



TA CORPORATION LTD
(Company Registration No. 201105512R)

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31.03.2018

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

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

	Notes	Group		
		3 months ended		
		31.03.2018 S\$'000	31.03.2017 S\$'000	Change %
Revenue		32,772	60,988	(46.3)
Cost of sales		(24,894)	(48,890)	(49.1)
Gross profit		7,878	12,098	(34.9)
Other income	1	967	726	33.2
Selling and distribution costs	2	(236)	(946)	(75.1)
General and administrative expenses	3	(4,847)	(4,182)	15.9
Other operating expenses		(2,658)	(2,868)	(7.3)
Share of profit, net of tax of associates and joint ventures	4	293	153	91.5
Finance costs		(2,695)	(2,466)	9.3
(Loss) Profit before income tax	5	(1,298)	2,515	NM
Income tax expense		(41)	(203)	(79.8)
(Loss) Profit after income tax		(1,339)	2,312	NM
Other comprehensive loss:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		154	(1,138)	NM
Share of comprehensive loss of associates and joint ventures	6	(178)	(237)	(24.9)
Total comprehensive (loss) income for the period		(1,363)	937	NM
(Loss) Profit attributable to :				
Owners of the Company		(1,685)	1,645	NM
Non-controlling interests		346	667	(48.1)
		(1,339)	2,312	NM
Total comprehensive (loss) income attributable to:				
Owners of the Company		(1,590)	597	NM
Non-controlling interests		227	340	(33.2)
		(1,363)	937	NM
NM = Not meaningful				

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

1. Other income

	Group	
	3 months ended	
	31.03.2018	31.03.2017
	S\$'000	S\$'000
Rental income	72	102
Management fee	138	120
Interest income	281	203
Gain on disposal of property, plant and equipment	35	7
Grant from government	228	91
Others	213	203
	967	726

2. Selling and distribution costs

Selling and distribution costs decreased by S\$0.7 million to S\$0.2 million for first quarter ended 31 March 2018 ("1Q2018") compared to S\$0.9 million for corresponding period ended 31 March 2017 ("1Q2017") due mainly to the absence of show-flat cost in 1Q2018.

3. General and administrative expenses

General and administrative expenses increased by S\$0.6 million to S\$4.8 million for 1Q2018 compared to S\$4.2 million for 1Q2017 due mainly to higher staff costs resulting from higher head count in the construction segment including for PPVC and precast business and salaries increment.

4. Share of profit, net of tax of associates and joint ventures

The share of profit, net of tax of associates and joint ventures of S\$0.3 million was higher for 1Q2018 compared to share of profit net of tax, of S\$0.2 million for 1Q2017 was due mainly to higher share of profit from its joint ventures' distribution of lubricants, tyres and commercial vehicles business in Myanmar.

5. (Loss) Profit before income tax

	Group	
	3 months ended	
	31.03.2018	31.03.2017
	S\$'000	S\$'000
(Loss) Profit before income tax for the period is stated after charging/ (crediting) the following:		
Depreciation expense	1,241	1,088
Allowance for doubtful receivables, net	487	488
Fair value change in derivative financial instrument	1	71
Gain on disposal of property, plant and equipment	(35)	(7)
Impairment loss on investment property	200	-
Interest income	(281)	(203)
Reversal of impairment loss on other non-current assets	(3)	(21)
Under (Over) provision of tax in prior years	2	(48)

6. Share of comprehensive loss of associates and joint ventures

There was a 24.9% improvement in the share of comprehensive loss of associates and joint ventures which arose from exchange translation, due mainly to lower exchange rate of US\$ to S\$ for 1Q2018 compared to 1Q2017.

