



TA CORPORATION LTD  
(Company Registration No. 201105512R)

**Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31.03.2014**

**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		
		31.03.2014 S\$'000	31.03.2013 S\$'000	Change %
<b>Revenue</b>		65,995	77,603	(15.0)
Cost of sales		(54,408)	(58,515)	(7.0)
<b>Gross profit</b>		11,587	19,088	(39.3)
Other income	1	1,604	1,172	36.9
Selling and distribution costs		(1,084)	(122)	788.5
General and administrative expenses		(3,716)	(3,829)	(3.0)
Other operating expenses		(1,191)	(957)	24.5
Share of losses, net of tax of associates	2	(1,005)	(345)	191.3
Finance costs		(293)	(316)	(7.3)
<b>Profit before income tax</b>	3	5,902	14,691	(59.8)
Income tax expense		(1,083)	(2,472)	(56.2)
<b>Profit after income tax</b>		4,819	12,219	(60.6)
Other comprehensive (loss) income:				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		(118)	257	NM
<b>Total comprehensive income for the period</b>		4,701	12,476	(62.3)
Profit attributable to :				
Owners of the Company		4,459	10,649	(58.1)
Non-controlling interests		360	1,570	(77.1)
		4,819	12,219	(60.6)
Total comprehensive income attributable to:				
Owners of the Company		4,333	10,857	(60.1)
Non-controlling interests		368	1,619	(77.3)
		4,701	12,476	(62.3)
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>3 months ended</b>	
	<b>31.03.2014</b>	<b>31.03.2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Property rental income	545	522
Service fees income	180	180
Interest income	402	250
Gain on foreign exchange, net	70	47
Gain on disposal of property, plant and equipment	2	20
Others	405	153

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

The share of losses, net of tax of associates for 1Q2014 comprises mainly share of losses from Dalian Shicheng Property Development (S) Pte. Ltd. and its subsidiary which is partially off-set by the share of profit from Meadows Bright Development Pte Ltd and its subsidiaries .

### 3. Profit before income tax

	<b>Group</b>	
	<b>3 months ended</b>	
	<b>31.03.2014</b>	<b>31.03.2013</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	-	(3)
Depreciation of property, plant and equipment	1,142	684
Loss in fair value of investment properties	150	-
Gain on disposal of property, plant and equipment	(2)	(20)
Interest income	(402)	(250)
(Over)/Under provision of tax in prior years	(89)	46

**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>31.03.2014</b>	<b>31.12.2013</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	<b>SS'000</b>	<b>SS'000</b>	<b>SS'000</b>	<b>SS'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	90,557	96,301	5,363	4,997
Trade and other receivables	195,206	191,263	33,689	33,658
Deposits and prepayments	5,224	6,542	34	28
Inventories	3,056	2,901	-	-
Development properties	198,517	196,066	-	-
<b>Total current assets</b>	<b>492,560</b>	<b>493,073</b>	<b>39,086</b>	<b>38,683</b>
<b>Non-current assets</b>				
Property, plant and equipment	22,850	20,862	-	-
Investment properties	60,025	60,175	-	-
Subsidiaries	-	-	116,965	116,965
Goodwill	2,595	2,594	-	-
Associates and joint venture	6,507	8,054	-	-
Other non-current assets	416	416	-	-
Deferred tax assets	169	65	-	-
<b>Total non-current assets</b>	<b>92,562</b>	<b>92,166</b>	<b>116,965</b>	<b>116,965</b>
<b>Total assets</b>	<b>585,122</b>	<b>585,239</b>	<b>156,051</b>	<b>155,648</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Borrowings	35,706	35,330	-	-
Trade and other payables	131,143	135,369	2,452	2,101
Current portion of finance leases	395	409	-	-
Income tax payable	13,157	12,334	50	10
<b>Total current liabilities</b>	<b>180,401</b>	<b>183,442</b>	<b>2,502</b>	<b>2,111</b>
<b>Non-current liabilities:</b>				
Borrowings	157,723	159,934	-	-
Finance leases	400	434	-	-
Deferred tax liabilities	1,122	654	-	-
<b>Total non-current liabilities</b>	<b>159,245</b>	<b>161,022</b>	<b>-</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 reserve	(486)	(360)	-	-
Retained earnings	89,576	85,117	11,364	11,352
Equity attributable to owners of the Company	231,919	227,586	153,549	153,537
Non-controlling interests	13,557	13,189	-	-
<b>Total equity</b>	<b>245,476</b>	<b>240,775</b>	<b>153,549</b>	<b>153,537</b>
<b>Total liabilities and equity</b>	<b>585,122</b>	<b>585,239</b>	<b>156,051</b>	<b>155,648</b>

