

**LTC CORPORATION LIMITED**  
(formerly known as Lion Teck Chiang Limited)  
**Company Registration No : 196400176K**

Second Quarter Financial Statement for the Period Ending 31/12/2014.

**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		
	31/12/14	31/12/13	+/-	31/12/14	31/12/13	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Revenues	51,570	46,331	11.3	85,391	87,390	(2.3)
Cost of sales	<u>(42,523)</u>	<u>(38,344)</u>	10.9	<u>(73,201)</u>	<u>(71,949)</u>	1.7
Gross profit	9,047	7,987	13.3	12,190	15,441	(21.1)
Other income	145	309	(53.1)	406	619	(34.4)
Selling and distribution expenses	(387)	(389)	(0.5)	(567)	(620)	(8.5)
Administrative expenses	(2,211)	(1,761)	25.6	(4,041)	(3,202)	26.2
Other operating expenses	(76)	(238)	(68.1)	(32)	517	NM
Share of results of associated company	<u>(94)</u>	<u>(810)</u>	(88.4)	<u>203</u>	<u>(774)</u>	NM
Operating profit	6,424	5,098	26.0	8,159	11,981	(31.9)
Finance costs	<u>(202)</u>	<u>(245)</u>	(17.6)	<u>(500)</u>	<u>(388)</u>	28.9
Profit before taxation	6,222	4,853	28.2	7,659	11,593	(33.9)
Taxation	<u>(1,515)</u>	<u>(1,080)</u>	40.3	<u>(1,731)</u>	<u>(2,095)</u>	(17.4)
Profit for the financial year	<u>4,707</u>	<u>3,773</u>	24.8	<u>5,928</u>	<u>9,498</u>	(37.6)
Other comprehensive income						
Items that will not be reclassified to profit and loss:						
Other capital reserve	-	-	NM	-	-	NM
	-	-	NM	-	-	NM
Items that may be reclassified subsequently to profit and loss:						
Exchange differences on consolidation	(2,162)	182	NM	(2,165)	(2,468)	(12.3)
Share of other comprehensive income of associated company	<u>682</u>	<u>408</u>	67.2	<u>1,386</u>	<u>358</u>	287.2
	<u>(1,480)</u>	<u>590</u>	NM	<u>(779)</u>	<u>(2,110)</u>	(63.1)
Other comprehensive income, net of tax	<u>(1,480)</u>	<u>590</u>	NM	<u>(779)</u>	<u>(2,110)</u>	(63.1)
Total comprehensive income for the financial year	<u>3,227</u>	<u>4,363</u>	(26.0)	<u>5,149</u>	<u>7,388</u>	(30.3)
Profit for the year attributable to:						
Owners of the Company	4,677	2,170	115.5	5,990	6,200	(3.4)
Non-controlling interests	<u>30</u>	<u>1,603</u>	(98.1)	<u>(62)</u>	<u>3,298</u>	NM
	<u>4,707</u>	<u>3,773</u>	24.8	<u>5,928</u>	<u>9,498</u>	(37.6)
Total comprehensive income attributable to:						
Owners of the Company	3,197	2,760	15.8	5,211	4,090	27.4
Non-controlling interests	<u>30</u>	<u>1,603</u>	(98.1)	<u>(62)</u>	<u>3,298</u>	NM
	<u>3,227</u>	<u>4,363</u>	(26.0)	<u>5,149</u>	<u>7,388</u>	(30.3)
Included in the above are the following charges/(credits):-						
	31/12/14	31/12/13	+/-	31/12/14	31/12/13	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation of property, plant & equipment	563	380	48.2	1,063	758	40.2
Foreign exchange (gain)/loss	(804)	238	NM	(848)	(517)	64.0
Write-back of allowance for impairment loss, completed properties	(276)	-	NM	(276)	-	NM
Write-back of provision for foreseeable losses, properties under development	(442)	-	NM	(442)	-	NM
Property development costs written off	1,598	-	NM	1,598	-	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	
	31/12/2014 \$'000	30/06/2014 \$'000	31/12/2014 \$'000	30/06/2014 \$'000
Non-current assets				
Investment properties	117,100	117,100	-	-
Property, plant and equipment	20,953	17,842	-	-
Subsidiary companies	-	-	182,216	181,077
Associated company	18,501	16,913	-	-
Long-term investments	3,730	3,730	380	380
Properties under development	13,736	13,868	-	-
Deferred tax assets	1,213	1,050	-	-
	<u>175,233</u>	<u>170,503</u>	<u>182,596</u>	<u>181,457</u>
Current assets				
Non-current assets held for sale	-	1,492	-	-
Completed properties held for sale	57,504	61,873	-	-
Inventories	31,716	44,122	-	-
Prepayments	112	96	2	2
Trade debtors	38,865	24,453	-	-
Other debtors	1,977	2,204	-	66
Due from subsidiary company	-	-	3	1,500
Due from related parties	732	862	-	-
Fixed deposits	5,457	7,788	-	-
Cash and bank balances	29,296	31,215	43	46
	<u>165,659</u>	<u>174,105</u>	<u>48</u>	<u>1,614</u>
Current liabilities				
Trade creditors	32,061	33,704	-	-
Other creditors	5,219	5,494	60	247
Due to related parties	4,587	5,436	11	10
Interest-bearing loans and borrowings	42	16,750	-	-
Provision for taxation	3,162	2,482	-	-
	<u>45,071</u>	<u>63,866</u>	<u>71</u>	<u>257</u>
Net current assets/(liabilities)	120,588	110,239	(23)	1,357
Non-current liabilities				
Trade creditors	823	554	-	-
Due to subsidiary companies	-	-	25,019	25,746
Interest-bearing loans and borrowings	14,453	4,792	-	-
Deferred tax liabilities	1,914	1,914	-	-
	<u>17,190</u>	<u>7,260</u>	<u>25,019</u>	<u>25,746</u>
	<u>278,631</u>	<u>273,482</u>	<u>157,554</u>	<u>157,068</u>
Equity attributable to owners of the Company				
Share capital	150,113	150,113	150,113	150,113
Capital reserve	2,597	2,597	-	-
Exchange translation reserve	(22,226)	(21,447)	-	-
Accumulated profits	115,991	110,001	7,441	6,955
	<u>246,475</u>	<u>241,264</u>	<u>157,554</u>	<u>157,068</u>
Non-controlling interests	32,156	32,218	-	-
	<u>278,631</u>	<u>273,482</u>	<u>157,554</u>	<u>157,068</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 31/12/2014		As at 30/06/2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
42	-	16,750	-

