

IPC CORPORATION LTD
(Company Registration No. 198501057M)
Half Year Financial Statement Announcement

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

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

**UNAUDITED CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE SIX MONTHS
 ENDED 30 JUN 2005**

	Group		
	2005	2004	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	27,995	19,256	45.4
Cost of sales	(21,727)	(16,288)	33.4
Gross profit	<u>6,268</u>	<u>2,968</u>	NM
Other revenue	579	278	NM
Staff costs	(1,818)	(1,431)	27.0
Research and development costs	(2)	(746)	(99.7)
Selling and distribution costs	(863)	(1,236)	(30.2)
General and administrative costs	(2,851)	(1,070)	NM
Other operating costs	(368)	(336)	9.5
Profit/(loss) from operating activities	<u>945</u>	<u>(1,573)</u>	NM
Finance costs	(4)	(2)	100.0
Profit/(loss) from operations before taxation and minority interests	941	(1,575)	NM
Exceptional items	1,535	141	NM
Operating profit/(loss) before taxation and minority interests	<u>2,476</u>	<u>(1,434)</u>	NM
Taxation	(275)	(28)	NM
Profit/(loss) for the period	<u>2,201</u>	<u>(1,462)</u>	NM
Attributable to:			
Equity holders of the Company			
Profit/(loss) for the period	2,227	(1,270)	
Minority interests	(26)	(192)	
Profit/(loss) for the period	<u>2,201</u>	<u>(1,462)</u>	

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

	2005	2004	Increase/ (Decrease)
	S\$'000	S\$'000	%
Depreciation and amortisation	271	1,128	(76.0)
Write back provision for bad and doubtful debts	(15)	(114)	(86.8)
Foreign exchange loss	2	62	(96.8)
Loss/(gain) on disposal/write off of plant and equipment	109	(89)	NM

(ii) Exceptional items relate to

	2005	2004
	S\$'000	S\$'000
Loss on associated company returns of capital	(4)	-
Gain on disposal of other investments	1,697	141
Gain on deregistration of subsidiary	86	-
Provision for diminution in value of other investment	(244)	-
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	1,535	141

Notes

- Other revenue
The increase was due to the receipt of dividend income from other investments.
- Staff costs (increased 27.0%) & General and administrative costs
The increase was mainly due to the incorporation of the 1st half 2005 expenditure on the subsidiary company, "Nanyang Institute of Management Pte Ltd", which was acquired during the 3rd quarter of 2004.
- Research and development costs (decreased 99.7%)
The decrease was due to no amortisation charge on software development during the year as it had been fully amortised in the prior year.
- Selling and distribution costs (decreased 30.2%)
There was a reduction of promotional expenditure on properties in Zhuhai, China.
- Foreign exchange loss (decreased 96.8%)
The Group does not hedge its foreign exchange exposures. The foreign exchange loss related to recorded monetary balance denominated in foreign currencies that were adjusted to reflect the rates at balance sheet date. The foreign exchange loss was mainly unrealised, and due to the weakening of the United States Dollars against Singapore Dollars in 2005 as compared with those of year 2004.

