

IPC CORPORATION LTD
(Company Registration No. 198501057M)
1st Quarter Financial Statement

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
 HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR 1st QUARTER ENDED 31 MARCH 2019**

	<u>Group</u>		
	31 Mar 2019 S\$'000	31 Mar 2018 S\$'000	Increase/ (decrease) %
Sales	665	995	(33.2)
Cost of sales	(735)	(845)	(13.0)
Gross profit/(loss)	(70)	150	NM
Other income	171	147	16.3
Other gains/(losses), net	(23)	(84)	(72.6)
Expenses			
Distribution and marketing	(78)	(62)	25.8
Administrative	(1,071)	(1,053)	1.7
Finance	(134)	(128)	4.7
	(1,283)	(1,243)	3.2
Profit/(loss) before income tax	(1,205)	(1,030)	17.0
Income tax credit/(expense)	–	(17)	(100)
Total profit/(loss)	(1,205)	(1,047)	15.1
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI – debt investments			
- Fair value gain/(loss)	(5)	(21)	(76.2)
Currency translation gain/(loss) arising from consolidation	1,029	1,520	(32.3)
Items that will not be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI – equity investments			
- Fair value gain/(loss)	440	–	NA
Other comprehensive income/(loss), net of tax	1,464	1,499	(2.3)
Total comprehensive income/(loss)	259	452	(42.7)

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

	31 Mar 2019 S\$'000	<u>Group</u> 31 Mar 2018 S\$'000	Increase/ (decrease) %
Amortisation of prepaid leasehold properties	117	122	(4.1)
Depreciation	384	367	4.6
Foreign exchange losses/(gains), net (Note 3 & 6)	23	84	(72.6)
Interest income (Note 2)	(48)	(30)	60.0
Interest expenses	134	128	4.7

Notes

- 1. Gross profit/(loss)**
The decrease in gross profit for the financial period under review was in tandem with decrease in sales revenue of Grand nest HOTEL zhuhai and the absence of the sale of property developed for sale in Zhuhai, China.
- 2. Other income**
The increase in other income was mainly due to higher interest income received.
- 3. Other gains/(losses), net**
The decrease was due to lesser foreign exchange losses in Q1 FY2019 compared with Q1 FY2018 of the weakening of United States Dollar against Singapore Dollars. (Note 6)
- 4. Distribution and marketing expense**
The increase was mainly due to higher cost incurred in the operations of Zhuhai, China.
- 5. Income tax expense**
The income tax expense in Q1 FY2018 was mainly related to the sale of property developed for sale in Zhuhai, China.
- 6. The other movement in the exchange rates of United States Dollar, Hong Kong Dollar and Renminbi against the Singapore Dollar was mainly unrealised, due to recorded monetary balances denominated in foreign currencies that were adjusted to reflect the Singapore Dollars equivalent at the end of the reporting period.**

NM:Not meaningful (change more than 100%)
NA:Not applicable

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Company</u>	
	31 Mar 2019	31 Dec 2018 Audited	31 Mar 2019	31 Dec 2018 Audited
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents (i)	8,713	9,974	5,113	5,996
Trade and other receivables (ii)	732	590	181	158
Tax recoverable	621	612	–	–
Properties developed for sale	19,249	18,958	–	–
Properties held for sale	3,114	3,071	–	–
Other assets (iii)	44	37	–	–
	<u>32,473</u>	<u>33,242</u>	<u>5,294</u>	<u>6,154</u>
Non-current assets				
Financial assets, at FVPL	34,551	34,551	34,551	34,551
Financial assets, at FVOCI (iv)	1,744	1,320	880	896
Other receivables	–	–	58,753	57,907
Prepayment (v)	76	94	–	–
Other asset	1	1	–	–
Investment in associated companies	–	–	–	–
Investment in subsidiaries	–	–	36,155	36,155
Prepaid leasehold properties	20,022	19,719	–	–
Property, plant and equipment	28,897	28,881	951	990
	<u>85,291</u>	<u>84,566</u>	<u>131,290</u>	<u>130,499</u>
Total assets	<u>117,764</u>	<u>117,808</u>	<u>136,584</u>	<u>136,653</u>
LIABILITIES				
Current liabilities				
Borrowings	3,828	3,774	–	–
Trade and other payables	2,603	2,824	834	949
Current income tax liabilities	323	319	–	–
	<u>6,754</u>	<u>6,917</u>	<u>834</u>	<u>949</u>
Non-current liabilities				
Borrowings	4,228	4,368	–	–
	<u>4,228</u>	<u>4,368</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>10,982</u>	<u>11,285</u>	<u>834</u>	<u>949</u>
NET ASSETS	<u>106,782</u>	<u>106,523</u>	<u>135,750</u>	<u>135,704</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	33,190	33,190	33,190	33,190
Currency translation reserve	(2,642)	(3,671)	–	–
Fair value reserve	(1,953)	(2,388)	3	8
Retained earnings	78,187	79,392	102,557	102,506
Total equity	<u>106,782</u>	<u>106,523</u>	<u>135,750</u>	<u>135,704</u>

