IPCO INTERNATIONAL LIMITED
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 JANUARY 2018
These figures have not been audited

1(a)(i) **A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group			Group		
	3 Months to 31/01/18 S$'000	3 Months to 31/01/17 S$'000	% Increase/ (decrease)	9 Months to 31/01/18 S$'000	9 Months to 31/01/17 S$'000	% Increase/ (decrease)
Revenue						
Sale of goods	7,155	3,307	nm	16,966	13,767	23.2
Natural gas installation, connection, delivery and usage	11,238	8,857	26.9	25,644	22,259	15.2
	18,393	**12,164**	**51.2**	**42,610**	**36,026**	**18.3**
Other items of revenue/(expenses)						
Financial assets, at fair value through profit or loss						
- fair value gain/(loss)	22	4	nm	10	(23)	nm
Other income	43	29	48.3	151	173	(12.7)
	65	**33**	**97.0**	**161**	**150**	7.3
Total revenue	**18,458**	**12,197**	**51.3**	**42,771**	**36,176**	**18.2**
Operating expenses						
Changes in inventories of finished goods, work-in-progress and land held for sale	245	365	(32.9)	1,171	319	nm
Raw materials and consumables used	(12,120)	(8,130)	49.1	(28,231)	(23,210)	21.6
Amortisation of intangible assets	(335)	(349)	(4.0)	(1,003)	(1,012)	(0.9)
Depreciation of property, plant and equipment	(667)	(659)	1.2	(1,969)	(1,885)	4.5
Allowance for doubtful receivables, net	(55)	21	nm	(175)	(21)	nm
Foreign exchange (loss)/gain, net	(662)	5,945	nm	(2,012)	7,088	nm
Employee benefits expenses	(1,970)	(2,756)	(28.5)	(5,625)	(6,450)	(12.8)
Finance Costs	(263)	(209)	25.8	(761)	(366)	nm
Operating lease expenses	(151)	(125)	20.8	(436)	(380)	14.7
Other expenses	(795)	(35)	nm	(2,175)	(1,215)	79.0
Total expenses	**(16,773)**	**(5,932)**	**nm**	**(41,216)**	**(27,132)**	**51.9**
Profit before income tax	**1,685**	**6,265**	**(73.1)**	**1,555**	**9,044**	**(82.8)**
Income tax expense	(452)	(309)	46.3	(1,151)	(912)	26.2
Profit for the financial period	**1,233**	**5,956**	**(79.3)**	**404**	**8,132**	**(95.0)**
Other comprehensive income :						
Available-for-sale-financial assets						
- fair value loss	(40)	(25)	60.0	(89)	(26)	nm
Exchange differences on translating foreign operations	139	(1,969)	nm	174	(2,499)	nm
Other comprehensive income for the financial period	99	(1,994)	nm	85	(2,525)	nm
Total comprehensive income for the financial period	**1,332**	**3,962**	**(66.4)**	**489**	**5,607**	**(91.3)**

IPCO INTERNATIONAL LIMITED
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 JANUARY 2018
These figures have not been audited

1(a)(i)	**A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**						
		Group			**Group**		
	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**3 Months to 31/01/18 S$'000**	**3 Months to 31/01/17 S$'000**	**% Increase/ (decrease)**	**9 Months to 31/01/18 S$'000**	**9 Months to 31/01/17 S$'000**	**% Increase/ (decrease)**
	Profit attributable to :						
	Owners of the parent	975	5,330	(81.7)	213	7,500	(97.2)
	Non-controlling interests	258	626	(58.8)	191	632	(69.8)
		1,233	**5,956**	**(79.3)**	**404**	**8,132**	**(95.0)**
	Total comprehensive income attributable to :						
	Owners of the parent	1,006	3,185	(68.4)	(23)	4,908	nm
	Non-controlling interests	326	777	(58.0)	512	699	(26.8)
		1,332	**3,962**	**(66.4)**	**489**	**5,607**	**(91.3)**
	nm-not meaningful						

1(a)(ii)	**ADDITIONAL INFORMATION ON THE INCOME STATEMENT**						
		Group			**Group**		
		3 Months to 31/01/18 S$'000	**3 Months to 31/01/17 S$'000**	**% Increase/ (decrease)**	**9 Months to 31/01/18 S$'000**	**9 Months to 31/01/17 S$'000**	**% Increase/ (decrease)**
	Other Income						
	Write back of other payables and accrued expenses	-	-	-	-	25	nm
	Gain on disposal of property, plant and equipment	4	-	nm	7	3	nm
	Interest income	25	25	-	124	126	(1.6)
	Sundry income	14	4	nm	20	19	5.3
		43	**29**	**48.3**	**151**	**173**	**(12.7)**
	nm-not meaningful						

