest rates is mainly attributable to its fixed deposits and certain borrowings.

32. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

The Group's fixed deposits and borrowings exposed to changes in interest rates on which effective hedges have not been entered into are denominated in SGD, USD, RMB and JPY. At 31 December 2014, if SGD, USD, RMB and JPY interest rate has increased/decreased by 0.5% (2013: 0.5%), 0.5% (2013: 0.5%), 0.5% (2013: 0.5%) and 0.5% (2013: 0.5%) respectively with all other variables including tax rate being held constant, the profit after tax for the year would have been higher/lower by $157,000 (2013: $224,000), higher/lower by $134,000 (2013: $127,000), lower/higher by $72,000 (2013: $57,000) and lower/higher by $205,000 (2013: $259,000).

Financial assets, available-for-sale and other financial assets and liabilities do not have material interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers. For banks and financial institutions, deposits are placed with regulated banks. For credit exposures to customers, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets, available-for-sale of the Group mainly comprises of 10 counterparties (2013: 12) that represented 85% (2013: 88%) of financial assets, available-for-sale.

The trade and other receivables of the Group mainly comprise 15 debtors (2013: 18 debtors) that represent 82% (2013: 85%) of trade and other receivables. The Company does not have significant concentration of debtors, in both 2014 and 2013.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group's and Company's major classes of financial assets are bank deposits and trade and other receivables.

The credit risk for trade and other receivables based on the information provided to key management is as follows:

	Group		**Company**	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
By geographical area				
Asia Pacific	**4,075**	1,425	**302**	288
By types of customers				
Non-related parties				
- Other companies	**4,060**	1,416	**302**	288
- Individuals	**15**	9	**-**	-
	4,075	1,425	**302**	288

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks and financial institutions which are regulated by local monetary authorities. Trade and other receivables that are neither past due nor impaired are substantially companies or individuals with a good collection track record with the Group.

32. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade and other receivables past due but not impaired is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Past due < 3 months	**81**	–	**–**	–
Past due 3 to 6 months	**–**	–	**–**	–
Past due over 6 months	**10**	61	**–**	–
	91	61	**–**	–

There are no trade and other receivables individually determined to be impaired.

(c) Liquidity risk

The Group and Company manages its liquidity risk by maintaining sufficient cash and cash equivalents deemed adequate by management to finance their normal operating commitments and to mitigate the effects of fluctuations in cash flows. The Group and Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and fixed deposits as disclosed in Note 11.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**
Group				
At 31 December 2014				
Trade and other payables	8,507	–	–	–
Borrowings	64,197	18,381	25,016	–
At 31 December 2013				
Trade and other payables	8,848	–	–	–
Borrowings	67,469	18,769	50,677	–
Company				
At 31 December 2014				
Trade and other payables	1,366	–	–	–
Borrowings	40,923	–	–	–
At 31 December 2013				
Trade and other payables	942	–	–	–
Borrowings	57,792	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

32. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. Management monitors capital based on shareholders' equity.

The Group is not subject to any externally imposed capital requirement.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2014				
Assets				
Available-for-sale financial assets				
- Equity securities	54	–	102	156
- Debt investments	–	–	8,558	8,558
- Bond funds	13,378	–	–	13,378
Total assets	**13,432**	**–**	**8,660**	**22,092**
2013				
Assets				
Available-for-sale financial assets				
- Equity securities	207	–	102	309
- Debt investments	–	–	8,395	8,395
- Bond funds	12,615	–	–	12,615
Total assets	**12,822**	**–**	**8,497**	**21,319**

32. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2014				
Assets				
Available-for-sale financial assets				
- Equity securities	–	–	102	102
- Bond funds	13,378	–	–	13,378
Total assets	**13,378**	**–**	**102**	**13,480**
2013				
Assets				
Available-for-sale financial assets				
- Equity securities	–	–	102	102
- Bond funds	12,615	–	–	12,615
Total assets	**12,615**	**–**	**102**	**12,717**

There were no transfers between the levels for the financial year ended 31 December 2014.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is current bid price. The instruments are included in Level 1.

The fair valuation of a Level 3 debt instrument is described in Note 3.2.

The Group uses quoted market price and engages external, independent and qualified valuer to determine the fair value of the Group's financial assets available-for-sale at the end of every financial year. Where it is not practical to determine the fair value of the unquoted debt investment, the Group will exercise judgement on the fair value of the investment.

The Group reviews the valuations required for financial reporting purposes, including Level 3 fair values. The finance department reports directly to the FD. Discussion of valuation processes and results are held between the FD, the CEO, the MD and the AC at least annually, in line with the Group's reporting dates.

32. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents the changes in Level 3 instruments:

	2014	2013	**2014**	2013
	Equity investments available-for-sale	Equity investments available-for-sale	**Debt investments available-for-sale**	Debt investments available-for-sale
	$'000	$'000	**$'000**	$'000
Opening balance	**102**	–	**8,395**	4,950
Additions	**–**	102	**–**	–
Transfers	**–**	–	**–**	3,125
Currency translation differences	**–**	–	**163**	320
Closing balances	**102**	102	**8,558**	8,395

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 15 to the financial statements, except for the following:

	Group		**Company**	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Loans and receivables	**105,386**	87,646	**114,278**	125,133
Financial liabilities at amortised cost	**111,934**	138,883	**42,289**	58,734

33. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2014	2013
	$'000	$'000
Rental income received from a related party*	**72**	72
Administration fee received from a related party*	**10**	10

* Related party refers to a company with common directors.

33. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2014	2013
	$'000	$'000
Wages and salaries	**2,645**	2,161
Employer's contribution to defined contribution plans, including Central Provident Fund	**45**	37
	2,690	2,198

34. Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") that are used to make strategic decisions. The CODM comprises the Chief Executive Officer, the Managing Director and the Administration and Finance Director.

The CODM considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in one primary geographic area which is Asia Pacific. This geographic location is engaged primarily in the property related business, which includes properties and income producing assets.

Business under "Properties" relate to property development, investing and reselling of properties. Business under "Income producing assets" relate primarily to investments in hospitality assets. Other services included within Asia Pacific include investment holding and the sale and distribution of telecommunication products. The results of these operations are included in the "Other" column.

The segment information provided to the CODM for the reportable segments is as follows:

	Income Producing Assets	Properties	Other	Total
	Asia Pacific	Asia Pacific	Asia Pacific	
	$'000	$'000	$'000	$'000
Group				
2014				
Revenue and other income				
- external sales	15,415	17,951	–	33,366
- other income	128	132	1,087	1,347
	15,543	18,083	1,087	34,713
Cost of revenue and operating expenses	(8,870)	(22,857)	(4,676)	(36,403)
Other gains/(losses), net	37,473	(4)	1,291	38,760
Profit/(loss) before income tax	44,146	(4,778)	(2,298)	37,070
Total assets	155,170	27,212	152,736	335,118
Total assets include:				
Additions to:				
- property, plant and equipment	–	467	–	467

34. Segment information (continued)

	Income Producing Assets	Properties	Other	Total
	Asia Pacific $'000	Asia Pacific $'000	Asia Pacific $'000	$'000
Group				
2013				
Revenue and other income				
- external sales	11,609	35,330	–	46,939
- other income	5	127	1,229	1,361
	11,614	35,457	1,229	48,300
Cost of revenue and operating expenses	(6,607)	(35,308)	(3,333)	(45,248)
Other gains/(losses), net	11,831	(154)	8,143	19,820
Profit/(loss) before income tax	16,838	(5)	6,039	22,872
Total assets	130,518	108,790	91,037	330,345
Total assets include:				
Additions to:				
- property, plant and equipment	–	30	–	30
- investment properties	66,048	–	–	66,048

The CODM assesses the performance of the operating segments based on a measure of profit before tax.

Reportable segments' assets are reconciled to total assets as follows:

	2014 **$'000**	2013 $'000
Segment assets for reportable segments	**335,118**	330,345
Other segment assets		
Unallocated:		
- Tax recoverable	**802**	1,897
- Deferred income tax assets	**1**	3
	335,921	332,245

Revenue from major products and services

Revenue from external customers are derived mainly from the sale of properties, provision of property consulting services and rental income from hospitality assets.

	Group	
	2014 **$'000**	2013 $'000
Income producing assets	**15,415**	11,609
Properties	**17,951**	35,330
	33,366	46,939

34. Segment information (continued)

Geographical information

The Group's business segments operate in one main geographic area:

- Asia Pacific - the Company is headquartered in Singapore and has operations in Singapore, China and Japan. The operations in this region are principally investment holding, property investment and property development, investing and reselling properties, property consulting and the sale and distribution of telecommunication products;

	Sales	
	2014	2013
	$'000	$'000
China	**1,980**	27
Japan	**31,386**	46,912
	33,366	46,939

	Non-current assets	
	2014	2013
	$'000	$'000
Singapore	**20,293**	19,780
China	**19,802**	19,466
Japan	**118,093**	116,811
	158,188	156,057

35. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted.

- FRS 40 *Investment Property* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to clarify that FRS 40 and FRS 103 are not mutually exclusive. The guidance in FRS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in FRS 103 to determine whether the acquisition of an investment property is a business combination.

