

LTC CORPORATION LIMITED
Company Registration No : 196400176K

Second Quarter Financial Statement for the Period Ending 31/12/2016.

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			Group 6 months ended		
	31/12/16	31/12/15	+/- %	31/12/16	31/12/15	+/- %
Revenues	36,417	41,057	(11.3)	79,308	72,381	9.6
Cost of sales	(31,803)	(40,791)	(22.0)	(71,872)	(71,078)	1.1
Gross profit	4,614	266	1634.6	7,436	1,303	470.7
Other income	261	427	(38.9)	508	627	(19.0)
Selling and distribution expenses	(375)	(647)	(42.0)	(857)	(813)	5.4
Administrative expenses	(2,304)	(2,281)	1.0	(4,299)	(4,109)	4.6
Other operating expenses	685	1,751	(60.9)	2,112	3,326	(36.5)
Share of results of a joint venture	6	460	(98.7)	(636)	460	NM
Share of results of associated company	80	160	(50.0)	9	210	(95.7)
Operating profit	2,967	136	2081.6	4,273	1,004	325.6
Finance costs	(194)	(66)	193.9	(418)	(348)	20.1
Profit before taxation	2,773	70	3861.4	3,855	656	487.7
Taxation	(406)	(20)	1930.0	(658)	111	NM
Profit for the financial year	2,367	50	4634.0	3,197	767	316.8
Other comprehensive income						
Items that will not be reclassified to profit or loss:	-	-	NM	-	-	NM
Items that may be reclassified subsequently to profit or loss:						
Other capital reserve	(54)	-	NM	(15)	-	NM
Exchange differences on consolidation	(2,014)	1,216	NM	(3,766)	(5,545)	(32.1)
Share of other comprehensive income of associated company	-	(286)	(100.0)	58	447	(87.0)
	(2,068)	930	NM	(3,723)	(5,098)	(27.0)
Other comprehensive income, net of tax	(2,068)	930	NM	(3,723)	(5,098)	(27.0)
Total comprehensive income for the financial period	299	980	(69.5)	(526)	(4,331)	(87.9)
Profit for the financial period attributable to:						
Owners of the Company	1,911	1,006	90.0	2,425	2,703	(10.3)
Non-controlling interests	456	(956)	NM	772	(1,936)	NM
	2,367	50	4634.0	3,197	767	316.8
Total comprehensive income attributable to:						
Owners of the Company	(136)	1,954	NM	(1,248)	(2,377)	(47.5)
Non-controlling interests	435	(974)	NM	722	(1,954)	NM
	299	980	(69.5)	(526)	(4,331)	(87.9)
Included in the above are the following charges/(credits):	31/12/16	31/12/15	+/-	31/12/16	31/12/15	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Foreign exchange (gain)/loss	(160)	334	NM	(11)	(892)	(98.8)
Write-back of allowance for impairment of completed properties	(525)	(2,085)	(74.8)	(2,101)	(2,434)	(13.7)
Total other operating expenses	(685)	(1,751)	(60.9)	(2,112)	(3,326)	(36.5)
Interest income	(177)	(156)	13.5	(244)	(251)	(2.8)
Depreciation of property, plant & equipment	719	735	(2.2)	1,410	1,433	(1.6)
(Write-back)/provision for onerous contracts	(155)	279	NM	(110)	167	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	
	31/12/16 \$'000	30/06/16 \$'000	31/12/16 \$'000	30/06/16 \$'000
Non-current assets				
Investment properties	118,086	118,000	-	-
Property, plant and equipment	28,480	29,871	-	-
Subsidiary companies	-	-	130,170	130,170
Due from subsidiary companies	-	-	48,900	49,922
Joint venture company	22,521	24,071	-	-
Associated company	6,969	8,898	-	-
Long-term investments	4,636	4,651	380	380
Properties under development	13,214	13,069	-	-
Deferred tax assets	334	589	-	-
Fixed deposits	42	16	-	-
	<u>194,282</u>	<u>199,165</u>	<u>179,450</u>	<u>180,472</u>
Current assets				
Completed properties held for sale	13,273	27,921	-	-
Inventories	33,738	39,555	-	-
Prepayments	127	97	1	1
Trade debtors	26,666	16,433	-	-
Other debtors	666	357	-	-
Due from subsidiary company	-	-	3	322
Due from related parties	576	395	-	-
Tax recoverable	961	430	-	-
Derivatives	349	50	-	-
Fixed deposits	31,425	16,853	-	-
Cash and bank balances	18,455	17,519	27	23
	<u>126,236</u>	<u>119,610</u>	<u>31</u>	<u>346</u>
Current liabilities				
Trade creditors	27,066	21,968	-	-
Other creditors	4,595	5,024	66	220
Due to related parties	538	534	10	10
Interest-bearing loans and borrowings	29	56	-	-
Derivatives	90	252	-	-
Provision for taxation	646	741	-	-
	<u>32,964</u>	<u>28,575</u>	<u>76</u>	<u>230</u>
Net current assets/(liabilities)	93,272	91,035	(45)	116
Non-current liabilities				
Trade creditors	822	991	-	-
Due to subsidiary companies	-	-	21,189	22,082
Interest-bearing loans and borrowings	4	6	-	-
Deferred tax liabilities	3,379	3,139	-	-
	<u>4,205</u>	<u>4,136</u>	<u>21,189</u>	<u>22,082</u>
	<u>283,349</u>	<u>286,064</u>	<u>158,216</u>	<u>158,506</u>
Equity attributable to owners of the Company				
Share capital	150,113	150,113	150,113	150,113
Capital reserve	6,210	6,225	-	-
Exchange translation reserve	(33,743)	(30,210)	-	-
Accumulated profits	126,272	125,411	8,103	8,393
	<u>248,852</u>	<u>251,539</u>	<u>158,216</u>	<u>158,506</u>
Non-controlling interests	34,497	34,525	-	-
	<u>283,349</u>	<u>286,064</u>	<u>158,216</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 31/12/2016		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
29	-	56	-

