

LTC CORPORATION LIMITED
Company Registration No : 196400176K

First Quarter Financial Statement for the Period Ending 30/09/2017.

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

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	Group		+/- %
	30/09/17	30/09/16	
	\$'000	\$'000	
Revenue	32,517	42,891	(24.2)
Cost of sales	(26,702)	(40,069)	(33.4)
Gross profit	5,815	2,822	106.1
Other income	131	180	(27.2)
Selling and distribution expenses	(139)	(482)	(71.2)
Administrative expenses	(2,182)	(1,995)	9.4
Other operating (expense)/income	(154)	1,427	NM
Share of results of joint ventures	(731)	(642)	13.9
Share of results of associated company	(38)	(71)	(46.5)
Operating profit	2,702	1,239	118.1
Finance income	103	67	53.7
Finance costs	(186)	(224)	(17.0)
Profit before taxation	2,619	1,082	142.1
Taxation	(550)	(252)	118.3
Profit for the financial period	2,069	830	149.3
Items that may be reclassified subsequently to profit or loss:			
Other capital reserve	-	39	(100.0)
Exchange differences on consolidation	349	(1,752)	NM
Share of other comprehensive income of associated company	34	58	(41.4)
	383	(1,655)	NM
Other comprehensive income, net of tax	383	(1,655)	NM
Total comprehensive income for the financial period	2,452	(825)	NM
Profit for the financial period attributable to:			
Owners of the Company	884	514	72.0
Non-controlling interests	1,185	316	275.0
	2,069	830	149.3
Total comprehensive income attributable to:			
Owners of the Company	1,267	(1,112)	NM
Non-controlling interests	1,185	287	312.9
	2,452	(825)	NM
Included in the above are the following charges/(credits):	30/09/17	30/09/16	+/-
	\$'000	\$'000	%
Foreign exchange loss	154	149	3.4
Write-back of allowance for impairment of completed properties	-	(1,576)	(100.0)
Total other operating expense/(income)	154	(1,427)	NM
Depreciation of property, plant & equipment	721	691	4.3
Provision for onerous contracts	297	45	560.0

NM = Not Meaningful

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

Statements of Financial Position	Group		Company	
	30/09/17 \$'000	30/06/17 \$'000	30/09/17 \$'000	30/06/17 \$'000
Non-current assets				
Investment properties	118,029	118,000	-	-
Property, plant and equipment	26,587	27,300	-	-
Subsidiary companies	-	-	130,170	130,170
Due from subsidiary companies	-	-	49,329	48,492
Joint ventures	32,664	22,237	-	-
Associated company	7,156	7,162	-	-
Long-term investments	4,780	4,780	380	380
Properties under development	14,191	14,128	-	-
Deferred tax assets	465	327	-	-
	<u>203,872</u>	<u>193,934</u>	<u>179,879</u>	<u>179,042</u>
Current assets				
Completed properties held for sale	13,321	13,279	-	-
Inventories	41,269	50,225	-	-
Prepayments	86	89	1	1
Trade debtors	27,515	19,482	-	-
Other debtors	464	1,222	-	-
Due from subsidiary company	-	-	3	1,005
Due from related parties	840	1,475	-	-
Tax recoverable	799	585	-	-
Fixed deposits	28,234	33,915	-	-
Cash and bank balances	13,930	14,939	25	26
	<u>126,458</u>	<u>135,211</u>	<u>29</u>	<u>1,032</u>
Current liabilities				
Trade creditors	27,231	28,480	-	-
Other creditors	3,603	3,405	240	222
Due to related parties	244	1,190	-	20
Interest-bearing loans and borrowings	5	6	-	-
Provisions	1,475	1,173	-	-
Derivatives	153	75	-	-
Provision for taxation	1,310	540	-	-
	<u>34,021</u>	<u>34,869</u>	<u>240</u>	<u>242</u>
Net current assets/(liabilities)	92,437	100,342	(211)	790
Non-current liabilities				
Trade creditors	641	1,060	-	-
Due to subsidiary companies	-	-	21,189	21,123
Deferred tax liabilities	3,612	3,612	-	-
	<u>4,253</u>	<u>4,672</u>	<u>21,189</u>	<u>21,123</u>
	<u>292,056</u>	<u>289,604</u>	<u>158,479</u>	<u>158,709</u>
Equity attributable to owners of the Company				
Share capital	150,113	150,113	150,113	150,113
Capital reserve	6,354	6,354	-	-
Exchange translation reserve	(33,870)	(34,253)	-	-
Accumulated profits	133,201	132,317	8,366	8,596
	<u>255,798</u>	<u>254,531</u>	<u>158,479</u>	<u>158,709</u>
Non-controlling interests	36,258	35,073	-	-
	<u>292,056</u>	<u>289,604</u>	<u>158,479</u>	<u>158,709</u>