NM: Not meaningful

NA: Not applicable

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

Balance Sheet

	Group		Company	
	(Unaudited) 30 Jun 2005 S\$'000	(Audited) 31 Dec 2004 S\$'000	(Unaudited) 30 Jun 2005 S\$'000	(Audited) 31 Dec 2004 S\$'000
ASSETS LESS LIABILITIES				
Non-current assets				
Intangible assets, net	–	(638)	–	–
Property, plant and equipment, net	12,280	13,166	8,317	8,440
Investment properties	71,482	71,482	8,730	8,730
Investment in subsidiaries/associates	–	79	14,167	14,167
Other Investments	14,282	6,559	12,413	4,452
Long-term receivables (i)	–	–	70,000	70,000
Total non-current assets	<u>98,044</u>	<u>90,648</u>	<u>113,627</u>	<u>105,789</u>
Current assets				
Properties held for sale	41,945	53,340	–	–
Receivables (i)	13,222	11,730	33,636	35,420
Inventories	94	95	–	–
Cash and cash equivalents	21,108	19,861	3,674	4,343
Total current assets	<u>76,369</u>	<u>85,026</u>	<u>37,310</u>	<u>39,763</u>
Current liabilities				
Trade payables	6,171	6,175	214	87
Other payables	7,395	7,269	1,442	496
Amounts due to subsidiary companies	–	–	2,002	1,163
Amounts due to associated companies	663	663	–	–
Short-term bank loans, secured (ii)	8,232	17,901	–	–
Provision for taxation	614	344	36	36
Total current liabilities	<u>23,075</u>	<u>32,352</u>	<u>3,694</u>	<u>1,782</u>
Net current assets	53,294	52,674	33,616	37,981
Net assets	<u>151,338</u> =====	<u>143,322</u> =====	<u>147,243</u> =====	<u>143,770</u> =====
EQUITY				
Share capital	105,723	105,723	105,723	105,723
Reserves	43,885	35,877	41,520	38,047
Share capital and reserves	<u>149,608</u>	<u>141,600</u>	<u>147,243</u>	<u>143,770</u>
Minority interests	1,730	1,722	–	–
Total equity	<u>151,338</u> =====	<u>143,322</u> =====	<u>147,243</u> =====	<u>143,770</u> =====

Notes

- (i) Long-term receivables was reclassified from receivables. The last year comparative figure has been restated accordingly.
- (ii) The decrease in the short-term loan was due to repayments to the bank.

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

Amount repayable in one year or less, or on demand

As at 30 Jun 05		As at 31 Dec 04	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
8,232	Nil	17,901	Nil

Amount repayable after one year

As at 30 Jun 05		As at 31 Dec 04	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Nil	Nil	Nil	Nil

Details of any collateral

Properties held for sale and certain leasehold land and buildings of a subsidiary are pledged as securities.

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

GROUP CASHFLOW STATEMENT

	2005 S\$'000	2004 S\$'000
Cashflow from operating activities:		
Profit/(loss) before taxation	2,476	(1,434)
Adjustments for non-cash items	(1,465)	667
Operating cashflow before reinvestment in working capital	1,011	(767)
Working capital changes, excluding changes relating to cash (i)	(1,354)	689
Cash used in operations	(343)	(78)
Net interest and income tax	96	24
Net cash used in operating activities	(247)	(54)
Cash flow from investing activities		
Purchase of plant and equipment	(33)	(307)
Net decrease in investment/development properties	11,395	2,924
Proceeds from divestment in other investments	2,295	338
Proceeds from sale of plant and equipment	676	181
Proceeds from associated company, return of capital	74	---
Dividends income from other investments	270	---
Deregistration of subsidiary, net of cash disposed (ii)	(188)	---
Purchase of other investments	(1,989)	(783)
Net cash generated from investing activities	12,500	2,353
Cash flow from financing activities :		
(Repayment)/proceeds from short-term loans, secured	(9,669)	5,298
Repayment of long-term loans, secured	---	(12,480)
Dividends payment	(1,322)	---
Payment of finance lease liabilities	(15)	---
Net cash used in financing activities	(11,006)	(7,182)
Net increase/(decrease) in cash and cash equivalents	1,247	(4,883)
Cash and cash equivalents at beginning of year	19,861	19,441
Cash and cash equivalents at end of period	21,108	14,558

Notes:

(i) The working capital change was mainly due to an increase in receivables in relation to the Zhuhai property.

