



IPC

Annual Report 2005

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FY2005 was a rewarding year for IPC Corporation Ltd ("IPC") as the Group's education, information technology (IT) and investment businesses developed firmly upon the solid foundations that were laid down in recent years. Our focused development strategy has reaped remarkable results which saw net profit for FY2005 surging to S\$8.7 million, a turnaround from a net loss of S\$1.2 million in FY2004.

Financial Review

Revenue for the year increased 20.9% to almost S\$40.2 million as compared to S\$33.3 million for the same period in FY2004. The rise in revenue was attributed to the increase of approximately 157% and 21% from our education business and sales from the property development project respectively. The Group's IT 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 as the main contributor, accounting for 84.7% 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 IT business. The slight increase of 3.9% on general and administration expenses incurred from the education business was offset by a decrease of 47.8% from selling and distribution costs and 51.9% on other operating costs.

The improved operating results for FY2005 was mainly attributed to the turnaround in net profit of the IT 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.

Business Outlook and Strategy

Although IPC has begun to reap positive financial results from its strategic developments, we remain highly committed in investing



Ngiam Mia Je Patrick
Chairman and Chief Executive Officer

and expanding each of our business units so as to create more opportunities and to ensure continuous growth for the Group.

With sound operational and financial strategies, our IT business ThinSoft (Holdings) Inc ("ThinSoft") has concluded an eventful year in FY2005 which saw a significant turnaround in overall net profit to approximately HK\$8.3 million. Coupled with growth in revenue of the software products and the successful implementation of its market development strategies in Europe, the United States and new markets such as Latin America, Asia and Africa, we see favourable opportunities and continual growth in the business.

Our acquisition of Nanyang Institute of Management ("Nanyang") in July 2004 was a strategic development for IPC's education business. In FY2005, we are delighted that the Group's vision of developing the institute into a premier education provider in the region is gradually taking shape under the successful implementation of a series of academic and marketing strategies. Forging ahead in our education business, we are excited to have started looking at the overseas market by entering into a co-operative agreement to jointly invest and set up high schools in various parts of the PRC. Though these development plans are

still in their investing and gestation period, we are optimistic and confident with their potential growth and will continue to nurture our education business.

We will continue to execute the completion of the residential and commercial property development project (www.costadelsol.com.cn) in Zhuhai, PRC and expect ongoing contributions from the sales of the completed units of the property project. The last phase of the development is expected to be completed and marketed between 2006 and 2007. In addition, the Group will also continue to look out for investment opportunities with growth potential that can bring synergistic benefits to our current operations.

Appreciation

On behalf of the Board, we would like to extend our deepest appreciation to our business associates, business partners, staff and shareholders for their support throughout FY2005. As a gesture of appreciation for our loyal shareholders, we have proposed a final dividend of 0.25 cents per ordinary share for FY2005. In the year ahead, the management hopes to have your continuous support as we propel IPC towards greater heights.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ngiam Mia Je Patrick
Chairman & Chief Executive Officer

Ngiam Mia Kiat Benjamin
Managing Director

Lauw Hui Kian (Ms)
*Executive Director –
Finance & Administration*

Ngiam Mia Hai Bernard
Executive Director

Ngiam Mia Hong Alfred
Executive Director

NON-EXECUTIVE DIRECTORS

Lee Joo Hai (*Independent, Chairman –
Nominating Committee*)

Lee Soo Hoon Phillip (*Independent,
Chairman – Audit Committee*)

Seah Seow Kang Steven (*Independent,
Chairman – Remuneration Committee*)

William Michael Driscoll

AUDIT COMMITTEE

Lee Soo Hoon Phillip (*Chairman*)
Lee Joo Hai
Seah Seow Kang Steven

COMPANY SECRETARY

Ngiam Mia Hai Bernard

COMPANY REGISTRATION NO.

198501057M

REGISTERED OFFICE

23 Tai Seng Drive IPC Building
Singapore 535224
Tel: 67442688 Fax: 67430691
www.ipc.com.sg

SHARE REGISTRAR'S OFFICE

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

AUDITORS

Ernst & Young
10 Collyer Quay
#21-01 Ocean Building
Singapore 049315

AUDIT PARTNER

Tan Wee Khim
(Since financial year 2005)

PROFILE OF DIRECTORS

Ngiam Mia Je Patrick is the Chairman and CEO of IPC. He has served on IPC's board of directors since 1992. He is also the Chairman and co-founder of Essex Investment and its group of companies ("Essex"). He graduated with first class honours in Electronics Engineering from the University of Essex, UK, in 1979 and was awarded a Doctor of Philosophy in Business Administration for Professional Studies from the Southern California University, USA, in October 1997. Patrick is an acknowledged entrepreneur in Singapore and the international IT community, and has received many accolades. In 1990, he was awarded the inaugural KPMG High-Tech Entrepreneur Award. Other awards include the DHL & Singapore Press Holdings Singapore Business Award for Businessman of the Year in 1993 and the Chevalier De L'Ordre National Du Merite conferred by Le President De La Republique Francaise in 1996.

Ngiam Mia Kiat Benjamin is the Managing Director and co-founder of IPC. He has a Bachelor of Science in Electronics Engineering and graduated with first class honours from the University of Essex (UK) in 1979. He is also the Managing Director and co-founder of Essex.

Lauw Hui Kian is the Administration and Finance Director of IPC since 1985. She graduated from the University of Essex (UK) with a Bachelor of Arts in Mathematical Economics with second class honours in 1981. Prior to joining IPC, she was the head of the finance department at Essex.

Ngiam Mia Hai Bernard is the Executive Director of IPC and has served on IPC's board of directors since 1985. He is also the Chairman of ThinSoft (Holdings) Inc., a public-listed company on the Growth Enterprise Market (GEM) of the Stock Exchange of Hong Kong. He graduated from the National University of Singapore with a Bachelor of Business Administration in 1985.

Ngiam Mia Hong Alfred is the Executive Director of IPC and has served on IPC's board of directors since 1991. He oversees the Group's ITR & D programs and MIS system and is also the Chief Technical Officer of ThinSoft (Holdings) Inc. He graduated from the University of Waterloo, Canada with a Bachelor of Mathematics in Computer Science and Statistics, Dean's Honour Roll, in 1986.

William Michael Driscoll is a Non-Executive Director of IPC and has served on IPC's board of directors since 2000. He is also a director at ThinSoft (USA) Inc. He graduated with a Bachelor of Science in Accounting from Ithaca College, New York, USA. Prior to his appointment on IPC's board of directors, he was CEO of NASDAQ-listed Smith Corona Corporation and currently serves on the boards of directors of privately held technology companies including Ithaca Technologies, LLC and Music Gear Incorporated.

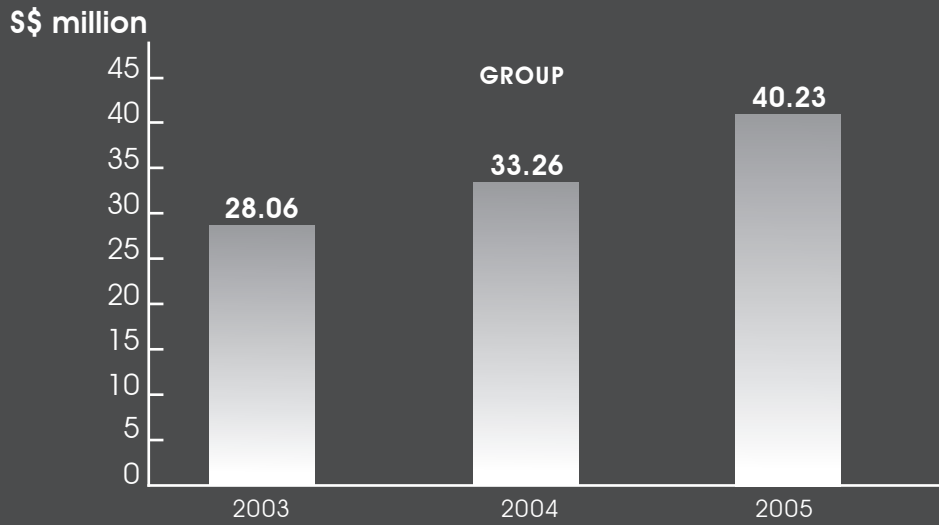
Lee Joo Hai is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 1996 and is the Chairman of the Nominating Committee. He is a Certified Public Accountant of Singapore and is a member of the Institute of Chartered Accountants in England and Wales. His experience in accounting, auditing,

taxation and company secretarial work spans more than 25 years. He is currently a partner in a public accounting firm in Singapore.

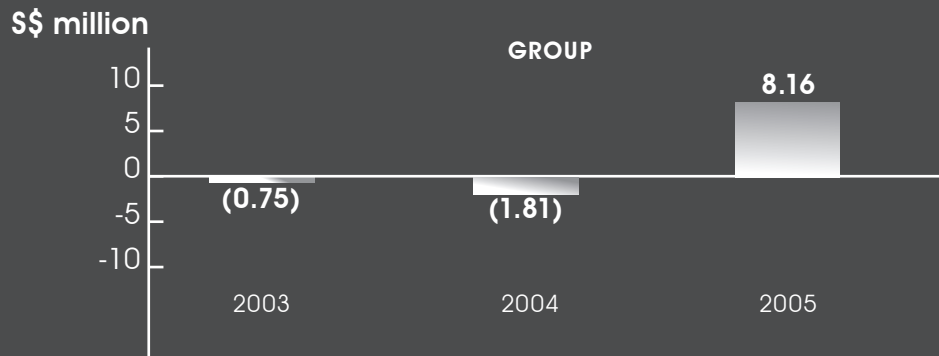
Lee Soo Hoon Phillip is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 1998 and is the Chairman of the Audit Committee. He is a qualified Chartered Accountant of the Institute of Chartered Accountants in England and Wales. He is a member of the Institute of Certified Public Accountants, Singapore, the Malaysian Association of Certified Public Accountants, the Malaysian Institute of Accountants and the International Society of Certified Public Accountants. His audit experience, which extends to a varied clientele including the public utilities, shipyard, shipbuilding, shipping, toy manufacturing, rubber processing, latex and estate management, container manufacturing, stockbroking, banking and finance, retailing, trading, shipping and high tech industries, spans more than 30 years. He was also a partner at Ernst & Young.

Seah Seow Kang Steven is an Independent Director and Non-Executive Director of IPC. He was appointed to IPC's board of directors in 2002 and is the Chairman of the Remuneration Committee. He graduated with LLB (Hons) from the University of Singapore in 1980 and also holds a Diploma in Business Law from the National University of Singapore in 1988. His experience in civil and criminal litigation, conveyance matters, corporate secretarial services and general advice to institutions in finance, insurance and company matters spans more than 22 years. He is a partner in the law firm Seah Ong & Partners.