IPCO INTERNATIONAL LIMITED
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 JANUARY 2018
These figures have not been audited

1(b)(i)	A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.				
	STATEMENT OF FINANCIAL POSITION	**Group As at 31/01/18 S$'000**	**Group As at 30/04/17 S$'000**	**Company As at 31/01/18 S$'000**	**Company As at 30/04/17 S$'000**
	Non-current assets				
	Intangible assets	47,073	50,092	-	-
	Property, plant and equipment	74,997	64,462	33	95
	Subsidiaries	-	-	70,761	70,761
	Other receivables	2,841	2,946	-	-
	Deferred tax assets	919	910	-	-
		125,830	**118,410**	**70,794**	**70,856**
	Current assets				
	Available-for-sale financial assets	616	707	580	540
	Inventories	13,741	12,962	-	-
	Trade and other receivables	13,338	9,339	63,737	64,239
	Financial assets, at fair value through profit or loss	62	51	13	14
	Cash and cash equivalents ** **Refer to breakdown below**	8,524	9,036	400	74
		36,281	**32,095**	**64,730**	**64,867**
	Current liabilities				
	Trade and other payables	36,911	25,404	7,152	7,346
	Provisions	316	294	307	294
	Finance lease liabilities	14	46	14	46
	Current income tax payable	706	920	-	-
	Borrowings	9,228	8,891	200	-
		47,175	**35,555**	**7,673**	**7,686**
	Net current (liabilities)/assets	**(10,894)**	**(3,460)**	**57,057**	**57,181**
	Non-current liabilities				
	Other Payables	(374)	(367)	-	-
	Finance lease liabilities	-	(2)	-	(2)
	Borrowings	(10,009)	(11,733)	-	-
	Deferred tax liabilities	(8,338)	(8,706)	-	-
		(18,721)	**(20,808)**	**-**	**(2)**
	NET ASSETS	**96,215**	**94,142**	**127,851**	**128,035**
	Equity				
	Share capital	265,811	264,227	265,811	264,227
	Other reserves	(21,886)	(21,612)	2,001	1,961
	Accumulated losses	(144,255)	(144,468)	(139,961)	(138,153)
	Equity attributable to owners of the parent	**99,670**	**98,147**	**127,851**	**128,035**
	Non-controlling interests	(3,455)	(4,005)	-	-
	TOTAL EQUITY	**96,215**	**94,142**	**127,851**	**128,035**
	**** Breakdown as follows:**				
	Cash and cash equivalents	8,524	9,036		
	Less:				
	Bank Overdrafts	(2,034)	(2,089)		
	Cash pledged for bank facilities	(2,600)	(2,600)		
	As per consolidated statement of cash flows	**3,890**	**4,347**		

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:
(A) the amount repayable in one year or less, or on demand;
(B) the amount repayable after one year;
(C) whether the amounts are secured or unsecured; and
(D) details of any collaterals.

Group Borrowings and Debt Securities	As at 31/01/18 Secured S$'000	As at 31/01/18 Unsecured S$'000	As at 30/04/17 Secured S$'000	As at 30/04/17 Unsecured S$'000
Amount repayable in one year or less, or on demand	8,256	986	8,117	820
Amount repayable after one year	10,009	-	11,735	-

Details of any collaterals

a **Short Term Borrowings**

(i) The current year's secured short term borrowings of S$8.26 million and previous year's borrowings of S$8.117 million comprise :
(a) short term bank borrowings of S$6.208 million in current year as compared to S$5.982 million in previous year which are secured by property, plant and equipment.
(b) the remaining bank borrowings of S$2.034 million in current year and S$2.089 million in previous year, are secured by cash pledged for bank facilities. Interest is charged at 4.57% to 6.95% per annum.
(c) finance lease liabilities of S$0.014 million in current year and S$0.046 million in previous year which are secured by leased assets which will revert to the lessors in the event of default. Effective interest rates ranged from 3.48% to 4.3% per annum.

