

Financial Statements and Related Announcement::Second Quarter and/ or Half Yearly Results

Issuer & Securities

Issuer/ Manager	THAKRAL CORPORATION LTD
Securities	THAKRAL CORPORATION LTD - SG1AJ2000005 - AWI
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Announcement Details

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For Financial Period Ended	30/06/2016
Attachments	ThakralCorp_PR_Q2FY2016_20160803FINAL.pdf ThakralCorp_Results_Q2FY2016_20160803.pdf Total size =188K

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THAKRAL CORPORATION LTD

(Incorporated in the Republic of Singapore on 7 October 1993)
(Company Registration No. 199306606E)

PRESS RELEASE

Thakral Group reports net profit of S\$1.12 million for first half FY2016

Singapore, August 3, 2016 – SGX Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) sustained its profitable track record for the first half of FY2016 (“1HFY2016”) - posting a net profit of S\$1.1 million as both its Investment and Lifestyle Divisions continued to deliver improved performances compared to the previous corresponding period.

Gross profit grew 45% to S\$17.9 million for the six months ended June 30, 2016, despite a 15% year-on-year decline in revenue for the first half to S\$134.4 million against S\$158.7 million during the previous corresponding period.

The Group achieved a net profit before tax of S\$1.6 million for the current period, compared to the pre-tax profit of S\$7.4 million in the previous corresponding period. The higher profit in the previous corresponding period was due largely to the inclusion of an unrealized valuation gain of S\$9.5 million on its warehouse properties in Hong Kong which was recorded in 1HFY2015.

Gross profit margin improved to 13.3% from 7.8% in the previous corresponding period while profit from operations rose to S\$5.7 million for 1HFY2016 compared to a loss of S\$0.1 million in the previous corresponding period.

Administration expenses were kept in check at S\$8.6 million, with a 2% dip from S\$8.8 million incurred in the previous corresponding period.

Other operating expenses also fell to S\$0.7 million for the current period against S\$0.8 million in the previous corresponding period.

Earnings Per Share and Net Asset Value Per Share

The Group’s Earnings Per Share was 0.15 cent compared to 4.97 cents in 1HFY2015 – reflecting the one-off revaluation gain recognised in the earlier period.

Net Asset Value per share eased to 72.24 cents as at June 30, 2016 from 73.57 cents as at December 31, 2015. This is mainly due to the loss on translation of the net assets of the subsidiaries denominated in foreign currencies as well as loss attributable to shareholders for the second quarter ended June 30, 2016 (“2QFY2016”).

Working Capital Position

The Group saw a net cash inflow from operating activities of S\$7.4 million in the current period compared to an outflow of S\$2.6 million in the previous corresponding period.

Total cash and bank balances, including fixed deposits remained relatively stable at S\$27.8 million as of June 30, 2016 against S\$29.6 million as of December 31, 2015.

Inventories and trade receivables were also lower in 1HFY2016.

Segmental Performance

Investments

The Investment Division saw its revenue surge by 24% to S\$13.1 million for the six months ended June 30, 2016 compared to S\$10.5 million in the previous corresponding period. Segment profit advanced by 36% to S\$9.3 million from S\$6.8 million previous corresponding period.

The division completed the financing of the acquisition of land for the Newstead project in Brisbane in Australia during 2QFY2016.

Real estate group JLL purchased the management rights to this new 300 apartment and townhouse development which is due for completion late next year. This project includes four residential buildings designed by cutting edge architect Bureau Proberts.

Resort Style Retirement Housing

The Investment Division is moving forward with its joint venture (“JV”) for the development of Resort Style Retirement Housing projects. The JV entities have contracted three sites for about 800 homes of which two sites are expected to be settled in 3QFY2016 while the third is expected to be settled in early 2017. The JV entities are also negotiating contracts on three more sites which would bring the total homes available for development to about 1,800. Development approval for one of the sites was received in mid-July and construction of the infrastructure should begin shortly.

Lifestyle

With continued focus on higher margin items, the Lifestyle Division saw year-to-date sales decline by 18% to S\$121.3 million from S\$148.2 million in the previous corresponding period. The division continues its efforts and progress to turnaround with segment loss narrowing by 60% to S\$2.1 million for the period from S\$5.3 million in 2QFY2015.

