



TA CORPORATION LTD
(Company Registration No. 201105512R)

Unaudited Third Quarter and 9 Months Financial Statements and Dividend Announcement for the Period Ended 30.09.2014

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

1(a)(i) A Statement of Comprehensive Income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Notes	GROUP					
		3 months ended			9 months ended		
		30.09.2014 S\$'000	30.09.2013 S\$'000	Change %	30.09.2014 S\$'000	30.09.2013 S\$'000	Change %
Revenue		78,800	67,192	17.3	214,791	217,140	(1.1)
Cost of sales		(65,543)	(59,166)	10.8	(179,081)	(177,569)	0.9
Gross profit		13,257	8,026	65.2	35,710	39,571	(9.8)
Other income	1	1,660	2,204	(24.7)	5,796	4,448	30.3
Selling and distribution costs		(397)	(96)	313.5	(1,599)	(280)	471.1
General and administrative expenses		(4,300)	(3,360)	28.0	(12,141)	(10,742)	13.0
Other operating expenses		(975)	(1,593)	(38.8)	(3,736)	(4,037)	(7.5)
Share of profit/ (loss), net of tax of associates	2	319	(427)	NM	(222)	(300)	(26.0)
Finance costs		(1,502)	(308)	387.7	(2,823)	(911)	209.9
Profit before income tax	3	8,062	4,446	81.4	20,985	27,749	(24.4)
Income tax expense		(1,019)	(1,148)	(11.2)	(3,355)	(4,957)	(32.3)
Profit after income tax		7,043	3,298	113.6	17,630	22,792	(22.6)
Other comprehensive income/ (loss):							
Exchange differences on translation of foreign operations		313	(111)	NM	112	171	(34.5)
Loss in fair value on available-for-sale investments		(10)	-	100.0	(25)	-	100.0
Total comprehensive income for the period		7,346	3,187	130.5	17,717	22,963	(22.8)
Profit attributable to :							
Owners of the Company		6,264	2,865	118.6	16,454	19,961	(17.6)
Non-controlling interests		779	433	79.9	1,176	2,831	(58.4)
		7,043	3,298	113.6	17,630	22,792	(22.6)
Total comprehensive income attributable to:							
Owners of the Company		6,565	2,786	135.6	16,533	20,177	(18.1)
Non-controlling interests		781	401	94.8	1,184	2,786	(57.5)
		7,346	3,187	130.5	17,717	22,963	(22.8)
NM = Not meaningful							

* Certain comparative figures have been reclassified to conform to the current period's presentation.

1(a)(ii) Notes to Statement of Comprehensive Income

1. Other income

	Group	
	9 months ended	
	30.09.2014 S\$'000	30.09.2013 S\$'000
Property rental income	1,664	1,703
Gain on disposal of property, plant and equipment	89	20
Service fees income	571	540
Interest income	1,433	1,089
Reversal of provision for foreseeable loss	808	-
Reversal of allowance for doubtful trade receivable, net	-	587
Others	1,231	509
	5,796	4,448

2. Share of profit/ (loss), net of tax of associates

The share of loss, net of tax of associates for 9 months ended 30 September 2014 comprises mainly the share of losses from Dalian Shicheng Property Development (S) Pte. Ltd., and its subsidiary which is partially off-set by share of profit from Meadows Bright Development Pte Ltd and its subsidiaries.

3. Profit before income tax

	Group	
	9 months ended	
	30.09.2014 S\$'000	30.09.2013 S\$'000
Profit before income tax for the period is stated after charging/ (crediting) the following:		
Allowance for/ (Reversal of) doubtful trade receivables, net	12	(583)
Depreciation expense	3,579	2,398
Gain on disposal of property, plant and equipment, net	(89)	(20)
Interest income	(1,433)	(1,089)
(Over)/Under provision of income tax in prior years	(27)	50

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.