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	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
	SS'000	SS'000	SS'000	SS'000
ASSETS				
Current assets				
Cash and bank balances	73,531	84,660	6,463	7,600
Trade and other receivables	74,971	95,071	6,020	26,579
Deposits and prepayments	2,767	2,630	28	7
Inventories	5,547	5,576	-	-
Development properties	195,677	185,057	-	-
Total current assets	352,493	372,994	12,511	34,186
Non-current assets				
Property, plant and equipment	57,624	55,678	-	-
Investment properties	236,175	236,375	-	-
Subsidiaries	-	-	91,965	91,965
Goodwill	2,595	2,595	-	-
Associates and joint ventures	16,314	16,199	-	-
Trade and other receivables	29,171	28,357	100,989	102,504
Other non-current assets	404	401	-	-
Derivative financial instrument	3	4	-	-
Total non-current assets	342,286	339,609	192,954	194,469
Total assets	694,779	712,603	205,465	228,655
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	101,257	161,224	5,000	5,000
Trade and other payables	128,284	120,754	22,516	5,757
Current portion of finance leases	394	405	-	-
Term notes	-	39,957	-	39,957
Income tax payable	1,264	1,476	-	-
Total current liabilities	231,199	323,816	27,516	50,714
Non-current liabilities				
Borrowings	247,382	171,289	20,000	20,000
Trade and other payables	37,325	37,174	-	-
Finance leases	432	523	-	-
Deferred tax liabilities	269	266	-	-
Total non-current liabilities	285,408	209,252	20,000	20,000
Capital, reserves and non-controlling interests				
Share capital	150,391	150,391	150,391	150,391
Reserves	675	675	31	31
Translation and other reserves	562	467	-	-
Retained earnings	35,092	36,777	7,527	7,519
Equity attributable to owners of the Company	186,720	188,310	157,949	157,941
Non-controlling interests	(8,548)	(8,775)	-	-
Total equity	178,172	179,535	157,949	157,941
Total liabilities and equity	694,779	712,603	205,465	228,655

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

	As at 31.03.2018		As at 31.12.2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	92,840	8,811	154,502	47,084
Amount repayable after one year	247,319	495	171,272	540
Total	340,159	9,306	325,774	47,624

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 and legal assignment of sales proceeds from the development properties. Certain bank facilities are also secured by corporate guarantees from the Company and 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	
	31.03.2018 S\$'000	31.03.2017 S\$'000
Operating activities		
(Loss) Profit before income tax	(1,298)	2,515
Adjustments for :		
Depreciation expense	1,241	1,088
Share of profit of associates and joint ventures	(293)	(153)
Fair value change in derivative financial instrument	1	71
Gain on disposal of property, plant and equipment	(35)	(7)
Interest expense	2,695	2,466
Interest income	(281)	(203)
Impairment loss on investment property	200	-
Reversal of impairment loss on other non-current assets	(3)	(21)
Allowance for doubtful receivables, net	487	488
Operating cash flows before movements in working capital	2,714	6,244
Trade and other receivables	20,137	(12,850)
Deposits and prepayments	(137)	1,029
Inventories	29	1,305
Development properties	(9,819)	17,851
Trade and other payables	(320)	(1,780)
Cash generated from operations	12,604	11,799
Income tax paid	(250)	(58)
Interest paid	(3,496)	(3,210)
Net cash from operating activities	8,858	8,531

	3 months ended	
	31.03.2018 S\$'000	31.03.2017 S\$'000
Investing activities		
Advances to associates and joint ventures	(1,185)	(1,292)
Addition to investment properties	-	(8,800)
Interest received	281	203
Purchase of property, plant and equipment	(3,166)	(4,446)
Proceeds from disposal of property, plant and equipment	77	17
Net cash used in investing activities	(3,993)	(14,318)
Financing activities		
Advance from an associate	8,000	-
Proceeds from borrowings	33,166	10,097
Repayment of term notes	(40,000)	-
Repayment of borrowings	(17,427)	(18,506)
Repayment of obligations under finance leases	(102)	(104)
Pledged fixed deposits	(232)	31
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 financing activities	(16,595)	(8,853)
Decrease in cash and cash equivalents	(11,730)	(14,640)
Cash and cash equivalent at beginning of the period	79,092	87,110
Effect of exchange rate changes	(61)	184
Cash and cash equivalents at end of the period	67,301	72,654

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

Cash and bank balances	62,924	63,534
Fixed deposits	10,607	13,517
	<u>73,531</u>	<u>77,051</u>
Less: pledged fixed deposits	(5,800)	(4,397)
Less: bank overdraft	(430)	-
Cash and cash equivalents at end of the period	<u>67,301</u>	<u>72,654</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.

