



ANNUAL REPORT 2006



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CHAIRMAN'S STATEMENT

In 2006, the Group's IT business achieved positive contribution and sustainable growth. In addition, the receipt of a patent from the US Patent and Trade Office in Washington DC for its Proprietary System and Method for Configuring a Multi-User Computer System is yet another important achievement and a testament to the positive direction and investment in the Group's IT R&D program.

Despite the positive contribution from the Group's IT business, the overall Group results were negatively impacted by the loss incurred in the education business and the unforeseen measures implemented by the PRC government to curb the property market from overheating in China. The unforeseen measures and the hike in construction costs have resulted in a loss in the Group's sales of completed apartment units of the residential and commercial property development project in Zhuhai, China.

For the Group's education business, efforts and resources were dedicated towards getting its courses realigned and establishing direct linkage to colleges and institutions in China, Sri Lanka, Myanmar and India for running twinning program in the Tourism and Hospitality courses. On 28 Feb 2007, the acquisition of two education businesses - the Business Management and the Early Childhood Teachers Training, has strengthened the competitiveness of the Group's education business, which is now well-poised to contribute positively to the Group's immediate future.

At the same time, the Group maintains its prudent management of cash and assets, and where appropriate, will dispose off assets for cash. The disposal of the IPC building was completed on 5 Jan 2007. This resulted in an additional cash of S\$7.1m to the Group's cash on hand of S\$34.1 m, as at 31 Dec 2006.

Financial Review

Group revenue for the year decreased by about 20% to S\$32.1 million when compared to S\$40.2 million in the previous year, with the Group's IT and education businesses accounting for approximately 12.6% and 6.7% of the revenue respectively with the remaining 80.7% generated from the residential and commercial property development project in Zhuhai, China ("the property development project").

The decrease in Group revenue was mainly due to the decrease of 24% and 10% in sales from the property development project and in total fees of the education business respectively. Consequently, the decrease in the property development project and education business was due to slower sales rate as a result of the recent unforeseen measures implemented by the Chinese government to curb property market from overheating and the lower student in-take from China due to keen competition from other countries. On the other hand, revenue from Thin Computing increased by 9% from better sales of its core-products.

The profit of S\$2.3 million from Thin Computing and other income were weighed down by the loss of S\$2.0 million from the education business, the decrease in revenue and higher construction cost which resulted in a loss of S\$4.3 million from the property development project. Consequently, the Group incurred a loss, after tax attributable to shareholders, of S\$3.3 million for the period under review.

Corporate Outlook and Strategy

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

With the net cash on hand, the Group will seek out investment opportunities that will synergise with the Group's development objective and enhance shareholders' value.

Following the acquisition of the two education businesses on 28 Feb 2007, the education business of the Group has been restructured to focus on Tourism and Hospitality, Early Childhood Teachers Training and Business Management programs and is expected to turn in significantly improved results in FY07.

Additionally, the Group will continue with the completion of the residential and commercial property development project in Zhuhai, China. Barring any unforeseen building material cost hike and no further adverse effect from the Chinese government's recent implementation

of measures to curb property market from overheating, the Group expects contribution from the sales of completed residential apartments in Zhuhai, China.

Appreciation

We are recommending a dividend payout of 0.25 cents per share, subject to approval at AGM, to reward our valued shareholders.

We thank you for your continual support all these years, and we look forward to sharing the Group's rewarding results with you in the coming year.



Ngiam Mia Je Patrick
Chairman and Chief Executive Officer



CORPORATE INFORMATION

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Ngiam Mia Hai Bernard

COMPANY REGISTRATION NO.

198501057M

REGISTERED OFFICE

23 Tai Seng Drive #06-00
Singapore 535224
Tel: 67442688 Fax: 67430691
www.ipc.com.sg

SHARE REGISTRAR'S OFFICE

Lim Associates (Pte) Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483
Tel: 65365355 Fax: 65361360

AUDITORS

Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583

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 from the Southern California University, USA, for Professional Studies 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 IT R & 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

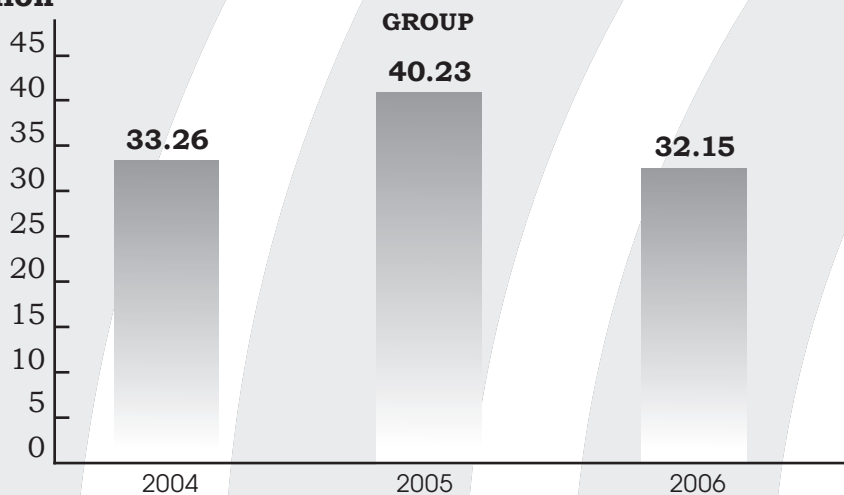
is a Certified Public Accountant of Singapore and is a member of the Institute of Chartered Accountants in England and Wales. His experience in accounting, auditing, taxation and company secretarial work spans more than 25 years. He is currently a partner in a public accounting firm in Singapore.

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.

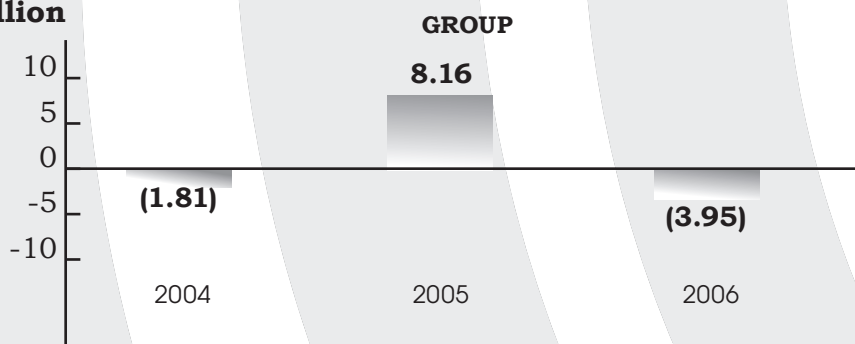
Total Turnover

S\$ million



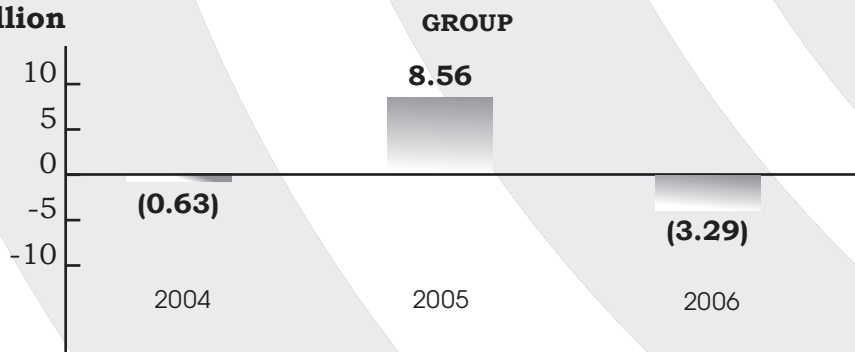
Net Profit/(Loss) before Tax and Minority Interests

S\$ million



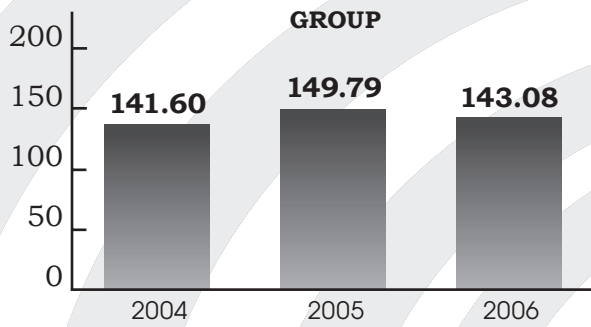
Net Profit/(Loss) after Tax and Minority Interests

