TA CORPORATION LTD

Unaudited Condensed Interim Financial Statements for the six months ended 30 June 2021

TA CORPORATION LTD
(Company Registration No. 201105512R)
(Incorporated in the Republic of Singapore)

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A. Unaudited Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group		
		6 months ended 30 June 2021 S$'000	6 months ended 30 June 2020 S$'000	Change %
Revenue	5	105,695	76,666	37.86
Cost of sales		(99,052)	(83,675)	18.37
Gross profit (loss)		6,643	(7,009)	(194.77)
Other income	6	2,881	5,037	(42.80)
Selling and distribution costs		(762)	(566)	34.62
General and administrative expenses		(9,142)	(10,879)	(15.96)
Other operating expenses		(9,679)	(4,819)	100.85
Share of (loss) profit, net of tax of associates and joint ventures		(945)	1,180	NM
Finance costs		(5,000)	(7,361)	(32.07)
Loss before income tax	7	(16,004)	(24,417)	(34.45)
Income tax expense	8	(1,128)	(1,205)	(6.39)
Loss after income tax		(17,132)	(25,622)	(33.13)
Other comprehensive (loss) income:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		(1,745)	1,281	NM
Share of comprehensive (loss) income of associates and joint ventures		(440)	488	(190.16)
Total comprehensive loss for the period		(19,317)	(23,853)	(19.01)
Loss attributable to :				
Owners of the Company		(18,053)	(27,919)	(35.33)
Non-controlling interests		921	2,297	(59.90)
		(17,132)	(25,622)	(33.13)
Total comprehensive loss attributable to:				
Owners of the Company		(19,628)	(27,015)	(27.34)
Non-controlling interests		311	3,162	(90.16)
		(19,317)	(23,853)	(19.01)
NM = Not meaningful				

B. Unaudited Condensed interim consolidated statement of financial position

	Note	Group		Company	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Current assets					
Cash and bank balances		45,553	54,911	941	32
Trade and other receivables	10	64,531	53,091	32,786	30,026
Deposits and prepayments		11,279	11,268	3	10
Inventories		5,551	6,646	-	-
Contract assets	10	37,833	32,697	-	-
Development properties		296,804	287,111	-	-
		461,551	445,724	33,730	30,068
Asset classified as held for sale		17,250	-	-	-
Total current assets		478,801	445,724	33,730	30,068
Non-current assets					
Property, plant and equipment	11	49,280	52,867	-	-
Investment properties	12	190,840	213,560	-	-
Subsidiaries		-	-	78,104	78,104
Goodwill		2,595	2,595	-	-
Associates and joint ventures		16,449	17,840	-	-
Trade and other receivables	10	48,362	47,607	96,478	97,497
Other non-current assets		392	392	-	-
Total non-current assets		307,918	334,861	174,582	175,601
Total assets		786,719	780,585	208,312	205,669
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	190,437	200,358	3,750	5,000
Trade and other payables		115,512	107,451	28,657	28,052
Lease liabilities		905	970	-	-
Contract liabilities		111,267	94,752	-	-
Provisions		9,765	6,852	-	-
Income tax payable		2,472	3,441	-	-
Total current liabilities		430,358	413,824	32,407	33,052
Non-current liabilities					
Borrowings	13	185,963	180,543	7,500	7,500
Trade and other payables		62,692	58,825	3,000	-
Lease liabilities		1,578	1,965	-	-
Term notes		26,747	26,724	26,747	26,724
Deferred tax liabilities		230	236	-	-
Total non-current liabilities		277,210	268,293	37,247	34,224
Capital, reserves and non-controlling interests					
Share capital	14	154,189	154,189	154,189	154,189
Reserves	15	675	675	31	31
Translation reserves		(945)	630	-	-
Accumulated losses		(66,625)	(48,572)	(15,562)	(15,827)
Equity attributable to owners of the Company		87,294	106,922	138,658	138,393
Non-controlling interests		(8,143)	(8,454)	-	-
Total equity		79,151	98,468	138,658	138,393
Total liabilities and equity		786,719	780,585	208,312	205,669

C. Unaudited Condensed interim statements of changes in equity

Group (S$'000)	**Share capital**	**Reserves**	**Translation reserves**	**Retained earnings (Accumulated losses)**	**Equity attributable to owners of the Company**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2020	154,189	675	188	7,232	162,284	(6,632)	155,652
Total comprehensive loss for the year							
Loss for the year	-	-	-	(27,919)	(27,919)	2,297	(25,622)
Other comprehensive income for the year	-	-	904	-	904	865	1,769
Total	-	-	904	(27,919)	(27,105)	3,162	(23,853)
Balance at June 30, 2020	154,189	675	1,092	(20,687)	135,269	(3,470)	131,799
Balance at January 1,2021	154,189	675	630	(48,572)	106,922	(8,454)	98,468
Total comprehensive loss for the period							
Loss for the period	-	-	-	(18,053)	(18,053)	921	(17,132)
Other comprehensive loss for the period	-	-	(1,575)	-	(1,575)	(610)	(2,185)
Total	-	-	(1,575)	(18,053)	(19,628)	311	(19,317)
Balance at June 30, 2021	154,189	675	(945)	(66,625)	87,294	(8,143)	79,151