Notes

- (i) The decrease in cash and cash equivalents was mainly used in operating activities.
- (ii) The increase in trade and other receivables was mainly from the operations in Zhuhai, China.
- (iii) The increase in other assets was mainly due to the increase in the inventories from the operations in Zhuhai, China.
- (iv) The increase in Financial assets, at FVOCI was mainly due to the fair value gain.
- (v) The decrease was mainly due to the utilisation of the prepayment from the operations in Zhuhai, China.

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

Amount repayable in one year or less, or on demand

<u>Group</u>		<u>Group</u>	
As at 31 March 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,828	Nil	3,774	Nil

Amount repayable after one year

<u>Group</u>		<u>Group</u>	
As at 31 March 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,228	Nil	4,368	Nil

Details of any collateral

The Group's borrowings were secured by pledge of prepaid leasehold properties and leasehold buildings in Zhuhai, China.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>Group</u>	
	31 Mar 2019	31 Mar 2018
	S\$'000	S\$'000
Cash flows from operating activities		
Total profit/(loss)	(1,205)	(1,047)
Adjustments for		
- Income tax expense/(credit)	-	17
- Depreciation	384	367
- Amortisation of prepaid leasehold properties	117	122
- Unrealised translation losses/(gains)	18	(126)
- Interest income	(48)	(30)
- Interest expenses	134	128
	<u>(600)</u>	<u>(569)</u>
Change in working capital		
- Other assets	(7)	(8)
- Properties	-	53
- Trade and other receivables	(95)	(13)
- Trade and other payables	(221)	(169)
Cash generated/(used in) from operations	<u>(923)</u>	<u>(706)</u>
Interest received	19	2
Net cash provided by/(used in) operating activities (i)	<u>(904)</u>	<u>(704)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(7)	(4)
Net cash provided by/(used in) investing activities	<u>(7)</u>	<u>(4)</u>
Cash flows from financing activities		
Interest paid	(134)	(128)
Repayment of borrowings	(201)	(207)
Net cash provided by/(used in) financing activities	<u>(335)</u>	<u>(335)</u>
Net increase/(decrease) in cash and cash equivalents	(1,246)	(1,043)
Cash and cash equivalents at beginning of financial period	9,974	7,334
Effects of currency translation on cash and cash equivalents	(15)	111
Cash and cash equivalents at end of financial period	<u>8,713</u>	<u>6,402</u>

Notes:

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

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY – GROUP	Attributable to Equity Holders of the Company				
	Share capital S\$'000	Currency translation reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total S\$'000
2019					
As at 1 January 2019	33,190	(3,671)	(2,388)	79,392	106,523
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	–	(1,205)	(1,205)
Other comprehensive income/(loss) for the period	–	1,029	435	–	1,464
	–	1,029	435	(1,205)	259
As at 31 March 2019	33,190	(2,642)	(1,953)	78,187	106,782
STATEMENT OF CHANGES IN EQUITY – GROUP	Attributable to Equity Holders of the Company				
	Share capital S\$'000	Currency translation reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total S\$'000
2018					
As at 31 December 2017	33,190	(1,950)	50	51,360	82,650
Adoption of SFRS(I) 9	–	–	–	3,064	3,064
As at 1 January 2018	33,190	(1,950)	50	54,424	85,714
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	–	(1,047)	(1,047)
Other comprehensive income/(loss) for the period	–	1,520	(21)	–	1,499
	–	1,520	(21)	(1,047)	452
As at 31 March 2018	33,190	(430)	29	53,377	86,166
STATEMENT OF CHANGES IN EQUITY – COMPANY	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000	
2019					
As at 1 January 2019	33,190	8	102,506	135,704	
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	51	51	
Other comprehensive income/(loss) for the period	–	(5)	–	(5)	
	–	(5)	51	46	
As at 31 March 2019	33,190	3	102,557	135,750	
STATEMENT OF CHANGES IN EQUITY – COMPANY	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000	
2018					
As at 31 December 2017	33,190	50	74,512	107,752	
Adoption of SFRS(I) 9	–	–	3,064	3,064	
As at 1 January 2018	33,190	50	77,576	110,816	
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	321	321	
Other comprehensive income/(loss) for the period	–	(21)	–	(21)	
	–	(21)	321	300	
As at 31 March 2018	33,190	29	77,897	111,116	