The Group’s Hong Kong office moved to new premises with reduced rentals during 2QFY2016 and recognized compensation and removal costs paid by the landlord of

about S\$0.4 million.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral said: “According to property market reports, key Australian cities such as Sydney and Melbourne which recorded the strongest property performance in 2015 – are expected to continue to do well in 2016 - with some improvement in Brisbane and Perth. While the transition from an economy with heavy reliance on construction and exports towards an economy driven by consumption and services is gathering pace in China, its positive impact on the Group’s business is not yet evident. Our Lifestyle Division will persist in its push to improve performance to seek new trajectories for growth.”

The Group is confident of the growth of the Investment Division. Overall, the Group maintains a cautious outlook for 2016.

About Thakral

Listed on the SGX Mainboard since December 1995, Thakral Corporation Ltd has two core divisions – Lifestyle Division and Investment Division.

The Group invests directly or with co-investors in real estate and other investment opportunities including property-backed financial instruments. The Group also earns income from the services rendered from the originating, packaging and managing of such projects.

The Group’s Lifestyle Division has repositioned itself with a focus on Beauty & Health products. Its extensive brand portfolio include global names such as Apple, Aviendo, Bose, Canvas, Daewoo, DJI, Harmon Kardon, Leaders, MTG (Refa), Sixpad, Style, Ortech, Panasonic, Philips, Pomone and Skullcandy.

Presently, China (including Hong Kong), Southeast Asia and India, are the Group's key markets for its Lifestyle business while Australia and Japan are the key markets for its Investment Division.

*Release issued on behalf of Thakral Corporation Ltd
by Stratagem Consultants Pte Ltd*

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Half Year and Second Quarter Financial Statements Announcement

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

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, for the half year and second quarter ended 30 June 2016 together with comparative statements for the corresponding period of the immediately preceding financial year

These figures have not been audited.

CONSOLIDATED INCOME STATEMENT

	Note	Group			Group		
		S\$000		%	S\$000		%
		Six months ended			Three months ended		
		30 Jun 2016	30 Jun 2015	Increase / (Decrease)	30 Jun 2016	30 Jun 2015	Increase / (Decrease)
Revenue	1	134,386	158,712	(15)	54,124	78,892	(31)
Cost of sales		(116,523)	(146,361)	(20)	(44,714)	(73,869)	(39)
Gross profit	1	17,863	12,351	45	9,410	5,023	87
Other operating income	2	630	144	338	518	111	367
Distribution costs	3	(3,507)	(3,032)	16	(1,770)	(1,370)	29
Administrative expenses	4	(8,627)	(8,771)	(2)	(4,577)	(4,770)	(4)
Other operating expenses	5	(670)	(805)	(17)	(286)	(186)	54
Profit (Loss) from operations		5,689	(113)	NM	3,295	(1,192)	NM
Valuation (loss) gain on investment properties	6	(1,747)	9,488	NM	(870)	9,488	NM
Finance income	7	483	643	(25)	239	327	(27)
Finance costs	7	(2,759)	(2,405)	15	(1,618)	(1,166)	39
Foreign exchange (loss) gain	8	(46)	(208)	(78)	(474)	52	NM
Profit before income tax		1,620	7,405	(78)	572	7,509	(92)
Income tax expenses		(499)	(17)	NM	(518)	(7)	NM
Profit for the period / quarter		1,121	7,388	(85)	54	7,502	(99)
<u>Profit (Loss) attributable to:</u>							
Equity holders of the Company		193	6,498	(97)	(432)	6,856	NM
Non-controlling interests	9	928	890	4	486	646	(25)
		1,121	7,388	(85)	54	7,502	(99)

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	S\$'000		%	S\$'000		%
		Six months ended			Three months ended		
		30 Jun 2016	30 Jun 2015		30 Jun 2016	30 Jun 2015	
				Increase / (Decrease)			Increase / (Decrease)
Profit for the period / quarter		1,121	7,388	(85)	54	7,502	(99)
Other comprehensive (loss) income							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation loss arising on consolidation	10	(1,438)	(1,581)	(9)	(212)	(1,740)	(88)
Fair value gain on available-for-sale investments, net of tax	11	345	192	80	237	56	323
Other comprehensive (loss) income for the period / quarter, net of tax		(1,093)	(1,389)	(21)	25	(1,684)	NM
Total comprehensive income for the period / quarter		28	5,999	(100)	79	5,818	(99)
<u>Total comprehensive (loss) income attributable to:</u>							
Equity holders of the Company		(1,738)	5,462	NM	(1,011)	5,792	NM
Non-controlling interests		1,766	537	229	1,090	26	NM
		28	5,999	(100)	79	5,818	(99)

