

LTC CORPORATION LIMITED
Company Registration No : 196400176K

Third Quarter Financial Statement for the Period Ending 31/03/2017.

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		+/- %
	31/03/17	31/03/16		31/03/17	31/03/16	
	\$'000	\$'000		\$'000	\$'000	
Revenues	27,771	22,709	22.3	107,079	95,090	12.6
Cost of sales	(20,661)	(20,836)	(0.8)	(92,533)	(91,914)	0.7
Gross profit	7,110	1,873	279.6	14,546	3,176	358.0
Other income	669	339	97.3	1,177	966	21.8
Selling and distribution expenses	(308)	(179)	72.1	(1,165)	(992)	17.4
Administrative expenses	(2,661)	(3,037)	(12.4)	(6,960)	(7,146)	(2.6)
Other operating expenses	(640)	(1,253)	(48.9)	1,472	2,073	(29.0)
Share of results of a joint venture	(342)	(631)	(45.8)	(978)	(171)	471.9
Share of results of associated company	(109)	(65)	67.7	(100)	145	NM
Operating profit/(loss)	3,719	(2,953)	NM	7,992	(1,949)	NM
Finance costs	(194)	(235)	(17.4)	(612)	(583)	5.0
Profit/(loss) before taxation	3,525	(3,188)	NM	7,380	(2,532)	NM
Taxation	(590)	100	NM	(1,248)	211	NM
Profit/(loss) for the financial period	2,935	(3,088)	NM	6,132	(2,321)	NM
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	183	-	NM	168	-	NM
Exchange differences on consolidation	(1,757)	4,185	NM	(5,523)	(1,360)	306.1
Share of other comprehensive income of associated company	(16)	(862)	(98.1)	42	(415)	NM
	(1,590)	3,323	NM	(5,313)	(1,775)	199.3
Other comprehensive income, net of tax	(1,590)	3,323	NM	(5,313)	(1,775)	199.3
Total comprehensive income/(loss) for the financial period	1,345	235	472.3	819	(4,096)	NM
Profit/(loss) for the financial period attributable to:						
Owners of the Company	1,892	(2,145)	NM	4,317	558	673.7
Non-controlling interests	1,043	(943)	NM	1,815	(2,879)	NM
	2,935	(3,088)	NM	6,132	(2,321)	NM
Total comprehensive income/(loss) attributable to:						
Owners of the Company	335	1,160	(71.1)	(913)	(1,217)	(25.0)
Non-controlling interests	1,010	(925)	NM	1,732	(2,879)	NM
	1,345	235	472.3	819	(4,096)	NM
Included in the above are the following charges/(credits):	31/03/17	31/03/16	+/-	31/03/17	31/03/16	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Foreign exchange loss/(gain)	640	1,253	(48.9)	629	361	74.2
Write-back of allowance for impairment of completed properties	-	-	NM	(2,101)	(2,434)	(13.7)
Total other operating expenses	640	1,253	(48.9)	(1,472)	(2,073)	(29.0)
Depreciation of property, plant & equipment	734	674	8.9	2,144	2,107	1.8
Provision for onerous contracts	581	535	8.6	471	702	(32.9)

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	
	31/03/17 \$'000	30/06/16 \$'000	31/03/17 \$'000	30/06/16 \$'000
Non-current assets				
Investment properties	118,106	118,000	-	-
Property, plant and equipment	28,611	29,871	-	-
Subsidiary companies	-	-	130,170	130,170
Due from subsidiary companies	-	-	48,584	49,922
Joint venture company	21,757	24,071	-	-
Associated company	6,719	8,898	-	-
Long-term investments	4,819	4,651	380	380
Properties under development	13,575	13,069	-	-
Deferred tax assets	327	589	-	-
Fixed deposits	-	16	-	-
	<u>193,914</u>	<u>199,165</u>	<u>179,134</u>	<u>180,472</u>
Current assets				
Completed properties held for sale	13,026	27,921	-	-
Inventories	44,951	39,555	-	-
Prepayments	88	97	1	1
Trade debtors	24,807	16,433	-	-
Other debtors	257	357	-	-
Due from subsidiary company	-	-	3	322
Due from related parties	694	395	-	-
Tax recoverable	1,238	430	-	-
Derivatives	-	50	-	-
Fixed deposits	29,874	16,853	-	-
Cash and bank balances	13,493	17,519	26	23
	<u>128,428</u>	<u>119,610</u>	<u>30</u>	<u>346</u>
Current liabilities				
Trade creditors	30,286	21,968	-	-
Other creditors	2,221	5,024	75	220
Due to related parties	244	534	10	10
Interest-bearing loans and borrowings	12	56	-	-
Derivatives	332	252	-	-
Provision for taxation	384	741	-	-
	<u>33,479</u>	<u>28,575</u>	<u>85</u>	<u>230</u>
Net current assets/(liabilities)	94,949	91,035	(55)	116
Non-current liabilities				
Trade creditors	655	991	-	-
Due to subsidiary companies	-	-	20,794	22,082
Interest-bearing loans and borrowings	-	6	-	-
Deferred tax liabilities	3,639	3,139	-	-
	<u>4,294</u>	<u>4,136</u>	<u>20,794</u>	<u>22,082</u>
	<u>284,569</u>	<u>286,064</u>	<u>158,285</u>	<u>158,506</u>
Equity attributable to owners of the Company				
Share capital	150,113	150,113	150,113	150,113
Capital reserve	6,393	6,225	-	-
Exchange translation reserve	(35,608)	(30,210)	-	-
Accumulated profits	128,164	125,411	8,172	8,393
	<u>249,062</u>	<u>251,539</u>	<u>158,285</u>	<u>158,506</u>
Non-controlling interests	35,507	34,525	-	-
	<u>284,569</u>	<u>286,064</u>	<u>158,285</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 31/03/2017		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
12	-	56	-