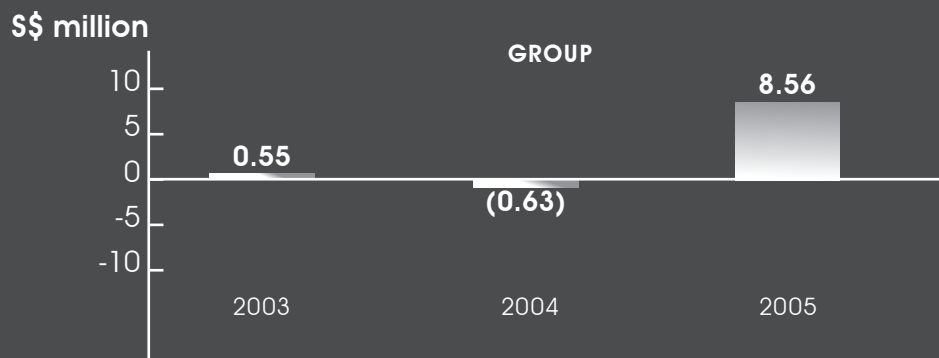
Total Turnover



Net Profit/(Loss) before Tax and Minority Interests

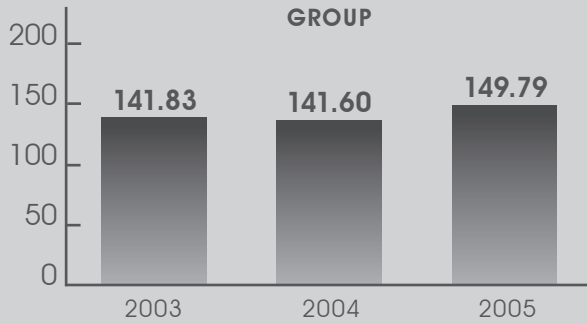


Net Profit/(Loss) after Tax and Minority Interests

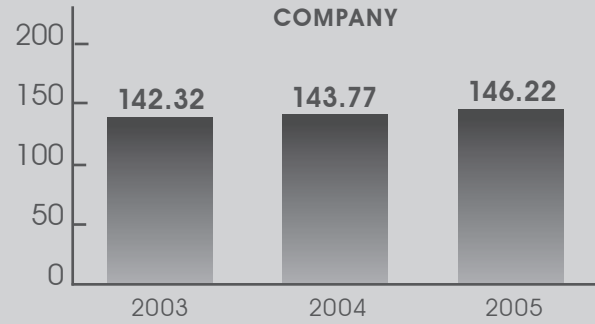


Shareholders' Funds before Minority Interests

S\$ million

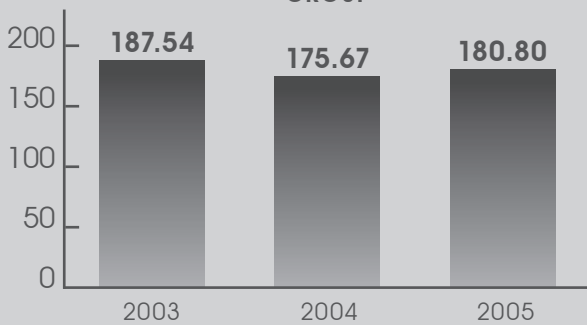


S\$ million

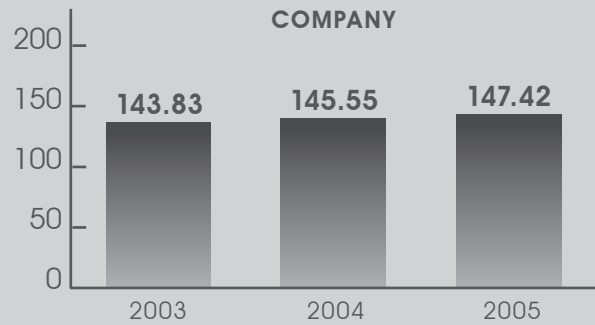


Total Assets

S\$ million



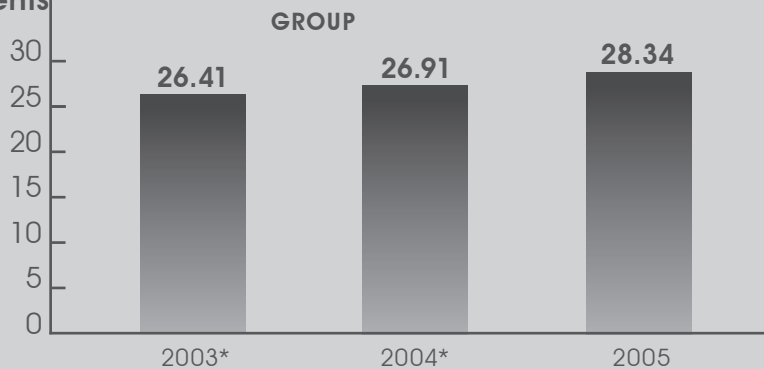
S\$ million



07

Net Tangible Asset (NTA) backing per ordinary share (20 cents par value)

cents



* The comparative figures for the Net Tangible Asset (NTA) backing per ordinary share of 5 cents par value have been adjusted accordingly to 20 cents par value due to the Share Consolidation on 16 February 2005.

Education

Nanyang Institute of Management ("Nanyang") (www.nanyang.edu.sg) was established in August 2001 and became a subsidiary of IPC Corporation Ltd in July 2004. The private education organisation is located in Singapore with a 24,000 sq m campus-based infrastructure.

Nanyang is a forward-looking premier education provider in the region, offering a spectrum of Certificates for Diploma, Advanced Diploma, undergraduate and post-graduate qualifications in four different schools -- the School of Business, School of Nursing, School of Tourism & Hospitality and School of Language.

The year 2005 has marked several academic and marketing milestones for Nanyang. Academically, the institute has obtained articulation from eight United Kingdom and Australian universities for its Diploma and Advanced Diploma Programmes.

The universities are:-

1. Northumbria University (UK)
2. University of Sunderland (UK)
3. Australian Catholic University (Australia)
4. Griffith University (Australia)
5. Murdoch University (Australia)
6. Edith Cowan University (Australia)
7. Charles Sturt University (Australia)
8. International College of Hotel Management (Australia)

These universities will accept Nanyang's Diploma and Advanced Diploma qualifications with advanced standing of up to 2 years for their 3-year degree programmes. In addition to being time and cost-effective, these programmes will

also pave a continual education pathway for Nanyang's students.

In the marketing arena, Nanyang successfully penetrated into new markets such as India, Sri Lanka, Bangladesh, Pakistan, Nepal and Vietnam in 2005. The institute has seen an increase in enrolment rates of students from these regions and will continue to develop its presence in these markets.

Nanyang has also achieved a significant milestone with the establishment of a Diploma in Tourism and Hospitality Management Twinning Programme which allows the institute's courses to be conducted in overseas colleges. These colleges will conduct the first semester of the academic programme and thereafter, students who have passed their examinations will be enrolled into Nanyang's campus in Singapore for continuation of their education.

In June 2005, Nanyang was awarded the CASE TRUST for Education, an award given to Private Education Organisations (PEOs) which adhere to high quality standards and possess excellent student welfare. The institute is also ISO 9001:2000 certified.

Apart from Nanyang, the education business also comprises of IPC's investments. In September 2005, the Group entered into an agreement with ZhongSheng Investment Holdings Pte Ltd to jointly invest and set up high schools in the PRC.



Information Technology

ThinSoft (Holdings) Inc ("ThinSoft") (www.thinsoftinc.com) has concluded a very successful year in 2005, demonstrating that the decisive operating and financial strategies undertaken in earlier years have indeed provided fundamental strengths that will benefit performance in future periods. One of the financial highlights was the Group's US entity recognition of future tax benefits amounting to approximately HK\$3.4 million, which were allowed as offsets to future taxable income.

Despite a decrease in overall revenue attributed to lower sales of vertical market solutions which include both hardware and software and may carry lower profit margins, the revenue of software products has increased by nearly 24.8% as compared to FY2004. A significant turnaround in the overall net profit was also reported for FY2005 at nearly HK\$8.3 million, as compared to a net loss of approximately HK\$7.7 million for FY2004.

Higher sales obtained for the software products were results of a series of successful marketing events and strategies. The Group's software products such as the WinConnect Server XP, WinConnect and BeTwin were promoted through major tradeshows such as the "IT Brazil" and "ICT Expo 2005" in Thailand to Latin American and Asian information technology customers.

As cyber marketing becomes an important mode of commerce in today's expanding internet environment, ThinSoft has commissioned a multi-

phased project in 2005 which saw the technological and visual enhancement of the Group's website. The project seeks to improve the accessibility of the website when searches are performed over major internet search engines. With improved accessibility, the Group expects to attract more visitors to the website and to eventually convert these visitors to satisfied ThinSoft customers.

In FY2005, Europe and the United States have remained as ThinSoft's leading markets. The strategic agreement entered with US-based MediaMall Technologies Inc. in April 2005 for joint development of software products further demonstrated the Group's progressive developments in these markets.

ThinSoft has also acquired increasing sales from other geographic regions such as Latin America, Asia and Africa. The Group's products were officially recognised in these regions through print and internet product reviews such as "PC Home Magazine" in Taiwan and "NEPAD" on the web in South Africa, indication of the customers' satisfaction in the Group's products.

Going forward, ThinSoft will continue to nurture and expand its international presence with its growing distribution network which spans across the global markets. The Group is dedicated to maintaining its reputation as the leading Thin Computing solutions provider in the industry.



Investment

IPC is the developer of Costa del Sol (www.costadelsol.com.cn), a residential and commercial property project in Zhuhai, PRC. The development is built on approximately 170,000 sq m of land on a plot-ratio of 1:1 and comprises 1,610 units of apartments, houses, service apartments and retail units. The initial phases of development have been well marketed and received.

The project has won several awards such as the Zhuhai top star property award in 2002 and 2003 and Zhuhai landscaping gold medal property award in 2004. In 2005, the project was conferred in the 9th International garden city awards jointly organised by UNEP (United Nations Environment Programme) and IFPRA (International Federation of Park and Recreation Administration) as one of China's best International garden community.

The last phase of the development is expected to be completed and marketed between 2006 and 2007.



Financial Review

Group revenue for the year increased 20.9% to almost S\$40.2 million as compared to S\$33.3 million for the same period in FY2004.

The rise in revenue was attributed to the increase of approximately 157% and 21% from our education business and sales from the property development project respectively. The Group's IT 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 as the main contributor, accounting for 84.7% 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 IT business. The slight increase of 3.9% on general and administration expenses incurred from the education business was offset by a decrease of 47.8% from selling and distribution costs and 51.9% on other operating costs.

The improved operating results for FY2005 was mainly attributed to the turnaround in net profit of the IT 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.

The Board of Directors is recommending a first and final tax-exempt dividend of 0.25 cents per ordinary share of par value \$0.20.

The directors present their report to the members together with the audited consolidated financial statements of IPC Corporation Ltd ("IPC or the Company") and its subsidiary companies (collectively, the "Group") for the financial year ended 31 December 2005 and the balance sheet and statement of changes in equity of the Company as at 31 December 2005.

Directors

The directors of the Company in office at the date of this report are:

Ngiam Mia Je Patrick	(Chairman & Chief Executive Officer)
Ngiam Mia Kiat Benjamin	(Managing Director)
Lauw Hui Klan	
Ngiam Mia Hai Bernard	
Ngiam Mia Hong Alfred	
Lee Joo Hai	
Lee Soo Hoon Phillip	
Seah Seow Kang Steven	
William Michael Driscoll	

Directors' interests in shares and debentures

The following directors who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and its related corporations as stated below :-

Name of director	Held in the name of director		Deemed interest	
	At 01.01.2005	At 31.12.2005	At 01.01.2005	At 31.12.2005
	Ordinary shares of			
	\$0.05 each	\$0.20 each	\$0.05 each	\$0.20 each
IPC Corporation Ltd				
Ngiam Mia Je Patrick	28,372,832	7,093,208	444,477,175	58,119,293
Ngiam Mia Kiat Benjamin	28,098,166	7,024,541	413,549,735	50,387,433
Lauw Hui Klan	30,927,440	7,731,860	441,922,567	57,480,641
Ngiam Mia Hai Bernard	29,227,440	7,306,860	-	-
Ngiam Mia Hong Alfred	28,227,440	7,056,860	-	-
Seah Seow Kang Steven	124,044	31,011	-	-
Options granted to subscribe for ordinary shares				
Ngiam Mia Hai Bernard	600,000	150,000	-	-
Ngiam Mia Hong Alfred	600,000	150,000	-	-
William Michael Driscoll	600,000	150,000	-	-
Lee Soo Hoon Phillip	1,000,000	250,000	-	-
Lee Joo Hai	1,000,000	250,000	-	-

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 February 2005.

Other than as disclosed, there is no other share option scheme on unissued shares in respect of the Company and of the Group.

There was no change in any of the abovementioned interests between the end of the financial year and 21 January 2006.

By virtue of Section 7 of the Companies Act, Ngiam Mia Je Patrick, Ngiam Mia Kiat Benjamin and Lauw Hui Kian with shareholdings as above are deemed to have an interest in the shares held by the Company in all the subsidiary companies.

Save as disclosed, no director who held office at the end of the financial year had an interest in shares or debentures of the Company or any of the subsidiary companies of the Company.

Arrangements to enable directors to acquire shares and debentures

Except as described in paragraph above, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the director is a member, or with a company in which the Director has a substantial financial interest except for directors' emoluments from the Company and related corporations.

Share Options

(a) IPC Employees Share Option Scheme ("ESOS")

- (i) The Company approved on 23 May 1994 & 31 October 2001 the IPC Employees' Share Option Scheme which enables full-time employees, full-time executive directors, executive directors who are the Company's controlling shareholders and non-executive directors of the Company and its subsidiary companies to acquire unissued ordinary shares of the Company.
- (ii) The ESOS is administered by a Remuneration Committee ("RC") comprising 3 non executive/independent directors who are also now participants of the Scheme, after the amendments to the ESOS on 31 October 2001. The ESOS which was in force for a period of 10 financial years from 23 May 1994 had since expired.
- (iii) 6,087,750 options were reduced subsequent to the Capital Restructuring Exercise on 16 February 2005. The Options were reduced in the same proportion as the ordinary shares of the Company and the exercise price for each Option was increased proportionately in accordance with the rules of the ESOS.

(b) Unissued ordinary shares at 31 December 2005 comprised: -

	Ordinary shares of \$0.20 each	Exercise price per share	Option period	
ESOS - granted in 1999	249,250	\$1.172	12.11.1999	- 11.11.2009
ESOS - granted in 2001	225,000	\$0.228	15.10.2001	- 14.10.2011
ESOS - granted in 2002	500,000	\$0.272	11.03.2002	- 10.03.2007
ESOS - granted in 2002	1,037,500	\$0.272	11.03.2002	- 10.03.2012
Total	2,011,750			

The Share Option Committee comprised of Seah Seow Kang Steven, Lee Soo Hoon Phillip and Lee Joo Hai.

The options granted under the ESOS in 2002 were granted with a 20% discount, whilst those granted under the ESOS between 1999 - 2001 were granted without any discount.

The options granted had a life span of 120 months, except for those granted to non-executive directors which have a life-span of 60 months from the date of grant.

Except as disclosed below, no option has been granted to controlling shareholders or their associates and no employee has received 5% or more of the total options available under the ESOS.