Notes to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income:Note 1:

Consolidated gross profit grew by 45% to S\$17.9 million for the period ended 30 June 2016 despite Group consolidated revenue dropping by 15% to S\$134.4 million compared to S\$158.7 million recorded in the previous corresponding period. Gross profit margin improved to 13.3% from 7.8% previously.

Revenue included investment income comprising dividends and interest income amounting to S\$5.6 million (Six months ended 30 June 15: S\$3.8 million).

Note 2:

Other operating income comprises:

	S\$'000		%	S\$'000		%
	Six months ended			Three months ended		
	30 Jun 2016	30 Jun 2015		30 Jun 2016	30 Jun 2015	
			Increase / (Decrease)			Increase / (Decrease)
Government subsidies	118	103	15	52	85	(39)
Compensation received	401	-	NM	401	-	NM
Others	111	41	171	65	26	150
Total	630	144	338	518	111	367

- i. The increase in government subsidies arises mainly from the wage credit received by the subsidiary in Singapore.
- ii. The Hong Kong subsidiary received compensation and removal costs from the landlord upon early termination of the lease for office premises.
- iii. The increase in Others is mainly from higher service fee income.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Notes to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income:

Note 3:

Distribution costs comprise:

	S\$'000		%	S\$'000		%
	Six months ended			Three months ended		
	30 Jun 2016	30 Jun 2015	Increase / (Decrease)	30 Jun 2016	30 Jun 2015	Increase / (Decrease)
Staff costs	(1,857)	(1,762)	5	(947)	(905)	5
Advertising & promotion	(560)	(181)	209	(301)	71	NM
Transportation	(473)	(388)	22	(227)	(181)	25
Travelling expenses	(176)	(215)	(18)	(89)	(113)	(21)
Others	(441)	(486)	(9)	(206)	(242)	(15)
Total	(3,507)	(3,032)	16	(1,770)	(1,370)	29

- Higher advertising and marketing expenses were incurred mainly for the promotion of the SIXPAD in China.
- Transportation expenses were higher from a combination of higher trucking costs with increased delivery volumes.
- Travelling expenses declined due to reduced travel by sales related personnel in the period.

Note 4:

Administration expenses comprise:

	S\$'000		%	S\$'000		%
	Six months ended			Three months ended		
	30 Jun 2016	30 Jun 2015	Increase / (Decrease)	30 Jun 2016	30 Jun 2015	Increase / (Decrease)
Staff costs (including executive directors)	(5,322)	(5,682)	(6)	(2,840)	(3,104)	(9)
Directors' fees	(238)	(281)	(15)	(119)	(140)	(15)
Professional fees	(760)	(636)	19	(471)	(351)	34
Rent & rates	(449)	(505)	(11)	(202)	(260)	(22)
Travelling expenses	(176)	(142)	24	(86)	(89)	(3)
Insurance	(145)	(152)	(5)	(75)	(72)	4
Allowance (Reversal) for doubtful debts	(23)	1	NM	(18)	-	NM
Withholding tax	(691)	(482)	43	(363)	(254)	43
Others	(823)	(892)	(8)	(403)	(500)	(19)
Total	(8,627)	(8,771)	(2)	(4,577)	(4,770)	(4)

- Directors' fees reduced in view of the resignation of a director at the end of last year.
- Professional fees were higher due to property/project related costs and include fees for the outsourced Internal Audit function.
- The reduction in Rental expenses was mainly from the cessation of the operation in Timor-Leste.
- Travelling expenses were higher mainly due to increased travel by Directors and management personnel in the period.
- Withholding tax relates to tax accruals on income from Investment Division projects currently in progress as well as on the dividends declared by the Japanese property holding vehicle.

