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 29 June 2018 concerning the full year unaudited financial statements of the Company and its subsidiaries ("Group") for the financial year ended 30 April 2018.

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 audited financial statements for the year ended 30 April 2018.

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income	**Note**	**Group Audited As at 30/04/18 S$'000**	**Group Unaudited As at 30/04/18 S$'000**	**Difference S$'000**
Total Expenses	**1**	(86,709)	(109,654)	22,945
Raw materials and consumables used	**(i)**	(36,486)	(38,422)	1,936
Amortisation of intangible assets	**(ii)**	(1,324)	(1,319)	(5)
Employment benefits expenses	**(iii)**	(8,990)	(7,063)	(1,927)
Impairment loss of intangible asset	**(iv)**	(22,987)	(45,971)	22,984
Other expenses	**(v)**	(2,744)	(2,701)	(43)
		(72,531)	(95,476)	22,945
Income Tax Expense	**2**	(761)	7,214	(7,975)
Adjustments to Loss for the Financial Year				14,970
Other Comprehensive Income				
Exchange differences on translating foreign operations	**3**	2,092	2,963	(871)

Note 1

The revision to audited Total Expenses of S$86,709,000 compared to unaudited Total expenses of S$109,654,000 is due to :
(i) a reclass of S$1,936,000 in the subsidiary, ESA Electronics Pte Ltd ("ESA") staff costs included in Raw materials and consumables used to Employment benefits expenses.
(ii) an adjustment of S$5,000 amortisation of intangible assets relating to land use rights of China subsidiaries.
(iii) a reclass of S$1,936,000 per (i) above to Emplyee benefits expenses and S$9,000 reduction in staff leave accrued in ESA.
(iv) no impairment loss of intangible assets relating to distribution and licensing rights of China subsidiaries based on results from independent valuation done on these companies.
(v) an increased adjustment of S$43,000 mainly from general and admin expenses of the Group's subsidiary companies.

Note 2

The revision to audited Income Tax Expense of S$761,000 compared to unaudited Income Tax Credit of S$7,214,000 is due to recognition of S$7,975,000 Deferred Tax Liability in tangent to the adjustment of impairment loss of intangible assets in (iv) above.

Note 3

The revision to audited Other Comprehensive Income of S$2,092,000 compared to unaudited Other Comprehensive Income of S$2,963,000 is due to adjustments in Note 1 (iv) and 2 relating to foreign subsidiaries, resulting in S$871,000 reduction to exchange differences on translating foreign operations.

As a result of the changes in Note 1 and 2, the Loss per share of 0.74 cents has been revised to an audited Loss per share of 0.485 cents.

Statement of Financial Position	Note	Group Audited As at 30/04/18 S$'000	Group Unaudited As at 30/04/18 S$'000	Difference S$'000
Net Assets	4	76,285	61,602	14,683
Non-current assets				
Intangible assets	(i)	23,698	1,152	22,546
Current liabilities				
Trade and other payables	(ii)	(30,963)	(30,923)	(40)
Non-current liabilities				
Deferred tax liabilities	(iii)	(7,823)	-	(7,823)
Changes to Net Assets		(15,088)	(29,771)	14,683
Equity				
Other reserves	5	19,004	18,717	287
Accumulated losses	6	172,941	187,911	(14,970)
		191,945	206,628	(14,683)

Note 4

The revision to audited Net Assets of S$23,698,000 compared to unaudited Intangible Assets of S$1,152,000 is due to :
(i) an adjustment of S$22,984,000 Impairment loss of intangible assets per Note 1(iv) offset by S$438,000 translation difference of these assets of foreign subsidiaries.
(ii) increased accruals of S$40,000 expenses relating to the general and admin expenses of the Group's subsidiary companies.
(iii) a recognition of S$7,975,000 Deferred Tax Liability per Note 2 above offset by S$152,000 translation difference pertaining to the China subsidiaries.

Note 5

The revision to audited Other reserves of S$19,004,000 compared with unaudited Accumulated losses of S$18,717,000 is due to an adjustment of S$287,000 relating to exchange differences arising from the translation of foreign operations of the Group.

Note 6

The revision to audited Accumulated losses of S$172,941,000 compared with unaudited Accumulated losses of S$187,911,000 is due to changes in current year loss of S$14,970,000 as explained in Note 1 and 2.

BY ORDER OF THE BOARD
Allan Tan Poh Chye
Company Secretary
9 October 2018