

**IPC CORPORATION LTD**  
**(Company Registration No. 198501057M)**  
**3<sup>rd</sup> 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 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 2019**

	Group			Group		
	2019	2018	Increase/ (decrease) %	2019	2018	Increase/ (decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Sales	1,066	883	20.7	2,608	2,911	(10.4)
Cost of sales	(935)	(815)	14.7	(2,515)	(2,499)	0.6
Gross profit/(loss)	131	68	92.6	93	412	(77.4)
Other income	186	153	21.6	513	451	13.7
Other gains/(losses), net	91	(1,525)	NM	21	(1,426)	NM
Expenses						
Distribution and marketing	(101)	(79)	27.8	(264)	(228)	15.8
Administrative	(1,127)	(1,000)	12.7	(3,390)	(3,244)	4.5
Finance	(148)	(146)	1.4	(417)	(424)	(1.7)
Other	–	(20)	(100)	–	(21)	(100)
	(1,376)	(1,245)	10.5	(4,071)	(3,917)	3.9
Profit/(loss) before income tax	(968)	(2,549)	(62.0)	(3,444)	(4,480)	(23.1)
Income tax credit/(expense)	–	(9)	(100)	–	(26)	(100)
Total profit/(loss)	(968)	(2,558)	(62.2)	(3,444)	(4,506)	(23.6)
<b>Other comprehensive income/(loss)</b>						
Items that may be reclassified subsequently to profit or loss:						
Financial assets, at FVOCI – debt investments						
- Fair value gain/(loss)	–	–	–	–	(30)	(100)
- Redemption	–	–	–	(8)	–	NA
Currency translation gain/(loss) arising from consolidation	(1,224)	(2,328)	(47.4)	(1,825)	(1,658)	10.1
Items that will not be reclassified subsequently to profit or loss:						
Financial assets, at FVOCI – equity investments						
- Fair value gain/(loss)	(235)	(126)	86.5	(74)	(2,356)	(96.9)
<b>Other comprehensive income/(loss), net of tax</b>	(1,459)	(2,454)	(40.5)	(1,907)	(4,044)	(52.8)
<b>Total comprehensive income/(loss)</b>	(2,427)	(5,012)	(51.6)	(5,351)	(8,550)	(37.4)

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

	Group 3 <sup>rd</sup> quarter ended 30 Sep			Group 9 months ended 30 Sep		
	2019 S\$'000	2018 S\$'000	Increase/ (decrease) %	2019 S\$'000	2018 S\$'000	Increase/ (decrease) %
Amortisation of prepaid leasehold properties	111	115	(3.5)	343	359	(4.5)
Depreciation	375	389	(3.6)	1,141	1,159	(1.6)
Foreign exchange losses/(gains), net (Note 3 & 5)	(91)	73	NM	49	(26)	NM
Write-down on land held for development (Note 3)	–	1,452	(100)	–	1,452	(100)
Gain on redemption of financial assets, at FVOCI	–	–	–	(70)	–	NA
Interest income	(36)	(34)	5.9	(122)	(97)	25.8
Interest expenses	148	146	1.4	417	424	(1.7)