(c) Directors granted options and employees who received 5% or more of the total number of options under the ESOS are as follows :-

Name of director	Options granted during financial year under review	Aggregate options granted since commencement of the ESOS to end of financial year under review	Aggregate options exercised/ lapsed since commencement of the ESOS to end of financial year under review	Number of options reduced subsequent to Capital Restructuring Exercise on 16 February 2005	Aggregate options outstanding at end of financial year under review
Ngiam Mia Hai Bernard	-	1,500,000	(900,000)	(450,000)	150,000
Ngiam Mia Hong Alfred	-	1,500,000	(900,000)	(450,000)	150,000
William Michael Driscoll	-	600,000	-	(450,000)	150,000
Lee Soo Hoon Phillip	-	1,000,000	-	(750,000)	250,000
Lee Joo Hai	-	1,000,000	-	(750,000)	250,000
Employees who received 5% or more					
Ngiam Mia Chong	-	1,052,000	(32,000)	(765,000)	255,000
Choo Bee Tin	-	1,044,000	(33,000)	(758,250)	252,750
Anebarassane Thanakodi	-	1,000,000	-	(750,000)	250,000

Audit Committee

The Audit Committee was established on 20 May 1993 by the Board of Directors in accordance with Section 201B of the Singapore Companies Act, Cap. 50 (the "Act"). The Committee performed the functions specified in the Act. In performing its functions, the Committee reviewed the overall scope of the audit and the assistance given by the Company's officers to the external auditor. It met with the Company's external auditor to discuss the results of their examinations and their evaluation of the Company's system of internal accounting controls. The functions performed are detailed in the Report on Corporate Governance.

The Committee has nominated Ernst & Young for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

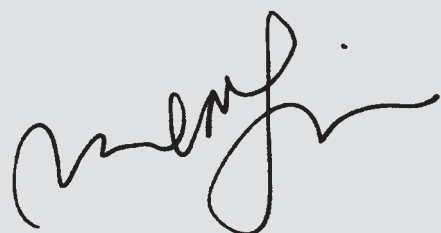
Auditors

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board,



Ngiam Mia Je Patrick
Chairman



Ngiam Mia Kiat Benjamin
Director

Singapore
16 February 2006

The directors and management of the Company are committed to high standards of corporate governance. The SGX-ST's Listing Manual requirement (the "listing requirement"), introduced in April 2001, requires that an issuer which holds its Annual General Meeting ("AGM") on or after 1 January 2003 (the "effective date") should describe its corporate governance practices with specific reference to the Code of Corporate Governance ("Code") in its annual report.

This Report describes IPC's corporate governance processes and activities. For ease of reference, the relevant provision of the Code under discussion is identified in italics.

Board of Directors

Principle 1: Board's Conduct of its Affairs

The principal functions of the Board are:

1. approving the broad policies, strategies and financial objectives of the Company and monitoring the performance of management;
2. overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
3. approving the nominations of directors and appointment of key personnel;
4. approving major funding proposals, investment and divestment proposals; and
5. assuming responsibility for corporate governance.

Matters which are specifically referred to the full Board for decision are those involving a conflict of interest for substantial shareholder or director, material acquisitions and disposals of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders and matters which require Board's approval as specified under the Company's interested person transaction policy.

The Board conducts regular meetings, and ad-hoc meetings are convened when circumstances require these meetings. The Company's Articles of Association (the "Articles") allow a board meeting to be conducted by way of tele-conference. The attendance of directors at meetings of the Board and Board Committees, as well as the frequency of such meetings, are disclosed in this Report.

The Board has independent access to the company secretary who provide the Board with regular updates on corporate governance processes and listing requirements of the SGX. The company secretary also attend all Board meetings and assist the Chairman in ensuring that Board procedures are followed and reviewed such that the Board functions effectively.

All directors have access also to senior management and are updated regularly concerning any changes in the Company's policies.

The Company has adopted a policy for directors to request explanations, briefings or informal discussions on any aspects of the Company's operations or business issues from the management. The Chairman and CEO will make the necessary arrangements for these briefings, informal discussions or explanations.

The directors can attend seminars or conferences in connection with their duties as directors subject to the approval of the Chairman.

Principle 2: Board Composition and Balance

Presently, the Board comprises 3 non-executive and independent directors, 1 non-executive director, and 5 executive directors. The independence of each director is reviewed annually by the Nominating Committee ("NC"), which was constituted on 2nd September 2002. The NC adopts the Code's definition of what constitutes an independent director in its review. As a result of the NC's review of the independence of each director for FY 2005, the NC is of the view that the non-executive directors of IPC are independent directors (except for Mr. William Michael Driscoll) and that no individual or small group of individuals dominate the Board's decision making process. Key information regarding the directors is given in the 'Board of Directors' section of the annual report. The NC is of the view that the current Board comprises persons who as a group provide core competencies necessary to meet the Company's targets.

Principle 3: Role of Chairman and Chief Executive Officer ("CEO")

The Company has the same Chairman and CEO, Mr Ngiam Mia Je Patrick, and he is an executive director.

IPC believes that the non-executive and independent directors have demonstrated high commitment in their role as directors and have ensured that there is a good balance of power and authority. As such, there is no need for the role of the Chairman and CEO to be separated.

The Chairman and CEO is the most senior executive in the Company and bears executive responsibility for the Company's business, as well as for the workings of the Board. The Chairman and CEO ensures that board meetings are held when necessary and sets the Board meeting agenda in consultation with the directors and management. The Chairman and CEO reviews the Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information.

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Principle 6: Access to Information

In order to ensure that the Board is able to fulfil its responsibilities, management provides Board members with regular updates of the financial position of the Company. A monthly report of the Company's activities is provided to the executive directors, and a quarterly report of the Company's activities is also provided to the Board. Analytical reports on the Company are forwarded to the directors on an on-going basis as and when received. The directors have also been provided with the telephone numbers and e-mail particulars of the Company's senior management and company secretary to facilitate access.

Should directors, whether as a group or individually, need independent professional advice, the company secretary will, upon direction by the Board, appoint a suitable professional advisor to render the advice. The cost of such professional advice will be borne by the Company.

The company secretary attend all Board meetings and are responsible for ensuring that Board procedures are followed. It is the responsibility of the company secretary and the management staff to ensure that the Company complies with all statutory and regulatory requirements.

Please refer to the "Corporate Information" section of the annual report for the composition of the Company's Board of Directors, Board Committees and the Management Committee.

Board Committees

Nominating Committee ("NC")

Principle 4: Board Membership

The Chairman of the NC, Mr Lee Joo Hai, is an independent non-executive director. There are three members in the NC, two of whom are independent non-executive directors.

The members are:

Mr Lee Joo Hai (Chairman)
 Mr Seah Seow Kang Steven
 Mr Ngiam Mia Je Patrick (Alternate – Mr Ngiam Mia Kiat Benjamin)

The NC's principal functions are:

1. to identify candidates and review all nominations for the appointment or re-appointment of members of the Board of directors, the CEO of the Company, and the members of the various Board committees for the purpose of proposing such nominations to the Board for its approval;
2. to assess nominees or candidates for appointment or re-election to the Board, determining whether or not such nominee has the requisite qualifications;
3. to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;
4. to assess the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board;
5. to determine annually whether or not a director is independent; and
6. to assess the abilities and the adequacy of directors with multiple board representations in carrying out their duties.

The Board on the recommendation of the NC appoints new directors. Such new directors must submit themselves for re-election at the AGM of the Company. Article 90 of the Articles requires one third of the Board to retire by rotation at every AGM.

The NC has recommended the nomination of the directors retiring by rotation under the Company's Article of Association at the forthcoming AGM, for re-election.

Principle 5: Board Performance

The NC, in recommending the nomination of any director for re-election, considers the contribution of the director, which includes his qualification, experience, and area of expertise, time and effort devoted to the Company's affairs, attendance and participation at Board and Board committee meetings.

The NC initiates performance evaluation which would assess each director's contribution to the Board, adopting assessment parameters which would include attendance record at meetings of the Board and Board committees, intensity of participation at meetings, the quality of interventions and any special contributions.

In assessing the Board's performance as a whole, both quantitative and qualitative criteria would be adopted. Such criteria would include return on equity, the success of strategic and long-term objectives set by the Board, and the effectiveness of the Board in monitoring management's performance against the goals that have been set by the Board.

Audit Committee ("AC")

Principle 11: Audit Committee

Principle 12: Internal Controls

The AC comprises three members, all of whom are independent non-executive directors. The Chairman of the AC, Mr Lee Soo Hoon Phillip, is by profession a Certified Public Accountant. The other members of the AC have many years of accounting and legal experience. The AC is of the view that its members have the requisite financial management expertise and experience to discharge the AC's functions.

The members are :

Mr Lee Soo Hoon Phillip (Chairman)

Mr Lee Joo Hai

Mr Seah Seow Kang Steven

The AC performs the following main functions:

1. recommends to the Board of Directors the nomination of external auditors, approves the remuneration of the external auditors, and reviews the scope and results of the audit, and its cost-effectiveness;
2. reviews (with the other committees, management, the external auditors) significant risks or exposures that exist and assesses the steps management has taken to minimize such risks to the Company;
3. reviews with the Finance Director and external auditors at the completion of the half-yearly reviews and annual examination the following:
 - the Company's half-yearly and audited annual financial statements and related footnotes, and the integrity of financial reporting of the Company including accounting principles for recommendation to the Board for approval;
 - the external auditors' audit of the annual financial statements and reports thereon;
 - the adequacy of the Company's system of accounting control;
 - the assistance given by management to external auditors;
 - any related significant findings and recommendations of the external auditors together with management's responses thereto; and
 - any significant changes required in the external auditors' audit plan, any serious difficulties or disputes with management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit;
4. considers and reviews with management annually the effectiveness of the Company's internal controls over management, business and technology systems and practices;
5. reviews legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies, and programs, and reports received from regulators;
6. meets with external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC; and
7. reports actions and minutes of the AC to the Board of directors with such recommendations as the AC consider appropriate.

The AC has the power to conduct or authorise investigations into any matters within its terms of reference and has full access to, and co-operation from management, and full discretion to invite any director and executive officer to attend its meetings. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

The AC has conducted review of the non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services have not prejudiced the independence and objectivity of the external auditors before recommending their re-appointment. The AC also conducted a review of the interested person transactions to ensure that there were no improper activities undertaken by the Company during the financial year.

The Company's external auditors, Ernst & Young ("EY"), carry out, in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit, and the external auditors' recommendations, are reported to the AC.

The AC has reviewed the Company's risk assessment, and is satisfied that there are adequate internal controls in the Company. The AC expects the risk assessment process to be a continuing process.

Principle 13: Internal Audits

The internal audit function was set up under the supervision of the AC in 2003.

The internal audit has adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC reviews the annual audit plans and ensures that the internal audit department is adequately resourced to carry out its duties effectively.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The RC was formed on 2nd September 2002, and it comprises 3 directors, all of whom are non-executive and independent directors.

The RC is chaired by Mr Seah Seow Kang Steven, an independent and non-executive director.

The members are:

Mr Seah Seow Kang Steven	(Chairman)
Mr Lee Soo Hoon Phillip	
Mr Lee Joo Hai	(Appointed on 13 February 2006)
Ms Lauw Hui Kian (Alternate – Mr Ngiam Mia Hai Bernard)	(Both resigned on 13 February 2006)

The RC's principal responsibilities are to:

1. approve the structure of the compensation program for directors and the top 5 senior management executives to ensure that the program is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;
2. review the compensations of the directors and the top 5 senior management executives annually and to determine appropriate adjustments; and
3. administer the IPC Employees Share Option Scheme (the "ESOS") and determine any matter pertaining or pursuant to the ESOS and any disputes and uncertainties as to the interpretation of the ESOS, any rules, regulations or procedures or any rights under the ESOS.

The executive directors' remuneration packages include a variable bonus element which is performance related, and also share options which have been designed to align their interest with those of the shareholders. The 5 years service contract of the executive directors which will expire on 10 April 2006 have been renewed for a further period of 5 years.

REPORT OF CORPORATE GOVERNANCE

For competitive reason, the Company is not disclosing the remuneration of each individual director. Instead, disclosure by respective bands of remuneration for the financial year ended 31 December 2005 is provided as follows:

	Profit sharing	Remuneration	Director's fee
	%	%	%
\$250,000 to \$499,999			
- Ngiam Mia Je Patrick	15	85	–
- Ngiam Mia Kiat Benjamin	16	84	–
- Lauw Hui Kian	14	86	–
- Ngiam Mia Hai Bernard	14	86	–
- Ngiam Mia Hong Alfred	14	86	–
Less than \$250,000			
- William Michael Driscoll	–	100	–
- Lee Soo Hoon Phillip	–	–	100
- Lee Joo Hai	–	–	100
- Seah Seow Kang Steven	–	–	100

The Company has not disclosed the remuneration of its key executives as it is not in the best interest of the Company and the employees to disclose such details due to the sensitive nature of this information. The Company has no employee who is an immediate family member of a director or the CEO and whose remuneration exceeds S\$150,000 for the financial year.

The fees of non-executive directors are subject to the approval of the shareholders at the Company's AGM. The proposed fees are determined after considering factors such as effort, time spent and contribution from the non-executive directors as well as in accordance with the market practice.

The Company adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of variable bonus that is linked to the performance of the Company and the individual's performance. Another element of the variable component is the grant of share options to staff and directors under the ESOS. This seeks to align the interests of staff and directors with that of the shareholders.

