

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

TA CORPORATION LTD.

Securities

TA CORPORATION LTD - SG2D87975520 - PA3
TACORP S\$27M6%N210726 - SGXF74214317 - MCLB
TA CORPORATION LTD W220520 - SG5ED4000009 - CGOW

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No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

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Yap Ming Choo

Designation

Chief Financial Officer / Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to attached.

Additional Details

For Financial Period Ended

31/03/2019

Attachments

[TACorp_1Q2019%20Results.pdf](#)

[TACorp_1Q2019%20NewsRelease.pdf](#)

Total size = 556K MB



TA CORPORATION LTD
(Company Registration No. 201105512R)

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31.03.2019

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

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

	Notes	Group		
		3 months ended		
		31.03.2019 S\$'000	31.03.2018 S\$'000	Change %
Revenue		34,055	34,923	(2.5)
Cost of sales		(26,981)	(26,379)	2.3
Gross profit		7,074	8,544	(17.2)
Other income	1	741	967	(23.4)
Selling and distribution costs		(135)	(236)	(42.8)
General and administrative expenses	2	(5,267)	(4,847)	8.7
Other operating expenses	3	(2,206)	(2,658)	(17.0)
Share of profit, net of tax of associates and joint ventures	4	454	293	54.9
Finance costs	5	(3,701)	(2,695)	37.3
Loss before income tax	6	(3,040)	(632)	NM
Income tax expense	7	(341)	(41)	NM
Loss after income tax		(3,381)	(673)	NM
Other comprehensive income (loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		320	154	NM
Share of comprehensive loss of associates and joint ventures		(4)	(178)	(97.8)
Total comprehensive loss for the period		(3,065)	(697)	NM
Loss attributable to :				
Owners of the Company		(4,269)	(1,028)	NM
Non-controlling interests		888	355	NM
		(3,381)	(673)	NM
Total comprehensive loss attributable to:				
Owners of the Company		(3,982)	(933)	NM
Non-controlling interests		917	236	NM
		(3,065)	(697)	NM
NM = Not meaningful				

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

1. Other income

	Group	
	3 months ended	
	31.03.2019	31.03.2018
	S\$'000	S\$'000
Rental income	106	72
Management fee	156	138
Interest income	314	281
Gain on disposal of property, plant and equipment	-	35
Grant from government	22	228
Others	143	213
	741	967

2. General and administrative expenses

General and administrative expenses increased by S\$0.5 million to S\$5.3 million for 1Q2019 compared to S\$4.8 million for 1Q2018 mainly due to higher staff costs resulting from higher head count in the construction segment and salaries increment.

3. Other operating expenses

Other operating expenses decreased by S\$0.5 million to S\$2.2 million for 1Q2019 compared to S\$2.7 million for 1Q2018 mainly due to lower loss allowance for receivables and impairment loss on investment property.

4. Share of profit, net of tax of associates and joint ventures

The share of profit, net of tax of associates and joint ventures of S\$0.5 million was higher for 1Q2019 compared to share of profit net of tax, of S\$0.3 million for 1Q2018 was mainly due to higher share of profit from its joint ventures in Myanmar.

5. Finance costs

Finance costs increased by S\$1.0 million to S\$3.7 million for 1Q2019 compared to S\$2.7 million for 1Q2018 mainly due to higher interest incurred on borrowings and lower interest being capitalized upon TOP of the development projects.

6. Loss before income tax

Loss before income tax for the period is stated after charging/ (crediting) the following:

Depreciation expense	1,738	1,241
Loss allowance for receivables, net	56	487
Impairment loss on investment property	104	200
Fair value change in derivative financial instrument	-	1
Interest income	(314)	(281)
Gain on disposal of property, plant and equipment	-	(35)
Reversal of impairment loss on other non-current assets	-	(3)

	Group	
	3 months ended	
	31.03.2019	31.03.2018
	S\$'000	S\$'000
Depreciation expense	1,738	1,241
Loss allowance for receivables, net	56	487
Impairment loss on investment property	104	200
Fair value change in derivative financial instrument	-	1
Interest income	(314)	(281)
Gain on disposal of property, plant and equipment	-	(35)
Reversal of impairment loss on other non-current assets	-	(3)

7. Income tax expense

Provision for taxation
 Tax provision for current year
 Over provision of tax for prior year

 Deferred tax

Group	
3 months ended	
31.03.2019	31.03.2018
S\$'000	S\$'000
(312)	(36)
(4)	(2)
(316)	(38)
(25)	(3)
(341)	(41)