S\$ million

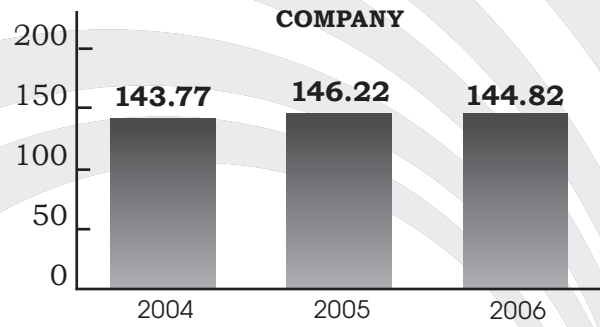


Shareholders' Funds before Minority Interests

S\$ million

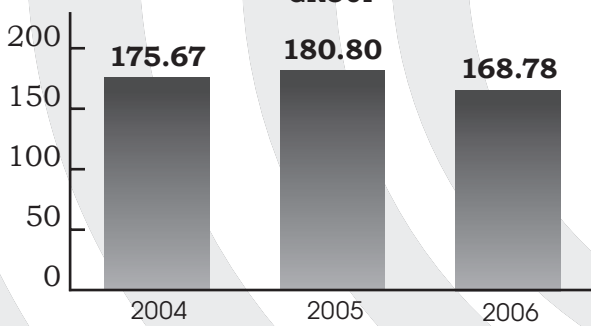


S\$ million

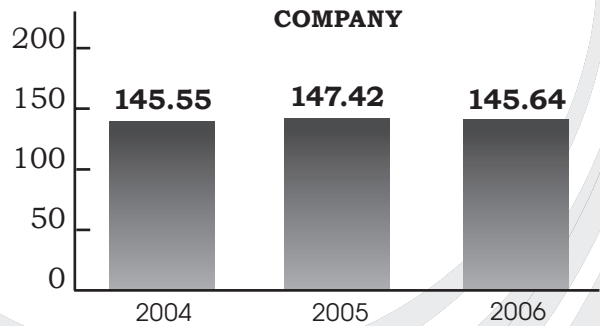


Total Assets

S\$ million

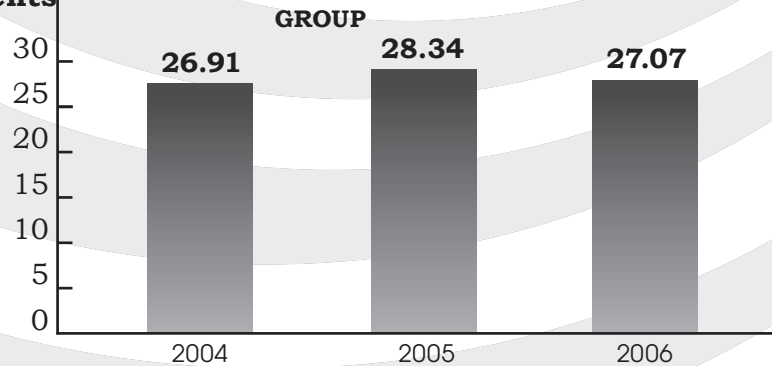


S\$ million



Net Tangible Asset (NTA) backing per ordinary share

cents



REVIEW OF OPERATIONS

Education

The education arm of IPC Corporation Ltd comprises mainly the Nanyang Institute of Management (Nanyang) (www.nanyang.edu.sg). The private education entity was established in August 2001. On 28 Feb 2007, following the acquisition of the two businesses from and subscription of new shares by HEG Singapore Pte Ltd, details of which were previously announced on 28 Feb 2007, IPC's stake in Nanyang has been reduced from 81.5% to 40%. The remaining 60% is owned by HEG Singapore Pte Ltd and EDB Investment Pte Ltd at 51% and 9% respectively.

Nanyang is strategically focused on providing market relevant education programs in Tourism & Hospitality, Early Childhood Teachers Training and Business Management. It provides a wide range of certifications from Diploma to Post-graduate degrees, and was awarded the highly acclaimed SQC for PEO, CASE TRUST for education and ISO 9001:2000, reflecting its commitment to providing high quality education and excellent student welfare.

The school has successfully established a wide overseas marketing network in countries like China, Sri Lanka, India, Myanmar and Vietnam. At the same time, the school has obtained articulations from universities in the United Kingdom and Australia for its Diploma and Advanced Diploma Programs.

Going forward, Nanyang will continue to expand its market share and courses to maintain its competitive edge in the education industry.



Information Technology

2006 was an exceptional year for ThinSoft (Holdings) Inc (“Thinsoft”), as the company demonstrated sustained growth in its core business while retaining its leadership position in Thin Computing. The importance the Group management placed in the United States market has reaped dividends where sales increased by 54.7% and its sales and marketing initiatives were implemented in other markets around the world to great success.

ThinSoft's turnover improved by HK\$3.2m or 18.2% to HK\$20.6m from the prior year as the ThinSoft software suites widen their appeal from individuals to large corporations and government entities. The proven reliability of its award winning products, particularly WinConnect Server has also ensured that its software solutions penetrated far reaching market places throughout the world.

Operating profit before tax improved by 21.9% over the prior year and bolstered by an 18.2% higher turnover. One of the financial highlights for the year was that the pre-tax operating income rose 21.9% to approximately HK\$6.3 million from HK\$5.1 million in the prior year.

In the intellectual property department, the awarding of a patent no. 7,030,836 by the US

Patent and Trade Office in Washington, DC for Thinsoft Proprietary System and Method for Configuring a Multi-User Computer System reaffirms Thinsoft's reputation as a market leader as well as its ability to consistently deliver value added products to its customers.

Sales trends within the US market continue to be very positive with revenue on the rise. Recognising the importance of the US market as well as Thinsoft's focus on improving customer experience and to intensify sales initiatives, several marketing developments were made including the setting up of a Customer Care Centre in CA, USA and revamping of the website for better on-line sales. The Group's infrastructure has also been fine-tuned to ensure a satisfactory experience for customers throughout the process of purchase to installation and after sales services.

Key tradeshow in various international markets such as Futurecom 2006 in Brazil, Infotel 2006 in Sri Lanka and Orbit iEx in Germany have enabled the showcasing of product solutions such as WinConnect Server, WinConnect, BeTwin and Buddy to international dealers. Notably, Thinsoft participated in the largest consumer electronics trade show in Europe at CeBit 2007 in Hannover, Germany.



Property Investment

The Group is the developer of Costa del Sol (www.costadelsol.com.cn), a premium residential and commercial property project in Zhuhai, PRC. The development stands on an approximately 170,000 sq m plot of land with plot-ratio 1:1.

The project has won the Group several accolades including the Zhuhai top star property award in 2002 and 2003, and Zhuhai landscaping gold medal property award in 2004. The Group was also an award recipient of the 9th International Garden City Awards for being one of China's best international garden communities.

The last phase of development for the resident apartment units would complete in the year 2007.

The commercial property of the development, comprising the retail units and hotel shall be completed in the year 2007/08.



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

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 2006 and the balance sheet and statement of changes in equity of the Company as at 31 December 2006.

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 Kian | |
| 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 01.01.2006 | At 31.12.2006 | At 01.01.2006 | At 31.12.2006 |

IPC Corporation Ltd

Ordinary shares

| | | | | |
|-------------------------|-----------|-----------|------------|------------|
| Ngiam Mia Je Patrick | 7,093,208 | 7,093,208 | 58,119,293 | 58,119,293 |
| Ngiam Mia Kiat Benjamin | 7,024,541 | 7,024,541 | 50,387,433 | 50,387,433 |
| Lauw Hui Kian | 7,731,860 | 7,731,860 | 57,480,641 | 57,480,641 |
| Ngiam Mia Hai Bernard | 7,306,860 | 7,306,860 | - | - |
| Ngiam Mia Hong Alfred | 7,056,860 | 7,056,860 | - | - |
| Seah Seow Kang Steven | 31,011 | 31,011 | - | - |

Options granted to subscribe for ordinary shares

| | | | | |
|--------------------------|---------|---------|---|---|
| Ngiam Mia Hai Bernard | 150,000 | 150,000 | - | - |
| Ngiam Mia Hong Alfred | 150,000 | 150,000 | - | - |
| William Michael Driscoll | 150,000 | 150,000 | - | - |
| Lee Soo Hoon Phillip | 250,000 | 250,000 | - | - |
| Lee Joo Hai | 250,000 | 250,000 | - | - |

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

REPORT OF THE DIRECTORS

There was no change in any of the abovementioned interests between the end of the financial year and 21 January 2007.

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.

(b) Unissued ordinary shares at 31 December 2006 comprised: -

| | Ordinary shares | 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.

On behalf of the Board,



Ngiam Mia Je Patrick
Chairman



Ngiam Mia Kiat Benjamin
Director

Singapore
22 March 2007

The Directors and Management of IPC Corporation Ltd (the "Company") are committed to maintaining a high standard of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2005 (the "Code") issued by the Ministry of Finance on 14 July 2005. In areas where the Company deviates from the Code, rationales are provided.

This Report describes the Company's corporate governance processes and activities. For ease of reference, the relevant provisions of the Code under discussion are 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 as and when required. 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 on Page 20 of this Report.

All directors have access to the company secretary who provides the Board with regular updates on corporate governance processes and listing requirements of the SGX. The company secretary also attends all Board meetings and assists the Chairman in ensuring that Board procedures are followed and reviewed such that the Board functions effectively.

All directors also have access 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 formed on 2 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 2006, 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, who is an executive director.

The Company believes that the non-executive and independent directors have demonstrated high commitments in their roles 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.

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. Monthly reports and quarterly reports of the Company's financial performance are provided to the executive directors and the Board respectively. 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 attends all Board meetings and is responsible for ensuring that Board procedures are followed. It is the responsibility of the company secretary and Management 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 and Board Committees.

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 Annual General Meeting ("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 Articles for re-election at the forthcoming AGM.

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 financial 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

REPORT OF CORPORATE GOVERNANCE

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 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.

In accordance with the recent amendments to the Code, the AC has adopted a whistle-blowing policy which is in the process of being implemented by Management. The whistle-blowing policy serves to encourage and provides a channel where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters.

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 2 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

The RC's principal responsibilities are to:

1. review and recommend to the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the executive directors and senior executives/divisional directors 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; and
2. 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 interests with those of the shareholders.

The RC has reviewed and recommended to the Board, the renewal of the service contracts of the executive directors. Each of the executive directors' service contract was renewed on 10 April 2006 for a period of 5 years.

For competitive reasons, 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 2006 is provided as follows:

| | Profit sharing | Remuneration | Director's fee |
|---------------------------|-----------------------|---------------------|-----------------------|
| | % | % | % |
| \$250,000 to \$499,999 | | | |
| - Ngiam Mia Je Patrick | - | 100 | - |
| - Ngiam Mia Kiat Benjamin | - | 100 | - |
| - Lauw Hui Kian | - | 100 | - |
| - Ngiam Mia Hai Bernard | - | 100 | - |
| - Ngiam Mia Hong Alfred | - | 100 | - |

REPORT OF CORPORATE GOVERNANCE

| | Profit sharing | Remuneration | Director's fee |
|----------------------------|----------------|--------------|----------------|
| | % | % | % |
| 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 interests of the Company and the employees to disclose such details due to the sensitive nature of such 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 | 3 | 3 | - | - | - | - | 2 | 2 |
| Ngiam Mia Kiat Benjamin | 3 | 3 | - | - | - | - | - | - |
| Lauw Hui Kian ¹ | 3 | 3 | - | - | 1 | 1 | - | - |
| Ngiam Mia Hai Bernard | 3 | 3 | - | - | - | - | - | - |
| Ngiam Mia Hong Alfred | 3 | 3 | - | - | - | - | - | - |
| Lee Soo Hoon Phillip | 3 | 3 | 2 | 2 | 1 | 1 | - | - |
| Lee Joo Hai ² | 3 | 3 | 2 | 2 | - | - | 2 | 2 |
| Seah Seow Kang Steven | 3 | 3 | 2 | 2 | 1 | 1 | 2 | 2 |
| William Michael Driscoll | 3 | 2 | - | - | - | - | - | - |

William Michael Driscoll is based in USA.