	Group		Company	
	30.09.2014 S\$'000	31.12.2013 S\$'000	30.09.2014 S\$'000	31.12.2013 S\$'000
ASSETS				
Current assets				
Cash and bank balances	120,187	96,301	34,633	4,997
Trade and other receivables	187,696	191,263	73,232	33,658
Deposits and prepayments	4,694	6,542	31	28
Available-for-sale investments	9,452	-	-	-
Inventories	3,860	2,901	-	-
Development properties	210,186	196,066	-	-
Total current assets	536,075	493,073	107,896	38,683
Non-current assets				
Property, plant and equipment	25,098	20,862	-	-
Investment properties	178,083	60,175	-	-
Subsidiaries	-	-	116,965	116,965
Goodwill	2,595	2,594	-	-
Associates and joint venture	7,248	8,054	-	-
Other non-current assets	416	416	-	-
Deferred tax assets	181	65	-	-
Total non-current assets	213,621	92,166	116,965	116,965
Total assets	749,696	585,239	224,861	155,648
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	64,443	35,330	-	-
Trade and other payables	142,402	135,369	2,982	2,101
Current portion of finance leases	253	409	-	-
Income tax payable	2,443	12,334	-	10
Total current liabilities	209,541	183,442	2,982	2,111
Non-current liabilities				
Borrowings	209,158	159,934	-	-
Finance leases	602	434	-	-
Term notes	73,955	-	73,955	-
Deferred tax liabilities	1,727	654	-	-
Total non-current liabilities	285,442	161,022	73,955	-
Capital, reserves and non-controlling interests				
Share capital	142,185	142,185	142,185	142,185
Capital reserve	644	644	-	-
Translation and other reserves	(281)	(360)	-	-
Retained earnings	96,921	85,117	5,739	11,352
Equity attributable to owners of the Company	239,469	227,586	147,924	153,537
Non-controlling interests	15,244	13,189	-	-
Total equity	254,713	240,775	147,924	153,537
Total liabilities and equity	749,696	585,239	224,861	155,648

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

	As at 30.09.2014		As at 31.12.2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	63,088	1,608	34,167	1,572
Amount repayable after one year	208,797	74,918	158,195	2,173
Total	271,885	76,526	192,362	3,745

Details of any collateral

Collateral for the above secured borrowings include mortgages over the Group's investment properties, development properties, leasehold properties, certain property, plant and equipment and fixed deposits. The bank facilities are also secured by corporate guarantees from the Company and certain of these facilities are also guaranteed by certain minority shareholders of partially-owned subsidiaries.

1(c) A Consolidated Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	9 months ended	
	30.09.2014 S\$'000	30.09.2013 S\$'000
Operating activities		
Profit before income tax	20,985	27,749
Adjustments for :		
Depreciation expense	3,579	2,398
Interest income	(1,433)	(1,089)
Interest expense	2,823	911
Share of loss of associates	222	300
Gain on disposal of property, plant and equipment	(89)	(20)
Loss in fair value of investment properties	350	-
Reversal of provision for foreseeable loss	(808)	-
Allowance for/ (Reversal of) doubtful trade receivables, net	12	(583)
Operating cash flows before movements in working capital	25,641	29,666
Trade and other receivables	3,556	62,007
Deposits and prepayments	988	(6,522)
Inventories	(959)	(854)
Development properties	(10,719)	6,827
Trade and other payables	8,261	(24,186)
Cash generated from operations	26,768	66,938
Income tax paid	(12,273)	(11,400)
Interest paid	(6,224)	(911)
Net cash from operating activities	8,271	54,627

Investing activities

Interest received	1,433	1,089
Purchase of property, plant and equipment	(6,492)	(5,034)
Proceeds from disposal of property, plant and equipment	128	21
Proceeds from issue of shares in subsidiaries to non-controlling shareholders	871	-
Interest in a joint venture	-	(2,219)
Investment in available-for-sale investments	(9,452)	-
Investment properties	(118,258)	-
Acquisition of subsidiary	(1)	-
Additional investment in an associate	-	(550)
Additional other non-current assets	-	(289)
Net cash used in investing activities	(131,771)	(6,982)

Financing activities

Proceeds from term notes, net	73,955	-
Proceeds from borrowings	97,039	19,250
Repayment of borrowings	(18,704)	(45,165)
Repayment of obligations under finance leases	(360)	(493)
Dividends paid	(4,650)	(6,045)
Net cash from/ (used in) financing activities	147,280	(32,453)

Increase in cash and cash equivalents	23,780	15,192
Cash and cash equivalents at beginning of the period	95,788	105,121
Effect of exchange rate changes	106	(26)

Cash and cash equivalents at end of the period

	119,674	120,287
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Cash and cash equivalents at end of the period comprise the following:

Cash and bank balances	84,793	114,261
Fixed deposits	35,394	6,026
	120,187	120,287
Less: pledged fixed deposits	(513)	-
Cash and cash equivalents at end of the period	119,674	120,287

1(d)(i) A Statement of Changes in Equity (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.

