



TA CORPORATION LTD

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

NEWS RELEASE

TA CORPORATION REPORTS INTERIM RESULTS FOR 1H2016

- ***Revenue decreased 38.9% to S\$88.4 million on lower contributions from real estate and construction business segments***
- ***44.2% jump in revenue for distribution segment backed by strong contributions from Myanmar operations***
- ***Construction segment supported by order book of S\$226.0 million¹***
- ***Continues to focus on diversification growth and regional expansion opportunities***

Singapore, August 10, 2016 – 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, announced today a profit attributable to Owners of the Company (“net attributable profit”) of S\$0.2 million for the six months ended June 30, 2016 (“1H2016”), reversing from a loss of S\$7.6 million a year ago (“1H2015”).

Group revenue decreased 38.8% to S\$88.4 million in 1H2016 from S\$144.3 million in 1H2015, due mainly to lower revenue recognised from the real estate development and construction business segments. This was partially offset by higher contributions from the distribution business, as revenue from its Myanmar operations continues to increase. In line with the lower revenue, gross profit decreased 28.5% to S\$16.7 million in 1H2016, from S\$23.3 million a year ago.

¹ As at June 30, 2016

Mr. Neo Tiam Boon (“梁添文”), Chief Executive Officer and Executive Director of TA Corporation, said, “The operating environment in Singapore remained challenging in the first half of 2016. But we are encouraged by the success of our diversification strategy. Backed by strong contributions from the Myanmar market, our distribution business of lubricant, tyre, bus and truck products continues to expand rapidly, bringing positive contributions to the Group’s revenue. Leveraging our well-established capabilities in construction and property development, the Group has also in recent years ventured successfully into emerging Asian markets via local partnerships, with property projects launched in Thailand and Cambodia.

“Earlier this year, we also announced the launch of our maiden large-scale mixed-use development ‘*The Gateway*’ in Cambodia’s capital city, Phnom Penh, which is seeing positive enquiries from both corporate tenants and homebuyers.”

REVIEW OF FINANCIAL PERFORMANCE

Revenue (S\$’ million)	1H2016	1H2015	Change (%)
Real Estate Development	14.0	41.4	(66.2)
Construction	62.6	94.6	(33.8)
Distribution	11.8	8.3	42.2
Total	88.4	144.3	(38.8)

On a segmental basis, revenue contributions from the real estate development business was S\$14.0 million in 1H2016, 66.2% lower from S\$41.4 million a year ago. This was due mainly to the absence of revenue contributions from a private residential development which achieved TOP in December 2015 and lower contributions from the Group’s ongoing development projects. The handover of sold units to buyers at the Group’s mixed-development joint-venture projects overseas contributed S\$7.9 million in revenue during the period under review.

The construction segment contributed revenue of S\$62.6 million in 1H2016, from S\$94.6 million in 1H2015 due to lower progressive work completion for on-going projects.

The lubricants and tyres distribution segment² achieved a 42.2% jump in revenue to S\$11.8 million, from S\$8.3 million a year ago, supported mainly by the Group's growing operations in Myanmar.

General and administrative expenses in 1H2016 was S\$9.7 million, representing a 24.9% increase from S\$7.7 million a year ago, which was due mainly to cost incurred for operating the Tuas South dormitory which started operations in 1H2016, higher personnel cost for the air conditioning and mechanical ventilation business in Cambodia, and travelling costs for business development.

Other operating expenses decreased to S\$6.3 million in 1H2016, from S\$20.9 million a year ago, due to the absence of an impairment loss on an associated company that was recorded in 1H2015.

In view of the above, the Group reported a turnaround in 1H2016 with a net attributable profit of S\$0.2 million. Earnings per share on a fully diluted basis was 0.04 Singapore cent, from a loss per share of 1.6 Singapore cents a year ago. Net asset value per share as at June 30, 2016 was 44.5 Singapore cents, compared to 46.5 Singapore cents as at December 31, 2015.

The Group's cash and bank balances rose to S\$100.1 million as at June 30, 2016, from S\$78.9 million as at December 31, 2015. Total borrowings as at June 30, 2016 was S\$407.2 million, comprising S\$119.7 million in short-term borrowings³ and S\$287.5 million in long-term borrowings⁴. The Group's gearing ratio as at June 30, 2016 is approximately 1.8 times.

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

³ *Amount repayable in one year or less, or on demand*

⁴ *Amount repayable after one year*

OUTLOOK

The construction sector outlook is expected to remain weak in light of reduced construction demand for private residential properties in Singapore, as well as the tightening of labour resources and rising costs amid intensified market competition.

On the real estate front, the latest statistics from Urban Redevelopment Authority (URA) released on July 22, 2016 noted the continuing downtrend in private residential property prices, which decreased by a further 0.4% in 2Q2016, following a 0.7% decline in the preceding quarter.

Mr. Neo said, “While the outlook for Singapore’s private property development construction sectors remains subdued, we will continue to target available pockets of opportunities to bolster our property land bank and construction order book. Additionally, the Group’s earnings over the next 24 months will also be supported by a healthy construction order book of S\$226.0 million as at June 30, 2016. With strong fundamentals in construction and property development, as well as the progressive execution of our diversification growth strategy, we believe that TA Corporation is well-positioned to weather challenges that may come our way and emerge stronger.”

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, Starlight Suites, Gambir Ridge and The Cristallo, and major ongoing development projects include Terra Villas and Ascent@456. The Group has also successfully ventured overseas through joint-ventures in property development projects in the PRC, Thailand, and Cambodia.

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.

Leveraging on the property and construction business demand for precast components to enhance productivity, the Group set up a concrete pre-cast components factory in Johore, Malaysia, which has been in operation ahead of schedule since the fourth quarter of 2015. As part of TA Corporation's strategy to further expand its recurring income base, the Group had in May 2016 completed the development of a new 9,200 bed dormitory at its new Tuas South Dormitory facility in Singapore.

TA Corporation is also engaged in the distribution of high performance motor oil and lubricants in Singapore, Myanmar, Thailand and across the region. It also distributes automotive, industrial and aviation lubricants, passenger and light truck tyres and heavy commercial vehicles, truck, buses and automotive spare parts in Myanmar.

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

ISSUED ON BEHALF OF : TA Corporation Ltd
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941
CONTACT : Ms Chia Hui Kheng / Mr Ng Chung Keat
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9690-3841 / 9437-3462 (Handphone)
EMAIL : huikheng.chia@citigatedrimage.com /
chungkeat.ng@citigatedrimage.com

August 10, 2016