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	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	31,306	41,213	1,446	3,565
Trade and other receivables	40,183	38,220	23,121	23,342
Deposits and prepayments	4,131	4,551	21	8
Inventories	7,548	7,040	-	-
Contract assets	28,613	26,908	-	-
Development properties	236,080	233,061	-	-
Total current assets	347,861	350,993	24,588	26,915
Non-current assets				
Property, plant and equipment	55,569	55,462	-	-
Investment properties	235,838	235,943	-	-
Subsidiaries	-	-	91,965	91,965
Goodwill	2,595	2,595	-	-
Associates and joint ventures	17,312	16,838	-	-
Trade and other receivables	49,225	47,104	104,256	102,129
Other non-current assets	396	396	-	-
Total non-current assets	360,935	358,338	196,221	194,094
Total assets	708,796	709,331	220,809	221,009
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	156,120	132,860	20,000	20,000
Trade and other payables	78,443	83,007	16,672	16,924
Current portion of finance leases	284	316	-	-
Contract liabilities	49,846	46,189	-	-
Income tax payable	527	314	-	-
Total current liabilities	285,220	262,686	36,672	36,924
Non-current liabilities				
Borrowings	192,577	212,765	-	-
Trade and other payables	41,047	40,834	-	-
Finance leases	241	307	-	-
Term notes	26,896	26,884	26,895	26,884
Deferred tax liabilities	305	280	-	-
Total non-current liabilities	261,066	281,070	26,895	26,884
Capital, reserves and non-controlling interests				
Share capital	154,189	154,189	154,189	154,189
Reserves	675	675	31	31
Translation and other reserves	(483)	(770)	-	-
Retained earnings	14,020	18,289	3,022	2,981
Equity attributable to owners of the Company	168,401	172,383	157,242	157,201
Non-controlling interests	(5,891)	(6,808)	-	-
Total equity	162,510	165,575	157,242	157,201
Total liabilities and equity	708,796	709,331	220,809	221,009

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

	As at 31.03.2019		As at 31.12.2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	146,066	10,338	122,757	10,419
Amount repayable after one year	192,503	27,211	212,712	27,244
Total	338,569	37,549	335,469	37,663

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 and legal assignment of sales proceeds from the development properties. Certain bank facilities are also secured by corporate guarantees from the Company and guarantees from 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.

	3 months ended	
	31.03.2019 S\$'000	31.03.2018 S\$'000
Operating activities		
Loss before income tax	(3,040)	(632)
Adjustments for :		
Depreciation expense	1,738	1,241
Share of profit of associates and joint ventures	(454)	(293)
Fair value change in derivative financial instrument	-	1
Gain on disposal of property, plant and equipment	-	(35)
Interest expense	3,701	2,695
Interest income	(314)	(281)
Impairment loss on investment property	104	200
Reversal of impairment loss on other non-current assets	-	(3)
Loss allowance for receivables, net	56	487
Operating cash flows before movements in working capital	1,791	3,380
Trade and other receivables	(1,928)	12,872
Contract assets	(1,705)	5,671
Contract liabilities	3,657	4,796
Deposits and prepayments	420	(137)
Inventories	(508)	29
Development properties	(2,578)	(7,934)
Trade and other payables	(4,351)	(6,073)
Cash (used in) generated from operations	(5,202)	12,604
Income tax paid	(103)	(250)
Interest paid	(4,142)	(3,496)
Net cash (used in) generated from operating activities	(9,447)	8,858

	3 months ended	
	31.03.2019	31.03.2018
	S\$'000	S\$'000
Investing activities		
Advances to associates and joint ventures	(1,890)	(1,185)
Interest received	314	281
Purchase of property, plant and equipment	(1,769)	(3,166)
Proceeds from disposal of property, plant and equipment	-	77
Net cash used in investing activities	(3,345)	(3,993)
Financing activities		
Advance from an associate	-	8,000
Proceeds from borrowings	14,330	33,166
Repayment of term notes	-	(40,000)
Repayment of borrowings	(11,511)	(17,427)
Repayment of obligations under finance leases	(98)	(102)
Pledged fixed deposits	543	(232)
Net cash from (used in) financing activities	3,264	(16,595)
Decrease in cash and cash equivalents	(9,528)	(11,730)
Cash and cash equivalent at beginning of the period	33,781	79,092
Effect of exchange rate changes	(100)	(61)
Cash and cash equivalents at end of the period	24,153	67,301

