
Issuer & Securities

Issuer/ Manager

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD QUARTER RESULTS

Securities

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

Stapled Security

No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date &Time of Broadcast

12-Nov-2019 19:08:19

Status

New

Announcement Sub Title

Third Quarter Results

Announcement Reference

SG191112OTHREWZO

Submitted By (Co./ Ind. Name)

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 the attached.

Additional Details

For Financial Period Ended

30/09/2019

Attachments

[TACorp_3Q2019Results.pdf](#)

[TACorp_3Q2019NewsRelease.pdf](#)

Total size =894K MB



TA CORPORATION LTD
(Company Registration No. 201105512R)

Unaudited Third Quarter and 9 months Financial Statements and Dividend Announcement for the Period Ended 30.09.2019

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		
		30.09.2019 S\$'000	30.09.2018 S\$'000	Change %	30.09.2019 S\$'000	30.09.2018 S\$'000	Change %
Revenue		57,674	30,780	87.4	136,047	106,433	27.8
Cost of sales		(47,587)	(23,961)	98.6	(110,237)	(83,361)	32.2
Gross profit		10,087	6,819	47.9	25,810	23,072	11.9
Other income	1	1,374	655	109.8	2,957	2,454	20.5
Selling and marketing costs		(2,195)	(388)	465.7	(2,713)	(1,106)	145.3
General and administrative expenses		(5,233)	(5,174)	1.1	(15,967)	(14,929)	7.0
Other operating expenses		(3,356)	(5,267)	(36.3)	(7,753)	(10,306)	(24.8)
Share of (loss) profit, net of tax of associates and joint ventures		(260)	(170)	52.9	77	(71)	(208.5)
Finance costs		(3,835)	(3,534)	8.5	(11,352)	(9,298)	22.1
Loss before income tax	2	(3,418)	(7,059)	(51.6)	(8,941)	(10,184)	(12.2)
Income tax expense	3	(310)	(87)	256	(891)	(190)	368.9
Loss after income tax		(3,728)	(7,146)	(47.8)	(9,832)	(10,374)	(5.2)
Other comprehensive income (loss):							
Exchange differences on translation of foreign operations		608	330	84.2	1,222	776	57.5
Share of comprehensive income (loss) of associates and joint ventures		373	(58)	(743.1)	235	(28)	(939.3)
Total comprehensive loss for the period		(2,747)	(6,874)	(60.0)	(8,375)	(9,626)	(13.0)
Loss attributable to :							
Owners of the Company		(3,676)	(6,776)	(45.7)	(11,273)	(10,435)	8.0
Non-controlling interests		(52)	(370)	(85.9)	1,441	61	NM
		(3,728)	(7,146)	(47.8)	(9,832)	(10,374)	(5.2)
Total comprehensive loss attributable to:							
Owners of the Company		(2,906)	(6,610)	(56.0)	(10,021)	(9,852)	1.7
Non-controlling interests		159	(264)	(160.2)	1,646	226	628.3
		(2,747)	(6,874)	(60.0)	(8,375)	(9,626)	(13.0)

NM – not meaningful

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

1. Other income

	Group			
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Rental income	137	79	410	196
Management fee	82	138	358	415
Interest income	631	323	1,272	839
Grant from government	-	26	22	269
Gain on foreign exchange	402	-	402	-
Gain (Loss) on disposal of property, plant and equipment	8	(10)	11	25
Others	114	99	482	710
	1,374	655	2,957	2,454

2. Loss before income tax

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

	Group			
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Loss allowance for doubtful receivables, net	253	168	312	1,153
Depreciation of property, plant and equipment	1,668	2,221	4,968	4,679
Depreciation of right-of-use assets	439	-	626	-
Fair value change in derivative financial instrument	-	-	-	4
Loss (Gain) in fair value of investment properties	168	(100)	377	100
(Gain) Loss on disposal of property, plant and equipment, net	(8)	10	(11)	(25)
Interest income	(631)	(323)	(1,272)	(839)
Impairment loss on other non-current assets	4	13	8	3
Impairment loss on development properties	-	566	-	566
Property, plant and equipment written off	116	-	116	-