Amount repayable after one year

As at 31/03/2017		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	6	-

Details of any collateral

	Group		Note
	31/3/2017	30/6/2016	
Interest-bearing loans and borrowings	\$'000	\$'000	
Short-term			
Lease liabilities	12	56	1
	<u>12</u>	<u>56</u>	
Long-term			
Lease liabilities	-	6	1
	<u>-</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 9 months ended	
	31/03/17 \$'000	31/03/16 \$'000	31/03/17 \$'000	31/03/16 \$'000
Cash flows from operating activities				
Profit/(loss) before tax	3,525	(3,188)	7,380	(2,532)
Adjustments for :				
Depreciation of property, plant and equipment	734	675	2,144	2,107
Provision for onerous contracts	581	535	471	702
Interest income	(170)	(124)	(414)	(375)
Gain on disposal of property, plant and equipment	(122)	-	(122)	(33)
Finance costs	194	217	636	509
Write-back of allowance for impairment of completed properties	-	-	(2,101)	(2,192)
Loss on fair value changes on derivatives	591	891	130	587
Share of results of joint venture company	342	631	978	171
Share of results of associated company	109	65	100	(145)
Operating cash flows before changes in working capital	5,784	(298)	9,202	(1,201)
(Increase)/decrease in inventories	(11,794)	3,040	(5,867)	4,922
Decrease/(increase) in debtors and prepayments	2,307	1,167	(8,265)	7,297
Increase/(decrease) in creditors	679	(1,469)	5,179	(14,509)
Decrease in provisions	-	(407)	-	(986)
Increase in properties under development	(595)	(142)	(1,247)	(570)
Decrease in completed properties held for sale	-	-	16,213	20,476
Currency realignment	(417)	880	(1,277)	(612)
Cash flows from operations	(4,036)	2,771	13,938	14,817
Interest paid	(159)	(217)	(532)	(509)
Income taxes paid	(862)	(674)	(1,651)	(1,219)
Net cash flows (used in)/from operating activities	(5,057)	1,880	11,755	13,089
Cash flows from investing activities :				
Interest received	170	124	414	375
Capital expenditure on investment properties	(20)	-	(106)	-
Proceeds from disposal of property, plant and equipment	122	-	122	128
Purchase of property, plant and equipment	(869)	(9)	(897)	(248)
Investment in joint venture company	-	-	-	(23,145)
Repayment of shareholders' loan by associated company	-	-	2,121	10,104
Net cash flows (used in)/from investing activities	(597)	115	1,654	(12,786)
Cash flows from financing activities :				
Decrease in finance lease obligations	(21)	(14)	(50)	(15)
Repayment of long-term borrowings	-	-	-	(11,405)
Placement of deposits	60	-	47	-
Settlement of interest rate swap	(35)	(3)	(104)	(17)
(Decrease)/increase in amounts due to related parties	(294)	(692)	(290)	147
(Increase)/decrease in amounts due from related parties	(118)	(182)	(299)	307
Dividends paid	-	-	(1,564)	-
Dividends paid to non-controlling interest of a subsidiary	-	-	(750)	(850)
Net cash flows used in financing activities	(408)	(891)	(3,010)	(11,833)
Net (decrease)/increase in cash and cash equivalents	(6,062)	1,104	10,399	(11,530)
Effect of exchange rate changes on cash and cash equivalents	(433)	1,050	(1,373)	(841)
Cash and cash equivalents at beginning of financial period	49,831	30,172	34,310	44,697
Cash and cash equivalents at end of financial period	43,336	32,326	43,336	32,326