Notes:

- 1 Ms Lauw Hui Kian resigned as member of Remuneration Committee on 13 February 2006
- 2 Mr Lee Joo Hai appointed as member of Remuneration Committee on 13 February 2006

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 at www.ipc.com.sg.

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 a daily newspaper and is made available on the SGXNET. At the AGM, shareholders are given the opportunity to air their views and ask directors and/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 a code of conduct to provide guidance to its officers with regards to dealings in Company's securities which states that its directors and officers are not allowed to deal in the Company's securities 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, and at any time they are in possession of unpublished material price sensitive information. This is in line with Rule 1207(18) of the Listing Manual of the SGX-ST on Dealings in Securities.

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 35 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 2006.

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 64, 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 2006 and of the results of the business, 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



Ngiam Mia Kiat Benjamin
Director

Singapore
22 March 2007

INDEPENDENT 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 64, which comprise the balance sheet of the Group and the Company as at 31 December 2006, the statement of changes in equity of the Group and the Company, the profit and loss account and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

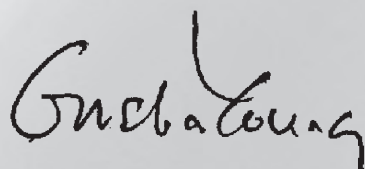
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (i) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



ERNST & YOUNG
Certified Public Accountants

Singapore
22 March 2007

BALANCE SHEETS AS AT 31 DECEMBER 2006

(In Singapore dollars)

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2006 \$'000 | 2005 \$'000 | 2006 \$'000 | 2005 \$'000 |
| Non-current assets | | | | | |
| Intangible assets, net | 4 | - | - | - | - |
| Property, plant and equipment, net | 5 | 11,252 | 12,175 | 275 | 8,207 |
| Investment properties | 6 | 8,730 | 8,730 | 8,730 | 8,730 |
| Properties under development | 7 | 46,274 | 54,792 | - | - |
| Land held for development | 8 | 9,869 | - | - | - |
| Prepaid land lease payments | 9 | 6,420 | - | - | - |
| Subsidiary companies | 10 | - | - | 110,587 | 113,274 |
| Associated companies | 11 | - | - | - | - |
| Other investments, net | 12 | 4,746 | 4,825 | 3,144 | 4,570 |
| Pledged deposit | 13 | - | 643 | - | - |
| Deferred tax asset | 14 | 521 | 721 | - | - |
| Total non-current assets | | 87,812 | 81,886 | 122,736 | 134,781 |
| Current assets | | | | | |
| Properties held for sale | 15 | 36,947 | 30,134 | 7,021 | - |
| Properties under development | 7 | - | 24,667 | - | - |
| Prepaid land lease payments | 9 | 107 | - | - | - |
| Trade and other receivables | 16 | 8,307 | 9,078 | 2,522 | 1,338 |
| Inventories | 20 | 65 | 104 | - | - |
| Fixed deposits | | 20,104 | 24,241 | 9,598 | 11,073 |
| Cash at bank and in hand | | 15,435 | 10,694 | 3,765 | 225 |
| | | 80,965 | 98,918 | 22,906 | 12,636 |
| Current liabilities | | | | | |
| Trade and other payables | 21 | 17,892 | 18,669 | 786 | 1,161 |
| Interest-bearing loans | 23 | 1,974 | 10,400 | - | - |
| Tax payable | | 194 | 77 | 36 | 36 |
| | | 20,060 | 29,146 | 822 | 1,197 |
| Net current assets | | 60,905 | 69,772 | 22,084 | 11,439 |
| Non-current liability | | | | | |
| Deposit received | 24 | 3,948 | - | - | - |
| Net assets | | 144,769 | 151,658 | 144,820 | 146,220 |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | | | | |
| Share capital | 25 | 140,038 | 105,723 | 140,038 | 105,723 |
| Share premium | | - | 34,455 | - | 34,315 |
| Asset revaluation reserve | 26 | 1,263 | 2,188 | 1,263 | 2,188 |
| Foreign currency translation reserve | | (6,756) | (6,660) | - | - |
| Other reserve | 27 | (353) | 720 | (353) | 720 |
| Accumulated profits | | 8,889 | 13,363 | 3,872 | 3,274 |
| | | 143,081 | 149,789 | 144,820 | 146,220 |
| Minority interests | | 1,688 | 1,869 | - | - |
| Total equity | | 144,769 | 151,658 | 144,820 | 146,220 |

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 2006

(In Singapore dollars)

| | Note | 2006 \$'000 | 2005 \$'000 |
|--|------|----------------|----------------|
| Revenue | 28 | 32,153 | 40,228 |
| Cost of sales | | (31,006) | (32,071) |
| Gross profit | | 1,147 | 8,157 |
| Other income | 28 | 4,391 | 9,734 |
| Selling and distribution costs | | (1,217) | (1,941) |
| General and administrative costs | | (6,453) | (6,793) |
| Other operating costs | | (1,791) | (989) |
| (Loss)/profit from operating activities | | (3,923) | 8,168 |
| Finance costs | | (26) | (9) |
| (Loss)/profit before taxation | 29 | (3,949) | 8,159 |
| Taxation | 30 | 532 | 525 |
| (Loss)/profit for the year | | (3,417) | 8,684 |
| Attributable to : | | | |
| Equity holders of the Company | | (3,292) | 8,558 |
| Minority interests | | (125) | 126 |
| (Loss)/profit for the year | | (3,417) | 8,684 |
| (Loss)/earnings per share (in cents) : | 31 | | |
| Basic | | (0.62) | 1.62 |
| Fully diluted | | (0.62) | 1.61 |

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 2006

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

(In Singapore dollars)

| | Attributable to equity holders of the Group | | | | | | Minority interests | Total equity | |
|--|---|----------------------|--|---|--------------------------------|--------------------------------------|--------------------|--------------|-----------------------|
| | Share capital \$'000 (Note 25) | Share premium \$'000 | Asset revaluation reserve \$'000 (Note 26) | Foreign currency translation reserve \$'000 | Other reserve \$'000 (Note 27) | Accumulated (losses)/ profits \$'000 | | | Total reserves \$'000 |
| Group | | | | | | | | | |
| Balance at 1 January 2005 | 105,723 | 355,111 | 2,279 | (6,346) | 8,841 | (314,529) | (309,755) | 1,722 | 152,801 |
| Transfer arising from capital restructuring exercise | - | (320,656) | - | - | - | 320,656 | 320,656 | - | - |
| Profit for the year | - | - | - | - | - | 8,558 | 8,558 | 126 | 8,684 |
| Dividends paid (Note 32) | - | - | - | - | - | (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 other investments | - | - | - | - | (363) | - | (363) | - | (363) |
| Impairment loss on 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 | 9,611 | 1,869 | 151,658 |

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

(In Singapore dollars)

| | Attributable to equity holders of the Group | | | | | | Minority interests | Total equity |
|---|---|-------------------------|---|---|---|----------------------------------|--------------------|--------------|
| | Share capital \$'000 (Note 25) | Share premium \$'000 | Asset revaluation reserve \$'000 (Note 26) | Foreign currency translation reserve \$'000 | Other reserve \$'000 (Note 27) | Accumulated profits \$'000 | | |
| Group | | | | | | | | |
| Balance at 1 January 2006 | 105,723 | 34,455 | 2,188 | (6,660) | 720 | 13,363 | 9,611 | 151,658 |
| Transfer of share premium to share capital | 34,315 | (34,455) | - | - | - | 140 | 140 | - |
| Loss for the year | - | - | - | - | - | (3,292) | (3,292) | (3,417) |
| Dividends paid (Note 32) | - | - | - | - | - | (1,322) | (1,322) | (1,322) |
| Transfer to profit and loss on sale of other investments | - | - | - | - | (1,366) | - | (1,366) | (1,366) |
| Net fair value changes in other investments | - | - | - | - | 293 | - | 293 | 293 |
| Impairment loss on property, plant and equipment | - | - | (925) | - | - | - | (925) | (925) |
| Translation adjustment for the year | - | - | - | (96) | - | - | (96) | (152) |
| Balance at 31 December 2006 | 140,038 | - | 1,263 | (6,756) | (353) | 8,889 | 3,043 | 144,769 |

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

(In Singapore dollars)

| Company | Share capital \$'000 (Note 25) | Share premium \$'000 | Asset revaluation reserve \$'000 (Note 26) | Other reserve \$'000 (Note 27) | Accumulated (losses)/ profits \$'000 | Total \$'000 |
|--|--------------------------------------|-------------------------|---|--------------------------------------|---|-----------------|
| 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 (Note 32) | - | - | - | - | (1,322) | (1,322) |
| Transfer to profit and loss on sale of other investments | - | - | - | (7,734) | - | (7,734) |
| Net fair value changes in other investments | - | - | - | (371) | - | (371) |
| Impairment loss on property, plant and equipment | - | - | (91) | - | - | (91) |
| Balance at 31 December 2005 and 1 January 2006 | 105,723 | 34,315 | 2,188 | 720 | 3,274 | 146,220 |
| Transfer of share premium to share capital | 34,315 | (34,315) | - | - | - | - |
| Profit for the year | - | - | - | - | 1,920 | 1,920 |
| Dividends paid (Note 32) | - | - | - | - | (1,322) | (1,322) |
| Transfer to profit and loss on sale of other investments | - | - | - | (1,366) | - | (1,366) |
| Net fair value changes in other investments | - | - | - | 293 | - | 293 |
| Impairment loss on property, plant and equipment | - | - | (925) | - | - | (925) |
| Balance at 31 December 2006 | 140,038 | - | 1,263 | (353) | 3,872 | 144,820 |