#### Notes

1. Gross profit/(loss)  
The increase in gross profit for the financial period under review was in tandem with increase in sales revenue of Grand nest HOTEL zhuhai in China.
2. Other income  
The increase in Other income was mainly due to higher rental income from Zhuhai in China.
3. Other gains/(losses), net  
The gains in Q3 FY2019 were mainly contributed by foreign exchange gains due to the strengthening of United States Dollars against Singapore Dollars (Note 5) whereas the losses in Q3 FY2018 were mainly contributed by write-down on land held for development.
4. Distribution and marketing and Administrative expenses  
The increase was for the operations in Grand nest HOTEL zhuhai, China.
5. 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>	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	S\$'000	Audited S\$'000	S\$'000	Audited S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents (i)	8,070	9,974	4,092	5,996
Trade and other receivables (ii)	898	590	164	158
Tax recoverable	597	612	–	–
Properties developed for sale	18,426	18,958	–	–
Properties held for sale	2,992	3,071	–	–
Other assets	40	37	–	–
	<u>31,023</u>	<u>33,242</u>	<u>4,256</u>	<u>6,154</u>
<b>Non-current assets</b>				
Financial assets, at FVPL	34,551	34,551	34,551	34,551
Financial assets, at FVOCI (iii)	350	1,320	–	896
Other receivables	–	–	56,259	57,907
Prepayment (iv)	108	94	–	–
Other asset	1	1	–	–
Investment in associated companies	–	–	–	–
Investment in subsidiaries	–	–	36,155	36,155
Prepaid leasehold properties	18,625	19,719	–	–
Property, plant and equipment	27,109	28,881	873	990
	<u>80,744</u>	<u>84,566</u>	<u>127,838</u>	<u>130,499</u>
<b>Total assets</b>	<u>111,767</u>	<u>117,808</u>	<u>132,094</u>	<u>136,653</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings (v)	775	3,774	–	–
Trade and other payables (vi)	1,963	2,824	134	949
Current income tax liabilities	311	319	–	–
	<u>3,049</u>	<u>6,917</u>	<u>134</u>	<u>949</u>
<b>Non-current liabilities</b>				
Borrowings (v)	7,546	4,368	–	–
	<u>7,546</u>	<u>4,368</u>	<u>–</u>	<u>–</u>
<b>Total liabilities</b>	<u>10,595</u>	<u>11,285</u>	<u>134</u>	<u>949</u>
<b>NET ASSETS</b>	<u>101,172</u>	<u>106,523</u>	<u>131,960</u>	<u>135,704</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	33,190	33,190	33,190	33,190
Currency translation reserve	(5,496)	(3,671)	–	–
Fair value reserve	(2,470)	(2,388)	–	8
Retained earnings	75,948	79,392	98,770	102,506
<b>Total equity</b>	<u>101,172</u>	<u>106,523</u>	<u>131,960</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 decrease in financial assets, at FVOCI was mainly due to the redemption of one of the investments.
- (iv) The increase was mainly due to the prepayment for the operations in Zhuhai, China.
- (v) The decrease of borrowings in current liabilities was mainly due to the reclassification to the borrowings in non-current liabilities.
- (vi) The decrease was mainly due to settlement of the accrued expense.

**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 30	September 2019	As at 31	December 2018
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
775	Nil	3,774	Nil

**Amount repayable after one year**

<u>Group</u>		<u>Group</u>	
As at 30	September 2019	As at 31	December 2018
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,546	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>		<u>Group</u>	
	3 <sup>rd</sup> quarter ended 30 Sep		9 months ended 30 Sep	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Total profit/(loss)	(968)	(2,558)	(3,444)	(4,506)
Adjustments for				
- Income tax expense/(credit)	–	9	–	26
- Depreciation	375	389	1,141	1,159
- Amortisation of prepaid leasehold properties	111	115	343	359
- Unrealised translation losses/(gains)	(8)	79	78	(281)
- Gain on redemption of financial assets, at FVOCI	–	–	(70)	–
- Write-down on land held for development	–	1,452	–	1,452
- Interest income	(36)	(34)	(122)	(97)
- Interest expenses	148	146	417	424
	<u>(378)</u>	<u>(402)</u>	<u>(1,657)</u>	<u>(1,464)</u>
Change in working capital				
- Other assets	1	3	(3)	–
- Properties	–	34	–	87
- Trade and other receivables	(217)	30	(322)	12
- Trade and other payables	44	170	(861)	(8)
Cash generated/(used in) from operations	<u>(550)</u>	<u>(165)</u>	<u>(2,843)</u>	<u>(1,373)</u>
Interest received	36	17	122	67
Income tax paid, net	–	(9)	–	(26)
<b>Net cash provided by/(used in) operating activities (i)</b>	<u>(514)</u>	<u>(157)</u>	<u>(2,721)</u>	<u>(1,332)</u>
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment	(35)	(4)	(59)	(360)
Redemption of financial assets, at FVOCI	–	–	877	–
<b>Net cash provided by/(used in) investing activities</b>	<u>(35)</u>	<u>(4)</u>	<u>818</u>	<u>(360)</u>
<b>Cash flows from financing activities</b>				
Interest paid	(148)	(146)	(417)	(424)
Proceeds from borrowings (ii)	569	–	3,972	614
Repayment of borrowings	(3,175)	(207)	(3,575)	(614)
<b>Net cash provided by/(used in) financing activities</b>	<u>(2,754)</u>	<u>(353)</u>	<u>(20)</u>	<u>(424)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(3,303)</u>	<u>(514)</u>	<u>(1,923)</u>	<u>(2,116)</u>
Cash and cash equivalents at beginning of financial period	11,312	6,056	9,974	7,334
Effects of currency translation on cash and cash equivalents	61	(15)	19	309
<b>Cash and cash equivalents at end of financial period</b>	<u>8,070</u>	<u>5,527</u>	<u>8,070</u>	<u>5,527</u>