  The Group will apply this amendment for acquisition of investment property taking place on/after 1 January 2015.

- FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

  The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

35. New or revised accounting standards and interpretations (continued)

- FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 July 2014)

  The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities one net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 24 *Related Party Disclosures* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ("the management entity").

  The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

36. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of IPC Corporation Limited on 12 February 2015.

37. Listing of all companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2014 %	2013 %
Subsidiaries held by the Company				
Corex Technology (S) Pte Ltd[(c), (d)]	Compulsory liquidation	Singapore	**100**	100
Corex Systems (S) Pte Ltd[(a), (c)]	Assembly of electronic components and trading of electronic products (Dormant)	Singapore	**100**	100
e-ipc (HK) Ltd[(c)]	Investment holding (Dormant)	Hong Kong	**100**	100
Essex Electronics (Singapore) Pte Ltd[(a)]	Sales and distribution of telecommunication products	Singapore	**100**	100
IPC Corporation (Korea) Ltd[(c)]	Sales and distribution of computers and related products (Dormant)	Korea	**92**	92
IPC (Holdings) Inc.[(c)]	Investment holding (Dormant)	U.S.A	**100**	100
IPC Information and Communication (Pte) Ltd[(a), (c)]	Provision of commercial value added network services (Dormant)	Singapore	**100**	100
IPC Peripherals (Pte) Ltd[(a)]	Sales and distribution of computer system boards and peripheral products	Singapore	**100**	100

37. Listing of all companies in the Group (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2014	2013
			%	%
IPC Singapore Pte Ltd[(a), (c)]	Investment holding (Dormant)	Singapore	**100**	100
IPC Property Development (Zhuhai) Ltd[(a)]	Investment holding and property development	People's Republic of China	**100**	100
Zhuhai Costa Del Sol Club Management Co. Ltd[(b), (f)]	Club and hotel management company	People's Republic of China	**25**	25
Palladio Hospitality LLC[(e)]	Investment in income producing assets	Japan	**89**	89
Palladio Hospitality One LLC[(e)]	Investment in income producing assets	Japan	**89**	89
Palladio Hospitality Two LLC[(e)]	Investment in income producing assets	Japan	**98.5**	98.5
Palladio One LLC[(e)]	Investing and developing properties	Japan	**97**	97
Subsidiaries held by the subsidiaries				
Zhuhai Costa Del Sol Club Management Co. Ltd[(b), (f)]	Club and hotel management company	People's Republic of China	**75**	75
Associated company held by the Company				
Hagenuk (Pte) Ltd[(a), (c)]	Sales and distribution of telecommunication products (Dormant)	Singapore	**50**	50

(a) Audited by PricewaterhouseCoopers LLP, Singapore.
(b) Audited by other accounting firms. Management financial statements are reviewed by PricewaterhouseCoopers LLP, Singapore as part of the audit of the consolidated financial statements.
(c) Immaterial to the Group.
(d) In the process of liquidation.
(e) Not required to be audited under the laws of the country of incorporation. Management financial statements are reviewed by PricewaterhouseCoopers LLP, Singapore as part of the audit of the consolidated financial statements.
(f) Effective holding by the Group is 100%.

SHAREHOLDERS' INFORMATION

As at 16 March 2015

Number of equity securities	:	852,920,638
Class of equity securities	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO.OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	83	0.31	2,647	0.00
100 - 1,000	9,992	37.58	5,421,337	0.64
1,001 - 10,000	12,605	47.41	43,323,745	5.08
10,001 - 1,000,000	3,855	14.50	204,733,948	24.00
1,000,001 AND ABOVE	53	0.20	599,438,961	70.28
TOTAL	**26,588**	**100.00**	**852,920,638**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DB NOMINEES (SINGAPORE) PTE LTD	254,352,500	29.82
2	ESSEX INVESTMENT (S) PTE LTD	75,581,149	8.86
3	CITIBANK NOMINEES SINGAPORE PTE LTD	22,656,500	2.66
4	MAYBANK KIM ENG SECURITIES PTE. LTD.	13,034,442	1.53
5	RAFFLES NOMINEES (PTE) LIMITED	12,605,000	1.48
6	BANK OF SINGAPORE NOMINEES PTE. LTD.	12,162,875	1.43
7	LAUW HUI KIAN	11,597,790	1.36
8	OCBC SECURITIES PRIVATE LIMITED	11,282,220	1.32
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	11,038,972	1.29
10	DBS NOMINEES (PRIVATE) LIMITED	11,021,912	1.29
11	ABN AMRO NOMINEES SINGAPORE PTE LTD	11,011,250	1.29
12	NGIAM MIA HAI BERNARD	10,960,290	1.29
13	NGIAM MIA JE PATRICK	10,639,812	1.25
14	NGIAM MIA HONG ALFRED	10,585,290	1.24
15	NGIAM MIA KIAT BENJAMIN	10,536,811	1.24
16	UOB KAY HIAN PRIVATE LIMITED	10,455,525	1.23
17	TANG YINGJIE	9,267,900	1.09
18	WONG SAY YIN	7,600,000	0.89
19	BOON SUAN AIK	5,555,555	0.65
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,104,524	0.60
	TOTAL	**527,050,317**	**61.81**