Directors' Attendance at Board and Board Committee Meetings :

Name	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	Number of meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ngiam Mia Je Patrick	2	2	–	–	–	–	1	1
Ngiam Mia Kiat Benjamin	2	2	–	–	–	–	–	–
Lauw Hui Kian	2	2	–	–	1	1	–	–
Ngiam Mia Hai Bernard	2	2	–	–	–	–	–	–
Ngiam Mia Hong Alfred	2	2	–	–	–	–	–	–
Lee Soo Hoon Phillip	2	2	2	2	1	1	–	–
Lee Joo Hai	2	1	2	1	–	–	1	1
Seah Seow Kang Steven	2	2	2	2	1	1	1	1
William Michael Driscoll	2	1	–	–	–	–	–	–

William Michael Driscoll is based in USA.

Communication with Shareholders

Principle 10: Accountability and Audit

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Company has adopted half-yearly results reporting since it was listed in 1993. The Company's results announcements are disseminated through SGXNET, news releases and the Company's website. All information on the Company's new initiatives are first disseminated via SGXNET followed by a news release (whenever deemed necessary), which is also available on the Company's website.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously at such meetings. Results and annual reports are announced or issued within the mandatory period and are available on the Company's website. The Company does not practice selective disclosure.

The Company has an investor relations team which communicates with its investors and attends to their queries. All shareholders of the Company receive the annual report and notice of AGM. The notice is also advertised in newspapers and made available on the SGXNET. At the AGM, shareholders are given the opportunity to air their views and ask directors or management questions regarding the Company.

The Company's Articles of Association allow a member of the Company to appoint one or two proxies to attend and vote instead of the member.

Dealing in Securities

The Company has adopted internal codes pursuant to the SGX-ST Best Practices Guide applicable to all its officers in relation to dealings in the Company's securities. Its officers are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's results and ending on the date of the announcement of the results.

Interested Person Transactions Policy

The Company has adopted an internal policy in respect of any transactions with interested persons within the definition of Chapter 9 of the Listing Manual of the SGX-ST and has set out procedures for review and approval of all interested person transactions. Details of the significant interested person transactions are disclosed in Note 34 to the financial statements.

Materials Contracts

No material contracts were entered between the Company or any of its subsidiaries with any directors or controlling shareholders during the financial year ended 31 December 2005.

STATEMENT BY DIRECTORS

We, Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin, being two of the directors of IPC Corporation Ltd, do hereby state that, in the opinion of the directors:-

- (i) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity and consolidated cash flow statement together with notes thereto, set out on pages 24 to 72, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,



Ngiam Mia Je Patrick
Chairman

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Ngiam Mia Kiat Benjamin
Director

Singapore
16 February 2006

AUDITORS' REPORT TO THE MEMBERS OF IPC CORPORATION LTD

We have audited the accompanying financial statements of IPC Corporation Ltd (the "Company") and its subsidiary companies (collectively the "Group"), set out on pages 24 to 72, for the year ended 31 December 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



ERNST & YOUNG
Certified Public Accountants

Singapore
16 February 2006

BALANCE SHEETS AS AT 31 DECEMBER 2005

(In Singapore dollars)

	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Non-current assets					
Intangible assets, net	4	–	(638)	–	–
Property, plant and equipment, net	5	12,175	13,166	8,207	8,440
Investment properties	6	8,730	8,730	8,730	8,730
Properties under development	7	54,792	62,752	–	–
Subsidiary companies	8	–	–	113,274	118,276
Associated companies	9	–	79	–	–
Other investments, net	10	4,825	6,559	4,570	4,452
Pledged deposit	11	643	–	–	–
Deferred tax asset	12	721	–	–	–
Total non-current assets		81,886	90,648	134,781	139,898
Current assets					
Properties held for sale	13	30,134	53,340	–	–
Properties under development	7	24,667	–	–	–
Trade and other receivables	14	9,078	11,730	1,338	1,311
Inventories	18	104	95	–	–
Fixed deposits		24,241	10,556	11,073	4,153
Cash at bank and in hand		10,694	9,305	225	190
		98,918	85,026	12,636	5,654
Current liabilities					
Trade and other payables	19	18,669	14,107	1,161	1,746
Interest-bearing loans	22	10,400	17,901	–	–
Tax payable		77	344	36	36
		29,146	32,352	1,197	1,782
Net current assets		69,772	52,674	11,439	3,872
Net assets		151,658	143,322	146,220	143,770
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	23	105,723	105,723	105,723	105,723
Share premium	24	34,455	355,111	34,315	354,971
Asset revaluation reserve	25	2,188	2,279	2,188	2,279
Foreign currency translation reserve		(6,660)	(6,346)	–	–
Other reserve	26	720	–	720	–
Accumulated profits/(losses)		13,363	(315,167)	3,274	(319,203)
		149,789	141,600	146,220	143,770
Minority interests		1,869	1,722	–	–
Total equity		151,658	143,322	146,220	143,770

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

(In Singapore dollars)

	Note	2005 \$'000	2004 \$'000
Revenue	27	40,228	33,261
Cost of sales		(32,071)	(27,383)
Gross profit		8,157	5,878
Other income	27	9,734	4,628
Selling and distribution costs		(1,941)	(3,720)
General and administrative costs		(6,793)	(6,535)
Other operating costs		(989)	(2,055)
Profit/(loss) from operating activities		8,168	(1,804)
Finance costs		(9)	(7)
Profit/(loss) before taxation	28	8,159	(1,811)
Taxation	29	525	602
Profit/(loss) for the year		8,684	(1,209)
Attributable to :			
Equity holders of the Company		8,558	(627)
Minority interests		126	(582)
Profit/(loss) for the year		8,684	(1,209)
Earnings/(loss) per share (in cents) :	30		
Basic		1.62	(0.03)
Fully diluted		1.61	(0.03)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

(In Singapore dollars)

	Attributable to equity holders of the Group						Minority interests	Total equity
	Share capital \$'000	Share premium \$'000 (Note 24)	Asset revaluation reserve \$'000 (Note 25)	Foreign currency translation reserve \$'000	Other reserve \$'000 (Note 26)	Accumulated profits/(losses) \$'000		
Group								
Balance at 1 January 2004	105,723	355,111	2,279	(6,743)	–	(314,540)	141,830	143,274
Loss for the year	–	–	–	–	–	(627)	(627)	(1,444)
Minority interests upon acquisition of subsidiary	–	–	–	–	–	–	–	889
Translation adjustment for the year	–	–	–	397	–	–	397	(29)
Balance at 31 December 2004	105,723	355,111	2,279	(6,346)	–	(315,167)	141,600	143,322

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

(In Singapore dollars)

	Attributable to equity holders of the Group							Minority interests	Total equity
	Share capital \$'000	Share premium \$'000 (Note 24)	Asset revaluation reserve \$'000 (Note 25)	Foreign currency translation reserve		Accumulated profits/ (losses) \$'000	Total reserves \$'000		
				Other reserve \$'000 (Note 26)					
Group									
Balance at 1 January 2005	105,723	355,111	2,279	(6,346)	—	(315,167)	141,600	1,722	143,322
- as previously reported	—	—	—	—	8,841	—	8,841	—	8,841
- effect of adopting FR\$ 39	—	—	—	—	—	638	638	—	638
- effect of adopting FR\$ 103	—	—	—	—	—	—	—	—	—
- as restated balance at 1 January 2005	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 year	—	—	—	—	—	8,558	8,558	126	8,684
Dividends paid	—	—	—	—	—	(1,322)	(1,322)	—	(1,322)
Transfer to profit and loss on sale of other investments	—	—	—	—	(7,758)	—	(7,758)	—	(7,758)
Net fair value changes in investments	—	—	—	—	(363)	—	(363)	—	(363)
Impairment of property, plant and equipment	—	—	(91)	—	—	—	(91)	—	(91)
Translation adjustment for the year	—	—	—	(314)	—	—	(314)	21	(293)
Balance at 31 December 2005	105,723	34,455	2,188	(6,660)	720	13,363	149,789	1,869	151,658

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

(In Singapore dollars)

Company	Share capital \$'000	Share premium \$'000 (Note 24)	Asset revaluation reserve \$'000 (Note 25)	Other reserve \$'000 (Note 26)	Accumulated profits/ (losses) \$'000	Total \$'000
Balance at 1 January 2004	105,723	354,971	2,279	-	(320,656)	142,317
Profit for the year	-	-	-	-	1,453	1,453
Balance at 31 December 2004	105,723	354,971	2,279	-	(319,203)	143,770
Balance at 1 January 2005	105,723	354,971	2,279	-	(319,203)	143,770
- as previously reported	-	-	-	8,825	-	8,825
- effect of adopting FRS 39	-	-	-	-	-	-
- as restated balance at 1 January 2005	105,723	354,971	2,279	8,825	(319,203)	152,595
Transfer arising from capital restructuring exercise	-	(320,656)	-	-	320,656	-
Profit for the year	-	-	-	-	3,143	3,143
Dividends paid	-	-	-	-	(1,322)	(1,322)
Transfer to profit and loss on sale of other investments	-	-	-	(7,734)	-	(7,734)
Net fair value changes in investments	-	-	-	(371)	-	(371)
Impairment of property, plant and equipment	-	-	(91)	-	-	(91)
Balance at 31 December 2005	105,723	34,315	2,188	720	3,274	146,220

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

(In Singapore dollars)

2005 **2004**
\$'000 \$'000

Cash flow from operating activities:

Profit/(loss) before taxation	8,159	(1,811)
Adjustments for:		
Depreciation of property, plant and equipment	556	779
Interest income	(438)	(101)
Loss on disposal/write-off property, plant and equipment	110	342
Impairment losses in other investments	641	193
Amortisation of intangible assets	–	1,661
Loss on associated company return of capital	4	–
Exchange differences arising on consolidation	(439)	603
Gain arising from disposal of other investments	(8,329)	(2,618)
Write-back of allowance for doubtful debts	(162)	(347)
Bad debts recovered	(4)	(141)
Allowance for doubtful receivables	75	310
Bad debts written off	7	–
Gain on de-registration of a subsidiary company	(86)	–
Amortisation of negative goodwill on acquisition	–	(1,274)
Impairment loss in goodwill on acquisition	–	506
Operating profit/(loss) before reinvestment in working capital	94	(1,898)
Decrease in receivables	2,260	736
(Increase)/decrease in inventories	(9)	427
Decrease in properties held for sale	23,206	8,947
Increase in payables	4,577	749
Decrease in amounts due from associated companies	–	3
Cash generated from operations	30,128	8,964
Income tax (paid)/refund	(8)	13
Interest income received	438	101
Net cash provided by operating activities	30,558	9,078

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

(In Singapore dollars)

2005 **2004**
\$'000 \$'000

Cash flow from investing activities:

Purchase of property, plant and equipment	(486)	(1,004)
Proceeds from disposal of property, plant and equipment	892	181
Increase in development properties	(16,707)	(1,366)
Proceeds from divestment in other investments	14,538	3,652
Purchase of other investments	(4,396)	(783)
De-registration of a subsidiary company, net of cash disposed (Note 8)	(188)	–
Proceeds from associated company, return of capital	74	–
Dividend received	270	–
Placement of pledged deposit	(643)	–
Placement into Escrow account (Note 32)	(418)	–
Acquisition of a subsidiary company, net of cash acquired	–	4,006

Net cash (used in)/generated from investing activities	(7,064)	4,686
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Cash flow from financing activities:

(Repayment)/net proceeds from short-term bank loans, secured	(17,901)	7,501
Repayment of long-term bank loans, secured	–	(20,800)
Payment of finance lease liabilities	(15)	(45)
Drawdown of short-term bank loans, secured	10,400	–
Dividend payment	(1,322)	–

Net cash used in financing activities	(8,838)	(13,344)
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Net increase in cash and cash equivalents	14,656	420
Cash and cash equivalents at beginning of year	19,861	19,441

Cash and cash equivalents at end of year (Note 32)	34,517	19,861
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The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

1. Corporate information

The financial statements of IPC Corporation Ltd for the year ended 31 December 2005 were authorised for issue in accordance with a resolution of the directors on 16 February 2006.

The registered office of the Company is located at 23 Tai Seng Drive, IPC Building, Singapore 535224.

The principal activities of the Company, which is domiciled and incorporated in the Republic of Singapore, are the provision of Infocomm products and Broadband systems solutions, the sales and distribution of computer related products and electronic products.

The principal activities of the subsidiary companies are investment holding, development and distribution of Thin Computing solutions and related products, provision of commercial value-added network services, property development and those relating to sales and distribution of computer, computer related products, provision of computer service and support and telecommunication products and premier education provider.

The Group and Company, which operates in 7 (2004 : 7) countries, employed 112 and 11 (2004 : 116 and 13) employees respectively as at 31 December 2005.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Cap. 50.

The financial statements have been prepared under the historical cost convention, except for revaluation of certain property, plant and equipment and certain available for sale financial assets that have been measured at their fair values.

The financial statements of the Company and the Group are presented in Singapore dollars (\$), and rounded to the nearest thousand, unless otherwise stated.

In 2005, the Group and the Company adopted the new or revised FRS that are applicable in the current financial year. The 2005 financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRS.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed in 2.2 below.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

2.2 Changes in accounting policies

(a) *Adoption of new and revised FRS*

The effects on adoption of the following FRS in 2005 are set out below:

(i) FRS 39 – Financial Instruments: Recognition and Measurement

In prior years, other investments held for the long term are stated at cost. Provision is made for any decline in value that is other than temporary.