Cash and cash equivalents at end of the period comprise the following:

Cash and bank balances	24,417	62,924
Fixed deposits	6,889	10,607
	31,306	73,531
Less: pledged fixed deposits	(6,889)	(5,800)
Less: bank overdraft	(264)	(430)
Cash and cash equivalents at end of the period	24,153	67,301

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>Reserves</u>	<u>Translation 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, 2018	150,391	675	467	38,208	189,741	(8,786)	180,955
<i>Total comprehensive loss for the year</i>							
Loss for the year	-	-	-	(14,919)	(14,919)	1,841	(13,078)
Other comprehensive loss for the year	-	-	(1,237)	-	(1,237)	24	(1,213)
Total	-	-	(1,237)	(14,919)	(16,156)	1,865	(14,291)
<i>Transactions with owners, recognised directly in equity</i>							
Proceeds from issue of shares to non-controlling shareholders	-	-	-	-	-	200	200
Issue of shares pursuant to scrip dividend scheme	3,798	-	-	-	3,798	-	3,798
Dividends paid							
- in cash	-	-	-	(1,202)	(1,202)	-	(1,202)
- in scrip	-	-	-	(3,798)	(3,798)	-	(3,798)
Dividends paid to non-controlling shareholders	-	-	-	-	-	(87)	(87)
Total	3,798	-	-	(5,000)	(1,202)	113	(1,089)
Balance at December 31, 2018	154,189	675	(770)	18,289	172,383	(6,808)	165,575
<i>Total comprehensive loss for the period</i>							
Loss for the period	-	-	-	(4,269)	(4,269)	888	(3,381)
Other comprehensive income for the period	-	-	287	-	287	29	316
Total	-	-	287	(4,269)	(3,982)	917	(3,065)
Balance at March 31, 2019	154,189	675	(483)	14,020	168,401	(5,891)	162,510

<u>Company (S\$'000)</u>	<u>Share capital</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at January 1, 2018	150,391	31	7,519	157,941
<i>Total comprehensive income for the year</i>				
Profit for the year, representing total comprehensive income for the year	-	-	462	462
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares pursuant to scrip dividend scheme	3,798	-	-	3,798
Dividends paid				
- in cash	-	-	(1,202)	(1,202)
- in scrip	-	-	(3,798)	(3,798)
Total	3,798	-	(5,000)	(1,202)
Balance at December 31, 2018	154,189	31	2,981	157,201
<i>Total comprehensive income for the period</i>				
Profit for the period, representing total comprehensive income for the period	-	-	41	41
Balance at March 31, 2019	154,189	31	3,022	157,242

1(d)(ii) Details of any changes in the company's share capital arising from right 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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 has been no change to the Company's issued share capital for the three months ended 31 March 2019.

As at end of 31 March 2019, the Company does not have any outstanding convertibles or treasury shares and subsidiary holding (31 March 2018: Nil).

The total number of outstanding warrants as at 31 March 2019 was 120,567,589 (31 March 2018: 120,567,589).

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 at 31 March 2019 was 518,068,220 (31 December 2018: 518,068,220). The Company has no treasury shares.

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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 Item 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 of the audited financial statements for the financial year ended 31 December 2018.

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.

On 6 March 2019, the International Financial Reporting Standards ("IFRS") Interpretation Committee finalised the agenda decision on IAS 23 *Borrowing Costs* – Over time transfer of constructed good. It was concluded that borrowing costs would not be capitalised when the borrowings relate to the construction of a residential multi-unit real estate development for which revenue is recognised over time. No adjustments have been made as the Group and Company are in the process of assessing the impact.

6 Loss 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.

(i) Loss per ordinary shares based on weighted average number of shares (in cents)

(ii) Loss per ordinary shares based on a fully diluted basis (in cents)

Weighted average number of ordinary shares (in millions)

Group	
3 months ended	
31.03.2019	31.03.2018
(0.8)	(0.2)
(0.8)	(0.2)
518.1	500.0

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary shares were the same as the earnings per ordinary shares based on the weighted average number of 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	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Net asset value per ordinary share (in cents)	32.5	33.3	30.4	30.3
Total number of issued shares at end of the financial period (in millions)	518.1	518.1	518.1	518.1

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 recorded S\$34.1 million in revenue for 1Q2019, a decrease of S\$0.8 million compared to S\$34.9 million for the corresponding period in 1Q2018.

