

LTC CORPORATION LIMITED
ANNUAL REPORT
2015

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CHAIRMAN'S STATEMENT



This year, the Group entered into a new business in retailing. The Group is acquiring a 50% per cent interest in USP Equity Sdn. Bhd., a company incorporated in Malaysia which owns 90% of Sogo (K.L.) Department Store Sdn. Bhd.

On behalf of the Board of Directors of LTC Corporation Limited, I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 June 2015. The Group's steel business is experiencing falling steel prices, lower demand and stiffer competition due to the slowing down in the overall construction industry. The property market may soften further if the existing tough property cooling measures remain unchanged. This year, the Group entered into a new business in retailing. The Group is acquiring a 50% per cent interest in USP Equity Sdn. Bhd., a company incorporated in Malaysia which owns 90% of Sogo (K.L.) Department Store Sdn. Bhd. ("SKLDS"). SKLDS operates the largest single departmental store housed in one location in Malaysia. SKLDS operates in the name and style of the 'SOGO' brand under a trademark license agreement with Sogo & Seibu Co., Ltd., Japan.

FINANCIAL HIGHLIGHTS

Group turnover for FY2015 increased by 1.7% or \$2.8m compared to FY2014. The increase from \$165.7m to \$168.5m was in property development. The Group registered a slight fair value gain of \$0.8m on its investment properties. Net Profit of the Company decreased by \$1.6m from \$16.2m to \$14.6m.

OUTLOOK

Steel Trading

The Group's steel business is expected to be challenging. It is likely to face lower demand for steel due to the slowing down in the overall construction industry. This may result in stiffer competition amongst suppliers. According to the Building and Construction Authority (BCA), the overall construction demand for 2015 is expected to be slower and decreased from \$37.7b in 2014 to between \$29b to \$36b in 2015. Meanwhile, the private sector construction demand in 2015 is anticipated to moderate to between \$11b to \$15b compared to \$18b in 2014. This is mainly due to the existing government's property cooling measures and the uncertainties in the world economy. As a result, private developers have adopted a cautious stance.

During the year under review, the Group successfully completed several landmark projects such as Lush Acres

Executive Condominium, Boathouse Residences, Rainforest Executive Condominium, Hotel Grand Central Extension, upgrading of Suntec Singapore Convention & Exhibition Centre Retail Podium, Ng Teng Fong Hospital and others.

For FY2016, the main challenges for our steel business will remain unchanged. The volatility of raw materials prices, changes in international steel prices, unstable foreign exchange rates, stiff competition amongst suppliers and other uncertain factors may affect our earnings outlook.

Property Development

Singapore

Based on Urban Redevelopment Authority (URA) statistics, the overall prices of private residential properties decreased by 0.9% quarter-on-quarter in the second quarter of 2015, following the 1.0% decline in the previous quarter. This was the seventh straight quarter-on-quarter price decline. The index for landed homes also indicated price decreases of 1.0% in the second quarter of 2015 compared to a 0.9% quarter-on-quarter decrease in the first quarter.

The Government's recent decision to reduce land supply in the second half of 2015 can be seen as a move to mitigate any possible oversupply situation as well as a signal that the property cooling measures and the tough Total Debt Servicing Ratio (TDSR) ruling are likely to stay for now. Hence, property prices may soften further as buyers have become more sensitive to price changes. Developers are facing a challenging time ahead. They continue to price their projects very competitively in order to encourage sales.

For FY2016, the Group will focus on the marketing and promotion of its cluster bungalows development project at Crescent Road.

Malaysia

During the year, property development under the Group recorded an improvement as compared with the last financial year. The Group's Mahkota Industrial Park development in Banting received more interest from foreign industrialists due to lower business cost in Malaysia. We are also planning for

some shop office development in the commercial centre of the industrial park. We will continue to work with the relevant authorities and real estate agents to establish more business opportunities.

In Melaka, the Group has obtained the planning approval for the project located next to Plaza Mahkota beside the Melaka river mouth. The project is a 38 storey high-rise apartment with a broad range of size units suitable for both local and foreign purchasers.

For year 2016, we shall strategise to focus on market needs and design effective campaigns to clear all the completed stocks for all the projects under the Group and target to launch the apartment project at Plaza Mahkota.

The People's Republic of China ("PRC")

The Group's associated company, Kairong Developments (S) Pte Ltd, undertook two mixed-use developments comprising residential units as well as commercial shops in Shenyang City, Liaoning Province, PRC.

Since, all the residential units have been fully sold, a marketing campaign is being made to clear the remaining stock of commercial shops. The Company will continue to seek suitable new sites for investment and development. However, the China property market is experiencing a slow down this year.

Property Rental

Rental income from its investment properties in Singapore are expected to remain stable. However, the tenancy for the hypermarket in Malaysia has expired.

DIVIDEND PAID

An interim (one-tier) tax exempt dividend of 1.00 cent per ordinary share for the year ended 30 June 2015 was paid on 12 June 2015.

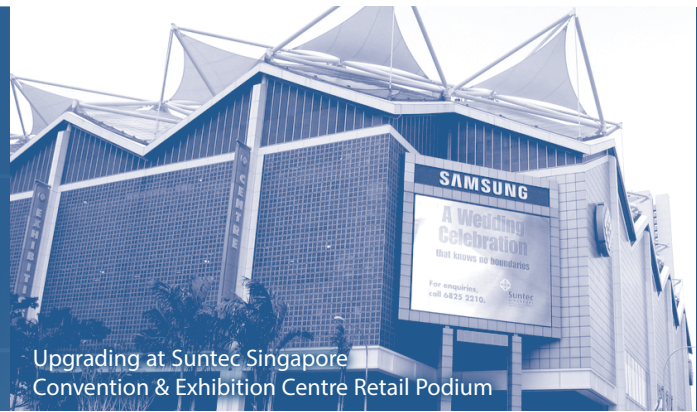
ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank all our management and staff for their achievements and contributions to our performance. I would also like to express my sincere appreciation to our customers, suppliers, shareholders and business associates for their continuing support. I am grateful to Members of the Audit Committee and my fellow Directors for their counsel and commitment.

Cheng Theng Kee
Chairman



Investment properties at
Arumugam Road, Singapore



Upgrading at Suntec Singapore Convention & Exhibition Centre Retail Podium



Ng Teng Fong Hospital

STEEL

STEEL PROJECTS

Steel Trading

Steel turnover decreased by \$9.8m from \$146.0m to \$136.2m due to lower steel prices despite higher tonnage delivered. Net operating profit for steel decreased by \$9.0m to \$2.4m from \$11.4m for the previous corresponding period.



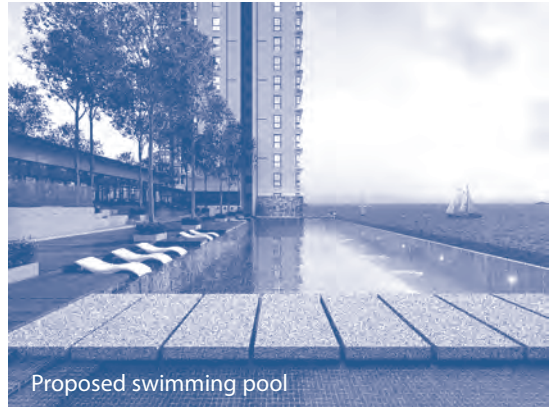
Rainforest Executive Condominium



Lush Acres Executive Condominium



Proposed facilities deck



Proposed swimming pool

PROPERTY

PROPERTY PROJECTS

Regional Property Development & Management

Property Development turnover increased by \$13.0m from \$10.5m to \$23.5m due to higher turnover in Malaysia while net operating profit increased by \$7.7m to \$4.7m from a loss of \$3.0m.

Turnover for Property Rental decreased by \$0.4m from \$9.1m to \$8.7m due to the expiry of the lease on the hypermarket in Skudai. Net operating profit decreased by \$1.5m to \$6.3m due mainly to a fair value gain on investment properties that is \$1.3m lower compared to the previous corresponding period.



Proposed high rise development at Plaza Mahkota, Melaka



Construction of service road in progress for the Industrial Park

BOARD OF DIRECTORS



MR CHENG THENG KEE, Chairman of the Group, was appointed to the Board on 24 February 1997. He is subject to annual re-appointment as Director pursuant to Section 153(6). He is an Executive Director and also an entrepreneur with considerable experience in manufacturing, trading, property investment and development.

Mr Cheng was educated at the Chinese High School. He helped to steer and expand the Lion Group's construction and property arm to its current position today. He was also responsible for the development of the Teck Chiang Industrial Complex at Arumugam Road, Singapore.



MR CHENG YONG LIANG joined the Board on 24 February 1997 and is the Managing Director of the Group. He is also a member of the Nominating Committee. He was last re-elected as Director on 21 October 2011.

Mr Cheng graduated with a Bachelor of Science degree in Business Administration from the University of San Francisco and a Diploma in Building from Singapore Polytechnic. He has been involved with The Lion Group for more than 25 years, primarily in The Lion Group's Property Division. He was previously a board member of Lion Industries Corporation Berhad, a company listed on the Bursa Malaysia.



DATO' MAZLAN BIN DATO' SERI HARUN joined the Board on 31 January 1986. He is a Non-Executive Director and Independent Director. He was last re-elected as Director on 25 October 2012. He is a member of the Audit Committee and Remuneration Committee.

Dato' Mazlan holds a Second Class Honours degree in Economics and Political Science from the University of Exeter, England.

Dato' Mazlan was previously elected to the Selangor State Assembly to represent the Seri Setia (Sungai Way) (1982 to 1986) and the Lindungan (1987 to 1990) constituencies. Dato' Mazlan was also the Chairman of several committees in the Selangor State Development Corporation (PKNS) and the Chairman of the Selangor State Public Accounts Committee from 1982 to 1990.



MR CHAY YEE joined the Board on 24 February 1997 and is a Non-Executive and Independent Director. He is subject to annual re-appointment as Director pursuant to Section 153(6). He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

Mr Chay graduated with a B.A. (Hons), University of Malaya, and M. Soc. Sc. from the University of Hong Kong. He served in the Singapore Administrative Service and worked in the Ministry of Finance for 5 years before joining the Central Provident Fund Board where he served as its Deputy General Manager for 12 years. He has also served as a Board member of the Community Chest of Singapore for 16 years.

Since leaving the public service, he has been engaged in the provision of advisory and consultancy services internationally to governments of the less developed countries as well as providing training and education services through various institutions under his charge.



MR ONG TEONG WAN joined the Board on 28 July 1998. He is a Non-Executive and Lead Independent Director. He was appointed the Lead Independent Director on August 2013. He is subject to annual re-appointment as Director pursuant to Section 153(6). He is the Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee.

Mr Ong holds an MBA (International Business) from the University of Southern California. He is currently Director and Managing Consultant of ManagementWise (International) Pte. Ltd. and is an Independent Director of Vicom Ltd, serving on the Audit Committee and the Nominating Committee.

He has been a Board Member of the Economic Development Board and the National Productivity Board. He was accorded the Friend of Labour Award by the National Trades Union Congress. He was in government service for more than 10 years and worked for two American multi-national companies at director level for 12 years. He has been a Corporate Consultant for more than 25 years at the Singapore Institute of Management.

KEY MANAGEMENT STAFF

MR CHENG THENG HOW is a Director and General Manager of Angkasa Amsteel Pte. Ltd.. Mr Cheng is currently the Group Director in the Lion Group and Executive Director of Antara Steel Mills Sdn Bhd. He is also a Non-Executive Director of Lion Asiapac Limited. His expertise and responsibilities in the Group cover steel marketing and trading, project management, the maintenance of plant and machinery and rebar fabrication. He has more than 20 years of experience in steel milling operations. He holds a Diploma in Mechanical Engineering from Singapore Polytechnic.

DATUK CHENG YOONG CHOONG is the Director of Business Development. He is overall in charge of Business Development and Retail operations in the Group. Datuk Cheng was previously the Group Managing Director of Parkson Retail Asia Limited and Parkson Retail Group Limited and was actively involved in the South East Asia and China retail scene. He was chairman of the Malaysia Retailers Association in 1996 and 1999 and was a member of the Executive Board of the Intercontinental Group of Department Stores in 1998 and 1999. Datuk Cheng holds a Bachelor of Science degree in Business Administration and a Master of Business Administration degree, both from the University of San Francisco.

MR LEE KHIAN LAI is the General Manager in the Property Development Department, Malaysia. He has more than 30 years of working experience in construction and property development industry. After graduation, he spent 8 years in construction companies before joining The Lion Group in 1990. He was involved in a number of comprehensive property development projects in The Lion Group's Property Division. He holds a Bachelor of Science degree in Civil Engineering from Teesside University, United Kingdom.

MR FREDDY MOK is the Group Accountant. He is responsible for the overall financial accounting, treasury and corporate finance affairs of the Group. He holds a Bachelor of Accountancy degree from National University of Singapore.

MR JASON FOON LANG YEOW is the Assistant General Manager of Angkasa Amsteel Pte. Ltd. He has over 20 years of experience in steel fabrication and related engineering works. He is in charge of overall day-to-day operations for cut and bend, pre-cagging, repairs and maintenance, wire mesh and factory safety.

MR TAY HUI SIANG is the Project Manager in the Property Development Department. He is responsible for the co-ordination and development of residential property projects in Singapore. He has been in construction related fields for more than 20 years. He holds a Bachelor of Science degree in Construction Management and a Specialist Diploma in M&E Co-ordination.

MS WONG CHOY LING is the Manager in the Property Management Department. Ms Wong is responsible for the administration of leases and management of the investment properties at Arumugam Road, Singapore. She holds a Bachelor of Science Honours degree in Real Estate Management.

CORPORATE INFORMATION

Board of Directors

Cheng Theng Kee (Chairman)
Cheng Yong Liang (Managing Director)
Ong Teong Wan (Lead Independent Director)
Dato' Mazlan Bin Dato' Seri Harun (Independent Director)
Chay Yee (Independent Director)

Audit Committee

Ong Teong Wan (Chairman)
Chay Yee
Dato' Mazlan Bin Dato' Seri Harun

Nominating Committee

Ong Teong Wan (Chairman)
Chay Yee
Cheng Yong Liang

Remuneration Committee

Chay Yee (Chairman)
Ong Teong Wan
Dato' Mazlan Bin Dato' Seri Harun

Company Secretaries

Silvester Bernard Grant, ACIS
Tan Yen Hui, ACIS

Registered Office

10 Arumugam Road #10-00
Lion Building A
Singapore 409957
Tel : (65) 6745 9677
Fax : (65) 6747 9493
Website : www.ltcgroup.com.sg

Registrar and Share Transfer Office

B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544
Tel : (65) 6593 4848
Fax : (65) 6593 4847

Auditors

Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
Level 18, North Tower
Singapore 048583
Tel : (65) 6535 7777
Fax : (65) 6532 7662
Partner in charge : Ms Lim Siew Koon
(Appointed during the financial ended 30 June 2011)

Solicitors

WongPartnership LLP
12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel : (65) 6416 8000
Fax : (65) 6532 5711