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		
	\$'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	-	-	-	4,317	4,317	1,815	6,132
Other comprehensive income for the period							
Other capital reserve	-	168	-	-	168	-	168
Exchange differences on consolidation	-	-	(5,440)	-	(5,440)	(83)	(5,523)
Share of other comprehensive income of associated company	-	-	42	-	42	-	42
Total comprehensive income for the period	-	168	(5,398)	4,317	(913)	1,732	819
Dividends paid	-	-	-	(1,564)	(1,564)	-	(1,564)
Dividends paid to noncontrolling interests	-	-	-	-	-	(750)	(750)
Balance as at 31 March 2017	150,113	6,393	(35,608)	128,164	249,062	35,507	284,569
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	-	-	-	558	558	(2,879)	(2,321)
Other comprehensive income for the period							
Exchange differences on consolidation	-	-	(1,360)	-	(1,360)	-	(1,360)
Share of other comprehensive income of associated company	-	-	(415)	-	(415)	-	(415)
Total comprehensive income for the period	-	-	(1,775)	558	(1,217)	(2,879)	(4,096)
Balance as at 31 March 2016	150,113	6,193	(27,912)	119,040	247,434	33,385	280,819

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 period	-	1,343	1,343
Total comprehensive income for the period	-	1,343	1,343
Dividends paid	-	(1,564)	(1,564)
Balance as at 31 March 2017	150,113	8,172	158,285
Balance as at 1 July 2015	150,113	7,601	157,714
Profit for the financial period	-	119	119
Total comprehensive income for the period	-	119	119
Balance as at 31 March 2016	150,113	7,720	157,833

- 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 2017	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		9 months ended	
	31/03/2017 Cents	31/03/2016 Cents	31/03/2017 Cents	31/03/2016 Cents
Earnings per share (basic and diluted)	1.21	(1.37)	2.76	0.36

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	
	31/03/2017	30/06/2016	31/03/2017	30/06/2016
Net asset value per ordinary share based on issued share capital (cents)	159.19	160.78	101.17	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 March 2017

Group turnover for Q3 of FY17 increased by 22.3% or \$5.1m to \$27.8m from \$22.7m for the previous corresponding period due to higher turnover for steel partly offset by lower turnover for property development.

Steel turnover increased by \$6.5m from \$19.4m to \$25.9m due to higher steel prices. Net operating profit for steel increased \$4.7m from a loss of \$2.1m for the previous corresponding period to a profit of \$2.6m.

Property Development turnover decreased by \$1.4m due to lower sales in Malaysia but net operating profit increased by \$0.1m.

Turnover for Property Rental remained unchanged at \$1.9m but net operating profit increased by \$0.2m to \$1.0m from \$0.8m 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 \$6.7m to \$3.7m from a loss of \$3.0m.

9 months ended 31 March 2017

Group turnover for the first 9 months of FY17 increased by 12.6% or \$12.0m to \$107.1m from \$95.1m for FY16 with higher turnover for steel partly offset by lower turnover for property development.

Steel turnover increased by \$18.3m from \$68.5m to \$86.8m due to higher steel prices and tonnage delivered. Net operating profit for steel increased \$11.2m from a loss of \$6.3m for the previous corresponding period to a profit of \$4.9m.

Property Development turnover decreased by \$6.2m to \$14.4m mainly due to lower sales in Singapore and net operating profit decreased by \$0.7m.

Turnover for Property Rental remained unchanged at \$5.9m while net operating profit also remained unchanged at \$3.7m.

Including the share of results of joint venture and associated companies, net operating profit for the Group improved by \$9.9m to \$8.0m from a loss of \$1.9m.

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

The international price of steel rebar and the USD and MYR have become less volatile but the outlook is clouded with global political and economic uncertainty. Construction demand remains buoyed by public sector projects while the private sector may pick up with improved sentiments on residential property.

The residential property market in Singapore has seen an increase in transaction volume and prices for the mass market though the higher end and overall market has continued to soften.

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

Rental rates for the investments properties in Singapore may 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 March 2017	
	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
Amsteel Mills Marketing Sdn Bhd	-	2,522
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 third quarter ended 31 March 2017, to be false or misleading.

15. Confirmation Pursuant to Rule 720(1) of the 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
12 May 2017