

LION TECK CHIANG LIMITED
Company Registration No : 196400176K

Third Quarter Financial Statement for the Period Ending 31/03/2014.

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			Group		
	3 months ended		+/- %	9 months ended		+/- %
	31/03/2014	31/03/2013		31/03/2014	31/03/2013	
	\$'000	\$'000		\$'000	\$'000	
Revenues	42,844	56,832	(24.6)	130,234	149,394	(12.8)
Cost of sales	(36,272)	(36,637)	(1.0)	(108,221)	(114,447)	(5.4)
Gross profit	6,572	20,195	(67.5)	22,013	34,947	(37.0)
Other income	295	1,223	(75.9)	914	1,887	(51.6)
Selling and distribution expenses	(232)	(67)	246.3	(852)	(676)	26.0
Administrative expenses	(2,389)	(1,736)	37.6	(5,591)	(4,635)	20.6
Other operating expenses	(378)	(194)	94.8	139	(76)	NM
Share of results of associated company	184	421	(56.3)	(590)	933	NM
Operating profit	4,052	19,842	(79.6)	16,033	32,380	(50.5)
Finance costs	(226)	(537)	(57.9)	(614)	(882)	(30.4)
Profit before taxation	3,826	19,305	(80.2)	15,419	31,498	(51.0)
Taxation	(418)	(4,529)	(90.8)	(2,513)	(7,034)	(64.3)
Profit for the period	3,408	14,776	(76.9)	12,906	24,464	(47.2)
Other comprehensive income						
Items that will not be reclassified to profit and loss:						
Other capital reserve	-	-	NM	-	(27)	(100.0)
	-	-	NM	-	(27)	(100.0)
Items that may be reclassified subsequently to profit and loss:						
Exchange differences on consolidation	72	215	(66.5)	(2,396)	212	NM
Share of other comprehensive income of associated company	(725)	408	NM	(367)	34	NM
	(653)	623	NM	(2,763)	246	NM
Other comprehensive income for the period, net of tax	(653)	623	NM	(2,763)	219	NM
Total comprehensive income for the period	2,755	15,399	(82.1)	10,143	24,683	(58.9)
Profit for the period attributable to:						
Owners of the Company	2,411	12,944	(81.4)	8,611	19,258	(55.3)
Non-controlling interests	997	1,832	(45.6)	4,295	5,206	(17.5)
	3,408	14,776	(76.9)	12,906	24,464	(47.2)
Total comprehensive income attributable to:						
Owners of the Company	1,758	13,567	(87.0)	5,848	19,477	(70.0)
Non-controlling interests	997	1,832	(45.6)	4,295	5,206	(17.5)
	2,755	15,399	(82.1)	10,143	24,683	(58.9)
Included in the above are the following items:						
	31/03/2014	31/03/2013	+/-	31/03/2014	31/03/2013	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation of property, plant & equipment	417	390	6.9	1,175	1,080	8.8
Foreign exchange (loss)/gain	(378)	(194)	94.8	139	(76)	NM
Write-back of allowance for doubtful debts	-	150	(100.0)	-	150	(100.0)