<u>Group (S\$'000)</u>	<u>Share capital</u>	<u>Reserves</u>	<u>Translation and other reserves</u>	<u>Retained earnings</u>	<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interests</u>	<u>Total Equity</u>
Balance at January 1, 2017	146,157	644	2,179	61,041	210,021	611	210,632
<i>Total comprehensive loss for the year</i>							
Loss for the year	-	-	-	(19,441)	(19,441)	(8,318)	(27,759)
Other comprehensive loss for the year	-	-	(1,712)	-	(1,712)	(690)	(2,402)
Total	-	-	(1,712)	(19,441)	(21,153)	(9,008)	(30,161)
<i>Transactions with owners, recognised directly in equity</i>							
Effect of liquidation of a subsidiary to non-controlling shareholder	-	-	-	-	-	(307)	(307)
Issue of warrants	-	362	-	-	362	-	362
Warrant issue expenses	-	(331)	-	-	(331)	-	(331)
Issue of shares pursuant to scrip dividend scheme	4,234	-	-	-	4,234	-	4,234
Dividends paid							
- in cash	-	-	-	(589)	(589)	-	(589)
- in scrip	-	-	-	(4,234)	(4,234)	-	(4,234)
Dividends paid to non-controlling shareholders	-	-	-	-	-	(71)	(71)
Total	4,234	31	-	(4,823)	(558)	(378)	(936)
Balance at December 31, 2017	150,391	675	467	36,777	188,310	(8,775)	179,535
<i>Total comprehensive loss for the period</i>							
Loss for the period	-	-	-	(1,685)	(1,685)	346	(1,339)
Other comprehensive loss for the period	-	-	95	-	95	(119)	(24)
Total	-	-	95	(1,685)	(1,590)	227	(1,363)
Balance at March 31, 2018	150,391	675	562	35,092	186,720	(8,548)	178,172

<u>Company (S\$'000)</u>	<u>Share capital</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at January 1, 2017	146,157	-	5,596	151,753
<i>Total comprehensive income for the year</i>				
Profit for the year, representing total comprehensive income for the year	-	-	6,746	6,746
<i>Transactions with owners, recognised directly in equity</i>				
Issue of warrants	-	362	-	362
Warrants issue expenses	-	(331)	-	(331)
Issue of shares pursuant to scrip dividend scheme	4,234	-	-	4,234
Dividends paid				
- in cash	-	-	(589)	(589)
- in scrip	-	-	(4,234)	(4,234)
Total	4,234	31	(4,823)	(558)
Balance at December 31, 2017	150,391	31	7,519	157,941
<i>Total comprehensive income for the period</i>				
Profit for the period, representing total comprehensive income for the period	-	-	8	8
Balance at March 31, 2018	150,391	31	7,527	157,949

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 has been no change to the Company's issued share capital for the three months ended 31 March 2018.

As at end of 31 March 2018, the Company does not have any outstanding convertibles or treasury shares (31 March 2017: Nil).

The total number of outstanding warrants as at 31 March 2018 was 120,567,589 (31 March 2017: 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 2018 was 499,983,810 (31 December 2017: 499,983,810). 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.

Except 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 2017.

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.

The Group has adopted a new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the International Financial Reporting Standards with effect from 1 January 2018. Changes to the Group's accounting policies have been made as required, in accordance with the respective SFRS(I) and SFRS(I) INT.

The adoption of SFRS(I) and SFRS(I) INT does not result in changes to the Group's and Company's current accounting policies and no material adjustments on the initial transition to the new framework. The adoption of new SFRS(I)s effective for annual periods beginning on or after 1 January 2018 has no material effect on the amounts reported for the current period or prior years.

6 (Loss) 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	
	31.03.2018	31.03.2017
(i) (Loss) Earnings per ordinary shares based on weighted average number of shares (in cents)	(0.3)	0.3
(ii) (Loss) Earnings per ordinary shares based on a fully diluted basis (in cents)	(0.3)	0.3
Weighted average number of ordinary shares (in millions)	500.0	482.3

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary shares were the same as the earnings per ordinary shares based on the weighted average number of 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	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Net asset value per ordinary share (in cents)	37.3	37.7	31.6	31.6
Total number of issued shares at end of the financial period (in millions)	500.0	500.0	500.0	500.0

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\$32.8 million in revenue for 1Q2018, a decrease of S\$28.2 million compared to S\$61.0 million for the corresponding period in 1Q2017.