3. Included in income tax expense is the following:

	Group			
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Provision for taxation				
-current year	(336)	(94)	(873)	(202)
-under provision for prior year	(2)	(3)	(6)	(5)
	(338)	(97)	(879)	(207)
Deferred tax	28	10	(12)	17
	(310)	(87)	(891)	(190)

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	
	30.09.2019	31.12.2018	30.09.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	24,285	41,213	92	3,565
Trade and other receivables	62,776	38,220	24,907	23,342
Deposits and prepayments	5,180	4,551	23	8
Inventories	7,767	7,040	-	-
Contract assets	38,875	26,908	-	-
Development properties	253,968	233,061	-	-
Total current assets	392,851	350,993	25,022	26,915
Non-current assets				
Property, plant and equipment	54,517	55,462	-	-
Investment properties	235,714	235,943	-	-
Subsidiaries	-	-	91,965	91,965
Goodwill	2,595	2,595	-	-
Associates and joint ventures	17,150	16,838	-	-
Trade and other receivables	52,743	47,104	104,308	102,129
Right-of-use assets	1,975	-	-	-
Other non-current assets	388	396	-	-
Total non-current assets	365,082	358,338	196,273	194,094
Total assets	757,933	709,331	221,295	221,009
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	143,250	132,860	5,000	20,000
Trade and other payables	108,912	83,007	22,071	16,924
Lease liabilities	1,108	316	-	-
Contract liabilities	61,055	46,189	-	-
Income tax payable	980	314	-	-
Total current liabilities	315,305	262,686	27,071	36,924
Non-current liabilities				
Borrowings	208,528	212,765	10,000	-
Trade and other payables	48,225	40,834	-	-
Lease liabilities	1,457	307	-	-
Term notes	26,918	26,884	26,918	26,884
Deferred tax liabilities	292	280	-	-
Total non-current liabilities	285,420	281,070	36,918	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	482	(770)	-	-
Retained earnings	7,016	18,289	3,086	2,981
Equity attributable to owners of the Company	162,362	172,383	157,306	157,201
Non-controlling interests	(5,154)	(6,808)	-	-
Total equity	157,208	165,575	157,306	157,201
Total liabilities and equity	757,933	709,331	221,295	221,009

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

	As at 30.09.2019		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	141,127	3,231	122,757	10,419
Amount repayable after one year	209,760	27,143	212,712	27,244
Total	350,887	30,374	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.

	Group			
	3 months ended		9 months ended	
	30.09.2019 S\$'000	30.09.2018 S\$'000	30.09.2019 S\$'000	30.09.2018 S\$'000
Operating activities				
Loss before income tax	(3,418)	(7,059)	(8,941)	(10,184)
Adjustments for:				
Depreciation of property, plant and equipment	1,668	2,221	4,968	4,679
Depreciation of right-of-use assets	439	-	626	-
Interest income	(631)	(323)	(1,272)	(839)
Finance costs	3,835	3,534	11,352	9,298
Impairment loss on development properties	-	566	-	566
Fair value change in derivative financial instrument	-	-	-	4
Share of loss (profit) of associates and joint ventures	260	170	(77)	71
(Gain) loss on disposal of property, plant and netnetnetnet equipment, net	(8)	10	(11)	(25)
Property, plant and equipment written off	116	-	116	-
Impairment on other non-current assets	4	13	8	3
Loss (gain) in fair value of investment properties	168	(100)	377	100
Loss allowance for doubtful receivables, net	253	168	312	1,153
Operating cash flows before movements in working capital	2,686	(800)	7,458	4,826
Trade and other receivables	(14,736)	3,295	(24,267)	20,331
Contract assets	(2,255)	936	(11,967)	3,719
Contract liabilities	7,185	2,053	14,866	9,058
Deposits and prepayments	(555)	(379)	(629)	(515)
Inventories	(840)	(141)	(727)	(1,445)
Development properties	(10,649)	(7,394)	(20,145)	(33,392)
Trade and other payables	19,714	(5,000)	28,796	(13,424)
Cash generated from (used in) operations	550	(7,430)	(6,615)	(10,842)
Income tax paid	(93)	(31)	(213)	(308)
Interest paid	(4,143)	(3,941)	(12,101)	(10,966)
Net cash used in operating activities	(3,686)	(11,402)	(18,929)	(22,116)

