

IPC CORPORATION LTD
(Company Registration No. 198501057M)

Full Year Financial Statement and Dividend 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 YEAR ENDED 31 DEC 2004

	Group		
	2004	2003	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	33,261	28,063	18.5
Cost of sales	(27,383)	(24,227)	13.0
Gross profit	5,878	3,836	53.2
Other revenue	2,009	1,035	94.1
Staff costs	(3,649)	(3,119)	17.0
Research and development costs	(1,626)	(1,699)	(4.3)
Selling and distribution costs	(2,094)	(1,571)	33.3
General and administrative costs	(2,886)	(2,800)	3.1
Other operating costs	(1,603)	(1,124)	42.6
Loss from operating activities	(3,971)	(5,442)	(27.0)
Finance costs	(7)	(6)	16.7
	(3,978)	(5,448)	(27.0)
Share of results of associated companies	–	(2)	(100.0)
Loss from operations before taxation and minority interests	(3,978)	(5,450)	(27.0)
Exceptional items	2,167	4,701	(53.9)
Operating loss before taxation and minority interests	(1,811)	(749)	NM
Taxation	602	673	(10.5)
Operating loss after taxation before deducting minority interests	(1,209)	(76)	NM
Minority interests	582	623	(6.6)
Operating (loss)/profit after tax attributable to members of the Company	(627)	547	NM

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

	2004	2003	Increase/ (Decrease)
	S\$'000	S\$'000	%
Depreciation and amortisation	2,440	2,624	(7.0)
(Write back)/provision for bad and doubtful debts	(436)	3	NM
Obsolete inventories written off	21	–	100.0
Impairment in value of investments	–	102	(100.0)
Foreign exchange loss	265	193	37.3
Loss on write off/(gain on disposal) of plant and equipment	342	(27)	NM

(ii) Exceptional items relate to

	2004	2003
	S\$'000	S\$'000
(Provision)/write back for diminution in value of other investments	(193)	220
(Provision)/write back for other debtors arising from restructuring	(258)	258
Gain arising from dilution of shareholding in ThinSoft (Holdings)	–	19
Gain on disposal of investment	2,618	–
Write back of provision for contingent liability on IPC Korea	–	4,204
	<u>2,167</u>	<u>4,701</u>

(iii) The provision for taxation in respect of prior years are as follows:

	2004	2003	Increase/ (Decrease)
	S\$'000	S\$'000	%
Overprovision of taxation	(27)	(67)	(59.7)

Notes:

- Other revenue
The increase was due to the amortisation of negative goodwill on consolidation.
- Staff Costs (increased 17%)
The increase was due to the incorporation of the half year expenditure of the newly acquired subsidiary.
- Selling and distribution costs (increased 33.3%)
The increase was mainly for the promotion of properties in Zhuhai, China.
- Other operating costs (increased 42.6%)
The increase was due to a provision of impairment loss in goodwill.

5. Foreign exchange loss (increased 37.3%)
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 2004 as compared with those of year 2003.
6. Taxation
A tax credit of \$580,000 (2003: \$616,000) arising from dividends declared by its subsidiary companies had been recognised.
- 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) Dec 2004 S\$'000	(Audited) Dec 2003 S\$'000	(Unaudited) Dec 2004 S\$'000	(Audited) Dec2003 S\$'000
ASSETS LESS LIABILITIES				
Non-current assets				
Intangible assets, net	(638)	2,238	–	–
Property, plant and equipment, net	13,166	13,622	8,440	8,620
Investment	78,120	77,198	27,349	25,870
Pledged deposit	–	2,579	–	–
Total non-current assets	90,648	95,637	35,789	34,490
Current assets				
Properties held for sale	53,340	62,287	–	–
Receivables	11,730	12,235	105,420	108,837
Inventories	95	522	–	–
Cash at bank and in hand	19,861	16,862	4,343	503
Total current assets	85,026	91,906	109,763	109,340
Payables : amounts falling due within one year				
Trade payables	6,175	5,921	87	138
Other payables	7,269	6,136	496	587
Amounts due to subsidiary companies	–	–	1,163	748
Amounts due to associated companies	663	660	–	–
Short-term bank loans, secured	17,901	10,400	–	–
Provision for taxation	344	352	36	40
Total current liabilities	32,352	23,469	1,782	1,513
Net current assets	52,674	68,437	107,981	107,827

Non-current liability				
Long-term bank loans, secured	–	20,800	–	–
Net assets	<u>143,322</u> =====	<u>143,274</u> =====	<u>143,770</u> =====	<u>142,317</u> =====
EQUITY				
Share capital	105,723	105,723	105,723	105,723
Reserves	35,877	36,107	38,047	36,594
Share capital and reserves	<u>141,600</u>	<u>141,830</u>	<u>143,770</u>	<u>142,317</u>
Minority interests	1,722	1,444	–	–
Total equity	<u>143,322</u> =====	<u>143,274</u> =====	<u>143,770</u> =====	<u>142,317</u> =====

Notes:

- (i) The movement in receivables, payables, short-term loans and long-term bank loans was principally due to the settlement of amount receivable/payable in relation to the Zhuhai property development project.

