



TA CORPORATION LTD
(Company Registration No. 201105512R)

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31.03.2017

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

1(a)(i) A Statement of Comprehensive Income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Notes	Group		
		3 months ended		
		31.03.2017 S\$'000	31.03.2016 S\$'000	Change %
Revenue		60,988	35,847	70.1
Cost of sales		(48,890)	(29,411)	66.2
Gross profit		12,098	6,436	88.0
Other income	1	726	5,788	(87.5)
Selling and distribution costs	2	(946)	(231)	309.5
General and administrative expenses		(4,182)	(4,554)	(8.2)
Other operating expenses		(2,868)	(2,789)	2.8
Share of profit, net of tax of associates and joint ventures		153	50	206.0
Finance costs		(2,466)	(2,425)	1.7
Profit before income tax	3	2,515	2,275	10.5
Income tax expense		(203)	(315)	(35.6)
Profit after income tax		2,312	1,960	18.0
Other comprehensive loss:				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		(1,375)	(1,290)	6.6
Total comprehensive income for the period		937	670	39.9
Profit attributable to :				
Owners of the Company		1,645	2,398	31.4
Non-controlling interests		667	(438)	NM
		2,312	1,960	18.0
Total comprehensive income attributable to:				
Owners of the Company		597	1,316	54.6
Non-controlling interests		340	(646)	NM
		937	670	39.9
NM = Not meaningful				

1(a)(ii) Notes to Statement of Comprehensive Income

1. Other income

	Group	
	3 months ended	
	31.03.2017	31.03.2016
	S\$'000	S\$'000
Rental income	102	187
Management fee	120	120
Interest income	203	390
Grant from government	91	344
Reversal of allowance for doubtful receivables, net	-	1,641
Reversal of impairment loss on development property	-	3,000
Others	210	106

2. Selling and distribution costs

Selling and distribution costs increased by S\$0.7 million to \$0.9 million for first quarter ended 31 March 2017 (“1Q2017”) compared to S\$0.2 million in 1Q2016 due mainly to show-flat costs expensed off in current period upon launch of a development project, 12 on Shan.

3. Profit before income tax

	Group	
	3 months ended	
	31.03.2017	31.03.2016
	S\$'000	S\$'000
Profit before income tax for the period is stated after charging/ (crediting) the following:		
Depreciation expense	1,088	1,244
Fair value change in derivative financial instrument	71	541
Allowance (Reversal of allowance) for doubtful receivables, net	488	(1,641)
Reversal of impairment loss on development properties	-	(3,000)
Interest income	203	(390)
(Over) Under provision of tax in prior years	(48)	97

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.

	Group		Company	
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
	SS'000	SS'000	SS'000	SS'000
ASSETS				
Current assets				
Cash and bank balances	77,051	91,538	15,341	13,779
Trade and other receivables	104,930	92,402	2,940	6,022
Deposits and prepayments	3,007	4,036	107	15
Inventories	6,288	7,593	-	-
Development properties	166,764	183,871	-	-
Total current assets	358,040	379,440	18,388	19,816
Non-current assets				
Property, plant and equipment	52,270	48,879	-	-
Investment properties	262,185	253,385	-	-
Subsidiaries	-	-	116,965	116,965
Goodwill	2,595	2,595	-	-
Associates and joint ventures	14,535	14,619	-	-
Trade and other receivables	25,124	25,139	86,538	85,652
Other non-current assets	317	296	-	-
Derivative financial instrument	20	91	-	-
Total non-current assets	357,046	345,004	203,503	202,617
Total assets	715,086	724,444	221,891	222,433
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	118,312	131,184	5,000	5,000
Trade and other payables	105,849	107,697	412	902
Current portion of finance leases	393	343	-	-
Term notes	39,823	-	39,823	-
Income tax payable	1,596	1,514	-	-
Total current liabilities	265,973	240,738	45,235	5,902
Non-current liabilities:				
Borrowings	198,078	193,660	25,000	25,000
Trade and other payables	38,917	38,849	-	-
Finance leases	542	472	-	-
Term notes	-	39,778	-	39,778
Deferred tax liabilities	378	315	-	-
Total non-current liabilities	237,915	273,074	25,000	64,778
Capital, reserves and non-controlling interests				
Share capital	146,157	146,157	146,157	146,157
Capital reserve	644	644	-	-
Translation and other reserves	1,131	2,179	-	-
Retained earnings	62,686	61,041	5,499	5,596
Equity attributable to owners of the Company	210,618	210,021	151,656	151,753
Non-controlling interests	580	611	-	-
Total equity	211,198	210,632	151,656	151,753
Total liabilities and equity	715,086	724,444	221,891	222,433