	Group			
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Investing activities				
Advances to associates and joint ventures	(1,820)	(3,163)	(5,000)	(18,718)
Additional investment in associates and joint ventures	-	(201)	-	(201)
Dividend received from associate	-	220	-	220
Interest received	631	323	1,272	839
Purchase of property, plant and equipment	(1,184)	(2,374)	(3,882)	(5,083)
Proceeds from disposal of property, plant and equipment	14	14	17	151
Net cash used in investing activities	(2,359)	(5,181)	(7,593)	(22,792)
Financing activities				
Advance from an associate	1,000	-	4,500	9,600
Proceeds from borrowings	17,392	24,014	44,767	77,690
Proceeds from term notes, net	-	27,000	-	27,000
Repayment of borrowings	(12,823)	(25,251)	(39,741)	(64,989)
Repayment of term notes	-	-	-	(40,000)
Repayment of principal portion of lease liabilities	(364)	(129)	(976)	(384)
Pledged fixed deposits	(367)	(1,733)	(2,547)	(1,832)
Dividends paid	-	-	-	(1,202)
Net cash from financing activities	4,838	23,901	6,003	5,883
(Decrease) Increase in cash and cash equivalents	(1,207)	7,318	(20,519)	(39,025)
Cash and cash equivalents at beginning of the period	14,447	32,757	33,781	79,092
Effect of exchange rate changes	(95)	488	(117)	496
Cash and cash equivalents at end of the period	13,145	40,563	13,145	40,563

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

Cash and bank balances	17,306	40,696	17,306	40,696
Fixed deposits	6,979	7,400	6,979	7,400
	24,285	48,096	24,285	48,096
Less: pledged cash and fixed deposits	(9,979)	(7,400)	(9,979)	(7,400)
Less: bank overdraft	(1,161)	(133)	(1,161)	(133)
Cash and cash equivalents at end of the period	13,145	40,563	13,145	40,563

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) income for the year	-	-	-	(14,919)	(14,919)	1,841	(13,078)
Other comprehensive (loss) income 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
Proceeds from issue of share to non-controlling shareholder	-	-	-	-	-	8	8
<i>Total comprehensive loss for the period</i>							
(Loss) income for the period	-	-	-	(11,273)	(11,273)	1,441	(9,832)
Other comprehensive income for the period	-	-	1,252	-	1,252	205	1,457
Total	-	-	1,252	(11,273)	(10,021)	1,646	(8,375)
Balance at September 30, 2019	154,189	675	482	7,016	162,362	(5,154)	157,208

<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	-	-	105	105
Balance at September 30, 2019	154,189	31	3,086	157,306

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 2018, there has been no change to the total number of issued share of the Company.

The total number of outstanding warrants as at 30 September 2019 was 120,567,589 (30 September 2018: 120,567,589).

As at the end of 30 September 2019, the Company does not have any outstanding treasury shares (30 September 2018: 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 at 30 September 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 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 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.

(i) SFRS(I) 16 Leases

The Group has adopted SFRS(I) 16 *Leases* with effect from 1 January 2019. The Group has applied the simplified transition approach and has not restated the comparative for the 2018 reporting period as permitted under the specific transition provision in the standard. On adoption of SFRS(I) 16 *Leases*, the Group recognised right-of-use ("ROU") assets and lease liabilities of S\$2.5 million on 1 January 2019.

The Group applied the practical expedient under SFRS(I) 16 not to reassess whether a contract is, or contain, a lease at the date of initial application by applying this standard to contracts that were previously identified as leases applying FRS17 *Leases* and INT FRS 104 *Determining whether an Arrangement contains a Lease*.

ROU asset that meets the definition of investment property is presented within investment properties.

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.

