

LTC CORPORATION LIMITED
Company Registration No : 196400176K

Third Quarter Financial Statement for the Period Ending 31/03/2016.

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	3 months ended			9 months ended		
	31/03/16	31/03/15	+/-	31/03/16	31/03/15	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Revenues	22,709	44,865	(49.4)	95,090	130,256	(27.0)
Cost of sales	(20,836)	(35,798)	(41.8)	(91,914)	(108,999)	(15.7)
Gross profit	1,873	9,067	(79.3)	3,176	21,257	(85.1)
Other income	339	235	44.3	966	641	50.7
Selling and distribution expenses	(179)	(140)	27.9	(750)	(707)	6.1
Administrative expenses	(3,037)	(4,433)	(31.5)	(7,146)	(8,474)	(15.7)
Other operating expenses	(1,253)	405	NM	1,831	373	390.9
Share of results of joint venture	(631)	-	NM	(171)	-	NM
Share of results of associated company	(65)	(3)	2066.7	145	200	(27.5)
Operating (loss)/profit	(2,953)	5,131	NM	(1,949)	13,290	NM
Finance costs	(235)	(218)	7.8	(583)	(718)	(18.8)
(Loss)/profit before taxation	(3,188)	4,913	NM	(2,532)	12,572	NM
Taxation	100	(1,427)	NM	211	(3,158)	NM
(Loss)/profit for the financial period	(3,088)	3,486	NM	(2,321)	9,414	NM
Other comprehensive income						
Items that will not be reclassified to profit and loss:	-	-	NM	-	-	NM
Items that may be reclassified subsequently to profit and loss:						
Exchange differences on consolidation	4,185	(1,438)	NM	(1,360)	(3,603)	(62.3)
Share of other comprehensive income of associated company	(862)	1,041	NM	(415)	2,427	NM
	3,323	(397)	NM	(1,775)	(1,176)	50.9
Other comprehensive income, net of tax	3,323	(397)	NM	(1,775)	(1,176)	50.9
Total comprehensive income for the financial period	235	3,089	(92.4)	(4,096)	8,238	NM
(Loss)/profit for the year attributable to:						
Owners of the Company	(2,145)	3,042	NM	558	9,032	(93.8)
Non-controlling interests	(943)	444	NM	(2,879)	382	NM
	(3,088)	3,486	NM	(2,321)	9,414	NM
Total comprehensive income attributable to:						
Owners of the Company	1,160	2,645	(56.1)	(1,217)	7,856	NM
Non-controlling interests	(925)	444	NM	(2,879)	382	NM
	235	3,089	(92.4)	(4,096)	8,238	NM
Included in the above are the following charges/(credits):-						
	31/03/16	31/03/15	+/-	31/03/16	31/03/15	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Foreign exchange loss/(gain)	1,253	(405)	NM	361	(1,253)	NM
Write-back of allowance for impairment loss, completed properties	-	-	NM	(2,192)	(276)	694.2
Property development costs written off	-	-	NM	-	1,598	(100.0)
Write-back of provision for foreseeable losses, properties under development	-	-	NM	-	(442)	(100.0)
Other operating expenses	1,253	(405)	NM	(1,831)	(373)	390.9
Depreciation of property, plant & equipment	674	598	12.7	2,107	1,661	26.9
Provision for onerous contracts	535	-	NM	702	47	1393.6
Provision for qualifying certificate extension charges *	-	1,649	(100.0)	-	1,649	(100.0)