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

	As at 31.03.2017		As at 31.12.2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	116,556	41,972	122,565	8,962
Amount repayable after one year	197,945	675	193,412	40,498
Total	314,501	42,647	315,977	49,460

Details of any collateral

Collateral for the above secured borrowings include mortgages over the Group's investment properties, development properties, leasehold properties, certain property, plant and equipment and fixed deposits. The bank facilities are also secured by corporate guarantees from the Company and certain of these facilities are also secured by guarantees from certain minority shareholders of partially-owned subsidiaries.

1(c) A Consolidated Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended	
	31.03.2017 S\$'000	31.03.2016 S\$'000
Operating activities		
Profit before income tax	2,515	2,275
Adjustments for :		
Depreciation expense	1,088	1,244
Share of profit of associates and joint ventures	(153)	(50)
Fair value change in derivative financial instrument	71	541
Gain on disposal of property, plant and equipment	(7)	-
Interest expense	2,466	2,425
Interest income	(203)	(390)
Negative goodwill arising from acquisition of a subsidiary	(10)	-
Reversal of impairment loss on other non-current assets	(21)	(18)
Reversal of impairment loss on development property	-	(3,000)
Allowance (Reversal of allowance) for doubtful receivables, net	488	(1,641)
Operating cash flows before movements in working capital	6,234	1,386
Trade and other receivables	(12,850)	35,771
Deposits and prepayments	1,029	(181)
Inventories	1,305	130
Development properties	17,851	(1,711)
Trade and other payables	(4,076)	(15,148)
Cash generated from operations	9,493	20,247
Income tax paid	(61)	(96)
Interest paid	(3,210)	(3,768)
Net cash from operating activities	6,222	16,383

Investing activities

Advances to associates and joint ventures	(1,292)	(2,672)
Acquisition of a subsidiary	(1,342)	-
Addition to investment properties	-	(1,854)
Investment in associates and joint ventures	-	(261)
Interest received	203	390
Purchase of property, plant and equipment	(4,446)	(2,627)
Proceeds from disposal of property, plant and equipment	17	1
Net cash used in investing activities	(6,860)	(7,023)

Financing activities

Proceeds from borrowings	10,097	23,755
Proceeds from term notes	-	39,645
Repayment of borrowings	(23,655)	(37,416)
Proceed from issue of shares in subsidiaries to non-controlling shareholders	-	84
Repayment of obligations under finance leases	(104)	(77)
Pledged fixed deposits	31	34
Distribution of funds to non-controlling shareholder on voluntary liquidation of a subsidiary	(307)	-
Dividends paid to non-controlling shareholders	(64)	-
Net cash (used in) from financing activities	(14,002)	26,025
(Decrease) Increase in cash and cash equivalents	(14,640)	35,385
Cash and cash equivalent at beginning of the period	87,110	75,796
Effect of exchange rate changes	184	(126)
Cash and cash equivalents at end of the period	72,654	111,055

Cash and cash equivalents at end of the period comprise the following:

Cash and bank balances	63,534	94,651
Fixed deposits	13,517	20,376
	<u>77,051</u>	<u>115,027</u>
Less: bank overdraft	-	(916)
Less: pledged fixed deposits	(4,397)	(3,056)
Cash and cash equivalents at end of the period	<u>72,654</u>	<u>111,055</u>

1(d)(i) A Statement of Changes in Equity (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.