(ii) The unsecured short term borrowings of S$0.986 million and S$0.82 million in current and previous year respectively, comprised
(a) current year S$0.2 million non-bank loans with interest charged at 12% per annum and
(b) current year $0.786 million and previous year S$0.82 million loans from business associates which are unsecured and repayable on demand.

b **Long Term Borrowings**

The current year's secured long term borrowings of S$10.009 million as compared to previous year's secured long term borrowings of S$11.735 million comprise :
(a) bank borrowings of S$10.009 million in current year and S$11.733 million in previous year respectively, secured by property, plant and equipment. Interest is charged at 4.57% to 6.95% per annum.
(b) finance lease liabilities of S$0.002 million previous year which are secured by leased assets which will revert to the lessors in the event of default. Effective interest rates ranged from 3.48% to 4.3% per annum.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 JANUARY 2018	3 Months to 31/01/18 S$'000	3 Months to 31/01/17 S$'000	9 Months to 31/01/18 S$'000	9 Months to 31/01/17 S$'000
Operating activities				
Profit before income tax	**1,685**	**6,265**	**1,555**	**9,044**
Adjustments for:				
Allowance made/(written back) for doubtful trade and other receivables	55	(21)	175	21
Write back other creditors and accrued expenses	-	(1)	-	(25)
Amortisation of intangible assets	335	349	1,003	1,012
Depreciation of property, plant and equipment	667	659	1,969	1,885
Gain on disposal of property, plant and equipment	(4)	-	(7)	(3)
Interest expenses	235	180	674	293
Interest income	(25)	(25)	(124)	(126)
Provision made during the financial period	3	296	65	340
Fair value (gain)/loss on financial assets, at fair value through profit or loss	(22)	(4)	(10)	23
Unrealised foreign exchange	640	(6,040)	1,966	(7,222)
Operating profit before changes in working capital	**3,569**	**1,658**	**7,266**	**5,242**
Working capital changes				
Inventories	(306)	(1,051)	(1,374)	(1,060)
Trade and other receivables	(4,219)	1,013	(4,321)	(932)
Trade and other payables	9,855	925	8,900	1,005
Provisions	(19)	(298)	(43)	(283)
Cash from operations	**8,880**	**2,247**	**10,428**	**3,972**
Interest received	25	25	124	126
Interest paid	(235)	(180)	(674)	(293)
Net income tax paid	(448)	(357)	(1,366)	(1,118)
Net cash from operating activities	**8,222**	**1,735**	**8,512**	**2,687**
Investing activities				
Net addition of intangible assets	(4)	(356)	(12)	(356)
Purchase of property, plant and equipment	(8,861)	(4,041)	(8,905)	(6,301)
Proceeds from disposals of property, plant and equipment	37	(10)	64	345
Net cash used in investing activities	**(8,828)**	**(4,407)**	**(8,853)**	**(6,312)**
Financing activities				
Proceeds from borrowings	33	-	4,318	4,140
Proceeds from issuance of shares	-	-	1,584	540
Dividend paid to non-controlling interests of a subsidiary	-	-	-	(484)
Repayments of borrowings	(1,029)	(403)	(5,972)	(4,918)
Repayments of finance leases	(12)	(11)	(35)	(33)
Net cash used in financing activities	**(1,008)**	**(414)**	**(105)**	**(755)**
Net change in cash and cash equivalents	**(1,614)**	**(3,086)**	**(446)**	**(4,380)**
Effect of foreign exchange rate changes in cash and cash equivalents	(3)	131	(11)	224
Cash and cash equivalents at beginning of financial period	5,507	4,445	4,347	5,646
Cash and cash equivalents at end of financial period	**3,890**	**1,490**	**3,890**	**1,490**

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.**
	Refer to separate worksheet.
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 also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**
	On 7 September 2017, the Company issued 880,000,000 new ordinary shares at S$0.0018 per subscription share and the issued and paid up share capital (excluding treasury shares) increased from 5,300,799,986 shares to 6,180,799,986 shares. In previous financial period, the Company issued 200,000,000 new ordinary shares at S$0.0027 per subscription share and the issued and paid up share capital (excluding treasury shares) increased from 5,100,799,986 shares to 5,300,799,986 shares.
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.**

	Group As at 31/01/18	Group As at 30/04/17
Number of ordinary shares issued and fully paid	6,180,799,986	5,300,799,986

There are no treasury shares as at end of the current financial period and as at end of the immediately preceding year.

