

**LTC CORPORATION LIMITED**  
**Company Registration No : 196400176K**

Second Quarter Financial Statement for the Period Ending 31/12/2017.

**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 3 months ended			Group 6 months ended		
	31/12/17	31/12/16	+/- %	31/12/17	31/12/16	+/- %
Revenues	31,638	36,417	(13.1)	64,155	79,308	(19.1)
Cost of sales	(28,030)	(31,803)	(11.9)	(54,732)	(71,872)	(23.8)
Gross profit	3,608	4,614	(21.8)	9,423	7,436	26.7
Other income	63	84	(25.0)	194	264	(26.5)
Selling and distribution expenses	(210)	(375)	(44.0)	(349)	(857)	(59.3)
Administrative expenses	(2,246)	(2,304)	(2.5)	(4,428)	(4,299)	3.0
Other operating income	532	685	(22.3)	378	2,112	(82.1)
Share of results of a joint venture	31	6	416.7	(700)	(636)	10.1
Share of results of associated company	(21)	80	NM	(59)	9	NM
Operating profit	1,757	2,790	(37.0)	4,459	4,029	10.7
Finance income	85	177	(52.0)	188	244	(23.0)
Finance costs	(211)	(194)	8.8	(397)	(418)	(5.0)
Profit before taxation	1,631	2,773	(41.2)	4,250	3,855	10.2
Taxation	(436)	(406)	7.4	(986)	(658)	49.8
Profit for the financial period	1,195	2,367	(49.5)	3,264	3,197	2.1
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	9	(54)	NM	9	(15)	NM
Exchange differences on consolidation	2,275	(2,014)	NM	2,624	(3,766)	NM
Share of other comprehensive income of associated company	30	-	NM	64	58	10.3
	2,314	(2,068)	NM	2,697	(3,723)	NM
Other comprehensive income, net of tax	2,314	(2,068)	NM	2,697	(3,723)	NM
Total comprehensive income for the financial period	3,509	299	1073.6	5,961	(526)	NM
Profit for the financial period attributable to:						
Owners of the Company	845	1,911	(55.8)	1,729	2,425	(28.7)
Non-controlling interests	350	456	(23.2)	1,535	772	98.8
	1,195	2,367	(49.5)	3,264	3,197	2.1
Total comprehensive income attributable to:						
Owners of the Company	3,154	(136)	NM	4,421	(1,248)	NM
Non-controlling interests	355	435	(18.4)	1,540	722	113.3
	3,509	299	1073.6	5,961	(526)	NM
Included in the above are the following charges/(credits):	31/12/17	31/12/16	+/-	31/12/17	31/12/16	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Foreign exchange loss/(gain)	41	(160)	NM	195	(11)	NM
Write-back of foreseeable loss on property under development	(247)	-	NM	(247)	-	NM
Write-back of impairment loss on properties under development	(326)	-	NM	(326)	-	NM
Write-back of allowance for impairment of completed properties	-	(525)	(100.0)	-	(2,101)	(100.0)
Total other operating income	(532)	(685)	(22.3)	(378)	(2,112)	(82.1)
Depreciation of property, plant & equipment	596	719	(17.1)	1,317	1,410	(6.6)
Provision/(write-back) for onerous contracts	1,038	(155)	NM	1,335	(110)	NM

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	
	31/12/17 \$'000	30/06/17 \$'000	31/12/17 \$'000	30/06/17 \$'000
Non-current assets				
Investment properties	118,048	118,000	-	-
Property, plant and equipment	26,001	27,300	-	-
Subsidiary companies	-	-	130,170	130,170
Due from subsidiary companies	-	-	47,421	48,492
Joint venture company	33,534	22,237	-	-
Associated company	7,049	7,162	-	-
Long-term investments	4,789	4,780	380	380
Properties under development	14,907	14,128	-	-
Deferred tax assets	653	327	-	-
	<u>204,981</u>	<u>193,934</u>	<u>177,971</u>	<u>179,042</u>
Current assets				
Completed properties held for sale	13,549	13,279	-	-
Inventories	49,312	50,225	-	-
Prepayments	162	89	1	1
Trade debtors	23,997	19,482	-	-
Other debtors	312	1,222	-	-
Due from subsidiary company	-	-	3	1,005
Due from related parties	703	1,475	-	-
Tax recoverable	966	585	-	-
Fixed deposits	25,103	33,915	-	-
Cash and bank balances	19,715	14,939	21	26
	<u>133,819</u>	<u>135,211</u>	<u>25</u>	<u>1,032</u>
Current liabilities				
Trade creditors	33,124	28,480	-	-
Other creditors	3,297	3,405	93	222
Due to related parties	232	1,190	-	20
Interest-bearing loans and borrowings	4	6	-	-
Provisions	2,314	1,173	-	-
Derivatives	17	75	-	-
Provision for taxation	1,602	540	-	-
	<u>40,590</u>	<u>34,869</u>	<u>93</u>	<u>242</u>
Net current assets/(liabilities)	93,229	100,342	(68)	790
Non-current liabilities				
Trade creditors	598	1,060	-	-
Due to subsidiary companies	-	-	21,727	21,123
Deferred tax liabilities	3,612	3,612	-	-
	<u>4,210</u>	<u>4,672</u>	<u>21,727</u>	<u>21,123</u>
	<u>294,000</u>	<u>289,604</u>	<u>156,176</u>	<u>158,709</u>
Equity attributable to owners of the Company				
Share capital	150,113	150,113	150,113	150,113
Capital reserve	6,363	6,354	-	-
Exchange translation reserve	(31,570)	(34,253)	-	-
Accumulated profits	132,481	132,317	6,063	8,596
	<u>257,387</u>	<u>254,531</u>	<u>156,176</u>	<u>158,709</u>
Non-controlling interests	36,613	35,073	-	-
	<u>294,000</u>	<u>289,604</u>	<u>156,176</u>	<u>158,709</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 31/12/2017		As at 30/06/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
4	-	6	-