Note 5:

Other operating expenses comprise:-

	S\$'000		%	S\$'000		%
	Six months ended			Three months ended		
	30 Jun 2016	30 Jun 2015	Increase / (Decrease)	30 Jun 2016	30 Jun 2015	Increase / (Decrease)
Depreciation	(189)	(238)	(21)	(93)	(118)	(21)
Loss on derivative financial instruments	(481)	(567)	(15)	(193)	(68)	184
Total	(670)	(805)	(17)	(286)	(186)	54

- The loss on derivative financial instruments in the period arose mainly from the fair valuation of the hedge for the capital invested in the Japanese property holding vehicle.

Notes to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income:

Note 6:

The Group recognized a valuation charge against the GLNG houses in Australia in the current period which will continue on an on-going basis. In the previous corresponding period, the Group had recorded an unrealized valuation gain on its warehouse properties in Hong Kong.

Note 7:

Finance income declined in the period in view of bank deposits having been used to repay bank borrowings during the current and previous financial year.

Finance costs were higher mainly due to the interest on investor funding on one of the development projects in Australia being recognized both as investment income and expense by the Group in view of the asset and liability both being recorded in the Group's books.

Note 8:

Foreign exchange translation gain / loss arose mainly from the translation of monetary assets and liabilities, denominated in foreign currencies, outstanding as at the end of the period.

Note 9:

The decrease in non-controlling interests for the latest quarter arises mainly due to the adjustment made in June 2015 for the year-to-date entitlement of the minority shareholders' share of profits upon the completion of the reorganization of shareholdings in TCAP and TCH.

Note 10:

These unrealized translation differences arose due to fluctuations in exchange rates of the foreign currencies in which the net assets of the Group's overseas operations are denominated.

Note 11:

The amount represents Thakral Japan Properties Pte Ltd (TJP)'s fair value gain on its available-for-sale investment in the Japanese property holding vehicle (of which the relevant portion is allocated to the non-controlling interests in TJP.)

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

	Note	Group (S\$ '000) as at		Company (S\$ '000) as at	
		30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
ASSETS					
Current assets					
Cash and bank balances	1	23,680	10,609	212	186
Trade receivables	2	9,678	12,303	-	-
Other receivables and prepayments	3	8,671	6,798	42	46
Loans receivable	4	24,443	11,733	-	-
Derivative financial instrument	7	236	-	-	-
Assets held for sale	5	36,220	38,115	-	-
Inventories	6	17,975	25,667	-	-
Total current assets		120,903	105,225	254	232
Non-current assets					
Pledged fixed deposits	1	4,077	18,949	-	-
Loans receivable	4	25,314	28,087	-	-
Interest receivable on pledged fixed deposits	3	373	1,492	-	-
Property, plant and equipment		1,942	1,833	9	10
Investment properties	4	58,950	62,391	-	-
Subsidiary corporations		-	-	158,778	164,410
Derivative financial instrument	7	319	767	-	-
Available-for-sale investments	7	19,444	17,088	-	-
Total non-current assets		110,419	130,607	158,787	164,420
Total assets		231,322	235,832	159,041	164,652
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	8	1,883	6,258	-	-
Bills payables and trust receipts	8	17,600	20,341	-	-
Bank loans	9	42,110	44,104	-	-
Other payables	10	19,277	15,217	256	380
Provisions	10	2,681	3,089	52	52
Income tax payable		581	67	-	-
Total current liabilities		84,132	89,076	308	432
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	65,296	68,180
Bank and other borrowings	9	28,554	28,289	-	-
Deferred tax liability		1,176	1,035	-	-
Total non-current liabilities		29,730	29,324	65,296	68,180
Total liabilities		113,862	118,400	65,604	68,612
Capital, reserves and non-controlling interests					
Issued capital		72,579	72,579	72,579	72,579
Reserves		21,951	23,689	20,858	23,461
Equity attributable to equity holders of the Company		94,530	96,268	93,437	96,040
Non-controlling interests		22,930	21,164	-	-
Total equity		117,460	117,432	93,437	96,040
Total liabilities and equity		231,322	235,832	159,041	164,652

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Amount repayable in one year or less, or on demand

As at 30 June 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$ 51,596,000	S\$ 8,114,000	S\$ 54,202,000	S\$ 10,243,000

Please also see notes (8 & 9) on page 8-9

Details of any collateral

Charge over properties in Hong Kong and pledge on rental proceeds; pledged bank deposits of S\$23.0 million; Company's corporate guarantee

Mortgages over the land owned by certain Australian subsidiaries in Gladstone, general fixed and floating charges over the assets of these subsidiaries as well as the subsidiaries that lease the residential properties to the lessees