1(d)(iv)	**A statement showing all sales, transfers,disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**
	Not Applicable
2	**Whether the figures have been audited, or reviewed, and in accordance with which auditing standard or practice.**
	These figures have not been audited or reviewed.
3	**Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**
	These figures have not been audited or reviewed.
4	**Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**
	The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared to the audited financial statements as at 30 April 2017.
5	**If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**
	The Group and Company has adopted the new/revised FRS that are effective for annual periods beginning on or after 1 May 2017. The adoption of this new/revised FRS did not result in any significant impact on the financial statements of the Group and Company.
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: (a) Based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).**

	Earnings per ordinary share of the group (in cents)	Group Basic	Group Diluted
6(a)	current financial period 31/01/18 and (Based on 5,769,495,638 basic and diluted weighted average number of ordinary shares in issue at 31/01/18)	0.004	0.004
6(b)	immediately preceding financial period 31/01/17 (Based on 5,242,104,338 basic and diluted weighted average number of ordinary shares in issue at 31/01/17)	0.143	0.143

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.**		
	Net asset value	**Group (S$)**	**Company (S$)**
7(a)	current financial period ended 31/01/18 and (Based on 6,180,799,986 issued shares at 31/01/18)	0.02	0.02
7(b)	immediately preceding financial year at 30/04/17 (Based on 5,300,799,986 issued shares at 30/04/17)	0.02	0.02

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.

Income Statement Items:

3Q FY18 vs 3Q FY17

In the third quarter ended 31 January 2018 (“3Q FY18”), the Group achieved a Turnover of S$18.4 million, which was 51.2% higher than the Turnover of S$12.2 million recorded for the corresponding quarter ended 31 January 2017 (“3Q FY17”). The Group’s Turnover was mainly attributable to the following subsidiaries:

- ESA Electronics Pte Ltd (“ESA”), which operates in the semi-conductor industry, recorded an increased Turnover of S$3.9 million, from S$3.3 million recorded in 3Q FY17 to S$7.2 million in 3Q FY18. The increase was mainly due to higher demand for burn-in boards by semi-conductor manufacturers in the current quarter.
- Capri Investments L.L.C. (“Capri”) which was transferred to Excellent Empire Limited (“Excellent Empire”) in previous financial year, did not make any contribution in 3QFY18 and 3QFY17 as there was no finalised sales agreement with home builders in the current and previous quarter.
- Excellent Empire, via its wholly-owned subsidiary, China Environmental Energy Protection Investment Ltd (“China Environmental”), which in turn through its China subsidiaries supplies natural gas to households, commercial and industrial users in Anlu, Dawu, XiaoChang and Guangshui cities in Hubei, PRC, achieved an increased Turnover of S$2.3 million from S$8.9 million in 3Q FY17 to S$11.2 million in 3Q FY18, mainly due to installation fees from new household consumers.

The Group recorded a Profit before Income Tax of S$1.7 million in 3Q FY18, as compared with S$6.3 million recorded in 3Q FY17, resulting in a decrease of S$4.6 million in Profit before Income Tax. This was mainly due to a foreign exchange loss of S$0.7 million in 3Q FY18, as compared with S$5.9 million foreign exchange gain in 3Q FY17. The unrealised foreign exchange loss arose from the revaluation of foreign currency denominated balances.

The Group recorded a Profit after Income Tax of S$1.2 million in 3Q FY18, as compared with S$5.9 million recorded in 3Q FY17.

Other Revenue increased by S$32,000 from $33,000 in 3Q FY17 to S$65,000 in 3Q FY18 due to increase of S$18,000 fair value gain in financial assets at fair value through profit or loss (“FVTPL”) and net increase of S$14,000 in gain on disposal of fixed assets and sundry income.

The Group’s Total Cost and Expenses increased by approximately S$10.8 million to S$16.7 million in 3Q FY18, compared to S$5.9 million in 3Q FY17. This was mainly due to:

a) S$4.1 million increase in the changes in inventories, work-in-process, raw materials and consumables, which is in line with the increased turnover by the semi-conductor business of ESA;

b) S$0.8 million decrease in Employee Benefit Expenses mainly from ESA, offset by S$0.8 million increase in other operating expenses mainly from China subsidiaries;

c) S$0.1 million increase in Allowance for Doubtful Receivables from ESA;

d) an increase of S$6.6 million Foreign Exchange Loss in 3Q FY18 from S$5.9 million gain in 3Q FY17 to S$0.7 million loss in 3Q FY18. This was largely due to unrealised exchange losses arising from the revaluation of foreign currency denominated balances primarily in:

(i) United States Dollars (“US$”), at exchange rate of 1 US$ to S$ which weakened from S$1.358 in 2Q FY18 to S$1.337 in 3Q FY18, as compared to the strengthening of $1.365 in 2Q FY17 to S$1.447 in 3Q FY17;

(ii) Chinese Renminbi (“RMB”), at exchange rate of 1 RMB to S$ which strengthened from S$0.204 in 2Q FY18 to S$0.206 in 3Q FY18, as compared to S$0.205 in 2Q FY17 to S$0.208 in 3Q FY17.