Company (S$'000)	Share capital	Reserves	Retained earnings (Accumulated losses)	Total equity
Balance at January 1, 2020	154,189	31	5,211	159,431
Total comprehensive income for the year				
Profit for the year, representing total comprehensive income for the year	-	-	233	233
Balance at June 30, 2020	154,189	31	5,444	156,664
Balance at January 1, 2021	154,189	31	(15,827)	138,393
Total comprehensive income for the period				
Profit for the period, representing total comprehensive income for the period	-	-	265	265
Balance at June 30, 2021	154,189	31	(15,562)	138,658

D. Unaudited Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June 2021 S$'000	6 months ended 30 June 2020 S$'000
Operating activities		
Loss before income tax	(16,004)	(24,417)
Adjustments for expenses (income):		
Depreciation expenses	3,888	3,973
Interest income	(594)	(1,341)
Interest expense	5,000	7,361
Share of loss (profit) of associates and joint ventures	945	(1,180)
Loss (Gain) on disposal of property, plant and equipment, net	1	(8)
Impairment loss on other non-current assets	-	6
Loss in fair value of investment properties	5,470	251
Provisions	2,913	-
Impairment loss recognised on financial assets	143	51
Operating cash flows before movements in working capital	1,762	(15,304)
Trade and other receivables	(18,915)	27,019
Contract assets	(5,136)	29,517
Contract liabilities	16,515	6,823
Deposits and prepayments	(11)	(3,656)
Inventories	1,095	(1,470)
Development properties	(8,841)	(17,159)
Trade and other payables	8,929	(8,135)
Cash (used in) generated from operations	(4,602)	17,635
Income tax paid	(2,103)	(8)
Interest paid	(5,852)	(7,590)
Net cash (used in) generated from operating activities	(12,557)	10,037
Investing activities		
Repayments from (Advances to) associates and joint ventures	5,400	(1,915)
Interest received	594	746
Purchase of property, plant and equipment	(806)	(2,179)
Proceeds from disposal of property, plant and equipment	5	9
Net cash generated from (used in) investing activities	5,193	(3,339)
Financing activities		
Loan from a company in which certain directors have control	3,000	-
Proceeds from borrowings	97,812	31,940
Repayment of borrowings	(102,291)	(30,671)
Repayment of principal portion of lease liabilities	(520)	(641)
Pledged cash and fixed deposits	(1,655)	(1,558)
Net cash used in financing activities	(3,654)	(930)
(Decrease) Increase in cash and cash equivalents	(11,018)	5,768
Cash and cash equivalents at beginning of the period	45,215	24,611
Effect of exchange rate changes	5	(134)
Cash and cash equivalents at end of the period	34,202	30,245

Cash and cash equivalents at end of the period comprise the following:		
Cash and bank balances	24,962	31,682
Fixed deposits	20,591	8,335
	45,553	40,017
Less: pledged cash and fixed deposits	(11,351)	(9,088)
Less: bank overdraft	-	(684)
Cash and cash equivalents at end of the period	34,202	30,245

E. Notes to the unaudited condensed interim consolidate financial statements

1. Corporate information

The Company (Registration No. 201105512R) is incorporated in Singapore with its principal place of business and registered office at 1 Jalan Berseh, #03-03 New World Centre, Singapore 209037. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. These unaudited condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding. The principal activities of the Group are:

Construction
General builders and construction contractors, training of workers, general engineering, sale of construction materials and design, installation and maintenance of air conditioning and mechanical ventilation systems.

Real estate investment
Investment in real estate.

Real estate development
Development of residential and commercial projects and project management services.

Distribution
Sale and distribution of petroleum based lubricant products, automotive tyres and commercial vehicles.

Others
This comprises management and administration services.

2. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting. The unaudited condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and Amended Standards adopted by the Group

The adoption of the various new/revised SFRS(I) pronouncements effective for the financial year beginning on January 1, 2021 does not have a material financial effect on the Group and the Company.

2.2 Uses of judgement and estimates

The preparation of the Group's unaudited condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 10 – expected credit losses of trade and other receivables and contract assets
- Note 12 – determination of fair value of investment property using significant unobservable inputs

Apart from the notes above, the following are critical judgements and key assumptions that management has made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the interim financial statements.

Critical judgements

Going concern assumption

The Group recorded a loss of S$17.1 million for the financial period ended 30 June 2021("1H2021"). As of 30 June 2021, the Group's current assets amounted to S$478.8 million and its current liabilities amounted to S$430.4 million. However, the Group's current assets include development properties of S$296.8 million that may not be realisable within one year.