	Group			
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
(i) Loss per ordinary share based on weighted average number of shares (in cents)	(0.7)	(1.3)	(2.2)	(2.1)
(ii) Loss per ordinary share based on a fully diluted basis (in cents)	(0.7)	(1.3)	(2.2)	(2.1)
Weighted average number of ordinary shares (in millions)	518.1	518.1	518.1	508.0

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	
	30.09.2019	31.12.2018	30.09.2019	31.12.2018
Net asset value per ordinary share issued (in cents)	31.3	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

3Q2019 vs 3Q2018

For the quarter under review, the Group's revenue has increased by 87.4% from S\$30.8 million in 3Q2018 to S\$57.7 million in 3Q2019. The increase in revenue was mainly due to higher revenue contributions by the construction segment from S\$20.5 million to S\$47.2 million and the real estate investment segment from S\$4.9 million to S\$5.7 million, partially offset by lower revenue from the distribution segment from S\$5.3 million to S\$4.1 million. The gross profit increased by 47.9% from S\$6.9 million in 3Q2018 to S\$10.1 million in 3Q2019.

Other income increased by S\$0.7 million to S\$1.4 million in 3Q2019 compared to S\$0.7 million in 3Q2018 mainly due to higher interest income from associates.

Selling and marketing costs increased by S\$1.8 million to S\$2.2 million in 3Q2019 compared to S\$0.4 million in 3Q2018 due to higher marketing costs incurred for a property development project.

Other operating expenses decreased by 36.3% from S\$5.3 million in 3Q2018 to S\$3.4 million in 3Q2019. This was mainly due to absence of provision for impairment loss on property unit held for sale in the quarter under review compared to previous quarter.

The share of loss, net of tax of associates and joint ventures of S\$0.3 million in 3Q2019 compared to S\$0.2 million in 3Q2018 was mainly due to higher share of loss from the joint ventures in Myanmar.

Finance costs have increased by 8.5% from S\$3.8 million in 3Q2019 compared to S\$3.5 million in 3Q2018 mainly due to increase in project borrowings and in interest rates on borrowings.

The Group recorded a loss before income tax of S\$3.4 million in 3Q2019, a decrease of S\$3.7 million compared to S\$7.1 million in 3Q2018.

9M2019 vs 9M2018

The Group's revenue for 9M2019 was S\$136.0 million, an increase of S\$29.6 million compared to S\$106.4 million in 9M2018.

Construction segment recorded revenue of S\$102.0 million in 9M2019, an increase of S\$27.4 million compared to S\$74.6 million in 9M2018 due to higher revenue recognised from progressive construction work for projects.

Real estate investment segment recorded S\$16.5 million revenue in 9M2019, an increase of S\$2.5 million compared to S\$14.0 million in 9M2018 mainly due to improvement in bed and occupancy rates for Tuas South Dormitory in 9M2019 compared to 9M2018.

Distribution segment generated S\$15.5 million revenue in 9M2019, a decrease of S\$2.0 million from S\$17.5 million in 9M2018. The decrease was mainly due to lower contribution from our distribution business in Myanmar.

The gross profit increased by 11.9% from S\$23.1 million in 3Q2018 to S\$25.8 million in 3Q2019.

Other income increased by S\$0.5 million to S\$3.0 million in 9M2019 compared to S\$2.5 million in 9M2018 mainly due to higher interest income from associates.

Selling and marketing costs increased by S\$1.6 million to S\$2.7 million in 9M2019 compared to S\$1.1 million in 9M2018 due to higher marketing costs incurred for a property development project.

General and administrative expenses increased by S\$1.1 million to S\$16.0 million in 9M2019 compared to S\$14.9 million in 9M2018 mainly due to higher staff costs resulting from higher head count in the construction segment and salaries increment.

Other operating expenses decreased by S\$2.5 million to S\$7.8 million in 9M2019 compared to S\$10.3 million in 9M2018. This was mainly due to lower loss allowance for doubtful receivables, absence of loss in foreign exchange and absence of provision for impairment loss on property unit held for sale.

Finance costs increased by S\$2.1 million to S\$11.4 million in 9M2019 compared to S\$9.3 million in 9M2018 mainly due to increase in project borrowings, increase in interest rates on borrowings and lower interest capitalised upon completion of construction of development property in May 2018.

The Group recorded a loss before income tax of S\$8.9 million in 9M2019, a decrease of S\$1.3 million compared to S\$10.2 million in 9M2018.