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 2006

(In Singapore dollars)

| | 2006 \$'000 | 2005 \$'000 |
|---|----------------|----------------|
| Cash flow from operating activities: | | |
| (Loss)/profit before taxation | (3,949) | 8,159 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 568 | 556 |
| Interest income | (913) | (438) |
| (Gain)/loss on disposal/write-off of property, plant and equipment | (12) | 110 |
| Impairment losses in other investments, net | 591 | 641 |
| Exchange differences arising on consolidation | (28) | (439) |
| Gain on divestment of other investments | (1,960) | (8,329) |
| Provision/(write back) of allowance for doubtful receivables | 103 | (162) |
| Bad debts recovered | (6) | (4) |
| Allowance for doubtful receivables | - | 75 |
| Bad debts written off | 16 | 7 |
| Gain on de-registration of a subsidiary company | - | (86) |
| Loss on associated company return of capital | - | 4 |
| Operating (loss)/profit before reinvestment in working capital | (5,590) | 94 |
| Decrease in receivables | 1,468 | 2,260 |
| Decrease/(increase) in inventories | 39 | (9) |
| Decrease in properties held for sale | 208 | 23,206 |
| (Decrease)/increase in payables | (777) | 4,577 |
| Cash (used in)/generated from operations | (4,652) | 30,128 |
| Income tax paid | (40) | (8) |
| Interest income received | 913 | 438 |
| Net cash (used in)/provided by operating activities | (3,779) | 30,558 |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

(In Singapore dollars)

| | 2006 \$'000 | 2005 \$'000 |
|---|----------------|----------------|
| Cash flow from investing activities: | | |
| Purchase of property, plant and equipment | (547) | (486) |
| Proceeds from disposal of property, plant and equipment | 12 | 892 |
| Net decrease/(increase) in investment/development properties | 9,581 | (16,707) |
| Proceeds from divestment in other investments | 4,591 | 14,538 |
| Purchase of other investments | (4,217) | (4,396) |
| De-registration of a subsidiary company, net of cash disposed | - | (188) |
| Proceeds from associated company, return of capital | - | 74 |
| Dividend received | 14 | 270 |
| Decrease/(increase) of pledged deposit | 643 | (643) |
| Increase placement into Escrow account (Note 33) | (987) | (418) |
| Net cash generated from/(used in) investing activities | 9,090 | (7,064) |
| Cash flow from financing activities: | | |
| Repayment from short-term bank loans, secured | - | (17,901) |
| (Repayment)/proceeds from short-term bank loans, secured | (8,320) | 10,400 |
| Payment of finance lease liabilities | - | (15) |
| Proceeds from deposit received | 3,948 | - |
| Dividend payment | (1,322) | (1,322) |
| Net cash used in financing activities | (5,694) | (8,838) |
| Net (decrease)/increase in cash and cash equivalents | (383) | 14,656 |
| Cash and cash equivalents at beginning of year | 34,517 | 19,861 |
| Cash and cash equivalents at end of year (Note 33) | 34,134 | 34,517 |

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

(In Singapore dollars)

1. Corporate information

The financial statements of IPC Corporation Ltd for the year ended 31 December 2006 were authorised for issue in accordance with a resolution of the directors on 22 March 2007.

The registered office of the Company is located at 23 Tai Seng Drive, #06-00 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 and investment holding.

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.

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").

The financial statements have been prepared under the historical cost basis, 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 (\$'000), unless otherwise stated.

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 Note 2.2 below.

2.2 Changes in accounting policies

(a) *Adoption of new and revised FRS*

On 1 January 2006, the Group and the Company adopted all new and revised FRS mandatory for annual financial periods beginning on or after 1 January 2006.

The adoption of these FRS did not result in any significant impact to the Group and the Company.

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

The Group has not applied the following FRS and INT FRS that have been issued but are only effective for annual financial periods beginning on or after 1 January 2007 except as disclosed below.

- INT FRS 107, Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies (effective for annual financial periods beginning on or after 1 March 2006)
- INT FRS 108, Scope of FRS 102, Share-based Payment (effective for annual financial periods beginning on or 1 May 2006)
- INT FRS 109, Reassessment of Embedded Derivatives (effective for annual financial periods beginning on or 1 June 2006)

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(In Singapore dollars)

2.2 Changes in accounting policies (cont'd)

- INT FRS 110, Interim Financial Reporting and Impairment (effective for annual financial periods beginning on or 1 November 2006)
- FRS 1, Amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures)
- FRS 40, Investment Property
- FRS 107, Financial Instruments - Disclosure

The Group expects that the adoption of the pronouncements listed above will have no significant impact on the financial statements in the period of initial application.

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.

The carrying amount of the Group's tax payables at 31 December 2006 was \$194,000 (2005 : \$77,000).

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 2006 was \$11,252,000 (2005: \$12,175,000). 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.

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.

(In Singapore dollars)

2.3 Significant accounting estimates and judgements (cont'd)

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) 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.

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.

(b) 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.

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.

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(In Singapore dollars)

2.5 *Subsidiary companies and principles of consolidation (cont'd)*

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.

Acquisitions of subsidiary companies are accounted for using the purchase method.

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.

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 un-audited 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.

(In Singapore dollars)

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.

Rental

Rental income is recognised in the period in which the properties are let and on a time proportion basis over the lease terms.

Dividend

Dividend income is recognised when the Company's right to receive payment is established.

2.8 Property, plant and equipment

All items of 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, fixtures 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.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2.8 Property, plant and equipment (cont'd)

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.

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 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.

2.11 Land held for development

Land held for development include the costs for obtaining the right to occupy and use land, certain fees for altering the intended use of land and resettlement costs, and are stated at cost less any impairment losses.

2.12 Properties under development

Properties under development represent properties developed for sale, which are stated at cost less any impairment losses. Cost comprises the prepaid land lease payments, building costs and any other direct costs attributable to the development of the properties. Borrowings costs, professional fees, and other related expenses incurred during the construction or development phase of the property are capitalised as part of the costs of that property. The prepaid land lease payments are amortised on a straight line basis over the lease term. The amortisation charge for the year is included as part of the costs of buildings under construction. Once the construction or development of these properties are completed, these properties are reclassified to the appropriate asset categories.

2.13 Financial assets

Financial assets 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.

(In Singapore dollars)

2.13 Financial assets (cont'd)

(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. Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment losses.

2.14 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 2.13.

2.15 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.

2.16 Cash and cash equivalents

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

2.17 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 2.13.

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 2.25 below.

2.18 Financial liabilities

Financial liabilities include trade payables, other amounts payable, payables to related parties and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs 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. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

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(In Singapore dollars)

2.19 Borrowing costs

Borrowings are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.20 Taxation

(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.

(b) *Deferred tax*

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.21 Share capital

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

2.22 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.

2.23 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.

2.24 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 is increased by the amount of the proceeds received.

2.25 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 discounted at the financial asset's original effective interest rate. 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.

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(In Singapore dollars)

2.25 Impairment of financial assets (cont'd)

(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.

2.26 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit and loss account as 'other operating expenses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.27 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

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

2.28 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 2006 are as follows :

| Name of company (Country of incorporation and operations) | Principal activities | Effective equity interest held by the Group | |
|--|---|---|-----------|
| | | 2006 % | 2005 % |
| Held by the Company: | | | |
| ⑦ Corex Technology (S) Pte Ltd (Singapore) | Compulsory liquidation | 100 | 100 |
| ③ e-ipc (HK) Ltd (Hong Kong) | Investment holding (Dormant) | 100 | 100 |
| ① Essex Electronics (Singapore) Pte Ltd (Singapore) | Sales and distribution of telecommunication products and computer service and support provider | 100 | 100 |
| ⑦ IPC Corporation (Korea) Ltd (Korea) | Sales and distribution of computers and related products (Dormant) | 92 | 92 |
| ⑥ 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 |
| ④ Zhuhai Costa Del Sol Club Management Co. Ltd. (People's Republic of China) | Club management company | 25 | - |

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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 | |
|--|--|---|-----------|
| | | 2006 % | 2005 % |
| Held by the subsidiary Company: | | | |
| ① Corex Systems (S) Pte Ltd (Singapore) | Assembly of electronic components and trading of electronic products (Dormant) | 100 | 100 |
| ⑥ IPC Peripherals Inc (U.S.A.) | Development and marketing of computer peripheral products (Dormant) | 90 | 90 |
| 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 |
| ④ Zhuhai Costa Del Sol Club Management Co. Ltd. (People's Republic of China) | Club management company | 75 | - |

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 required to be audited by the law of its country of incorporation.
- ⑦ not audited since it is currently under liquidation.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

3. Group companies (cont'd)

(ii) Details of associated companies at 31 December 2006 are :

| Name of company (Country of incorporation and operations) | Principal activities | Effective equity interest held by the Group | |
|---|---|---|-----------|
| | | 2006 % | 2005 % |
| 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 |
| Hagenuk Pte Ltd (Singapore) | Sales and distribution of telecommunication products (Dormant) | 50 | 50 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(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 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 and 1 January 2006 | 4,851 | 250 | 152 | - | - | 5,253 |
| Written off during the year | (614) | - | (152) | - | - | (766) |
| At 31 December 2006 | 4,237 | 250 | - | - | - | 4,487 |
| Accumulated amortisation | | | | | | |
| At 1 January 2005 | 4,851 | 250 | 152 | 843 | (1,274) | 4,822 |
| Effects of adopting FRS 103 | - | - | - | - | 1,274 | 1,274 |
| Written off upon de-registration | - | - | - | (843) | - | (843) |
| At 31 December 2005 and 1 January 2006 | 4,851 | 250 | 152 | - | - | 5,253 |
| Written off during the year | (614) | - | (152) | - | - | (766) |
| At 31 December 2006 | 4,237 | 250 | - | - | - | 4,487 |
| Net book value | | | | | | |
| At 31 December 2006 | - | - | - | - | - | - |
| At 31 December 2005 | - | - | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

