

LTC CORPORATION LIMITED
Company Registration No : 196400176K

First Quarter Financial Statement for the Period Ending 30/09/2015.

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	Group		
	3 months ended		+/-
	30/09/2015	30/09/2014	%
	\$'000	\$'000	
Revenues	31,324	33,821	(7.4)
Cost of sales	(30,287)	(30,678)	(1.3)
Gross profit	1,037	3,143	(67.0)
Other income	200	261	(23.4)
Selling and distribution expenses	(90)	(180)	(50.0)
Administrative expenses	(1,828)	(1,830)	(0.1)
Other operating expenses	1,499	44	3306.8
Share of results of associated company	50	297	(83.2)
Operating profit	868	1,735	(50.0)
Finance costs	(282)	(298)	(5.4)
Profit before taxation	586	1,437	(59.2)
Taxation	131	(216)	NM
Profit for the financial year	717	1,221	(41.3)
Other comprehensive income			
Items that will not be reclassified to profit and loss:	-	-	NM
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on consolidation	(6,761)	(3)	NM
Share of other comprehensive income of associated company	733	704	4.1
	(6,028)	701	NM
Other comprehensive income, net of tax	(6,028)	701	NM
Total comprehensive income for the financial year	(5,311)	1,922	NM
Profit for the year attributable to:			
Owners of the Company	1,697	1,313	29.2
Non-controlling interests	(980)	(92)	965.2
	717	1,221	(41.3)
Total comprehensive income attributable to:			
Owners of the Company	(4,331)	2,014	NM
Non-controlling interests	(980)	(92)	965.2
	(5,311)	1,922	NM
Included in the above are the following charges/(credits):	30/09/14	30/09/14	+/-
	\$'000	\$'000	%
Interest income	(95)	(73)	30.1
Depreciation of property, plant & equipment	698	500	39.6
(Write-back)/provision for onerous contracts	(112)	62	NM
Foreign exchange gain	(1,226)	(44)	2686.4
Write-back of allowance for impairment of completed properties	(273)	-	NM
Total other operating expenses	(1,499)	(44)	3306.8

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	
	30/09/2015 \$'000	30/06/2015 \$'000	30/09/2015 \$'000	30/06/2015 \$'000
Non-current assets				
Investment properties	118,000	118,000	-	-
Property, plant and equipment	30,565	31,211	-	-
Subsidiary companies	-	-	180,829	180,183
Associated company	13,111	19,050	-	-
Long-term investments	3,730	3,730	380	380
Properties under development	12,584	13,546	-	-
Deferred tax assets	1,163	1,287	-	-
Fixed deposits	42	46	-	-
	<u>179,195</u>	<u>186,870</u>	<u>181,209</u>	<u>180,563</u>
Current assets				
Non-current assets held for sale	-	-	-	-
Completed properties held for sale	45,297	50,357	-	-
Inventories	24,446	29,226	-	-
Prepayments	94	129	3	1
Trade debtors	20,437	22,978	-	-
Other debtors	4,328	4,140	-	-
Due from subsidiary company	-	-	3	853
Due from related parties	914	880	-	-
Fixed deposits	22,828	15,868	-	-
Cash and bank balances	34,969	28,926	22	20
	<u>153,313</u>	<u>152,504</u>	<u>28</u>	<u>874</u>
Current liabilities				
Trade creditors	28,350	27,207	-	-
Other creditors	4,870	5,017	265	247
Due to related parties	735	1,336	10	10
Interest-bearing loans and borrowings	57	34	-	-
Provisions	1,466	1,466	-	-
Provision for taxation	195	1,237	-	-
	<u>35,673</u>	<u>36,297</u>	<u>275</u>	<u>257</u>
Net current assets	117,640	116,207	(247)	617
Non-current liabilities				
Trade creditors	923	941	-	-
Due to subsidiary companies	-	-	21,291	23,466
Interest-bearing loans and borrowings	13,027	13,940	-	-
Deferred tax liabilities	3,281	3,281	-	-
	<u>17,231</u>	<u>18,162</u>	<u>21,291</u>	<u>23,466</u>
	<u>279,604</u>	<u>284,915</u>	<u>159,671</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	(32,165)	(26,137)	-	-
Accumulated profits	120,179	118,482	9,558	7,601
	<u>244,320</u>	<u>248,651</u>	<u>159,671</u>	<u>157,714</u>
Non-controlling interests	35,284	36,264	-	-
	<u>279,604</u>	<u>284,915</u>	<u>159,671</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 30/09/2015		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
57	-	34	-

Amount repayable after one year

As at 30/09/2015		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
13,027	-	13,940	-

Details of any collateral

	Group		Note
	30/9/2015	30/6/2015	
Interest-bearing loans and borrowings	\$'000	\$'000	
Short-term			
Lease liabilities	57	34	1
	<u>57</u>	<u>34</u>	
Long-term			
Revolving credit facility	13,000	13,905	2
Lease liabilities	27	35	1
	<u>13,027</u>	<u>13,940</u>	