The increase of Income Tax of S$0.1 million to S$0.4 million in 3Q FY18, as compared with S$0.3 million in 3Q FY17, is mainly due to increase in tax provisions due to higher profits by the China subsidiaries in the current quarter.

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.**

9M FY18 vs 9M FY17

During the nine months ended 31 January 2018 ("9M FY18"), the Group achieved a Turnover of S$42.6 million, which was S$6.6 million or 18.3% higher than the Turnover of S$36.0 million recorded for the corresponding nine months ended 31 January 2017 ("9M FY17"). The Group's Turnover was mainly attributable to the following subsidiaries:

- ESA recorded a 23.2% increase in Turnover of S$3.2 million to approximately S$17.0 million in 9M FY18, as compared to a Turnover of S$13.8 million recorded in 9M FY17. The increase was mainly due to higher demand of burn-in boards by semi-conductor manufacturers in the current period.
- Capri Investments L.L.C. ("Capri") which was transferred to Excellent Empire Limited ("Excellent Empire") in the previous financial year, did not make any contribution in 9M FY18 and 9M FY17 as there was no finalised sales agreement with home builders in the current and previous period.
- Excellent Empire, via its wholly-owned subsidiary, China Environmental Energy Protection Investment Ltd ("China Environmental"), which in turn through its China subsidiaries supplies natural gas to households, commercial and industrial users in Anlu, Dawu, XiaoChang and Guangshui cities in Hubei, PRC, achieved a Turnover of S$25.6 million in 9M FY18, as compared with S$22.2 million in 9M FY17. The 15.2% increase in Turnover of S$3.4 million was mainly due to increase in natural gas sales to industrial users and new household consumers.

The Group recorded a Profit before Income Tax of S$1.5 million in 9M FY18, as compared with S$9.0 million recorded in 9M FY17, resulting in a decrease of S$7.5 million in Profit before Income Tax. This was mainly due to a foreign exchange loss of S$2.0 million in 9M FY18, as compared with S$7.1 million foreign exchange gain in 9M FY17. The unrealised foreign exchange loss arose from the revaluation of foreign currency denominated balances.

The Group recorded a Profit after Income Tax of S$0.4 million in 9M FY18, as compared with a Profit after Income Tax S$8.1 million recorded in 9M FY17.

Correspondingly, in 9M FY18 the Group had Profit Attributable to Shareholders of S$0.2 million and Earnings per Share of 0.004 Singapore cents (9M FY17: Net Profit Attributable to Shareholders S$7.5 million and Earnings per Share of 0.143 Singapore cents).

Other Revenue increased by S$11,000, to S$161,000 in 9M FY18, as compared with S$150,000 in 9M FY17. This was mainly due to an increase of S$33,000 in fair value gain on FVTPL offset by S$25,000 write back of other creditors in previous period and none in current 9M FY18 and a net increase of S$3,000 in gain on disposal of fixed assets, interest and sundry income.

The Group's Total Cost and Expenses increased by approximately S$14.1 million to S$41.2 million in 9M FY18, compared with S$27.1 million in 9M FY17. This was mainly due to:

a) S$4.2 million increase in the changes in inventories, work-in-process, raw materials and consumables, which is in line with the increased turnover by the semi-conductor business of ESA;

b) S$0.8 million decrease in Employee Benefit Expenses due to higher bonuses accrued in previous 9MFY17 by ESA;

c) S$0.1 million increase in depreciation of fixed assets mainly from China subsidiaries;

d) S$0.1 million increase in Allowance for Doubtful Receivables from ESA;

e) S$0.4 million increase in Finance Costs, mainly from interests of bank borrowings of China subsidiaries which were expensed off in 9MFY18 due to completion on construction of Compressed Natural Gas ("CNG") stations and pipelines as compared to the capitalisation of such interests in 9MFY17 where the construction was still in progress;

f) S$1.0 million increase in other operating expenses, mainly from China subsidiaries which is in line with the increased turnover in 9MFY18;

g) S$9.1 million increase in Foreign Exchange Loss, largely due to unrealised exchange loss arising from the revaluation of foreign currency denominated balances primarily in:

(i) United States Dollars ("US$"), at exchange rates of 1 US$ to S$ which weakened from S$1.396 to S$1.337 (9M FY17: strengthened from S$1.344 to S$1.447);

(ii) Chinese Renminbi ("RMB"), at exchange rates of 1 RMB to S$ which strengthened from S$0.202 to S$0.206 (9M FY17: strengthened from S$0.207 to S$0.208).