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

	As at 31.03.2014		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	34,517	1,584	34,167	1,572
Amount repayable after one year	156,351	1,772	158,195	2,173
Total	190,868	3,356	192,362	3,745

**Details of any collateral**

Collateral for the above secured borrowings include mortgages over the Group's investment properties, development properties and leasehold properties; and pledge of 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	
	31.03.2014 S\$'000	31.03.2013 S\$'000
<b>Operating activities</b>		
Profit before income tax	5,902	14,691
Adjustments for :		
Depreciation expense	1,142	684
Share of losses of associates	1,005	345
Gain on disposal of property, plant and equipment	(2)	(20)
Interest expense	293	316
Interest income	(402)	(250)
Loss in fair value of investment properties	150	-
Reversal of doubtful debts	-	(3)
Operating cash flows before movements in working capital	8,088	15,763
Trade and other receivables	(3,943)	12,311
Deposits and prepayments	1,317	(1,113)
Inventories	(155)	(395)
Development properties	(1,578)	8,989
Trade and other payables	(3,831)	(17,164)
Cash (used in)/ generated from operations	(102)	18,391
Income tax refund (paid)	105	(8)
Interest paid	(1,166)	(985)
Net cash (used in)/ from operating activities	(1,163)	17,398
<b>Investing activities</b>		
Interest received	402	250
Purchase of property, plant and equipment	(3,045)	(1,435)
Proceeds from disposal of property, plant and equipment	16	20
Net cash used in investing activities	(2,627)	(1,165)

**Financing activities**

Proceeds from borrowings
Repayment of borrowings
Repayment of obligations under finance leases
Net cash used in financing activities
Decrease in cash and cash equivalents
Cash and cash equivalent at beginning of the period
Effect of exchange rate changes
<b>Cash and cash equivalents at end of the period</b>

2,058	4,839
(3,896)	(31,814)
(117)	(187)
(1,955)	(27,162)
(5,745)	(10,929)
95,788	105,121
1	122
90,044	94,314

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

Cash and bank balances	75,510	72,588
Fixed deposits	15,047	23,553
	<hr/>	<hr/>
	90,557	96,141
Less: pledged fixed deposits	(513)	-
bank overdrafts	-	(1,827)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	90,044	94,314

**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>Capital reserve</u>	<u>Translation reserve</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, 2013	142,185	644	(158)	61,873	204,544	23,133	227,677
Proceed from issue of shares in subsidiaries to non-controlling shareholders	-	-	-	-	-	1,410	1,410
Total comprehensive income for the year	-	-	(202)	29,289	29,087	2,523	31,610
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	-	-	(126)	4,459	4,333	368	4,701
Balance at March 31, 2014	142,185	644	(486)	89,576	231,919	13,557	245,476

<u>Company (S\$'000)</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
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 income for the period	-	12	12
Balance at March 31, 2014	142,185	11,364	153,549

**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 end of 31 March 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 31 March 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>3 months ended</b>	
	<b>31.03.2014</b>	<b>31.03.2013</b>
(i) Earnings per ordinary shares based on weighted average number of shares (in cents)	1.0	2.3
(ii) Earnings per ordinary shares based on a fully diluted basis (in cents)	1.0	2.3
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>31.03.2014</b>	<b>31.12.2013</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
Net asset value per ordinary share (in cents)	49.9	48.9	33.0	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 recorded S\$66.0 million in revenue for first quarter ended 31 March 2014 ("1Q2014"), a decrease of 15.0% compared to S\$77.6 million for the corresponding period in 2013. The decrease was due to lower revenue recorded by the real estate development segment which is partially offset by marginal increase in revenue from the construction and distribution business segments in 1Q2014.

