



TA CORPORATION LTD  
(Company Registration No. 201105512R)

**Unaudited Second Quarter and Half Year Financial Statements and Dividend Announcement for the Period Ended 30.06.2014**

**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			6 months ended		
		30.06.2014 S\$'000	30.06.2013 S\$'000	Change %	30.06.2014 S\$'000	30.06.2013 S\$'000	Change %
<b>Revenue</b>		69,996	72,345	(3.2)	135,991	149,948	(9.3)
Cost of sales		(59,130)	(59,888)	(1.3)	(113,538)	(118,403)	(4.1)
<b>Gross profit</b>		10,866	12,457	(12.8)	22,453	31,545	(28.8)
Other income	1	2,532	1,072	136.2	4,136	2,244	84.3
Selling and distribution costs		(118)	(62)	90.3	(1,202)	(184)	553.3
General and administrative expenses		(4,124)	(3,553)	(16.1)	(7,841)	(7,382)	6.2
Other operating expenses		(1,571)	(1,487)	(5.6)	(2,761)	(2,444)	13.0
Share of profit/ (loss), net of tax of associates	2	464	472	(1.7)	(541)	127	NM
Finance costs		(1,028)	(287)	258.2	(1,321)	(603)	119.1
<b>Profit before income tax</b>	3	7,021	8,612	(18.5)	12,923	23,303	(44.5)
Income tax expense		(1,253)	(1,337)	(6.3)	(2,336)	(3,809)	(38.7)
<b>Profit after income tax</b>		5,768	7,275	(20.7)	10,587	19,494	(45.7)
Other comprehensive income/ (loss):							
Exchange differences on translation of foreign operations		(83)	25	NM	(201)	282	NM
Loss in fair value on available-for-sale investments		(15)	-	100.0	(15)	-	100.0
<b>Total comprehensive income for the period</b>		5,670	7,300	(22.3)	10,371	19,776	(47.6)
Profit attributable to :							
Owners of the Company		5,731	6,446	(11.1)	10,190	17,096	(40.4)
Non-controlling interests		37	829	(95.5)	397	2,398	(83.4)
		5,768	7,275	(20.7)	10,587	19,494	(45.7)
Total comprehensive income attributable to:							
Owners of the Company		5,635	6,534	(13.8)	9,968	17,391	(42.7)
Non-controlling interests		35	766	(95.4)	403	2,385	(83.1)
		5,670	7,300	(22.3)	10,371	19,776	(47.6)
NM = Not meaningful							

\* Certain comparative figures have been reclassified to conform to the current period's presentation.

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

### 1. Other income

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Property rental income	1,111	1,075
Gain on disposal of property, plant and equipment	2	20
Service fees income	348	360
Interest income	889	502
Reversal of provision for foreseeable loss	808	-
Reversal of allowance for doubtful trade receivable, net	40	-
Others	938	287
	<b>4,136</b>	<b>2,244</b>

### 2. Share of loss, net of tax of associates

The share of loss, net of tax of associates for 6 months ended 30 June 2014 comprises mainly the share of losses from Dalian Shicheng Property Development (S) Pte. Ltd., and its subsidiary which is partially off-set by share of profit from Meadows Bright Development Pte Ltd and its subsidiaries.

### 3. Profit before income tax

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Profit before income tax for the period is stated after charging/ (crediting) the following:		
(Reversal of)/ Allowance for doubtful trade receivables, net	(40)	2
Depreciation expense	2,369	1,449
Gain on disposals of property, plant and equipment, net	(2)	(20)
Interest income	(889)	(502)
(Over)/Under provision of income tax in prior years	(89)	33