Review of working capital, assets and liabilities

The changes in assets and liabilities are as follows:

- i) increase in current trade and other receivables by S\$24.6 million was mainly due to higher contract work billed for construction projects and higher prepayments for the Group's real estate development project in Cambodia.
- ii) increase in contract assets by S\$12.0 million was mainly due to increase in accrued income arising from timing difference between revenue recognised and progress billings from construction contracts and retention receivables due from contract customers.
- iii) increase in development properties by S\$20.9 million was mainly due to development cost incurred for on-going projects.
- iv) increase in non-current trade and other receivables by S\$5.6 million was mainly due to working capital advances provided to a joint venture undertaking a property development project at Mattar Road.
- v) ROU assets are from the adoption of SFRS (I) 16 on 1 January 2019. The net carrying value of ROU assets were S\$2.0 million as at 30 September 2019.
- vi) increase in current borrowings by S\$10.4 million was mainly due to reclassification of borrowings due within 12 months and additional loans obtained for construction projects financing purposes.
- vii) increase in current trade and other payables by S\$25.9 million was mainly due to higher billing from subcontractors and suppliers resulting from higher construction progress works, increase in progress payments received from buyers of sold units of development project in Cambodia where the revenue is recognised on completion of contract basis and increase in payables to associate.

- viii) lease liabilities increased mainly due to recognition of lease obligations amounting to S\$2.5 million upon adoption of SFRS (I) 16 *Leases* on 1 January 2019.
- ix) decrease in non-current borrowings by S\$4.2 million was due to reclassification of borrowings due within 12 months to current borrowings.

Cash and cash equivalents decreased by S\$20.5 million in 9M2019 mainly due to the following items:

- i) net cash used in operating activities of S\$18.9 million was mainly attributable to interest payment of S\$12.1 million and development cost incurred for on-going projects of S\$20.1 million.
- ii) net cash used in investing activities of S\$7.6 million was mainly due to advances of S\$5.0 million provided to associates and joint ventures (“JV”) for their working capital and S\$3.9 million for purchase of property, plant and equipment.

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 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.

The Urban Redevelopment Authority (“URA”) reported in its 3rd Quarter 2019 real estate statistics dated 25 October 2019 that prices of private residential properties increased by 1.3% in 3rd Quarter 2019 compared with the 1.5% increase in the previous quarter. Notwithstanding the consecutive improvements quarter to quarter reported by URA with the various property cooling measures introduced still in place, the Group expects the residential property market to remain challenging in the near term.

The Building and Construction Authority (“BCA”) projected in their Forecast and Actual Construction Demand report dated 10 October 2019 that the total value of construction contracts to be awarded in 2019 to reach between S\$27.0 billion and S\$32.0 billion. Private construction demand is expected to remain steady at between S\$11.0 billion and S\$13.0 billion in 2019.

Despite the challenging operating environment, the Group remains focused on executing its order book of S\$518.7 million as at 30 September 2019 to be delivered progressively over next three years while continuing to exercise financial prudence to pursue strategic business opportunities locally and overseas.

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 and the reason(s) for the decision.

It is not the Company's practice to declare interim dividend.

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 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 30 September 2019	9 months ended 30 September 2019	3 months ended 30 September 2019	9 months ended 30 September 2019
	SS'000	SS'000	SS'000	SS'000
Prestige Resources Pte Ltd	32	199	N.A.	N.A.
TAC Alliance Pte. Ltd.	50	167	N.A.	N.A.
Matsushita Greatwall Corporation Private Limited	-	434	N.A.	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 third quarter financial results of the Group and the Company for the period ended 30 September 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

12 November 2019



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION REPORTS 87.4% JUMP IN 3Q2019 REVENUE TO S\$57.7 MILLION

- ***Narrowed loss attributable to owners of the Company to S\$3.7 million***
- ***Maintained resilient order book of S\$518.7 million as at September 30, 2019, to be progressively recognised over the next three years***

Singapore, November 12, 2019 – 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, reported an 87.4% increase in revenue to S\$57.7 million for the three months ended September 30, 2019 (“3Q2019”), from S\$30.8 million a year ago (“3Q2018”). The Group correspondingly narrowed its loss attributable to Owners of the Company from S\$6.8 million in 3Q2018 to S\$3.7 million this quarter.