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

Amount repayable in one year or less, or on demand

As at 31 Dec 04		As at 31 Dec 03	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
17,901	Nil	10,400	Nil

Amount repayable after one year

As at 31 Dec 04		As at 31 Dec 03	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Nil	Nil	20,800	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

	2004	2003
	S\$'000	S\$'000
Cashflow from operating activities:		
Loss before taxation	(1,811)	(749)
Adjustments for non-cash items	(87)	(2,102)
Operating cashflow before reinvestment in working capital	<u>(1,898)</u>	<u>(2,851)</u>
Working capital changes, excluding changes relating to Cash (Note (i))	1,335	(6,706)
Cash used in operations	<u>(563)</u>	<u>(9,557)</u>
Net interest, income tax and dividend paid	114	92
Net cash used in operating activities	<u>(449)</u>	<u>(9,465)</u>
Cash flow from investing activities		
Purchase of plant and equipment	(1,004)	(93)
Proceeds from disposal of plant and equipment	181	79
Net decrease/(increase) in investment/development properties	7,581	(10,455)
Divestment in investment	2,869	1,309
Investment in convertible loans	---	(4,141)
Disposal of a subsidiary company, net of cash disposed	---	(265)
Acquisition of a subsidiary company, net of cash acquired	4,006	---
Proceeds from student transfer fee	580	---
Net cash generated from/(used in) investing activities	<u>14,213</u>	<u>(13,566)</u>
Cash flow from financing activities :		
Proceeds from dilution of nil shareholding (2003:0.19%) in ThinSoft (Holdings) Inc	---	44
Proceeds from short-term loans, secured	7,501	6,704
(Repayment of)/proceeds from long-term loans, secured	(20,800)	20,800
Payment of finance lease liabilities	(45)	---
Net cash (used in)/provided by financing activities	<u>(13,344)</u>	<u>27,548</u>
Net increase in cash and cash equivalents	420	4,517
Cash and cash equivalents at beginning of year	19,441	14,924
Cash and cash equivalents at end of year	<u>19,861</u>	<u>19,441</u>

Notes:

The working capital change was mainly due to a decrease in receivables in relation to the Zhuhai property.

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	Asset revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 04	105,723	355,111	2,279	(6,743)	(314,540)	141,830
Loss for the financial year	---	---	---	---	(627)	(627)
Translation adjustment for the financial year	---	---	---	397	---	397
Balance as at 31 Dec 04	105,723	355,111	2,279	(6,346)	(315,167)	141,600

STATEMENT OF CHANGES IN EQUITY – COMPANY	Share capital	Share premium	Asset revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 04	105,723	354,971	2,279	---	(320,656)	142,317
Profit for the financial year	---	---	---	---	1,453	1,453
Balance as at 31 Dec 04	105,723	354,971	2,279	---	(319,203)	143,770

STATEMENT OF CHANGES IN EQUITY – GROUP	Share capital	Share premium	Asset revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 03	105,723	355,111	2,279	(6,633)	(315,087)	141,393
Profit for the financial year	---	---	---	---	547	547
Translation adjustment for the financial year	---	---	---	(110)	---	(110)
Balance as at 31 Dec 03	105,723	355,111	2,279	(6,743)	(314,540)	141,830

STATEMENT OF CHANGES IN EQUITY – COMPANY	Share capital	Share premium	Asset revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 03	105,723	354,971	2,279	---	(325,448)	137,525
Profit for the financial year	---	---	---	---	4,792	4,792
Balance as at 31 Dec 03	105,723	354,971	2,279	---	(320,656)	142,317

- 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 31 DEC 2004

	Options as at 1 Jan 04	Options granted during the year	Lapsed	Options as at 31 Dec 04
ESOS Grant 1999	1,089,000	---	(22,000)	1,067,000
ESOS Grant 2001	900,000	---	---	900,000
ESOS Grant 2002	6,400,000	---	(250,000)	6,150,000
TOTAL	8,389,000	---	(272,000)	8,117,000

SHARE OPTIONS AS AT 31 DEC 2003

	Options as at 1 Jan 03	Options granted during the year	Lapsed	Options as at 31 Dec 03
ESOS Grant 1998	8,000	---	(8,000)	---
ESOS Grant 1999	1,222,000	---	(133,000)	1,089,000
ESOS Grant 2001	900,000	---	---	900,000
ESOS Grant 2002	8,800,000	---	(2,400,000)	6,400,000
TOTAL	10,930,000	---	(2,541,000)	8,389,000

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 statement as at 31 Dec 2003.

