

LTC CORPORATION LIMITED
Company Registration No : 196400176K

Second Quarter Financial Statement for the Period Ending 31/12/2015.

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

	3 months ended			6 months ended		
	31/12/2015	31/12/2014	+/-	31/12/2015	31/12/2014	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Revenues	41,057	51,570	(20.4)	72,381	85,391	(15.2)
Cost of sales	(40,791)	(42,523)	(4.1)	(71,078)	(73,201)	(2.9)
Gross profit	266	9,047	(97.1)	1,303	12,190	(89.3)
Other income	427	145	194.5	627	406	54.4
Selling and distribution expenses	(481)	(387)	24.3	(571)	(567)	0.7
Administrative expenses	(2,281)	(2,211)	3.2	(4,109)	(4,041)	1.7
Other operating expenses	1,585	(76)	NM	3,084	(32)	NM
Share of results of joint venture	460	-	NM	460	-	NM
Share of results of associated company	160	(94)	NM	210	203	3.4
Operating profit	136	6,424	(97.9)	1,004	8,159	(87.7)
Finance costs	(66)	(202)	(67.3)	(348)	(500)	(30.4)
Profit before taxation	70	6,222	(98.9)	656	7,659	(91.4)
Taxation	(20)	(1,515)	(98.7)	111	(1,731)	NM
Profit for the financial year	50	4,707	(98.9)	767	5,928	(87.1)
Other comprehensive income						
Items that will not be reclassified to profit and loss:	-	-	NM	-	-	NM
Items that may be reclassified subsequently to profit and loss:						
Exchange differences on consolidation	1,216	(2,162)	NM	(5,545)	(2,165)	156.1
Share of other comprehensive income of associated company	(286)	682	NM	447	1,386	(67.7)
	930	(1,480)	NM	(5,098)	(779)	554.4
Other comprehensive income, net of tax	930	(1,480)	NM	(5,098)	(779)	554.4
Total comprehensive income for the financial year	980	3,227	(69.6)	(4,331)	5,149	NM
Profit for the year attributable to:						
Owners of the Company	1,006	4,677	(78.5)	2,703	5,990	(54.9)
Non-controlling interests	(956)	30	NM	(1,936)	(62)	3022.6
	50	4,707	(98.9)	767	5,928	(87.1)
Total comprehensive income attributable to:						
Owners of the Company	1,954	3,197	(38.9)	(2,377)	5,211	NM
Non-controlling interests	(974)	30	NM	(1,954)	(62)	3051.6
	980	3,227	(69.6)	(4,331)	5,149	NM
Included in the above are the following charges/(credits):-						
	31/12/15	31/12/14	+/-	31/12/15	31/12/14	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Foreign exchange (gain)/loss	334	(804)	NM	(892)	(848)	5.2
Write-back of allowance for impairment loss, completed properties	(1,919)	(276)	595.3	(2,192)	(276)	694.2
Property development costs written off	-	1,598	(100.0)	-	1,598	(100.0)
Write-back of provision for foreseeable losses, properties under development	-	(442)	(100.0)	-	(442)	(100.0)
Other operating expenses	(1,585)	76	NM	(3,084)	32	NM
Depreciation of property, plant & equipment	735	563	30.6	1,433	1,063	34.8
Provision for onerous contracts	279	29	862.1	167	47	255.3

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	
	31/12/2015	30/06/2015	31/12/2015	30/06/2015
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Investment properties	118,000	118,000	-	-
Property, plant and equipment	29,901	31,211	-	-
Subsidiary companies	-	-	180,467	180,183
Joint venture company	23,605	-	-	-
Associated company	9,602	19,050	-	-
Long-term investments	3,730	3,730	380	380
Properties under development	12,947	13,546	-	-
Deferred tax assets	791	1,287	-	-
Fixed deposits	-	46	-	-
	<u>198,576</u>	<u>186,870</u>	<u>180,847</u>	<u>180,563</u>
Current assets				
Completed properties held for sale	30,959	50,357	-	-
Inventories	27,177	29,226	-	-
Prepayments	119	129	3	1
Trade debtors	18,353	22,978	-	-
Other debtors	2,796	4,140	-	-
Due from subsidiary company	-	-	3	853
Due from related parties	391	880	-	-
Fixed deposits	13,407	15,868	-	-
Cash and bank balances	16,908	28,926	22	20
	<u>110,110</u>	<u>152,504</u>	<u>28</u>	<u>874</u>
Current liabilities				
Trade creditors	14,787	27,207	-	-
Other creditors	4,466	5,017	53	247
Due to related parties	1,323	1,336	10	10
Interest-bearing loans and borrowings	48	34	-	-
Provisions	887	1,466	-	-
Provision for taxation	885	1,237	-	-
	<u>22,396</u>	<u>36,297</u>	<u>63</u>	<u>257</u>
Net current assets/(liabilities)	87,714	116,207	(35)	617
Non-current liabilities				
Trade creditors	705	941	-	-
Due to subsidiary companies	-	-	21,686	23,466
Interest-bearing loans and borrowings	2,520	13,940	-	-
Deferred tax liabilities	2,481	3,281	-	-
	<u>5,706</u>	<u>18,162</u>	<u>21,686</u>	<u>23,466</u>
	<u>280,584</u>	<u>284,915</u>	<u>159,126</u>	<u>157,714</u>
Equity attributable to owners of the Company				
Share capital	150,113	150,113	150,113	150,113
Capital reserve	6,193	6,193	-	-
Exchange translation reserve	(31,217)	(26,137)	-	-
Accumulated profits	121,185	118,482	9,013	7,601
	<u>246,274</u>	<u>248,651</u>	<u>159,126</u>	<u>157,714</u>
Non-controlling interests	34,310	36,264	-	-
	<u>280,584</u>	<u>284,915</u>	<u>159,126</u>	<u>157,714</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 31/12/2015		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
48	-	34	-