5. Property, plant and equipment, net

| Group | Plant and machinery | Motor vehicles | Furniture, fixtures and fittings | Office equipment | Leasehold buildings and improvements | Total |
|--|------------------------|-------------------|--|---------------------|---|----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cost or valuation | | | | | | |
| At 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 |
| At 31 December 2005 and 1 January 2006 | 106 | 1,001 | 617 | 1,245 | 14,130 | 17,099 |
| Additions | – | 99 | 270 | 178 | 7,208 | 7,755 |
| Disposals | (57) | – | (369) | (299) | (126) | (851) |
| Transfer to properties held for sale (Note 15) | – | – | – | – | (10,617) | (10,617) |
| Currency realignment | (4) | (12) | – | (7) | (174) | (197) |
| At 31 December 2006 | 45 | 1,088 | 518 | 1,117 | 10,421 | 13,189 |
| Representing | | | | | | |
| Valuation 1998 | – | – | – | – | 14,130 | 14,130 |
| Cost | 106 | 1,001 | 617 | 1,245 | – | 2,969 |
| At 31 December 2005 | 106 | 1,001 | 617 | 1,245 | 14,130 | 17,099 |
| Valuation 1998 | – | – | – | – | – | – |
| Cost | 45 | 1,088 | 518 | 1,117 | 10,421 | 13,189 |
| At 31 December 2006 | 45 | 1,088 | 518 | 1,117 | 10,421 | 13,189 |
| Accumulated depreciation and impairment | | | | | | |
| At 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 |
| At 31 December 2005 and 1 January 2006 | 104 | 412 | 616 | 678 | 3,114 | 4,924 |
| Charge for the year | 1 | 122 | 36 | 177 | 232 | 568 |
| Disposals | (57) | – | (369) | (299) | (126) | (851) |
| Impairment | – | – | – | – | 925 | 925 |
| Transfer to properties held for sale (Note 15) | – | – | – | – | (3,596) | (3,596) |
| Currency realignment | (4) | (4) | – | (6) | (19) | (33) |
| At 31 December 2006 | 44 | 530 | 283 | 550 | 530 | 1,937 |
| Net book value | | | | | | |
| At 31 December 2006 | 1 | 558 | 235 | 567 | 9,891 | 11,252 |
| At 31 December 2005 | 2 | 589 | 1 | 567 | 11,016 | 12,175 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

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

| | Plant and machinery | Motor vehicles | Furniture, fixtures and fittings | Office equipment | Leasehold buildings and improvements | Total |
|---|------------------------|-------------------|--|---------------------|---|----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Company | | | | | | |
| Cost or valuation | | | | | | |
| At 1 January 2005 | 57 | 144 | 611 | 345 | 10,743 | 11,900 |
| Additions | - | 224 | - | 2 | - | 226 |
| Disposals | - | (144) | - | - | - | (144) |
| At 31 December 2005 and 1 January 2006 | 57 | 224 | 611 | 347 | 10,743 | 11,982 |
| Additions | - | - | 101 | 20 | - | 121 |
| Disposals | (57) | - | (369) | (261) | (126) | (813) |
| Transfer to properties held for sale (Note 15) | - | - | - | - | (10,617) | (10,617) |
| At 31 December 2006 | - | 224 | 343 | 106 | - | 673 |
| Representing | | | | | | |
| Valuation 1998 | - | - | - | - | 10,743 | 10,743 |
| Cost | 57 | 224 | 611 | 347 | - | 1,239 |
| At 31 December 2005 | 57 | 224 | 611 | 347 | 10,743 | 11,982 |
| Valuation 1998 | - | - | - | - | - | - |
| Cost | - | 224 | 343 | 106 | - | 673 |
| At 31 December 2006 | - | 224 | 343 | 106 | - | 673 |
| Accumulated depreciation and impairment | | | | | | |
| At 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) |
| At 31 December 2005 and 1 January 2006 | 57 | 22 | 611 | 342 | 2,743 | 3,775 |
| Charge for the year | - | 45 | 5 | 3 | 54 | 107 |
| Impairment | - | - | - | - | 925 | 925 |
| Disposals | (57) | - | (369) | (261) | (126) | (813) |
| Transfer to properties held for sale (Note 15) | - | - | - | - | (3,596) | (3,596) |
| At 31 December 2006 | - | 67 | 247 | 84 | - | 398 |
| Net book value | | | | | | |
| At 31 December 2006 | - | 157 | 96 | 22 | - | 275 |
| At 31 December 2005 | - | 202 | - | 5 | 8,000 | 8,207 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(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 \$9,890 million for the Group (2005 : \$9,099 million) and \$nil (2005 : \$6,084 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.

On 12 June 2006, the Company had entered into an agreement with a third party granting them an option for the sale of the above property. The property was thus reclassified to properties held for sale since its carrying amount will be recovered principally through the sale of the property. Accordingly, the carrying value was written down to its estimated net realisable value based on the professional appraisals by CKS Property Consultants Pte Ltd, which resulted in an impairment loss of \$925,000 brought accordingly against the asset revaluation reserve account. The sale of the property was subsequently completed on 5 January 2007.

6. Investment properties

| | Group and Company | |
|-----------------------|-------------------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'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 to value the Group's investment properties as at 31 December 2006. The total value of the investment properties held by the Group and Company based on this valuation was RMB 53.3 million (\$\$10.5 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 2006

(In Singapore dollars)

7. Properties under development

| | Group | |
|--|--------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Properties under development | | |
| - non-current | 46,274 | 54,792 |
| - current | - | 24,667 |
| | 46,274 | 79,459 |
| Interest capitalised during the financial year | 405 | 918 |

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 is 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 Hua Yuan | Zhuhai Tang Jia Jiu Keng | Land parcel | 50 years lease term | Development stage | 57,544 | 100% |

8. Land held for development

The Group's land held for 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 land held for development is as follows :

| | | | | | | |
|--|------------------------------------|-------------|------------------------|----------------------|--------|------|
| Xin Jia Po Hua Yuan San Qi Di Kuai | Zhuhai Xiang Zhou Yin Hua Lu | Land parcel | 50 years lease term | Development stage | 16,636 | 100% |
|--|------------------------------------|-------------|------------------------|----------------------|--------|------|

The Group was in the process of applying to the relevant government authority for the development of the above parcel of land as at 31 December 2006.

9. Prepaid land lease payments

| | Group | |
|---|--------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Transfer from properties under development (Note 7) | 6,634 | - |
| Charged to profit and loss account | (107) | - |
| Balance at 31 December 2006 | 6,527 | - |
| Non-current | 6,420 | - |
| Current | 107 | - |
| Balance at 31 December 2006 | 6,527 | - |

The prepaid land lease payment is for a parcel of land situated in Zhuhai of the People's Republic of China and is held under a long term lease.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

10. Subsidiary companies

| | Company | |
|---|----------|---------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Quoted shares, at cost | 1,500 | 1,500 |
| Unquoted shares, at cost | 22,502 | 21,999 |
| Less : Impairment losses | (11,332) | (9,332) |
| | 12,670 | 14,167 |
| Loans to subsidiary companies | 103,065 | 104,255 |
| Less : Allowance for doubtful receivables | (5,148) | (5,148) |
| | 97,917 | 99,107 |
| | 110,587 | 113,274 |
| Market value of quoted shares | 5,163 | 11,209 |
| Analysis of allowance for doubtful receivables for loans to subsidiary companies :- | | |
| Balance at 1 January | 5,148 | 2,500 |
| Charged to profit and loss account | - | 2,648 |
| Balance at 31 December | 5,148 | 5,148 |

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 being uncertain.

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

11. Associated companies

| | Group | | Company | |
|-------------------------------|---------|---------|---------|---------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Unquoted shares, at cost | 1,101 | 1,101 | 1,101 | 1,101 |
| Less : Impairment losses | (1,101) | (1,101) | (1,101) | (1,101) |
| | - | - | - | - |
| Analysis of impairment losses | | | | |
| Balance at 1 January | 1,101 | 3,102 | 1,101 | 1,101 |
| Disposal | - | (2,001) | - | - |
| Balance at 31 December | 1,101 | 1,101 | 1,101 | 1,101 |

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

12. Other investments, net

| | Group | | Company | |
|-------------------------------------|---------|----------|---------|----------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Available-for-sale financial assets | | | | |
| Quoted shares | 4,640 | 5,428 | 4,640 | 5,428 |
| Less : Impairment losses | (2,417) | (1,779) | (2,417) | (1,779) |
| | 2,223 | 3,649 | 2,223 | 3,649 |
| Unquoted shares | 1,756 | 1,756 | 1,594 | 1,594 |
| Less : Impairment losses | (673) | (673) | (673) | (673) |
| | 1,083 | 1,083 | 921 | 921 |
| Convertible bonds | 1,300 | - | - | - |
| Club membership, at cost | 200 | 200 | - | - |
| Less : Impairment losses | (60) | (107) | - | - |
| | 140 | 93 | - | - |
| Other investments, net | 4,746 | 4,825 | 3,144 | 4,570 |
| Analysis of impairment losses : | | | | |
| Balance at 1 January | 2,559 | 77,504 | 2,452 | 72,386 |
| Charged to profit and loss | 638 | 641 | 638 | 510 |
| Write back of impairment losses | (47) | - | - | - |
| Write off against impairment | - | (75,586) | - | (70,444) |
| Balance at 31 December | 3,150 | 2,559 | 3,090 | 2,452 |

13. 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 as at 31 December 2005.