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**

Not Applicable

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	
	2004	2003
(Loss)/earnings 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)	(0.03)	0.03
(ii) On a fully diluted basis (in cents)	(0.03)	0.03

Notes:

- (i) The basic (loss)/earnings per share ("EPS") calculation as at 31 Dec 04 is based on weighted average number of shares of 2,114,455,153 (Dec 03 : 2,114,455,153).
- (ii) The diluted (loss)/earnings per share ("EPS") calculation as at 31 Dec 04 is based on weighted average number of shares of 2,122,572,153 (Dec 03 : 2,122,844,153) that included the share option of 8,117,000 (Dec 03 : 8,389,000).

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	
	2004	2003	2004	2003
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial year:-	6.70cents	6.71cents	6.80cents	6.73 cents
Number of existing issued share capital at end of period	2,114,455,153	2,114,455,153	2,114,455,153	2,114,455,153

- 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 18.5 per cent to approximately S\$33.261 million for the period ended 31 Dec 2004 when compared to approximately S\$28.063 million recorded for the same period of the previous year.

The Group's IT and education businesses accounted for approximately 12 per cent and 3 per cent of revenue respectively with the remaining 85 per cent generated from the residential and commercial property development project in Zhuhai, China.

The increase in Group revenue was attributed to the increase of approximately 28 per cent in sales from the property development project and the 3 per cent contribution from the newly acquired education business effective 1st July 2004. However, overall revenue was weighed down by a 31 per cent decrease in revenue from the Group's IT businesses largely attributed to its Infocomm Product and Broadband Systems Integration.

The Group recorded a gross profit of approximately S\$5.878 million, an increase of 53.2 per cent when compared to S\$3.836 million recorded for the same period in the previous year.

The increase in gross profit was primarily attributed to subsidiary, ThinSoft Holdings Inc.'s higher sales of its flagship software products and greater contributions from the Group's residential cum commercial property development project in China. Group loss from operations before taxation and minority interests was reduced by 27.0 per cent to approximately S\$3.978 million when compared to S\$5.450 million for the same period in the previous year.

The Group also recorded a S\$2.167 million exceptional income from the partial divestment of its investment portfolio. Consequently, the Group recorded an operating loss after tax attributable to members of the Group of S\$0.627 million.

In the period under review, the Group made its maiden investment in the pharmaceutical industry by taking a strategic stake in Singapore Exchange-listed AsiaPharm Group Ltd.

On 1 July 2004, the Group made its first investment in the education industry by acquiring Nanyang Institute of Management (Nanyang) (www.nanyang.edu.sg), a Private Education Organisation in Singapore. On 31 August 2004, EDB Investment (S) Pte Ltd, an investment arm of Economic Development Board of Singapore, took a 18.5 per cent equity stake in Nanyang thereby reducing the Group's equity stake in Nanyang to 81.5 per cent.

On 13 October 2004, the Group proposed a capital restructuring exercise involving the reduction of its share premium account and the consolidation of every four ordinary shares of par value of S\$0.05 each into one ordinary share of par value S\$0.20 each. This exercise was approved by shareholders on 22 December 2004 and by the High Court on 24 January 2005.

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 to continue to experience challenging market conditions for its IT businesses in countries where the Group operates in. The Group, however, remains focused in implementing the R&D and market development strategies that bolsters its ability to propel long-term growth prospect, particularly in its Thin Computing business. The newly acquired education business is in the gestation period.

Additionally, the Group will continue to execute 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

The Board of Directors is recommending a first and final tax exempt dividend of 0.25 cents per ordinary share of par value S\$0.20, basing on post consolidation of share capital.