Principal Bankers

DBS Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited

FINANCIAL SUMMARY

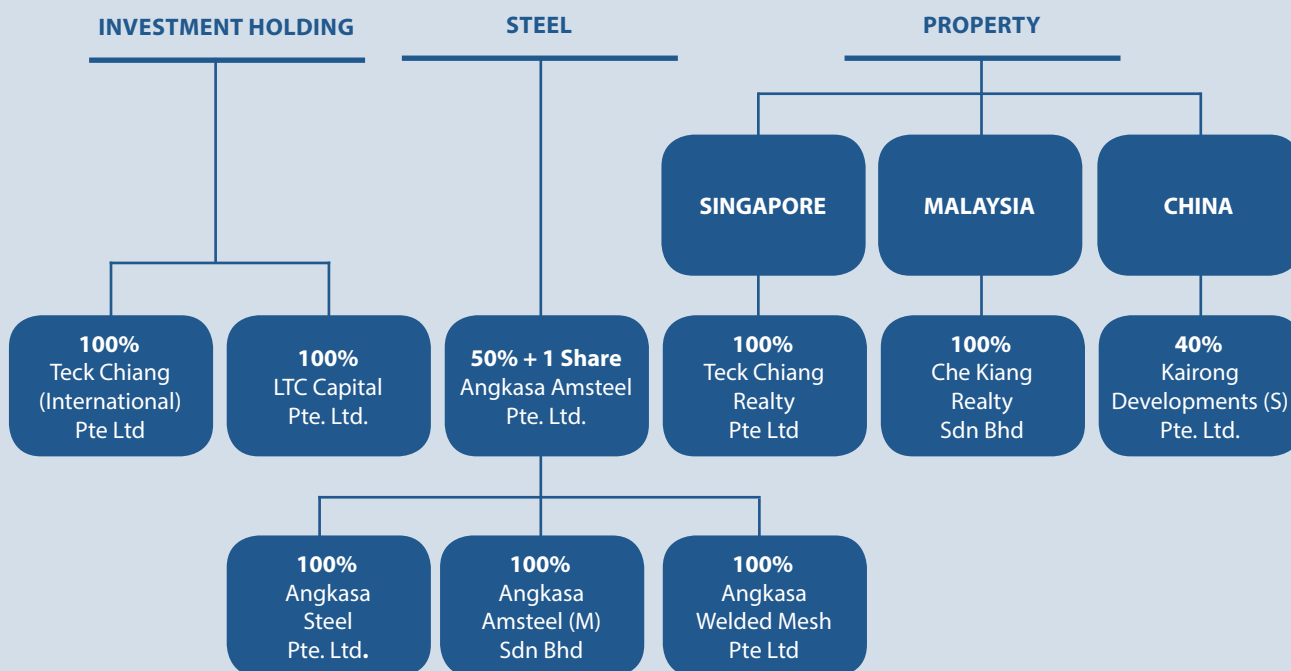
	2015 S\$'000	2014 S\$'000
FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE		
Turnover		
Steel Trading	136,223	146,019
Property development	23,545	10,487
Property rental	8,636	9,102
Investment holding	53	51
Total	168,457	165,659
Net operating profit		
Steel trading	2,378	11,440
Property development	4,742	(2,982)
Property rental	6,274	7,743
Investment holding	1,245	52
Total	14,639	16,253
FINANCIAL POSITION AS AT 30 JUNE		
	2015 S\$'000	2014 S\$'000
Investment properties	118,000	117,100
Property, plant and equipment	31,211	17,842
Associated company	19,050	16,913
Properties under development	13,546	13,868
Non-current assets held for sale	-	1,492
Completed properties	50,357	61,873
Inventories	29,226	44,122
Other assets	77,984	71,398
Borrowings	(13,974)	(21,542)
Other liabilities	(40,485)	(49,584)
Net assets	284,915	273,482
Share capital	150,113	150,113
Reserves	(19,944)	(18,850)
Accumulated profits	118,482	110,001
Shareholders' funds	248,651	241,264
Non-controlling interests	36,264	32,218
Total equity	284,915	273,482

5-YEAR FINANCIAL HIGHLIGHTS

	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000
Revenue	159,867	174,899	190,865	165,659	168,457
Net Profit	18,936	33,565	36,844	8,489	10,046
Owners Equity	171,325	202,828	238,661	241,264	248,651
Earnings per share (cents)	12.1	21.5	23.5	5.4	6.4
Net asset value per share (\$)	1.10	1.30	1.53	1.54	1.59

CORPORATE STRUCTURE

LTC CORPORATION LIMITED



CORPORATE GOVERNANCE

LTC Corporation Limited (“LTC” or the Company”) believes in maintaining a high standard of corporate governance, and is committed to making sure that effective self-regulatory corporate practices exist to protect the interest of the shareholder.

This report set out the Company’s corporate governance processes and activities which are in line with the Code of Corporate Governance 2012 (the “Code”). Where the Company practices differ from the recommendations under the Code, the Company’s positions in respect of the same is also set out in this report.

BOARD MATTERS

The Board’s Conduct of its Affairs

The Board is responsible for the overall strategy and direction of the Group. It provides entrepreneurial leadership, sets strategic aims, and ensures that the necessary financial and human resources are in places for the Company to meet its objectives. It also ensures that the Company’s strategies are in the interest of the Company and its shareholders.

The Board supervises management and reviews management performance, as well as establishes a framework of prudent and effective controls which enables risk to be assessed and managed. It sets the Company’s value and standards, and ensures that obligations to shareholders and others are understood and met.

During the financial year, the Board met 5 times. The Board reviews and approves appropriate strategic plans, key operational and financial matters, major acquisitions and divestment plans, major expenditure projects and funding decisions.

Board Composition and Guidance

The Board comprises 6 members, 2 of whom are Executives, 1 Non-Executive and 3 Independent Directors. The Directors are professionals in business, commerce, and manufacturing. The strong independent element of the Board ensures that it is able to exercise objective and independent judgement on corporate affairs.

The members of the Board are as follows:-

Executive	Non-Executive	
Cheng Theng Kee	Ong Teong Wan	(Lead Independent Director)
Cheng Yong Liang	Chay Yee	(Independent Director)
	Dato’ Mazlan Bin Dato’ Seri Harun	(Independent Director)
	Tan Sri Cheng Heng Jem*	

* Tan Sri Cheng Heng Jem retired as a non-executive director on 30 October 2014.

Certain functions have been delegated by the Board to various Board Committees, which operate under clearly defined terms of reference.

CORPORATE GOVERNANCE

BOARD MATTERS (CONT'D)

Board Membership and Board Performance

Directors' Attendance

The attendance of each Director at Board meetings and Board Committee meetings during the financial year ended 30 June 2015 is as follows:

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Name	Number of Meetings Attended	Number of Meetings Attended	Number of Meetings Attended	Number of Meetings Attended
Number of Meetings Held:	5	4	2	2
Cheng Theng Kee	5	NA	NA	NA
Cheng Yong Liang	5	NA	NA	2
Ong Teong Wan	5	4	2	2
Chay Yee	5	4	2	2
Dato' Mazlan Bin Dato' Seri Harun	5	4	2	NA
Tan Sri Cheng Heng Jem*	0	NA	NA	NA

* Tan Sri Cheng Heng Jem retired as a non-executive director on 30 October 2014.

NA: Not Applicable

The Board has delegated day-to-day operations to the Management while reserving certain key matters for its approvals. Matters that require Board approval are Group's financial results, interested person transactions, material acquisition and disposal of assets, corporate or financial restructuring, share issuance and dividend payment.

Newly appointed Directors are provided orientation and training, if necessary, to enable them to familiarise with the Group's business activities and the relevant regulations and governance requirements.

The Directors are updated on the regulations of the SGX-ST, Companies Act and other statutory requirements when the need arises.

NOMINATING COMMITTEE

The Nominating Committee ("NC") comprises 3 Directors, 2 of whom, including its Chairman, are Independent Directors. The NC members are:

Mr Ong Teong Wan (Chairman)
Mr Chay Yee
Mr Cheng Yong Liang

CORPORATE GOVERNANCE

NOMINATING COMMITTEE (CONT'D)

The NC meets at least twice a year and serves to provide a formal, transparent and objective procedure for appointing Board members and evaluating each Board member's performance. The NC performs the following functions:

1. To recommend appointment and re-appointment of directors in accordance with the Articles of Association of the Company.
2. To re-nominate directors, taking into account the individual director's contribution and performance.
3. To determine annually whether or not a director is independent, taking into account the relationship a director may have with the company and its related companies.
4. To determine whether or not a director is able to and has been adequately carrying out his/her duties as a director of the company, in the event that a director has multiple board representations.
5. To evaluate the Board's performance and the contribution by each director to the effectiveness of the Board, and to adopt appropriate measures to assess performance.

The NC is of the view that the current Board comprises directors who as a group provide core competencies such as commerce, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

Independence of Directors

The NC which reviews the independence of each Director on an annual basis adopts the Code's definition of what constitutes an Independent Director. Each Independent Director is required to complete a confirmation on the Independent Directors Checklist, which is drawn up in accordance with the Code, and requires each Director to assess his own independence. The NC will then review the Independent Directors Checklist to determine whether a director is independent.

For good corporate governance, the Board carries out rigorous review of the contributions and independence of directors who have served on the Board beyond nine years from their first appointment, and if necessary, exercises its discretion to extend the tenures of these directors. Currently, Mr. Ong Teong Wan, Mr. Chay Yee and Dato' Mazlan Bin Dato' Seri Harun have served as independent directors of the Company for more than nine years. They have contributed effectively by providing impartial and autonomous views, advice and judgment and have continued to demonstrate strong independence in character and mind. The Board is of the opinion that their length of service has not, in any way diminished their independence. There were also no relationships with management or substantial shareholders or circumstances which were likely to affect, or could appear to affect their independence or impair their fair judgment.

The Board also reviews the performance of the Directors and considers that the Directors who have gained valuable insight and good understanding of the Company through their years of involvement in the Company and together with their diverse experience and expertise, will be able to continue to greatly benefit the Company by providing impartial and autonomous views, advice and judgment.

The Board holds the view that continuity and stability of the Board is important and considers it is not currently in the interests of the Company and shareholders to require directors who have served for nine years or longer to retire. The Board nevertheless will on a continual basis, review the need for progressive refreshing of its Board. The Board is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Company's operations.

NOMINATING COMMITTEE (CONT'D)

Re-election/Re-appointment of Directors

At present, the Company's Articles of Association require one-third of the Directors, including a person holding the office of Managing Director, to retire from office by rotation at each Annual General Meeting. Accordingly, the NC recommended to the Board that Dato' Mazlan Bin Dato' Harun who is subjected to retire by rotation, nominated himself for re-election at the forthcoming Annual General Meeting. Three directors, Mr Cheng Theng Kee, Mr Ong Teong Wan and Mr Chay Yee are subject to Section 153(6) of the Companies Act to hold office until the conclusion of each Annual General Meeting and they shall be eligible for re-appointment, but shall not be subject to the provisions of the articles relating to the rotation and retirement of Directors.

Assessment of Directors

The NC has an established appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Directors.

The directors are assessed based on their experience in being a company director, competence and knowledge, including level and quality of involvement during the course of the year, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and special contributions.

On an annual basis, each Director will assess the effectiveness and performance of the Board as a whole and fellow Directors' performance based on the assessments adopted by the Board. The Chairman, in consultation with the NC, would evaluate and act on the results of the assessments and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.

In addition, the NC requires all Directors to declare their representations on the Board of other companies. The NC is satisfied that Directors who have multiple board representations have devoted sufficient time and attention to the affairs of the Company and are able to effectively carry out their duties as a Director of the Company.

Each member of the Board has and will continue to have full access to the Management and records.

CHAIRMAN AND MANAGING DIRECTOR

In compliance of the Code, the Chairman and the Managing Director ("MD") are separate persons. The Chairman is Mr Cheng Theng Kee, while the MD is Mr Cheng Yong Liang. Both Chairman and MD are related to each other, in that the MD is the son of the Chairman.

The roles of the Chairman and the MD are separate. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman facilitates effective communication between the Board and Management, engaging them in important matters relating to strategic issues and provides overall leadership for the Group. The Board has delegated the day-to-day management to the MD. The MD is the overall coordinator of the Management team for the effective implementation of business strategies and policies and is supported by the respective Heads of Departments. The MD also assists in ensuring compliance with the Company's guidelines on corporate governance.

CORPORATE GOVERNANCE

LEAD INDEPENDENT DIRECTOR

As recommended by the Code, on 23 August 2013 the Board had appointed Independent Director, Mr Ong Teong Wan as Lead Independent Director. The Lead Independent Director shall be available to shareholders where they have concerns for which contact through the normal channels of the Chairman and MD has failed to resolve or for which such contact is inappropriate. The Lead Independent Director may call for a meeting of Independent Directors from time to time without the presence of other Directors and provide feedback to the Chairman after such meetings.

ACCESS TO PERSONNEL AND INFORMATION

Prior to each Board meeting, all Directors are provided with Board reports. These reports provide information on the Company's performance, financial position and significant issues.

All Directors are updated on an on-going basis via Board meetings and by way of circulars on matters relating to changes to the regulations of the SGX-ST, Companies Act, accounting standards and other statutory requirements. Each Director may also seek independent professional advice on any Company matters, as he requires. The phone numbers and email addresses of each Director and Company Secretary have also been provided to facilitate access to any required information.

All Directors have independent access to the senior management of the Company and also the Company Secretary. The Company Secretary attends all Board meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is responsible for assisting the Company in its compliance with the requirement of the Companies Act, rules of the SGX-ST Listing Manual and other applicable regulations. The Company Secretary shall ensure good information flows within the Board and its committees, as well as between senior management and non-executive directors, and shall facilitate orientation and assist in professional development when required. The appointment and removal of the Company Secretary are subject to Board approval.

REMUNERATION MATTERS

The Remuneration Committee ("RC") comprises 3 Independent Non-Executive Directors. The RC members are:

Mr Chay Yee (Chairman)
Mr Ong Teong Wan
Dato' Mazlan Bin Dato' Seri Harun

The RC meets at least twice a year and their responsibilities include:

1. Recommend to the Board a framework of remuneration for the directors and key executives.
2. Ensure that the remuneration package are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

Level and Mix of Remuneration

The RC ensures that the level of remuneration is appropriate to attract, retain and motivate the directors and key management needed to run the Company successfully, and is linked to the Company's relative performance and individual performance. It covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind.

There are no share-based compensation scheme or any long term scheme involving the offer of shares or options in place in the Company. The Company does not have any contractual provisions to reclaim incentive components of remuneration from executive directors and key management executives in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company will seek professional advice, if required.

REMUNERATION MATTERS (CONT'D)

Level and Mix of Remuneration (cont'd)

The non-executive directors are remunerated with Directors' Fees, which are set in accordance with a remuneration framework comprising basic fees, committee fees and attendance fees, taking into account their effort, time spent and responsibilities. Such remuneration framework is reviewed by the RC on an annual basis and recommended to the Board for endorsement. The aggregate amount of Directors' Fees for each financial year is subject to the approval of shareholders at the Annual General Meeting ("AGM") of the Company.

The RC ensures remuneration package for the executive directors takes into consideration the Company's relative performance and the performance of individual directors, and in accordance with a remuneration framework comprising basic salary, bonus and benefits-in-kind. Such remuneration framework is reviewed by the RC on an annual basis and recommended to the Board for approval.

The RC determines the remuneration package for key management based on the Company's relative performance and the performance of individual key management, and in accordance with a remuneration framework comprising basic salary, bonus and benefits-in-kind. Such remuneration framework is reviewed by the RC on an annual basis and recommended to the Board for approval.

During the financial period under review, only non-executive directors are paid Directors' Fees. The payment of such fee is recommended for approval at the AGM of the Company. No Director is involved in deciding his own remuneration.

The RC has access to external consultants for expert advice, if required.

The level and mix of the Directors' remuneration in bands of S\$250,000 for FY2015 are set out below: -

Remuneration Band	Salary ¹ %	Fees %	Bonus %	Benefits- in-kind ² %	Total %
Directors' Remuneration					
(\$250,000 to below \$500,000)					
Cheng Theng Kee	67.7	–	19.8	12.5	100
Cheng Yong Liang	54.3	–	43.4	2.3	100
(Below \$250,000)					
Ong Teong Wan	–	100	–	–	100
Chay Yee	–	100	–	–	100
Dato' Mazlan Bin Dato' Seri Harun	–	100	–	–	100
Tan Sri Cheng Heng Jem*	–	100	–	–	100

Note:-

- Salary includes basic salaries, employer's CPF
- Benefits-in-kind includes car and club membership

* Tan Sri Cheng Heng Jem retired as a non-executive director on 30 October 2014.

CORPORATE GOVERNANCE

REMUNERATION MATTERS (CONT'D)

Having considered the recommendation in the Code on disclosure of Director's remuneration, the Board does not believe it is in the interest of Company to disclose the Directors' remuneration to the nearest thousand dollars, and that the current disclosure on a named basis and in bands of S\$250,000 including the provision of a break down in percentage terms is sufficient.

The level and mix of the remuneration of the key management personnel who are not Directors or the CEO/MD for FY2015 are set out in bands of \$250,000 below: -

Remuneration Band	Salary ¹ %	Fees %	Bonus %	Benefits- in-kind ² %	Total %
Key Management's Remuneration					
(\$250,000 to below \$500,000)					
Cheng Theng How	52.0	-	44.0	4.0	100
(Below \$250,000)					
Datuk Cheng Yoong Choong	100	-	-	-	100
Lee Khian Lai	73.8	-	24.0	2.2	100
Freddy Mok	81.0	-	19.0	-	100
Jason Foon Lang Yeow	66.0	-	34.0	-	100
Tay Hui Siang	82.8	-	17.2	-	100
Wong Choy Ling	77.9	-	22.1	-	100

Note: -

1. Salary includes basic salaries, employer's CPF
2. Benefits-in-kind includes car and club membership

The remuneration of the key management personnel is not disclosed to the nearest thousand dollars in the Annual Report due to the opinion of the Company that the key management remuneration package is competitive advantage of the Group. The aggregate amount of the total remuneration for the top key management personnel was approximately S\$1,065,000.

Apart from Mr Cheng Theng How, who is a brother to Mr Cheng Theng Kee and uncle to Mr Cheng Yong Liang and Datuk Cheng Yoong Choong, who is a son of Mr Cheng Theng Kee and a brother to Mr Cheng Yong Liang, there are no other employees who are immediate family members of a Director whose remuneration exceeds \$50,000 during the year.

