

LTC CORPORATION LIMITED
Company Registration No : 196400176K

First Quarter Financial Statement for the Period Ending 30/09/2016.

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		
	3 months ended		+/- %
	30/09/16	30/09/15	
	\$'000	\$'000	
Revenues	42,891	31,324	36.9
Cost of sales	(40,069)	(30,287)	32.3
Gross profit	<u>2,822</u>	<u>1,037</u>	172.1
Other income	247	200	23.5
Selling and distribution expenses	(482)	(166)	190.4
Administrative expenses	(1,995)	(1,828)	9.1
Other operating expenses	1,427	1,575	(9.4)
Share of results of a joint venture	(642)	-	NM
Share of results of associated company	(71)	50	NM
Operating profit	<u>1,306</u>	<u>868</u>	50.5
Finance costs	(224)	(282)	(20.6)
Profit before taxation	<u>1,082</u>	<u>586</u>	84.6
Taxation	(252)	131	NM
Profit for the financial year	<u>830</u>	<u>717</u>	15.8
Other comprehensive income			
Items that will not be reclassified to profit or loss:	-	-	NM
Items that may be reclassified subsequently to profit or loss:			
Other capital reserve	39	-	NM
Exchange differences on consolidation	(1,752)	(6,761)	(74.1)
Share of other comprehensive income of associated company	58	733	(92.1)
	<u>(1,655)</u>	<u>(6,028)</u>	(72.5)
Other comprehensive income, net of tax	<u>(1,655)</u>	<u>(6,028)</u>	(72.5)
Total comprehensive income for the financial period	<u>(825)</u>	<u>(5,311)</u>	(84.5)
Profit for the financial period attributable to:			
Owners of the Company	514	1,697	(69.7)
Non-controlling interests	316	(980)	NM
	<u>830</u>	<u>717</u>	15.8
Total comprehensive income attributable to:			
Owners of the Company	(1,112)	(4,331)	(74.3)
Non-controlling interests	287	(980)	NM
	<u>(825)</u>	<u>(5,311)</u>	(84.5)
Included in the above are the following charges/(credits):	30/09/16	30/09/15	+/-
	\$'000	\$'000	%
Foreign exchange loss/(gain)	149	(1,226)	NM
Write-back of allowance for impairment of completed properties	(1,576)	(349)	351.6
Total other operating expenses	<u>(1,427)</u>	<u>(1,575)</u>	(9.4)
Interest income	(67)	(95)	(29.5)
Depreciation of property, plant & equipment	691	698	(1.0)
Provision/(write-back) for onerous contracts	45	(112)	NM

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	
	30/09/16	30/06/16	30/09/16	30/06/16
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Investment properties	118,000	118,000	-	-
Property, plant and equipment	29,184	29,871	-	-
Subsidiary companies	-	-	130,170	130,170
Due from subsidiary companies	-	-	50,792	49,922
Joint venture company	23,008	24,071	-	-
Associated company	6,763	8,898	-	-
Long-term investments	4,690	4,651	380	380
Properties under development	12,870	13,069	-	-
Deferred tax assets	401	589	-	-
Fixed deposits	-	16	-	-
	<u>194,916</u>	<u>199,165</u>	<u>181,342</u>	<u>180,472</u>
Current assets				
Completed properties held for sale	17,090	27,921	-	-
Inventories	37,365	39,555	-	-
Prepayments	87	97	1	1
Trade debtors	19,619	16,433	-	-
Other debtors	369	357	-	-
Due from subsidiary company	-	-	3	322
Due from related parties	541	395	-	-
Tax recoverable	664	430	-	-
Derivatives	76	50	-	-
Fixed deposits	26,961	16,853	-	-
Cash and bank balances	25,110	17,519	51	23
	<u>127,882</u>	<u>119,610</u>	<u>55</u>	<u>346</u>
Current liabilities				
Trade creditors	27,464	21,968	-	-
Other creditors	4,514	5,024	240	220
Due to related parties	1,260	534	10	10
Interest-bearing loans and borrowings	42	56	-	-
Derivatives	153	252	-	-
Provision for taxation	817	741	-	-
	<u>34,250</u>	<u>28,575</u>	<u>250</u>	<u>230</u>
Net current assets/(liabilities)	93,632	91,035	(195)	116
Non-current liabilities				
Trade creditors	880	991	-	-
Due to subsidiary companies	-	-	21,650	22,082
Interest-bearing loans and borrowings	5	6	-	-
Deferred tax liabilities	3,174	3,139	-	-
	<u>4,059</u>	<u>4,136</u>	<u>21,650</u>	<u>22,082</u>
	<u>284,489</u>	<u>286,064</u>	<u>159,497</u>	<u>158,506</u>
Equity attributable to owners of the Company				
Share capital	150,113	150,113	150,113	150,113
Capital reserve	6,264	6,225	-	-
Exchange translation reserve	(31,875)	(30,210)	-	-
Accumulated profits	125,925	125,411	9,384	8,393
	<u>250,427</u>	<u>251,539</u>	<u>159,497</u>	<u>158,506</u>
Non-controlling interests	34,062	34,525	-	-
	<u>284,489</u>	<u>286,064</u>	<u>159,497</u>	<u>158,506</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 30/09/2016		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
42	-	56	-