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2014</b> <b>S\$'000</b>	<b>31.12.2013</b> <b>S\$'000</b>	<b>30.06.2014</b> <b>S\$'000</b>	<b>31.12.2013</b> <b>S\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	133,604	96,301	42,820	4,997
Trade and other receivables	203,991	191,263	63,897	33,658
Deposits and prepayments	12,763	6,542	21	28
Available-for-sale investments	9,463	-	-	-
Inventories	3,238	2,901	-	-
Development properties	208,405	196,066	-	-
<b>Total current assets</b>	<b>571,464</b>	<b>493,073</b>	<b>106,738</b>	<b>38,683</b>
<b>Non-current assets</b>				
Property, plant and equipment	24,592	20,862	-	-
Investment properties	59,825	60,175	-	-
Subsidiaries	-	-	116,965	116,965
Goodwill	2,595	2,594	-	-
Associates and joint venture	6,894	8,054	-	-
Other non-current assets	416	416	-	-
Deferred tax assets	178	65	-	-
<b>Total non-current assets</b>	<b>94,500</b>	<b>92,166</b>	<b>116,965</b>	<b>116,965</b>
<b>Total assets</b>	<b>665,964</b>	<b>585,239</b>	<b>223,703</b>	<b>155,648</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Borrowings	33,119	35,330	-	-
Trade and other payables	140,668	135,369	1,622	2,101
Current portion of finance leases	336	409	-	-
Income tax payable	7,769	12,334	23	10
<b>Total current liabilities</b>	<b>181,892</b>	<b>183,442</b>	<b>1,645</b>	<b>2,111</b>
<b>Non-current liabilities</b>				
Borrowings	161,986	159,934	-	-
Finance leases	340	434	-	-
Term notes	73,828	-	73,828	-
Deferred tax liabilities	1,422	654	-	-
<b>Total non-current liabilities</b>	<b>237,576</b>	<b>161,022</b>	<b>73,828</b>	<b>-</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	142,185	142,185	142,185	142,185
Capital reserve	644	644	-	-
Translation and other reserves	(582)	(360)	-	-
Retained earnings	90,657	85,117	6,045	11,352
<b>Equity attributable to owners of the Company</b>	<b>232,904</b>	<b>227,586</b>	<b>148,230</b>	<b>153,537</b>
Non-controlling interests	13,592	13,189	-	-
<b>Total equity</b>	<b>246,496</b>	<b>240,775</b>	<b>148,230</b>	<b>153,537</b>
<b>Total liabilities and equity</b>	<b>665,964</b>	<b>585,239</b>	<b>223,703</b>	<b>155,648</b>

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

	As at 30.06.2014		As at 31.12.2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	31,855	1,600	34,167	1,572
Amount repayable after one year	160,962	75,192	158,195	2,173
Total	192,817	76,792	192,362	3,745

**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 guaranteed by 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.**

	Group	
	6 months ended	
	30.06.2014 S\$'000	30.06.2013 S\$'000
<b>Operating activities</b>		
Profit before income tax	12,923	23,303
Adjustments for :		
Depreciation expense	2,369	1,449
Interest income	(889)	(502)
Interest expense	1,321	603
Share of loss/ (profit) of associates	541	(127)
Gain on disposals of property, plant and equipment	(2)	(20)
Loss in fair value of investment properties	350	-
(Reversal of)/ Allowance for doubtful trade receivables, net	(40)	2
Operating cash flows before movements in working capital	16,573	24,708
Trade and other receivables	(12,687)	3,767
Deposits and prepayments	(8,022)	(1,564)
Inventories	(337)	(161)
Development properties	(10,378)	17,481
Trade and other payables	5,748	(26,532)
Cash (used in)/ generated from operations	(9,103)	17,699
Income tax paid	(6,245)	(6,782)
Interest paid	(3,283)	(1,812)
Net cash (used in)/ from operating activities	(18,631)	9,105

**Investing activities**

Interest received	889	502
Purchase of property, plant and equipment	(4,229)	(3,112)
Proceeds from disposal of property, plant and equipment	16	20
Joint venture	-	(1,819)
Investment in available-for-sale investments	(9,463)	-
Acquisition of subsidiary	(1)	-
Additional investment in an associate	-	(550)
Additional other non-current assets	-	(80)
<b>Net cash used in investing activities</b>	<b>(12,788)</b>	<b>(5,039)</b>
<b>Financing activities</b>		
Proceeds from term notes, net	73,828	-
Proceeds from borrowings	9,212	5,955
Repayment of borrowings	(9,372)	(37,933)
Repayment of obligations under finance leases	(237)	(365)
Dividends paid	(4,650)	(6,045)
<b>Net cash from/ (used in) financing activities</b>	<b>68,781</b>	<b>(38,388)</b>
Increase (Decrease) in cash and cash equivalents	37,362	(34,322)
Cash and cash equivalents at beginning of the period	95,788	105,121
Effect of exchange rate changes	(59)	25
<b>Cash and cash equivalents at end of the period</b>	<b>133,091</b>	<b>70,824</b>

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

Cash and bank balances	74,546	52,763
Fixed deposits	59,058	18,061
	133,604	70,824
Less: pledged fixed deposits	(513)	-
<b>Cash and cash equivalents at end of the period</b>	<b>133,091</b>	<b>70,824</b>