* included in Administrative expenses

NM = Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position	Group		Company	
	31/03/16 \$'000	30/06/15 \$'000	31/03/16 \$'000	30/06/15 \$'000
Non-current assets				
Investment properties	118,000	118,000	-	-
Property, plant and equipment	29,248	31,211	-	-
Subsidiary companies	-	-	180,188	180,183
Joint venture company	24,028	-	-	-
Associated company	8,676	19,050	-	-
Long-term investments	3,730	3,730	380	380
Properties under development	13,659	13,546	-	-
Deferred tax assets	775	1,287	-	-
Fixed deposits	-	46	-	-
	<u>198,116</u>	<u>186,870</u>	<u>180,568</u>	<u>180,563</u>
Current assets				
Completed properties held for sale	31,578	50,357	-	-
Inventories	23,602	29,226	-	-
Prepayments	82	129	3	1
Trade debtors	17,336	22,978	-	-
Other debtors	2,471	4,140	-	-
Due from subsidiary company	-	-	3	853
Due from related parties	573	880	-	-
Fixed deposits	15,419	15,868	-	-
Cash and bank balances	17,050	28,926	19	20
	<u>108,111</u>	<u>152,504</u>	<u>25</u>	<u>874</u>
Current liabilities				
Trade creditors	11,230	27,207	-	-
Other creditors	7,367	5,017	75	247
Due to related parties	633	1,336	10	10
Interest-bearing loans and borrowings	41	34	-	-
Provisions	480	1,466	-	-
Provision for taxation	595	1,237	-	-
	<u>20,346</u>	<u>36,297</u>	<u>85</u>	<u>257</u>
Net current assets/(liabilities)	87,765	116,207	(60)	617
Non-current liabilities				
Trade creditors	568	941	-	-
Due to subsidiary companies	-	-	22,675	23,466
Interest-bearing loans and borrowings	2,513	13,940	-	-
Deferred tax liabilities	1,981	3,281	-	-
	<u>5,062</u>	<u>18,162</u>	<u>22,675</u>	<u>23,466</u>
	<u>280,819</u>	<u>284,915</u>	<u>157,833</u>	<u>157,714</u>
Equity attributable to owners of the Company				
Share capital	150,113	150,113	150,113	150,113
Capital reserve	6,193	6,193	-	-
Exchange translation reserve	(27,912)	(26,137)	-	-
Accumulated profits	119,040	118,482	7,720	7,601
	<u>247,434</u>	<u>248,651</u>	<u>157,833</u>	<u>157,714</u>
Non-controlling interests	33,385	36,264	-	-
	<u>280,819</u>	<u>284,915</u>	<u>157,833</u>	<u>157,714</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/03/2016		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
41	-	34	-

Amount repayable after one year

As at 31/03/2016		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
2,513	-	13,940	-

Details of any collateral

	Group		Note
	31/3/2016	30/6/2015	
Interest-bearing loans and borrowings	\$'000	\$'000	
Short-term			
Lease liabilities	41	34	1
	<u>41</u>	<u>34</u>	
Long-term			
Lease liabilities	13	35	1
Revolving credit facility	2,500	13,905	2
	<u>2,513</u>	<u>13,940</u>	

