

**TA CORPORATION LTD**

(Incorporated in the Republic of Singapore on 7 March 2011)
(Company Registration No. 201105512R)

NEWS RELEASE**TA CORPORATION POSTS INTERIM FINANCIAL PERFORMANCE**

- **Revenue rose 6.1% to S\$144.3 million in 1H2015; Gross profit up 3.9% to S\$23.3 million**
- **Bottomline impacted by impairment charges of S\$16.8 million for the Group's 25.37%-owned associate, DLSC**
- **Slated to launch 'The Gateway', a landmark 39-storey mixed-development project in Cambodia in the third quarter of 2015**
- **Strategies to grow overseas and recurring income businesses remain on track**

Financial Highlights

(S\$'million)	2Q2015	2Q2014	Change (%)	1H2015	1H2014	Change (%)
Revenue	76.5	70.0	9.3	144.3	136.0	6.1
Gross Profit	11.9	10.9	9.5	23.3	22.5	3.9
Gross Profit Margin (%)	15.5	15.5	-	16.2	16.5	(0.3) ppt
(Loss) / Profit Before Tax	(7.2)	7.0	N.M.*	(5.1)	12.9	N.M.
(Loss) / Net Profit Attributable to Owners of the Company	(8.2)	5.7	N.M.	(7.6)	10.2	N.M.

***Not Meaningful**

Singapore, August 6, 2015 – TA Corporation Ltd (“**TA Corporation**”, and together with its subsidiaries, the “**Group**”) (长益集团有限公司), an established property and construction group, today reported an interim loss attributable to owners of the Company of S\$7.6 million, due mainly to impairment charges of S\$16.8 million¹ for its 25.37%-owned associate, Dalian Shicheng Property Development (S) Pte Ltd (“**DLSC**”). These impairments arose from the management re-assessment on the net assets of DLSC based on valuation of the real estate properties of DLSC by an independent valuer as at June 30, 2015, adjusted by management for the effect of change in marketing strategy of DLSC in 2Q2015 which include bulk sales.

¹ Includes impairment of receivables due from DLSC of S\$12.0 million and remaining carrying amount of investment in DLSC by S\$4.8 million

Management takes into consideration the continuing depressed real estate market in Dalian, China, where DLSC's development properties are located.

For the six months ended June 30, 2015 ("1H2015"), the Group posted a 6.1% increase in revenue to S\$144.3 million, compared to S\$136.0 million in the corresponding financial period ("1H2014"). This was due to higher contributions from the real estate development and distribution segments, which was partially offset by lower revenue from the construction segment. Gross profit came in 3.9% higher at S\$23.3 million against S\$22.5 million a year ago.

Mr. Neo Tiam Boon ("梁添文"), Chief Executive Officer and Executive Director of TA Corporation, said, "While we reported a loss in the second quarter and for the first half of this financial year, much of this was attributed to the impairment charges associated with our 25.37%-owned associate in Dalian, the PRC. Our core operations and business fundamentals remain sound. Without the impairment charges, the Group would have reported a profit of S\$9.2 million in 1H2015. Our long-term growth remains underpinned by the strategy of strengthening TA Corporation's three business pillars of real estate development, construction and distribution."

"On the business front, the year-to-date has been exciting with progressive milestones reached for various on-going real estate and construction projects, as well as new distributorships and partnerships forged for our distribution business. For the second half of the year, we are looking forward to the launch of 'The Gateway' – the Group's first commercial cum residential mixed-use development in Cambodia's capital city of Phnom Penh. Strategically located within Phnom Penh's CBD and adjacent to the Cambodia Prime Minister's Office and an upcoming Parkson retail mall, we are confident that 'The Gateway' will inject life and new vibrancy into the neighbourhood."

REVIEW OF FINANCIAL PERFORMANCE

Revenue (S\$' million)	1H2015	1H2014	Change (%)
Real Estate Development	1.4	22.9	80.8
Construction	4.6	106.6	(11.3)
Distribution	.3	6.5	27.7
Total	44.3	136.0	6.1

On a segmental basis, the real estate development business recorded a 80.8% jump in revenue to S\$41.4 million in 1H2015, backed by higher contributions from *Gambir Ridge*, an on-going private residential development in Gambir Walk, and *Ascent @ 456*, a retail/residential mixed development located in the Balestier area. The handover of sold units to buyers at the Group's Thailand unit also contributed S\$8.6 million in revenue during the period under review.

The lubricants and tyres distribution business² achieved a 27.7% jump in revenue to S\$8.3 million, from S\$6.5 million a year ago, on growing contributions from the Group's operations in Myanmar.

The construction business contributed S\$94.6 million in 1H2015, from S\$106.6 million in 1H2014. Revenue from the construction business was backed by progressive work completion at the Group's seven private residential projects in Singapore, namely *The Skywoods*, *Highline Residences*, *Riversails*, *Marine Point*, *The Sorrento*, *Nouvel 18* and *Foresque Residences*.