ACCOUNTABILITY AND AUDIT

It is the aim of the Board to provide Shareholders with explanation and assessment of the Group's financial position and prospects. The Directors have access to senior management at all times.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises 3 members, all of whom are Independent Non-Executive Directors. The AC members are:

Mr Ong Teong Wan (Chairman)
Mr Chay Yee
Dato' Mazlan Bin Dato' Seri Harun

AUDIT COMMITTEE (CONT'D)

The AC meets at least four times a year to perform the following functions:

1. To review with the external auditors the audit plan, and the results of their examination and evaluation of the Group's system of internal accounting controls.
2. To review the Group's financial and operating results and accounting policies.
3. To review, with the internal auditors, the scope and results of the internal audit procedures and to monitor the response to their findings to ensure that appropriate follow-up measures are taken.
4. To review compliance with the corporate governance guidelines on processes and activities adopted by the Board.
5. To review the Risk Management of the Group and to ensure that there are adequate controls in place.
6. To review Interested Person Transactions ("IPTs").
7. To make recommendations to the Board on the nominating of the external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors.

The AC has full access to both the external and internal auditors. The internal audit plan is reviewed by the AC in consultation with the external auditors.

The AC meets with the external auditors, without the presence of the Company's Management, at least once a year.

Both the AC and the Board of the Company have reviewed the appointment of different auditors. Based on their review, the AC and the Board are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the consolidated financial statements of the Group.

The AC and the Board of the Company confirmed that in appointing the auditing firms for the Company's significant subsidiaries and associated company (whether incorporated in Singapore or elsewhere), the Group has complied with SGX-ST Listing Rules 712 and 716 respectively.

The AC has reviewed the non-audit services provided by the external auditors to the Group to assess the independence and objectivity of the external auditors. During the year under review, the aggregate amount of fees paid to the external auditors for audit and non-audit services amounted to \$200,000 and \$70,000 respectively. The AC is satisfied that the nature and extent of non-audit services has not prejudiced the independence and objectivity of the external auditors. The AC has recommended and the Board had approved the re-appointment of Ernst & Young LLP as auditors at the forthcoming AGM.

WHISTLE BLOWING POLICY

There is a whistle blowing policy for the Group and policies and procedures are in place for any staff of the Group who may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Arrangements are also in place for the independent investigation of such matters and for appropriate follow up action. Such policies and procedures have been reviewed by the AC.

INTERNAL CONTROLS AND INTERNAL AUDIT

The Board is responsible for ensuring that Management maintains a sound system of internal controls to safeguard Shareholder's investments and the Group's assets.

CORPORATE GOVERNANCE

INTERNAL CONTROLS AND INTERNAL AUDIT (CONT'D)

An internal audit team is in place to review, at least once annually, the risks incurred by the Group in its activities and promote continuous improvement to the Group's operations. The internal audit team reports the AC on any material non-compliance and internal control weakness.

The internal auditor reports directly to the Chairman of the AC on audit matters and to the Management on administrative matters.

The AC reviews, on an annual basis, the adequacy of the internal audit function.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems were adequate as at 30 June 2015 to meet the needs of the Group in its current business environment.

The Board had received assurance from the MD and Group Accountant that the financial records as at 30 June 2015 have been properly maintained and the financial statements for the financial year ended 30 June 2015 give a true and fair view of the Company's operations and finances and regarding the effectiveness of the Company's risk management and internal control systems.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to disseminate effective and fair information to Shareholders on a timely basis. Announcement on material information and the release of quarterly and full year results are released to SGX-ST via SGXNET.

All Shareholders of the Company receive the annual report of the Company and notice of AGM, together with explanatory notes at least 14 working days before the meeting. The notice is also advertised in a national newspaper.

The chairpersons of the Audit, Nominating and Remuneration Committees are present and available to address questions at AGM with the presence of external auditors.

The Company's main forum for dialogue with Shareholders takes place at its AGM, whereas members of the Board, senior management and the external auditors are in attendance. At the AGM, Shareholders are given the opportunity to air their views and ask questions regarding the Company. The Company's Articles of Association allow a Shareholder to appoint one or two proxies to attend and vote at general meetings on his/her behalf.

DEALINGS IN SECURITIES

The Group has adopted an Internal Compliance Code on Securities Transaction ("Compliance Code") which provides guidance and internal regulation with regard to the Company's securities by its Director and officers. These guidelines prohibit dealing in the Company's securities while in possession of unpublished material price-sensitive information in relation to such securities and during the "close period", which is defined as 2 weeks before the date of announcement of results for each of the first 3 quarters of the Company's financial year and one month before the date of announcement of the full year financial results.

The Compliance Code discourages all Directors and officers of the Group to deal in securities on short-term considerations.

RISK MANAGEMENT

An Enterprise Risk Management framework has been established by Management to formalise and documents the internal processes to enable significant strategic, financial, operation, compliance and information technology control risks within the Group. Strong emphasis is placed on creating risk awareness, promoting accountability and setting the appropriate tone at the top.

RISK MANAGEMENT (CONT'D)

The Risk Management Committee of the Group is set up to implement and maintain risk policies and initiatives within the Group. The Risk Management Committee reports yearly to the AC. On an ongoing basis, Management reviews the Group's business operations to identify key risk areas and risk mitigating strategies so as to ensure that risks are adequately managed within the Group's risk tolerance limits. Risk management training is conducted to communicate and enhance the Group's risk culture.

The AC has reviewed the Group's risk management process and is satisfied that there are adequate internal controls in place to manage any risks identified.

The risk factors are discussed on page 85 of the Annual Report 2015 under the section on "Notes to the Financial Statements".

Other risk factors

Factors affecting the Group's property development activity in Singapore and Malaysia include the general state of the economy in the country where the project is located, the availability of suitable land banks for future development, level of interest rates and other factors that affect the housing affordability. The prospects for the Group are also dependent upon levels of infrastructure development, which in turn would affect the demand and supply of residential property, timing of development of properties and the property sales price.

In the property investment sector, rental and occupancy rates of industrial space are affected by the state of the Singapore economy, the future supply of industrial spaces and overall rental rates.

In the steel business activity, factors which affect the price of steel include the state of the construction industry, cost of raw materials and the international demand and supply of rebars.

During periods of slowdown in construction industry, the collection of trade receivables generally takes longer and the rate of default also tends to increase. Any significant default in payment by trade debtors will have a negative impact on our earnings and cash flow position.

INTERESTED PERSON TRANSACTIONS

The aggregate value of IPT entered into during the financial period under review pursuant to the Shareholders' Mandate obtained under Chapter 9 of the Listing Manual were as follows:

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) \$'000	Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Amsteel Mills Sdn Bhd	-	17,645

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

The Directors' of LTC Corporation Limited ("the Company") proposed to renew the Shareholders' Mandate for Interested Person Transactions ("IPT Mandate") that will enable the Company and its subsidiaries and associated company ("LTC Group" or the "Group"), or any of them, to enter into transactions with the Company's interested person ("Interested Person").

CORPORATE GOVERNANCE

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

1. Introduction (cont'd)

The approval of Shareholders of the Company ("Shareholders") for the renewal of the IPT Mandate will be sought at the Annual General Meeting of the Company ("AGM") to be held at 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957 on 23 October 2015 at 9.30 a.m.

The Singapore Exchange Securities Trading Limited ("SGX-ST") takes no responsibility for the accuracy of any statements or opinions made in this IPT Mandate.

General information with respect to listing rules of the SGX-ST relating to interested person transactions, including meanings or terms such as "associate", "entity at risk", "interested person" and "interested person transaction" used in Chapter 9 of the Listing Manual, is also set out on page 25 of this Report.

2. Rationale for the proposed renewal of IPT Mandate

It is envisaged that the Group which is considered to be entity at risk within the meaning of Chapter 9 of the Listing Manual ("the EAR Group"), or any of them, would, in the ordinary course of their businesses, enter into Interested Person Transactions ("IPT or IPTs") with certain classes of Interested Persons in the categories of transactions as set out in paragraphs 5 and 6 below.

Given that such IPTs will occur with some degree of frequency and may arise at any time, the IPT Mandate is intended to facilitate transactions in the normal course of business of LTC Group provided that such IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3. Scope of IPT Mandate

The IPT Mandate will cover a range of transactions arising in the ordinary course of business operations of the EAR Group as set out in paragraph 6 below.

The IPT Mandate will not cover any IPT, which has a value below \$100,000 as the threshold and aggregate requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

Transactions by the EAR Group with Interested Persons that do not fall within the ambit of the IPT Mandate (including any renewal thereof) will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

4. Benefits of IPT Mandate

The IPT Mandate is intended to facilitate specified categories of IPTs in the normal course of business of the EAR Group which are transacted, from time to time, with the specified classes of Interested Persons, provided that they are carried out on the EAR Group's normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

Where the IPTs relate to the purchase of products and receipt of services from Interested Persons, the EAR Group will benefit from having access, where applicable, to competitive quotes from its Interested Persons, and may also derive savings in terms of cost efficiencies and greater economies of scale in its transactions with Interested Persons. The sale of products and provision of services to Interested Persons are also an additional source of revenue for the EAR Group, provided that such products and services are sold or provided on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when the need to enter a specified category of IPT with an Interested Person arises, thereby substantially reducing the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

5. Classes of Interested Persons

The IPT Mandate will apply to transactions (described in paragraph 6 below) that are carried out with the following classes of Interested Persons:

- (a) Lion Investment (Singapore) Pte Ltd and its associates;
- (b) Lion Realty Private Limited and its associates;
- (c) William Cheng Sdn Bhd and its associates; and
- (d) Mr Cheng Theng Kee, Mr Cheng Yong Liang, Tan Sri Cheng Heng Jem, Ms Juliana Cheng San San, and their associates.

6. Categories of IPTs

The IPTs entered into by the EAR Group with the Interested Persons (as described in paragraph 5 above) which will be covered by the IPT Mandate and which will not include transactions in respect of the purchase or sale of assets, undertakings or business, are as follows:

(a) Revenue Transactions

This category covers the revenue transactions ("Revenue Transactions") entered into by the EAR Group, including the sale or provision to, or the purchase or obtaining from, Interested Persons of products and services in the normal course of the businesses of the EAR Group which are defined as follows:

- (i) the leasing or rental of office space and plant premises to Interested Persons;
- (ii) the provision and obtaining of property services, including project management, building maintenance, estate management, and security, sales and marketing services;
- (iii) the sale and purchase of iron and steel products, including steel rebars, deformed bars, round bars and wire rods; and
- (vi) the provision and obtaining of services in relation to the iron and steel business, including contract manufacturing, storage, marketing, distribution and transportation services.

(b) General Transactions

This category covers transactions in relation to the provision or obtaining of management, support and other related services, including internal audit and information technology services.

7. Review Procedures for IPTs

In general, the EAR Group has internal control procedures to ensure that the IPTs are undertaken on normal commercial terms, are not prejudicial to the interests of the Company and its minority Shareholders, and consistent with the EAR Group's usual business practices and policies, which (in relation to products or services to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to unrelated third parties, or (in relation to products or services to be obtained from an Interested Person) are no less favourable than those extended to the EAR Group by unrelated third parties.

CORPORATE GOVERNANCE

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

7. Review Procedures for IPTs (cont'd)

In particular, the following review procedures have been established: -

Revenue Transactions

(a) Leasing or Rental of Office Space and Plant Premises

The EAR Group will determine that the rental arrangements between the EAR Group and the Interested Person, including but not limited to, the rental rates and terms offered to the Interested Person, are comparable to the then prevailing market rates and terms for other properties within the vicinity of similar or comparable standing and facilities, after taking into account the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.

(b) Provision of Services or Sale of Products

The review procedures are as follows: -

(i) All contracts entered into or transactions with an Interested Person are to be carried out at the prevailing market rates or prices and on normal commercial terms of the service or product provider within the EAR Group, which are no more favourable than those extended to unrelated third parties. As a basis to determine whether the price and terms offered to the Interested Person are no more favourable than those extended to unrelated third parties, the EAR Group will take into account at least two recent contracts for the same or substantially similar type of unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to a class of customers or for long-term contracts or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practiced within the applicable industry), or otherwise in accordance with applicable industry norms.

(ii) Where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, or where it is not possible to obtain at least two recent contracts for the same or substantially similar type of unrelated third party transaction (for instance, if there are no unrelated third party purchasers or customers for similar products or services, or if the product or service is proprietary), the terms of supply will (where applicable) be in accordance with the EAR Group's usual business practices and pricing policies. In determining the transaction price payable by the Interested Person for such service or product, the EAR Group will take into account various factors including, where applicable, the type and volume of the product to be sold, the prices of raw materials, the type and complexity of the service to be provided, the credit worthiness of the customers, the duration of the contract, the strategic purposes of the transaction, and the then prevailing business conditions.

(c) Obtaining of Services or Purchase of Products

The review procedures are as follows: -

(i) All contracts entered into or transactions with an Interested Person are to be carried out at the prevailing market rates or prices and on normal commercial terms for the service or product obtained by the EAR Group from unrelated third parties. As a basis to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties to the EAR Group for the same or substantially similar type of service or product, the EAR Group will obtain at least two quotations from unrelated third party vendors or suppliers for the same or substantially similar type of service or product and will take into account, where applicable, factors such as, but are not limited to, preferential rates, rebates, discounts accorded to long-term contracts or bulk purchases and credit terms.

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

7. Review Procedures for IPTs (cont'd)

- (ii) Where the prevailing market rates or prices are not available due to the nature of the service to be obtained or the product to be purchased, or where it is impractical or not possible for such quotes to be obtained (for instance, if there are no unrelated third party vendors or suppliers of similar services or products, or if the service or product is proprietary), the EAR Group will ensure that the price and terms of purchase are in accordance with industry norms, and/or will take into account, where relevant, factors such as, but are not limited to, specification compliance, skill, track record, quality of service, and delivery schedules.

General Transactions

Provision and Obtaining of Management, Support and Other Related Services

In relation to the provision and obtaining of management, support and other related services, the EAR Group will ensure that the costs for any management, support and other related services provided to, or obtained from, any Interested Person shall be in accordance with the cost recovery or sharing formula agreed with the Interested Person. The EAR Group will review and approve the computation of the cost recovery or sharing formula prior to the entry of the agreement with the Interested Person and will ensure that such cost recovery or sharing formula shall be based on actual costs incurred and shall not be prejudicial to the interests of the Company and its minority Shareholders.

Other Review Procedures

In addition to the review procedures set out above, the following review and approval procedures for IPTs will be applied to ensure that the IPTs are undertaken on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders: -

- (a) IPTs equal to or exceeding \$100,000 but less than \$3 million in value will be reviewed and approved by two (2) senior members of the management of the relevant company of the EAR Group who are designated by the Audit Committee (the "Management Members");
- (b) IPTs equal to or exceeding \$3 million but less than \$5 million in value will be reviewed and approved by either one (1) of the Management Members and any one of the Independent Directors of the LTC Group; and
- (c) IPTs equal to or exceeding \$5 million in value will be reviewed and approved by the Audit Committee.

IPTs which need not have the prior approval of the Audit Committee will be reviewed on a half-yearly basis by the Audit Committee.

A register will be maintained by the Company to record all IPTs (and the basis on which they are entered into) which are entered into pursuant to the IPT Mandate.

The Company shall, on a half-yearly basis, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with Interested Persons during the preceding half-year. The Audit Committee shall review such IPTs at its half-yearly meetings except where such IPTs are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

The Company's annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for the monitoring of such IPTs, entered into during the current financial year pursuant to the IPT Mandate.

The Audit Committee shall, in conjunction with its review of the IPTs and the internal audit report, ascertain whether the established review procedures have been complied with. If, during its reviews, the Audit Committee is of the view that the review procedures as stated above are not sufficient or have become inappropriate, in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that the IPTs will be on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to the Shareholders for a fresh Shareholders' Mandate based on new guidelines for the IPTs. In such a case, all IPTs will be reviewed and approved by the Audit Committee prior to their entry thereof.

CORPORATE GOVERNANCE

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

7. **Review Procedures for IPTs (cont'd)**

For the purposes of the above review and approval process, any Director who is not considered independent for purposes of the IPT Mandate and/or any IPT will abstain from voting in relation to any respective resolution, and/or abstain from participating in the Audit Committee's decision during its review of the established review procedures for the IPTs or during its review or approval of any IPT.

8. **Expiry and renewal of the IPT Mandate**

If approved by Shareholders at the AGM, the IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next AGM of the Company and will apply to IPTs entered into from the date receipt of Shareholders' approval. Approval from the Shareholders will be sought for the renewal of the IPT Mandate at each subsequent AGM, subject to review by the Audit Committee of its continued application to the IPTs.