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not applicable.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares as at 31 March 2019 was 85,291,885 (31 December 2018: 85,291,885). There is no treasury share for both periods.

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

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

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

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

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computations applied by the Group are consistent with those used in its audited financial statements as at 31 December 2018, except for those as disclosed under item 5 below.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 has resulted in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change. (continued)

(b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 January 2019.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	<u>Group</u>	
	31 Mar 2019	31 Mar 2018
Earning/(loss) per ordinary share of the Group for the period/year, after deducting any provision for preference dividends:-		
(i) Based on the weighted average number of ordinary shares on issue (in cents)	(1.41)	(1.23)
(ii) On a fully diluted basis (in cents)	(1.41)	(1.23)

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

	<u>Group</u>		<u>Company</u>	
	31 Mar 2019	31 Dec 2018 Audited	31 Mar 2019	31 Dec 2018 Audited
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares at the end of the financial period/year:-	S\$1.25	S\$1.25	S\$1.59	S\$1.59
Number of existing issued shares excluding treasury shares at end of the financial period/year:	85,291,885	85,291,885	85,291,885	85,291,885

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group recorded sales of S\$0.665 million for the 1st quarter ended 31 March 2019 compared to S\$0.995 million for the previous corresponding financial period. The decrease in the sales revenue was mainly due to room upgrade program at Grand nest HOTEL zhuhai, China which is expected to be completed in Q3 FY2019 and the absence of the sale of the property developed for sale in Zhuhai, China.

The Group recorded a gross loss of S\$0.07 million compared to a gross profit of S\$0.150 million of the previous corresponding financial period. The decrease in gross profit for the financial period under review was in tandem with the decrease in sales revenue.

As a result, the Group recorded a total loss after tax of S\$1.205 million for the 1st quarter ended 31 March 2019.

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

The commentary under paragraph 10 of the Group's previous results announcement (Q4 FY2018) and the actual results are in line with the commentary.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As part of the Group's strategy to expand its hospitality business to other countries, it has on 12 November 2018 entered into a joint venture agreement with Nest Hotel Japan Corporation ("NHJC") and AP ASEAN Holding Limited to conduct the business of hospitality and asset management in the Asia Pacific Region (excluding Japan). The Joint venture company was incorporated on 11 April 2019.

The following new hotels in Japan were opened in April 2019 under the management of NHJC:

- 1) Nest Hotel Hiroshima Hatchobori with 126 rooms, commenced operations on 12 April 2019; and
- 2) bespoke hotel shinsaibashi in Osaka with 256 rooms, commenced operations on 26 April 2019.

In total, there are 14 hotels in Japan under the management of NHJC using the Group and NHJC brand names of Nest, bespoke and Tissage. In 2020, another 4 new hotels are expected to be completed, resulting in a total of 18 hotels that will be managed by NHJC.

Grand nest HOTEL zhuhai, China is undertaking renovation works on its rooms from Q1 to Q3 FY2019 as part of its new marketing program to attract more customers.

The Group will continue to focus on its hospitality business expansion & development and explore opportunities to strengthen its operating performance.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have any general mandate from shareholders pursuant to Rule 920.

14. Confirmation Pursuant to Rule 720(1) of the Listing Manual.

IPC Corporation Ltd confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the 1st quarter ended 31 March 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ngiam Mia Je Patrick
Executive Chairman

Ngiam Mia Kiat Benjamin
Managing Director

26 April 2019

BY ORDER OF THE BOARD

Lauw Hui Kian
Director

26 April 2019