Selling and distribution costs decreased to S\$0.4 million in 1H2015, from S\$4.1 million a year ago, due mainly to the absence of show flat costs as there were no new launches during the review period. Finance costs were S\$2.9 million in 1H2015, an increase from S\$1.3 million in 1H2014, due largely to accrued interest cost on the S\$75.0 million fixed rate term notes issued in April 2014.

² Comprises the Group's 100%-owned operating subsidiary in Singapore – *Sino Tac Resources Pte Ltd* – and a 51%-owned joint-venture unit – *Que Holdings Pte. Ltd*

Other operating expenses rose 656.0% to S\$20.9 million in 1H2015, from S\$2.8 million in 1H2014, which was due mainly to the impairments charges of S\$12.0 million in receivables from DLSC in 2Q2015 and S\$4.8 million in the Group's carrying cost of investment in DLSC in 1Q2015. The higher operating expenses were also partially due to a S\$0.7 million foreign exchange loss and a S\$0.5 million fair value loss on investment properties.

As a result of the above, the Group reported a net loss of S\$7.5 million in 1H2015, compared to a net profit of S\$10.6 million in 1H2014. The Group's net asset value per share as at June 30, 2015 was 49.8 Singapore cents, compared to 52.6 Singapore cents as at December 31, 2014.

The Group remains in a healthy cash position with cash and cash equivalents of S\$74.1 million as at June 30, 2015, and total borrowings of S\$354.3 million. The Group's gearing ratio is 1.5 times.

OUTLOOK

For the construction sector, the Building and Construction Authority expects private sector construction demand to moderate to between S\$11.0 billion and S\$15.0 billion, in light of reduced demand arising from weak private residential market sentiments in Singapore. Nonetheless, the Group remains positive on the outlook for its construction business, which is backed by a healthy order book of S\$256.0 million as at June 30, 2015, which will be progressively delivered over the next two years.

On the real estate front, the Group expects the domestic real estate market to remain challenging in the near-term, and will continue to be prudent, and selectively participate in developmental and investment opportunities both in Singapore and the neighbouring region.

In June 2015, the Group updated its S\$150 million multi-currency medium term note programme and increased the programme size to allow the maximum aggregate principal amount of notes outstanding at any time to S\$300 million, bolstering the Group's ability to tap the debt market for funds when required.

“While uncertainties linger over the near-term outlook of Singapore’s private property market, we are in active pursuit of real estate development opportunities across the region as well as the sustainable expansion of our fast-growing distribution business. For the construction business, given the current market slowdown and competitive tender environment in Singapore, we are conserving our resources and manpower for deployment at projects where we can leverage TA Corporation’s competitive edge in private residential development to command greater returns.”

“Additionally, the development of our new 9,200-bed dormitory facility in Singapore is also well underway with completion on track for mid-2016, adding an additional recurring revenue stream to the Group. With these growth strategies in place, we believe that TA Corporation is well-positioned to weather any challenges and deliver long-term value for our shareholders,” Mr. Neo concluded.

ABOUT TA CORPORATION

With a history that can be traced back to 1972, TA Corporation is an established property and construction group, with a growing suite of businesses in distribution as well as the provision of workers training and accommodation in Singapore and across the region.

Backed by its competencies in the construction business and experience in working with established real estate developers, the Group has a reputation as a developer of quality well-located residential developments, targeting the middle to upper middle markets. Some of its completed developments include Leonie Hill Residences, The Citrine, Parc Seabreeze, Auralis, Coralis and The Cristallo, and major ongoing development projects include Terra Villas, Ascent@456 and Gambir Ridge. The Group has also successfully ventured overseas through joint-ventures in the PRC, Thailand, Cambodia and Myanmar.

TA Corporation's main construction business is principally undertaken through its wholly-owned subsidiary, Tiong Aik Construction Pte Ltd, which has a track record of over 40 years in Singapore. Over the years, the Group has built a solid reputation as a reliable building contractor with the ability to undertake a wide spectrum of projects for both public and private sector clients. Most of its past and existing customers are established names, including government bodies such as the URA, HDB and JTC and established real estate developers such as Allgreen Properties Ltd, CapitaLand Residential Ltd, CapitaLand Commercial Ltd, The Ascott Group, Keppel Land Realty Pte Ltd, Wheelock Properties (S'pore) Ltd and Wing Tai Holdings Ltd.

To further complement its property and construction business, the Group's is setting-up a concrete pre-cast components factory in Johore, Malaysia, which is expected to be operational by 2016. As part of TA Corporation's strategy to further expand its recurring income base, the Group is expanding its workers' dormitory business in Singapore, and is expected to add another 9,200 beds to its portfolio by 2016.

Since 2012, TA Corporation has also ventured into the distribution of high performance motor oil and lubricants in Singapore; and subsequently penetrated the Myanmar market for the distribution of automotive, industrial and aviation lubricants, as well as passenger and light truck tyres.

TA Corporation was listed on the SGX Mainboard on November 21, 2011.

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