14. Deferred tax asset

| | Group | |
|--|--------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Deferred tax (charged)/ credited to income statement during the year (Note 30) | | |
| At 1 January | 721 | - |
| Tax losses | - | 695 |
| Decelerated tax depreciation | - | 26 |
| Transfer to tax payable | (143) | - |
| Currency realignment | (57) | - |
| | 521 | 721 |

Deferred tax assets were recognised in respect of those tax losses and deductible temporary differences in respect of a subsidiary company, which in the opinion of the directors, is probable that sufficient taxable profits will be available to utilise the deferred tax assets in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2006

(In Singapore dollars)

15. Properties held for sale

| | Group | |
|-------------------------|--------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Land cost | 7,571 | 14,937 |
| Development expenditure | 22,355 | 15,197 |
| Industrial building | 7,021 | - |
| | 36,947 | 30,134 |

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 |
|--|---------------------------------|---------------------|------------------------|------------------|-----------------------|
| Hua Yuan Shi Chang Da Lou Yi Lou-Si Lou | Zhuhai Xiang Zhou Yin Hua Lu | Commercial | 50 years lease term | 5,100 | 100% |
| Xu Ri Wan Hua Yuan Yang Fang Bie Shu | Zhuhai Tang Jia Jiu Keung | Residential | 50 years lease term | 23,596 | 100% |
| Xin Jia Po Hua Yuan Yi Qi Shang Pu | Zhuhai Xiang Zhou Yin Hua Lu | Commercial | 50 years lease term | 5,982 | 100% |
| IPC Building | 23 Tai Seng Drive | Commercial | 60*years lease term | 3,814 | 100% |

* 30 years plus 30 years option to renew

16. Trade and other receivables

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade receivables, net | 3,235 | 5,158 | 14 | 11 |
| Amounts due from subsidiary companies (Note 17) | - | - | 498 | 46 |
| Amounts due from associated companies (Note 18) | - | - | - | - |
| Other receivables, net (Note 19) | 5,072 | 3,920 | 2,010 | 1,281 |
| | 8,307 | 9,078 | 2,522 | 1,338 |

Trade receivables are stated after deducting allowance for doubtful receivables of:-

| | | | | |
|--|---------|---------|---|---------|
| Balance at 1 January | 45,254 | 46,590 | - | 1,109 |
| Currency realignment | (15) | 21 | - | - |
| Charged to profit and loss | 103 | - | - | - |
| Written off during the year | (3,671) | (1,215) | - | (1,109) |
| Write back of allowance to profit and loss | - | (142) | - | - |
| Balance at 31 December | 41,671 | 45,254 | - | - |

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

17. Amounts due from/(to) subsidiary companies

| | Company | |
|---|----------------|----------------|
| | 2006 \$'000 | 2005 \$'000 |
| Amounts receivable on current account | 843 | 389 |
| Less : Allowance for doubtful receivables | (345) | (343) |
| | 498 | 46 |
| Amounts payable on current account | (30) | (38) |
| Analysis of allowance for doubtful receivables for amounts receivable on current account :- | | |
| Balance at 1 January | 343 | 337 |
| Charged to profit and loss | 2 | 6 |
| Balance at 31 December | 345 | 343 |

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

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

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2006 \$'000 | 2005 \$'000 | 2006 \$'000 | 2005 \$'000 |
| Loans to associated companies | 357 | 357 | 357 | 357 |
| Less : Allowance for doubtful receivables | (357) | (357) | (357) | (357) |
| | - | - | - | - |
| Amount payable on current account | (663) | (663) | - | - |
| Analysis of allowance for doubtful receivables for amounts receivable on current account :- | | | | |
| Balance at 1 January | - | 20 | - | - |
| Write back allowance to profit and loss | - | (20) | - | - |
| Balance at 31 December | - | - | - | - |

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 2006

(In Singapore dollars)

19. Other receivables, net

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Recoverable accounts | 364 | 823 | - | - |
| Sundry deposits | 379 | 253 | 52 | 65 |
| Loans to staff and third parties | 192 | 258 | 4 | 15 |
| Deposits and prepayments | 61 | 79 | - | - |
| Tax recoverable | 4,076 | 2,582 | 1,954 | 1,201 |
| | 5,072 | 3,995 | 2,010 | 1,281 |
| Less : Allowance for doubtful receivables | - | (75) | - | - |
| | 5,072 | 3,920 | 2,010 | 1,281 |
| Analysis of allowance for doubtful receivables :- | | | | |
| Balance at 1 January | 75 | 873 | - | - |
| Written off during the year | (75) | (873) | - | - |
| Charged to profit and loss | - | 75 | - | - |
| Balance at 31 December | - | 75 | - | - |

Included in recoverable accounts is an amount of \$nil (2005 : \$554,000) 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 secured by the shares in the Company held by the third party had been settled during the financial year.

20. Inventories

| | Group | |
|----------------|--------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| At cost | | |
| Raw materials | 64 | 101 |
| Finished goods | 1 | 3 |
| | 65 | 104 |

21. Trade and other payables

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade payables | 4,893 | 5,722 | 41 | 45 |
| Amounts due to subsidiary companies (Note 17) | - | - | 30 | 38 |
| Amounts due to associated companies (Note 18) | 663 | 663 | - | - |
| Other payables (Note 22) | 12,336 | 12,284 | 715 | 1,078 |
| | 17,892 | 18,669 | 786 | 1,161 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

22. Other payables

| | Group | | Company | |
|--|--------|--------|---------|--------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Accruals | 2,172 | 2,089 | 371 | 633 |
| Advance receipt from customers | 2,336 | 3,284 | - | - |
| Other payables | 7,779 | 6,850 | 331 | 431 |
| Provision for unutilised employee annual leave | 49 | 61 | 13 | 14 |
| | 12,336 | 12,284 | 715 | 1,078 |

23. Interest-bearing loans

| | Group | |
|--|--------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Secured bank loans repayable within one year | 1,974 | 10,400 |

At 31 December 2006, the Group's bank loan facilities were secured by certain of the Group's properties under development with aggregate carrying amount of approximately \$35,361,446 (2005: \$37,150,048) (Note 7).

At 31 December 2006, the effective interest rate of this bank loan was 7.24% (2005:5.86%).

24. Deposit received

The deposit represents the amount received from a third party as earnest money paid for the participation rights in the Group's land held for development (Note 8). The balance is unsecured and non-interest bearing. The profit sharing ratio for the proposed property development project will be based on the proportion of investment contribution between the Group and the contracted party.

25. Share capital

| | Group | | Company | |
|-------------------------------------|---------|---------|---------|---------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Issued and fully paid :- | | | | |
| 528,613,579 ordinary shares | 105,723 | 105,723 | 105,723 | 105,723 |
| Transfer from share premium account | 34,315 | - | 34,315 | - |
| | 140,038 | 105,723 | 140,038 | 105,723 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

25. Share capital (cont'd)

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 in 2005 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 in 2005 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.

On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of "par value" and "authorised capital" were abolished and on that date, the shares of the Company ceased to have a par value and the amount standing in the share premium reserve became part of the Company's share capital.

Under the Capital Restructuring Exercise which was effected on 16 February 2005, the Options was 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.

Under the ESOS, the options granted, exercised and lapsed during the financial year and outstanding as at 31 December 2006 are as follows :-

| Date granted | Exercise price | Option period | No. of share options | |
|--------------|----------------|-------------------------|---|---------------------|
| | | | At 1 January 2006 or date of grant if later | At 31 December 2006 |
| 1999 | \$1.172 | 12.11.1999 - 11.11.2009 | 249,250 | 249,250 |
| 2001 | \$0.228 | 15.10.2001 - 14.10.2011 | 225,000 | 225,000 |
| 2002 | \$0.272 | 11.03.2002 - 10.03.2007 | 500,000 | 500,000 |
| 2002 | \$0.272 | 11.03.2002 - 10.03.2012 | 1,037,500 | 1,037,500 |
| | | | 2,011,750 | 2,011,750 |

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.

26. 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.

27. Other reserve

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

28. 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 | |
|---|--------|--------|
| | 2006 | 2005 |
| Revenue | \$'000 | \$'000 |
| Revenue is analysed as follows:- | | |
| Sales of goods and products | 4,084 | 3,730 |
| Services rendered | - | 11 |
| Sales of development properties | 25,902 | 34,067 |
| Education income | 2,167 | 2,420 |
| | 32,153 | 40,228 |
| Other income | | |
| Interest income | 913 | 438 |
| Rental income | 451 | 387 |
| Dividend income | 14 | 270 |
| Gain on divestment of other investments | 1,960 | 8,329 |
| Gain on de-registration of a subsidiary company | - | 86 |
| Write back of sundry payables | 1,003 | - |
| Others | 50 | 224 |
| | 4,391 | 9,734 |

29. (Loss)/profit before taxation

This is stated after charging/(crediting) :-

Auditors' remuneration :-

Auditors of the Company

- current year

70

69

- underprovision in respect of prior years

1

-

Other auditors of subsidiary companies

229

117

Non-audit fees:

Auditors of the Company

- current year

5

6

Directors' emoluments:-

Directors of the Company

- fees

95

95

- Central Provident Fund

19

22

- salaries, allowances and profit sharing

802

1,054

Directors of subsidiary companies:-

- fees

89

96

- Central Provident Fund

14

16

- salaries and allowances

459

485

Allowance for doubtful receivables

-

75

Depreciation of property, plant and equipment

568

556

Foreign exchange loss/(gain)

519

(238)

(Gain)/loss on disposal/write-off of property, plant and equipment

(12)

110

Impairment losses in other investments, net

591

641

Bad debts recovered

(6)

(4)

Bad debts written off

16

7

(Write back)/provision for unutilised annual leave

(12)

19

Staff costs (excluding directors' remuneration):-

- Central Provident Fund

159

267

- salaries and allowances (include \$1,051,248 and \$972,780 charged to cost of sales in 2006 and 2005 respectively)

2,895

2,778

Provision/(write back) of allowance for doubtful receivables

103

(162)

(In Singapore dollars)

30. Taxation

| | Group | |
|---|--------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| <i>Current income tax</i> | (300) | 485 |
| Overprovision in respect of prior years | (232) | (289) |
| <i>Deferred income tax</i> | | |
| Benefits from previously unrecognised tax losses and timing differences | - | (721) |
| | (532) | (525) |

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 :

| | | |
|--|---------|---------|
| (Loss)/profit before income tax | (3,949) | 8,159 |
| Tax calculated at statutory tax rate of 20% | (790) | 1,632 |
| Expenses not deductible for tax purposes | 1,111 | 302 |
| Income not subjected to tax | (1,405) | (1,805) |
| Tax assets not recognised | 466 | 401 |
| Difference arising from lower/(higher) foreign tax rate applicable to foreign subsidiary companies | 318 | (45) |
| Deferred income tax | - | (721) |
| Over provision in respect of prior years | (232) | (289) |
| | (532) | (525) |

The Group has tax losses of \$143 million (2005 : \$146 million) which includes development and expansion tax losses of \$13.5 million (2005 : \$15.8 million) and pioneer tax losses of \$104.4 million (2005 : \$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.