An increase in Income Tax of S$0.2 million to S$1.1 million in 9M FY18, as compared to S$0.9 million in 9M FY17, is mainly due to increase in tax provisions by the Group's subsidiaries.

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.

<u>Consolidated Statement of Financial Position and Cash Flows:</u>

Description	**Amount in S$ million**
1) An Increase/(Decrease) in Non-Current Assets	
1a. Intangible Assets	(3.0)
1b. Property, Plant and Equipment	10.5
1c. Other Receivable	(0.1)
Increase in Non-Current Assets	**7.4**
2) An Increase/(Decrease) in Current Assets and (Increase)/Decrease in Current Liabilities	
2a. Trade and Other Receivables and Inventories	4.7
2b. Cash and Bank Balances	(0.5)
2c. Trade and Other Payables and Income Tax Payable	(11.3)
2d. Borrowings	(0.3)
Increase in Net Current Liabilities	**(7.4)**
3) An (Increase)/Decrease in Non-Current Liabilities	
3a. Long-Term Borrowings and Finance Lease Liabilities	1.7
3b. Deferred Tax Liabilities	0.4
Decrease in Non-Current Liabilities	**2.1**

The Non-Current Assets of the Group were S$125.8 million as at 31 January 2018, as compared to S$118.4 million as at 30 April 2017. The increase of S$7.4 million was primarily due to:

1a. a decrease in Intangible Assets of S$3.0 million, mainly due S$2.0 million foreign exchange translation loss of Goodwill, Distribution and Licensing Rights in foreign currency denominated subsidiaries and S$1.0 million amortisation of Distribution and Licensing Rights in current 9M FY18.

1b. an increase in Property, Plant and Equipment of S$10.5 million, mainly due to S$1.1 million foreign exchange translation gain of Property, Plant and Equipment, S$11.4 million additions from construction in progress in CNG station and connection pipelines to industrial plants and housing estates by the Group's China subsidiaries, offset by S$2.0 million depreciation in current 9M FY18;

1c. a decrease of Other Receivables of S$0.1 million, mainly due to settlement of S$0.1 million non-trade receivables offset by S$0.5 million translation gain on these receivables and S$0.5 million reduction in prepayments of contractors for construction of CNG stations and pipelines of China subsidiaries.

The Net Current Liabilities of the Group increased by S$7.4 million to S$10.9 million as at 31 January 2018, as compared with S$3.5 million as at 30 April 2017. This was attributable to:

2a. an increase in Trade and Other Receivables and Inventories of S$4.7 million, primarily due to net S$0.7 million increased inventories, mainly from ESA and a net increase of S$4.0 million in Trade and Other Debtors of the Group's subsidiaries;

2b. a decrease of S$0.5 million in Cash and Bank Balances, mainly due to S$2.0 million payment of taxes and interest, S$8.9 million payments for gas station construction and pipelines mainly by the Group's China subsidiaries, net S$1.7 million outflow due to repayments and proceeds from bank borrowings, S$1.6 million proceeds from issuance of new ordinary shares, and S$10.5 million net receipts and payments, of Receivables and Payables by the Group's subsidiaries;

2c. an increase in Trade, Other Payables and Income Tax Payable of S$11.3 million, mainly due to S$1.4 million Tax Payments, S$1.2 million current tax provision and S$11.5 million net increase in Trade and Other Payables, mainly from China subsidiaries due to payables relating to the completed CNG station by a China subsidiary;

2d. a increase in Short-Term Borrowings of S$0.3 million, mainly due to new loans of S$4.3 million for working capital of China subsidiaries which were offset by S$4.5 million net bank loan repayments of these subsidiaries in China, S$0.1 million translation loss of these borrowings and a S$0.4 million reclassification from Long-Term Borrowings.