Mr. Neo Tiam Boon (梁添文), Chief Executive Officer and Executive Director of TA Corporation said, “We are heartened by our resilient performance this quarter, led mainly by our construction business which more than doubled its revenue contribution from S\$20.5 million a year ago to S\$47.2 million in 3Q2019. Supported by the redevelopment of en-bloc residential sites and the recovery of Singapore’s construction sector¹, notwithstanding the overall challenges in the global and domestic economy, we shall remain focused on executing our strong construction order book of S\$518.7 million, to be delivered progressively over the next three years.”

For the nine months ended September 30, 2019 (“9M2019”), the Group’s revenue recorded a 27.8% increase to S\$136.0 million from S\$106.4 million in the previous

¹ *Recent Economic Developments in Singapore – Monetary Authority of Singapore, September 6, 2019*

corresponding period (“9M2018”). This was mainly attributable to an increase in revenue in the construction and real estate segments.

Construction segment increased by 36.7% or S\$27.4 million to S\$102.0 million for 9M2019 due to higher revenue recognised from progressive construction work for projects. Real estate investment segment recorded a 17.9% or S\$2.5 million growth to S\$16.5 million due mainly to improvement in bed and occupancy rates from Tuas South Dormitory.

Distribution segment generated S\$15.5 million in 9M2019 compared to S\$17.5 million a year ago, mainly due to lower contribution from the Group’s distribution business in Myanmar.

As a result of higher Group revenue recorded for the period, gross profit increased by 11.9% to S\$25.8 million in 9M2019.

BALANCE SHEET HIGHLIGHTS

As at September 30, 2019, the Group’s net asset value per share was 31.3 Singapore cents, compared to 33.3 Singapore cents as at December 31, 2018.

The Group’s cash and bank balances stood at S\$24.2 million with total borrowings of S\$381.3 million as at September 30, 2019. The Group’s gearing ratio as at September 30, 2019, remained healthy at 2.43 times.

OUTLOOK

According to the advance estimates from the Ministry of Trade and Industry, the Singapore economy grew by 0.1% year-on-year (“y-o-y”) in the third quarter of 2019, maintaining the same pace of growth in the previous quarter. The construction sector grew by 2.7% y-o-y, extending the 2.8% expansion in the previous quarter, supported by a pickup in both public and private sector construction².

The Building and Construction Authority (“BCA”) projected that the total value of construction contracts to be awarded in 2019 to reach between S\$27.0 billion and S\$32.0 billion. Private construction demand is expected to remain steady at between S\$11.0 billion and S\$13.0 billion in 2019³.

Latest real estate statistics from the Urban Redevelopment Authority (“URA”) showed a 1.3% increase in private residential property index in the third quarter of 2019, compared to the 1.5% increase in the previous quarter⁴. Notwithstanding the consecutive quarter-on-quarter improvements reported in the URA report, with the various property cooling measures still in place, the Group expects the residential property market in Singapore to remain challenging in the near term.

The Group’s 20%-owned associate FSKH Development Pte. Ltd., has launched its 265-unit 99-year leasehold residential development – *The Antares* on Mattar Road, in September 2019.

Mr. Neo added, “The Group remains cautiously optimistic on its real estate development business in Singapore and overseas, including Cambodia and Thailand, as we look to continuously push sales for our latest development properties. At the same time, we will remain financially prudent while assessing the market situation, to pursue strategic business opportunities both domestically and in favorable markets overseas.”

² Singapore’s GDP Grew by 0.1 Per Cent in the Third Quarter of 2019 – Ministry of Trade and Industry Singapore, October 14, 2019

³ Forecast and Actual Construction Demand (To Date) – Building and Construction Authority, October 10, 2019

⁴ Release of 3rd Quarter 2019 real estate statistics – Urban Redevelopment Authority, October 25, 2019

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, including Thailand, Cambodia, Malaysia, China, and Myanmar.