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	
	31/03/14	30/06/13	31/03/14	30/06/13
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Investment properties	115,000	115,000	-	-
Property, plant and equipment	17,517	15,903	-	-
Subsidiary companies	-	-	182,788	183,331
Associated company	16,832	17,789	-	-
Long-term investments	3,730	3,730	380	380
Properties under development	14,065	66,515	-	-
Deferred tax assets	334	366	-	-
	<u>167,478</u>	<u>219,303</u>	<u>183,168</u>	<u>183,711</u>
Current assets				
Non-current assets held for sale	-	1,620	-	-
Completed properties held for sale	65,309	17,918	-	-
Inventories	34,157	41,985	-	-
Prepayments	99	71	2	2
Trade debtors	28,055	31,421	-	-
Other debtors	2,124	1,906	-	-
Due from subsidiary company	-	-	3	2,003
Due from related parties	716	784	-	-
Fixed deposits	8,013	7,561	-	-
Cash and bank balances	24,595	20,641	37	38
	<u>163,068</u>	<u>123,907</u>	<u>42</u>	<u>2,043</u>
Current liabilities				
Trade creditors	21,222	32,366	-	-
Other creditors	4,620	4,088	78	234
Due to related parties	2,760	4,557	22	30
Interest-bearing loans and borrowings	11,165	45	-	-
Provision for taxation	2,771	3,714	-	-
	<u>42,538</u>	<u>44,770</u>	<u>100</u>	<u>264</u>
Net current assets/(liabilities)	120,530	79,137	(58)	1,779
Non-current liabilities				
Trade creditors	610	950	-	-
Due to subsidiary companies	-	-	25,548	26,408
Interest-bearing loans and borrowings	9,664	28,056	-	-
Deferred taxation	1,865	1,752	-	-
	<u>12,139</u>	<u>30,758</u>	<u>25,548</u>	<u>26,408</u>
	<u>275,869</u>	<u>267,682</u>	<u>157,562</u>	<u>159,082</u>
Equity attributable to owners of the Company				
Share capital	150,113	150,113	150,113	150,113
Capital reserve	2,612	2,612	-	-
Exchange translation reserve	(21,860)	(19,097)	-	-
Accumulated profits	111,688	103,077	7,449	7,013
Dividend reserve	-	1,956	-	1,956
	<u>242,553</u>	<u>238,661</u>	<u>157,562</u>	<u>159,082</u>
Non-controlling interests	33,316	29,021	-	-
Total equity	<u>275,869</u>	<u>267,682</u>	<u>157,562</u>	<u>159,082</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 31/03/2014		As at 30/06/2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
11,165	-	45	-

Amount repayable after one year

As at 31/03/2014		As at 30/06/2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
9,664	-	28,056	-

Details of any collateral

	Group		Note
	31/03/2014	30/06/2013	
Interest-bearing loans and borrowings	\$'000	\$'000	
Short-term			
Revolving credit facility	11,120	-	1
Lease liabilities	45	45	3
	<u>11,165</u>	<u>45</u>	
Long-term			
Revolving credit facility	-	5,000	1
Bank loans	9,585	22,944	2
Lease liabilities	79	112	3
	<u>9,664</u>	<u>28,056</u>	

- 1) secured on investment properties, shares in a subsidiary and corporate guarantee of the company
- 2) secured on certain completed properties and corporate guarantee of the company
- 3) 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	3 months ended		9 months ended	
	31/3/2014	31/3/2013	31/3/2014	31/3/2013
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	3,826	19,305	15,419	31,498
Adjustments for :				
Depreciation of property, plant and equipment	417	390	1,175	1,080
Finance costs	226	537	614	882
Interest income	(93)	(186)	(258)	(542)
Gain on disposal of property, plant and equipment	(72)	(165)	(101)	(233)
Loss/(gain) on fair value of derivatives	128	(9)	205	(138)
Write-back of allowance for doubtful debts	-	(150)	-	(150)
Share of results of associated company	(184)	(421)	590	(933)
Currency realignment	72	173	(1,869)	170
Operating profit before reinvestment in working capital	4,320	19,474	15,775	31,634
(Increase)/decrease in inventories	(2,409)	(7,150)	7,828	8,502
Decrease in debtors and prepayments	6,746	2,437	3,027	914
Increase/(decrease) in creditors	415	(10,149)	(11,064)	(7,694)
(Decrease)/increase in amounts due to related parties	(433)	(607)	203	124
(Increase)/decrease in amounts due from related parties	(76)	(102)	68	(145)
Decrease in non-current asset held for sale	-	3,673	-	3,497
Increase in properties under development	(106)	(4,645)	(236)	(9,064)
Decrease in completed properties held for sale	3,901	922	6,915	3,030
Cash generated from operations	12,358	3,853	22,516	30,798
Interest paid	(226)	(537)	(614)	(882)
Income taxes paid	(381)	(1,609)	(3,311)	(5,699)
Net cash generated from operating activities	11,751	1,707	18,591	24,217
Cash flows from investing activities :				
Interest received	93	186	258	542
Proceeds from disposal of property, plant and equipment	72	447	125	535
Purchase of property, plant and equipment	(800)	(1,576)	(2,813)	(2,306)
Net cash used in investing activities	(635)	(943)	(2,430)	(1,229)
Cash flows from financing activities :				
Decrease in finance lease obligations	(11)	(10)	(33)	(31)
Proceeds of short-term borrowings	-	2,488	6,120	5,136
Repayment of long-term borrowings	(7,540)	(7,735)	(13,359)	(15,215)
Dividends paid to non-controlling interests of a subsidiary	-	-	(2,000)	(1,500)
Dividends paid by the company	-	-	(1,956)	(1,565)
Net cash used in financing activities	(7,551)	(5,257)	(11,228)	(13,175)
Net increase/(decrease) in cash and cash equivalents	3,565	(4,493)	4,933	9,813
Effects of exchange rate changes on cash and cash equivalents	-	42	(527)	42
Cash and cash equivalents at beginning of period	29,043	36,878	28,202	22,572
Cash and cash equivalents at end of period	32,608	32,427	32,608	32,427