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 Non-Current Liabilities of the Group have decreased to S$18.7 million as at 31 January 2018, compared to S$20.8 million as at 30 April 2017. This is primarily attributable to: 3a. a decrease of S$1.7 million in Long-Term Borrowings and finance lease liabilities, mainly due to S$0.2 million translation loss of these borrowings, a $0.4 million reclassification to Short-Term Borrowings, and S$1.5 million repayment of these borrowings by the China subsidiaries; 3b. a S$0.4 million translation gain in Deferred Tax Liabilities of the Group's China subsidiaries.
9	**Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**
	The current results for the period ended 31 January 2018 are generally in line with the Company's commentary set out in paragraph 10 of its previous results announcement for the year ended 30 April 2017.
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.**
	The Group holds an 81.25% equity interest in ESA Electronics Pte Ltd ("ESA"). ESA is a Singapore-incorporated company engaged in the business of assembling, trading and providing consultancy services in the semiconductor industry. ESA also acts as agents and distributors of semi-conductor back-end equipment such as vision inspection systems and test systems. ESA experienced strong third quarter revenue growth compared with the previous quarter driven by demand from Taiwan. The fourth quarter is typically a slower quarter for the semiconductor industry which will have an effect on ESA. On a year-to-year basis, ESA should achieve double digit growth. **Transaction relating to Disposal of Share to Key Management Staff** On 22 May 2015, China Environmental Energy Protection Investment Limited ("CEEP") an indirect subsidiary of the Company entered into an agreement with the General Manager and Director of Hubei Zhonglianhuan Energy Investment Management Inc. ("HZLH") to transfer 10 percent equity of HZLH for a total consideration of RMB14,400,000. The consideration is payable within three years from date of agreement. To date, a total of RMB800,000 has been paid, with an outstanding balance of RMB13,600,000. There is no option in the agreement to extend the payment deadline. The Board has already sought legal advice as to the process to transfer the shares back to CEEP in the event that the balance is not paid by the expiry date. **Transaction relating to Employee Share Scheme** On 10 March 2015, CEEP entered into an agreement with Xiaogan He Shun Investment Management Centre LLP ("He Shun") to transfer 20% equity of HZLH for a total consideration of RMB28,800,000. He Shun is a local staff co-operative which holds the shares on behalf of key executives entitled to participate in the Employee Share Scheme ("ESS"). To date, a total of RMB2,000,000 has been paid, with an outstanding balance of RMB26,800,000. The agreement has now expired, and the Board has also sought legal advice on the process to transfer the shares back to CEEP. On 4 May 2017, as noted in the Company's 2017 Annual Report, there were two additional partners admitted to He Shun who were not employees of HZLH and hence not eligible to participate in the ESS. The registered capital granted to the new partners represented 5% indirect interest in HZLH. This transaction took place without discussion or approval of the Board of Directors and Remuneration Committee of the Company. There is a divergence between BDO Shanghai and BDO Singapore the previous auditors of the Company as to the nature of the ESS and to whether He Shun is a controlled affiliate of the Company especially considering the addition of the two non-staff partners without approval. The Board has sought an explanation from BDO Singapore and based on the outcome will assess the impact to the financial statement to determine any adjustments of, or disclosures in the previous financial statements of the Company. The 3rd Quarter results were consolidated based on CEEP having an 85% equity ownership which is subject to re-statement following further investigation by the Board. The Gas Industry in People's Republic of China ("PRC") is forecasted to triple its Gas demand by 2030. The 2017 Gas demand grew by more than 15% year on year and LNG prices as of 23 Jan 2018 is at 3 year high. Solving air pollution problem is a key Government priority as stated by President Xi at the October 2017 Communist Party Congress in China adding additional infrastructure to allow LNG imports to rise by a third in 2020 to 74m tonnes.

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.**

Capri Investment L.L.C. ("Capri"), in which the Group holds a 100% equity interest, is engaged in property development and is currently in the planning stage of its next phase of its Falling Water Project which is located near the cities of Seattle and Tacoma in the state of Washington, USA.

The Falling Water planned preliminary plat/planned development district ("PDD"), originally approved in 1997, granted Capri entitlements to develop 979 residential lots and commercial uses subject to conditions set out in a 2003 Major Amendment and yearly extensions of the preliminary plat approval. These conditions included a traffic mitigation limiting development to 592 residential lots before a second access road be built. There is no definite timeline for this second road access to be built by Pierce County and would be cost prohibitive for Capri to fund construction itself. The Falling Water development anticipated a development build-out of 20 years and this year being the twenty-first year from the original approval in 1997, Capri was not guaranteed a further extension. Capri therefore is not able to wait for this road to be built to allow additional residential development beyond 592 lots. Capri is still entitled to non-residential development as per the underlying zoning.