31. (Loss)/earnings per share

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit after taxation and minority interests of \$(3.292) million (2005 : \$8.558 million), by the number of 528,613,759 (2005 : 528,613,759) 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 :

| | 2006 | 2005 |
|--|---------------|---------|
| | No. of shares | |
| | '000 | '000 |
| Weighted average number of : | | |
| Ordinary shares used in the calculation of basic earning per share | 528,614 | 528,614 |
| Potential ordinary shares issuable under share options | 2,012 | 2,012 |
| Weighted average number of ordinary issued and potential shares assuming full conversion | 530,626 | 530,626 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

32. Dividends

| | Group and Company | |
|---|-------------------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Declared and paid during the year | | |
| Final exempt dividend for 2005: 0.25 cents (2004: 0.25 cents) per ordinary share | 1,322 | 1,322 |
| 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 2006: 0.25 cents (2005: 0.25 cents) per ordinary share | 1,322 | 1,322 |

33. Cash and cash equivalents

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

| | Group | |
|---------------------------|---------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Cash at banks and in hand | 15,435 | 10,694 |
| Fixed deposits | 20,104 | 24,241 |
| | 35,539 | 34,935 |
| Less : Bank Escrow | (1,405) | (418) |
| | 34,134 | 34,517 |

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 2.0% to 4.9% (2005: 0.80% to 3.85%) per annum.

34. 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 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 Infocomm Product and Broadband Systems Integration segment, a provider of in-premise wireless communications systems and broadband multimedia solutions for multi-dwelling units (MDU) had been included in the Others category. 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 2006 and 2005 and certain asset and liability information regarding industry segments at 31 December 2006 and 2005.

(In Singapore dollars)

34. Segment information (cont'd)

| | Thin Computing | | Properties | | Education | | Others | | Eliminations | | Consolidated | |
|-------------------------------|----------------|--------|------------|--------|-----------|---------|--------|--------|--------------|--------|--------------|--------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Sales to external customer | 4,048 | 3,716 | 25,902 | 34,067 | 2,167 | 2,420 | 36 | 25 | - | - | 32,153 | 40,228 |
| Intersegment sales | - | - | - | - | - | - | 3 | 83 | (3) | (83) | - | - |
| Other income | - | - | 210 | 151 | - | - | 241 | 235 | - | - | 451 | 386 |
| | 4,048 | 3,716 | 26,112 | 34,218 | 2,167 | 2,420 | 280 | 343 | (3) | (83) | 32,604 | 40,614 |
| Unallocated other income | | | | | | | | | | | 3,940 | 9,348 |
| Total revenue | | | | | | | | | | | 36,544 | 49,962 |
| Segment result | 1,235 | 1,099 | (4,299) | 2,718 | (1,969) | (1,730) | 1,110 | 6,081 | - | - | (3,923) | 8,168 |
| Finance costs | | | | | | | | | | | (26) | (9) |
| (Loss)/profit before taxation | | | | | | | | | | | (3,949) | 8,159 |
| Taxation | | | | | | | | | | | 532 | 525 |
| (Loss)/profit for the year | | | | | | | | | | | (3,417) | 8,684 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

34. Segment information (cont'd)

Business Segments

| | Thin Computing | | Properties | | Education | | Others | | Eliminations | | Consolidated | |
|-------------------------------------|----------------|--------|------------|---------|-----------|--------|--------|--------|--------------|----------|--------------|---------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Segment assets | | | | | | | | | | | | |
| (Note i) | 7,600 | 6,339 | 130,753 | 146,614 | 2,369 | 3,579 | 39,938 | 42,657 | (12,404) | (19,106) | 168,256 | 180,083 |
| Unallocated assets | | | | | | | | | | | 521 | 721 |
| Total assets | | | | | | | | | | | 168,777 | 180,804 |
| Segment liabilities | | | | | | | | | | | | |
| (Note ii) | 1,123 | 1,036 | 14,451 | 18,878 | 2,035 | 1,578 | 6,205 | 7,577 | - | - | 23,814 | 29,069 |
| Unallocated liabilities | | | | | | | | | | | 194 | 77 |
| Total liabilities | | | | | | | | | | | 24,008 | 29,146 |
| Capital expenditure | | | | | | | | | | | | |
| (Note iii) | - | - | 7,585 | 5 | 49 | 31 | 121 | 450 | - | - | 7,755 | 486 |
| Depreciation | - | 1 | 258 | 108 | 157 | 151 | 153 | 296 | - | - | 568 | 556 |
| Impairment losses | - | - | - | - | - | - | 591 | 641 | - | - | 591 | 641 |
| Other significant non-cash expenses | - | 4 | - | 75 | - | - | 119 | 113 | - | - | 119 | 192 |

(In Singapore dollars)

34. Segment information (cont'd)

| | Asia Pacific | | America | | Europe | | Others | | Eliminations | | Consolidated | |
|---------------------------------|--------------|---------|---------|--------|--------|--------|--------|--------|--------------|--------|--------------|---------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Geographical segments | | | | | | | | | | | | |
| Sales to external customers | 28,380 | 37,005 | 1,914 | 1,343 | 1,424 | 1,453 | 435 | 427 | - | - | 32,153 | 40,228 |
| Intersegment sales | 3 | 83 | - | - | - | - | - | - | (3) | (83) | - | - |
| Other income | 451 | 386 | - | - | - | - | - | - | - | - | 451 | 386 |
| | 28,834 | 37,474 | 1,914 | 1,343 | 1,424 | 1,453 | 435 | 427 | (3) | (83) | 32,604 | 40,614 |
| Unallocated other income | | | | | | | | | | | 3,940 | 9,348 |
| Total revenue | | | | | | | | | | | 36,544 | 49,962 |
| Other geographical information: | | | | | | | | | | | | |
| Segment assets (Note i) | 166,398 | 179,100 | 1,858 | 983 | - | - | - | - | - | - | 168,256 | 180,083 |
| Capital expenditure (Note iii) | 7,755 | 486 | - | - | - | - | - | - | - | - | 7,755 | 486 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

34. Segment information (cont'd)

Note i : Segment assets comprise total current and non-current assets, excluding tax assets.

Note ii : Segment liabilities comprise total current and non-current liabilities, excluding tax liabilities.

Note iii : Capital expenditure refers to the purchase of property, plant and equipment and include the transfer from properties under development of S\$7,028,000.

35. 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 | |
|-----------------------------|---------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Subsidiary companies | | |
| Rental income | 72 | 72 |
| Management fee received | 516 | 105 |

There were no known interested person transactions during the year 2006 (2005: nil).

Compensation to key management personnel

| | Group | |
|--|--------|--------|
| | 2006 | 2005 |
| | \$'000 | \$'000 |
| Comprise of short-term employee benefits paid to : | | |
| - directors of the Company | 916 | 1,171 |
| - other key management personnel | 676 | 753 |
| | 1,592 | 1,924 |

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

36. 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 \$1,078,000 (2005 : \$770,000).

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

| | Group | | Company | |
|----------------------|--------|--------|---------|--------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | 212 | 613 | 212 | 126 |
| Between 2 to 5 years | 425 | 503 | 425 | 503 |
| More than 5 years | - | 1,201 | - | 1,201 |
| | 637 | 2,317 | 637 | 1,830 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

37. Commitments

- (a) At 31 December 2006, the Group has commitments in respect of construction of the Group's properties under development as follows :

| | Group | |
|------------------------------------|----------------|----------------|
| | 2006 \$'000 | 2005 \$'000 |
| Contracted, but not provided for | 2,429 | 2,669 |
| Authorised, but not contracted for | 2,674 | 5,301 |
| | 5,103 | 7,970 |

- (b) Zhuhai IPC Property Developments Co. Ltd ("IPC Zhuhai"), a wholly-owned subsidiary of the Company, is the developer of residential and commercial property projects. It is customary for financial institutions in China to require the developers to provide counter-guarantees for mortgage loans extended to buyers of the developers' properties.

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

These guarantees will be released upon the issuance of the real estate ownership certificate to buyers and issuance of certificate of mortgage register for real estate ownership to the banks for mortgaged loans entered in 2005 and 2006. For mortgage loans entered before 1 January 2005, the guarantees will be released upon the settlement of mortgaged loans between the banks and buyers.

| | Group | |
|---|----------------|----------------|
| | 2006 \$'000 | 2005 \$'000 |
| Guarantee given to banks for mortgage facilities granted to IPC Zhuhai's properties | 15,264 | - |

As at 31 December 2005, the banks had not notified IPC Zhuhai of the outstanding mortgaged facilities of which the above guarantee was still valid, it was therefore not possible for the Group to quantify contingent liabilities in 2005, if any.

38. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

(In Singapore dollars)

38. Financial risk management (cont'd)

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 (2005 : \$1,083,000) due to the lack of quoted market prices in an active market and thus their fair values 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.

39. Events after balance sheet date

On 28 February 2007, Nanyang Institute of Management Pte Ltd ("NIM"), a subsidiary of IPC Corporation Ltd ("IPC"), had acquired the business of training students in business management and training of teachers in early childhood education from HEG Centre for Higher Education and International Centre for Early Childhood Education respectively, as a going concern in succession to HEG Singapore Pte Ltd ("HEG") for a consideration of S\$2.32 million.

HEG had agreed to subscribe for 500,000 new ordinary shares in the capital of NIM at S\$1.00 per share, upon completion of the acquisition.

On completion of the acquisition and subscription, NIM will cease to be a subsidiary of the Company and be, instead, an associated company of the Company. IPC's share in NIM will be reduced from 81.48% to 39.9%.

The acquisition is not expected to have any material impact on the net tangible assets per share or earnings per share of the Company or the Group for the financial year ended 31 December 2006.