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	Attributable to Owners of the Company							
	Share Capital \$'000	Capital Reserve \$'000	Exchange Translation Reserve \$'000	Accumulated Profits \$'000	Dividend Reserve \$'000	Equity	Non- controlling Interests \$'000	Total \$'000
						Attributable		
						to Owners of the Company \$'000		
Balance as at 1 July 2013	150,113	2,612	(19,097)	103,077	1,956	238,661	29,021	267,682
Profit for the period	-	-	-	8,611	-	8,611	4,295	12,906
Other comprehensive income for the period	-	-	(2,763)	-	-	(2,763)	-	(2,763)
Total comprehensive income for the period	-	-	(2,763)	8,611	-	5,848	4,295	10,143
Dividends paid	-	-	-	-	(1,956)	(1,956)	-	(1,956)
Balance as at 31 March 2014	150,113	2,612	(21,860)	111,688	-	242,553	33,316	275,869

	Attributable to Owners of the Company							
	Share Capital \$'000	Capital Reserve \$'000	Exchange Translation Reserve \$'000	Accumulated Profits \$'000	Dividend Reserve \$'000	Equity	Non- controlling Interests \$'000	Total \$'000
						Attributable		
						to Owners of the Company \$'000		
Balance as at 1 July 2012	150,113	2,642	(19,681)	68,189	1,565	202,828	23,794	226,622
Profit for the period	-	-	-	19,258	-	19,258	5,206	24,464
Other comprehensive income for the period	-	(27)	246	-	-	219	-	219
Total comprehensive income for the period	-	(27)	246	19,258	-	19,477	5,206	24,683
Dividends paid	-	-	-	-	(1,565)	(1,565)	-	(1,565)
Balance as at 31 Mar 2013	150,113	2,615	(19,435)	87,447	-	220,740	29,000	249,740

Company

	Share	Accumulated	Dividend	Total
	Capital \$'000	Profits \$'000	Reserve \$'000	
Balance as at 1 July 2013	150,113	7,013	1,956	159,082
Profit for the period	-	436	-	436
Total comprehensive income for the period	-	436	-	436
Dividends paid	-	-	(1,956)	(1,956)
Balance as at 31 March 2014	150,113	7,449	-	157,562

	Share	Accumulated	Dividend	Total
	Capital \$'000	Losses \$'000	Reserve \$'000	
Balance as at 1 July 2012	150,113	(8,553)	1,565	143,125
Profit for the period	-	11,489	-	11,489
Total comprehensive income for the period	-	11,489	-	11,489
Dividends paid	-	-	(1,565)	(1,565)
Balance as at 31 Mar 2013	150,113	2,936	-	153,049

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 March 2014	30 June 2013
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 FY2014.