Amount repayable after one year

As at 30/09/2016		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
5	-	6	-

Details of any collateral

	Group		Note
	30/9/2016	30/6/2016	
Interest-bearing loans and borrowings	\$'000	\$'000	
Short-term			
Lease liabilities	42	56	1
	<u>42</u>	<u>56</u>	
Long-term			
Lease liabilities	5	6	1
	<u>5</u>	<u>6</u>	

1) 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 30/09/16	30/09/15
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	1,082	586
Adjustments for :		
Depreciation of property, plant and equipment	691	698
Provision/(write-back) for onerous contracts	45	(112)
Interest income	(67)	(95)
Gain on disposal of property, plant and equipment	-	(33)
Finance costs	199	226
Write-back of allowance for impairment of completed properties	(1,576)	(349)
Gain on fair value changes on derivatives	(125)	(736)
Share of results of joint venture company	642	-
Share of results of associated company	71	(50)
Operating cash flows before changes in working capital	962	135
Decrease in inventories	2,145	4,892
(Increase)/decrease in debtors and prepayments	(3,188)	2,979
Increase in creditors	4,875	1,131
Increase in properties under development	(35)	(294)
Decrease in completed properties held for sale	12,160	4,049
Currency realignment	(412)	(1,804)
Cash flows from operations	16,507	11,088
Interest paid	(171)	(226)
Income taxes paid	(187)	(787)
Net cash flows from operating activities	16,149	10,075
Cash flows from investing activities :		
Interest received	67	95
Proceeds from disposal of property, plant and equipment	-	128
Purchase of property, plant and equipment	(7)	(176)
Repayment of shareholders' loan by associated company	2,121	6,722
Net cash from investing activities	2,181	6,769
Cash flows from financing activities :		
(Decrease)/increase in finance lease obligations	(15)	15
Repayment of long-term borrowings	-	(905)
Decrease in deposits	62	-
Settlement of interest rate swap	(28)	(8)
Decrease in amounts due to related parties	726	249
Increase in amounts due from related parties	(146)	(34)
Dividends paid to non-controlling interest of a subsidiary	(750)	(850)
Net cash flows used in financing activities	(151)	(1,533)
Net decrease in cash and cash equivalents	18,179	15,311
Effect of exchange rate changes on cash and cash equivalents	(434)	(2,312)
Cash and cash equivalents at beginning of financial year	34,310	44,697
Cash and cash equivalents at end of financial period	52,055	57,696

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	Exchange	Accumulated	Dividend	Equity	Non-controlling	Total
	Capital	Reserve	Translation	Profits	Reserve	to Owners of	Interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	the Company	\$'000	\$'000
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
Balance as at 1 July 2015	150,113	6,193	(26,137)	118,482	-	248,651	36,264	284,915
Profit for the financial period	-	-	-	1,697	-	1,697	(980)	717
Other comprehensive income for the period								
Exchange differences on consolidation	-	-	(6,761)	-	-	(6,761)	-	(6,761)
Share of other comprehensive income of associated company	-	-	733	-	-	733	-	733
Total comprehensive income for the period	-	-	(6,028)	1,697	-	(4,331)	(980)	(5,311)
Balance as at 30 September 2015	150,113	6,193	(32,165)	120,179	-	244,320	35,284	279,604
Company								
				Share	Accumulated	Dividend		
				Capital	Profits	Reserve	Total	
				\$'000	\$'000	\$'000	\$'000	
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	
Balance as at 1 July 2015				150,113	7,601	-	157,714	
Profit for the financial year				-	1,957	-	1,957	
Total comprehensive income for the year				-	1,957	-	1,957	
Balance as at 30 September 2015				150,113	9,558	-	159,671	

- 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 2016	30 June 2016
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 FY2017.

- 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 2016	30 September 2015
Earnings per share - basic and diluted (cents)	0.33	1.08

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	
	30/09/2016	30/06/2016	30/09/2016	30/06/2016
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares (cents)	160.07	160.78	101.95	101.31

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 FY17 increased by 36.9% or \$11.6m to \$42.9m from \$31.3m for Q1 of FY16.

Steel turnover increased by \$4.6m from \$25.6m to \$30.2m due to higher tonnage delivered. Net operating profit for steel increased \$3.1m from a loss of \$2.2m for the previous corresponding period to a profit of \$0.9m.

Property Development turnover increased by \$7.0m to \$10.8m due to higher sales in Singapore but net operating loss remained unchanged at \$0.3m.

Turnover for Property Rental remained unchanged at \$1.9m but net operating profit decreased by \$0.4m to \$1.2m from \$1.6m due to higher maintenance and property tax charges.

Including the share of results of joint venture and associated companies, net operating profit for the Group improved by \$0.4m to \$1.3m.

On the balance sheet, the increase in fixed deposits is from the proceeds of sales of completed properties in Singapore. The increase in trade debtors and creditors is due to the higher volume for the steel business.

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 have remained unstable and USD has strengthened sharply against SGD. Intense competition amongst suppliers in Singapore will continue as construction demand is expected to remain weak.

The residential property market in Singapore has continued to soften especially for landed housing and the easing of cooling measures remains uncertain.

In Malaysia, turnover from property development will continue to be lumpy as the key contribution will be from the industrial park development.

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

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 2016	
	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	-	3,042

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 2016, 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
11 November 2016