Upon the adoption of FRS 39, these investments are classified as available-for-sale investments. After initial recognition, available-for-sale investments are measured at fair value in the revaluation reserve, except for certain available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, when they are measured at cost less any accumulated impairment losses. Gains or losses arising from changes in fair values are recognised as a separate component of equity until the investments are sold, collected or otherwise disposed of or until the investments are determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Under the transitional provisions of FRS 39, the change in accounting policy on 1 January 2005 resulted in credit adjustment of \$8,841,285 and \$8,825,510 to the Group's and the Company's fair value adjustment reserve respectively.

(ii) FRS 102 – Share-based payments

Previously, the provision of share options to employees did not result in any charge in the income statement. The Group and Company recognised an increase in share capital and share premium when the options were exercised. On adoption of FRS 102, an expense is recognised in the income statement for share options issued with a corresponding increase in the share option reserve.

This change was effected retrospectively for share options issued after 22 November 2002 and not yet vested by 1 January 2005. The change does not have a financial impact to the Group and Company as its share options were issued prior to 22 November 2002.

**(iii) FRS 103 – Business Combinations,
FRS 36 (revised) – Impairment of Assets and
FRS 38 (revised) – Intangible Assets**

Until 31 December 2004, goodwill was amortised on a straight line basis over a period of 5 to 20 years; and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating-unit in which the goodwill is attached to.

The transitional provisions of FRS 103 have required the Group to eliminate at 1 January 2005, the carrying amount of the accumulated amortisation of \$843,000 and \$1,274,620 with a corresponding decrease in goodwill and negative goodwill respectively.

According to the transitional provisions of FRS 103, the Group has also derecognised the remaining unamortised negative goodwill included in the carrying amount of investment in a subsidiary company at 1 January 2005, amounting to \$637,310, with a corresponding adjustment to accumulated profits as at 1 January 2005.

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(b) *FRS and INT FRS not yet effective*

The Group has not applied the following FRS and INT FRS that do not apply to the activities of the Group and are only effective for annual financial periods beginning on or after 1 January 2006 :

- FRS 106, Exploration for and Evaluation of Mineral Resources
- INT FRS 105, Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- FRS 40, Investment Property (effective for annual financial periods beginning on or after 1 January 2007)

INT FRS 104, Determining Whether an Arrangement Contains a Lease

This interpretation requires the determination of whether an arrangement is, or contains a lease to be based on the substance of the arrangement and requires an assessment of whether the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over their useful lives. The useful lives of these property, plant and equipment are estimated to be within 3 to 50 years. The carrying amount of the Group's property, plant and equipment at 31 December 2005 was \$17,099,000 (2004: \$18,446,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future charges could be revised.

Impairment of available-for-sale financial assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence.

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2.3 Significant accounting estimates and judgements (cont'd)

Estimation of recoverable amounts of properties under development and properties held for sale

The best evidence of recoverable amount is current prices in an active market for similar lease terms and other contracts. In the absence of such information, management determines the amount within a range of reasonable fair value estimates. In making its judgement, management considers information from (i) current price in an active market for properties of different nature, conditions or locations by reference to independent valuations; (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices; and (iii) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

Estimation of total budgeted costs and costs to completion for property development projects

Total budgeted costs for property development projects comprise (i) prepaid land lease payments (ii) building costs, and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for property development projects, management makes reference to information such as (i) current offers from contractors and suppliers, (ii) recent offers agreed with contractors and suppliers, and (iii) professional estimation on construction and material costs.

2.4 Functional and foreign currency

(a) Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(i) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary. In the Company's separate financial statements, such exchange differences are recognised in the profit and loss account.

Differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation are also taken directly to the foreign currency translation reserve until the disposal of the net investment, at which time they are recognised in the profit and loss account. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in the foreign currency translation reserve.

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(ii) Foreign currency translation

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiary companies before 1 January 2005 are deemed to be assets and liabilities of the parent company and are recorded in SGD at the rates prevailing at the date of acquisition.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

2.5 Subsidiary companies and principles of consolidation

(a) Subsidiary companies

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-Group balances, transactions, income and expenses and profits and losses resulting from intra-Group transactions that are recognised in assets, are eliminated in full.

Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiary companies are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

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(b) *Principles of consolidation (cont'd)*

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

2.6 *Associated companies*

An associated company is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the profit or loss of the associated company is recognised in the consolidated profit and loss account. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associated companies are accounted for at cost less impairment losses.

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2.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

Sale of goods

Revenue from the sale of goods is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

Services rendered

Revenue from the provision of services is recognised upon completion of services.

Sale of development properties

Revenue from the sale of development properties is recognised only in respect of units completed and sold. The units are considered to be sold when a legally binding unconditional sale and purchase agreement is executed. Revenue arising from the pre-sale of properties under development is recognised over the course of property development and calculated by reference to the percentage of construction completion.

Interest

Revenue is recognised as the interest accrues.

Education

Course fee income is recognised over the period of the course.

2.8 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost or valuation and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Depreciation is calculated on a straight line method to write off the cost of property, plant and equipment over their estimated useful lives. The estimated useful lives of property, plant and equipment are as follows :-

Leasehold building	- over the lease term and up to 50 years
Leasehold improvements	- 10 years
Plant and machinery, furniture and fittings, office equipment and motor vehicles	- 3 to 5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

When an asset is revalued, any increase in the carrying amount is credited directly to revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset. The revaluation of property, plant and equipment is performed on a regular basis or when the fair value varies significantly from the carrying value.

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(In Singapore dollars)

2.9 Investment properties

Investment properties are those properties held for their long-term investment. They are included in the balance sheet at cost, less impairment losses, if any.

2.10 Properties under development

Properties under development are those investment properties under development which are held for their development potential. They are included in the balance sheet at cost, less impairment losses, if any.

2.11 Properties held for sale

Properties held for sale are stated at the lower of cost or net realisable value. Cost includes the cost of land and relevant development expenditure capitalised up to date of completion.

2.12 Financial assets

Financial assets within the scope for FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

(i) *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the profit and loss account.

(ii) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the group has the positive intention and ability to hold the assets to maturity. They are subsequently measured at amortised cost using the effective interest method. For investments carried at amortised cost, gains and losses are recognised in the profit and loss account when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transaction; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models. For unquoted equity investments whose fair value cannot be reliably measured are measured at cost less impairment losses.

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2.13 Investment securities

Investment securities are classified as available-for-sale financial assets. The accounting policies for the aforementioned categories of financial assets are stated in Note 2.12.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials on a first-in-first-out basis and in the case of finished products, includes direct labour and attributable production overheads based on normal levels of activity. Net realisable value represents the estimated selling price less the anticipated cost of disposal. Provision is made for damaged, obsolete and slow-moving items.

2.15 Cash and cash equivalents

Cash and cash equivalents comprised cash on hand, bank balances and fixed deposits.

2.16 Trade and other receivables

Trade and other receivables, including amounts due from subsidiaries, associates and related companies are classified and accounted for as loan and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.12.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.24 below.

2.17 Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms, and payables to holding company and a related company are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the costs of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. The capitalization rates for the year are based on the specific attributable borrowing costs of the borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are charged to the income statement in the period in which they are incurred.

2.19 Income taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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2.19 Income taxes (cont'd)

(b) *Deferred tax*

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

2.20 Share capital

Ordinary share capital issued other than for cash, is recognised at the fair value of the consideration received by the Company.

2.21 Intangible assets

(i) *Patents and licenses*

Costs relating to patents and licences which are acquired are capitalised and amortised on a straight-line basis over their five-year useful lives.

(ii) *Research and development costs*

Research and development costs are expensed as incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

Deferred development costs are amortised from the date of commercial production of the product or from the date the process is put into use. Such costs are currently being amortised on a straight-line basis over their useful lives, not exceeding 8 years.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.22 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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2.23 Employee benefits

(i) *Pensions and other post employment benefits*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

(iii) *Equity compensation benefit*

The Company has an employees' share option schemes where employees are granted non-transferable option to purchase the shares of the Company. No compensation costs or obligation is recognised upon granting or the exercise of the options. When the options are exercised, equity and share premium is increased by the amount of the proceeds received.

2.24 Impairment of financial assets

The Company and the Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) *Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) *Available-for-sale financial assets*

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2.25 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account, unless the relevant asset is land or building at a revalued amount, in which case the impairment loss is taken to the asset revaluation reserve except when the total of this reserve is not sufficient to cover the impairment loss, in which case the amount by which the impairment loss exceeds the amount in the asset revaluation reserve is charged to the profit and loss account.

Reversal of an impairment loss recognised in prior years is recorded when there is an indication that the impairment loss recognised for an asset no longer exists or has decreased. The reversal is recorded in income or as a revaluation increase. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognized for that asset in prior years.

2.26 Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired;
- The Group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss account.

2.27 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

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(In Singapore dollars)

3. Group companies

(i) Details of subsidiary companies at 31 December 2005 are as follows :

Name of company (Country of incorporation and operations)	Principal activities	Effective equity interest held by the Group	
		2005 %	2004 %
Held by the Company:			
⑧ Corex Technology (S) Pte Ltd (Singapore)	Compulsory liquidation	100	100
③ e-ipc (HK) Ltd (Hong Kong)	Investment holding	100	100
① Essex Electronics (Singapore) Pte Ltd (Singapore)	Sales and distribution of telecommunication products and computer service and support provider	100	100
⑧ IPC Corporation (Korea) Ltd (Korea)	Sales and distribution of computers and related products (Dormant)	92	92
⑦ IPC (Holdings) Inc. (U.S.A.)	Investment holding (Dormant)	100	100
① IPC Information And Communication (Pte) Ltd (Singapore)	Provision of commercial value-added network services	100	100
① IPC Peripherals Pte Ltd (Singapore)	Sales and distribution of computer system boards and peripheral products	100	100
① IPC Singapore Pte Ltd (Singapore)	Investment holding	100	100
② IPC Systems (M) Sdn Bhd (Malaysia)	Sales and distribution of computers and related products (Dormant)	100	100
① Nanyang Institute of Management Pte Ltd (Singapore)	Premier education provider	81.48	81.48
④ ThinSoft (Holdings) Inc (Cayman Island)	Investment holding	74.81	74.81
④ Zhuhai IPC Property Developments Co. Ltd. (People's Republic of China)	Investment holding and property development	100	100

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(In Singapore dollars)

3. Group companies (cont'd)

Name of company (Country of incorporation and operations)	Principal activities	Effective equity interest held by the Group	
		2005 %	2004 %
Held by the subsidiary Company:			
① Corex Systems (S) Pte Ltd (Singapore)	Assembly of electronic components and trading of electronic products (Dormant)	100	100
⑦ IPC Peripherals Inc (U.S.A.)	Development and marketing of computer peripheral products (Dormant)	90	90
⑥ Shanghai Shared Data Network Co. Ltd (People's Republic of China)	Provision of commercial value-added network services (De-registered)	–	100
④ ThinSoft Inc (British Virgin Islands)	Holdings of intellectual properties	74.81	74.81
④ ThinSoft (Investment) Inc (British Virgin Islands)	Investment holding	74.81	74.81
① ThinSoft Pte Ltd (Singapore)	Sales and distribution of Thin Computing solutions and related products	74.81	74.81
⑤ ThinSoft (USA) Inc (USA)	Development and distribution of Thin Computing solutions and related products	74.81	74.81

Audited by :

- ① Ernst & Young Singapore.
- ② Khoo Wong & Chan Public Accountants, Malaysia.
- ③ C M So & Co., Hong Kong SAR.
- ④ Ernst & Young Hong Kong SAR.
- ⑤ Sciarabba Walter & Co, USA
- ⑥ not audited since it had been de-registered
- ⑦ not required to be audited by the law of its country of incorporation.
- ⑧ not audited since it is currently under liquidation.
- ⑨ not audited since it had been liquidated

All the active companies operate in their respective countries of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

3. Group companies (cont'd)

(ii) Details of associated companies at 31 December 2005 are :

Name of company (Country of incorporation and operations)	Principal activities	Effective equity interest held by the Group	
		2005 %	2004 %
Held by the Company:			
IPC Duna S.R.L. (Romania)	Sales and distribution of computers and related products	50	50
Imagique Computer Design (S) Pte Ltd (Singapore)	Design and development of palm top computers	24.62	24.62
① Hagenuk Pte Ltd (Singapore)	Sales and distribution of telecommunication products (Dormant)	50	50
Held by subsidiary company:			
② IPC-Transtech Display (Pte) Ltd (Singapore)	Voluntarily liquidated	–	40

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

4. Intangible assets, net

	Software development	Patent rights	Deferred expenditure	Goodwill	Negative goodwill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Cost						
At 1 January 2004	4,922	250	152	843	-	6,167
Negative goodwill on consolidation	-	-	-	-	(1,912)	(1,912)
Currency realignment	(71)	-	-	-	-	(71)
At 31 December 2004 and 1 January 2005	4,851	250	152	843	(1,912)	4,184
Effects of adopting FRS 103	-	-	-	-	1,912	1,912
Written off upon de-registration	-	-	-	(843)	-	(843)
At 31 December 2005	4,851	250	152	-	-	5,253
Accumulated amortisation						
At 1 January 2004	3,232	250	152	295	-	3,929
Recognised as income for the year	-	-	-	-	(1,274)	(1,274)
Charge for the year	1,619	-	-	42	-	1,661
Impairment loss	-	-	-	506	-	506
At 31 December 2004 and 1 January 2005	4,851	250	152	843	(1,274)	4,822
Written off upon de-registration	-	-	-	(843)	-	(843)
Effects of adopting FRS 103	-	-	-	-	1,274	1,274
At 31 December 2005	4,851	250	152	-	-	5,253
Net book value						
At 31 December 2005	-	-	-	-	-	-
At 31 December 2004	-	-	-	-	(638)	(638)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