9. **Disclosures**

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions conducted under the IPT Mandate during the financial year, and in the annual reports for the subsequent financial year during which the IPT Mandate is in force. In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the IPT Mandate for the financial periods which it is required to report on (in accordance with Rule 705 of the Listing Manual) within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

10. **Statement of the Audit Committee**

The Audit Committee of the Company confirms that:

- (a) the methods and procedures for determining the transaction prices of the IPTs conducted under the IPT Mandate have not changed since the Shareholders' approval of the IPT Mandate at the 2014 AGM;
- (b) the methods and procedures referred to in (a) above continue to be sufficient to ensure that these IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and
- (c) the Company will obtain a fresh mandate from the Shareholders if the methods or procedures for determining transaction prices referred to in paragraph 10(a) becomes inappropriate.

11. **Directors' and Substantial Shareholders' interest**

The interest of the Directors' and Substantial Shareholders' interests of the Company as at 30 June 2015 and as at 15 September 2015 respectively, can be found on page 29 and page 96 of this Report respectively.

Directors and his alternate director of the Company will abstain from voting their shareholdings in the Company, if any, on the resolution relating to the renewal of the IPT Mandate at the forthcoming AGM.

Controlling Shareholders and their respective associates, being Interested Persons under the IPT Mandate, will abstain from voting their respective shareholdings in the Company on the resolution relating to the renewal of the IPT Mandate at the forthcoming AGM.

12. **Independent directors' recommendation**

The independent directors having considered, inter alia, the terms, the rationale and the benefits of the IPT Mandate, are of the view that the IPT Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the resolution relating to the renewal of the IPT Mandate at the forthcoming AGM.

13. **Directors' responsibility statement**

The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated herein are fair and accurate and that there are no material facts the omission of which would make any statement in this report misleading.

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

1. Introduction

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies (other than a subsidiary or an associated company that is itself listed on the SGX-ST or an approved stock exchange, or an associated company over which the listed group and/or its interested persons(s) has no control) proposes to enter into with a counterparty who is an interested person of the listed company.

2. Terms used in Chapter 9 of the Listing Manual

“Entity at Risk”

The term “entity at risk” is defined to mean (a) the listed company, (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange and (c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries and its interested person(s) has control over the associated company.

“Interested Person”

The term “interested person” is defined to mean a director, or controlling shareholder of the listed issuer, or an associate of any such director, or controlling shareholder.

“Interested Person Transaction”

The term “interested person transaction” is defined to mean a transaction between an entity at risk and an interested person.

“Associate”

In relation to any director, substantial or controlling shareholder (being an individual), an “associate” is defined to be an immediate family member (that is, spouse, child, adopted child, step child, sibling and parent); the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and any company in which the individual and his immediate family together (directly or indirectly) have an interest of 30% or more.

In relation to a substantial shareholder or controlling shareholder (being a company), an “associate” is defined to be any other company which is a subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

“Associated Company”

A listed company’s “associated company” is defined as a company in which at least 20% but not more than 50% of its shares are held by the listed company or group.

“Controlling Shareholder”

A “controlling shareholder” of a listed company is a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the listed company, or a person who in fact exercised control over the listed company.

CORPORATE GOVERNANCE

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL (CONT'D)

2. Terms used in Chapter 9 of the Listing Manual (cont'd)

"Approved Exchange"

An "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.

"Chief Executive Officer"

"Chief Executive Officer" is defined in the Listing Manual to mean the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of listed issuer.

3. Materiality Thresholds, Disclosure Requirements and Shareholders' Approval

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA) are reached or exceeded.

Immediate Announcement

An immediate announcement is required where the interested person transaction is of a value equal to, or more than, 3% of the listed group's latest audited NTA.

Where the aggregate value of all the transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed group's latest audited NTA, the issuer must make an announcement of the latest transaction and all future transactions entered into with the same interested person during that financial year.

Shareholders' Approval

Shareholders' approval is required where the interested person transaction is of a value equal to or more than: -

- (a) 5% of the listed group's latest audited NTA; or
- (b) 5% of the listed group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and for shareholders' approval do not apply to any transaction below \$100,000.

4. Exceptions

Rule 916 of the Listing Manual provides that the following transactions are not required to comply with Rule 906: -

- (1) The entering into, or renewal of a lease or tenancy of real property of not more than 3 years if the terms are supported by independent valuation.

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL (CONT'D)

4. Exceptions (cont'd)

- (2) Investment in a joint venture with an interested person if: -
 - (a) the risks and rewards are in proportion to the equity of each joint venture partner;
 - (b) the issuer confirms by an announcement that its Audit Committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
 - (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.
- (3) The provision of a loan to a joint venture with an interested person if: -
 - (a) the loan is extended by all joint venture partners in proportion to their equity and on the same terms;
 - (b) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture; and
 - (c) the issuer confirms by an announcement that its Audit Committee is of the view that: -
 - (i) the provision of the loan is not prejudicial to the interests of the issuer and its minority shareholders; and
 - (ii) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders.
- (4) The award of a contract by way of public tender to an interested person if: -
 - (a) the awarder entity at risk announces the following information: -
 - (i) the prices of all bids submitted;
 - (ii) an explanation of the basis for selection of the winning bid; and
 - (b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.
- (5) The receipt of a contract which was awarded by way of public tender, by an interested person if: -
 - (a) the bidder entity at risk announces the prices of all bids submitted; and
 - (b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.

5. Shareholders' Mandate

Rule 920(1) of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of LTC Corporation Limited (the "Company") and its subsidiary companies (the "Group") for the financial year ended 30 June 2015 and the balance sheet and statement of changes in equity of the Company as at 30 June 2015.

Directors

The Directors of the Company in office at the date of this report are:

Cheng Theng Kee (Chairman)
Cheng Yong Liang (Managing Director)
Dato' Mazlan Bin Dato' Seri Harun
Ong Teong Wan
Chay Yee

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company, as stated below:

Name of Director	Held in the name of Director			Deemed interest		
	At beginning of the year	At end of the year	At 21 July 2015	At beginning of the year	At end of the year	At 21 July 2015
Ordinary shares of LTC Corporation Limited						
Cheng Theng Kee	300,000	300,000	300,000	53,134,000	34,000	34,000
Cheng Yong Liang	150,000	150,000	150,000	-	-	-

Except as disclosed in this report, no Director who held office at the end of the financial year had interest in shares or debentures of the Company, or of related corporations either at the beginning or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director (other than emoluments paid or payable by the Company or related corporation as employees), or with a firm of which the Director is a member, or with a company in which the Director has substantial financial interest.

DIRECTORS' REPORT

Share options

During the financial year there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Audit Committee

The Audit Committee comprises the following members:

Ong Teong Wan (Chairman)	(Non-executive and independent Director)
Chay Yee	(Non-executive and independent Director)
Dato' Mazlan Bin Dato' Seri Harun	(Non-executive and independent Director)

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including a review of the financial statements of the Company and of the Group for the financial year and the Auditor's report thereon.

Pursuant to Rule 1207(6) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Committee has conducted an annual review of the non-audit services provided by its external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence of the external auditors. It has recommended to the Board of Directors the nomination of Ernst & Young LLP as external auditors at the forthcoming Annual General Meeting of the Company.

The functions performed are detailed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Cheng Theng Kee
Director

Cheng Yong Liang
Director

Singapore
10 September 2015

STATEMENT BY DIRECTORS

We, Cheng Theng Kee and Cheng Yong Liang, being two of the Directors of LTC Corporation Limited, do hereby state that, in the opinion of the Directors:

- (a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and of the financial performance, changes in equity and cash flows of the Group and the changes in the equity of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Cheng Theng Kee
Director

Cheng Yong Liang
Director

Singapore
10 September 2015

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 30 June 2015 | To the Members of LTC Corporation Limited

Report on the financial statements

We have audited the accompanying financial statements of LTC Corporation Limited (the "Company") and its subsidiary companies (the "Group") set out on pages 33 to 94, which comprise the balance sheets of the Group and the Company as at 30 June 2015, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and Chartered Accountants

Singapore
10 September 2015

BALANCE SHEETS

as at 30 June 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current assets					
Investment properties	4	118,000	117,100	-	-
Property, plant and equipment	5	31,211	17,842	-	-
Subsidiary companies	6	-	-	180,183	181,077
Associated company	7	19,050	16,913	-	-
Long-term investments	8	3,730	3,730	380	380
Properties under development	9	13,546	13,868	-	-
Deferred tax assets	10	1,287	1,050	-	-
Fixed deposits	18	46	-	-	-
		186,870	170,503	180,563	181,457
Current assets					
Non-current assets held for sale	11	-	1,492	-	-
Completed properties held for sale	12	50,357	61,873	-	-
Inventories	13	29,226	44,122	-	-
Prepayments		129	96	1	2
Trade debtors	14	22,978	24,453	-	-
Other debtors	15	4,140	2,204	-	66
Due from subsidiary company	16	-	-	853	1,500
Due from related parties	17	880	862	-	-
Fixed deposits	18	15,868	7,788	-	-
Cash and bank balances	18	28,926	31,215	20	46
		152,504	174,105	874	1,614
Current liabilities					
Trade creditors	19	27,207	33,704	-	-
Other creditors	20	5,017	5,494	247	247
Due to related parties	21	1,336	5,436	10	10
Interest-bearing loans and borrowings	22	34	16,750	-	-
Provisions	23	1,466	-	-	-
Provision for taxation		1,237	2,482	-	-
		36,297	63,866	257	257
Net current assets		116,207	110,239	617	1,357
Non-current liabilities					
Trade creditors	19	941	554	-	-
Due to subsidiary companies	24	-	-	23,466	25,746
Interest-bearing loans and borrowings	22	13,940	4,792	-	-
Deferred tax liabilities	10	3,281	1,914	-	-
		18,162	7,260	23,466	25,746
		284,915	273,482	157,714	157,068
Equity attributable to owners of the Company					
Share capital	25	150,113	150,113	150,113	150,113
Capital reserve	26	6,193	2,597	-	-
Exchange translation reserve	26	(26,137)	(21,447)	-	-
Accumulated profits		118,482	110,001	7,601	6,955
		248,651	241,264	157,714	157,068
Non-controlling interests					
		36,264	32,218	-	-
		284,915	273,482	157,714	157,068

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Revenues	27	168,457	165,659
Cost of sales	28	(142,860)	(139,127)
Gross profit		25,597	26,532
Other income	29	991	1,057
Selling and distribution expenses		(1,106)	(1,558)
Administrative expenses		(10,946)	(8,369)
Other operating expenses	31	(1,031)	(3,154)
Share of results of associated company		314	(355)
Fair value changes in investment properties	4	820	2,100
Operating profit		14,639	16,253
Finance costs	30	(1,119)	(995)
Profit before taxation	32	13,520	15,258
Taxation	34	(2,407)	(2,072)
Profit for the financial year		11,113	13,186
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Other capital reserve		(233)	(15)
Net surplus on revaluation of industrial buildings		7,658	–
		7,425	(15)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on consolidation		(6,513)	(1,829)
Share of other comprehensive income of associated company		1,823	(521)
		(4,690)	(2,350)
Other comprehensive income, net of tax		2,735	(2,365)
Total comprehensive income for the financial year		13,848	10,821
Profit for the year attributable to:			
Owners of the Company		10,046	8,489
Non-controlling interests		1,067	4,697
		11,113	13,186
Total comprehensive income attributable to:			
Owners of the Company		8,952	6,124
Non-controlling interests		4,896	4,697
		13,848	10,821
		Cents	Cents
Earnings per share			
– Basic and diluted	35	6.4	5.4

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2015

	Attributable to owners of the Company							
	Share capital \$'000	Capital reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group								
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	-	-	-	8,489	-	8,489	4,697	13,186
<u>Other comprehensive income for the financial year</u>								
Other capital reserve	-	(15)	-	-	-	(15)	-	(15)
Exchange differences on consolidation	-	-	(1,829)	-	-	(1,829)	-	(1,829)
Share of other comprehensive income of associated company	-	-	(521)	-	-	(521)	-	(521)
Total comprehensive income for the financial year	-	(15)	(2,350)	8,489	-	6,124	4,697	10,821
<u>Distributions to owners</u>								
Dividends paid (Note 36)	-	-	-	(1,565)	(1,956)	(3,521)	-	(3,521)
<u>Others</u>								
Dividends to non-controlling shareholder of a subsidiary company	-	-	-	-	-	-	(1,500)	(1,500)
Balance as at 30 June 2014 and 1 July 2014	150,113	2,597	(21,447)	110,001	-	241,264	32,218	273,482
Profit for the financial year	-	-	-	10,046	-	10,046	1,067	11,113
<u>Other comprehensive income for the financial year</u>								
Other capital reserve	-	(233)	-	-	-	(233)	-	(233)
Net surplus on revaluation of industrial buildings	-	3,829	-	-	-	3,829	3,829	7,658
Exchange differences on consolidation	-	-	(6,513)	-	-	(6,513)	-	(6,513)
Share of other comprehensive income of associated company	-	-	1,823	-	-	1,823	-	1,823
Total comprehensive income for the financial year	-	3,596	(4,690)	10,046	-	8,952	4,896	13,848
<u>Distributions to owners</u>								
Dividends paid (Note 36)	-	-	-	(1,565)	-	(1,565)	-	(1,565)
<u>Others</u>								
Dividends to non-controlling shareholder of a subsidiary company	-	-	-	-	-	-	(850)	(850)
Balance as at 30 June 2015	150,113	6,193	(26,137)	118,482	-	248,651	36,264	284,915

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2015

	Share capital \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
Company				
Balance as at 1 July 2013	150,113	7,013	1,956	159,082
Profit for the financial year	–	1,507	–	1,507
Total comprehensive income for the financial year	–	1,507	–	1,507
Dividends paid (Note 36)	–	(1,565)	(1,956)	(3,521)
Balance as at 30 June 2014 and 1 July 2014	150,113	6,955	–	157,068
Profit for the financial year	–	2,211	–	2,211
Total comprehensive income for the financial year	–	2,211	–	2,211
Dividends paid (Note 36)	–	(1,565)	–	(1,565)
Balance as at 30 June 2015	150,113	7,601	–	157,714

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities:			
Profit before tax		13,520	15,258
Adjustments for:			
Fair value changes in investment properties	4	(820)	(2,100)
Depreciation of property, plant and equipment	5	2,246	1,831
Provision for qualifying certificate extension charges	23	1,466	–
Provision for onerous contracts	28	212	44
Interest income	29	(517)	(375)
Gain on disposal of property, plant and equipment	29	(84)	(106)
Finance costs	30	892	825
Write-off of property development costs	31	1,128	–
Gain on revaluation of industrial building (relating to previous deficit on revaluation)	31	(258)	–
Allowance for impairment of completed properties	31	1,744	3,559
Allowance for doubtful debts	32	–	7
Loss/(gain) on fair value changes on derivatives	32	228	(5)
Share of results of associated company		(314)	355
Currency realignment		(2,372)	(1,424)
Operating profit before reinvestment in working capital		17,071	17,869
Decrease/(increase) in inventories		14,684	(2,181)
(Increase)/decrease in debtors and prepayments		(531)	6,643
(Decrease)/increase in creditors		(6,765)	2,348
Decrease in non-current asset held for sale		1,492	128
Increase in properties under development		(2,338)	(4,005)
Decrease in completed properties held for sale		8,397	9,123
Cash generated from operations		32,010	29,925
Interest paid		(892)	(825)
Income taxes paid		(4,143)	(3,826)
Net cash generated from operating activities		26,975	25,274
Cash flows from investing activities:			
Interest received		517	375
Capital expenditure on investment properties	4	(80)	–
Proceeds from disposal of property, plant and equipment		161	230
Purchase of property, plant and equipment	5	(6,174)	(3,894)
Net cash used in investing activities		(5,576)	(3,289)
Cash flows from financing activities:			
Decrease in finance lease obligations		(43)	(45)
Proceeds of short-term borrowings		(4,725)	11,705
Repayment of long-term borrowings		(2,800)	(18,219)
Placement of deposits	18	(143)	–
Settlement of interest rate swap		(13)	–
Amounts due to related parties		(3,450)	1,379
Amounts due from related parties		(18)	(78)
Dividend paid to non-controlling interests of a subsidiary company		(1,500)	(2,000)
Dividend paid	36	(1,565)	(3,521)
Net cash used in financing activities		(14,257)	(10,779)
Net increase in cash and cash equivalents		7,142	11,206
Effect of exchange rate changes on cash and cash equivalents		(1,448)	(405)
Cash and cash equivalents at beginning of financial year		39,003	28,202
Cash and cash equivalents at end of financial year	18	44,697	39,003

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

1. Corporate information

LTC Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary and associated companies are disclosed in Note 40 to the financial statements.