**Amount repayable after one year**

As at 31/12/2014		As at 30/06/2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
14,453	-	4,792	-

**Details of any collateral**

	Group		Note
	31/12/2014	30/6/2014	
Interest-bearing loans and borrowings	\$'000	\$'000	
Short-term			
Revolving credit facility	-	16,705	2
Lease liabilities	42	45	3
	<u>42</u>	<u>16,750</u>	
Long-term			
Revolving credit facility	14,405	-	1
Bank loans	-	4,725	2
Lease liabilities	48	67	3
	<u>14,453</u>	<u>4,792</u>	

- 1) secured on investment properties, shares in a subsidiary and corporate guarantee of the company.
- 2) secured on certain completed properties and properties under development and corporate guarantee of the company
- 3) 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	3 months ended		6 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	6,222	4,853	7,659	11,593
Adjustments for :				
Depreciation of property, plant and equipment	563	380	1,063	758
Finance costs	265	245	500	388
Interest income	(91)	(90)	(164)	(165)
Gain on disposal of property, plant and equipment	3	(17)	(84)	(29)
Gain on fair value changes on derivatives	(35)	(33)	(71)	77
Provision for onerous contracts	29	-	47	-
Write-back of allowance for impairment of completed properties	(276)	-	(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 associated company	94	810	(203)	774
Currency realignment	(1,678)	142	(1,681)	(1,941)
Operating profit before reinvestment in working capital	6,230	6,290	7,924	11,455
Decrease in inventories	3,228	3,948	12,359	10,237
(Increase)/decrease in debtors and prepayments	(11,353)	(4,764)	(14,130)	(3,719)
Increase/(decrease) in creditors	2,123	(4,279)	(1,649)	(11,479)
Increase in amounts due to related parties	1,365	1,584	651	636
Decrease/(increase) in amounts due from related parties	130	(29)	130	144
Decrease/(increase) in non-current asset held for sale	2,066	(57)	1,492	-
(Increase)/decrease in properties under development	(674)	225	(1,002)	(130)
Decrease in completed properties held for sale	4,495	2,195	4,645	3,014
Cash generated from operations	7,610	5,113	10,420	10,158
Interest paid	(265)	(245)	(500)	(388)
Income taxes paid	(1,335)	(1,440)	(1,214)	(2,930)
Net cash generated from operating activities	6,010	3,428	8,706	6,840
Cash flows from investing activities :				
Interest received	91	90	164	165
Proceeds from disposal of property, plant and equipment	5	18	161	53
Purchase of property, plant and equipment	(573)	(683)	(4,251)	(2,013)
Net cash used in investing activities	(477)	(575)	(3,926)	(1,795)
Cash flows from financing activities :				
Decrease in finance lease obligations	(11)	(11)	(22)	(22)
Repayment of short-term borrowings	(4,725)	8,620	(4,725)	6,120
(Repayment)/proceeds of long-term borrowings	570	(6,656)	(2,300)	(5,819)
Dividends paid to non-controlling interest of a subsidiary	-	-	(1,500)	(2,000)
Dividends paid by the company	-	(1,956)	-	(1,956)
Net cash used in financing activities	(4,166)	(3)	(8,547)	(3,677)
Net increase/(decrease) in cash and cash equivalents	1,367	2,850	(3,767)	1,368
Effect of exchange rate changes on cash and cash equivalents	(483)	40	(483)	(527)
Cash and cash equivalents at beginning of financial period	33,869	26,153	39,003	28,202
Cash and cash equivalents at end of financial period	34,753	29,043	34,753	29,043