In view of these circumstances, management has prepared a cash flow forecast containing major cash inflows and outflows of the Group over the next 12 months till 30 June 2022. The key assumptions applied in the cash flow forecast are:

(a) With regard to ongoing construction projects, the Group will be able to manage business disruptions and operational changes resulting from the COVID-19 pandemic;

(b) The Group will be able to realise certain development properties at specified minimum values;

(c) Banks will not demand repayment for loans which are revolving or repayable on demand; and

(d) The Company and a subsidiary had not complied with financial covenants on bank loans amounting to S$11.3 million (31 December 2020: S$12.5 million) and S$9.4 million (31 December 2020: S$15.6 million) respectively. One off waivers had been obtained from the banks for the financial year ended 31 December 2020 and the banks will conduct their next annual reviews when the Group's audited financial reports for year ending 31 December 2020 is available. The banks' reserve the right to recall the loans. Management is of the view that the lenders will not exercise their rights to recall these loans and will continue to support the Group with other banking facilities currently utilised by the Group. The Group had obtained a revised loan letter of offer from one of the banks in which a certain portion of the loan outstanding will be repayable after 12 months from 30 June 2021 and accordingly the Group had classified S$7.5 million as non-current liability.

Based on the cash flow forecast, the directors have concluded that the Group will be able to pay its debts when they fall due for at least the next twelve months from 30 June 2021, and there is no material uncertainty related to going concern.

Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

In determining the point of transfer of control, management reviews the legally binding terms and arrangement of the sales contracts. Judgement is exercised in concluding the timing of revenue recognition, particularly in jurisdictions where terms in sale and purchase agreements are not standardised. Accordingly, timing of revenue recognition for properties in the same jurisdiction may vary depending on the contractual terms and arrangement.

Key sources of estimation uncertainty

Construction contracts and development properties

The Group recognises revenue from construction of residential, industrial and commercial properties using the percentage of completion method. The stage of completion is measured by reference to proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

For development properties whereby revenue is recognised over time, the percentage of completion is measured by reference to the construction and other related costs (excluding land cost) incurred to date as a proportion of the estimated total construction and other related costs (excluding land cost) to be incurred.

Significant assumptions and judgements are involved in estimating costs to completion for both construction contracts and development of properties; and in the case of contract work, the recoverable amounts for any variation work. Estimates of cost to completion which have yet to be contracted for are based on past experience, prevailing market conditions, and factors specific to the construction or development property, taking into consideration impact arising from COVID-19 pandemic. The COVID-19 pandemic has resulted in business disruptions and operational changes, which have increased the estimation uncertainty relating to budgeted time and costs needed to complete ongoing projects.

The Singapore Government has introduced various support measures including Jobs Support Scheme, foreign worker levy waivers and rebates and co-sharing of prolongation costs amongst others. Management has assessed their eligibility on the precedent conditions for such measures, if applicable before recognising them as a reduction of cost or contract modifications. Significant estimates and judgments are involved in determining the adjustments to costs and contract sums.

During the course of a project, the contract sum may also be adjusted for variations, omissions and variable consideration (including liquidated damages). Variations could relate to unpriced change orders approved by customers for which management has to estimate the transaction price.

Management similarly reviews construction contracts for foreseeable losses whenever there is indication that the sum of fixed price contract and any variation sums may be lower than the total expected construction cost.

Management reviews the net realisable values of development properties whenever there is indication that the estimated potential sales proceeds less cost to sell, may be lower than the total expected development cost. The estimated selling prices are based on selling prices for comparable developments and takes into consideration prevailing market conditions.

In assessing the recoverable amounts of properties for sale and the related costs, management considers the specific courses of action that it has taken or plans to take and expectations regarding the results of these actions. Provision is made for incremental cost relating to these conditions and are charged to profit or loss (included in cost of sales).

The above judgements and estimates affect the amount of revenue recognised, the cost included in cost of sales; the recognised profits included; contract assets, contract liabilities, provisions and development properties. Management's estimates take into account known significant events and information available when the unaudited interim financial statements are prepared. They are subject to periodic reassessment. Current estimates may be subject to material change in future depending on market conditions and the results of actions to be taken in future.

Recoverable amount of receivables from associates/joint ventures and investment in associates

(a) Dalian Shicheng Property Development (S) Pte. Ltd. ("DSPDS")

The Group has 25.37% equity stake in the associate, DSPDS. The ability to recover receivables from and the carrying amount of investment in DSPDS is dependent on the ability to sell the properties of Dalian Shicheng Property Development Co., Ltd. ("DSPDC"), a subsidiary of DSPDS in Dalian, PRC, at the values estimated by management with the assistance of an independent valuer. The properties named "Singapore Garden" is a multi-phased mixed development in Dalian, PRC.

The investment in DSPDS remained fully impaired as at 30 June 30 2021 and 31 December 2020 based on management's assessment, which takes into consideration the market value of unsold units and undeveloped land.

In addition to the full impairment of the investment in DSPDS, the Group has made an allowance of S$28.2 million (31 December 2020: S$28.2 million) for impairment of receivables from DSPDS which represents all receivables from DSPDS as at June 30, 2021.

(b) Soon Zhou Investments Pte. Ltd. ("SZI") group, comprising SZI and its subsidiaries

The Group has 50% equity stake in the joint venture, SZI. At 30 June 2021, non-current receivables of the Group include S$23.5 million (31 December 2020: $$28.9 million) owing by SZI.