5. Property, plant and equipment, net

	Plant and machinery	Motor vehicles	Furniture and fittings	Office equipment	Leasehold buildings and improvements	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Cost or valuation						
At 1 January 2004	3,574	1,168	678	824	15,468	21,712
Additions	3	345	2	714	–	1,064
Disposals	(3,308)	(555)	(5)	(67)	–	(3,935)
Currency realignment	(163)	(15)	(3)	(7)	(207)	(395)
<hr/>						
At 31 December 2004 and 1 January 2005	106	943	672	1,464	15,261	18,446
Additions	–	448	–	38	–	486
Disposals	–	(405)	(62)	(271)	(1,324)	(2,062)
Currency realignment	–	15	7	14	193	229
<hr/>						
At 31 December 2005	106	1,001	617	1,245	14,130	17,099
<hr/>						
Representing						
Valuation 1998	–	–	–	–	15,261	15,261
Cost	106	943	672	1,464	–	3,185
<hr/>						
At 31 December 2004	106	943	672	1,464	15,261	18,446
<hr/>						
Valuation 1998	–	–	–	–	14,130	14,130
Cost	106	1,001	617	1,245	–	2,969
<hr/>						
At 31 December 2005	106	1,001	617	1,245	14,130	17,099
<hr/>						
Accumulated depreciation and impairment						
At 1 January 2004	2,855	859	677	673	3,026	8,090
Additions	244	94	2	137	302	779
Disposals	(2,876)	(479)	(5)	(52)	–	(3,412)
Currency realignment	(120)	(5)	(3)	(13)	(36)	(177)
<hr/>						
At 31 December 2004 and 1 January 2005	103	469	671	745	3,292	5,280
Charge for the year	1	103	–	166	286	556
Disposals	–	(166)	(62)	(244)	(588)	(1,060)
Impairment	–	–	–	–	91	91
Currency realignment	–	6	7	11	33	57
<hr/>						
At 31 December 2005	104	412	616	678	3,114	4,924
<hr/>						
Net book value						
At 31 December 2005	2	589	1	567	11,016	12,175
At 31 December 2004	3	474	1	719	11,969	13,166

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

5. Property, plant and equipment, net (cont'd)

	Plant and machinery	Motor vehicles	Furniture and fittings	Office equipment	Leasehold buildings and improvements	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company						
Cost or valuation						
At 1 January 2004	57	554	611	345	10,743	12,310
Additions	–	145	–	–	–	145
Disposals	–	(555)	–	–	–	(555)
<hr/>						
At 31 December 2004 and 1 January 2005	57	144	611	345	10,743	11,900
Additions	–	224	–	2	–	226
Disposals	–	(144)	–	–	–	(144)
<hr/>						
At 31 December 2005	57	224	611	347	10,743	11,982
<hr/>						
Representing						
Valuation 1998						
Cost	57	144	611	345	–	1,157
<hr/>						
At 31 December 2004	57	144	611	345	10,743	11,900
<hr/>						
Valuation 1998						
Cost	57	224	611	347	–	1,239
<hr/>						
At 31 December 2005	57	224	611	347	10,743	11,982
<hr/>						
Accumulated depreciation and impairment						
At 1 January 2004	57	473	611	335	2,214	3,690
Additions	–	27	–	3	219	249
Disposals	–	(479)	–	–	–	(479)
<hr/>						
At 31 December 2004 and 1 January 2005	57	21	611	338	2,433	3,460
Charge for the year	–	37	–	4	219	260
Impairment	–	–	–	–	91	91
Disposals	–	(36)	–	–	–	(36)
<hr/>						
At 31 December 2005	57	22	611	342	2,743	3,775
<hr/>						
Net book value						
At 31 December 2005	–	202	–	5	8,000	8,207
<hr/>						
At 31 December 2004	–	123	–	7	8,310	8,440
<hr/>						

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

5. Property, plant and equipment, net (cont'd)

If the leasehold buildings and improvement stated at valuation had been included in the financial statements at cost less depreciation, the net book values would have been \$9.099 million for the Group (2004 : \$10.001 million) and \$ 6.084 million (2004 : \$6.342 million) for the Company.

One of the properties of the Company and the Group is an industrial building located at 23 Tai Seng Drive in Singapore on a leasehold land area of 3,814 sq. m. The valuation has been made by the directors and is based on the professional appraisals by Cheong Koon Seng Auctioneers & Valuers Pte Ltd as at 31 December 1998. The valuation is based on the open market valuation of the unexpired leasehold interest of the buildings and is subject to the property being free of encumbrances and the grant by JTC of the 30 plus 30-year lease commencing from 1 August 1990. The valuation surplus of \$2.279 million was taken to the asset revaluation reserve account in 1998.

The above property was valued by CKS Property Consultants Pte Ltd at \$8 million as at 31 December 2005 (2004 : \$8.5 million). The carrying value of this property was \$8.091 million as at 31 December 2005. The deficit in revaluation of the property has been incorporated in the financial statements.

Certain medium term leasehold buildings of the Group have been pledged in 2004 to secure banking facilities for the Zhuhai project as detailed in Note 22 to the financial statements. The pledge had been lifted when the loan was fully repaid in 2005.

The carrying amount of motor vehicles held under hire purchase of the Group and the Company as at 31 December 2005 was \$Nil (2004 : \$246,000 and \$123,000) respectively.

6. Investment properties

	Group and Company	
	2005 \$'000	2004 \$'000
Investment properties	8,730	8,730

During the current financial year, the directors obtained a desktop valuation by a licensed property surveyor, Castores Magi Surveyors Limited ("CMS") to value the Group's investment properties as at 31 December 2005. The total value of the investment properties held by the Group and Company based on this valuation was RMB 52.8 million (\$\$11.0 million). The surplus in revaluation of the investment properties has not been incorporated in the financial statements.

Name of property	Description	Existing use	Tenure of property	Attributable interest
Held by Company				
Ju Ren Da Sha	Xiang Zhou Yin Hua Lu	Office	50 years lease term	24%
Xiang Zhou Gong Ye Qu No.9 factory	Xiang Zhou Gong Ye Qu	Factory	50 years lease term	100%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

7. Properties under development

	Group	
	2005	2004
	\$'000	\$'000
Properties under development		
- non-current	54,792	62,752
- current	24,667	–
	79,459	62,752
Interest capitalised during the financial year	918	1,411

The Group's properties under development are held by Zhuhai IPC Property Development Co. Ltd., a wholly-owned subsidiary company of the Company which is incorporated in the People's Republic of China.

Details of the Group's properties under development are as follows :

Name of property	Description	Type of development	Tenure of property	Stage of completion/expected date of completion	Site Area sq. m.	Attributable interest
Held through a subsidiary company						
Xu Ri Wan	Zhuhai Tang	Land parcel	50 years lease term	Development stage	64,000	100%
Hua Yuan	Jia Jiu Keng					

50

8. Subsidiary companies

	Company	
	2005	2004
	\$'000	\$'000
Quoted shares, at cost	1,500	1,500
Unquoted shares, at cost	21,999	21,999
Less : Impairment losses	(9,332)	(9,332)
	14,167	14,167
Loans to subsidiary companies	104,255	106,609
Less : Allowance for doubtful receivables	(5,148)	(2,500)
	99,107	104,109
	113,274	118,276
Market value of quoted shares	11,209	10,978

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

8. Subsidiary companies (cont'd)

	Company	
	2005	2004
	\$'000	\$'000
Analysis of allowance for doubtful receivables for loans to subsidiary companies :-		
Balance at 1 January and 31 December	2,500	4,164
Charged to profit and loss account	2,648	2,500
Written off during the year	–	(4,164)
	5,148	2,500

Loans to subsidiary companies are unsecured, interest free, with no fixed terms of repayment, and the Company will not demand repayment within the next twelve months. The amount is deemed as indirect capital contribution by the Company and part of the Group funding structure. Accordingly, the amount is measure at cost as the fair value could not be determined due to the repayment period is uncertain.

Further details regarding the subsidiary companies are set out in Note 3.

De-registration of a subsidiary

The Company de-registered Shanghai Shared Data Network Co. Ltd, a wholly owned subsidiary company on 22 August 2005 at its carrying value.

The value of assets and liabilities of Shanghai Shared Data Network Co. Ltd, recorded in the consolidated financial statements as at 31 March 2005, and the cash flow effect of the disposal were :

	31 March 2005
	\$'000
Trade and other receivables	3
Inventories	2
Cash and cash equivalents	188
	193
Trade and other payables	(279)
	(86)
Total consideration	–
Cash and cash equivalents of the subsidiary company	(188)
	(188)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

9. Associated companies

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Unquoted shares, at cost	1,101	3,824	1,101	1,101
Less : Impairment losses	(1,101)	(3,102)	(1,101)	(1,101)
Share of net post-acquisition losses	-	(643)	-	-
	-	79	-	-
Analysis of impairment losses				
Balance at 1 January	3,102	3,102	1,101	1,101
Disposal	(2,001)	-	-	-
Balance at 31 December	1,101	3,102	1,101	1,101

Further details regarding the associated companies are set out in Note 3.

10. Other investments, net

Available-for-sale financial assets				
Quoted shares	5,428	5,797	5,428	5,720
Less : Impairment losses	(1,779)	(1,779)	(1,779)	(1,779)
	3,649	4,018	3,649	3,941
Unquoted shares	1,756	78,066	1,594	71,118
Less : Impairment losses	(673)	(75,623)	(673)	(70,607)
	1,083	2,443	921	511
Club membership, at cost	200	200	-	-
Less : Impairment losses	(107)	(102)	-	-
	93	98	-	-
Other investments, net	4,825	6,559	4,570	4,452

Included in other investments is a fixed rate deposit of HK\$nil (2004: HK\$8,000,000) placed with an independent venture capital company principally engaged in fund and capital management. The balance bears interest at a rate of 6% per annum. Such deposit was financed by the internally generated fund of the Group. This investment is secured by a guarantee executed by a registered securities dealer on the Stock Exchange of Hong Kong Limited.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

11. Pledged deposit

Pledged deposit represents time deposit pledged to a bank in respect of bank guarantee facilities by the bank to contractors in respect of construction of a subsidiary company's properties under development.

12. Deferred tax asset

	Group	
	2005	2004
	\$'000	\$'000
Deferred tax credited to income statement during the year (Note 27)		
At 1 January	-	-
Tax losses	695	-
Decelerated tax depreciation	26	-
	721	-

Deferred tax assets were not recognised in respect of those tax losses and deductible temporary differences in 2004 as they had arisen in a subsidiary company that has been loss-making for some time.

Since the subsidiary company in which the losses arose started to generate taxable profits in the current year and in the opinion of the directors, it is probable that sufficient taxable profits will be available to utilise the deferred tax assets in the foreseeable future, deferred tax are recognised accordingly.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

13. Properties held for sale

	Group	
	2005 \$'000	2004 \$'000
Land cost	14,937	28,822
Development expenditure	15,197	24,518
	30,134	53,340

The details of the Group's properties held for sale are as follows :

Name of property	Description	Type of development	Tenure of property	Site area sq. m.	Attributable interest
Xin Jia Po Hua Yuan Yi Qi Di Kuai	Zhuhai Xiang Zhou Yin Hua Lu	Residential	50 years lease term	7,099	100%
San Qi Di Kuai	Zhuhai Xiang Zhou Yin Hua Lu	Residential	50 years lease term	21,736	100%
Xu Ri Wan Hua Yuan Yang Fang Bie Shu	Zhuhai Tang Jia Jiu Keung	Residential	50 years lease term	38,887	100%
Xin Jia Po Hua Yuan Yi Qi Shang Pu	Zhuhai Xiang Zhou Yin Hua Lu	Commercial	50 years lease term	5,982	100%

Certain of the Group's properties held for sale had been pledged in 2004 to secure banking facilities for the Zhuhai project as detailed in Note 22 to the financial statements. The pledge had been lifted when the loan was fully repaid in 2005.

14. Trade and other receivables

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade receivables, net	5,158	8,903	11	13
Amounts due from subsidiary companies (Note 15)	–	–	46	6
Amounts due from associated companies (Note 16)	–	–	–	–
Other receivables, net (Note 17)	3,920	2,827	1,281	1,292
	9,078	11,730	1,338	1,311

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

14. Trade and other receivables (cont'd)

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Trade receivables are stated after deducting allowance for doubtful receivables of:-				
Balance at 1 January	46,590	46,582	1,109	1,109
Currency realignment	21	(36)	-	-
Charged to profit and loss	-	310	-	-
Due to subsidiary acquired	-	81	-	-
Written off during the year	(1,215)	-	(1,109)	-
Write back of allowance to profit and loss	(142)	(347)	-	-
Balance at 31 December	45,254	46,590	-	1,109

Trade receivables are non-interest bearing and are generally on 30 to 90 days' term. They are recognised at their original invoice amounts which approximately their fair value on initial recognition.