- (ii) The assets disposed and liabilities discharged and the cash flow effect of the deregistration of a subsidiary were:

	2005 S\$'000	2004 S\$'000
Cash and bank balances	188	---
Payables	(279)	---
Receivables/Inventories	5	---
Net assets disposed	(86)	---
Gain on deregistration of subsidiary	86	---
Total consideration	---	---
Less: Cash and bank balances disposed	(188)	---
Cash outflow on deregistration of subsidiary	(188)	---
	=====	=====

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	Share capital	Share premium (i)	Asset revaluat- ion reserve	Foreign currency translation reserve	Other reserve (ii)	Accumulated profit/ (loss) (i)	Total	Minority Interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 05, as previously reported	105,723	355,111	2,279	(6,346)	---	(315,167)	141,600	1,722	143,322
Effects of adopting									
FRS 39	---	---	---	---	8,841	---	8,841	---	8,841
FRS 103	---	---	---	---	---	638	638	---	638
As at 1 Jan 05, restated	105,723	355,111	2,279	(6,346)	8,841	(314,529)	151,079	1,722	152,801
Transfer arising from Capital Restructuring Exercise	---	(320,656)	---	---	---	320,656	---	---	---
Profit for the 1 st half year	---	---	---	---	---	2,227	2,227	(26)	2,201
Dividends paid	---	---	---	---	---	(1,322)	(1,322)	---	(1,322)
Transfer to profit and loss on sale	---	---	---	---	(1,596)	---	(1,596)	---	(1,596)
Net fair value changes in investments	---	---	---	---	(668)	---	(668)	---	(668)
Translation adjustment for the 1 st half year	---	---	---	(112)	---	---	(112)	34	(78)
As at 30 Jun 05	105,723	34,455	2,279	(6,458)	6,577	7,032	149,608	1,730	151,338

STATEMENT OF CHANGES IN EQUITY – COMPANY	Share capital	Share premium (i)	Asset revaluation reserve	Foreign currency translation reserve	Other reserve (ii)	Accumulated profit/(loss) (i)	Total	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 05, as previously reported	105,723	354,971	2,279	---	---	(319,203)	143,770	---	143,770
Effects of adopting FRS 39	---	---	---	---	8,825	---	8,825	---	8,825
As at 1 Jan 05, restated	105,723	354,971	2,279	---	8,825	(319,203)	152,595	---	152,595
Transfer arising from Capital Restructuring Exercise	---	(320,656)	---	---	---	320,656	---	---	---
Dividends paid	---	---	---	---	---	(1,322)	(1,322)	---	(1,322)
Transfer to profit and loss on sale	---	---	---	---	(1,596)	---	(1,596)	---	(1,596)
Net fair value changes in investments	---	---	---	---	(659)	---	(659)	---	(659)
Loss for the 1 st half year	---	---	---	---	---	(1,775)	(1,775)	---	(1,775)
As at 30 Jun 05	105,723	34,315	2,279	---	6,570	(1,644)	147,243	---	147,243

STATEMENT OF CHANGES IN EQUITY – GROUP	Share capital	Share premium	Asset revaluation reserve	Foreign currency translation reserve	Other reserve	Accumulated profit/(loss)	Total	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 04	105,723	355,111	2,279	(6,743)	---	(314,540)	141,830	1,444	143,274
Loss for the 1 st half year	---	---	---	---	---	(1,270)	(1,270)	(192)	(1,462)
Translation adjustment for the 1 st half year	---	---	---	(110)	---	---	(110)	2	(108)
As at 30 Jun 04	105,723	355,111	2,279	(6,853)	---	(315,810)	140,450	1,254	141,704

STATEMENT OF CHANGES IN EQUITY – COMPANY	Share capital	Share premium	Asset revaluation reserve	Foreign currency translation reserve	Other reserve	Accumulated profit/(loss)	Total	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 04	105,723	354,971	2,279	---	---	(320,656)	142,317	---	142,317
Loss for the 1 st half year	---	---	---	---	---	(779)	(779)	---	(779)
As at 30 Jun 04	105,723	354,971	2,279	---	---	(321,435)	141,538	---	141,538

Notes

(i) The Company had undergone a Capital Restructuring exercise which comprises of the Share Premium Reduction and the share consolidation by the Company to consolidate every four (4) ordinary shares of par value \$0.05 each into one (1) ordinary share of par value \$0.20 each, effective on 16 Feb 2005.

(ii) Other reserves comprise Fair Value Reserve arising from other investments.

