



## IPC Corporation Ltd

23 Tai Seng Drive IPC Building Singapore 535224

Tel: +65 6744 2688 Fax: +65 6289 7308

[www.ipc.com.sg](http://www.ipc.com.sg)

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### Contact Information:

**iGlobal Investor Relations Pte Ltd**

Tel: 6438 1671 Fax: 6438 1672

Joyce NG [\\_joyce.ng@iglobal.com.sg](mailto:_joyce.ng@iglobal.com.sg)

Lenny TAN [lenny.tan@iglobal.com.sg](mailto:lenny.tan@iglobal.com.sg)

## **IPC Reports Net Profit of S\$8.7 million, Turnaround from a Net Loss of S\$1.2 million**

• Revenue increased by 20.9% from S\$33.3 million to S\$40.2 million

<b>Financial Highlights (S\$'000)</b>	<b>12 mths ended 31 Dec 2005</b>	<b>12 mths ended 31 Dec 2004</b>	<b>% Change</b>
<b>Revenue</b>	40,228	33,261	20.9
<b>Profit Before Tax</b>	8,159	(1,811)	NM
<b>Profit After Tax</b>	8,684	(1,209)	NM

**SINGAPORE – 14 February 2006 – Mainboard-listed IPC Corporation Ltd (“IPC” or the “Group”), an IT and education specialist in Asia, today reported an increase in net profit to S\$8.7 million for the financial year ended 31 December 2005, a turnaround from a net loss of S\$1.2 million in FY2004.**

### ***Performance Review***

Revenue for the year jumped 20.9% to almost S\$40.2 million as compared to S\$33.3 million for the same period in FY2004. The rise in the Group’s revenue was attributed to the increase of approximately 157% and 21% from the Group’s education business and sales from the property development project respectively. The Group’s thin computing business experienced a slight decrease of approximately 1% in revenue, largely due to the lower sales of the vertical market solutions which include both hardware and software solutions and carry lower profits.

Overall, the property investment business remained the main contributor, accounting for 84.8% of total revenue while the thin computing and education businesses contributed approximately 9.2% and 6.0% of revenue respectively.

The Group recorded an increase in gross profit to nearly S\$8.2 million, as compared to S\$5.9 million recorded for the same period in FY2004, boosted by an increase in the unit selling prices from the property development project as well as contribution from the education business and the higher gross margin from the thin computing business.

“IPC has delivered a commendable set of results for the past year, especially the turnaround of the Group’s thin computing business,” commented Mr. Patrick Ngiam, Chairman and CEO of IPC.

“In tandem with our investment plans in the education business, we are delighted to have entered into a co-operative agreement with ZhongSheng Investment Holdings Pte Ltd in September 2005 to jointly invest and set up high schools in various parts of the PRC. However, while we are optimistic with the growth of the education business for our Group, it is not expected to have any significant contributions in FY2006 as the business is in its gestation and investing period,” Mr. Ngiam added.

The slight increase of 3.9% on general and administration expenses incurred from the education business were offset by a decrease of 47.8% from selling and distribution costs and 51.9% on other operating cost.

Selling and distribution costs decreased by 47.8% as software development charges were fully amortized in the previous year. In addition, other operating cost fell 51.9% due to the voluntary cessation and de-registration of a wholly-owned subsidiary, Shanghai Shared Data Network Co. Ltd.

The improved operating results for FY2005 is mainly attributed to the turnaround in net profit of the thin computing business, continued contribution from the property development project

and a further contribution from other income of nearly S\$9.7m, largely derived from gains of divestment of other investments.

***Earnings Per Share/ NTA***

As at 31 December 2005, the Group shareholders' equity increased to S\$149.8 million from S\$141.6 million as at 31 December 2004. Based on share capital of 528.6 million shares, the Group achieved an EPS of 1.62 Cents in FY2005 as compared to a loss of 0.03 Cents in the previous year. Net tangible asset per ordinary share increased to 28.34 Cents as at 31 December 2005, up 5.75 % from 26.80 Cents in FY2004.

The Directors have proposed a final dividend of 0.25 Singapore cents per ordinary share.

***Business Prospects***

In the thin computing business, the demand for the Group's thin computing software products has been accelerating as existing and new users continue to discover the cost benefits for their organisations through the usage of the Group's thin computing software solutions.

"With the increase in gross margin and revenue from the sale of software products last year, the Group expects continued growth in and contribution from this business unit. In 2005, we have also succeeded in expanding our market presence to areas such as Latin America, Asia and Africa and we are confident that these areas will offer promising opportunities for the Group in the years ahead," said Mr Ngiam.

Looking at the education business, IPC will continue to nurture Nanyang Institute of Management through its distinctive academic programmes and venture into new markets for the recruitment of its students. In addition, the Group will execute its investment plan on investing and setting-up of high schools in the PRC under the co-operative agreement signed with ZhongSheng.

For the investment unit, the Group will continue with the completion of the residential and commercial property development project in Zhuhai, China. The Group expects continued contributions from the sales of the completed units of the property project. Barring any unforeseen circumstances, the Group expects its businesses to continue growing.

### **About IPC Corporation Ltd**

IPC Corporation Ltd (IPC or the Group) ([www.ipc.com.sg](http://www.ipc.com.sg)), established in 1985 and listed since 1993 on the main board of the Singapore Exchange, has strategically metamorphosed into a multi-industry, services driven organisation with interests in education, IT and investments.

The Education business is driven by *Nanyang Institute of Management (Nanyang)* ([www.nanyang.edu.sg](http://www.nanyang.edu.sg)). Nanyang, a private education organisation in Singapore, has a 24,000 sqm campus-based infrastructure and focuses on academic teaching and learning, and vocational training. The institute offers Diploma, Advanced Diploma, undergraduate and post-graduate qualifications on a wide-spectrum of courses conducted through its four schools -- the School of Business, School of Nursing, School of Tourism & Hospitality and School of Language. EDB Investment (S) Pte Ltd, an investment arm of the Economic Development Board of Singapore, is a co-investor having 18.5% equity stake.

The Group's IT segment is primarily spearheaded by its subsidiary *ThinSoft (Holdings) Inc. (ThinSoft)* ([www.thinsoftinc.com](http://www.thinsoftinc.com)), a thin computing solutions provider listed on the Growth Enterprise Market (GEM) of the Stock Exchange of Hong Kong (Stock code: 8096).

Under investments, IPC is the developer of *Costa del Sol* ([www.costadelsol.com.cn](http://www.costadelsol.com.cn)), a residential cum commercial property project in Zhuhai, PRC. The development is built on 170,000 sqm of land and comprises 1,610 units of apartments, houses, service apartments and retail units.

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