**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	Exchange Capital Reserve \$'000	Translation Reserve \$'000	Accumulated Profits \$'000	Dividend Reserve \$'000	Equity	Non-controlling Interests \$'000	Total \$'000
						Attainable to Owners of the Company \$'000		
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	-	-	(779)	-	-	(779)	-	(779)
Total comprehensive income for the year	-	-	(779)	5,990	-	5,211	(62)	5,149
Balance as at 31 December 2014	150,113	2,597	(22,226)	115,991	-	246,475	32,156	278,631

Balance as at 1 July 2013	150,113	2,612	(19,097)	103,077	1,956	238,661	29,021	267,682
Profit for the financial year	-	-	-	6,200	-	6,200	3,298	9,498
Other comprehensive income for the year	-	-	(2,110)	-	-	(2,110)	-	(2,110)
Total comprehensive income for the year	-	-	(2,110)	6,200	-	4,090	3,298	7,388
Dividends paid	-	-	-	-	(1,956)	(1,956)	-	(1,956)
Balance as at 31 December 2013	150,113	2,612	(21,207)	109,277	-	240,795	32,319	273,114

Company	Share Capital	Accumulated Profits	Dividend Reserve	Total
	\$'000	\$'000	\$'000	\$'000
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	150,113	7,441	-	157,554

Balance as at 1 July 2013	150,113	7,013	1,956	159,082
Profit for the financial year	-	633	-	633
Total comprehensive income for the year	-	633	-	633
Dividends paid	-	-	(1,956)	(1,956)
Balance as at 31 December 2013	150,113	7,646	-	157,759

- 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 2014	30 June 2014
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 FY2015.

- 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	
	31/12/2014 Cents	31/12/2013 Cents	31/12/2014 Cents	31/12/2013 Cents
Earnings per share (basic and diluted)	2.99	1.39	3.83	3.96

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	
	31/12/2014	30/06/2014	31/12/2014	30/06/2014
Net asset value per ordinary share based on issued share capital (cents)	157.54	154.21	100.70	100.39

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 2014

Group turnover for Q2 increased by 11.3% or \$5.2m compared to the previous corresponding period. The increase from \$46.3m to \$51.5m was due to higher turnover for property development.

Steel turnover decreased by \$3.0m from \$38.9m to \$35.9m due to lower steel prices despite higher tonnage delivered. Net operating profit for steel fell by \$3.8m from \$4.0m for the previous corresponding period to \$0.2m.

Turnover and net operating profit for Property Development increased by \$8.2m and \$3.6m respectively due mainly to the recognition of the sale of an industrial park development lot in Malaysia.

Turnover for Property Rental improved \$0.1m to \$2.3m but operating profit remained unchanged at \$1.5m.

Including the share of results from an associate, operating profit for the Group increased by \$1.3m from \$5.1m to \$6.4m.

On the balance sheet, the decrease in inventories is due to lower stock level and steel prices. The increase in trade debtors is due mainly to the sale of the industrial park development lot. During the period, the revolving credit facility was renewed and hence reclassified from current to non-current.

Half-year ended 31 December 2014

Group turnover for H1 decreased by 2.3% or \$2.0m compared to the previous corresponding period. The decrease from \$87.4m to \$85.4m was due to lower turnover for steel partly offset by higher turnover for property development.

Steel turnover decreased by \$10.3m from \$77.4m to \$67.1m due to lower steel prices despite higher tonnage delivered. Net operating profit for steel fell by \$8.0m from \$8.1m for the previous corresponding period to \$0.1m.

Turnover for Property Development increased by \$8.2m while net operating profit improved by \$3.5m to \$4.2m.

Turnover for Property Rental improved \$0.1m to \$4.7m but operating profit remained unchanged at \$3.1m.

Including the share of results from an associate, operating profit for the Group decreased by \$3.8m from \$12.0m to \$8.2m.

**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 but the USD/SGD exchange rate has become more unstable. Demand for steel from the local construction sector is expected to remain firm with support from public infrastructure projects. Competition amongst steel suppliers remains stiff.

The residential property market in Singapore has continued to show weakness in price and transaction volume due to the cooling measures. The Group expects to incur significant charges if it is not able to dispose of its remaining stock under the current suppressed prices in the market.

The Group's industrial park development in Malaysia is expected to receive sustained interest from foreign investors.

The investment properties in Singapore are likely to continue to have high occupancy though rental rates may have peaked.



**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**

	For the financial period ending 31 December 2014	
Name of interested person	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
Antara Steel Mills Sdn Bhd	-	14,793

**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 (formerly known as Lion Teck Chiang Limited) for the second quarter ended 31 December 2014, to be false or misleading.

**BY ORDER OF THE BOARD**

Silvester Bernard Grant  
Company Secretary  
13 February 2015