**Notes:**

- (i) The net cash used in operating activities was mainly related to the loss from operations.
- (ii) The increase in borrowings was for the operations in Zhuhai, China.

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
<b>2019</b>					
As at 1 January 2019	33,190	(3,671)	(2,388)	79,392	106,523
<b>Total comprehensive income/(loss) for the period</b>					
Profit/(loss) for the period	–	–	–	(2,476)	(2,476)
Other comprehensive income/(loss) for the period	–	(601)	153	–	(448)
	<b>–</b>	<b>(601)</b>	<b>153</b>	<b>(2,476)</b>	<b>(2,924)</b>
As at 30 June 2019	33,190	(4,272)	(2,235)	76,916	103,599
<b>Total comprehensive income/(loss) for the period</b>					
Profit/(loss) for the period	–	–	–	(968)	(968)
Other comprehensive income/(loss) for the period	–	(1,224)	(235)	–	(1,459)
	<b>–</b>	<b>(1,224)</b>	<b>(235)</b>	<b>(968)</b>	<b>(2,427)</b>
As at 30 September 2019	33,190	(5,496)	(2,470)	75,948	101,172

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
<b>2018</b>					
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
<b>Total comprehensive income/(loss) for the period</b>					
Profit/(loss) for the period	–	–	–	(1,948)	(1,948)
Other comprehensive income/(loss) for the period	–	670	(2,260)	–	(1,590)
	<b>–</b>	<b>670</b>	<b>(2,260)</b>	<b>(1,948)</b>	<b>(3,538)</b>
As at 30 June 2018	33,190	(1,280)	(2,210)	52,476	82,176
<b>Total comprehensive income/(loss) for the period</b>					
Profit/(loss) for the period	–	–	–	(2,558)	(2,558)
Other comprehensive income/(loss) for the period	–	(2,328)	(126)	–	(2,454)
	<b>–</b>	<b>(2,328)</b>	<b>(126)</b>	<b>(2,558)</b>	<b>(5,012)</b>
As at 30 September 2018	33,190	(3,608)	(2,336)	49,918	77,164

STATEMENT OF CHANGES IN EQUITY – COMPANY	Share capital	Fair value reserve	Retained earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>2019</b>				
As at 1 January 2019	33,190	8	102,506	135,704
<b>Total comprehensive income/(loss) for the period</b>				
Profit/(loss) for the period	–	–	(2,090)	(2,090)
Other comprehensive income/(loss) for the period	–	(8)	–	(8)
	<b>–</b>	<b>(8)</b>	<b>(2,090)</b>	<b>(2,098)</b>
As at 30 June 2019	33,190	–	100,416	133,606
<b>Total comprehensive income/(loss) for the period</b>				
Profit/(loss) for the period	–	–	(1,646)	(1,646)
Other comprehensive income/(loss) for the period	–	–	–	–
	<b>–</b>	<b>–</b>	<b>(1,646)</b>	<b>(1,646)</b>
As at 30 September 2019	33,190	–	98,770	131,960