Group (S\$'000)	Share capital	Capital reserve	Translation and other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total Equity
Balance at January 1, 2016	142,185	644	1,195	72,295	216,319	8,538	224,857
<i>Total comprehensive loss for the year</i>							
Loss for the year	-	-	-	(6,668)	(6,668)	(7,885)	(14,553)
Other comprehensive income for the year	-	-	984	-	984	(2)	982
Total	-	-	984	(6,668)	(5,684)	(7,887)	(13,571)
<i>Transactions with owners, recognised directly in equity</i>							
Proceed from issue of shares in subsidiaries to non-controlling shareholders	-	-	-	-	-	264	264
Effect of deemed disposal to non-controlling interest in a subsidiary	-	-	-	64	64	(64)	-
Issue of shares pursuant to scrip dividend scheme	3,972	-	-	-	3,972	-	3,972
Dividends paid							
- in cash	-	-	-	(678)	(678)	-	(678)
- in scrip	-	-	-	(3,972)	(3,972)	-	(3,972)
Dividends paid to non-controlling shareholders	-	-	-	-	-	(240)	(240)
Total	3,972	-	-	(4,586)	(614)	(40)	(654)
Balance at December 31, 2016	146,157	644	2,179	61,041	210,021	611	210,632
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	1,645	1,645	667	2,312
Other comprehensive loss for the period	-	-	(1,048)	-	(1,048)	(327)	(1,375)
Total	-	-	(1,048)	1,645	597	340	937
<i>Transactions with owners, recognised directly in equity</i>							
Effect of liquidation to non-controlling interest in a subsidiary	-	-	-	-	-	(307)	(307)
Dividends paid to non-controlling shareholders	-	-	-	-	-	(64)	(64)
	-	-	-	-	-	(371)	(371)
Balance at March 31, 2017	146,157	644	1,131	62,686	210,618	580	211,198

<u>Company (S\$'000)</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at January 1, 2016	142,185	5,540	147,725
Total comprehensive income for the year	-	4,706	4,706
Issue of shares pursuant to scrip dividend scheme	3,972	-	3,972
Dividends paid			
- in cash	-	(678)	(678)
- in scrip	-	(3,972)	(3,972)
Balance at December 31, 2016	146,157	5,596	151,753
Total comprehensive loss for the period	-	(97)	(97)
Balance at March 31, 2017	146,157	5,499	151,656

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.

Since 31 December 2016, there has been no change to the total number of issued shares of the Company.

As at end of 31 March 2017, the Company does not have any outstanding convertibles or treasury shares (31 December 2016: Nil).

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 financial year.

The total number of shares at 31 March 2017 was 482,270,359 (31 December 2016: 482,270,359). The Company has no treasury shares.

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 reported 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 nor reviewed by the Company's auditors.

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.

As disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the year ended 31 December 2016.

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 effects of, the change.

Not applicable.

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.

	Group	
	3 months ended	
	31.03.2017	31.03.2016
(i) Earnings per ordinary shares based on weighted average number of shares (in cents)	0.3	0.5
(ii) Earnings per ordinary shares based on a fully diluted basis (in cents)	0.3	0.5
Weighted average number of ordinary shares (in millions)	482.3	465.0

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary shares were the same as the earnings per ordinary shares for the respective periods.

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 period reported on and (b) immediately preceding financial year.

	Group		Company	
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Net asset value per ordinary share (in cents)	43.7	43.5	31.4	31.5
Total number of issued shares at end of the financial period (in millions)	482.3	482.3	482.3	482.3

There were no treasury shares at the end of the respective financial periods.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group performance

The Group recorded S\$61.0 million in revenue for 1Q2017, an increase of S\$25.2 million compared to S\$35.8 million for the corresponding period in 1Q2016.