Construction segment recorded revenue of S\$22.0 million in 1Q2019, a decrease of S\$2.2 million compared to S\$24.2 million in 1Q2018 due to lower revenue recognition from progressive construction work for projects.

Distribution of lubricants and tyres business recorded S\$5.9 million revenue in 1Q2019, a decrease of S\$0.5 million compared to S\$6.4 million in 1Q2018 mainly due to lower revenue from distribution business in Myanmar.

Real estate investment segment recorded S\$5.4 million revenue in 1Q2019, an increase S\$1.0 million compared to S\$4.4 million in 1Q2018 mainly due to higher occupancy rate from Tuas South dormitory compared to 1Q2018.

General and administrative expenses increased by S\$0.5 million to S\$5.3 million for 1Q2019 compared to S\$4.8 million for 1Q2018 mainly due to higher staff costs resulting from higher head count in the construction segment and salaries increment.

Other operating expenses decreased by S\$0.5 million to S\$2.2 million for 1Q2019 compared to S\$2.7 million for 1Q2018 due mainly to lower loss allowance for receivables and impairment loss on investment property.

Finance costs increased by S\$1.0 million to S\$3.7 million for 1Q2019 compared to S\$2.7 million for 1Q2018 mainly due to interest incurred on higher borrowings and lower interest being capitalized upon TOP of the development projects.

The Group recorded loss before income tax of S\$3.0 million in 1Q2019 compared to loss before income tax of S\$0.6 million in 1Q2018. Income tax expense is higher than statutory tax rate due to profit before tax in real estate investment segment has increased as compared with 1Q2018 and no deferred tax asset has been recognised on unutilized tax losses.

Review of cash flow, working capital, assets and liabilities

The changes in assets and liabilities are as follow:

- i) increase in current trade and other receivables by S\$2.0 million was mainly due to progress billings on sold units of development property.
- ii) increase in contract assets by S\$1.7 million was mainly due to increase in accrued income arising from timing difference between revenue recognized and progress billings from construction contracts and retention receivables held by contract customers.
- iii) increase in development properties by S\$3.0 million was mainly due to development cost incurred for on-going projects.
- iv) increase in non-current trade and other receivables by S\$2.1 million was mainly due to working capital advances provided to a joint venture undertaking a property development project at Mattar Road.
- v) increase in current borrowings by S\$23.3 million was mainly due to reclassification of borrowings due within 12 months and additional loans obtained for working capital purpose.
- vi) decrease in trade and other payables by S\$4.6 million was mainly due to repayment to suppliers and sub-contractors.
- vii) increase in contract liabilities by S\$3.7 million was mainly due to higher cumulative progress billings for sold units of an overseas development property on which revenue is recognised at point in time.
- viii) decrease in non-current borrowings by S\$20.2 million was due to reclassification of borrowings due within 12 months to current borrowings.

Cash and cash equivalents decreased by S\$9.5 million in 1Q2019 mainly due to the following items:

- i) net cash used in operating activities of S\$9.4 million was mainly attributable to payment to suppliers and sub-contractors of S\$4.4 million, interest payment of S\$4.1 million, development cost incurred for on-going projects of S\$2.6 million, partially offset by collection from trade receivables and progress billings for overseas development property.
- ii) net cash used in investing activities of \$3.3 million was mainly due to advances of S\$1.9 million provided to associates and joint ventures (“JV”) for JV’s working capital and S\$1.8 million for purchase of property, plant and equipment.
- iii) net cash inflow from financing activities of S\$3.3 million mainly due to proceeds from borrowings.

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 31 March 2019 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.

According to the Building and Construction Authority news release on 14 January 2019, private sector construction demand is expected to remain steady at between S\$10.5 billion and S\$12.5 billion in 2019, supported by projects including the redevelopment of past en-bloc sale sites concluded prior to the second half of 2018 and new industrial developments.

As at 31 March 2019, the Group’s construction order book is S\$580.0 million to be delivered progressively over four years.

The Group will continue to exercise financial prudence while pursuing strategic business opportunities locally such as participating in land tender, and in the region to expand earning base and increase recurring income.

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.

Name of Interested person	Aggregate value of all interested person transactions during the financial period under review (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 31 March 2019	3 months ended 31 March 2019
	S\$'000	S\$'000
Matsushita Greatwall Corporation Private Limited	437	N.A.

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual

We confirm that the Company has procured undertakings from all its directors and the executive officer based on the latest revised format set out in Appendix 7.7.

15 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 first quarter financial results of the Group and the Company for the period ended 31 March 2019 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

10 May 2019