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Approximately 54.95% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

SHAREHOLDERS' INFORMATION

As at 16 March 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Oei Hong Leong[1]	254,332,000	29.82	-	-
Essex Investment (Singapore) Pte Ltd ("Essex")	75,581,149	8.86	-	-
Ngiam Mia Je Patrick[2]	10,639,812	1.25	87,178,939	10.22
Ngiam Mia Kiat Benjamin[3]	10,536,811	1.24	75,581,149	8.86
Lauw Hui Kian[4]	11,597,790	1.36	86,220,961	10.11

Notes:

1 Mr Oei Hong Leong's shares are registered in the name of DB Nominees (Singapore) Pte Ltd.

2 Deemed interest in 75,581,149 shares held by Essex by virtue of Section 7 of the Companies Act and 11,597,790 shares held by Ms Lauw Hui Kian.

3 Deemed interest in 75,581,149 shares held by Essex by virtue of Section 7 of the Companies Act.

4 Deemed interest in 75,581,149 shares held by Essex by virtue of Section 7 of the Companies Act and 10,639,812 shares held by Mr Ngiam Mia Je Patrick.

NOTICE OF ANNUAL GENERAL MEETING

For the financial year ended 31 December 2014

IPC CORPORATION LTD (Company Registration No.198501057M) (Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of IPC Corporation Ltd ("the Company") will be held at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 on Tuesday, 28 April 2015 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a first and final dividend of 0.25 cents per share (tax-exempt one-tier) and a special dividend of 0.35 cents per share (tax-exempt one-tier) for the year ended 31 December 2014 *(previous year: first and final dividend of 0.25 cents per share and special dividend of 0.10 cents per share).*

   (Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Article 90 of the Articles of Association of the Company:

   Mr Ngiam Mia Hong Alfred **(Resolution 3)**
   Ms Lauw Hui Kian **(Resolution 4)**

4. To re-appoint Mr Lee Soo Hoon Phillip, a Director of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.
   [See Explanatory Note (i)]

   Mr Lee Soo Hoon Phillip will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee respectively and will be considered independent.

   (Resolution 5)

5. To approve the payment of Directors' fees of S$242,000.00 for the year ended 31 December 2014 *(previous year: S$197,500.00)*.

   (Resolution 6)

6. To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 7)

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to issue new shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)]

(Resolution 8)

By Order of the Board

Ngiam Mia Hai Bernard
Secretary

Singapore, 13 April 2015

Explanatory Notes:

(i) The effect of the Ordinary Resolution 5 is to re-appoint a Director of the Company who is over 70 years of age and if passed, he will hold office until the next Annual General Meeting. Such re-appointment of a director will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act, Cap. 50 as repealed when the Companies (Amendment) Act 2014 comes into force. The Director will then be subject to retirement by rotation under the Company's Articles of Association.

(ii) The Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**AGM**") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

IPC CORPORATION LTD
Company Registration No.198501057M
(Incorporated in Singapore with limited liability)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. For investors who have used their CPF monies to buy IPC CORPORATION LTD's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ______________________________

of ______________________________

being a member/members of IPC Corporation Ltd (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 28 April 2015 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2	Payment of proposed first & final dividend and a special dividend		
3	Re-election of Mr Ngiam Mia Hong Alfred as a Director		
4	Re-election of Ms Lauw Hui Kian as a Director		
5	Re-appointment of Mr Lee Soo Hoon Phillip as a Director		
6	Approval of Directors' fees amounting to S$242,000.00		
7	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors		
8	Authority to issue new shares		

Dated this _______ day of ____________ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member of the Company appoints more than one proxy, that member shall specify the proportion of his/her shareholding to be represented by each proxy and if the proportion is not specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding of that member and the second named proxy shall be deemed to be an alternate to the first named proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2015.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

This page has been intentionally left blank.

This page has been intentionally left blank.

IPC Corporation Ltd

23 Tai Seng Drive, #06-00 Deutsche Telekom Centre,
Singapore 535224 **T** (65) 67442688 **F** (65) 67430691

www.ipc.com.sg

Registration No. 198501057M