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

Amount repayable in one year or less, or on demand

As at 30/09/2017		As at 30/06/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
5	-	6	-

Amount repayable after one year

As at 30/09/2017		As at 30/06/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collateral

	Group	
	30/9/2017	30/6/2017
	\$'000	\$'000
Interest-bearing loans and borrowings		
Short-term		
Lease liabilities	5	6 Note
	<u>5</u>	<u>6</u>

Note : Secured on the leased property, plant and equipment

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

Consolidated Statement of Cash Flow	Group	
	3 months ended 30/09/17	30/09/16
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	2,619	1,082
Adjustments for :		
Depreciation of property, plant and equipment	721	691
Provision for onerous contracts	297	45
Interest income	(103)	(67)
Finance and related costs	210	199
Write-back for impairment of completed properties	-	(1,576)
Loss/(gain) on fair value changes on derivatives	78	(125)
Share of results of joint ventures	731	642
Share of results of associated company	39	71
Operating cash flows before changes in working capital	<u>4,592</u>	<u>962</u>
Decrease in inventories	8,956	2,145
Increase in debtors and prepayments	(7,272)	(3,188)
(Decrease)/increase in creditors	(1,470)	4,875
Increase in properties under development	(19)	(35)
Decrease in completed properties held for sale	-	12,160
Currency realignment	(33)	(412)
Cash flows from operations	<u>4,754</u>	<u>16,507</u>
Interest paid	(178)	(171)
Income taxes paid	(132)	(187)
Net cash flows generated from operating activities	<u>4,444</u>	<u>16,149</u>
Cash flows from investing activities :		
Interest received	103	67
Investment in joint venture	(10,928)	-
Capital expenditure on investment properties	(29)	-
Purchase of property, plant and equipment	(8)	(7)
Loan repayment from associated company	-	2,121
Net cash flows (used in)/generated from investing activities	<u>(10,862)</u>	<u>2,181</u>
Cash flows from financing activities :		
Decrease in finance lease obligations	(1)	(15)
Decrease in deposits	-	62
Settlement of interest rate swap	(32)	(28)
Increase in amounts due to related parties	56	726
Decrease/(increase) in amounts due from related parties	635	(146)
Dividends paid to non-controlling interest of a subsidiary	(1,002)	(750)
Net cash flows used in financing activities	<u>(344)</u>	<u>(151)</u>
Net (decrease)/increase in cash and cash equivalents	(6,762)	18,179
Effect of exchange rate changes on cash and cash equivalents	72	(434)
Cash and cash equivalents at beginning of financial year	<u>48,854</u>	<u>34,310</u>
Cash and cash equivalents at end of financial period	<u>42,164</u>	<u>52,055</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group	Share Capital \$'000	Capital Reserve \$'000	Exchange Translation Reserve \$'000	Accumulated Profits \$'000	Equity Attributable to Owners of the Company \$'000	Non-controlling Interests \$'000	Total \$'000
Balance as at 1 July 2017	150,113	6,354	(34,253)	132,317	254,531	35,073	289,604
Profit for the financial period	-	-	-	884	884	1,185	2,069
Other comprehensive income for the period							
Exchange differences on consolidation	-	-	349	-	349	-	349
Share of other comprehensive income of associated company	-	-	34	-	34	-	34
Total comprehensive income for the period	-	-	383	884	1,267	1,185	2,452
Balance as at 30 September 2017	150,113	6,354	(33,870)	133,201	255,798	36,258	292,056
Balance as at 1 July 2016	150,113	6,225	(30,210)	125,411	251,539	34,525	286,064
Profit for the financial period	-	-	-	514	514	316	830
Other comprehensive income for the period							
Other capital reserve	-	39	-	-	39	-	39
Exchange differences on consolidation	-	-	(1,723)	-	(1,723)	(29)	(1,752)
Share of other comprehensive income of associated company	-	-	58	-	58	-	58
Total comprehensive income for the period	-	39	(1,665)	514	(1,112)	287	(825)
Dividends paid to noncontrolling interests	-	-	-	-	-	(750)	(750)
Balance as at 30 September 2016	150,113	6,264	(31,875)	125,925	250,427	34,062	284,489