15. Amounts due from/(to) subsidiary companies

	Company	
	2005	2004
	\$'000	\$'000
Amounts receivable on current account	389	343
Less : Allowance for doubtful receivables	(343)	(337)
	46	6
Amounts payable on current account	(38)	(1,163)
Analysis of allowance for doubtful receivables for amounts receivable on current account :-		
Balance at 1 January	337	1,387
Written off during the year	-	(1,050)
Charged to profit and loss	6	-
Balance at 31 December	343	337

The amounts receivable/(payable) on current accounts are trade related.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

16. Amounts due from/(to) associated companies, net

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Amounts receivable on current account	-	20	-	-
Less : Allowance for doubtful receivables	-	(20)	-	-
	-	-	-	-
Loans to associated companies	357	357	357	357
Less : Allowance for doubtful receivables	(357)	(357)	(357)	(357)
	-	-	-	-
Amount payable on current account	(663)	(663)	-	-
	(663)	(663)	-	-
Analysis of allowance for doubtful receivables for amounts receivable on current account :-				
Balance at 1 January	20	20	-	-
Write back allowance to profit and loss	(20)	-	-	-
Balance at 31 December	-	20	-	-

The amounts receivable/(payable) on current accounts are trade related.

Analysis of allowance for doubtful receivables for loans to associated companies :-

Balance at 1 January and
31 December

357	357	357	357
-----	-----	-----	-----

The loans to associated companies are non-trade related, interest-free, unsecured and are repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

17. Other receivables, net

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Recoverable accounts	823	2,302	–	2
Sundry deposits	253	115	65	65
Loans to staff and third parties	258	29	15	29
Deposits and prepayments	79	58	–	–
Tax recoverable	2,582	1,196	1,201	1,196
	3,995	3,700	1,281	1,292
Less : Allowance for doubtful receivables	(75)	(873)	–	–
	3,920	2,827	1,281	1,292
Analysis of allowance for doubtful receivables :-				
Balance at 1 January	873	486	–	–
Currency realignment	–	(22)	–	–
Subsidiary acquired	–	873	–	–
Written off during the year	(873)	(464)	–	–
Charged to profit and loss	75	–	–	–
Balance at 31 December	75	873	–	–

Included in recoverable accounts is an amount of \$554,000 (2004 : \$412,000) receivable from a third party under a debt assignment agreement entered between IPC Peripherals Pte Ltd, a subsidiary of the Company, and the third party in financial year ended 2000. The receivable is secured by the shares in the Company held by the third party. As the receivable is expected to be settled within the next 12 months by the sale of the shares held as security, it is stated at fair value based on the Singapore Exchange's quoted market bid price at 31 December 2005.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

18. Inventories

	Group	
	2005 \$'000	2004 \$'000
At cost		
Raw materials	101	92
Finished goods	3	3
	104	95

19. Trade and other payables

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade payables	5,722	6,175	45	87
Amounts due to subsidiary companies (Note 15)	–	–	38	1,163
Amounts due to associated companies (Note 16)	663	663	–	–
Other payables (Note 20)	12,284	7,269	1,078	496
	18,669	14,107	1,161	1,746

20. Other payables

Accruals	2,089	1,818	633	391
Advance receipt from customers	3,284	3,373	–	–
Other payables	6,850	2,021	431	87
Provision for unutilised employee annual leave	61	42	14	10
Hire purchase creditor (Note 21)	–	15	–	8
	12,284	7,269	1,078	496

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

21. Hire purchase creditor

The average discount rate implicit in the hire purchase is nil% (2004 : 4.884%) and the future minimum hire purchase payments under the hire purchase agreement are as follows:

	Minimum payments		Present value of payments	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Group				
Present value of minimum lease payments - within one year	-	15	-	15
Company				
Present value of minimum lease payments- within one year	-	8	-	8

22. Interest-bearing loans

	Group	
	2005 \$'000	2004 \$'000
Secured bank loans repayable within one year	10,400	17,901

At 31 December 2005, the Group's bank loan facilities were secured by certain of the Group's properties under development with aggregate carrying amount of approximately \$37,150,048 (Note 7).

At 31 December 2004, the Group's bank loans facilities were secured by the following:

- (i) certain of the Group's leasehold buildings with aggregate carrying amount of approximately \$2,931,205 (Note 5); and
- (ii) certain of the Group's properties held for sale with aggregate carrying amount of approximately \$20,360,802 (Note 13).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

23. Share capital

	Group and Company	
	2005	2004
	\$'000	\$'000
Authorised :-		
1,000,000,000 (2004 : 4,000,000,000) ordinary shares of \$0.20 (2004 : \$0.05) each	200,000	200,000
Issued and fully paid :-		
528,613,579 (2004 : 2,114,455,153) ordinary shares of \$0.20 (2004 : \$0.05) each	105,723	105,723

By an extraordinary general meeting held on 22 December 2004, two resolutions were passed resulting in the reduction of the Company's share premium account to the extent of \$320,655,850, to write off the full amount of the accumulated losses, leaving \$34,315,472 standing credit to the share premium account and the consolidation of every four ordinary share of par value \$0.05 each into one ordinary share of par value \$0.20 each. This was effected on 16 February 2005.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

Under the Capital Restructuring Exercise which was effected on 16 February 2005, the Options was reduced in the same proportion as the ordinary sharers of the Company and the exercise price for each Option was increased proportionately in accordance with the rules of the ESOS.

Under the ESOS, the options granted, exercised and lapsed during the financial year and outstanding as at 31 December 2005 are as follows :

Date granted	Exercise price	Option period	At 1 January 2005 or date of grant if later	No. of share options		
				Lapsed	Reduced Subsequent to Capital Restructuring Exercise on 16 February 2005	At 31 December 2005
1999	\$1.172	12.11.1999 - 11.11.2009	1,067,000	(17,500)	(800,250)	249,250
2001	\$0.228	15.10.2001 - 14.10.2011	900,000	-	(675,000)	225,000
2002	\$0.272	11.03.2002 - 10.03.2007	2,000,000	-	(1,500,000)	500,000
2002	\$0.272	11.03.2002 - 10.03.2012	4,150,000	-	(3,112,500)	1,037,000
			8,117,000	(17,500)	(6,087,750)	2,011,750

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

23. Share capital (cont'd)

The Share Option Committee comprised of Seah Seow Kang Steven, Lee Soo Hoon Phillip and Lee Joo Hai.

No share option was granted during the year.

The options granted under the ESOS in 2002 were granted with a 20% discount, whilst those granted under the ESOS between 1999 - 2001 were granted without any discount.

The options granted had a life span of 120 months, except for those granted to non-executive directors which have a life-span of 60 months from the date of grant.

Except as disclosed in Page 13, no option has been granted to controlling shareholders or their associate and no employee has received 5% or more of the total options available under the ESOS.

24. Share premium

The share premium account may be applied only for purposes specified in the Singapore Companies Act, Cap. 50. The balance is not available for distribution of dividends in the form of shares.

On 25 January 2005, the high court granted the reduction of the Company's share premium account by \$320,655,850 to write off the Company's accumulated losses by the same amount. This was effected on 16 February 2005.

25. Asset revaluation reserve

The asset revaluation reserve records increases in the fair value of leasehold buildings and decrease to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

26. Other reserve

Other reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

27. Revenue

Revenue represents the invoiced value of goods sold net of goods and services tax, returned goods and trade discounts. It excludes dividends, interest income and in respect of the Group, all intra-group transactions.

	Group	
	2005	2004
	\$'000	\$'000
Revenue		
Revenue is analysed as follows:-		
Sales of goods and products	3,730	3,807
Services rendered	11	393
Sales of development properties	34,067	28,120
Education income	2,420	941
	40,228	33,261
	40,228	33,261

Other income

Interest income	438	101
Negative goodwill on acquisition	-	1,274
Rental income	387	372
Dividend income	270	-
Gain on disposal of other investments	8,329	2,618
Gain on de-registration of a subsidiary company	86	-
Others	224	263
	9,734	4,628
	9,734	4,628

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

28. Profit/(loss) before taxation

	Group	
	2005	2004
	\$'000	\$'000
This is stated after charging/(crediting) :-		
Auditors' remuneration :-		
Auditors of the Company		
- current year	69	74
Other auditors of subsidiary companies	117	94
Non-audit fees:		
Auditors of the Company		
- current year	6	21
Directors' emoluments:-		
Directors of the Company		
- fees	95	90
- Central Provident Fund	22	26
- salaries, allowances and profit sharing	1,054	765
Directors of subsidiary companies:-		
- fees	96	70
- Central Provident Fund	16	17
- salaries and allowances	485	504
Allowance for doubtful receivables	75	310
Amortisation of intangible assets	-	1,661
Depreciation of property, plant and equipment	556	779
Foreign exchange (gain)/loss	(238)	265
Hire purchases interest	-	1
Inventories written off	-	21
Loss on disposal/write-off of property, plant and equipment	110	342
Impairment losses in other investments	641	193
Impairment losses in goodwill on consolidation	-	506
Bad debts recovered	(4)	(141)
Bad debts written off	7	-
Provision for unutilised annual leaves	19	11
Staff costs (excluding directors' remuneration):-		
- Central Provident Fund	267	200
- salaries and allowances (include \$972,780 charged to cost of sales)	2,778	2,017
Write back of allowance for doubtful receivables	(162)	(347)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

29. Taxation

	Group	
	2005 \$'000	2004 \$'000
<i>Current income tax</i>	485	5
Overprovision in respect of prior years	(289)	(27)
Tax on dividend income to be recovered	–	(580)
<i>Deferred income tax</i>		
Benefits from previously unrecognised tax losses and timing differences	(721)	–
	(525)	(602)

A reconciliation of the income tax determined on the results of the Group by applying the Singapore Statutory income tax rate to the income tax expense is as follows :

Profit/(loss) before income tax	8,159	(1,811)
Tax calculated at statutory tax rate of 20% (2004 : 20%)	1,632	(362)
Expenses not deductible for tax purposes	302	(630)
Income not subjected to tax	(1,805)	–
Tax assets not recognised	401	945
Difference arising from higher foreign tax rate applicable to foreign subsidiary companies	(45)	49
Deferred income tax	(721)	–
Overprovision in respect of prior years	(289)	(27)
Tax benefit not allowed	–	3
Tax on dividend income to be recovered	–	(580)
	(525)	(602)

The Group has tax losses of \$146 million (2004 : \$143 million) which includes development and expansion tax losses of \$15.8 million (2004 : \$15.8 million) and pioneer tax losses of \$104.4 million (2004 : \$104.4 million) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

30. Earnings/(loss) per share

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) after taxation and minority interests of \$8.558 million (2004 : \$(0.627) million), by the number of 528,613,759 (2004 : 2,114,455,153) ordinary shares in issue during the financial year.

For the purpose of calculating the diluted earnings for ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding. The effect of the exercise of share options on the weighted average number of ordinary shares in issue is as follows :

	2005	2004
	No. of shares	
	'000	'000
Weighted average number of :		
Ordinary shares used in the calculation of basic earning per share	528,614	2,114,455
Potential ordinary shares issuable under share options	2,012	8,117
<hr/>		
Weighted average number of ordinary issued and potential shares assuming full conversion	530,626	2,122,572

31. Dividends

	Group and Company	
	2005	2004
	\$'000	\$'000
Declared and paid during the year		
Final exempt dividend for 2004: 0.25 cents (2003: nil) per ordinary shares	1,322	–
<hr/>		
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders approval at the AGM:		
Final exempt dividend for 2005: 0.25 cents (2004: 0.25 cents) per ordinary share	1,322	1,322

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

32. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flow comprise the following balance sheet amounts:

	Group	
	2005	2004
	\$'000	\$'000
Cash at banks and in hand	10,694	9,305
Fixed deposits	24,241	10,556
	34,935	19,861
Less : Bank Escrow	(418)	–
	34,517	19,861

Bank Escrow represents amount held under "Student Tuition Fee Account ("Escrow") which were placed in the custody of a Consumers Association of Singapore ("CASE") endorsed bank.

Short term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interests at floating rates ranging from 0.80% to 3.85% (2004: 0.50% to 1.25%) per annum.

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33. Segment information

The Company's operating businesses are organized and managed separately according to the nature of products and services provided with each segment representing a strategic business unit that offers different products and serves different markets. The Thin Computing segment is a leading provider of pervasive computing solutions that effectively reduce the Total Cost of Ownership (TCO) of computing environments. The Infocomm Product and Broadband Systems Integration segment is a provider of in-premise wireless communications systems and broadband multimedia solutions for multi-dwelling units (MDU). The Properties segment is a property developer of a residential cum commercial project in Zhuhai, China. Segment accounting policies are the same as the policies described in Note 2. The education segment is a premier education provider. The Company generally accounts for intersegment sales and transfers as if the sale or transfers were to third parties at market prices. Revenues are attributed to geographical areas based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are based on the location of those assets.