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		9 months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	Cents	Cents	Cents	Cents
Earnings per share (basic and diluted)	1.54	8.27	5.50	12.31

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	
	31/03/2014	30/06/2013	31/03/2014	30/06/2013
Net asset value per ordinary share based on issued share capital (cents)	155.03	152.54	100.71	101.68

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.**

Quarter ended 31 March 2014

Group turnover for Q3 decreased by 24.6% or \$14.0m compared to the previous corresponding period. The decrease from \$56.8m to \$42.8m was mainly from property development.

Steel turnover decreased by \$0.5m from \$36.5m to \$36.0m due to lower steel prices despite higher tonnage delivered. Operating profit for steel decreased by \$2.0m to \$2.5m from \$4.5m for the previous corresponding period.

Turnover for Property Development decreased by \$13.6m due to lower turnover in Malaysia while operating profit declined by \$13.7m. Turnover in the previous corresponding quarter had included the sale of an industrial park lot for \$16.7m with contribution of \$12.6m to operating profit.

Turnover for Property Rental improved by \$0.2m to \$2.3m while operating profit improved by \$0.2m to \$1.4m.

Including a share of profit from an associate, operating profit for the Group decreased by \$15.8m compared with the previous corresponding period.

On the balance sheet, the reduction in properties under development and the increase in completed properties held for sale are due mainly to the transfer upon completion of a development project in Singapore.

The decrease in inventories is due to lower stocking and steel prices and is also reflected in the decrease in trade creditors. The decrease in the amount due to related parties is due mainly to the payment of dividends by a subsidiary to a related party who holds the non-controlling interest. During the period, the revolving credit facility became due within 12 months and has been reclassified from non-current to current.

9 months ended 31 March 2014 (3Q)

Group turnover for 3Q decreased by \$19.2m or 12.8% against the previous corresponding period. The decrease from \$149.4m to \$130.2m was due to lower turnover for property development and steel.

Steel turnover decreased by \$8.5m from \$121.9m to \$113.4m due to lower steel prices despite slightly higher tonnage delivered. Operating profit for steel decreased by \$2.2m to \$10.7m from \$12.9m for the previous corresponding period.

Turnover for Property Development decreased by \$11.2m due to lower turnover in Malaysia, partially offset by higher turnover in Singapore. Operating profit decreased by \$13.9m to \$0.8m.

Turnover for Property Rental improved by \$0.6m to \$6.8m while operating profit improved by \$0.5m to \$4.6m.

Including a share of loss of an associated company of \$0.6m compared to a profit of \$0.9m for the previous corresponding period, operating profit for the Group decreased by \$16.3m from \$32.3m to \$16.0m.

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 remained stable during the quarter but the USD/SGD exchange rate has been quite volatile. Competition amongst suppliers remains keen even as demand for steel from the local construction sector is expected to remain firm.

The residential property market in Singapore has remained slow with selective buying.

Turnover from property development in Malaysia is expected to continue to be lumpy as key contribution will be from industrial park development.

Occupancy for the investment properties in Singapore is likely to be sustained and rental rates supported.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	1 cent per ordinary share
Tax Rate	Tax exempt (one-tier)

(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

The interim dividend will be paid on 10 June 2014.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 22 May 2014 for the purposes of determining Shareholders' entitlements to the interim dividend.

Duly completed and stamped transfers received by the Company's Share Registrars, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 21 May 2014 will be registered to determine Shareholders' entitlements to the interim dividend.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 21 May 2014 will be entitled to the interim dividend.

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

Not applicable.

13. Transaction with Interested Persons

	For the financial period ending 31 March 2014	
Name of interested person	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	-	12,198

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 Lion Teck Chiang Limited for the third quarter ended 31 March 2014, to be false or misleading.

BY ORDER OF THE BOARD

Silvester Bernard Grant
Company Secretary
9 May 2014