Real estate development segment recorded S\$18.6 million revenue in 1Q2017, an increase S\$14.1 million compared to S\$4.5 million in 1Q2016. The increase was mainly due to the revenue contributions from units sold in Terra Villa and Ascent@456.

Real estate investment segment recorded S\$3.6 million revenue in 1Q2017, an increase S\$2.8 million compared to S\$0.8 million in 1Q2016 due mainly to higher occupancy rate from Tuas South dormitory compared to 1Q2016.

Construction segment recorded revenue of S\$31.7 million in 1Q2017, an increase of S\$7.1 million compared to S\$24.6 million in 1Q2016 due to higher amounts of progressive construction work for projects.

Distribution of lubricants and tyres business recorded S\$7.1 million revenue in 1Q2017, an increase of S\$1.2 million compared to S\$5.9 million in 1Q2016 mainly contributed by our distribution business in Myanmar.

In line with higher revenue, gross profit increased by 88.0% to S\$12.1 million for current period compared to S\$6.4 million in 1Q2016.

Other income decreased by S\$5.1 million to S\$0.7 million for 1Q2017 mainly due to the absence of reversal of impairment loss on development property and absence of reversal of allowance for doubtful receivables.

Selling and distribution costs increased by S\$0.7 million to S\$0.9 million for 1Q2017 compared to S\$0.2 million in 1Q2016 due mainly to show-flat costs expensed off in current period upon launch of a development project, 12 on Shan.

The Group achieved profit before income tax of S\$2.5 million in 1Q2017 compared to S\$2.3 million in 1Q2016.

Review of cash flow, working capital, assets and liabilities

The changes in assets and liabilities are as follow:

- i) increase in trade and other receivables by S\$12.5 million was mainly due to remaining sales consideration on completed development properties sold.
- ii) decrease in deposits and prepayment by S\$1.0 million was mainly due to show-flat costs expensed off upon launch of the project, 12 on Shan.

Cash and cash equivalents decreased by S\$14.6 million in 1Q2017 mainly attributed to net cash outflow in investing and financing activities of S\$6.9 million and S\$14.0 million respectively, partially offset by S\$6.2 million of net cash from operating activities.

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

The Company has not made any forecast or prospect statement for the period ended 31 March 2017 previously.

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 Urban Redevelopment Authority released the real estate statistics for 1st Quarter 2017 on 28 April 2017. Prices of private residential properties decreased by 0.4% in 1st Quarter 2017, compared with the 0.5% decline in the previous quarter. The Group expects Singapore's private residential property market to continue to be challenging in the near term.

Private residential construction demand in Singapore is projected to stay between S\$8.0 billion and S\$11.0 billion in 2017 compared to S\$10.3 billion in 2016 according to the Building and Construction Authority news release on 6 January 2017. Despite the challenging outlook for private residential construction demand, the Group remains confident of its construction business performance underpinned by an order book of S\$154 million as at 31 March 2017, to be delivered progressively over the next three years.

The Group will continue to exercise financial prudence while pursuing strategic business opportunities locally and in the region to drive growth.

11 Dividend

(a) Current Financial Period Reported On

(i) Any dividend declared for the current financial period reported on? No.

(ii) Any dividend recommended for the current financial period reported on? No.

(b) Corresponding period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(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 or recommended in the current financial period.

13 If the group has obtained general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate for interested person transactions. There are no interested person transactions above S\$100,000 for the period ended 31 March 2017.

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual

We confirm that the Company has procured undertakings from all its directors and the executive officer based on the latest revised format set out in Appendix 7.7.

15 Confirmation pursuant to Rule 705(5) of the Listing Manual

We confirm on behalf of the Board of Directors, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited first quarter financial results of the Group and the Company for the period ended 31 March 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Liong Kiam Teck
Executive Chairman

Neo Tiam Boon
Chief Executive Officer and Director

BY ORDER OF THE BOARD

Foo Soon Soo/ Yap Ming Choo
Company Secretaries

12 May 2017