**Amount repayable after one year**

As at 31/12/2017		As at 30/06/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

**Details of any collateral**

	Group	
	31/12/2017	30/6/2017
Interest-bearing loans and borrowings	\$'000	\$'000
Short-term		
Lease liabilities	<u>4</u>	<u>6</u> Note
	<u>4</u>	<u>6</u>
Long-term		
Lease liabilities	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Note) 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 6 months ended	
	31/12/17 \$'000	31/12/16 \$'000	31/12/17 \$'000	31/12/16 \$'000
Cash flows from operating activities				
Profit before tax	1,631	2,773	4,250	3,855
Adjustments for :				
Depreciation of property, plant and equipment	596	719	1,317	1,410
Provision/(write-back) for onerous contracts	1,038	(155)	1,335	(110)
Interest income	(85)	(177)	(188)	(244)
Finance costs	211	243	421	442
Write-back of provision for foreseeable loss on development properties	(247)	-	(247)	-
Write-back for impairment of properties under development	(326)	-	(326)	-
Write-back for impairment of completed properties	-	(525)	-	(2,101)
Gain on fair value changes on derivatives	(136)	(336)	(58)	(461)
Share of results of joint venture company	(31)	(6)	700	636
Share of results of associated company	20	(80)	59	(9)
Operating cash flows before changes in working capital	2,671	2,456	7,263	3,418
(Increase)/decrease in inventories	(8,043)	3,782	913	5,927
Decrease/(increase) in debtors and prepayments	3,594	(7,384)	(3,678)	(10,572)
Increase/(decrease) in creditors	5,544	(375)	4,074	4,500
Increase in properties under development	(38)	(617)	(57)	(652)
Decrease in completed properties held for sale	102	4,053	102	16,213
Currency realignment	219	(448)	186	(860)
Cash flows from operations	4,049	1,467	8,803	17,974
Interest paid	(211)	(202)	(389)	(373)
Income taxes paid	(499)	(602)	(631)	(789)
Net cash flows generated from operating activities	3,339	663	7,783	16,812
Cash flows from investing activities :				
Interest received	85	177	188	244
Capital expenditure on investment properties	(19)	(86)	(48)	(86)
Purchase of property, plant and equipment	(5)	(21)	(13)	(28)
Investment in joint venture company	-	-	(10,928)	-
Loan repayment from associated company	117	-	117	2,121
Net cash flows generated from/(used in) investing activities	178	70	(10,684)	2,251
Cash flows from financing activities :				
Decrease in finance lease obligations	(1)	(14)	(2)	(29)
Placement of deposits	-	(75)	-	(13)
Settlement of interest rate swap	-	(41)	(32)	(69)
(Decrease)/increase in amounts due to related parties	(12)	(722)	44	4
Decrease/(increase) in amounts due from related parties	137	(35)	772	(181)
Dividends paid	(1,565)	(1,564)	(1,565)	(1,564)
Dividends paid to non-controlling interest of a subsidiary	-	-	(1,002)	(750)
Net cash flows used in financing activities	(1,441)	(2,451)	(1,785)	(2,602)
Net increase/(decrease) in cash and cash equivalents	2,076	(1,718)	(4,686)	16,461
Effect of exchange rate changes on cash and cash equivalents	578	(506)	650	(940)
Cash and cash equivalents at beginning of financial period	42,164	52,055	48,854	34,310
Cash and cash equivalents at end of financial period	44,818	49,831	44,818	49,831