With effect from 30 October 2014, the name of the Company was changed from Lion Teck Chiang Limited to LTC Corporation Limited.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or S\$) and all values are rounded to the nearest thousand (\$'000).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 16 and FRS 41: <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
Amendments to FRS 110 & FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for FRS 115 *Revenue from Contract with Customers* and FRS 109 *Financial Instruments*, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 is described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary company at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company.

Changes in the Company ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Investment properties

Investment properties are properties owned by the Group in order to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than industrial buildings are measured at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Industrial buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed by an independent professional valuer at least once every five years to ensure that the carrying amount does not differ materially from the fair value of the industrial buildings at the balance sheet date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the capital reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the capital reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the capital reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Industrial buildings	–	Over period of the lease (ranging 5 to 39 years)
Plant and machinery	–	3 – 10 years
Renovation	–	5 – 10 years
Furniture and fittings	–	5 – 10 years
Office equipment	–	5 – 10 years
Electrical fittings	–	3 – 10 years
Computers	–	5 years
Motor vehicles	–	5 – 10 years

Assets under construction (or construction in progress) are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

2. Summary of significant accounting policies (cont'd)

2.9 Development properties

Development properties are properties held and developed for sale in the ordinary course of business, rather than held for the Group's own use, rental or capital appreciation.

Development properties are stated at the lower of cost and net realisable value. The costs are assigned by using specific identification. Net realisable value represents the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs of properties under development include land cost, development and construction expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding development properties are capitalised as cost of the development property until the date of its practical completion, which is taken to be the date of issue of the Temporary Occupation Permit ("TOP").

Revenue and costs associated with the development property are recognised as revenue and expenses, respectively, by reference to the stage of completion of the development property at the end of the reporting period, when the outcome of the construction contract can be estimated reliably. The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the total estimated contract costs, costs in both cases exclude land and interest costs. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised to the extent of costs incurred that are likely to be recoverable and development costs are recognised as expense in the period which they are incurred.

When it is probable that total development costs will exceed total revenue of the construction contract, provision for expected loss is recognised as an expense immediately. Revenue of the construction contract comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The development property will be transferred to completed properties held for sale when it has been completed, the TOP has been obtained and it is available for sale.

2.10 Subsidiary companies

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses.

2.11 Associated companies

An associated company is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associated companies using the equity method from the date on which it becomes an associated company.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associated company's profit or loss in the period in which the investment is acquired.

2. Summary of significant accounting policies (cont'd)

2.11 *Associated companies (cont'd)*

Under the equity method, the investment in associated companies is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associated companies reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associated companies are eliminated to the extent of the interest in the associated companies.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associated company. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount in profit or loss.

The most recent available audited financial statements of the associated company are used by the Group in applying the equity method. Where the date of the audited financial statements used is not co-terminus with that of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the financial year.

2.12 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

2. Summary of significant accounting policies (cont'd)

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials (include remnant – purchase cost on a weighted average cost formula; and
- Trading stocks (include finished goods) – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Financial assets

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2. Summary of significant accounting policies (cont'd)

2.14 Financial assets (cont'd)

Subsequent measurement (cont'd)

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The Group does not have any held-to-maturity financial assets.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

2. Summary of significant accounting policies (cont'd)

2.15 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset become uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2. Summary of significant accounting policies (cont'd)

2.15 Impairment of financial assets (cont'd)

Available-for-sale financial assets (cont'd)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.17 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group. Separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Financial liabilities carried at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

2. Summary of significant accounting policies (cont'd)

2.17 Financial liabilities (cont'd)

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Sales from property development

The Group recognised income on property development projects when the significant risks and rewards of ownership have been transferred to the purchasers.

For development projects under progressive payment scheme in Singapore, whereby the legal terms in the sale contracts result in continuous transfer of work-in-progress to the purchasers, revenue is recognised based on the percentage of completion method. Under the percentage of completion method, profit is brought into profit or loss only in respect of sales procured and to the extent that such profit relates to the progress of construction work. The progress of construction work is measured by the proportion of the construction costs incurred to date to the estimated total construction costs for each project.

For development projects under deferred payment scheme in Singapore and overseas development projects, the revenue will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers.

Revenue excludes goods and services or other sale taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of unit sold.

2. Summary of significant accounting policies (cont'd)

2.20 Revenue (cont'd)

Sale of goods

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Rental and service income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to leases are recognised as a reduction of rental income over the lease term on a straight-line basis.

Dividend income

Revenue is recognised when the Group's right to receive the payment is established.

Management fee

Management fee is recognised upon rendering the services to its related companies.

Interest income

Interest income is recognised using the effective interest method.

2.21 Borrowing costs

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Employee benefits

Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

2. Summary of significant accounting policies (cont'd)

2.23 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

2. Summary of significant accounting policies (cont'd)

2.23 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

2. Summary of significant accounting policies (cont'd)

2.25 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt settlement.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

3. Significant accounting estimates and judgments

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 39 years. The carrying amount of the Group's property, plant and equipment at 30 June 2015 was \$31,211,000 (2014: \$17,842,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets. As a result, future depreciation charges could be revised. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 4.8% or \$107,000 (2014: 4.8% or \$87,000) variance in the Group's profit before taxation.

(b) Income taxes

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authority in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with the future tax planning strategies.

The carrying amount of the Group's provision for tax was \$1,237,000 (2014: \$2,482,000). The carrying amount of the Group's deferred tax assets and deferred tax liabilities at 30 June 2015 was \$1,287,000 (2014: \$1,050,000) and \$3,281,000 (2014: \$1,914,000) respectively.

(c) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 42 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

3. Significant accounting estimates and judgments (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(d) *Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the highest of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(e) *Provision for qualifying certificate extension charges*

Provision for qualifying certification extension charges is estimated based on the land purchase price (apportioned for unsold units). The provision is estimated based on the best available facts and circumstances at the balance sheet date, and adjusted for additional information received that affects the amount estimated. The carrying amount of the Group's provision for qualifying certificate extension charges at the balance sheet date is disclosed in Note 23 to the financial statements.

3.2 Judgments made in applying accounting policies

The management has not made any significant judgments in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

4. Investment properties

	Group	
	2015	2014
	\$'000	\$'000
Balance sheet:		
At 1 July	117,100	115,000
Additions	80	–
Net gain from fair value adjustment recognised in profit or loss	820	2,100
At 30 June	<u>118,000</u>	<u>117,100</u>
Consolidated statement of comprehensive income:		
Rental and service income from investment properties	<u>7,885</u>	<u>7,590</u>
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	488	446
- Non-rental generating properties	<u>16</u>	<u>16</u>

The details of the Group's investment properties are as follows:

	Location	Tenure of land	Approximate lettable area	Description and existing use	Valuation method
(i)	10 Arumugam Road Singapore 409957	Freehold	4,970 sq.m.	Lion Building A / Industrial	Investment method
(ii)	12 Arumugam Road Singapore 409958	Freehold	8,500 sq.m.	Lion Building B / Industrial	Investment method
(iii)	14 Arumugam Road Singapore 409959	Freehold	8,630 sq.m.	Lion Building C / Industrial	Investment method
(iv)	16 Arumugam Road Singapore 409961	Freehold	5,031 sq.m.	Lion Building D / Industrial	Investment method

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuation at the end of reporting period. Valuations are performed by Knight Frank Private Limited, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

Details of valuation techniques and inputs used are disclosed in Note 42.

Properties pledged as security

The investment properties have been mortgaged to secure various banking facilities as disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

5. Property, plant and equipment

	At valuation	At cost								Total \$'000
	Industrial buildings \$'000	Plant and machinery \$'000	Renovation \$'000	Furniture and fittings \$'000	Office equipment \$'000	Electrical fittings \$'000	Computers \$'000	Motor vehicles \$'000	Construction in progress \$'000	
Group										
Cost or valuation:										
At 1 July 2013	14,269	8,310	1,895	342	338	7	676	1,066	355	27,258
Additions	-	2,753	98	36	77	64	12	817	37	3,894
Disposals	-	(813)	-	(40)	(37)	-	(49)	(132)	-	(1,071)
At 30 June 2014 and 1 July 2014	14,269	10,250	1,993	338	378	71	639	1,751	392	30,081
Additions	3,150	1,952	324	31	317	145	9	56	190	6,174
Disposals	-	(306)	-	-	-	-	-	(157)	-	(463)
Currency alignment	-	-	(12)	-	(2)	(3)	-	(6)	(2)	(25)
Revaluation surplus	9,537	-	-	-	-	-	-	-	-	9,537
Elimination of accumulated depreciation on revaluation	(4,956)	-	-	-	-	-	-	-	-	(4,956)
At 30 June 2015	22,000	11,896	2,305	369	693	213	648	1,644	580	40,348
Accumulated depreciation:										
At 1 July 2013	3,250	4,711	1,480	313	210	7	615	769	-	11,355
Charge for the financial year	650	625	243	9	25	7	30	242	-	1,831
Disposals	-	(690)	-	(40)	(36)	-	(49)	(132)	-	(947)
At 30 June 2014 and 1 July 2014	3,900	4,646	1,723	282	199	14	596	879	-	12,239
Charge for the financial year	1,056	784	51	16	36	41	24	238	-	2,246
Disposals	-	(229)	-	-	-	-	-	(157)	-	(386)
Currency alignment	-	-	(3)	-	(2)	-	-	(1)	-	(6)
Elimination of accumulated depreciation on revaluation	(4,956)	-	-	-	-	-	-	-	-	(4,956)
At 30 June 2015	-	5,201	1,771	298	233	55	620	959	-	9,137
Net carrying amount										
At 30 June 2014	10,369	5,604	270	56	179	57	43	872	392	17,842
At 30 June 2015	22,000	6,695	534	71	460	158	28	685	580	31,211

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

5. Property, plant and equipment (cont'd)

	Computers \$'000
Company	
Cost	
At 1 July 2013, 30 June 2014, 1 July 2014 and 30 June 2015	5
Accumulated depreciation	
As at 1 July 2013	5
Charge for the financial year	-
At 30 June 2014 and 1 July 2014	5
Charge for the financial year	-
At 30 June 2015	5
Net carrying amount	
As at 30 June 2014	-
As at 30 June 2015	-

Revaluation of industrial buildings

The Group engaged Knight Frank Pte Ltd, an independent valuer to determine the fair value of industrial buildings. The date of valuation was on 30 June 2015. The valuations were based on the comparative sales method that considers sales of similar properties that have been transacted in the open market.

The following are industrial buildings held by the Group:

Location	Description	Approx. site area	Tenure of land
20 Woodlands Loop, Singapore	Factory and office building	11,203 sq.m.	30-year leasehold commencing 1 October 1994, with option to renew another 30 years
22 Woodlands Loop, Singapore	Plant	9,007 sq.m.	30-year leasehold commencing 1 September 2002
37 Senoko Drive, Singapore	Warehouse	7,021 sq.m.	5-year leasehold commencing 23 September 2014

If the industrial buildings were measured using the cost model, the carrying amounts would be \$9,205,000 (2014: \$6,949,000).

Assets held under finance leases

During the financial year, the Group has not acquired any plant and equipment by means of finance lease (2014: \$Nil). The cash outflow on acquisition of property, plant and equipment amounted to \$6,174,000 (2014: \$3,894,000).

The carrying amount of motor vehicles held under finance leases at the balance sheet date was \$Nil (2014: \$24,000).

Leased assets are pledged as security for the related finance lease liabilities (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

5. Property, plant and equipment (cont'd)

Assets pledged as security

In addition to assets held under finance leases, property, plant and equipment with a carrying amount of \$30,286,000 (2014: \$17,308,000) are subject to a floating charge to secure the Group's bills payable (Note 19).

6. Subsidiary companies

	Company	
	2015	2014
	\$'000	\$'000
Shares, at cost	130,070	130,070
Due from subsidiary companies – non-current	50,113	51,007
	180,183	181,077

Amounts due from subsidiary companies (non-current) are non-trade related, unsecured, non-interest bearing, and are not expected to be repaid within the next twelve months. The amount is to be settled in cash.

Subsidiary companies are detailed in Note 40 to the financial statements.

7. Associated company

	Group	
	2015	2014
	\$'000	\$'000
Shares, at cost	-	-
Shareholders' loan	13,500	13,500
Negative goodwill	3,319	3,319
Share of post-acquisition loss	(650)	(964)
Share of post-acquisition reserves	2,669	2,355
Share of associated company's other comprehensive income	2,881	1,058
	19,050	16,913

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

7. Associated company (cont'd)

Associated company is detailed in Note 40 to the financial statements.

The summarised financial information of the associated company, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Kairong Developments (S) Pte. Ltd. and its subsidiary company	
	2015 \$'000	2014 \$'000
Summarised balance sheet:		
Current assets	71,243	65,595
Non-current assets	30	39
Total assets	71,273	65,634
Current liabilities	47,692	64,961
Non-current liabilities	17,000	–
Total liabilities	64,692	64,961
Net assets	6,581	673
Proportion of the Group's ownership	40%	40%
Group's share of net assets	2,632	269
Goodwill on acquisition	3,319	3,319
Shareholders' loan	13,500	13,500
Other adjustments	(401)	(175)
Carrying amount of the investment	19,050	16,913
Summarised statement of comprehensive income:		
Revenue	2,576	7,583
Profit/(loss) after tax	784	(886)
Other comprehensive income	4,557	(1,302)
Total comprehensive income	5,341	(2,188)

8. Long-term investments

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Unquoted equity investments	3,685	3,685	380	380
Club memberships	45	45	–	–
	3,730	3,730	380	380

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

9. Properties under development

	Group	
	2015	2014
	\$'000	\$'000
Land	7,514	8,299
Development costs	8,222	6,702
	15,736	15,001
Less: Costs written off	(1,559)	-
Less: Allowance for foreseeable losses	(631)	(1,133)
	13,546	13,868
Analysis of allowance for foreseeable losses:		
At 1 July	(1,133)	(710)
Provision transferred from non-current asset held for sale	-	(441)
Written-off during the financial year	431	-
Exchange differences	71	18
At 30 June	(631)	(1,133)

The following expense incurred during the financial year has been capitalised in properties under development:

	Group	
	2015	2014
	\$'000	\$'000
Payroll expenses	-	22
Borrowing costs	-	75

The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 1.61% to 1.77% in 2014, which were the effective interest rate of the specific borrowing.

During the year, the Group exchanged a parcel of land held under the name of a related party of the Group with the related party. With the exchange of land, the Group has written off property development cost amounted to \$1,128,000 (Note 31).

As at 30 June 2015, a parcel of land, which is in the planning stage of development, is held under the names of related parties of the Group. The land and development costs incurred on this piece of land amounted to \$1,852,000 (2014: \$3,462,000).

Certain properties under development are mortgaged as detailed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

9. Properties under development (cont'd)

The details of the Group's properties under development are as follows:

	Property	Tenure of land	Percentage of completion at 30.6.2015/ expected date of completion	Site area/ gross floor area	Group's effective interest	Description and existing use
	Malaysia					
(i)	Kawasan Bandar XLII District of Melaka Tengah	99 years	Planning Stage	0.65 hectare	100%	Commercial land
(ii)	Lot 8243 (formerly Lot 1916) Mukim Tanjung Duabelas, District of Kuala Langat, Selangor (Mahkota Industrial Park, Banting)	Freehold	Planning Stage	56.24 hectare	100%	Industrial land
(iii)	Mukim Tanjung Duabelas, District of Kuala Langat, Selangor	Freehold	Planning Stage	4.70 hectare	100%	Commercial land
(iv)	Mukim Tanjung Duabelas, District of Kuala Langat, Selangor (No. PT 41539)	Freehold	Planning stage	3.43 hectare	100%	Industrial land
(v)	Lot 2090 Mukim Plentong District of Johor Bahru, Johor	Freehold	Planning Stage	0.58 hectare	100%	80 units of low cost flats

10. Deferred taxation

	Group	
	2015	2014
	\$'000	\$'000
Deferred tax assets		
At 1 July	1,050	366
Addition during the financial year	229	690
Currency alignment	8	(6)
At 30 June	<u>1,287</u>	<u>1,050</u>
Deferred tax liabilities		
At 1 July	1,914	1,752
Provision made during the financial year	1,367	162
At 30 June	<u>3,281</u>	<u>1,914</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

10. Deferred taxation (cont'd)

	Group			
	Consolidated balance sheet		Consolidated statement of comprehensive income	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax assets				
Provisions	1,287	1,100	(229)	(694)
Others	-	(50)	-	4
	1,287	1,050	(229)	(690)
Deferred tax liabilities				
Differences in depreciation for tax purposes	696	950	(254)	162
Revaluation on industrial buildings	2,585	964	-	-
	3,281	1,914	(254)	162
Deferred income tax (Note 34)			(483)	(528)

11. Non-current assets held for sale

	Group	
	2015 \$'000	2014 \$'000
At 1 July	1,492	1,620
Transfer on sale	(1,492)	-
Reclassified from properties under development	-	1,492
Reclassified to properties under development	-	(1,620)
At 30 June	-	1,492

On 3 March 2011, the Group entered into a sale and purchase agreement with RHB Investment Bank Berhad being the trustee for Lion Blast Furnace Sdn. Bhd. To dispose of pieces of land in Mukim of Tanjung Dua Belas, District of Kuala Langat, State of Selangor Darul Ehsan for a total purchase consideration of \$1,620,000 (RM4,060,000).