**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.**

<b><u>Group (S\$'000)</u></b>	<b><u>Share capital</u></b>	<b><u>Capital reserve</u></b>	<b><u>Translation and other reserve</u></b>	<b><u>Retained earnings</u></b>	<b><u>Equity attributable to owners of the Company</u></b>	<b><u>Non-controlling interests</u></b>	<b><u>Total Equity</u></b>
Balance at January 1, 2013	142,185	644	(158)	61,873	204,544	23,133	227,677
Total comprehensive income for the year	-	-	(202)	29,289	29,087	2,523	31,610
Proceed from issue of shares in subsidiaries to non-controlling shareholders	-	-	-	-	-	1,410	1,410
Dividends	-	-	-	(6,045)	(6,045)	-	(6,045)
Dividends to non-controlling shareholders	-	-	-	-	-	(13,877)	(13,877)
Balance at December 31, 2013	142,185	644	(360)	85,117	227,586	13,189	240,775
Total comprehensive income for the period	-	-	(222)	10,190	9,968	403	10,371
Dividends	-	-	-	(4,650)	(4,650)	-	(4,650)
Balance at June 30, 2014	142,185	644	(582)	90,657	232,904	13,592	246,496

<b><u>Company (S\$'000)</u></b>	<b><u>Share capital</u></b>	<b><u>Retained earnings</u></b>	<b><u>Total equity</u></b>
Balance at January 1, 2013	142,185	11,456	153,641
Total comprehensive income for the year	-	5,941	5,941
Dividends	-	(6,045)	(6,045)
Balance at December 31, 2013	142,185	11,352	153,537
Total comprehensive loss for the period	-	(657)	(657)
Dividends	-	(4,650)	(4,650)
Balance at June 30, 2014	142,185	6,045	148,230

**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 2013, there has been no change to the total number of issued shares of the Company.

As at the end of 30 June 2014, the Company does not have any outstanding convertibles or treasury shares (31 December 2013: 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 excluding treasury shares as at 30 June 2014 was 465,000,000 (31 December 2013: 465,000,000).

**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 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 2013.

**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 all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current period or prior years.

**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.**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>
(i) Earnings per share based on weighted average number of shares (in cents)	2.2	3.7
(ii) Earnings per share based on a fully diluted basis (in cents)	2.2	3.7
Weighted average number of ordinary shares (in millions)	465.0	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.**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2014</b>	<b>31.12.2013</b>	<b>30.06.2014</b>	<b>31.12.2013</b>
Net asset value per ordinary share issued (in cents)	50.1	48.9	31.9	33.0
Total number of issued shares at end of the financial period (in millions)	465.0	465.0	465.0	465.0

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's revenue for the 6 months period ended 30 June 2014 ("1H2014") was S\$136.0 million, a decrease of 9.3% million compared to S\$149.9 million for the corresponding period in 2013 ("1H2013"). The decrease was due to lower revenue recorded by the real estate development segment partially offset by the increase in revenue from the construction and distribution segments in 1H2014.

Construction business recorded revenue of S\$106.6 million for 1H2014, an increase of 9.2% compared to S\$97.6 million for 1H2013. While higher revenue was recognised from progressive construction work completed in our on-going projects, including Riversails, The Skywoods, Starlight Suites and Marine Point, lower revenue was recognised from progressive construction work completed for project, Nouvel 18 and Foresque Residences which are both nearing completion. Our business from the installation and maintenance of air-conditioning and mechanical ventilation systems and BCA approved construction workers training and test centres also contributed to higher revenue in 1H2014 compared to 1H2013.

Real estate development business contributed S\$22.9 million revenue for 1H2014, a decrease of 51.8% compared to S\$47.5 million for 1H2013. While two of our on-going projects, The Cristallo and Gambir Ridge contributed higher revenue in 1H2014 compared to 1H2013, there was no revenue contribution in 1H2014 from Auralis and Coralis both of which achieved TOP in 2013.



Distribution business contributed S\$6.5 million for 1H2014, an increase of 35.4% from S\$4.8 million in 1H2013. The increase was mainly due to higher contribution from our distribution business in Myanmar.

In line with lower revenue, gross profit decreased by 28.8% to S\$22.4 million for 1H2014 compared to S\$31.5 million for 1H2013.

Other income increased by S\$1.9 million to S\$4.1 million for 1H2014 compared to S\$2.2 million for 1H2013. The increase was due mainly to reversal of provision for foreseeable loss of S\$0.8 million no longer required and higher interest income of S\$0.4 million.

Selling and distribution costs increased by S\$1.0 million to S\$1.2 million for 1H2014 compared to S\$0.2 million for 1H2013 due mainly to the show flats costs on project, Ascent@456 launched in current period.