- 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 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**

SHARE OPTIONS AS AT 30 JUN 2005

	Options as at 1 Jan 05	Cancelled (i)	Lapsed	Options as at 30 Jun 05
ESOS Grant 1999	1,067,000	(800,250)	(17,500)	249,250
ESOS Grant 2001	900,000	(675,000)	---	225,000
ESOS Grant 2002	2,000,000	(1,500,000)	---	500,000
ESOS Grant 2002	4,150,000	(3,112,500)	---	1,037,500
TOTAL	8,117,000	(6,087,750)	(17,500)	2,011,750

SHARE OPTIONS AS AT 30 JUN 2004

	Options as at 1 Jan 04	Options granted during the year	Lapsed	Options as at 30 Jun 04
ESOS Grant 1999	1,089,000	---	(22,000)	1,067,000
ESOS Grant 2001	900,000	---	---	900,000
ESOS Grant 2002	2,000,000	---	---	2,000,000
ESOS Grant 2002	4,400,000	---	(250,000)	4,150,000
TOTAL	8,389,000	---	(272,000)	8,117,000

Note

- (i) The Capital Restructuring Exercise had resulted in the number of Exercisable Share Options being reduced in the same proportion as the ordinary shares of the Company and the exercise price for each Exercisable Share Option had been increased proportionately in accordance with the rules of the IPC Employees' Share Option Scheme.

- 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.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 same accounting policies and methods of computations are followed in the financial statements as compared with the audited financial statements as at 31 Dec 2004 except for the adoption of the new FRSs, which took effect from financial year beginning on or after 1 Jan 2005.

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 impact of adopting these FRSs is stated as follows:

FRS 39

In accordance with the transitional provisions of FRS 39, adjustment was effected resulting in an increase of \$8.841 million to the equity as at 1 January 2005 arising from the recognition of the fair value of the other investments.

FRS 103

The carrying value of a previously recognised negative goodwill of \$0.638 million had been adjusted to the opening balance of the accumulated profit/(loss) account.

Other than the above, the Group had adopted revisions in other FRSs and these do not have a material financial impact on the Group.

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

	GROUP	
	Jun 2005	Jun 2004
Earnings/(loss) per ordinary share of the Group for the financial year, after deducting any provision for preference dividends:-		
(i) Based on the weighted average number of ordinary shares on issue (in cents)	0.42	(0.06)
(ii) On a fully diluted basis (in cents)	0.42	(0.06)

Notes:

- (i) The basic earnings/(loss) per share ("EPS") calculation as at 30 Jun 05 is based on weighted average number of shares of 528,613,759 (Jun 04 : 2,114,455,153).
- (ii) The diluted earnings/(loss) per share ("EPS") calculation as at 30 Jun 05 is based on weighted average number of shares of 530,625,509 (Jun 04: 2,122,572,153) that included the share option of 2,011,750 (Jun 04 : 8,117,000).
- (iii) Please refer to paragraph 1(d)(i) Note (i) on the Capital Restructuring Exercise.

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

	GROUP		COMPANY	
	Jun 2005	Dec 2004	Jun 2005	Dec 2004
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial year:-	28.30cents	6.70cents	27.85cents	6.80cents
Number of existing issued share capital at end of period	528,613,759 (i)	2,114,455,153	528,613,759 (i)	2,114,455,153

Note:

- (i) Please refer to paragraph 1(d)(i) Note (i) on the Capital Restructuring Exercise.

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.**

Group revenue increased by 45.4 per cent to approximately S\$27.995 million for the period ended 30 June 2005 when compared to approximately S\$19.256 million recorded for the same period of the previous year.

The Group's IT and education businesses accounted for approximately 6.7 per cent and 4.5 per cent of revenue respectively with the remaining 88.8 per cent generated from the residential and commercial property development project in Zhuhai, China (the "property development project").

The increase in Group revenue was attributed to the increase of approximately 44 per cent in sales from the property development project, the 4.5 per cent contribution from the newly acquired education business effective 1st July 2004 and the increase of approximately 21 per cent in revenue from the Group's Thin Computing business.