In the financial year ended 30 June 2014, the property was reclassified back to properties under development as the buyer could not complete the purchase.

In the previous financial year ended 30 June 2014, the Group entered into a sale and purchase agreement for the disposal of a piece of land held under HS (D) 31923, No. PT 33742, Mukim of Tanjung Dua Belas, District of Kuala Langat, State of Selangor Darul Ehsan for a selling price of \$8,748,000 (RM 23,095,000). The transaction was completed during the financial year and a gain on sale which amounted to \$7,256,000 was disclosed in Note 27 to the financial statements as sales from property development.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

12. Completed properties held for sale

	Group	
	2015	2014
	\$'000	\$'000
Freehold and leasehold land	24,009	28,456
Construction costs	27,586	32,214
Borrowing costs capitalised	4,065	4,762
Allowance for impairment loss	(5,303)	(3,559)
	50,357	61,873
Movement in allowance account:		
At 1 July	3,559	–
Arose during the financial year	2,337	3,559
Write-back during the financial year	(593)	–
At 30 June	5,303	3,559

Certain properties included in completed properties held for sale are rented out and are generating rental income. It is the intention of the Group to dispose of these properties and as such, they have been retained as completed properties held for sale on the reporting date.

Certain completed properties held for sale are mortgaged as detailed in Note 22 to the financial statements.

Certain land, amounting to \$640,000 (2014: \$1,026,000) are held under the names of related parties of the Group.

The Group estimates the allowance for impairment loss by taking into account the estimated selling prices against the carrying value of the completed properties held for sale.

The Group's completed properties held for sale comprise mainly of unsold units in the following projects:

	Property	Tenure of land	Site area /gross floor area	Group's effective interest	Description and existing use
	Malaysia				
(i)	Kawasan Bandar XLII District of Melaka Tengah	99 years lease (expiring in 2090)	8.92 hectare/ 104,516 sq.m.	100%	280 units of 4-storey shop/ office ^(a)
(ii)	Lot 3066 & 3067 Mukim Tebrau District of Johor Bahru, Johor	Freehold	3.19 hectare/ 20,241 sq.m. 0.79 hectare/ 15,080 sq.m.	100% 100%	Hypermarket 48 units of shop houses ^(b)
	Singapore				
(iii)	Lot 96927P, 96929A MK 25 7 Crescent Road	Freehold	3,078.3 sq.m./ 6,024 sq.m.	100%	14 units of 2-storey strata detached houses ^(c)

(a) 3 units unsold (2014: 5 units unsold)

(b) 1 units unsold (2014: 3 units unsold)

(c) 10 units unsold (2014: 12 units unsold)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

13. Inventories

	Group	
	2015	2014
	\$'000	\$'000
Trading stocks	25,374	28,420
Goods in transit	3,531	6,125
Raw material	-	9,498
Remnant	321	79
	29,226	44,122

The Group has pledged a floating charge over the inventories as security over the bills payable (Note 19).

14. Trade debtors

	Group	
	2015	2014
	\$'000	\$'000
Trade debtors	22,978	24,469
Less: Allowance for doubtful debts	-	(16)
Total trade debtors	22,978	24,453
Less: Sales tax receivables	(9)	(564)
Total trade debtors (excluding sales tax receivable)	22,969	23,889

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group has pledged a floating charge over the trade debtors net of allowance for uncollectible amounts, amounting to \$21,745,000 (2014: \$22,771,000) as security over the bills payable (Note 19).

The Group held security deposits of \$1,889,000 as at 30 June 2015 (2014: \$1,814,000) from tenants against the trade debtors of its property rental business.

Debts that are past due but not impaired

The Group has trade debtors amounting to \$11,388,000 (2014: \$9,298,000) that are past due at the balance sheet date but not impaired. These debts are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Trade debtors past due:		
Less than 30 days	7,734	7,794
30 to 60 days	2,965	1,114
60 to 90 days	333	128
More than 90 days	356	262
	11,388	9,298

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

14. Trade debtors (cont'd)

Debts that are impaired

The Group's trade debtors that are individually impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2015 \$'000	2014 \$'000
Trade debtors – nominal amounts	–	16
Less: Allowance for doubtful debts	–	(16)
	<u>–</u>	<u>–</u>
Movement in allowance accounts:		
At 1 July	16	108
Arose during the financial year	–	7
Utilised	(16)	(99)
At 30 June	<u>–</u>	<u>16</u>

Trade debtors that are individually determined to be impaired at the balance sheet date relates to certain charges to customers that are in dispute.

15. Other debtors

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deposits		3,848	1,938	–	–
Sundry debtors		231	168	–	66
		<u>4,079</u>	<u>2,106</u>	<u>–</u>	<u>66</u>
Forward currency contracts	42(c)	61	98	–	–
		<u>4,140</u>	<u>2,204</u>	<u>–</u>	<u>66</u>

The Group has pledged a floating charge over the other debtors, amounting to \$1,221,000 (2014: \$1,732,000) as security over the bills payable (Note 19).

The details of the forward currency contracts are disclosed in Note 42(c).

16. Due from subsidiary company

Amount due from subsidiary company is unsecured, non-interest bearing, and is repayable on demand. The amount has been repaid subsequent to year end.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

17. Due from related parties

	Group	
	2015 \$'000	2014 \$'000
Trade related	2	106
Non-trade related	878	756
	880	862

Trade related amounts are unsecured, non-interest bearing, and repayable within trade credit terms. The amounts are to be settled in cash.

Non-trade related amounts are unsecured, non-interest bearing and repayable on demand. The amounts are to be settled in cash.

18. Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<u>Non-current</u>				
Fixed deposits	46	–	–	–
<u>Current</u>				
Fixed deposits	15,868	7,788	–	–
Cash and bank balances	28,926	31,215	20	46
	44,840	39,003	20	46
Less: Deposits with maturity more than three months	(143)	–	–	–
Total cash and cash equivalents	44,697	39,003	20	46

Cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates on fixed deposits ranged from 2.80% to 3.80% (2014: 2.35% to 3.15%) per annum. The maturity dates of these deposits ranged from 22 to 365 days (2014: 22 to 365 days).

Included in the cash and bank balances is an amount of \$6,078,000 (2014: \$9,009,000) held pursuant to local and foreign Housing Development Act and therefore restricted from use in other operations. Out of this amount, \$1,455,000 (2014: \$4,065,000) are held under the names of director related companies, of which the Group is the beneficiary and has control over.

The Group has pledged a floating charge over the cash and bank balances and fixed deposits, amounting to \$21,393,000 (2014: \$20,659,000) and \$201,000 (2014: \$261,000) as security over the bills payable (Note 19) and unutilised credit facilities respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

19. Trade creditors

	Group	
	2015 \$'000	2014 \$'000
Current:		
Trade creditors	1,554	8,919
Bills payable	24,045	22,819
Retention sum	735	705
Rental deposits	873	1,261
Total trade creditors	27,207	33,704
Less: Sales tax payable	(677)	(126)
Total trade creditors (excluding sales tax payables)	26,530	33,578
Non-current:		
Rental deposits	941	554

Included in trade creditors are accrued purchases of \$3,531,000 (2014: \$6,125,000) which the risk has been transferred to the Group but invoices are not yet received as at financial year end.

Bills payable of the Group is secured by letters of comfort from the Company and a floating charge over all assets of a subsidiary company.

20. Other creditors

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deposits received		8	262	-	-
Sundry creditors		265	1,187	-	-
Accruals		1,580	1,994	247	247
Accrued development cost		2,973	2,051	-	-
		4,826	5,494	247	247
Forward currency contracts	42(c)	71	-	-	-
Interest rate swap	42(c)	120	-	-	-
		5,017	5,494	247	247

21. Due to related parties

Amounts due to related parties are non-trade related, unsecured, non-interest bearing, and are repayable on demand. The amounts are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

22. Interest-bearing loans and borrowings

	Maturity	Group	
		2015 \$'000	2014 \$'000
Current:			
- Revolving credit facility	2014	-	16,705
- Obligations under finance leases	2015	34	45
		34	16,750
Non-current:			
- Bank loan	2015	-	4,725
- Revolving credit facility	2017	13,905	-
- Obligations under finance leases	2014-2017	35	67
		13,940	4,792
Total interest-bearing loans and borrowings		13,974	21,542

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 5). The average discount rate implicit in the leases is 3.86% (2014: 3.86%) per annum. These obligations are denominated in the respective functional currencies of the relevant entities in the Group. There are no restrictions placed upon the Group by entering into these leases.

The future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum payments 2015 \$'000	Present value of payments 2015 \$'000	Minimum payments 2014 \$'000	Present value of payments 2014 \$'000
Within one year	38	34	50	45
After one year but not more than five years	38	35	75	67
Total minimum lease payments	76	69	125	112
Less: Amount representing finance charges	(7)	-	(13)	-
Present value of minimum lease payments	69	69	112	112

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

22. Interest-bearing loans and borrowings (cont'd)

Bank loan

The secured bank loan bears interest ranging from 1.63% to 1.71% (2014: 1.61% to 1.69%) per annum.

For the financial year ended 30 June 2014, the loan was secured by:

- (a) first legal mortgage over one of the land in the Group's completed properties/ properties under development with a carrying value of \$45,259,000;
- (b) assignment of all of a subsidiary company's rights, title and interest under the construction contracts and performance bonds; and
- (c) corporate guarantee from the Company.

The loan was fully repaid during the year.

Revolving credit facility

The revolving credit facility is denominated in SGD and bears interest at 1.77% to 2.22% (2014: 1.66% to 1.80%) per annum respectively.

For the financial year ended 30 June 2014, the loan was secured by:

- (a) first legal mortgage over the Group's investment properties;
- (b) first equity mortgage on the Company's 11,518,000 shares in Angkasa Amsteel Pte Ltd; and
- (c) corporate guarantee from the Company

For the financial year ended 30 June 2015, the loan is secured by:

- (a) first legal mortgage over the Group's investment properties; and
- (b) corporate guarantee from the Company

23. Provisions

	Group \$'000
Qualifying certificate extension charges	
At 1 July 2014	–
Arose during the year	1,466
At 30 June 2015	<u>1,466</u>

Provision for qualifying certificate extension charges

A provision is recognised based on expected qualifying certificate extension charge which will be incurred in the next 12 months from the end of the reporting period. Assumptions used to calculate the provision were based on current information available about similar charge levied for similar properties. During the financial year, management concluded that the provision for qualifying certificate extension charges required is based on 8% of land purchase price (apportioned for unsold units). Accordingly, \$1,466,000 (2014: \$Nil) of the provision has been recognised.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

24. Due to subsidiary companies

Amounts due to subsidiary companies are non-trade related, unsecured, non-interest bearing and are not due for repayment within the next 12 months. The amounts are to be settled in cash.

25. Share capital

	Company	
	2015	2014
	\$'000	\$'000
Issued and fully paid:		
Balance at beginning and end of year:		
156,453,000 ordinary shares	150,113	150,113

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

26. Capital reserve, exchange translation reserve and dividend reserve

Capital reserve

Capital reserve comprises revaluation reserves for certain property, plant and equipment, and completed properties.

Exchange translation reserve

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Dividend reserve

The dividend reserve comprises amounts transferred from accumulated profits for dividends proposed by the directors on or before the balance sheet date.

27. Revenues

	Group	
	2015	2014
	\$'000	\$'000
Sales of goods	136,223	146,019
Sales from property development	23,545	10,487
Rental and service revenue	8,636	9,102
Dividend income from unquoted investments	53	51
	168,457	165,659

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

28. Cost of sales

	Group	
	2015	2014
	\$'000	\$'000
Included in cost of sales are the following items:		
Direct labour and related costs	3,195	2,348
Operating lease expenses	698	486
Provision for onerous contracts	212	44
Inventories recognised as an expense in cost of sales	121,428	122,894

29. Other income

	Group	
	2015	2014
	\$'000	\$'000
Included in other income are the following items:		
Gain on disposal of property, plant and equipment	84	106
Interest income	517	375
Management and consulting fees	–	192
Service income	143	154
Sundry income	247	230
	991	1,057

30. Finance costs

	Group	
	2015	2014
	\$'000	\$'000
Interest expense/bank charges:		
Revolving credit facilities and bank loans	301	340
Hire purchases	5	5
Trust receipts	586	480
Loss on interest rate swap	133	–
Commitment fee	15	146
Others	79	24
	1,119	995

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

31. Other operating expenses

	Group	
	2015	2014
	\$'000	\$'000
Foreign currency gain, net	(1,583)	(405)
Write-off of property development costs	1,128	–
Allowance for impairment of completed properties	1,744	3,559
Gain on revaluation of industrial buildings (relating to previous deficit on revaluation)	(258)	–
	1,031	3,154

32. Profit before taxation

This is determined after charging/(crediting) the following:

	Group	
	2015	2014
	\$'000	\$'000
Audit fees paid to:		
- Auditors of the Company	184	178
- Other auditors	16	16
Non-audit fees paid to other auditors	70	1
Depreciation of property, plant and equipment (Note 5)	2,246	1,831
Staff costs (Note 33)	5,031	4,268
Provision for qualifying certificate extension charges	1,466	–
Loss/(gain) on fair value changes on derivatives	228	(5)
Allowance for doubtful debts, net (Note 14)	–	7

33. Staff costs

	Group	
	2015	2014
	\$'000	\$'000
Directors of the Company		
- Directors' remuneration	726	661
- CPF contributions	26	23
Key management personnel of the Company and its subsidiary companies		
- Employees' remuneration	990	779
- CPF contributions	75	50
Staff costs		
- Salaries and other benefits	2,918	2,407
- CPF and other defined contributions	296	348
	5,031	4,268

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

33. Staff costs (cont'd)

The remuneration is paid to Directors and key management officers in their capacity as employees.

	Group	
	2015	2014
	\$'000	\$'000
Number of Directors in remuneration bands:		
\$250,000 to below \$500,000	2	1
Below \$250,000	4	5
	<u>6</u>	<u>6</u>
Number of key management officers in remuneration bands:		
\$250,000 to below \$500,000	1	1
Below \$250,000	6	4
	<u>7</u>	<u>5</u>

34 Taxation

Major components of taxation

Major components of income tax expense for the financial years ended 30 June were:

	Group	
	2015	2014
	\$'000	\$'000
Current income tax:		
- Singapore	337	2,631
- Foreign	2,859	581
- Over provision in respect of previous financial years	(306)	(612)
	<u>2,890</u>	<u>2,600</u>
Deferred income tax:		
- Origination and reversal of temporary differences	(732)	(571)
- Under provision in respect of previous financial years	249	43
	<u>(483)</u>	<u>(528)</u>
	<u>2,407</u>	<u>2,072</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

34. Taxation (cont'd)

Relationship between tax expense and accounting profit

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Accounting profit	13,520	15,258
Tax at statutory rate of 17% (2014: 17%)	2,298	2,594
Adjustments:		
Tax effect on different tax rate of other country	748	148
Non-deductible expenses	741	382
Income not subjected to tax	(577)	(508)
Over provision in respect of previous financial years	(57)	(569)
Effect of partial tax exemption and tax relief	(677)	(157)
Tax effect on benefit from operating losses not recorded	–	117
Share of results of associates	(53)	60
Others	(16)	5
	2,407	2,072

The Company and its subsidiary companies incorporated in Singapore are subject to income tax at the statutory tax rate of 17% for the financial years ended 30 June 2015 and 2014. The subsidiary companies incorporated in Malaysia are subject to income tax at the statutory tax rate of 25% for the financial years ended 30 June 2015 and 2014.

Tax charge relating to other comprehensive income

The tax charge relating to each component of other comprehensive income is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Net surplus on revaluation of industrial buildings	1,621	–

35. Earnings per share

	Group	
	2015	2014
	\$'000	\$'000
Net earnings attributable to ordinary shareholders	10,046	8,489
Weighted average number of ordinary shares for calculation of basic and fully diluted earnings per share ('000)	156,453	156,453
	Cents	Cents
Earnings per share – basic and diluted	6.4	5.4

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

36. Dividends

	Group and Company	
	2015	2014
	\$'000	\$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final one-tier tax exempt dividend for 2013: 1.25 cents	–	1,956
Interim one-tier tax exempt dividend for 2015: 1.00 cents (2014: 1.00 cents)	1,565	1,565

37. Related party transactions

Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following are the transactions entered into by the Group and the Company with related parties:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Dividend income received from a subsidiary company	–	–	(850)	(1,500)
Management fee received from associated company	–	(192)	–	–
Management fee paid to related company	43	92	43	92
Sales of goods to related companies	–	(184)	–	–
Purchases of goods from related company	17,700	19,147	–	–
Rental paid to a subsidiary company	–	–	52	47
Rental expenses paid to related companies	18	–	–	–
Rental and service income from related companies	(177)	(163)	–	–

Compensation of key management personnel

The details of the remuneration are in Note 33.