No revenue was recorded by the real estate development segment in 1Q2018 compared to S\$18.6 million in 1Q2017 as there was no sale of units from the development properties.

Construction segment recorded revenue of S\$22.0 million in 1Q2018, a decrease of S\$9.7 million compared to S\$31.7 million in 1Q2017 due to lower revenue recognition from progressive construction work for projects.

Distribution of lubricants and tyres business recorded S\$6.4 million revenue in 1Q2018, a decrease of S\$0.7 million compared to S\$7.1 million in 1Q2017 mainly due to lower revenue from our distribution business in Myanmar.

Real estate investment segment recorded S\$4.4 million revenue in 1Q2018, an increase S\$0.8 million compared to S\$3.6 million in 1Q2017 due mainly to higher occupancy rate from Tuas South dormitory compared to 1Q2017.

In line with lower revenue, gross profit decreased by 34.9% to S\$7.9 million for current period compared to S\$12.1 million in 1Q2017.

Other income increased by S\$0.2 million to S\$0.9 million for 1Q2018 due mainly to the higher grant received from government and interest income.

Selling and distribution costs decreased by S\$0.7 million to S\$0.2 million for 1Q2018 compared to S\$0.9 million in 1Q2017 due mainly to the absence of show-flat cost in 1Q2018.

General and administrative expenses increased by S\$0.6 million to S\$4.8 million for 1Q2018 compared to S\$4.2 million for 1Q2017 due mainly to higher staff costs resulting from higher head count in the construction segment including for PPVC and precast business and salaries increment.

The Group recorded loss before income tax of S\$1.3 million in 1Q2018 compared to profit before income tax of S\$2.5 million in 1Q2017. Income tax expense decreased in line with the drop in profit.

Review of cash flow, working capital, assets and liabilities

The changes in assets and liabilities are as follow:

- i) decrease in trade and other receivables by S\$19.3 million was mainly due to collection from customers.
- ii) increase in development properties by S\$10.6 million was due mainly to development cost incurred for project, 12 on Shan.
- iii) increase in property, plant and equipment by S\$1.9 million was mainly due to additional construction cost incurred of a warehouse in Tuas South, Singapore of S\$2.6 million, partially offset by depreciation charged for the period.
- iv) decrease in current borrowings by S\$60.0 million was due mainly to reclassification of loan to non-current borrowings based on bank revised repayment terms.
- v) increase in trade and other payables by S\$7.7 million was due mainly to advance received from an associate for working capital purpose.

- vi) decrease in term notes by S\$40.0 million was due to repayment made upon due in March 2018.
- vii) increase in non-current borrowings by S\$76.1 million was due to reclassification of loan from current borrowings and additional loans obtained for working capital purpose.

Cash and cash equivalents decreased by S\$11.7 million in 1Q2018 mainly attributed to net cash outflow in financing and investing activities of S\$16.6 million and S\$4.0 million respectively, partially offset by S\$8.9 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 2018 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 2018 on 27 April 2018. Prices of private residential properties increased by 3.9% in 1st Quarter 2018, compared with the 0.8% increased in the previous quarter. While the outlook for Singapore's private residential property market is expected to improve gradually over the near-to-medium term, the Group will continue to selectively evaluate land acquisition opportunities as well as engage in and tap strategic partnerships in Singapore and Southeast Asia markets to expand our property development business.

Private residential construction demand in Singapore is projected to range between S\$10.0 billion and S\$12.0 billion in 2018 compared to S\$9.0 billion in 2017 according to the Building and Construction Authority news release on 11 January 2018. The Group remains confident of its construction segment's performance underpinned by an order book of S\$230 million as at 31 March 2018, to be delivered progressively over the next three years.

The Group will continue to exercise financial prudence while pursuing strategic business opportunities locally such as participating in land tender, and in the region to expand earning base and increase recurring income.

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 2018.

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 2018 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

8 May 2018