In 2015, SZI and its wholly-owned subsidiary Dalian Blue Oasis Properties Co., Ltd. ("DBOP") entered into agreements to purchase completed and partially completed property units and rights of usage of basement and carparks in DSPDS's multi-phase mixed development in PRC (Singapore Garden, the "Development") for amounts totalling RMB201.14 million (equivalent to S$42.2 million).

In August 2018, DBOP issued a notification letter to DSPDC on its intent to cancel the sale and purchase agreements ("SPAs") for the sale of residential units from DSPDC to DBOP due to non-delivery of the fully paid purchased residential units within the contracted period under the SPAs by DSPDC. In September 2018, a cancellation agreement was entered into between both parties whereby DSPDC had to refund RMB148,414,985 (approximately S$29.4 million) due to DBOP and as at 30 June 2021, DBOP has receivables (including interest income receivable) amounting to RMB49.4 million (equivalent to S$10.3 million) (31 December 2020: RMB47.2 million (equivalent to S$9.6 million)) from DSPDC relating to the refund. This receivable is determined to be recoverable. Management has assessed that there are tax liabilities associated with the above sales and purchase transactions and has assessed the tax obligation based on probability-weighted approach and determined the tax obligation to be S$3.1 million (31 December 2020: $$2.9 million) for DSPDC and S$0.3 million (31 December 2020: $$0.3 million)for DBOP. Due to the uncertainty associated with such tax items, it is possible that on conclusion of such tax matters at a future date, the final outcome may differ significantly and this may have an impact on the recoverability of the advances from SZI.

Rights of usage of carparks bought by DBOP have not been transferred as at 30 June 2021. After considering the financial position of SZI group and the valuation of the properties in the Development at 31 December 2020 by an independent valuer, management expects the amount of S$23.5 million (31 December 2020: $$28.9 million) to be recoverable from SZI. The fair values of the properties are determined using direct comparison method (31 December 2020: Direct comparison method) which has considered potential impact of the COVID-19 pandemic on real estate valuations.

(c) Assessment of corporate guarantees given in connection with bank loans of DSPDS

(i) The Company together with another shareholder (the "Joint Guarantor") of the associate, DSPDS, provided joint and several corporate guarantees to a bank for credit facilities utilised by DSPDS to lend to its subsidiary, DSPDC for development of Singapore Garden (the "Development"). At 30 June 2021, the outstanding bank loan of DSPDS was S$10.0 million (31 December 2020: S$10.0 million).

(ii) The outstanding bank loans of DSPDS which is covered by joint and several corporate guarantees from the Company and a Joint Guarantor amounted to $10.0 million at June 30, 2021 (December 31, 2020 : $10.0 million).

In assessing whether the Group needs to record any liability in respect of the above joint and several corporate guarantees, management relied on the valuation of the properties in the Development at 31 December 2020 by an independent valuer to estimate the market value of unsold units and remaining land in respect of which there are no development plans as at 30 June 2021.

Based on these estimates, management projects that DSPDC will be able to realise sufficient proceeds to repay its loan from DSPDS and in turn for DSPDS to pay the bank loan referred to in paragraph (i) above.

It is anticipated that the Group together with the Joint Guarantor will be required to fund instalment payments due on DSPDS's bank loan. However, such payments are expected to be recovered subsequently from the eventual sale of properties in the Development.

Based on the above assessment, management has made the judgement that (a) as of 30 June 2021, no provision for loss needs to be made in connection with the bank guarantees (31 December 2020: $Nil); and (b) with the full impairment since 2015 of the Group's investment in DSPDS, the Group discontinues recognition of any share of losses of DSPDS group.

The above assessment is based on the best estimates of net cash flows which may be realised from sale of properties of DSPDC, the ability to sell the properties for the estimated amounts, the timing of sale relative to timing of repayment of bank loans and the assumption that the Joint Guarantor will fund 50% of any cash required for instalment payments due on the bank loans.

Management monitors the above projections, reassess the judgements and accounting estimates periodically.

<u>Useful life of property, plant and equipment</u>

The management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. These estimates have been made based on past experience relating to useful lives of equipment and are also subject to assumptions about future deployment of assets.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the main segments by business as set out in Note 1.

<u>Segment by Business</u>

	Construction	Real estate investment	Real estate development	Distribution	Others	Elimination	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
1H2021							
REVENUE							
External revenue	86,677	11,552	726	6,740	-	-	105,965
Inter-segment revenue	17,183	586	138	2,422	-	(20,329)	-
	103,860	12,138	864	9,162	-	(20,329)	105,695
RESULT							
Segment result	(13,266)	2,777	(345)	(539)	(226)	-	(11,599)
Interest income	6	542	2	45	-	-	595
Finance costs	(531)	(2,219)	(1,124)	(69)	(1,057)	-	(5,000)
(Loss) Profit before income tax	(13,791)	1,100	(1,467)	(563)	(1,283)	-	(16,004)
Income tax expense	(15)	(1,090)	-	(23)	-	-	(1,128)
(Loss) Profit for the year	(13,806)	10	(1,467)	(586)	(1,283)	-	(17,132)
STATEMENT OF FINANCIAL POSITION							
Segment assets	112,305	313,426	339,827	18,990	1,779	-	786,327
Unallocated corporate assets	392	-	-	-	-	-	392
Total assets	112,697	313,426	339,827	18,990	1,779	-	786,719
Segment liabilities	169,855	199,535	274,427	10,125	53,626	-	707,568
OTHER INFORMATION							
Additions to non-current assets	751	58	9	55	-	-	873
Associates and joint ventures	-	6,729	-	9,720	-	-	16,449
Depreciation expenses	3,216	156	199	317	-	-	3,888
Loss in fair value of investment properties	-	5,470	-	-	-	-	5,470
Impairment loss recognised on financial assets	34	-	29	80	-	-	143