<u>Group (S\$'000)</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Translation and other reserves</u>	<u>Retained earnings</u>	<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interests</u>	<u>Total Equity</u>
Balance at January 1, 2013	142,185	644	(158)	61,873	204,544	23,133	227,677
Total comprehensive income for the year	-	-	(202)	29,289	29,087	2,523	31,610
Proceed from issue of shares in subsidiaries to non-controlling shareholders	-	-	-	-	-	1,410	1,410
Dividends	-	-	-	(6,045)	(6,045)	-	(6,045)
Dividends to non-controlling shareholders	-	-	-	-	-	(13,877)	(13,877)
Balance at December 31, 2013	142,185	644	(360)	85,117	227,586	13,189	240,775
Total comprehensive income for the period	-	-	79	16,454	16,533	1,184	17,717
Proceed from issue of shares in subsidiaries to non-controlling shareholders	-	-	-	-	-	871	871
Dividends	-	-	-	(4,650)	(4,650)	-	(4,650)
Balance at September 30, 2014	142,185	644	(281)	96,921	239,469	15,244	254,713

<u>Company (S\$'000)</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at January 1, 2013	142,185	11,456	153,641
Total comprehensive income for the year	-	5,941	5,941
Dividends	-	(6,045)	(6,045)
Balance at December 31, 2013	142,185	11,352	153,537
Total comprehensive loss for the period	-	(963)	(963)
Dividends	-	(4,650)	(4,650)
Balance at September 30, 2014	142,185	5,739	147,924

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.

Since 31 December 2013, there has been no change to the total number of issued shares of the Company.

As at the end of 30 September 2014, the Company does not have any outstanding convertibles or treasury shares (31 December 2013: Nil).

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 financial year.

The total number of shares excluding treasury shares as at 30 September 2014 was 465,000,000 (31 December 2013: 465,000,000).

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 reported 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 nor reviewed by the Company's auditors.

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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the year ended 31 December 2013.

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 effects of, the change.

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current period or prior years except for more extensive disclosures in the consolidated financial statements as required by FRS 112 Disclosure of Interests in Other Entities.

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.

	Group	
	9 months ended	
	30.09.2014	30.09.2013
(i) Earnings per share based on weighted average number of shares (in cents)	3.5	4.3
(ii) Earnings per share based on a fully diluted basis (in cents)	3.5	4.3
Weighted average number of ordinary shares (in millions)	465.0	465.0

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary shares were the same as the earnings per ordinary shares for the respective periods.

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 period reported on and (b) immediately preceding financial year.

	Group		Company	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Net asset value per ordinary share issued (in cents)	51.5	48.9	31.8	33.0
Total number of issued shares at end of the financial period (in millions)	465.0	465.0	465.0	465.0

There were no treasury shares at the end of the respective financial periods.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group performance

The Group's revenue for the 9 months period ended 30 September 2014 ("9M2014") was S\$214.8 million, a decrease of 1.1% compared to S\$217.1 million for the corresponding period in 2013 ("9M2013"). The decrease was due to lower revenue recorded by the real estate development and construction segments partially offset by the increase in revenue from the distribution segments in 9M2014.

Construction business recorded revenue of S\$151.4 million for 9M2014, a marginal decrease of 0.2% compared to S\$151.7 million for 9M2013.

Real estate development business contributed S\$52.3 million revenue for 9M2014, a decrease of 10.3% compared to S\$58.3 million for 9M2013. While two of our on-going projects, The Cristallo and Gambir Ridge contributed higher revenue in 9M2014 compared to 9M2013, there was no revenue contribution in 9M2014 from Auralis and Coralis both of which achieved TOP in 2013. Our shophouses project in Thailand De Iyara, contributed revenue for the first time upon the completion of the development and handover of the units to buyers.

Distribution business contributed S\$11.1 million for 9M2014, an increase of 56.3% from S\$7.1 million in 9M2013. The increase was mainly due to higher contribution from our distribution business in Myanmar.

In line with lower revenue, gross profit decreased by 9.8% to S\$35.7 million for 9M2014 compared to S\$39.6 million for 9M2013.

Other income increased by S\$1.4 million to S\$5.8 million for 9M2014 compared to S\$4.4 million for 9M2013. The increase was due mainly to reversal of provision for foreseeable loss of S\$0.8 million no longer required and higher interest income of S\$0.4 million.

Selling and distribution costs increased by S\$1.3 million to S\$1.6 million for 9M2014 compared to S\$0.3 million for 9M2013 due mainly to the show flats costs on project, Ascent@456 launched in current period and marketing expense incurred on Thailand project, De Iyara.

General and administrative expenses increased by S\$1.4 million to S\$12.1 million for 9M2014 compared to S\$10.7 million for 9M2013. The increase was mainly due to higher staff cost in line with increase to the head counts.