The Group recorded a gross profit of approximately S\$6.268 million, an increase of 111 per cent when compared to S\$2.968 million recorded for the same period in the previous year. The significant increase in gross profit is due to the increase in the unit selling price of the property development project, contribution of student course fees received from the education business and higher gross margin contributed from Thin Computing.

The higher staff costs and general and administration expenses, which were primarily attributed to the costs and expenses incurred in the education business, has weighed down the operating profit to approximately S\$0.945 million, compared to a loss of S\$1.573 million for the same period in the previous year.

With the contribution from an exceptional gain of S\$1.535 million, largely derived from divestment of other investment, the Group recorded a profit after tax attributable to members of approximately S\$2.227 million.

In the period under review, the Group carried out the following corporate exercises and development, which had been previously announced.

IPC Corporation Ltd - Capital Restructuring Exercise

On 25 January 2005, the High Court granted an order confirming the Company's reduction of its capital by reducing the Company's share premium account by S\$320.656 million thus leaving the amount of S\$34.315 million standing to the credit of the share premium account thereafter in the books of accounts of the Company (the "Share Premium Reduction"). The Company's share premium account was reduced by S\$320.656 million to write off the Company's accumulated losses by the same amount. The total reserves remain the same.

The Capital Restructuring Exercise comprises of the Share Premium Reduction and the share consolidation by the Company to consolidate every four ordinary shares of par value S\$0.05 into one ordinary share of par value of S\$0.20 each (the "Share Consolidation"). This resulted in the reduction in the number of shares from 2,114,455,153 to 528,613,759, effected on 16 February 2005.

IPC Peripherals Pte Ltd - Liquidation of IPC-Transtech Display (Pte) Ltd ("IPCT")

On 19 April 2005, IPC-Transtech Display (Pte) Ltd, an associated company of IPC Peripherals Pte Ltd (IPC's subsidiary) has been voluntarily liquidated.

The liquidation of IPCT did not have any significant impact on the financial position of the Group for the current financial year.

IPC Corporation Ltd - Incorporation of Zhuhai Costa Del Sol Club Management Co. Ltd (“Zhuhai Club Management”)

On 29 June 2005, the Group had received approval to incorporate Zhuhai Club Management for the purpose of managing and operating the club house of Costa Del Sol, a property development project of the Group in Zhuhai, PRC. The Group will effectively have 100% shareholdings in Zhuhai Club upon incorporation.

There is no financial impact on the current financial year.

IPC Information and Communications Pte Ltd (“IPCIC”) - De-registration of Shanghai Shared Data Network Co. Ltd (“SSDN”)

On 15 July 2005, the Group announced that it had voluntarily ceased the operation and de-register SSDN, a company held under the Group’s wholly-owned subsidiary IPCIC.

The voluntary cessation and deregistration was taken as part of the on-going corporate strategy to dispose its insignificant and non-profitable operations to enable the Group to focus on nurturing its core business.

There is no financial impact on the current financial year.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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 expects continued growth in and contribution from the Thin Computing business and will stay focused executing its R&D plan and marketing activities on Internet reach to bolster its growth.

The Group’s education business is in the gestation period and is not expected to have any significant contribution in the current financial year. Apart from nurturing Nanyang Institute of Management, the Group will seek investment opportunities to garner economies of scale for its education business.

Additionally, the Group will continue with the completion of the residential and commercial property development project in Zhuhai, China. Barring any unforeseen events and circumstances, the Group expects continued contributions from the sales of the completed units of the property project.

11. Dividend

(a) Current Financial Period Reported On

Any dividend proposed 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? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not Applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not Applicable for Q2.

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not Applicable for Q2.

- 15. A breakdown of sales**

Not Applicable for Q2.

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not Applicable for Q2.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year 2005	Previous Full Year 2004
Ordinary	0	0
Preference	0	0
Total:	0	0

BY ORDER OF THE BOARD

Lauw Hui Kian
Director
11 August 2005