4. Segment and revenue information - continued

	Construction	Real estate investment	Real estate development	Distribution	Others	Elimination	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
1H2020							
REVENUE							
External revenue	52,349	11,851	21	12,445	-		76,666
Inter-segment revenue	9,782	190	138	5,829	-	(15,939)	-
	62,131	12,041	159	18,274	-	15,939	76,666
RESULT							
Segment result	(26,685)	9,413	(3,051)	2,180	(255)	-	(18,398)
Interest income	630	688	6	17	-	-	1,341
Interest expense	(1,466)	(3,030)	(1,603)	(164)	(1,098)	-	(7,361)
(Loss) Profit before income tax	(27,521)	7,072	(4,648)	2,033	(1,353)	-	(24,417)
Income tax expense	(30)	(1,072)	(8)	(95)	-	-	(1,205)
(Loss) Profit for the year	(27,551)	6,000	(4,656)	1,938	(1,353)	-	(25,622)
STATEMENT OF FINANCIAL POSITION							
Segment assets	90,802	340,869	309,281	27,550	1,030	-	769,532
Unallocated corporate assets	376	-	-	-	-	-	376
Total assets	91,178	340,869	309,281	27,550	1,030	-	769,908
Segment liabilities	128,816	204,517	237,210	15,753	51,813	-	638,109
OTHER INFORMATION							
Additions to non-current assets	2,444	20	98	268	-	-	2,830
Associates and joint ventures	-	6,606	-	12,254	-	-	18,860
Depreciation expenses	2,853	229	696	195	-	-	3,973
Loss in fair value of investment properties	251	-	-	-	-	-	251
Impairment loss recognised on financial assets	-	-	-	51	-	-	51
Impairment loss on other non-current assets	6	-	-	-	-	-	6

Geographical segments

	Singapore	Myanmar	Cambodia	Other countries[(i)]	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1H2021					
Revenue	99,853	5,068	756	18	105,695
Non-current assets	289,603	2,653	2,836	12,826	307,918
1H2020					
Revenue	64,695	10,953	862	156	76,666
Non-current assets	349,892	3,829	611	14,868	369,200

(i) Includes Malaysia, Thailand and India

5. Revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product and service lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 4).

A disaggregation of the Group's revenue for the period is as follows:

	Group	
	6 months ended 30 June 2021 S$'000	**6 months ended 30 June 2020 S$'000**
Revenue from:		
Construction		
- Construction contracts	77,338	47,353
- Sale of goods	7,351	4,033
- Worker training and other services	1,988	963
	86,677	52,349
Real estate investment		
- Rental of properties	11,552	11,851
Real estate development		
- Rendering of service	21	21
- Sale of development properties	705	-
Distribution		
- Sale of goods	6,740	12,445
	105,695	76,666
Timing of revenue recognition		
At a point in time	16,804	17,461
Over time	81,668	51,217

6. Other income

	Group	
	6 months ended 30 June 2021	**6 months ended 30 June 2020**
	S$'000	**S$'000**
Rental income	923	1,061
Interest income	595	1,341
Management fee	225	338
Gain on disposal of property, plant and equipment	-	8
Grant from government	231	1,041
Gain on foreign exchange	613	711
Other sundry income	294	537
	2,881	5,037

7. Loss before income tax

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	S$'000	S$'000
Loss before income tax for the period is stated after charging/ (crediting) the following:		
Impairment loss recognised on financial assets	143	51
Depreciation expenses	3,888	3,973
Loss in fair value of investment properties	5,470	251
Loss (Gain) on disposal of property, plant and equipment, net	1	(8)
Interest income	(595)	(1,341)
Impairment loss on other non-current assets	-	6

8. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the unaudited condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	S$'000	S$'000
Current tax:		
- for the reporting period	(1,151)	(1,226)
- over provision in prior year	17	3
	(1,134)	(1,223)
Deferred tax	6	18
	(1,128)	(1,205)

9. Related company and related parties' transactions

Some of the transactions and arrangements are between members of the Group and with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between members of the Group have been eliminated on consolidation and are not disclosed.