38. Commitments and contingencies

(i) *Operating lease commitments – as lessee*

The Group's industrial buildings, used for its steel business, are constructed on land leased under operating leases. The three (2014: two) plots of leasehold land have remaining non-cancellable lease terms of 4, 9 and 17 years. The leases include a clause that enables revision of the rental charge on an annual basis based on prevailing market conditions. There are no restrictions placed upon the Group by entering into these leases. Operating lease payments recognised in the consolidated statement of comprehensive income during the financial year amounted to \$698,000 (2014: \$486,000).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

38. Commitments and contingencies (cont'd)

(i) *Operating lease commitments – as lessee (cont'd)*

Future minimum lease payments payable under these non-cancellable leases as at the balance sheet date are as follows:

	Group	
	2015 \$'000	2014 \$'000
Within one year	742	512
After one year but not more than five years	2,781	2,074
More than five years	4,034	4,673
	<u>7,557</u>	<u>7,259</u>

(ii) *Operating lease commitments – as lessor*

The Group has entered into property leases on its investment properties in Singapore and a completed property held for sale in Malaysia. These non-cancellable leases have remaining lease terms of less than three years. Some leases have specified higher rental charges applicable as the leases progress.

Future minimum lease payments receivable under the leases as at the balance sheet date are as follows:

	Group	
	2015 \$'000	2014 \$'000
Not later than one year	5,949	5,354
Later than one year but not later than five years	2,194	1,500
	<u>8,143</u>	<u>6,854</u>

(iii) **Capital commitments**

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2015 \$'000	2014 \$'000
Capital commitments in respect of property, plant and equipment	151	3,833

(iv) *Significant commitments*

During the financial year, a significant portion of new orders for the Group's steel business were contracted on a variable-price basis. The price is pegged to the cost of steel as published by the Building Construction Authority. At the end of the financial year, total steel deliverable to customers on variable-price contracts ("VPC") amounted to 71% (2014: 71%) of its total contracts on hand.

As the selling prices for VPC are not fixed, the economic benefits to be received cannot be ascertained. Due to the long duration of VPC and its re-pricing nature, the purchases of supplies to fulfil such contracts are not yet committed. As such it is also not possible to determine the costs of meeting the Group's obligations on VPC.

For these reasons, VPC have not been included in the assessment on provision for onerous contracts.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

38. Commitments and contingencies (cont'd)

(v) *Contingent liabilities*

Charges

The Group has a charge on its fixed deposits of \$201,000 (2014: \$261,000) in relation to a bank guarantee bond in connection with works carried out on properties under development.

Guarantees

	Company	
	2015	2014
	\$'000	\$'000
Guarantees given by the Company to banks in connection with bank facilities provided to subsidiary company	50,850	45,764
Guarantees given by the Company to banks in connection with bank facilities provided to associated company	6,800	6,800
Amount utilised in respect of guarantees issued at 30 June	<u>23,555</u>	<u>31,080</u>

Letters of credit

A subsidiary of the Group has given letters of credit which amounted to \$7,479,000 (2014: \$16,740,000) in favour of suppliers in relation to purchases.

Deed of subordination

The Group has executed a deed of subordination in favour of a bank in relation to a loan taken by an associated company. Under the deed of subordination, the Group's loans and amounts due from associated company which amounted to \$13,499,999 (2014: \$13,499,999) and \$608,000 (2014: \$608,000) respectively are subordinated to all sums owing by the associated company to the bank. The Group has also mortgaged its equity investment in the associated company which amounted to \$1 (2014: \$1) in favour of the bank in relation to the said loan.

39. Segment information

For management purposes, the Group is organized into business units based on their products and services, and has four reportable segments as follows:

- (i) The steel trading segment is a supplier of steel reinforcement bars (rebars) for building construction and civil works. It also provides services to cut, bend or assemble the rebars to customer requirements.
- (ii) The property development segment is in the business of building residential, commercial and industrial properties for sale.
- (iii) The property rental segment owns, manages and leases industrial and commercial properties.
- (iv) The investment holding segment manages the Group's long-term investments.

Management monitors the operating results of its business segments separately for making decisions on resource allocation and performance assessment. Segment performance is evaluated on operating profit or loss. Group financing (including finance costs) and taxation are managed on a group basis and are not allocated to the segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

39. Segment information (cont'd)

	Steel trading		Property development		Property rental		Investment holding		Eliminations		Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenues:												
Sales to external customers	136,223	146,019	23,545	10,487	8,636	9,102	-	-	-	-	168,404	165,608
Dividend income	-	-	-	-	-	-	53	51	-	-	53	51
Inter-segment sales	-	-	-	-	52	47	-	-	(52)	(47)	-	-
Total revenues	136,223	146,019	23,545	10,487	8,688	9,149	53	51	(52)	(47)	168,457	165,659
Results:												
Interest income	-	-	517	375	-	-	-	-	-	-	517	375
Depreciation of property, plant and equipment	(2,174)	(1,501)	(24)	(2)	(48)	(328)	-	-	-	-	(2,246)	(1,831)
Provision for qualifying certificate extension charges	-	-	(1,466)	-	-	-	-	-	-	-	(1,466)	-
Write-off of property development costs	-	-	(1,128)	-	-	-	-	-	-	-	(1,128)	-
Provision for onerous contracts	(212)	(44)	-	-	-	-	-	-	-	-	(212)	(44)
Allowance for impairment of completed properties	-	-	(1,744)	(3,559)	-	-	-	-	-	-	(1,744)	(3,559)
Fair value changes in investment properties	-	-	-	-	820	2,100	-	-	-	-	820	2,100
Share of results of associated company	-	-	314	(355)	-	-	-	-	-	-	314	(355)
(Loss)/gain on fair value changes on derivatives	(108)	5	(120)	-	-	-	-	-	-	-	(228)	5
Gain on disposal of property, plant and equipment	31	94	53	12	-	-	-	-	-	-	84	106
Gain on revaluation on industrial building (relating to previous deficit on revaluation)	258	-	-	-	-	-	-	-	-	-	258	-
Operating profit	2,378	11,440	4,742	(2,982)	6,274	7,743	2,095	1,552	(850)	(1,500)	14,639	16,253
Finance costs											(1,119)	(995)
Profit before tax											13,520	15,258
Taxation											(2,407)	(2,072)
Profit for the financial year											11,113	13,186

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

39. Segment information (cont'd)

	Steel trading		Property development		Property rental		Investment holding		Eliminations		Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets and liabilities:												
Segment assets	104,000	106,917	107,857	114,315	134,457	135,156	46,931	48,471	(55,158)	(61,301)	338,087	343,558
Deferred tax assets											1,287	1,050
Total assets											<u>339,374</u>	<u>344,608</u>
Segment liabilities	28,209	38,877	4,064	4,870	43,518	45,222	15,334	17,520	(55,158)	(61,301)	35,967	45,188
Current and deferred tax liabilities											4,518	4,396
Loans and borrowings											13,974	21,542
Total liabilities											<u>54,459</u>	<u>71,126</u>
Other segment information:												
Capital expenditure	5,690	3,774	288	41	196	79	-	-	-	-	6,174	3,894
Investment in associated company	-	-	19,050	16,913	-	-	-	-	-	-	19,050	16,913

- A Inter-segment revenues are eliminated on consolidation.
 B Inter-segment transactions are eliminated on consolidation.
 C Inter-segment balances are eliminated on consolidation.
 D Capital expenditure consists of additions to property, plant and equipment.

Geographical information

Revenue and non-current assets information based on the entity's country of domicile and geographical location of assets respectively are as follows:

	Singapore		Malaysia		People's Republic of China		Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Segment revenue	151,790	162,453	16,667	3,206	-	-	168,457	165,659
Non-current assets	152,658	138,635	13,875	13,905	-	-	166,533	152,540
Investment in associated company	-	-	-	-	19,050	16,913	19,050	16,913

Non-current assets information presented above consist of investment properties, property, plant and equipment, long-term investments, properties under development and fixed deposits as presented in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

40. Subsidiary and associated companies

The subsidiary and associated companies at 30 June are:

	Name of company	Principal activities	Country of incorporation and place of business	Proportion of ownership interest held	
				2015 %	2014 %
Subsidiary companies:					
Held by the Company					
b	Che Kiang Realty Sdn Bhd	Property development	Malaysia	100	100
a	Teck Chiang Realty Private Limited	Investment holding, property investment and development and general merchants	Singapore	100	100
a	Angkasa Amsteel Pte. Ltd.	Importers, exporters and distributors of steel and iron products and commission agents	Singapore	50 plus 1 share	50 plus 1 share
a	LTC Capital Pte. Ltd. (formerly known as LTC Building Materials Pte Ltd)	Investment holding	Singapore	100	100
Held through Teck Chiang Realty Private Limited					
a	Teck Chiang (International) Pte Ltd	Investment holding	Singapore	100	100
Held through Angkasa Amsteel Pte. Ltd.					
a	Angkasa Welded Mesh Pte Ltd	Dormant	Singapore	100	51
a	Angkasa Steel Pte. Ltd.	Steel trader	Singapore	100	100
b	Angkasa Amsteel Sdn Bhd	Steel trader	Malaysia	100	100
Held through LTC Capital Pte. Ltd.					
b	LTC Capital Holdings Sdn. Bhd.	Dormant	Malaysia	100	–
Associated companies:					
Held by Teck Chiang (International) Pte Ltd					
c	Kairong Developments (S) Pte. Ltd.	Investment holding	Singapore	40	40
Held by Kairong Developments (S) Pte. Ltd.					
d	Kairong Developments (Shenyang) Co., Ltd.	Property development	People's Republic of China	100	100
a	Audited by Ernst & Young LLP, Singapore.				
b	Audited by Ernst & Young, Chartered Accountants, Malaysia.				
c	Audited by KPMG, Singapore. Financial year end 31 December.				
d	Audited by Nexia TS, (Shanghai) Co., Ltd.. Financial year end 31 December.				

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

40. Subsidiary and associated companies (cont'd)

b. Interest in subsidiary companies with material non-controlling interest (NCI)

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
30 June 2015:					
Angkasa Amsteel Pte. Ltd. and its subsidiary companies	Singapore	50 less 1 share	1,067	36,264	1,500
30 June 2014:					
Angkasa Amsteel Pte. Ltd. and its subsidiary companies	Singapore	50 less 1 share	4,697	32,218	2,000

Significant restrictions:

The Group will not extend financial assistance to its subsidiary companies with material NCI nor receive such assistance from it unless such assistance is concurrently extended or received by the NCI proportionate to the respective shareholdings.

c. Summarised financial information about subsidiary companies with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary companies with material non-controlling interests are as follows:

Summarised balance sheets

	Angkasa Amsteel Pte. Ltd. and its subsidiary companies	
	2015 \$'000	2014 \$'000
Current		
Assets	73,691	89,459
Liabilities	(28,192)	(40,443)
Net current assets	45,499	49,016
Non-current		
Assets	30,309	17,333
Liabilities	(3,281)	(1,914)
Net non-current assets	27,028	15,419
Net assets	72,527	64,435

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

40. Subsidiary and associated companies (cont'd)

c. Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statement of comprehensive income

	Angkasa Amsteel Pte. Ltd. and its subsidiary companies	
	2015	2014
	\$'000	\$'000
Revenue		
Profit before income tax	1,792	10,963
Income tax credit/(expense)	342	(1,567)
Profit after tax	2,134	9,396
Other comprehensive income	7,658	–
Total comprehensive income	9,776	9,396

Other summarised information

	Angkasa Amsteel Pte. Ltd. and its subsidiary companies	
	2015	2014
	\$'000	\$'000
Net cash flows from operations	9,316	17,081
Acquisition of significant property, plant and equipment	5,690	3,774

d. Acquisition of ownership interest in subsidiary, without loss of control

On 21 November 2014, the Group's subsidiary company, Angkasa Amsteel Pte. Ltd. ("Angkasa Amsteel") acquired an additional 49% equity interest in Angkasa Welded Mesh Pte Ltd ("AWM") from its non-controlling interests for a cash consideration of \$1. As a result of this acquisition, AWM became a wholly-owned subsidiary of Angkasa Amsteel. The carrying value of AWM at 21 November 2014 was a net liability of \$470,000.

The following summarises the effect of the change in the Group's ownership interest in AWM on the equity attributable to owners of the Company:

	\$'000
Consideration paid for acquisition of non-controlling interests	*
Decrease in equity attributable to non-controlling interests	*
Decrease in equity attributable to owners of the Company	–

* Value below \$1,000

41. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade debtors. For other financial assets (including cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

The Group does not apply hedge accounting.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and
- a nominal amount of \$23,555,000 (2014: \$31,080,000) relating to corporate guarantees provided by the Company for the bank loans taken by subsidiary companies.

Information regarding credit enhancements for trade debtors is disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

41. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industrial sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade debtors at the end of the reporting period are as follows:

	2015		2014	
	\$'000	% of total	\$'000	% of total
Group				
By geographical:				
Singapore	17,965	78	17,796	73
Malaysia	5,013	22	6,657	27
	22,978	100	24,453	100
By business:				
Steel trading	21,745	95	22,771	93
Property development	757	3	1,270	5
Property rental	476	2	412	2
	22,978	100	24,453	100

The Group determines credit risk concentration for its Steel and Property related businesses separately.

Property development and property rental business

Trade debtors for these business segments do not have concentration of credit risk as the customers are individuals or corporates of diverse background or nature.

Steel business

There is no significant concentration of credit risk except that customers are predominantly in the construction industry. As at 30 June 2015, approximately 77% (2014: 65%) of the trade debtors of the Steel business are due from the top 5 (2014: 5) customers who are key players in the local construction industry.

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

41. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Board and the management of the Group constantly reviews its cash and borrowing position to ensure that the Group maintains sufficient liquidity to meet its obligations as and when they fall due.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and the Group does not have any debt maturing within 12 months other than the finance leases obligations.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	2015				2014			
	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Group								
Financial assets								
Long-term investments	-	-	3,730	3,730	-	-	3,730	3,730
Trade debtors (excluding sales tax receivables)	22,969	-	-	22,969	23,889	-	-	23,889
Other debtors	4,140	-	-	4,140	2,204	-	-	2,204
Due from related parties	880	-	-	880	862	-	-	862
Fixed deposits	15,868	46	-	15,914	7,788	-	-	7,788
Cash and bank balances	28,926	-	-	28,926	31,215	-	-	31,215
Total undiscounted financial assets	72,783	46	3,730	76,559	65,958	-	3,730	69,688
Financial liabilities								
Trade creditors (excluding sales tax payables)	26,530	941	-	27,471	33,578	554	-	34,132
Other creditors	5,017	-	-	5,017	5,494	-	-	5,494
Interest-bearing loans and borrowings	38	14,628	-	14,666	16,803	4,901	-	21,704
Due to related parties	1,336	-	-	1,336	5,436	-	-	5,436
Total undiscounted financial liabilities	32,921	15,569	-	48,490	61,311	5,455	-	66,766
Total net undiscounted financial assets/(liabilities)	39,862	(15,523)	3,730	28,069	4,647	(5,455)	3,730	2,922

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

41. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	2015			Total \$'000	2014			Total \$'000
	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000		1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	
Company								
Financial assets								
Due from subsidiary companies	853	-	50,113	50,966	1,500	-	51,007	52,507
Long-term investments	-	-	380	380	-	-	380	380
Other debtors	-	-	-	-	66	-	-	66
Cash and bank balances	20	-	-	20	46	-	-	46
Total undiscounted financial assets	873	-	50,493	51,366	1,612	-	51,387	52,999
Financial liabilities								
Other creditors	247	-	-	247	247	-	-	247
Due to related parties	10	-	-	10	10	-	-	10
Due to subsidiary companies	-	-	23,466	23,466	-	-	25,746	25,746
Total undiscounted financial liabilities	257	-	23,466	23,723	257	-	25,746	26,003
Total net undiscounted financial assets	616	-	27,027	27,643	1,355	-	25,641	26,996

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing financial liabilities.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, the Group enters into interest rate swap unless market interest rates are persistently low. During the financial year, the Group entered into an interest rate swap (2014: Nil). At the balance sheet date, 100% (2014: 100%) of the Group's interest-bearing financial liabilities are at floating interest rates.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 75 (2014: 75) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been \$210,000 (2014: \$333,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

41. Financial risk management objectives and policies (cont'd)

(d) *Foreign currency risk*

The Group enters into fixed price contracts, mainly in US Dollars (USD) and Malaysian Ringgit (RM), with its suppliers for the purchase of steel. The Group is thus exposed to transactional foreign currency exposure dependent on the timing of its future purchases and when the liabilities are settled or are converted into the functional currency. Approximately 96% (2014: 86%) of the Group's steel purchases is denominated in foreign currencies.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At balance sheet date, such foreign currency balances amount to \$25,544,000 and \$20,000 (2014: \$18,699,000 and \$11,000) in RM and USD respectively. At balance sheet date, the Group has trade debts denominated in RM which amount to \$5,004,000 (2014: \$6,657,000).