Company	Share Capital \$'000	Accumulated Profits \$'000	Total \$'000
Balance as at 1 July 2017	150,113	8,596	158,709
Profit for the financial year	-	(230)	(230)
Total comprehensive income for the year	-	(230)	(230)
Balance as at 30 September 2017	150,113	8,366	158,479
Balance as at 1 July 2016	150,113	8,393	158,506
Profit for the financial year	-	991	991
Total comprehensive income for the year	-	991	991
Balance as at 30 September 2016	150,113	9,384	159,497

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the company's share capital since the end of the previous corresponding period.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	30 September 2017	30 June 2017
The total number of issued shares excluding treasury shares	156,453,000	156,453,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation as in the most recently audited annual statements except for the changes required by new or revised Financial Reporting Standards applicable to the Group effective from FY2018.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Changes in accounting policies (item 5)

The changes in accounting policies and methods of computation did not have any significant effect on the financial statements.

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

	3 months ended	
	30 September 2017	30 September 2016
Earnings per share - basic and diluted (cents)	0.57	0.33

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

	Group		Company	
	30/09/2017	30/06/2017	30/09/2017	30/06/2017
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares (cents)	163.50	162.69	101.29	101.44

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Group turnover for Q1 of FY18 decreased 24.2% or \$10.4m to \$32.5m from \$42.9m for Q1 of FY17.

Steel turnover increased by \$0.4m from \$30.2m to \$30.6m due to higher selling prices despite lower tonnage delivered. Net operating profit for Steel increased by \$2.0m to \$2.9m from \$0.9m for the previous corresponding period.

No turnover was recorded for Q1 of FY18 for Property Development in Singapore and Malaysia resulting in a decrease of \$10.8m compared to the previous corresponding period. Net operating loss increased by \$0.1m to \$0.5m compared to the previous corresponding period due to the share of results of the new joint venture Regata Maju Sdn Bhd.

Turnover and net operating profit for Property Rental remained unchanged compared to the previous corresponding quarter at \$1.9m and \$1.2m respectively.

Including the share of results of joint venture and associated companies, net operating profit for the Group improved by \$1.5m to \$2.7m.

On the balance sheet, the increase in joint ventures is due to the completion of the acquisition of the 40% share in Regata Maju Sdn Bhd in July. The decrease in inventories is mainly due to the lower volume for the steel business in Malaysia and a shipment delay for Singapore. The increase in trade debtors is mainly due to significant steel price adjustments in August and September.

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

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

International prices of steel rebar are still high and holding firm while the USD/SGD exchange rate has been unstable. Intense competition amongst suppliers in Singapore will continue as construction demand remains weak and largely underpinned by public demand.

The residential property market in Singapore has shown signs of recovery with increases in transaction prices after almost 4 years of straight decline.

Turnover from property development in Malaysia will continue to be irregular as the key contribution will be from the industrial park development. No turnover will be recorded for property development in Singapore for the year ahead as the Group currently does not have any development property here.

Rental rates for the investment properties in Singapore are expected to soften further if the economic outlook stays subdued.

11. **Dividend**

- (a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? None

- (b) **Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? None

- (c) **Date payable**

Not applicable.

- (d) **Books closure date**

Not applicable.

12. **If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared.

13. Transaction with Interested Persons

Name of interested person	For the financial period ending 30 September 2017	
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	\$'000	\$'000
Antara Steel Mills Sdn Bhd	-	1,216

14. Confirmation by Directors

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results of LTC Corporation Limited for the first quarter ended 30 September 2017, to be false or misleading.

15. Confirmation Pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that undertakings pursuant to Rule 720(1) of the SGX Listing Manual have been obtained from all its Directors and executive officers in the format set out in Appendix 7.7.

BY ORDER OF THE BOARD

Silvester Bernard Grant
Company Secretary
10 November 2017