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

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flow	3 months ended		9 months ended	
	31/03/16	31/03/15	31/03/16	31/03/15
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
(Loss)/profit before tax	(3,188)	4,913	(2,532)	12,572
Adjustments for :				
Depreciation of property, plant and equipment	675	598	2,107	1,661
Finance costs	217	218	509	718
Interest income	(124)	(2)	(375)	(166)
Gain on disposal of property, plant and equipment	-	-	(33)	(84)
Loss/(gain) on fair value changes on derivatives	891	(17)	587	(88)
Provision/(write-back) for onerous contracts	535	(85)	702	(38)
Write-back of allowance for impairment of completed properties	-	-	(2,192)	(276)
Write-back of provision for foreseeable loss on property under development	-	-	-	(442)
Write-off of cost of property under development	-	-	-	1,576
Share of results of joint venture	631	-	171	-
Share of results of associated company	65	3	(145)	(200)
Currency realignment	880	(1,122)	(612)	(2,803)
Operating profit/(loss) before reinvestment in working capital	582	4,506	(1,813)	12,430
Decrease/(increase) in inventories	3,040	(1,884)	4,922	10,475
Decrease/(increase) in debtors and prepayments	1,167	4,434	7,297	(9,696)
Decrease in creditors	(1,469)	(1,696)	(14,509)	(3,345)
Decrease/(increase) in provisions	(407)	1,649	(986)	1,649
Decrease in non-current asset held for sale	-	-	-	1,492
(Increase)/decrease in properties under development	(142)	101	(570)	(901)
Decrease in completed properties held for sale	-	442	20,476	5,087
Cash generated from operations	2,771	7,552	14,817	17,191
Interest paid	(217)	(218)	(509)	(718)
Income taxes paid	(674)	(1,131)	(1,219)	(2,345)
Net cash generated from operating activities	1,880	6,203	13,089	14,128
Cash flows from investing activities :				
Interest received	124	2	375	166
Investment in joint venture company	-	-	(23,145)	-
Repayment of shareholders' loan by associated company	-	-	10,104	-
Proceeds from disposal of property, plant and equipment	-	-	128	161
Capital expenditure on investment properties	-	(80)	-	(80)
Purchase of property, plant and equipment	(9)	(1,303)	(248)	(5,554)
Net cash generated from/(used in) investing activities	115	(1,381)	(12,786)	(5,307)
Cash flows from financing activities :				
Decrease in finance lease obligations	(14)	(11)	(15)	(33)
Repayment of short-term borrowings	-	-	-	(4,725)
Repayment of long-term borrowings	-	-	(11,405)	(2,300)
Settlement of interest rate swap	(3)	-	(17)	-
(Decrease)/increase in amounts due to related parties	(692)	(2,058)	147	(1,407)
(Increase)/decrease in amounts due from related parties	(182)	(91)	307	39
Dividends paid to non-controlling interest of a subsidiary	-	-	(850)	(1,500)
Net cash used in financing activities	(891)	(2,160)	(11,833)	(9,926)
Net increase/(decrease) in cash and cash equivalents	1,104	2,662	(11,530)	(1,105)
Effect of exchange rate changes on cash and cash equivalents	1,050	(307)	(841)	(790)
Cash and cash equivalents at beginning of financial period	30,172	34,753	44,697	39,003
Cash and cash equivalents at end of financial period	32,326	37,108	32,326	37,108

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group	Share	Capital	Exchange	Accumulated	Equity	Non-controlling	Total
	Capital	Reserve	Translation	Profits	to Owners of	Interests	
	\$'000	\$'000	Reserve	\$'000	the Company	\$'000	\$'000
			\$'000		\$'000		
Balance as at 1 July 2015	150,113	6,193	(26,137)	118,482	248,651	36,264	284,915
Profit for the financial year	-	-	-	558	558	(2,879)	(2,321)
Other comprehensive income for the year							
Exchange differences on consolidation	-	-	(1,360)	-	(1,360)	-	(1,360)
Share of other comprehensive income of associated company	-	-	(415)	-	(415)	-	(415)
Total comprehensive income for the year	-	-	(1,775)	558	(1,217)	(2,879)	(4,096)
Balance as at 31 March 2016	<u>150,113</u>	<u>6,193</u>	<u>(27,912)</u>	<u>119,040</u>	<u>247,434</u>	<u>33,385</u>	<u>280,819</u>
Balance as at 1 July 2014	150,113	2,597	(21,447)	110,001	241,264	32,218	273,482
Profit for the financial year	-	-	-	9,032	9,032	382	9,414
Other comprehensive income for the year							
Exchange differences on consolidation	-	-	(3,603)	-	(3,603)	-	(3,603)
Share of other comprehensive income of associated company	-	-	2,427	-	2,427	-	2,427
Total comprehensive income for the year	-	-	(1,176)	9,032	7,856	382	8,238
Balance as at 31 March 2015	<u>150,113</u>	<u>2,597</u>	<u>(22,623)</u>	<u>119,033</u>	<u>249,120</u>	<u>32,600</u>	<u>281,720</u>