Amount repayable after one year

As at 31/12/2016		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
4	-	6	-

Details of any collateral

	Group		Note
	31/12/2016	30/6/2016	
Interest-bearing loans and borrowings	\$'000	\$'000	
Short-term			
Lease liabilities	29	56	1
	<u>29</u>	<u>56</u>	
Long-term			
Lease liabilities	4	6	1
	<u>4</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		Group 6 months ended	
	31/12/16	31/12/15	31/12/16	31/12/15
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	2,773	70	3,855	656
Adjustments for :				
Depreciation of property, plant and equipment	719	734	1,410	1,432
(Write-back)/provision for onerous contracts	(155)	279	(110)	167
Interest income	(177)	(156)	(244)	(251)
Gain on disposal of property, plant and equipment	-	-	-	(33)
Finance costs	243	66	442	292
Write-back of allowance for impairment of completed properties	(525)	(1,843)	(2,101)	(2,192)
(Gain)/loss on fair value changes on derivatives	(336)	432	(461)	(304)
Share of results of joint venture company	(6)	(460)	636	(460)
Share of results of associated company	(80)	(160)	(9)	(210)
Operating cash flows before changes in working capital	2,456	(1,038)	3,418	(903)
Decrease/(increase) in inventories	3,782	(3,010)	5,927	1,882
(Increase)/decrease in debtors and prepayments	(7,384)	3,151	(10,572)	6,130
(Decrease)/increase in creditors	(375)	(14,171)	4,500	(13,040)
Decrease in provisions	-	(579)	-	(579)
Increase in properties under development	(617)	(134)	(652)	(428)
Decrease in completed properties held for sale	4,053	16,427	16,213	20,476
Currency realignment	(448)	312	(860)	(1,492)
Cash flows from operations	1,467	958	17,974	12,046
Interest paid	(202)	(66)	(373)	(292)
Income taxes (paid)/received	(602)	242	(789)	(545)
Net cash flows from operating activities	663	1,134	16,812	11,209
Cash flows from investing activities :				
Interest received	177	156	244	251
Capital expenditure on investment properties	(86)	-	(86)	-
Proceeds from disposal of property, plant and equipment	-	-	-	128
Purchase of property, plant and equipment	(21)	(63)	(28)	(239)
Investment in joint venture company	-	(23,145)	-	(23,145)
Repayment of shareholders' loan by associated company	-	3,382	2,121	10,104
Net cash flows from/(used in) investing activities	70	(19,670)	2,251	(12,901)
Cash flows from financing activities :				
Decrease in finance lease obligations	(14)	(16)	(29)	(1)
Repayment of long-term borrowings	-	(10,500)	-	(11,405)
Placement of deposits	(75)	-	(13)	-
Settlement of interest rate swap	(41)	(6)	(69)	(14)
(Decrease)/increase in amounts due to related parties	(722)	590	4	839
(Increase)/decrease in amounts due from related parties	(35)	523	(181)	489
Dividends paid	(1,564)	-	(1,564)	-
Dividends paid to non-controlling interest of a subsidiary	-	-	(750)	(850)
Net cash flows used in financing activities	(2,451)	(9,409)	(2,602)	(10,942)
Net (decrease)/increase in cash and cash equivalents	(1,718)	(27,945)	16,461	(12,634)
Effect of exchange rate changes on cash and cash equivalents	(506)	421	(940)	(1,891)
Cash and cash equivalents at beginning of financial year	52,055	57,696	34,310	44,697
Cash and cash equivalents at end of financial period	49,831	30,172	49,831	30,172