The following tables present revenues and profit information regarding industry segments for the years ended 31 December 2005 and 2004 and certain asset and liability information regarding industry segments at 31 December 2005 and 2004.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

33. Segment information (cont'd)

	Thin Computing		Properties		Education		Infocomm Product and Broadband Systems Integration and others		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customer	3,716	3,758	34,067	28,120	2,420	941	25	442	-	-	40,228	33,261
Intersegment sales	-	-	-	-	-	-	83	13	(83)	(13)	-	-
Other income	-	-	151	127	-	-	235	244	-	-	386	371
	3,716	3,758	34,218	28,247	2,420	941	343	699	(83)	(13)	40,614	33,632
Unallocated other income											9,348	4,257
Total revenue											49,962	37,889
Segment result	1,099	(1,632)	2,718	(108)	(1,730)	(1,108)	6,081	1,044	-	-	8,168	(1,804)
Finance costs											(9)	(7)
Profit/(loss) before taxation											8,159	(1,811)
Taxation											525	602
Profit/(loss) for the year											8,684	(1,209)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

33. Segment information (cont'd)

Business Segments

	Thin Computing		Properties		Education		Infocomm Product and Broadband Systems Integration and others		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets (Note i)	7,060	5,017	146,614	145,086	3,579	5,377	42,657	33,944	(19,106)	(13,829)	180,804	175,595
Investments in associated companies	-	-	-	-	-	-	-	79	-	-	-	79
Total assets	7,060	5,017	146,614	145,086	3,579	5,377	42,657	34,023	(19,106)	(13,829)	180,804	175,674
Segment liabilities (Note iii)	1,036	893	18,878	21,975	1,578	1,665	7,577	7,475	-	-	29,069	32,008
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	77	344
Total liabilities	-	-	-	-	-	-	-	-	-	-	29,146	32,352
Capital expenditure (Note iv)	-	-	5	44	31	731	450	289	-	-	486	1,064
Depreciation	1	36	108	101	151	71	296	571	-	-	556	779
Amortisation	-	1,619	-	-	-	-	-	42	-	-	-	1,661
Impairment losses	-	-	-	-	-	-	641	699	-	-	641	699
Other significant non-cash expenses	4	52	75	-	-	-	113	600	-	-	192	652

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

33. Segment information (cont'd)

Geographical Segments

	Asia Pacific		America		Europe		Others		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Geographical segments												
Sales to external customers	37,005	30,405	1,343	945	1,453	1,688	427	223	-	-	40,228	33,261
Intersegment sales	83	13	-	-	-	-	-	-	(83)	(13)	-	-
Other income	386	371	-	-	-	-	-	-	-	-	386	371
	37,474	30,789	1,343	945	1,453	1,688	427	223	(83)	(13)	40,614	33,632
Unallocated other income											9,348	4,257
Total revenue											49,962	37,889
Other geographical information:												
Segment assets (Note ii)	179,821	175,657	983	17	-	-	-	-	-	-	180,804	175,674
Capital expenditure (Note iv)	486	1,064	-	-	-	-	-	-	-	-	486	1,064

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

33. Segment information (cont'd)

Note i : Segment assets comprise property, plant and equipment, intangible assets, investment properties, properties under development, other investments, pledged deposit and current assets.

Note ii : Segment assets comprise property, plant and equipment, intangible assets, investment properties, properties under development, investments in associated companies, other investments, pledged deposit and current assets.

Note iii : Segment liabilities comprise total current and non-current liabilities, except tax liabilities.

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

34. Significant related party transactions

The following are the significant related party transactions entered into by the Company and the Group on terms agreed between the parties :-

	Company	
	2005	2004
	\$'000	\$'000
Subsidiary companies		
Rental income	72	72
Management fee received	105	687

There were no known interested person transactions during the year 2005 (2004: nil).

Compensation to key management personnel

	Group	
	2005	2004
	\$'000	\$'000
Comprise of short-term employee benefits paid to:		
- directors of the Company	1,171	881
- other key management personnel	753	591
	1,924	1,472

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

35. Lease commitments

The Group leases certain property under lease agreements that are non-cancellable within a year. Lease terms do not contain any restrictions on the Group's activities concerning dividends, additional debt or further leasing. Lease payments recognised in the consolidated profit and loss account during the year amounted to \$770,000 (2004 : \$546,000).

Future minimum lease payments for all leases with initial or remaining term of one year or more are as follows :-

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Within one year	613	672	126	186
Between 2 to 5 years	503	1,168	503	743
More than 5 years	1,201	1,965	1,201	1,965
	2,317	3,805	1,830	2,894

36. Commitments

- (a) At 31 December 2005, the Group has commitments in respect of construction of the Group's properties under development as follows :

	Group	
	2005	2004
	\$'000	\$'000
Contracted, but not provided for	2,669	5,106
Authorised, but not contracted for	5,301	21,879
	7,970	26,985

- (b) IPC Zhuhai, a wholly-owned subsidiary of IPC, is the developer of Costa Del Sol residential and commercial project in Zhuhai. It is customary for banks in China to require the developers to provide counter-guarantee for mortgage loan extended to buyers of the developers' properties.

Under the counter-guarantee provided by IPC Zhuhai to banks in China, any default on the mortgage loan from the mortgagee will require IPC Zhuhai to pay to the banks for the balance amount unrecovered from proceeds of the property sold and other legal recovering proceedings against the mortgagee.

However, given that the banks only extend mortgage loans of up to 70% of the purchase price of units of Costa Del Sol, and that the banks had not notified IPC Zhuhai of any outstanding loan amounts in default, it is therefore not possible for IPC Zhuhai as at 31 December 2005 to quantify this commitment, if any.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2005

(In Singapore dollars)

37. Financial risk management

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below :-

Interest rate risk

The Group obtains financing through bank borrowings and leasing arrangements. The Group's policy is to obtain any financing at the most favourable interest rates available and in currencies that reflect minimum foreign currency exposure.

Surplus funds are placed with reputable banks.

Liquidity risk

Funding is generally obtained from internal resources of the Group and bank borrowings. The Group manages this risk by monitoring working capital projections.

Foreign currency risk

The Group does not use foreign exchange contracts in managing its foreign currency risk arising from cash flows from anticipated transactions and financing arrangements denominated in foreign currencies, primarily the Renminbi, Hong Kong dollars and US dollars. Hence, transaction risk is subjected to the fluctuation of foreign currency risk.

Credit risk

The carrying amount of investments, trade and other receivables represent the Group's maximum exposure to credit risk. No other financial asset carries a significant exposure to credit risk.

Fair values

The financial assets and financial liabilities of the Group are carried at fair values except for unquoted equity investments which are carried at cost, net of impairment losses of \$1,083,000 (2004 : \$2,443,000) due to their fair value cannot be reliably measured.

The carrying amounts of trade and other receivables, development properties, inventories, fixed deposits, cash, trade and other payables approximate their fair values due to their short-term nature.

38. Comparative figures

Comparatives in the financial statements have been changed from the previous year due to the changes in accounting policies as described in Note 2.

STATISTICS OF SHAREHOLDINGS AS AT 15 MARCH 2006

Issued and fully paid up capital	:	S\$140,038,229.49
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	10,797	30.53	5,015,680	0.95
1,000 - 10,000	19,907	56.29	62,040,544	11.74
10,001 - 1,000,000	4,631	13.10	172,396,155	32.61
1,000,001 and above	28	0.08	289,161,380	54.70
Total	35,363	100.00	528,613,759	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CHIP LIAN INVESTMENTS PTE LTD	63,604,000	12.03
2	ESSEX INVESTMENT (S) PTE LTD	50,387,433	9.53
3	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	47,233,134	8.94
4	DBS NOMINEES PTE LTD	14,199,377	2.69
5	CITIBANK NOMINEES SINGAPORE PTE LTD	12,559,906	2.38
6	RAFFLES NOMINEES PTE LTD	11,312,250	2.14
7	LAUW HUI KIAN	7,731,860	1.46
8	KIM ENG SECURITIES PTE. LTD.	7,422,345	1.40
9	NGIAM MIA HAI BERNARD	7,306,860	1.38
10	NGIAM MIA JE PATRICK	7,093,208	1.34
11	NGIAM MIA HONG ALFRED	7,056,860	1.33
12	NGIAM MIA KIAT BENJAMIN	7,024,541	1.33
13	KEE SUE HWA	5,412,712	1.02
14	OCBC SECURITIES PRIVATE LTD	5,106,750	0.97
15	OCBC NOMINEES SINGAPORE	5,026,888	0.95
16	THE KOREA DEVELOPMENT BANK	4,958,296	0.94
17	DBS VICKERS SECURITIES (S) PTE LTD	3,929,327	0.74
18	TAIWAN COOPERATIVE BANK OFFSHORE BANKING BRANCH	3,542,041	0.67
19	UOB KAY HIAN PTE LTD	2,578,500	0.49
20	CUI ZHENNAN	2,500,000	0.47
		275,986,288	52.20

Percentage of Shareholdings in Public's Hands

63.74% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

STATISTICS OF SHAREHOLDINGS AS AT 15 MARCH 2006

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Chip Lian Investments Pte Ltd	63,604,000	12.03	-	-
Chip Lian Private Limited ¹	-	-	63,604,000	12.03
Oei Hong Leong ²	-	-	63,604,000	12.03
Essex Investment (Singapore) Pte Ltd ("Essex")	50,387,433	9.53	-	-
Ngiam Mia Je Patrick ³	7,093,208	1.34	58,119,293	10.99
Ngiam Mia Kiat Benjamin ⁴	7,024,541	1.33	50,387,433	9.53
Lauw Hui Kian ⁵	7,731,860	1.46	57,480,641	10.87
United Overseas Bank Limited ⁶	-	-	41,481,509	7.85

Notes:

- Deemed interest in 63,604,000 shares held by Chip Lian Investments Pte Ltd ("CLI") by virtue of Section 7 of the Companies Act, Cap. 50 (the "Act"). CLI is a wholly-owned subsidiary of Chip Lian Private Limited.
- Deemed interest in 63,604,000 shares held by Chip Lian Investments Pte Ltd ("CLI") by virtue of Section 7 of the Act. Oei Hong Leong ("OHL") owns more than 50% of the issued shares in the capital of Chip Lian Private Limited, which, in turn, hold 100% of the issued shares in the capital of CLI. By virtue of Section 7 of the Act, OHL is deemed to be interested in 63,604,000 shares held by CLI.
- Deemed interest in 50,387,433 shares held by Essex by virtue of Section 7 of the Act and 7,731,860 shares held by Ms Lauw Hui Kian by virtue of Section 164 of the Act.
- Deemed interest in 50,387,433 shares held by Essex by virtue of Section 7 of the Act.
- Deemed interest in 50,387,433 shares held by Essex by virtue of Section 7 of the Act and 7,093,208 shares held by Mr Ngiam Mia Je Patrick by virtue of Section 164 of the Act.
- United Overseas Bank Limited is the beneficial owner of 41,481,509 shares held by UOB Nominees Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of IPC Corporation Ltd ("the Company") will be held at 23 Tai Seng Drive, IPC Building, Singapore 535224 on Thursday, 27 April 2006 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2005 together with the Auditors' Report thereon.

(Resolution 1)
2. To declare a first and final tax exempt dividend of 0.25 cents per share for the year ended 31 December 2005 (2004: 0.25 cents per share).

(Resolution 2)
3. To re-elect the following Directors retiring pursuant to Article 90 of the Company's Articles of Association:

Mr Ngiam Mia Hai Bernard **(Resolution 3)**
Mr Seah Seow Kang Steven **(Resolution 4)**

Mr Seah Seow Kang Steven will, upon re-election as a Director of the Company, remain Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent.
4. To approve the payment of Directors' fees of S\$95,000.00 for the year ended 31 December 2005 (2004: S\$95,000.00)

(Resolution 5)
5. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.

(Resolution 6)
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to allot and issue shares up to 50 per centum (50%) of issued shares in the capital of the Company

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares and convertible securities in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued shares in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued shares in the capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. [See Explanatory Note (i)]

(Resolution 7)

8. Authority to allot and issue shares under the IPC Employees' Share Option Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the IPC Employees' Share Option Scheme ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (ii)]

(Resolution 8)

By Order of the Board

Ngiam Mia Hai Bernard
Secretary
Singapore, 11 April 2006

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued shares in the capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued shares in the capital of the Company.

For the purpose of this resolution, the percentage of issued shares is based on the issued shares in the capital of the Company at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

- (ii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoke by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued ordinary shares in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 23 Tai Seng Drive, IPC Building, Singapore 535224 not less than 48 hours before the time appointed for holding the Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of IPC Corporation Ltd (the "Company") will be closed on 6 May 2006 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Lim Associates (Pte) Ltd, 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 up to 5.00 p.m. on 5 May 2006 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 5 May 2006 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 27 April 2006 will be made on 18 May 2006.

PROXY FORM

(Please see notes overleaf before completing this form)

IMPORTANT:

1. For investors who have used their CPF monies to buy IPC CORPORATION LTD's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____
of _____
being a member/members of IPC Corporation Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 27 April 2006 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2005		
2	Payment of proposed first and final tax exempt dividend		
3	Re-election of Mr Ngiam Mia Hai Bernard as a Director		
4	Re-election of Mr Seah Seow Kang Steven as a Director		
5	Approval of Directors' fees amounting to S\$95,000.00		
6	Re-appointment of Messrs Ernst & Young as Auditors		
7	Authority to allot and issue new shares		
8	Authority to allot and issue shares under the IPC Employees' Share Option Scheme		

Dated this _____ day of _____ 2006

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

*Delete where inapplicable

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 23 Tai Seng Drive, IPC Building, Singapore 535224 not less than 48 hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

The image features two white, fluted classical columns of varying heights. Each column is topped with a black graduation cap (mortarboard) with a black tassel hanging from the right side. The columns are set against a dramatic, cloudy sky with a warm, golden-brown color palette. The overall composition is a low-angle shot, making the columns appear to rise steeply towards the top of the frame.

IPC Corporation Ltd

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