Company	Share	Accumulated	Total
	Capital	Profits	
	\$'000	\$'000	\$'000
Balance as at 1 July 2015	150,113	7,601	157,714
Profit for the financial year	-	119	119
Total comprehensive income for the year	-	119	119
Balance as at 31 March 2016	<u>150,113</u>	<u>7,720</u>	<u>157,833</u>
Balance as at 1 July 2014	150,113	6,955	157,068
Profit for the financial year	-	716	716
Total comprehensive income for the year	-	716	716
Balance as at 31 March 2015	<u>150,113</u>	<u>7,671</u>	<u>157,784</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the company's share capital since the end of the previous corresponding period.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 March 2016	30 June 2015
The total number of issued shares excluding treasury shares	156,453,000	156,453,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation as in the most recently audited annual statements except for the changes required by new or revised Financial Reporting Standards applicable to the Group effective from FY2016.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The changes in accounting policies and methods of computation did not have any significant effect on the financial statements.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 months ended		9 months ended	
	31/03/2016 Cents	31/03/2015 Cents	31/03/2016 Cents	31/03/2015 Cents
Earnings per share (basic and diluted)	(1.37)	1.94	0.36	5.77

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	31/03/2016	30/06/2015	31/03/2016	30/06/2015
Net asset value per ordinary share based on issued share capital (cents)	158.15	158.93	100.88	100.81

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Quarter ended 31 March 2016

Group turnover for Q3 decreased by 49.4% or \$22.2m compared to the previous corresponding period. The decrease from \$44.9m to \$22.7m was due to lower turnover for steel and property development.

Steel turnover decreased by \$17.2m from \$36.6m to \$19.4m due to lower steel prices and tonnage delivered. The steel business incurred a net operating loss of \$2.1m compared to a profit of \$1.2m for the previous corresponding period.

Turnover for Property Development decreased by \$4.9m to \$1.4m and net operating profit decreased by \$2.2m to \$0.4m.

Turnover for Property Rental was unchanged at \$1.9m but net operating profit decreased by \$0.3m to \$0.8m.

Including the share of results of a joint venture company and an associated company, operating profit for the Group decreased by \$8.1m from \$5.1m to a loss of \$3.0m.

On the balance sheet, the decrease in investment in associated company is due mainly to the partial repayment of shareholders' loan by the associated company. The increase in other creditors is due mainly to a deposit received from a customer.

9 months ended 31 March 2016

Group turnover decreased by 27.0% or \$35.2m compared to the previous corresponding period. The decrease from \$130.3m to \$95.1m was almost entirely due to the lower turnover for steel.

Steel turnover decreased by \$35.2m from \$103.7m to \$68.5m due to lower steel prices and tonnage delivered. A net operating loss of \$6.4m was incurred compared to a profit of \$1.3m for the previous corresponding period.

Turnover for Property Development increased by \$0.8m to \$20.6m but net operating profit declined by \$6.2m to \$0.6m.

Turnover for Property Rental decreased by \$0.8m to \$5.9m and net operating profit decreased by \$0.5m to \$3.7m.

Including the share of results of a joint venture company and an associated company, operating profit for the Group decreased by \$15.2m from \$13.3m to a loss of \$1.9m.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Steel prices have shown some reversal of a multi-year downtrend but concerns may arise on supply. Demand for steel is expected to be supported by public infrastructure projects. Competition amongst steel suppliers is expected to remain stiff with fewer projects available and bidding complicated by the size of projects.

Residential property prices for Q1 of 2016 have fallen by a slightly higher percentage compared to the preceding quarter. Market sentiment for the near term is expected to be affected by the economic outlook and cooling measures.

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

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared.

13. Transaction with Interested Persons

Name of interested person	For the financial period ending 31 March 2016	
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	\$'000	\$'000
Antara Mills Sdn Bhd	-	7,822
Antara Steel Mills Sdn Bhd	-	7,030

14. Confirmation by Directors

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results of LTC Corporation Limited for the third quarter ended 31 March 2016, to be false or misleading.

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

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

BY ORDER OF THE BOARD

Silvester Bernard Grant
Company Secretary
9 May 2016