Construction business achieved revenue of S\$53.9 million, a 9.3% increase in 1Q2014 compared to S\$49.3 million in the corresponding period in 2013. 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 projects, Nouvel 18 and Foresque Residences which are both nearing completion. Our businesses 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 1Q2014 compared to 1Q2013.

Real estate development business recorded S\$8.8 million revenue in 1Q2014 compared to S\$26.4 million in 1Q2013, a decrease of 66.7%. While two of our on-going projects, The Cristallo and Gambir Ridge contributed to higher revenue in 1Q2014 compared to 1Q2013, there was no revenue contribution in 1Q2014 from Auralis and Coralis both of which achieved TOP in 2013.



Distribution business recorded S\$3.3 million revenue in 1Q2014 compared to S\$1.9 million in 1Q2013, an increase of 73.7%. The increase was mainly due to higher contribution from our distribution business in Myanmar.

In line with lower revenue, gross profit decreased by 39.3% to S\$11.6 million in 1Q2014 compared to S\$19.1 million in 1Q2013.

Selling and distribution costs increased by S\$1.0 million to S\$1.1 million in 1Q2014 compared to S\$0.1 million in 1Q2013 due mainly to show-flat costs expensed off in current period upon preview launch of a project, Ascent@456.

Other operating expenses increased by S\$0.2 million to S\$1.2 million for 1Q2014 compared to 1Q2013 mainly due to higher depreciation expense and loss in fair value of investment properties partially offset by decrease in expenses for properties.

The Group achieved profit before income tax of S\$5.9 million in 1Q2014 compared to S\$14.7 million in 1Q2013. Income tax expense decreased in line with lower profit earned which comprise net deferred tax liability of S\$0.4 million and current tax of S\$0.7 million.

The Group's profit after income tax was S\$4.8 million for 1Q2014 compared to S\$12.2 million for 1Q2013.

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

The movement in assets and liabilities are as follows:

- i) decrease in deposits and prepayment by S\$1.3 million was mainly due to show-flat costs expensed off upon preview launch of a project, Ascent@456.
- ii) increase in deferred tax liabilities by S\$0.5 million was mainly due to provision made on profit from real estate development segment and on accelerated tax depreciation.

#### **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 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 recent Urban Redevelopment Authority's press release on 25 April 2014 indicated prices of private residential properties decreased by 1.3% in 1Q2014, following the 0.9% price decline in the previous quarter 4Q2013 and a decrease in the number of new private residential units sold in 1Q2014 to 1,744 units, fewer than the 2,568 units sold in 4Q2013. While the Singapore private residential property market continues to be challenging, the Group will continue to act cautiously in the lookout for additional land banks in Singapore and the neighbouring region.

According to the Building and Construction Authority ("BCA") news release on 9 January 2014, private residential construction demand is expected to moderate to S\$12 – 16 billion in 2014, compared to S\$21 billion in 2013, partly in view of the current market volatility amid the government's prolonged approach to stabilize the property market. In addition to the expected reduced demand, the construction sector continues to be challenging due to the tightening of manpower and increasing cost pressures 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\$290 million as at 31 March 2014, to be delivered progressively over the next 2 years as well as continued efforts to increase productivity and manage costs. The Group will leverage on its well established reputation to grow its order book.

The Group remains on the lookout for strategic business opportunities locally and in the region to expand our earning base.

In April 2014, the Company issued S\$75 million of medium term notes due 2016 with coupon of 5.25% under the S\$150 million multi-currency medium term note programme set up in 2013.

## **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.

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 31 March 2014, no billing has been rendered as work had only commenced recently.

**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 first quarter financial results of the Group and the Company for the period ended 31 March 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

8 May 2014