**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 \$'000	Capital Reserve \$'000	Exchange Translation Reserve \$'000	Accumulated Profits \$'000	Equity		Total \$'000
					to Owners of the Company \$'000	Non-controlling Interests \$'000	
Balance as at 1 July 2017	150,113	6,354	(34,253)	132,317	254,531	35,073	289,604
Profit for the financial period	-	-	-	1,729	1,729	1,535	3,264
Other comprehensive income for the period							
Other capital reserve	-	9	-	-	9	-	9
Exchange differences on consolidation	-	-	2,619	-	2,619	5	2,624
Share of other comprehensive income of associated company	-	-	64	-	64	-	64
Total comprehensive income for the period	-	9	2,683	1,729	4,421	1,540	5,961
Dividends paid	-	-	-	(1,565)	(1,565)	-	(1,565)
Balance as at 31 December 2017	150,113	6,363	(31,570)	132,481	257,387	36,613	294,000
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	-	-	-	2,425	2,425	772	3,197
Other comprehensive income for the period							
Other capital reserve	-	(15)	-	-	(15)	-	(15)
Exchange differences on consolidation	-	-	(3,716)	-	(3,716)	(50)	(3,766)
Share of other comprehensive income of associated company	-	-	183	-	183	-	183
Total comprehensive income for the period	-	(15)	(3,533)	2,425	(1,123)	722	(401)
Dividends paid	-	-	-	(1,564)	(1,564)	-	(1,564)
Dividends paid to noncontrolling interests	-	-	-	-	-	(750)	(750)
Balance as at 31 December 2016	150,113	6,210	(33,743)	126,272	248,852	34,497	283,349
Company				Share Capital \$'000	Accumulated Profits \$'000	Total \$'000	
Balance as at 1 July 2017				150,113	8,596	158,709	
Profit for the financial period				-	(968)	(968)	
Total comprehensive income for the period				-	(968)	(968)	
Dividends paid				-	(1,565)	(1,565)	
Balance as at 31 December 2017				150,113	6,063	156,176	
Balance as at 1 July 2016				150,113	8,393	158,506	
Profit for the financial period				-	1,274	1,274	
Total comprehensive income for the period				-	1,274	1,274	
Dividends paid				-	(1,564)	(1,564)	
Balance as at 31 December 2016				150,113	8,103	158,216	

- 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 December 2017	30 June 2017
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 FY2018.

- 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		6 months ended	
	31/12/2017 Cents	31/12/2016 Cents	31/12/2017 Cents	31/12/2016 Cents
Earnings per share (basic and diluted)	0.54	1.22	1.11	1.55

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	
	31/12/2017	30/06/2017	31/12/2017	30/06/2017
Net asset value per ordinary share based on issued share capital (cents)	164.51	162.69	99.82	101.44

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 December 2017

Group turnover for Q2 of FY18 decreased 13.1% or \$4.8m to \$31.6m from \$36.4m for Q2 of FY17 mainly due to lower turnover for property development.

Steel turnover decreased by \$1.5m from \$30.7m to \$29.2m due to lower turnover in Malaysia. After additional provision of \$1.0m for onerous contracts, net operating profit for steel decreased by \$0.4m to \$0.9m from \$1.3m for the previous corresponding period.

Turnover for property development for Q2 of FY18 decreased by \$3.1m compared to the previous corresponding period. However net operating results improved by \$0.5m from a loss of \$0.3m for the previous corresponding period to a profit of \$0.2m after write-backs of impairment and provision for foreseeable losses.

Turnover for property rental decreased by \$0.2m to \$1.9m from \$2.1m for the previous corresponding period. Net operating profit decreased by \$0.3m to \$1.2m from \$1.5m for the previous period.

Including the share of results of joint venture and associated companies, net operating profit for the Group decreased by \$1.0m to \$1.8m.

6 months ended 31 December 2017

Group turnover for H1 of FY18 decreased by 19.1% or \$15.1m to \$64.2m from \$79.3m for H1 of FY17 mainly due to lower turnover for property development.

Steel turnover decreased by \$1.0m from \$60.9m to \$59.9m due to lower turnover in Malaysia. Net provision of \$1.3m for onerous contracts comprise \$1.6m for the steel business in Malaysia where all contracts are fixed-priced, and a write-back of \$0.3m for the Singapore operations where most contracts are variable-priced. Nonetheless operating profit for steel increased by \$1.6m from \$2.3m to \$3.9m due to firming steel prices, the high proportion of variable-price contracts and the increased volume in Singapore.

Turnover for property development decreased by \$13.9m compared to the previous corresponding period. However net operating loss decreased by \$0.5m from a loss of \$0.8m for the previous corresponding period to \$0.3m.

Turnover for property rental decreased by \$0.2m to \$3.8m from \$4.0m for the previous corresponding period. Net operating profit decreased by \$0.3m to \$2.4m from \$2.7m for the previous period.

Including the share of results of joint venture and associated companies, net operating profit for the Group increased by \$0.4m to \$4.4m.

On the balance sheet, the increase in joint ventures is due to the completion of the acquisition of the 40% share in Regata Maju Sdn Bhd in July.

**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.**

International prices of steel rebar are still high and holding firm although the USD/SGD exchange rate has weakened. Competition amongst suppliers in Singapore will remain intense as public projects continue to dominate construction demand.

Turnover from property development in Malaysia will continue to be irregular as the key contribution will be from the industrial park development. No turnover will be recorded for property development in Singapore for the year ahead as the Group currently does not have any development property here.

Rental rates for the investment properties in Singapore may soften further if the overall vacancy for multiple-user factory space does not improve.



**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 December 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	-	1,887
Antara Steel Mills Sdn Bhd	-	1,512

**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 second quarter ended 31 December 2017, to be false or misleading.

**15. Confirmation Pursuant to Rule 720(1) of the SGX 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  
8 February 2018