Transactions with related parties during the interim financial periods were as follows:

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	S$'000	S$'000
Income from associates		
Construction revenue	21	21
Accounting and administrative services	33	36
Income from joint ventures		
Interest income	518	657
Sale of goods	74	2,986

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	S$'000	S$'000
Income from/(Expenses charged by) companies in which certain directors have control		
Sales and service of air-conditioners	15	25
Management fee income	192	192
Rental income	20	38
Worker management services	(122)	(110)
Medical fee expense	(31)	(16)
Miscellaneous expenses	(11)	(11)
Dormitory rental expense	(149)	(109)
Purchase of furniture and fittings	-	(12)
Interest expense	(268)	(263)
Directors		
Interest expense	(186)	(186)
Key management personnel		
Interest expense	(8)	(8)

10. (a)Trade and other receivables

	Group		Company	
	As at 30 June 2021	As at 31 Dec 2020	As at 30 June 2021	As at 31 Dec 2020
	S$'000	S$'000	S$'000	S$'000
Current				
Trade receivables	53,634	36,973	-	-
Other receivables	10,897	16,118	32,786	30,026
	64,531	53,091	32,786	30,026
Non current				
Other receivables	48,362	47,607	96,478	97,497
	112,893	100,698	129,264	127,523

Trade receivables

Credit periods generally range from 30 to 120 days (31 December 2020: 30 to 120 days). No interest is charged on overdue trade receivables. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off is subject to enforcement activities.

Other receivables

Interest is charged at 2.0% to 6.8% (31 December 2020: 2.0% to 6.8%) per annum by the Group and Company on other receivables due from certain associates, joint ventures and subsidiaries.

The Company's other receivables due from subsidiaries are repayable on demand.

For purpose of impairment assessment, other receivables except for receivables which have been impaired are considered to have low risk of default as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition apart for those which loss allowance has been recognised. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

(b) Contract assets

	Group	
	As at 30 June 2021	**As at 31 Dec 2020**
	S$'000	**S$'000**
Retention monies on contract work:		
Third parties	21,189	17,114
Accrued income:		
Construction contract customers	16,644	15,583
	37,833	32,697

Amounts relating to construction contracts are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance - related milestones. The Group had previously recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

The changes in contract assets in the interim financial period and prior year are due to changes in measurement of progress contract asset which have not been billed as at 30 June 2021.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due and no loss allowance is recognised as the credit loss rate is assessed as negligible.

11. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S$873,000 (30 June 2020: S$2,830,000) and disposed of assets amounting to S$6,000 (30 June 2020: $1,000).

12. Investment properties

	Group	
	As at 30 June 2021	**As at 31 Dec 2020**
	S$'000	**S$'000**
At fair value		
Balance at beginning of the financial period/year	213,560	235,159
Property reclassified as held for sale	(17,250)	-
Disposal during the year	-	(2,530)
Changes in fair value included in profit or loss	(5,470)	(19,069)
Balance at end of the financial period/year	190,840	213,560

The fair values of the Group's investment properties have been determined on based on the formal and desktop valuations conducted on 31 December 2020 and 30 June 2021 respectively by independent qualified valuers. The valuations were arrived at (i) by reference to market evidence of transacted prices per square metre in the open market for comparable properties, adjusted for differences such as location, age and size; and (ii) income capitalisation method.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. Fair value measurements of the Group's investment properties are classified as Level 3 in the fair value hierarchy.

13. Borrowings

	Group		Company	
	As at 30 June 2021	**As at 31 Dec 2020**	**As at 30 June 2021**	**As at 31 Dec 2020**
	S$'000	**S$'000**	**S$'000**	**S$'000**
<u>Amount repayable within one year or on demand</u>				
Secured	187,301	197,155	3,750	5,000
Unsecured	3,136	3,203	-	-
	190,437	200,358	3,750	5,000
<u>Amount repayable after one year</u>				
Secured	180,713	174,298	7,500	7,500
Unsecured	5,250	6,245	-	-
	185,963	180,543	7,500	7,500
Total borrowings	376,400	380,901	11,250	12,500

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 and legal assignment of sales proceeds from the development properties. Certain bank facilities are also secured by corporate guarantees from the Company, two of its subsidiaries and guarantees from certain non-controlling shareholders of partially owned subsidiaries.

Covenants

The Company and a subsidiary had not complied with financial covenants on bank loans amounting to S$11.3 million (31 December 2020: S$12.5 million) and S$9.4 million (31 December 2020: S$15.6 million) respectively. One off waivers had been obtained from the banks for the financial year ended 31 December 2020, and the banks will conduct their next annual reviews when the Group's audited financial reports for year ending 31 December 2021 is available. The banks' reserve the right to recall the loans. Management is of the view that the lenders will not exercise their rights to recall these loans and will continue to support the Group with other banking facilities currently utilised by the Group. The Group had obtained a revised loan letter of offer from one of the banks in which a certain portion of the loan outstanding will be repayable after 12 months from 30 June 2021 and accordingly the Group had classified S$7.5 million as non-current liability.