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	Equity	Non-controlling	Total
	Capital	Reserve	Translation	Profits	to Owners of	Interests	
	\$'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	-	-	-	2,425	2,425	772	3,197
Other comprehensive income for the period							
Other capital reserve	-	(15)	-	-	(15)	-	(15)
Exchange differences on consolidation	-	-	(3,716)	-	(3,716)	(50)	(3,766)
Share of other comprehensive income of associated company	-	-	183	-	183	-	183
Total comprehensive income for the period	-	(15)	(3,533)	2,425	(1,123)	722	(401)
Dividends paid	-	-	-	(1,564)	(1,564)	-	(1,564)
Dividends paid to noncontrolling interests	-	-	-	-	-	(750)	(750)
Balance as at 31 December 2016	<u>150,113</u>	<u>6,210</u>	<u>(33,743)</u>	<u>126,272</u>	<u>248,852</u>	<u>34,497</u>	<u>283,349</u>

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	-	-	-	2,703	2,703	(1,936)	767
Other comprehensive income for the period							
Exchange differences on consolidation	-	-	(5,527)	-	(5,527)	(18)	(5,545)
Share of other comprehensive income of associated company	-	-	447	-	447	-	447
Total comprehensive income for the period	-	-	(5,080)	2,703	(2,377)	(1,954)	(4,331)
Balance as at 31 December 2015	<u>150,113</u>	<u>6,193</u>	<u>(31,217)</u>	<u>121,185</u>	<u>246,274</u>	<u>34,310</u>	<u>280,584</u>

Company	Share	Accumulated	Total
	Capital	Profits	
	\$'000	\$'000	\$'000
Balance as at 1 July 2016	150,113	8,393	158,506
Profit for the financial year	-	1,274	1,274
Total comprehensive income for the year	-	1,274	1,274
Dividends paid	-	(1,564)	(1,564)
Balance as at 31 December 2016	<u>150,113</u>	<u>8,103</u>	<u>158,216</u>

Balance as at 1 July 2015	150,113	7,601	157,714
Profit for the financial year	-	1,412	1,412
Total comprehensive income for the year	-	1,412	1,412
Balance as at 31 December 2015	<u>150,113</u>	<u>9,013</u>	<u>159,126</u>

- 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.**

	31 December 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.**

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		6 months ended	
	31/12/2016 Cents	31/12/2015 Cents	31/12/2016 Cents	31/12/2015 Cents
Earnings per share (basic and diluted)	1.22	0.64	1.55	1.73

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	
	31/12/2016	30/06/2016	31/12/2016	30/06/2016
Net asset value per ordinary share based on issued share capital (cents)	159.06	160.78	101.13	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.**

3 months ended 31 December 2016

Group turnover for Q2 of FY17 decreased by 11.3% or \$4.6m to \$36.4m from \$41.0m for the previous corresponding period due to lower turnover for property development partly offset by higher turnover for steel.

Steel turnover increased by \$7.3m from \$23.4m to \$30.7m due to higher steel prices and tonnage delivered. Net operating profit for steel increased \$3.4m from a loss of \$2.1m for the previous corresponding period to a profit of \$1.3m.

Property Development turnover decreased by \$11.9m to \$3.6m due to lower sales in Singapore and net operating profit decreased by \$0.8m.

Turnover for Property Rental remained unchanged at \$2.1m but net operating profit increased by \$0.2m to \$1.6m from \$1.4m mainly due to lower maintenance charges.

Including the share of results of joint venture and associated companies, net operating profit for the Group improved by \$2.8m to \$2.9m.

6 months ended 31 December 2016

Group turnover for the first half of FY17 increased by 9.6% or \$6.9m to \$79.3m from \$72.4m for FY16 with higher turnover for steel partly offset by lower turnover for property development.

Steel turnover increased by \$11.8m from \$49.1m to \$60.9m due to higher steel prices and tonnage delivered. Net operating profit for steel increased \$6.5m from a loss of \$4.3m for the previous corresponding period to a profit of \$2.2m.

Property Development turnover decreased by \$4.8m to \$14.4m due to lower sales in Singapore while net operating profit decreased by \$0.8m.

Turnover for Property Rental remained unchanged at \$4.0m but net operating profit decreased by \$0.2m to \$2.7m from \$2.9m mainly due to higher property tax charges.

Including the share of results of joint venture and associated companies, net operating profit for the Group improved by \$3.3m to \$4.3m.

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 is due to higher steel prices and volume for the steel business, particularly in the last 2 months.

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.

The international price of steel rebar has risen sharply and is unstable while the USD and MYR have become more volatile. Construction demand is expected to improve as the increase from public sector projects may exceed the decrease from the private sector. Even so, competition amongst suppliers in Singapore is expected to remain intense.

The residential property market in Singapore is expected to soften further though the pace of decline may slow down.

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 remains 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 31 December 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 second quarter ended 31 December 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
14 February 2017