Unless there is persistent weakness in the trend of the USD, the Group uses forward currency contracts to hedge between 50% to 100% of its anticipated steel purchases denominated in USD.

At 30 June 2015, the Group had hedged 73% (2014: 69%) of its foreign currency denominated purchases. The Group does not apply hedge accounting for such foreign currency denominated purchases.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group uses its borrowings from the subsidiary company denominated in RM as a natural partial hedge against its cost of investment.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD and RM exchange rate (against SGD), with all other variables held constant, on the Group's profit before tax.

	Profit before tax	
	2015	2014
	\$'000	\$'000
USD		
- strengthened 5% (2014: 5%)	1,220	615
- weakened 5% (2014: 5%)	(1,220)	(615)
RM		
- strengthened 5% (2014: 5%)	(567)	(1,145)
- weakened 5% (2014: 5%)	567	1,145

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

42 Financial instruments

Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group's and Company's financial instruments that are carried in the financial statements:

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial assets					
Fair value through profit or loss					
Foreign currency contracts	15	61	98	-	-
Available for sale					
Long-term investments	8	3,730	3,730	380	380
Loan and receivables					
Due from subsidiary companies		-	-	50,966	52,507
Trade debtors (excluding sales tax receivables)	14	22,969	23,889	-	-
Other debtors	15	4,079	2,106	-	66
Due from related parties	17	880	862	-	-
Fixed deposits	18	15,914	7,788	-	-
Cash and bank balances	18	28,926	31,215	20	46
		72,768	65,860	50,986	52,619
Financial liabilities					
Fair value through profit or loss					
Foreign currency contracts	20	71	-	-	-
Interest rate swap	20	120	-	-	-
		191	-	-	-
Carried at amortised cost					
Trade creditors (excluding sales tax payables)	19	27,471	34,132	-	-
Other creditors	20	4,826	5,494	247	247
Due to related parties	21	1,336	5,436	10	10
Interest-bearing loans and borrowings	22	13,974	21,542	-	-
Due to subsidiary companies	24	-	-	23,466	25,746
		47,607	66,604	23,723	26,003

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

42. Financial instruments (cont'd)

A. Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

B. Assets and liabilities measured at fair value

		Group 2015		
	Note	Significant observable inputs other than quoted prices Level 2 \$'000	Significant unobservable inputs Level 3 \$'000	Total \$'000
Financial assets				
Fair value through profit or loss				
Foreign currency contracts	15	61	–	61
Financial assets as at 30 June		61	–	61
Non-financial assets				
Property, plant and equipment				
Industrial building	5	22,000	–	22,000
Investment properties				
Industrial	4	–	118,000	118,000
Non-financial assets as at 30 June		22,000	118,000	140,000
Financial liabilities				
Fair value through profit or loss				
Forward currency contracts	20	71	–	71
Interest rate swap	20	120	–	120
Financial liabilities as at 30 June		191	–	191

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

42. Financial instruments (cont'd)

B. Assets and liabilities measured at fair value (cont'd)

	Note	Group 2014		Total \$'000
		Significant observable inputs other than quoted prices Level 2 \$'000	Significant unobservable inputs Level 3 \$'000	
Financial assets				
Fair value through profit or loss				
Foreign currency contracts	15	98	–	98
Financial assets as at 30 June		98	–	98
Non-financial assets				
Property, plant and equipment				
Industrial building	5	10,369	–	10,369
Investment properties				
Industrial	4	–	117,100	117,100
Non-financial assets as at 30 June		10,369	117,100	127,469

There have been no transfers between Level 1, Level 2 and Level 3 during 2015 and 2014.

C. Level 2 fair value measurements

Derivatives

Forward currency contracts and interest rate swap contract are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

The notional amounts of derivative instruments are as follows:

	Group Notional amount	
	2015 \$'000	2014 \$'000
	Forward currency contracts	24,344
Interest rate swap	10,000	–

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

42. Financial instruments (cont'd)

C. Level 2 fair value measurements (cont'd)

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The interest rate swap receives floating interest linked to Singapore Offer Rate (2014: Nil) pays a fixed rates of interest ranging from 1.16% to 2.19% (2014: Nil). The maturity period of this swap ranges from 19 March 2015 to 18 September 2017.

Industrial buildings

The fair value of industrial buildings is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market. The most significant input into this valuation approached is the selling price per square foot.

D. Level 3 fair value measurements

The following table presents the information about fair value measurements using significant unobservable inputs:

Description	Fair value as at 30 June 2015 \$'000	Valuation technique(s)	Key unobservable inputs	Rate
2015				
Investment properties				
Industrial	118,000	Investment method	Capitalisation rate	5.0%
2014				
Investment properties				
Industrial	117,100	Investment method	Capitalisation rate	5.3%

The valuations of the investment properties are generally sensitive to changes in yield and rental rates. A significant increase (decrease) in yield and rental adjustments would result in a significantly higher (lower) fair value measurement.

The movement for Level 3 non-financial asset is detailed in note 4 to the financial statements.

E. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

Due from subsidiary company (Note 6) and Due to subsidiary companies (Note 24): The fair value information has not been disclosed due to uncertain timing of the future cash flow repatriation and hence fair value cannot be estimated reliably.

Long-term investments (Note 8): Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in the investee's companies that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

43. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, provisions, interest-bearing loans and borrowings, trade and other creditors (excluding derivative instruments), amounts due to related parties, less cash, bank balances and fixed deposits. Equity includes equity attributable to the owners of the Company. The Group is not subjected to any externally imposed capital requirement.

	Group	
	2015 \$'000	2014 \$'000
Trade creditors	28,148	34,258
Other creditors	5,017	5,494
Interest-bearing loans and borrowings	13,974	21,542
Due to related parties	1,336	5,436
Provisions	1,466	–
Fixed deposits	(15,914)	(7,788)
Cash and bank balances	(28,926)	(31,215)
Net debt	5,101	27,727
Total equity	248,651	241,264
Equity and net debt	253,752	268,991
Gearing ratio	2%	10%

44. Events occurring after balance sheet date

On 14 August 2015, the Company obtained shareholders' approval for the acquisition of 50% interest in the shareholdings of USP Equity Sdn Bhd. As at the date of the financial statements, the vendor has not fulfilled the conditions precedent required for the completion of the transaction. The cut-off date to fulfil the conditions precedent has been mutually extended to 11 November 2015 or such other later date as may be agreed in writing by the parties.

45. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors on 10 September 2015.

ANALYSIS OF SHAREHOLDINGS

as at 15 September 2015

Issued and fully paid-up capital	:	\$150,112,500
No. of shares issued	:	156,453,000 ordinary shares
Class of shares	:	Ordinary shares fully paid
Voting rights	:	1 Vote per share
No. of treasury shares held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS AS AT 15 SEPTEMBER 2015

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 - 99	93	1.24	4,380	0.00
100 - 1,000	5,168	68.79	4,513,136	2.89
1,001 - 10,000	1,754	23.35	6,643,198	4.25
10,001 - 1,000,000	485	6.45	33,392,161	21.34
1,000,001 and above	13	0.17	111,900,125	71.52
Total	7,513	100.00	156,453,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 15 SEPTEMBER 2015

No.	Name of Shareholders	No. of Shares	%
1	Lion Investment (Singapore) Pte. Ltd.	53,100,000	33.94
2	Lion Realty Private Limited	15,950,000	10.20
3	BNP Paribas Securities Services Singapore	8,858,000	5.66
4	UOB Kay Hian Pte Ltd	7,609,450	4.86
5	Phillip Securities Pte Ltd	5,549,474	3.55
6	Lion Enterprise (Kuala Lumpur) Sdn Bhd	5,450,000	3.48
7	DBS Nominees Pte Ltd	3,373,100	2.16
8	Leh Bee Hoe	3,082,200	1.97
9	Raffles Nominees (Pte) Ltd	2,244,900	1.44
10	Saw Tze Choon	1,918,000	1.23
11	Ng Soo Giap Or Chew Sooi Guat	1,892,000	1.21
12	Khoo Poh Koon	1,475,001	0.94
13	Morph Investments Ltd	1,398,000	0.89
14	See Beng Lian Janice	989,000	0.63
15	Tan Boon Kay	965,000	0.62
16	Yim Chee Tong	948,000	0.61
17	Est Of Ching Kwong Yew, Deceased	935,000	0.60
18	Vellayappan S/O Karruppiah	870,000	0.56
19	United Overseas Bank Nominees Pte Ltd	737,000	0.47
20	Thiang Thin Poh Joseph	650,000	0.42
		117,994,125	75.44

SHAREHOLDINGS IN THE HAND OF PUBLIC AS AT 15 SEPTEMBER 2015

On the basis of the information available to the Company, approximately 41.41% of the equity securities of the Company are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST, which requires at least 10% of a listed issuer's equity securities to be held by the public.

SUBSTANTIAL SHAREHOLDINGS

as at 15 September 2015

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	Percentage	No. of Shares	Percentage
Lion Investment (Singapore) Pte. Ltd.	53,100,000	33.94%	–	–
Tan Sri Cheng Yong Kim ⁽¹⁾	50,000	0.03%	53,100,000	33.94%
Lion Realty Private Limited	15,950,000	10.19%	–	–
Tan Sri Cheng Heng Jem ⁽²⁾	–	–	16,331,000	10.44%
ACB Resources Berhad ⁽³⁾	–	–	16,198,000	10.35%
Lion Corporation Berhad ⁽⁴⁾	–	–	16,198,000	10.35%

- (1) Tan Sri Cheng Yong Kim, who is a son of Mr Cheng Theng Kee, is deemed to be interested in 53,100,000 shares held by Lion Investment (Singapore) Pte. Ltd..
- (2) Tan Sri Cheng Heng Jem is deemed to be interested in 16,331,000 shares comprising 16,198,000 shares deemed held by Lion Corporation Berhad, 100,000 shares held by Lion AMB Resources Berhad and 33,000 shares held by Lion Industries Corporation Berhad.
- (3) ACB Resources Berhad is deemed to be interested in 16,198,000 shares comprising 5,583,000 shares deemed held by Akurjaya Sdn Bhd, 7,340,000 shares deemed held by Angkasa Marketing (Singapore) Pte Ltd and 3,275,000 shares held by Umatrac Enterprises Sdn Bhd. Akurjaya Sdn Bhd is deemed to be interested in 5,583,000 shares held by The Brooklands Selangor Rubber Company Limited. The Brooklands Selangor Rubber Company Limited and Umatrac Enterprises Sdn Bhd are the beneficial owners of 5,583,000 shares and 3,275,000 shares, respectively; registered under BNP Paribas Securities Services Singapore.
- (4) Lion Corporation Berhad is deemed to be interested in 16,198,000 shares comprising 16,198,000 shares deemed held by ACB Resources Berhad.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of LTC Corporation Limited (the “Company”) will be held at The Conference Room, 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957 on Friday, 23 October 2015 at 9.30 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts and Report of the Directors and Auditors of the Company for the year ended 30 June 2015. (Resolution 1)
2. To re-elect Dato’ Mazlan Bin Dato’ Seri Harun, a Director retiring pursuant to Article 91 of the Company’s Articles of Association. (Resolution 2)
Dato’ Mazlan Bin Dato’ Seri Harun will, upon re-election, remain as a member of the Audit Committee and Remuneration Committee and will be considered independent.
3. To pass the following resolutions under Section 153(6) of the Companies Act (Chapter 50 of Singapore) (the “Companies Act”):-
 - (a) That pursuant to Section 153(6) of the Companies Act, Mr Cheng Theng Kee be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. (Resolution 3a)
 - (b) That pursuant to Section 153(6) of the Companies Act, Mr Ong Teong Wan be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. (Resolution 3b)
Mr Ong Teong Wan will, upon re-appointment, remain as the Chairman of the Audit Committee and Nominating Committee and as a member of the Remuneration Committee and will be considered independent.
 - (c) That pursuant to Section 153(6) of the Companies Act, Mr Chay Yee be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. (Resolution 3c)
Mr Chay Yee will, upon re-appointment, remain as the Chairman of the Remuneration Committee and as a member of the Audit Committee and Nominating Committee and will be considered independent.
4. To approve the payment of Directors’ fees of S\$117,500 for the year ended 30 June 2015 (2014: S\$122,000). (Resolution 4)
5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without amendments, the following resolutions as Ordinary Resolutions:-

6. General Mandate to Directors to Issue Shares

THAT pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to:-

- (a)
 - (i) issue shares in the capital of the Company (“shares”) (whether by way of rights, bonus or otherwise); and/or
 - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (CONT'D)

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
- (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
(See Explanatory Note i) (Resolution 6)

7. **Renewal of the Shareholders' Mandate for Interested Person Transactions**

THAT for the purpose of Chapter 9 of the Listing Manual of the SGX-ST ("Chapter 9"):-

- (a) approval be and is hereby given for the Company, its subsidiaries and its associated companies which are entities at risk as defined under Chapter 9, to enter into any of the transactions falling within the categories of Interested Person Transactions as described on page 21 of this Annual Report, with any person who falls within the classes of Interested Persons as described on page 21 of this Annual Report, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders and in accordance with the review procedures for Interested Person Transactions set out on pages 21 to 24 of this Annual Report (the "IPT Mandate");
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier;

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (CONT'D)

- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and
- (d) authority be given to the Directors to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.
(See Explanatory Note ii) (Resolution 7)

8. To transact such other ordinary business as can be transacted at an Annual General Meeting of the Company.

By Order of the Board

Silvester Bernard Grant
Company Secretary

Singapore, 7 October 2015

Explanatory Note on Special Business to be transacted:-

- (i) Resolution 6 proposed in item 6 above, if passed, authorises the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company for issues other than on a pro rata basis to shareholders.
- (ii) Resolution 7 proposed in item 7 above, if passed, renews the IPT Mandate and allows the Company, its subsidiaries and its associated companies who are entities at risk as defined under Chapter 9 to enter into certain interested person transactions as described on page 21 of this Annual Report and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend at the same meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957, not less than 48 hours before the time appointed for holding the meeting.

Where a Shareholder submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the meeting and/or any adjournment thereof, a Shareholder (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) and/or representative(s) appointed for the Annual General Meeting ("AGM") (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

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PROXY FORM

LTC CORPORATION LIMITED

Company Registration No. 196400176K
(Incorporated in the Republic of Singapore)

IMPORTANT : FOR CPF INVESTORS ONLY

1. This Annual Report is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR YOUR INFORMATION ONLY.
2. This Proxy Form is therefore not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their request through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____ (Name), _____ NRIC/Passport No.

of _____ (Address)

being a member/members of LTC CORPORATION LIMITED (the "Company"), hereby appoint :

Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her/them, the chairman of the annual general meeting (the "AGM") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held at The Conference Room, 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957 on Friday, 23 October 2015 at 9.30 a.m.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Ordinary Resolutions :	For*	Against*
1.	Adoption of Audited Accounts, Directors' Report and Auditors' Report		
2.	Re-election of Dato' Mazlan Bin Dato' Seri Harun as a Director of the Company		
3a.	Re-appointment of Mr Cheng Theng Kee as a Director of the Company		
3b.	Re-appointment of Mr Ong Teong Wan as a Director of the Company		
3c.	Re-appointment of Mr Chay Yee as a Director of the Company		
4.	Approval of Directors' Fees		
5.	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
6.	General Mandate to Directors to issue shares and convertible securities		
7.	Renewal of the Shareholders' Mandate for Interested Person Transactions		

* If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate the number of votes.

Dated this _____ day of _____ 2015.



Total No. of Shares in:	No. of Shares
(1) CDP Register	
(2) Register of Members	

Signature(s) of Member(s)/Corporation's Common Seal

IMPORTANT : PLEASE READ NOTES OVERLEAF

Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, (Chapter 50 of Singapore)), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead and such proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957, not less than 48 hours before the time appointed for the AGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
8. By submitting an instrument appointing a proxy(ies) and/or representatives(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 October 2015.

AGM
Proxy Form

AFFIX
POSTAGE
STAMP

The Company Secretary
LTC CORPORATION LIMITED
10 Arumugam Road
#10-00 Lion Building A
Singapore 409957

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LTC CORPORATION LIMITED

(Co. Reg. No. 196400176K)

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