14. Share capital

	Group and Company			
	As at 30 June 2021	As at 31 Dec 2020	As at 30 June 2021	As at 31 Dec 2020
	Number of ordinary shares		S$'000	S$'000
Issued and paid up:				
At beginning and end of the period	518,068,220	518,068,220	154,189	154,189

a) During the period ended 30 June 2021, there was no change in the Company's share capital.

b) As at 30 June 2021, total issued share capital of the Company was 518,068,220 (31 December 2020: 518,068,220) ordinary shares.

c) As at the end of 30 June 2020, the Company does not have any outstanding treasury shares (31 December 2020: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 2021.

d) As at 30 June 2021, there were no outstanding convertibles (31 December 2020: Nil).

e) There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2021 (31 December 2020: Nil).

15. Reserves

	Group		Company	
	As at 30 June 2021	As at 31 Dec 2020	As at 30 June 2021	As at 31 Dec 2020
	S$'000	S$'000	S$'000	S$'000
Capital reserve	644	644	-	-
Warrants reserve	31	31	31	31
	675	675	31	31

The capital reserve arose from the gift of shares in the Company previously owned by the executive directors to certain employees of the Group.

The warrants reserve represents the gross proceeds from the issuance of warrants, net of direct issuance costs. In 2017, the Company had issued and allotted 120,567,589 warrants, with each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.28 for each new share.

The total number of outstanding warrants as at 30 June 2021 was 120,567,589 (31 December 2020: 120,567,589).

16. Loss per share

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
Loss per ordinary share based on weighted average number of shares (in cents)	(3.5)	(5.4)
Loss per ordinary share based on a fully diluted basis (in cents)	(3.5)	(5.4)
Weighted average number of ordinary shares (in millions)	518.1	518.1

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary shares were the same as the earnings per ordinary shares based on the weighted average number of shares for the respective periods.

17. Net asset value per share

	Group		Company	
	As at 30 June 2021	As at 31 Dec 2020	As at 30 June 2021	As at 31 Dec 2020
Net asset value per ordinary share issued (in cents)	16.8	20.6	26.8	26.7

Net asset value per ordinary share as at 30 June 2021 and 31 December 2020 are calculated based on the number of ordinary shares in issue of 518,068,220.

18. Financial assets and financial liabilities

Set out is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	As at 30 June 2021	As at 31 Dec 2020	As at 30 June 2021	As at 31 Dec 2020
	S$'000	S$'000	S$'000	S$'000
Financial Assets				
Financial assets at amortised cost	161,661	156,614	130,205	125,555
Financial Liabilities				
Financial liabilities at amortised cost	583,834	575,372	69,654	67,276

The carrying amounts of cash and bank balances, trade and other current receivables and payables, and other current liabilities approximate their respective fair values due to relatively short-term maturity of these financial instruments.

The carrying amounts of other classes of financial instruments approximately their fair value.

19. Subsequent Events

On 30 July 2021, Sino Holdings (S'pore) Pte Ltd, a wholly-owned subsidiary of the Company, has entered into a conditional sale and purchase agreement with Sheng Siong Supermarket Pte. Ltd. in relation to the proposed disposal of investment property located at 1 Jalan Berseh #B1-02 to #B1-22 New World Centre Singapore 209037. The consideration for the Proposed Disposal is S$17.25 million.

F. Other information required by Listing Rule Appendix 7.2

1. Review

The unaudited condensed interim consolidated statement of financial position of TA Corporation Ltd and its subsidiaries as at 30 June 2021 and the related unaudited condensed interim consolidated profit or loss and other comprehensive income, unaudited condensed interim consolidated statement of changes in equity and unaudited condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

The Group's revenue for 1H2021 was S$105.7 million, an increase of S$29.0 million compared to S$76.7 million in 1H2020.

Construction segment recorded revenue of S$86.7 million for 1H2021, an increase of S$34.4 million compared to S$52.3 million for 1H2020 due to higher revenue recognised from progressive construction work for projects.

Distribution segment recorded revenue of S$6.7 million for 1H2021, a decrease of S$5.7 million compared to S$12.4 million for 1H2020 due to lower revenue contribution from lubricant business in Myanmar.

Other income decreased by S$2.1 million to S$2.9 million for 1H2021 compared to S$5.0 million for 1H2020. The decrease was mainly due to lower grants from the Singapore government and absence of reversal of deemed interest expense on retention amounts.

General and administrative expenses decreased by S$1.8 million to S$9.1 million for 1H2021 compared to S$10.9 million for 1H2020 mainly due to lower bank charges incurred for loan restructuring and renewal of banking facilities as compared with corresponding period.

Other operating expenses increased by S$4.9 million to S$9.7 million for 1H2021 compared to S$4.8 million for 1H2020 due mainly to loss in fair value of investment properties.

Finance costs decreased by S$2.4 million to S$5.0 million for 1H2021 compared to S$7.4 million for 1H2020 mainly due to decrease in interest rate on borrowings.

The share of loss, net of tax of associates and joint ventures for 1H2021 of S$0.9 million, as compared to net gain of S$1.2 million in 1H2020 was mainly due to share of losses from joint ventures in Myanmar.