General and administrative expenses increased by S\$0.4 million to S\$7.8 million for 1H2014 compared to S\$7.4 million for 1H2013. The increase was mainly due to higher staff cost in line with increase to the head counts.

Other operating expenses increased by S\$0.3 million to S\$2.7 million for 1H2014 compared to S\$2.4 million for 1H2013. The increase was mainly due to higher depreciation expense and loss in fair value of investment properties partially offset by decrease in expenses for properties.

Finance cost increased by S\$0.7 million to S\$1.3 million for 1H2014 compared to S\$0.6 million for 1H2013. The increase was mainly due to accrued interest on the term notes issued in April 2014.

The Group achieved profit before income tax of S\$12.9 million for 1H2014 compared to S\$23.3 million for 1H2013. Income tax expense decreased in line with lower profit earned which comprised net deferred tax liabilities of S\$0.7 million and current tax of S\$1.6 million.

The Group's profit after income tax was S\$10.6 million for 1H2014 compared to S\$19.5 million for 1H2013.

#### **Review of working capital, assets and liabilities**

The movement in assets and liabilities are as follows:

- i) increase in cash and bank balances by S\$37.3 million mainly due to net proceed from issue of fixed rate term notes of S\$73.8 million and collections from customers partially offset by S\$9.2 million deposit for dormitory site pending completion, S\$9.5 million available-for-sale investments, S\$6.2 million income tax paid, FY2013 dividends paid of S\$4.7 million, additional loans to associates and purchases of fixed assets.
- ii) increase in trade and other receivables by S\$12.7 million was mainly due to higher contract-in-progress of S\$10.4 million partially offset by collections from customers and additional loans to associates.
- iii) increase in deposits and prepayment by S\$6.2 million was mainly due to deposit for dormitory site pending completion partially offset by reclassification of deposits to property, plant and equipment on completion of the land purchases and show-flat costs expensed off upon launch of the project, Ascent@456.
- iv) increase in development properties by S\$12.3 million was mainly due to development costs incurred for projects which have yet to be launched.
- v) increase in available-for-sale investments by S\$9.5 million was for purchases of quoted loan securities.
- vi) increase in net term notes by S\$73.8 million arose from the issue of S\$75 million fixed rate medium term notes due October 2016 with coupon of 5.25% under the S\$150 million multi-currency medium term notes programme set up in 2013 net of issue costs.
- vii) decrease in income tax payable by S\$4.6 million was due to income tax paid of S\$6.2 million and current period tax provision of S\$1.6 million.

**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 30 June 2014 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 (“URA”) reported in its 2<sup>nd</sup> Quarter 2014 real estate statistics dated 25 July 2014 that prices of private residential properties decreased by 1.0% in 2Q2014, following the 1.3% price decline in the previous quarter 1Q2014. This was the third straight quarter of price decline. The sale of new private residential units decreased to 4,409 units in 1H2014 compared to 9,950 units sold in 1H2013. The weak sentiment for the Singapore private residential property market is expected to persist. The Group will continue to remain focussed and cautious while on the lookout for opportunistic acquisition to replenish its land banks.

The construction sector for private residential construction continues to be challenging in the light of reduced demand arising from the weak private residential market sentiment in Singapore and the tightening of manpower and increasing cost amid intensified competition. Despite the current challenging condition, the Group remains confident of its construction segment’s performance underpinned by our order book of S\$254 million as at 30 June 2014, to be delivered progressively over the next 2 years as well as continued efforts to increase productivity and manage costs.

**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. During the period, the following interested person transactions were entered into by the Group:

Name of Interested person	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920 )		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920 (excluding transactions less than S\$100,000)	
	3 months ended 30 June 2014	6 months ended 30 June 2014	3 months ended 30 June 2014	6 months ended 30 June 2014
	S\$'000	S\$'000	S\$'000	S\$'000
Prestige Resources Pte Ltd	75	150	N.A.	N.A.
TAC Alliance Pte. Ltd.	45	90	N.A.	N.A.
Liong Kiam Teck (Note 1)	22	22	N.A.	N.A.

Note 1:

On 22 January 2014, one of the Company's subsidiaries has entered into a cost-plus contract for the proposed erection of three 3-storey strata bungalows with Mr. Liong Kiam Teck, the Executive Chairman of the Company. Estimated cost of S\$4 million plus a 5% mark up on cost incurred shall be billed progressively according to work done. As at 30 June 2014, total billing of S\$22,080 has been rendered based on certified work done.

**14 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 second quarter financial results of the Group and the Company for the period ended 30 June 2014 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

7 August 2014