(a) Current Financial Period Reported On

Any dividend proposed for the current financial period reported on? Yes

Name of Dividend	First & Final (tax exempt)
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.25
Optional:- Dividend Rate (in %)	1.25 per ordinary share
Par value of shares	S\$0.20
Tax Rate	0

(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

To be decided later

(d) Books closure date

To be decided later

12. If no dividend has been declared/recommended, 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

	Thin Computing		Infocomm Product and Broadband Systems Integration		Properties		Education		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customer	3,758	4,193	442	1,933	28,120	21,937	941	---	---	---	33,261	28,063
Intersegment sales	---	---	13	4	---	---	---	---	(13)	(4)	---	---
Other revenue	---	---	244	408	127	225	---	---	---	---	371	633
	<u>3,758</u>	<u>4,193</u>	<u>699</u>	<u>2,345</u>	<u>28,247</u>	<u>22,162</u>	<u>941</u>	<u>---</u>	<u>(13)</u>	<u>(4)</u>	<u>33,632</u>	<u>28,696</u>
Unallocated revenue											1,638	402
Total revenue											<u>35,270</u>	<u>29,098</u>
Segment result	(1,632)	(2,574)	(1,123)	(2,883)	(108)	15	(1,108)	---	---	---	(3,971)	(5,442)
Finance costs											(7)	(6)
Exceptional items											2,167	4,701
Loss before taxation											<u>(1,811)</u>	<u>(747)</u>
Share of results of associated companies											---	(2)
Taxation											602	673
Minority interest											582	623
(Loss)/profit from ordinary activities											<u>(627)</u>	<u>547</u>

Business Segments	Thin Computing		Infocomm Product and Broadband Systems Integration		Properties		Education		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment assets (Note i)	5,017	6,916	33,944	34,586	145,086	165,306	5,377	---	(13,829)	(19,344)	175,595	187,464
Investments in associated companies	---	---	79	79	---	---	---	---	---	---	79	79
Total assets	<u>5,017</u>	<u>6,916</u>	<u>34,023</u>	<u>34,665</u>	<u>145,086</u>	<u>165,306</u>	<u>5,377</u>	<u>---</u>	<u>(13,829)</u>	<u>(19,344)</u>	<u>175,674</u>	<u>187,543</u>
Segment liabilities (Note iii)	893	1,067	7,475	8,073	21,975	34,777	1,665	---	---	---	32,008	43,917

Unallocated liabilities											344	352
Total liabilities											<u>32,352</u>	<u>44,269</u>
Capital expenditure	---	---	289	6	44	87	731	---	---	---	1,064	93
Depreciation	36	27	571	759	101	100	71	---	---	---	779	886
Amortisation	1,619	1,491	42	247	---	---	---	---	---	---	1,661	1,738
Provision(write back)/ of impairment losses	---	---	699	(118)	---	---	---	---	---	---	699	(118)
Other significant non- cash expenses	---	---	258	(255)	---	---	---	---	---	---	258	(255)

Geographical segments

	Asia Pacific		America		Europe		Others		Eliminations		Consolidated	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
Sales to external customers	30,405	25,043	945	1,181	1,688	1,496	223	343	---	---	33,261	28,063
Intersegment sales	13	4	---	---	---	---	---	---	(13)	(4)	---	---
Other revenue	371	633	---	---	---	---	---	---	---	---	371	633
	<u>30,789</u>	<u>25,680</u>	<u>945</u>	<u>1,181</u>	<u>1,688</u>	<u>1,496</u>	<u>223</u>	<u>343</u>	<u>(13)</u>	<u>(4)</u>	<u>33,632</u>	<u>28,696</u>

Unallocated revenue											1,638	402
Total revenue											<u>35,270</u>	<u>29,098</u>

Other geographical information:

Segment assets (Note ii)	175,657	185,764	17	1,779	---	---	---	---	---	---	175,674	187,543
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Capital expenditure (Note iv)	1,064	93	---	---	---	---	---	---	---	---	1,064	93
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Note i Segment assets comprises of property, plant and equipment, intangible assets, investment properties, other investments and current assets.

Note ii Segment assets comprises of property, plant and equipment, intangible assets, investment properties, investments in associated companies, other investments and current assets.

Note iii Segment liabilities comprises of total current and non-current liabilities, excluding tax liabilities.

Note iv Capital expenditure refers to the purchase of property, plant and equipment.

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

On 1 July 2004, the Group acquired Nanyang Institute of Management. In FY'2004, Nanyang contributed S\$0.941 million to Group revenue.

15. A breakdown of sales

	Group		
	2004	2003	Increase/ (Decrease)
	S\$'000	S\$'000	%
15(a) Sales reported for first half year	19,256	12,184	58.0
15(b) Operating (loss)/profit after tax before deducting minority interests reported for first half year	(1,462)	324	NM
15(c) Sales reported for second half year	14,005	15,879	(11.8)
15(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	253	(400)	NM

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

Tax Exempt Dividend proposed by the Board: S\$1.32 million (2003: NIL).

BY ORDER OF THE BOARD

Patrick Ngiam Mia Je
Director
03/02/2005