Amount repayable after one year

As at 31/12/2015		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
2,520	-	13,940	-

Details of any collateral

	Group		Note
	31/12/2015	30/6/2015	
Interest-bearing loans and borrowings	\$'000	\$'000	
Short-term			
Lease liabilities	48	34	1
	<u>48</u>	<u>34</u>	
Long-term			
Lease liabilities	20	35	1
Revolving credit facility	2,500	13,905	2
	<u>2,520</u>	<u>13,940</u>	

- 1) secured on the leased property, plant and equipment
- 2) secured on investment properties, shares in a subsidiary and corporate guarantee of the company.

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	3 months ended		6 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	70	6,222	656	7,659
Adjustments for :				
Depreciation of property, plant and equipment	734	563	1,432	1,063
Finance costs	66	265	292	500
Interest income	(156)	(91)	(251)	(164)
Gain on disposal of property, plant and equipment	-	3	(33)	(84)
Gain on fair value changes on derivatives	432	(35)	(304)	(71)
Provision for onerous contracts	279	29	167	47
Write-back of allowance for impairment of completed properties	(1,919)	(276)	(2,192)	(276)
Write-back of provision for foreseeable loss on property under development	-	(442)	-	(442)
Write-off of cost of property under development	-	1,576	-	1,576
Share of results of joint venture	(460)	-	(460)	-
Share of results of associated company	(160)	94	(210)	(203)
Currency realignment	312	(1,678)	(1,492)	(1,681)
Operating (loss)/profit before reinvestment in working capital	(802)	6,230	(2,395)	7,924
(Increase)/decrease in inventories	(3,010)	3,228	1,882	12,359
Decrease/(increase) in debtors and prepayments	3,151	(11,353)	6,130	(14,130)
(Decrease)/increase in creditors	(14,171)	2,123	(13,040)	(1,649)
Decrease in provisions	(579)	-	(579)	-
Decrease in non-current asset held for sale	-	2,066	-	1,492
Increase in properties under development	(407)	(674)	(428)	(1,002)
Decrease in completed properties held for sale	16,776	4,495	20,476	4,645
Cash generated from operations	958	6,115	12,046	9,639
Interest paid	(66)	(265)	(292)	(500)
Income taxes paid	242	(1,335)	(545)	(1,214)
Net cash generated from operating activities	1,134	4,515	11,209	7,925
Cash flows from investing activities :				
Interest received	156	91	251	164
Investment in joint venture company	(23,145)	-	(23,145)	-
Repayment of shareholders' loan by associated company	3,382	-	10,104	-
Proceeds from disposal of property, plant and equipment	-	5	128	161
Purchase of property, plant and equipment	(63)	(573)	(239)	(4,251)
Net cash used in investing activities	(19,670)	(477)	(12,901)	(3,926)
Cash flows from financing activities :				
Decrease in finance lease obligations	(16)	(11)	(1)	(22)
Repayment of short-term borrowings	-	(4,725)	-	(4,725)
(Repayment)/proceeds of long-term borrowings	(10,500)	570	(11,405)	(2,300)
Settlement of interest rate swap	(6)	-	(14)	-
Increase in amounts due to related parties	590	1,365	839	651
Increase in amounts due from related parties	523	130	489	130
Dividends paid to non-controlling interest of a subsidiary	-	-	(850)	(1,500)
Net cash used in financing activities	(9,409)	(2,671)	(10,942)	(7,766)
Net (decrease)/increase in cash and cash equivalents	(27,945)	1,367	(12,634)	(3,767)
Effect of exchange rate changes on cash and cash equivalents	421	(483)	(1,891)	(483)
Cash and cash equivalents at beginning of financial period	57,696	33,869	44,697	39,003
Cash and cash equivalents at end of financial period	30,172	34,753	30,172	34,753