SHAREHOLDERS' INFORMATION AS AT 23 MARCH 2007

| | | |
|-----------------------------|---|--------------------|
| Number of equity securities | : | 528,613,759 |
| Class of equity securities | : | Ordinary shares |
| Voting rights | : | One vote per share |

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 - 999 | 10,521 | 31.11 | 4,867,136 | 0.92 |
| 1,000 - 10,000 | 18,759 | 55.47 | 58,091,536 | 10.99 |
| 10,001 - 1,000,000 | 4,510 | 13.34 | 178,147,952 | 33.70 |
| 1,000,001 and above | 28 | 0.08 | 287,507,135 | 54.39 |
| Total | 33,818 | 100.00 | 528,613,759 | 100.00 |

TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares | % |
|--------------|--|--------------------|--------------|
| 1. | OEI HONG LEONG FOUNDATION 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 | 48,464,834 | 9.17 |
| 4. | DBS NOMINEES PTE LTD | 14,286,827 | 2.70 |
| 5. | CITIBANK NOMINEES SINGAPORE PTE LTD | 13,289,906 | 2.51 |
| 6. | RAFFLES NOMINEES PTE LTD | 9,839,500 | 1.86 |
| 7. | LAUW HUI KIAN | 7,731,860 | 1.46 |
| 8. | NGIAM MIA HAI BERNARD | 7,306,860 | 1.38 |
| 9. | NGIAM MIA JE PATRICK | 7,093,208 | 1.34 |
| 10. | NGIAM MIA HONG ALFRED | 7,056,860 | 1.33 |
| 11. | KEE SUE HWA | 7,054,003 | 1.33 |
| 12. | NGIAM MIA KIAT BENJAMIN | 7,024,541 | 1.33 |
| 13. | OCBC NOMINEES SINGAPORE PTE LTD | 5,047,088 | 0.95 |
| 14. | THE KOREA DEVELOPMENT BANK | 4,958,296 | 0.94 |
| 15. | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 4,919,943 | 0.93 |
| 16. | UOB KAY HIAN PTE LTD | 4,563,150 | 0.86 |
| 17. | OCBC SECURITIES PRIVATE LTD | 3,951,500 | 0.75 |
| 18. | TAIWAN COOPERATIVE BANK OFF SHORE BANKING BRANCH | 3,542,041 | 0.67 |
| 19. | HSBC (SINGAPORE) NOMINEES PTE LTD | 2,740,125 | 0.52 |
| 20. | CUI ZHENNAN | 2,630,000 | 0.50 |
| TOTAL | | 275,491,975 | 52.09 |

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.

SHAREHOLDERS' INFORMATION AS AT 23 MARCH 2007

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

| | Direct Interest | % | Deemed Interest | % |
|--|--------------------|-------|--------------------|-------|
| Oei Hong Leong Foundation Pte Ltd (Formally known as 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:

- 1 Deemed interest in 63,604,000 shares held by Oei Hong Leong Foundation Pte Ltd ("OHLF") by virtue of Section 7 of the Companies Act, Cap. 50 (the "Act"). OHLF is a wholly-owned subsidiary of Chip Lian Private Limited.
- 2 Deemed interest in 63,604,000 shares held by Oei Hong Leong Foundation Pte Ltd ("OHLF") 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 OHLF. By virtue of Section 7 of the Act, OHL is deemed to be interested in 63,604,000 shares held by OHLF.
- 3 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.
- 4 Deemed interest in 50,387,433 shares held by Essex by virtue of Section 7 of the Act.
- 5 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.
- 6 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, #06-00, Singapore 535224 on Monday, 30 April 2007 at 1.30 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 2006 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 2006 (2005: 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 Hong Alfred **(Resolution 3)**
Mr Lee Soo Hoon Phillip **(Resolution 4)**

Mr Lee Soo Hoon Phillip will, upon re-election as a Director of the Company, remain Chairman of the Audit Committee and a member of the Remuneration 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 2006 (2005: S\$95,000.00) **(Resolution 5)**
5. To appoint Messrs PricewaterhouseCoopers as the Company's Auditors in place of the retiring Auditors, Messrs Ernst & Young and to authorise the Directors to fix their remuneration. (See Explanatory Note (i)). **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an 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 issue shares up to 50 per centum (50%) of the 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 authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

NOTICE OF ANNUAL GENERAL MEETING

7. Authority to issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company (cont'd)

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from the exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company 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 pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

(See Explanatory Note (ii))

(Resolution 7)

8. Authority to 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 issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the IPC Employees' Share Option Scheme ("the Scheme"), whether granted during the subsistence of this authority or otherwise, 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 a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company 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 (iii))

(Resolution 8)

By Order of the Board

Ngiam Mia Hai Bernard
Secretary
Singapore, 13 April 2007

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Company has received notice from the retiring Auditors, Messrs Ernst & Young that they will not seek re-appointment at this Annual General Meeting.

The Audit Committee of the Company has reviewed and recommended the appointment of Messrs PricewaterhouseCoopers as the Company's Auditors in place of the retiring Auditors, Messrs Ernst & Young. Messrs Ernst & Young and the Directors of the Company have confirmed that there are no circumstances connected with the change of auditors that need to be brought to the attention of the shareholders. Messrs PricewaterhouseCoopers have agreed and consented to act as Auditors of the Company.

The appointment of Messrs PricewaterhouseCoopers as Auditors of the Company will take effect upon obtaining the approval of the shareholders at this Annual General Meeting.

- (ii) The Ordinary Resolution 7 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 such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iii) The Ordinary Resolution 8 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 such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the issued shares in the capital of the Company from time to time.

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, #06-00, 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 11 May 2007 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Lim Associates (Pte) Ltd, 3 Church Street #08-01 Samsung Hub, Singapore 049483 up to 5.00 p.m. on 10 May 2007 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 10 May 2007 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 30 April 2007 will be made on 30 May 2007.

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 the person, or either or both of the persons, referred to above, 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 30 April 2007 at 1.30 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 to 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 2006 | | |
| 2 | Payment of proposed first and final tax exempt dividend | | |
| 3 | Re-election of Mr Ngiam Mia Hong Alfred as a Director | | |
| 4 | Re-election of Mr Lee Soo Hoon Phillip as a Director | | |
| 5 | Approval of Directors' fees amounting to S\$95,000.00 | | |
| 6 | Appointment of Messrs PricewaterhouseCoopers as Auditors of the Company in place of Messrs Ernst & Young, the retiring Auditors | | |
| 7 | Authority to issue new shares | | |
| 8 | Authority to issue shares under the IPC Employees' Share Option Scheme | | |

Dated this _____ day of _____ 2007

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

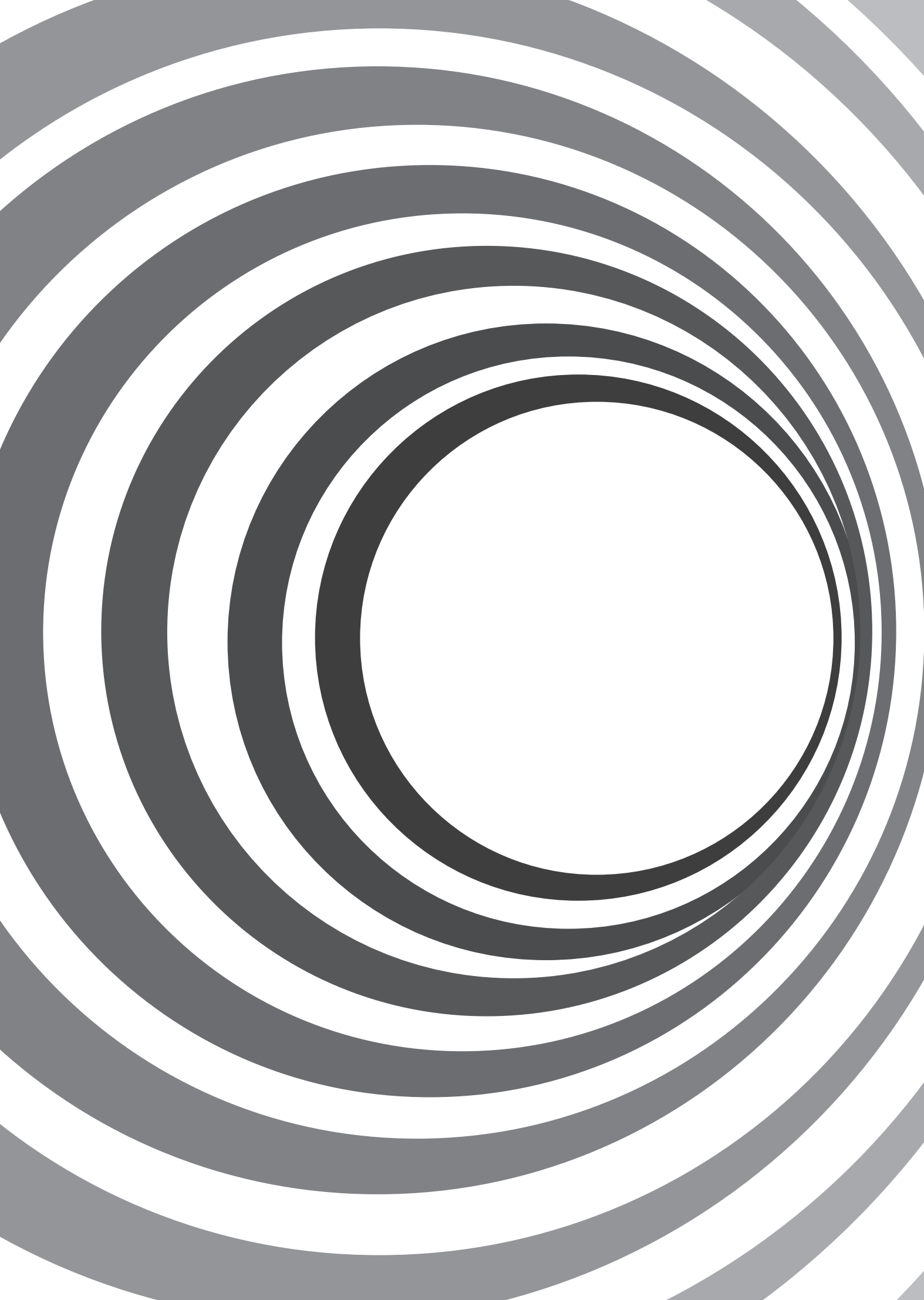
EXPLANATORY NOTES FOR PROXY FORM

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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 23 Tai Seng Drive, #06-00, Singapore 535224 not less than 48 hours before the time appointed for the Meeting.
6. 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.
7. 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.





IPC Corporation Ltd

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