Real Estate Development

Backed by its strong competencies in the construction business since the 1970s and in-depth experience in working with established real estate developers, the Group has established a reputation as a developer of quality well-located residential developments, targeting the middle to upper middle markets since more than 15 years ago. Some of its completed residential developments in Singapore include *Leonie Hill Residences*, *The Citrine*, *Parc Seabreeze*, *Auralis*, *Coralis*, *Starlight Suites*, *Gambir Ridge*, *The Cristallo*, *The Skywoods*, *Terra Villas* and *Ascent@456*, as well as a serviced apartment, which obtained TOP on May 2, 2018.

The Group has also successfully ventured overseas through joint ventures in property development projects in China, Thailand, and Cambodia. Its regional portfolio includes distinctive mixed-use developments such as *De Iyara*, *De Iyara Share* and *De Iyara Grande* in Thailand, and *The Gateway* – an iconic twin tower mixed-use development in Phnom Penh, Cambodia, which is currently under development and targeted to be completed by early 2020.

In September 2019, the Group's 20%-owned associate FSKH Development Pte. Ltd., launched its 265-unit 99-year leasehold residential development – *The Antares* on Mattar Road.

Construction

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 more than 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 reputable 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, Wing Tai Holdings Ltd, Ladyhill (Private) Limited, Harvestland Development Pte Ltd, German European School Singapore as well as Florence Development Pte. Limited (A unit of Logan Property Singapore).

Leveraging on the property and construction business demand for pre-cast components to enhance productivity, the Group's pre-cast concrete components factory in Johor, Malaysia started operations in the fourth quarter of 2015. Our customers for concrete pre-cast components include Samsung-Koh Brothers Joint Venture, LC & T Builder (1971) Pte Ltd, Wee Hur Construction Pte Ltd, Hin Lee Contractor Trading Pte Ltd, Lian Beng Construction (1988) Pte Ltd, Yee Hong Pte Ltd, Lian Ho Lee Construction Pte Ltd, Chong Tong Construction Pte Ltd and Hon Industries Pte Ltd who are engaged in the construction business in the residential, commercial, industrial and infrastructure segments in Singapore and Malaysia.

In November 2017, its 80%-owned joint venture, TK Modular Pte. Ltd, received in-principle acceptance for the use of its Steel Prefabricated Prefinished Volumetric Construction (PPVC System) – ADD Modular (2016) for building projects in Singapore from the Building and Construction Authority and relevant government agencies.

Coupled with the existing pre-cast concrete component manufacturing capabilities, this added PPVC competency will enable the Group to further enhance its productivity in construction – both for its own property development and construction projects as

well as to fulfill the growing demand for solutions to improve labour productivity and operational efficiency in the construction industry.

The Group is also involved in the design, installation and maintenance of Air-Conditioning & Mechanical Ventilation (“ACMV”) systems in Singapore and Cambodia.

Real Estate Investment

The Group owns and operates over 10,000 dormitory beds, which cater to foreign workers working in Singapore. This dormitory business is part of the Group’s strategy to grow its recurring income streams. The Group also owns warehouses and commercial space in Singapore for the use of its businesses and as sources of rental income.

Distribution

TA Corporation has expanded its distribution of high performance motor oil and lubricants beyond Singapore to include Myanmar and Thailand. The Group, through its subsidiaries and 50%-owned joint ventures, holds distributorships for well-known brands, comprising of *Shell*, and *GS Caltex* in Myanmar, *BP Castrol* in Singapore, and *Repsol* in Thailand. It also distributes passenger and light truck tyres under the *Continental* brand. In addition, the Group’s joint ventures distribute construction equipment, heavy commercial vehicles, trucks, buses, passenger vehicles and automotive spare parts in Myanmar under the *CASE*, *IVECO ASTRA* and *Suzuki* brands.

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

ISSUED ON BEHALF OF : TA Corporation Ltd
BY : Citigate Dewe Rogerson Singapore Pte Ltd
105 Cecil Street
#09-01 The Octagon
SINGAPORE 069534
CONTACT : Ms Chia Hui Kheng / Ms Samantha Koh
at telephone
DURING OFFICE HOURS : 6534-5122
EMAIL : huikheng.chia@citigatedewerogerson.com/
samantha.koh@citigatedewerogerson.com

November 12, 2019