Review of cash flow, working capital, assets and liabilities

The changes in assets and liabilities are as follows:

i) increase in current and non-current trade and other receivables by S$12.2 million was mainly due to progress billings for The Gateway's project. The increase partially offset by repayment from a joint venture company and lower progress billings for construction projects as compared with previous corresponding period.

ii) increase in contract assets by S$5.1 million was mainly due to retention receivables held by contract customers and timing difference between construction costs incurred and revenue recognised from construction contracts.

iii) increase in asset classified as held for sales was reclassified from investment properties due to management is committed to sell the property within the next 12 months (Note 19).

iv) increase in development properties by S$9.7 million was mainly due to development cost incurred for on-going projects.

v) decrease in investment properties due mainly to an investment property was reclassified to held for sales and loss in fair value amounted to S$5.5 million.

vi) decrease in current and non-current borrowings by S$4.5 million was mainly due to repayment of borrowings.

vii) increase in current and non-current trade and other payables by S$11.9 million was mainly due to loan from a company in which certain directors have control and increase of amount due to subcontractors and suppliers.

viii) increase in contract liabilities by S$16.5 million was mainly due to higher cumulative progress billings for sold units of an overseas development property which revenue will be recognised when legal title is passed to buyers.

ix) Increase in provisions by S$2.9 million was due to additional provision for onerous contracts.

Cash and cash equivalents decreased by S$11.0 million in 1H2021 mainly due to higher trade and other receivables of S$18.9 million, increase property development costs incurred of S$8.8 million, interest repayment of S$5.9 million, net repayment on borrowing of S$4.0 million and increase in contract assets of S$5.1 million. These were partially offset by increase in contract liabilities of S$16.5 million, increase trade and other payables of S$8.9 million, repayment from amounts due from associates and joint venture of S$5.2 million and increase in inventories of S$1.1 million.

3. 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 2021 previously.

4. 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 operating period and the next 12 months

Ministry of Trade and Industry ("MTI") announced on 14 July 2021, the construction sector expanded by 98.8 per cent on a year-on-year basis in the second quarter of 2021, a turnaround from the 23.1 per cent contraction in the preceding quarter. The sharp upturn was due to low base effects as the Circuit Breaker measures had resulted in a stoppage of most construction activities in the second quarter of last year. In absolute terms, the value-added of the sector remained 31.6 per cent below its pre-pandemic (i.e., second quarter of 2019) level. On a quarter-on-quarter seasonally-adjusted basis, the construction sector shrank by 11.0 per cent in the second quarter of 2021, a reversal from the 4.5 per cent growth in the previous quarter.

While construction work is gradually restarting, the Group expects the outlook for its construction sector to remain very challenging amid the continue shortage of workers, higher material and related costs, additional costs to comply with safe distancing measures and continued delay in construction progress.

The Group's dormitory business is expected to continue to be challenging due to COVID 19 border control measures imposed by Singapore government restricting new migrant workers coming into Singapore will put pressure on the occupancy and bed rate going forward.

According to URA report released on 23 July 2021, prices of private residential properties increased by 0.8% in 2nd Quarter 2021, compared with the 3.3% increase in the previous quarter. Prices of office space increased by 0.9% in 2nd Quarter 2021, compared with the 2.7% decrease in the previous quarter. Rentals of office space increased by 1.3% in 2nd Quarter 2021, compared with the 3.3% increase in the previous quarter.

The Group's on-going phase 1 property development projects in Thailand and Gateway project in Cambodia are both substantially completed. The Group shall recognise revenue from Gateway project upon the transfer of the strata title to its buyers as the Group adopted point in time accounting principal in recognising its overseas property development projects.

For the Construction segment, the Group remains focused on executing its order book of S$295.3 million as at 30 June 2021 to be delivered progressively over the next two years.

The Group expects the outlook for its core businesses to remain very challenging. The Group will continue to stay vigilant and agile to navigate these uncertain and difficult times. The Group will remain focus on conserving cash, continue to adopt a conservative policy and take necessary measures to mitigate risks.

5. Dividend information

(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.

No interim dividend for the half year ended 30 June 2021 (30 June 2020: Nil) is recommended as the Group intends to conserve cash. It is not the Group's practice to declare interim dividend.

6. Interested person transactions

The Group has not obtained a general mandate for interested person transactions pursuant to Rule 920 of Listing Manual of the Singapore Exchange Securities Trading Limited ("SGT-ST")

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

Name of Interested person and nature of transaction	Nature of relationship	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$100,000)
		6 months ended 30 June 2021 S$'000	6 months ended 30 June 2021 S$'000
Prestige Resources Pte Ltd Management service	Associate of directors - Liong Kiam Teck ("LKT"), Neo Tiam Boon ("NTB"), Neo Tiam Poon @ Neo Thiam Poon ("NTP"), and Neo Thiam An ("NTA")	233	N.A
Tac Alliance Pte. Ltd. Management service	Associate of directors - LKT, NTB, NTP and NTA	174	N.A
Sinotac Group Pte. Ltd. Interest from subscription of 6% Series 3 Multicurrency Medium Term Notes	Associate of directors - LKT, NTB, NTP and NTA	260	N.A

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

We confirm that the Company has procured undertakings from all its directors and the executive officer based on the latest revised format set out in Appendix 7.7.

8. 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 interim financial results of the Group and the Company for the six months ended 30 June 2021 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
10 August 2021