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	Interests	
	\$'000	\$'000	Reserve	\$'000	the Company	\$'000	\$'000
Balance as at 1 July 2015	150,113	6,193	(26,137)	118,482	248,651	36,264	284,915
Profit for the financial year	-	-	-	2,703	2,703	(1,936)	767
Other comprehensive income for the year							
Exchange differences on consolidation	-	-	(5,527)	-	(5,527)	(18)	(5,545)
Share of other comprehensive income of associated company	-	-	447	-	447	-	447
Total comprehensive income for the year	-	-	(5,080)	2,703	(2,377)	(1,954)	(4,331)
Balance as at 31 December 2015	<u>150,113</u>	<u>6,193</u>	<u>(31,217)</u>	<u>121,185</u>	<u>246,274</u>	<u>34,310</u>	<u>280,584</u>
Balance as at 1 July 2014	150,113	2,597	(21,447)	110,001	241,264	32,218	273,482
Profit for the financial year	-	-	-	5,990	5,990	(62)	5,928
Other comprehensive income for the year							
Exchange differences on consolidation	-	-	(2,165)	-	(2,165)	-	(2,165)
Share of other comprehensive income of associated company	-	-	1,386	-	1,386	-	1,386
Total comprehensive income for the year	-	-	(779)	5,990	5,211	(62)	5,149
Balance as at 31 December 2014	<u>150,113</u>	<u>2,597</u>	<u>(22,226)</u>	<u>115,991</u>	<u>246,475</u>	<u>32,156</u>	<u>278,631</u>

Company	Share	Accumulated	Total
	Capital	Profits	
	\$'000	\$'000	\$'000
Balance as at 1 July 2015	150,113	7,601	157,714
Profit for the financial year	-	1,412	1,412
Total comprehensive income for the year	-	1,412	1,412
Balance as at 31 December 2015	<u>150,113</u>	<u>9,013</u>	<u>159,126</u>
Balance as at 1 July 2014	150,113	6,955	157,068
Profit for the financial year	-	486	486
Total comprehensive income for the year	-	486	486
Balance as at 31 December 2014	<u>150,113</u>	<u>7,441</u>	<u>157,554</u>

- 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 2015	30 June 2015
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 FY2016.

- 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	
	31/12/2015 Cents	31/12/2014 Cents	31/12/2015 Cents	31/12/2014 Cents
Earnings per share (basic and diluted)	0.64	2.99	1.73	3.83

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	
	31/12/2015	30/06/2015	31/12/2015	30/06/2015
Net asset value per ordinary share based on issued share capital (cents)	157.41	158.93	101.71	100.81

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.**

Quarter ended 31 December 2015

Group turnover for Q2 decreased by 20.4% or \$10.5m compared to the previous corresponding period. The decrease from \$51.6m to \$41.1m was due to lower turnover for steel partly offset by higher turnover for property development.

Steel turnover decreased by \$12.4m from \$35.9m to \$23.5m due to lower steel prices and tonnage delivered. The steel business incurred a net operating loss of \$2.1m compared to a profit of \$0.2m for the previous corresponding period.

Turnover for Property Development increased by \$2.2m but net operating profit declined by \$3.7m to \$0.5m. In the previous corresponding period, the sale of a plot at the Banting industrial park contributed gross profit of \$5.1m.

Turnover for Property Rental decreased by \$0.4m to \$2.1m and net operating profit decreased by \$0.1m to \$1.4m.

The Group's new investment in a joint venture company in the retail business contributed \$0.46m to operating profit.

Including a share of profits \$0.2m from an associated company, operating profit for the Group decreased by \$6.3m from \$6.4m to \$0.1m.

On the balance sheet, the decrease in investment in associated company is mainly due to the partial repayment of shareholders' loan by the associated company.

Half-year ended 31 December 2015

Group turnover for H1 decreased by 15.2% or \$13.0m compared to the previous corresponding period. The decrease from \$85.4m to \$72.4m was due to lower turnover for steel partly offset by higher turnover for property development.

Steel turnover decreased by \$18.0m from \$67.1m to \$49.1m due to lower steel prices and tonnage delivered. A net operating loss of \$4.3m was incurred compared to a profit of \$0.1m for the previous corresponding period.

Turnover for Property Development increased by \$5.6m and net operating loss declined by \$4.0m to \$0.2m.

Turnover for Property Rental decreased by \$0.7m to \$4.0m and net operating profit decreased by \$0.2m to \$2.9m.

Including a share of profits from a joint venture company of \$0.46m and \$0.2m of an associated company, operating profit for the Group decreased by \$7.2m from \$8.2m to \$1.0m.

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.

Demand for steel from private and public residential projects has weakened but overall local construction demand is expected to be supported by public infrastructure projects. However, competition amongst steel suppliers is expected to remain stiff with sustained pressure on margins even as fewer albeit sizeable projects are launched.

Residential property prices for the last quarter of 2015 have fallen by a lower percentage compared to the preceding quarter, bolstering market expectations that the cooling measures imposed will not be lifted soon.

In Malaysia, the Group's development of industrial park land will continue to see caution from foreign investors due to the political situation.

With a weaker economic outlook, the investment properties in Singapore may face some challenges in maintaining occupancy and rental rates.

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 2015	
	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 Sdn Bhd		7,822
Antara Steel Mills Sdn Bhd	-	5,645

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 2015, to be false or misleading.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Silvester Bernard Grant
Company Secretary
5 February 2016