

IPCO INTERNATIONAL LIMITED

(Company Registration No. 199202747M)

MATERIAL DIFFERENCE BETWEEN AUDITED AND UNAUDITED FINANCIAL STATEMENT

The Board of Directors of Ipco International Limited ("Company") refers to the announcement made on 28 June 2016 concerning the full year unaudited financial statements of the Company and its subsidiaries ("Group") for the financial year ended 30 April 2016.

The Company wishes to announce, pursuant to Rule 704(6) of the Listing Manual of the SGX-ST, material adjustments made following the finalisation of the Group's audit.

The differences between the audited and unaudited financial statements are as follows :

Consolidated Statement of Comprehensive Income	Note	Group Audited As at 30/04/16 S\$'000	Group Unaudited As at 30/04/16 S\$'000	Difference S\$'000
Other items of revenue/(expenses)	1	7,212	7,094	118
Total expenses	2	(53,709)	(54,894)	1,185
Income tax expense	3	(1,276)	(1,939)	663
Adjustments to Profit for the financial year		(47,773)	(49,739)	1,966

Note 1

The revision to audited Other items of revenue/(expenses) of S\$7,212,000 compared to unaudited Other items of revenue/(expenses) of S\$7,094,000 is due to :

- (1) an increase in exchange gains of S\$97,000 arising mainly from a write back of debt relating to a disposed subsidiary.
- (2) a reclassification of S\$21,000 loss on disposal of Available-for-sale ("AFS") financial assets included in Other items of revenue/(expense) to Allowance for impairment of AFS included in Total Expenses.

Note 2

The revision to audited Total expenses of S\$53,709,000 compared to unaudited Total expenses of S\$54,894,000 is due to :

- (1) a reclassification of S\$1,182,000 loss on disposal of a subsidiary from Other expenses to Other revenue for offset against a debt written back relating to a disposed subsidiary, Dimensi Cita Sdn Bhd.
- (2) a reduction of S\$24,000 relating to fair value of share based payment of a China subsidiary which was subsequently reclassified to Employees benefit expenses.
- (3) a reclassification of S\$21,000 loss on disposal of AFS from Other items of revenue/(expense) to Allowance for impairment loss of AFS included in the operating expenses.

Note 3

The revision to audited Income tax expense S\$1,276,000 compared to unaudited Income tax expense of S\$1,939,000 is due to revised group elimination entries pertaining to tax receivable of a subsidiary.

As a result of the above changes in Note (1) to Note (3), the audited Profit for the financial year is S\$3,418,000 as compared to the unaudited Profit for the financial year of S\$1,452,000.

Statement of Financial Position	Note	Group Audited As at 30/04/16 S\$'000	Group Unaudited As at 30/04/16 S\$'000	Difference S\$'000
Non-current assets				
Intangible Assets	4	49,259	45,528	3,731
Other receivables	4	3,533	-	3,533
		52,792	45,528	7,264
Current assets				
Trade and other receivables	5	9,216	8,550	666
Current liabilities				
Trade and other payables	5	(22,048)	(21,583)	(465)
Net Current Assets		(12,832)	(13,033)	201
Non Current Liabilities				
Other payables	6	(425)	(1,715)	1,290
Changes to Net Assets		39,535	30,780	8,755
Equity				
Other reserves	7	(26,545)	(34,157)	7,612
Accumulated losses	8	(139,924)	(142,125)	2,201
Non-controlling interests("NCI")	9	(4,230)	(3,172)	(1,058)
Changes to Total Equity		(170,699)	(179,454)	8,755

Note 4

The revision to audited Non-current Assets of S\$114,579,000 compared to unaudited Non-current Assets of S\$107,315,000 is due to :

- (1) S\$3,731,000 reinstatement of goodwill relating to the restructuring of China subsidiaries.
- (2) S\$3,116,000 adjustment of receivables from Non-Controlling Interests ("NCI") relating to the restructuring of China subsidiaries.
- (3) \$417,000 reclassified from short-term prepayments to long-term other receivables.

Note 5

The revision to audited Net-current Assets of S\$1,635,000 compared with unaudited Net-current Assets of S\$1,434,000 is due to adjustments of :

Other receivables

- (1) an increase of S\$663,000 other receivable due to revised group elimination entries pertaining to tax receivable of a subsidiary.
- (2) an increase of S\$425,000 to other receivables of subsidiaries.
- (3) a reclassification of S\$5,000 from other payables.
- (4) a reclassification of S\$417,000 prepayments to long-term receivables.

Other payables

- (5) a reclassification of S\$5,000 to other receivables.
- (6) a write back of S\$1,245,000 comprising the debt of S\$1,182,000 and exchange differences to other income relating to a debt payable to a disposed subsidiary which was offset against the loss on disposal of subsidiary reclassified from other expenses.
- (7) a reclassification of S\$1,715,000 from Long-term other payables to Short-term other payables.

Note 6

(1) Long-term other payables of S\$425,000 is an adjustment to account for deposits received in respect of the Rmb5.6 million registered capital granted to NCI of a China subsidiary.

(2) a reclassification of S\$1,715,000 from Long-term other payables to Short-term other payables.

Note 7

The revision to audited Other reserves of S\$26,545,000 compared with unaudited Other reserves S\$34,157,000 is due mainly to the recognition of share based payment reserve in NCI of S\$505,000 offset by a net S\$8,117,000 in respect of reversal entries as a result of over-recognition of NCI due to the restructuring exercise of China subsidiaries.

Note 8

The revision to audited Accumulated losses of S\$139,924,000 compared with unaudited Accumulated losses of S\$142,125,000 is due to changes to current year profit of S\$1,966,000 (see Note 1 to Note 3) and transfer of S\$235,000 profits from NCI to parent company as a result of changes to equity interest of NCI of a China subsidiary.

Note 9

The revision to audited NCI of S\$4,230,000 compared with unaudited NCI of S\$3,172,000 is due mainly to :

(1) recognition of share based payment reserve in NCI of S\$505,000 offset by a net S\$8,117,000 in respect of reversal entries as a result of over-recognition of NCI due to the restructuring exercise of China subsidiaries.

(2) S\$3,116,000 pertaining to recognition of NCI upon disposal of a 10% equity interest of a China subsidiary to its key management.

(3) a reversal of S\$3,731,000 Goodwill disposed to NCI offset by S\$293,000 exchange differences.

As a result of the changes in Note (4) to Note (9), the audited Net Assets of the Company are S\$92,988,000 as compared to the unaudited Net Assets of S\$84,233,000.

BY ORDER OF THE BOARD

Carlson Clark Smith

Executive Director and Chief Financial Officer

15 August 2016