**STATEMENT OF CHANGES IN EQUITY – COMPANY**

	Share capital S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
<b>2018</b>				
<b>As at 1 January</b>	<b>33,190</b>	<b>50</b>	<b>74,512</b>	<b>107,752</b>
<b>Total comprehensive income/(loss) for the period</b>				
Profit/(loss) for the period	–	–	(965)	(965)
Other comprehensive income/(loss) for the period	–	(30)	–	(30)
	<b>–</b>	<b>(30)</b>	<b>(965)</b>	<b>(995)</b>
<b>As at 30 June</b>	<b>33,190</b>	<b>20</b>	<b>73,547</b>	<b>106,757</b>
<b>Total comprehensive income/(loss) for the period</b>				
Profit/(loss) for the period	–	–	(3,891)	(3,891)
Other comprehensive income/(loss) for the period	–	(1)	–	(1)
	<b>–</b>	<b>(1)</b>	<b>(3,891)</b>	<b>(3,892)</b>
<b>As at 30 September</b>	<b>33,190</b>	<b>19</b>	<b>69,656</b>	<b>102,865</b>

**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 30 September 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.

(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>		<u>Group</u>	
	3 <sup>rd</sup> quarter ended 30 Sep 2019	30 Sep 2018	9 months ended 30 Sep 2019	30 Sep 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)	(1.13)	(3.00)	(4.04)	(5.28)
(ii) On a fully diluted basis (in cents)	(1.13)	(3.00)	(4.04)	(5.28)

**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>	
	30 Sep 2019	31 Dec 2018 Audited	30 Sep 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\$1.19	S\$1.25	S\$1.55	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\$1.066million for the 3<sup>rd</sup> quarter ended 30 September 2019 compared to S\$0.883million for the previous corresponding financial period. The increase in the sales revenue was mainly contributed by higher business conferences revenue at Grand nest HOTEL zhuhai, China.

Gross profit increased by 92.6% to S\$0.131 million for the 3<sup>rd</sup> quarter ended 30 September 2019 compared to S\$0.068 million of the previous corresponding financial period. The increase in gross profit for the financial period under review was in tandem with the increase in sales revenue.

The Group recorded a total loss after tax of S\$0.968 million for the 3<sup>rd</sup> quarter ended 30 September 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 (Q2 FY2019) are in line with the actual results.

**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.**

During the period under review, Nest Hotel Japan Corporation ("NHJC"), in which the Group has preference shares investment, has secured another 2 new hotels in Japan to come under its management upon completion in 2021. This results in a total of 6 new hotels in the pipeline to be opened in 2020 and 2021, and be managed by NHJC. There are now 14 hotels in Japan under the management of NHJC using the Group and NHJC brand names of Nest, bespoke and Tissage. With the addition of 2 new hotels, the Group would have 20 hotels under NHJC management by end 2021.

According to original schedule, 4 new hotels were supposed to be opened in 2020. However, 2 of them have experienced some delay and will open in 2021. Hence 2 new hotels will be opened in 2020 and the remaining 4 hotels are scheduled to open in 2021.

Grand nest HOTEL zhuhai, China is undertaking renovation works on its rooms which is expected to be completed by Q4 FY2019 as part of its new marketing program.

The Group will continue to focus on its hospitality business expansion & development going forward.

**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 and the reason(s) for the decision.**

No dividend is declared/recommended for the current financial period. The Company is preserving its cash resources to pursue strategic business opportunities.

**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 3<sup>rd</sup> quarter ended 30 September 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

25 October 2019

**BY ORDER OF THE BOARD**

Lauw Hui Kian  
Director

25 October 2019