It was also originally thought that Falling Water would be annexed to the City of Bonney Lake however this is unlikely to happen based on changes that Pierce County made to its zoning codes over the past twenty years to comply with Washington state's Growth Management Act requirements. The significance of not being annexed is that Falling Water cannot access municipal sewers and must develop its own sewerage treatment solution for the next development phase which is subject to approval by the Washington Department of Health.

Capri was informed via a memorandum from Pierce County Planning and Public Works dated 17 August 2017 that Pierce County staff would be recommending denial of the application which was confirmed in its Staff Report dated 11 October 2017.

The Pierce County Staff Report stated that "staff has reviewed the requested twenty-first year time extension and compliance with Condition No. 60 of the 1997 original approval and Condition No. 70 of the 2003 major amendment. The County recommends denial of this preliminary plat time extension and finds that allowing more than the existing 357 recorded single-family lots in Falling Water would be inconsistent with the rural land use designations and zone classifications that have been in place since January 1, 1995, and the likelihood of the Falling Water plat being shifted into the Bonney Lake Urban Growth and Urban Service Areas in the foreseeable future is unlikely." In essence, recommending cessation of the remaining entitlements and the land reverting back to its underlying rural zoning with considerable less value.

On or about 20 October 2017, Capri engaged legal counsel to prepare submissions and represent Capri before the Pierce County Hearing Examiner who has the authority to approve the extension. The proposed hearing dates (19/10/2017, 8/11/2017 and 6/12/2017) were adjourned to allow both Capri and Pierce County to prepare their submissions and the hearing was finally held on 14 February 2018.

On 28 March 2018 Singapore time, the Hearing Examiner released his decision granting the twenty-first annual extension of the preliminary plat, with conditions. The major conditions imposed by the Hearing Examiner are:
1. Residential lots capped at 592 units, all of which are single-family detached
2. Compliance timeline for completion of Phases 1-10 of the Preliminary Plat/PDD approval for Falling Water consisting of 261 residential lots; future annual extensions will be granted through buildout as long as compliance with the timeline is achieved.
3. Tracts designated for future development shall be evaluated for non-residential uses permitted in the underlying zone at the time of application.

The Company is now focused on the engineering works required per the extension approval and compliance timeline which include boundary and topographic design surveys, design and approval of the large on-site sewerage system and its approval-in-principle from Washington State Department of Health ("DOH"). With final engineering construction plans, the Company will be in a position to commence marketing the 261 residential lots to local home builders. Barghausen Consulting Engineers Inc has been appointed as lead engineers and their initial time estimate for said engineering works is between nine to twelve months depending on the availability of the sub-consultants and the approval process of the DOH.

Pierce County continues to experience strong growth. According to John L Scott, a leading local real estate firm April 2018 Statistics, Pierce County's average home sale price has increased from $275,000 to $450,000 over the last 5 years. 0ver 60% 5 year appreciation and average appreciation of 12% per year. Whilst, Bonney Lake the average sale price over the last 5 years has gone from $350,000 to $550,000 a 5year appreciation of 11.5% annually and total appreciation of 57%.

The Company has engaged independent appraiser to assess whether there is any material impact on the company's financials.

11	**If a decision regarding dividend has been made :**
11(a)	**Whether an interim (final) ordinary dividend has been declared (recommended); and**
	None
11(b)(i)	**Amount per share ….. cents**
	None
11(b)(ii)	**Previous corresponding period ….. cents**
	None
11(c)	**Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**
	Not Applicable
11(d)	**The date the dividend is payable**
	Not Applicable
11(e)	**The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**
	Not Applicable
12	**If no dividend has been declared (recommended), a statement to that effect.**
	No dividend has been declared or recommended in the current reporting period.
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.**
	There is no general mandate from shareholders for Interested Party Transactions ("IPTs").
14	**Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)**
	The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of the Group for the third quarter and nine months ended 31 January 2018, to be false or misleading in any material aspect.
15	**Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**
	Undertakings have been procured from all of its directors and executive officers.
	BY ORDER OF THE BOARD **IPCO INTERNATIONAL LIMITED** **JOSEPH CHEN** **DIRECTOR** **13 APRIL 2018**