Finance cost increased by S\$1.9 million to S\$2.8 million for 9M2014 compared to S\$0.9 million for 9M2013. The increase was mainly due to accrued interest on the term notes issued in April 2014.

The Group achieved profit before income tax of S\$21.0 million for 9M2014 compared to S\$27.7 million for 9M2013. Income tax expense decreased in line with lower profit earned for 9M2014.

The Group's profit after income tax was S\$17.6 million for 9M2014 compared to S\$22.8 million for 9M2013.

Review of working capital, assets and liabilities

The movement in assets and liabilities are as follows:

- i) increase in cash and bank balances by S\$23.9 million mainly due to net proceed from issue of fixed rate term notes of S\$73.8 million partially offset by S\$9.5 million available-for-sale investments, S\$12.3 million income tax paid, FY2013 dividends paid of S\$4.7 million, additional loans to associates and purchases of fixed assets and dormitory site.
- ii) decrease in deposits and prepayment by S\$1.8 million was mainly due to reclassification of deposits to property, plant and equipment on completion of the land purchases and show-flat costs expensed off upon launch of the project, Ascent@456.
- iii) increase in inventories by S\$1.0 million was mainly due to increase in products range and higher inventory held for trading purpose.
- iv) increase in available-for-sale investments by S\$9.5 million was for purchases of quoted debt securities.
- v) increase in net borrowings by S\$78.3 million was mainly to finance the purchase of the dormitory site.
- vi) increase in net term notes by S\$74.0 million arose from the issue of S\$75 million fixed rate medium term notes due October 2016 with coupon of 5.25% under the S\$150 million multi-currency medium term notes programme set up in 2013 net of issue costs.
- vii) decrease in income tax payable by S\$9.9 million was due to income tax paid of S\$12.3 million and current period tax provision of S\$2.4 million.
- viii) increase in deferred tax by S\$1.0 million was mainly due to higher provision made on profit from real estate development segment.

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

The company has not made any forecast or prospect statement for the period ended 30 September 2014 previously.

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

The Urban Redevelopment Authority (“URA”) reported in its 3rd Quarter 2014 real estate statistics dated 24 October 2014 that prices of private residential properties decreased by 0.7% in 3Q2014, following the 1.0% price decline in the previous quarter 2Q2014. This was the fourth straight quarter of price decline. The sale of new private residential units decreased to 5,940 units in 9M2014 compared to 12,380 units sold in 9M2013. The weak sentiment for the Singapore private residential property market continues to persist. The Group will continue to adopt a cautious approach while exploring for business opportunities through acquisition, joint venture or strategic alliances that would complement its business.

The construction sector for private residential construction continues to be challenging in the light of reduced demand arising from the weak private residential market sentiment in Singapore, increasing cost pressure arising from the tightening of manpower and higher foreign worker levy as well as keen competition. Despite the current challenging condition, the Group has recently secured a contract worth S\$174.4 million, which increased the order book to S\$391 million as at 30 September 2014, to be delivered progressively over the next 3 years.

11 Dividend

(a) Current Financial Period Reported On

(i) Any dividend declared for the current financial period reported on? No.

(ii) Any dividend recommended for the current financial period reported on? No.

(b) Corresponding period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(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 or recommended in the current financial period.

13 If the group has obtained general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate for interested person transactions. During the period, the following interested person transactions were entered into by the Group:

Name of Interested person	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920 (excluding transactions less than S\$100,000)	
	3 months ended 30 September 2014	9 months ended 30 September 2014	3 months ended 30 September 2014	9 months ended 30 September 2014
	S\$'000	S\$'000	S\$'000	S\$'000
Prestige Resources Pte Ltd	118	268	N.A.	N.A.
TAC Alliance Pte. Ltd.	81	171	N.A.	N.A.
Liong Kiam Teck (Note 1)	398	420	N.A.	N.A.

Note 1:

On 22 January 2014, one of the Company's subsidiaries entered into a cost-plus contract for the erection of three 3-storey strata bungalows with Mr. Liong Kiam Teck, the Executive Chairman of the Company. Estimated cost of S\$4 million plus a 5% mark up on cost incurred shall be billed progressively according to work done. As at 30 September 2014, total billing of S\$419,671 has been rendered based on certified work done.

14 Confirmation pursuant to Rule 705(5) of the Listing Manual

We confirm on behalf of the Board of Directors, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited third quarter financial results of the Group and the Company for the period ended 30 September 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Liong Kiam Teck
Executive Chairman

Neo Tiam Boon
Chief Executive Officer and Director

BY ORDER OF THE BOARD

Foo Soon Soo/ Yap Ming Choo
Company Secretaries

6 November 2014