- 1) secured on the leased property, plant and equipment
- 2) secured on investment properties 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	Group	
	30/09/2015	30/09/2014
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	586	1,437
Adjustments for :		
Depreciation of property, plant and equipment	698	500
Finance costs	226	235
Interest income	(95)	(73)
Gain on disposal of property, plant and equipment	(33)	(87)
Gain on fair value changes on derivatives	(736)	(36)
(Write-back)/provision for onerous contracts	(112)	62
Share of results of associated company	(50)	(297)
Currency realignment	(1,804)	(3)
Operating (loss)/profit before reinvestment in working capital	<u>(1,320)</u>	<u>1,738</u>
Decrease in inventories	4,892	9,087
Decrease/(increase) in debtors and prepayments	2,979	(2,777)
Increase/(decrease) in creditors	1,131	(3,772)
Increase in non-current asset held for sale	-	(574)
Increase in properties under development	(294)	(328)
Decrease in completed properties held for sale	<u>3,700</u>	<u>150</u>
Cash generated from operations	11,088	3,524
Interest paid	(226)	(235)
Income taxes (paid)/received	<u>(787)</u>	<u>121</u>
Net cash generated from operating activities	<u>10,075</u>	<u>3,410</u>
Cash flows from investing activities :		
Interest received	95	73
Repayment of shareholders' loan by associated company	6,722	-
Proceeds from disposal of property, plant and equipment	128	156
Purchase of property, plant and equipment	<u>(176)</u>	<u>(3,678)</u>
Net cash generated from/(used in) investing activities	<u>6,769</u>	<u>(3,449)</u>
Cash flows from financing activities :		
Increase/(decrease) in finance lease obligations	15	(11)
Repayment of long-term borrowings	(905)	(2,870)
Settlement of interest rate swap	(8)	-
Increase/(decrease) in amounts due to related parties	249	(714)
Increase in amounts due from related parties	(34)	-
Dividends paid to non-controlling interest of a subsidiary	(850)	(1,500)
Net cash used in financing activities	<u>(1,533)</u>	<u>(5,095)</u>
Net decrease in cash and cash equivalents	15,311	(5,134)
Effect of exchange rate changes on cash and cash equivalents	(2,312)	-
Cash and cash equivalents at beginning of financial year	<u>44,697</u>	<u>39,003</u>
Cash and cash equivalents at end of financial year	<u>57,696</u>	<u>33,869</u>

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	Dividend Reserve \$'000	Equity	Non-controlling Interests \$'000	Total \$'000
						Attributable to Owners of the Company \$'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	-	-	-	1,697	-	1,697	(980)	717
Other comprehensive income for the year								
Exchange differences on consolidation	-	-	(6,761)	-	-	(6,761)	-	(6,761)
Share of other comprehensive income of associated company	-	-	733	-	-	733	-	733
Total comprehensive income for the year	-	-	(6,028)	1,697	-	(4,331)	(980)	(5,311)
Balance as at 30 September 2015	150,113	6,193	(32,165)	120,179	-	244,320	35,284	279,604
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	-	-	-	1,313	-	1,313	(92)	1,221
Other comprehensive income for the year								
Exchange differences on consolidation	-	-	(3)	-	-	(3)	-	(3)
Share of other comprehensive income of associated company	-	-	704	-	-	704	-	704
Total comprehensive income for the year	-	-	701	1,313	-	2,014	(92)	1,922
Balance as at 30 September 2014	150,113	2,597	(20,746)	111,314	-	243,278	32,126	275,404

Company	Share Capital	Accumulated Profits	Dividend Reserve	Total
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2015	150,113	7,601	-	157,714
Profit for the financial year	-	1,957	-	1,957
Total comprehensive income for the year	-	1,957	-	1,957
Balance as at 30 September 2015	150,113	9,558	-	159,671
Balance as at 1 July 2014	150,113	6,955	-	157,068
Profit for the financial year	-	(110)	-	(110)
Total comprehensive income for the year	-	(110)	-	(110)
Balance as at 30 September 2014	150,113	6,845	-	156,958

- 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.**

	30 September 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.**

Changes in accounting policies (item 5)

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	
	30 September 2015	30 September 2014
Earnings per share - basic and diluted (cents)	1.08	0.84

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	
	30/09/2015	30/06/2015	30/09/2015	30/06/2015
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares (cents)	156.16	158.93	102.06	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.**

Group turnover for Q1 decreased by 7.4% or \$2.5m compared to the previous corresponding period. The decrease from \$33.8m to \$31.3m was due to lower turnover for steel partly offset by higher turnover for property development.

Steel turnover decreased by \$5.6m from \$31.2m to \$25.6m due to lower steel prices despite slightly higher tonnage delivered. Net operating loss for steel worsened to \$2.2m from \$0.1m for the previous corresponding period.

Turnover for Property Development increased by \$3.4m but net operating loss declined by \$0.2m to \$0.3m.

Turnover for Property Rental decreased by \$0.3m to \$1.9m while net operating profit decreased by \$0.1m to \$1.6m.

Including a lower share of profits from an associated company, operating profit for the Group decreased by half from \$1.7m to \$0.87m.

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. Stocks decreased due to lower steel prices and stockholding.

- 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.**

The international price of steel has continued to weaken during the quarter. In addition the USD/SGD exchange rate has been volatile. 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 amidst a highly challenging market.

The residential property market in Singapore has continued to show price and transaction weakness and is not expected to improve as there is still no indication of any easing on the cooling measures imposed.

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

The investment properties in Singapore are expected to maintain 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 30 September 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	-	734
Antara Steel Mills Sdn Bhd	-	3,045

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 first quarter ended 30 September 2015, to be false or misleading.

BY ORDER OF THE BOARD

Silvester Bernard Grant
Company Secretary
13 November 2015