Amount repayable after one year

As at 30 June 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$ 21,771,000	S\$ 6,783,000	S\$ 23,723,000	S\$ 4,566,000

Please also see note (9) on page 9

Details of any collateral

Mortgages over the land owned by certain Australian subsidiaries in Gladstone, general fixed and floating charges over the assets of these subsidiaries as well as the subsidiaries that lease the residential properties to the lessees

Charge against specific corresponding debt instruments issued by a developer

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**CONSOLIDATED STATEMENT OF CASH FLOWS**

	(S\$ '000)		(S\$ '000)	
	Six months ended		Three months ended	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
OPERATING ACTIVITIES				
Profit before income tax	1,620	7,405	572	7,509
Adjustments for:				
Depreciation expense	189	238	93	118
Interest income from loans receivable and dividend income from unquoted investments	(5,556)	(3,829)	(3,037)	(1,964)
Interest expense	2,759	2,405	1,618	1,166
Interest income	(483)	(643)	(239)	(327)
Loss (Gain) on disposal of property, plant and equipment	1	(14)	4	(16)
Loss on exercise of derivative financial instrument	-	356	-	-
Valuation loss (gain) on investment properties	1,747	(9,488)	870	(9,488)
Unrealised loss on outstanding derivative financial instrument	481	211	193	68
Net unrealised foreign exchange loss (gain)	111	115	287	(2)
Provision for employee benefits	98	84	53	29
Allowance for inventories	253	1,775	222	1,694
Allowance (Reversal) for doubtful trade receivables	20	(1)	15	-
Allowance for doubtful other receivables	3	-	3	-
Operating cash flows before movements in working capital	1,243	(1,386)	654	(1,213)
Trade receivables	2,097	1,647	2,019	56
Other receivables and prepayments	92	2,532	1,519	(3,169)
Inventories	6,197	3,376	3,259	359
Trade payables	(4,248)	(3,374)	(1,920)	2,115
Other payables and provisions	4,317	(3,330)	(1,113)	(697)
Cash generated from (used in) operations	9,698	(535)	4,418	(2,549)
Income tax refund (paid)	18	(18)	-	-
Interest paid	(2,341)	(2,122)	(1,422)	(1,032)
Interest received	17	59	8	34
Net cash from (used in) operating activities	7,392	(2,616)	3,004	(3,547)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(215)	(62)	(168)	(17)
Proceeds from disposal of property, plant and equipment	8	45	2	45
Proceeds from disposal of available-for-sale investments	-	2	-	-
Repayment of loans receivable - current and non-current	3,804	1,723	1,001	-
Additions to loans receivable - current and non-current	(9,941)	(3,803)	(8,333)	(2,300)
Acquisition of derivative financial instrument	(217)	(1,159)	(217)	-
Proceeds from exercise of derivative financial instrument	-	85	-	-
Net cash used in investing activities	(6,561)	(3,169)	(7,715)	(2,272)
FINANCING ACTIVITIES				
Cash contributions from non-controlling shareholders in a subsidiary corporation	-	2	-	2
Decrease (Increase) in fixed deposits with maturities exceeding three months	10	4,136	10	(8)
Increase in pledged fixed deposits	(724)	(4,179)	(638)	(37)
(Decrease) Increase in bills payable and trust receipts	(1,843)	3,244	(984)	1,632
Other loans	4,576	-	4,576	-
Loans from banks	1,724	5,320	-	-
Repayments of bank loans	(5,340)	(6,857)	(2,526)	(2,045)
Net cash (used in) from financing activities	(1,597)	1,666	438	(456)
Net decrease in cash and cash equivalents	(766)	(4,119)	(4,273)	(6,275)
Cash and cash equivalents at beginning of the period / quarter	5,543	13,497	9,007	15,828
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(61)	(98)	(18)	(273)
Cash and cash equivalents at end of the period / quarter	4,716	9,280	4,716	9,280
Cash and cash equivalents were represented by:-				
Fixed deposits with maturities less than 3 months, cash and bank balances	4,716	9,702	4,716	9,702
Bank overdrafts	-	(422)	-	(422)
	4,716	9,280	4,716	9,280

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Notes to the Statements of Financial Position and Consolidated Statement of Cash Flows:

Note 1:

Cash and bank balances are comprised of:

	<u>30-Jun-16</u>	<u>31-Dec-15</u>
Cash and cash equivalents	S\$4.7 million	S\$5.5 million
Fixed deposits with maturities exceeding three months	S\$0.1 million	S\$0.1 million
Fixed deposits that have been pledged to banks against Bills payables and trust receipts (see note 7 below)	S\$1.2 million	S\$1.3 million
Fixed deposits that have been pledged to banks against bank loans	S\$21.8 million	S\$22.7 million
Total (including non-current fixed deposits)	<u>S\$27.8 million</u>	<u>S\$29.6 million</u>

Pledged deposits maturing in the next 12 months are included under current assets while pledged deposits with remaining maturities over 1 year are included under non-current assets.

Note 2:

The reduction in Trade receivables is due to collections.

Note 3:

Other receivables and prepayments increased mainly due to the reclassification of accrued interest on fixed deposits maturing in the next 12 months, accrual of interest as well as an increase in the dividend receivable from the Japanese property holding vehicle. Other receivables include the interest receivable on fixed deposits with maturities of less than one year. Interest accrued on deposits with remaining maturities over 1 year is included under non-current assets.

Note 4:

The aggregate increase in Loans receivable arises from the additional investments made in ongoing projects in Australia along with the accrual of returns during the period. The increase in Loans Receivable under current assets is mainly from the transfer of certain amounts from non-current loans which were sold down to third parties at the beginning of Q3-FY16.

The Group consolidates the investment properties and the relevant bank loans for the two GLNG projects on its statement of financial position. The recourse of the bank for the loans provided remains limited to the GLNG projects only.

Note 5:

Assets held for sale are comprised of:

	<u>30-Jun-16</u>	<u>31-Dec-15</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Investment Properties	32,943	34,667
Properties, plant and equipment (Leasehold land and buildings)	3,277	3,448
Total	<u>36,220</u>	<u>38,115</u>

The Investment Properties represent the warehouse properties in Hong Kong which are intended to be sold. Leasehold land and buildings represent the warehouse currently in use by the Group in Hong Kong.

Note 6:

The reduction in inventories is from the on-going clearance of certain products.

Note 7:

The Group had invested in commercial properties in Japan during the last quarter of 2014 through a pooled investment structure which accounted for this as an available-for-sale investment.

Derivative financial instruments represent the mark-to-market values of the Group's medium-term forex option taken to hedge its capital invested in the Japanese property holding vehicle as at the respective dates as well as the new option taken to hedge the Investment Division's foreign currency borrowing.

Note 8:

Aggregate Trade payables and Bills payable and trust receipts decreased following settlements in the period.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Notes to the Statements of Financial Position and Consolidated Statement of Cash Flows:

Note 9:

Aggregate bank and other loans reduced following repayments made mainly in Australia and China.

Note 10:

Other payables increased mainly due to advances from a customer. Provisions declined mainly from the severance payments made to staff upon separation/retrenchment.

1(d)(i) A statement (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

STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2016

S\$'000

	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Group										
Balance at 1 Jan 2016	72,579	(9,207)	3,278	1,562	51	(29,835)	57,840	96,268	21,164	117,432
Total comprehensive loss for the quarter										
Profit for the quarter	-	-	-	-	-	-	625	625	442	1,067
Other comprehensive income (loss) for the quarter	-	-	-	54	-	(1,406)	-	(1,352)	234	(1,118)
	-	-	-	54	-	(1,406)	625	(727)	676	(51)
Balance at 31 Mar 2016	72,579	(9,207)	3,278	1,616	51	(31,241)	58,465	95,541	21,840	117,381
Total comprehensive income for the quarter										
(Loss) Profit for the quarter	-	-	-	-	-	-	(432)	(432)	486	54
Other comprehensive income (loss) for the quarter	-	-	-	118	-	(697)	-	(579)	604	25
	-	-	-	118	-	(697)	(432)	(1,011)	1,090	79
Transactions with owners, recognised directly in equity										
Transfer from options reserve to retained earnings on cancellation / lapse of share options	-	-	-	-	(20)	-	20	-	-	-
Balance at 30 Jun 2016	72,579	(9,207)	3,278	1,734	31	(31,938)	58,053	94,530	22,930	117,460

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Six months ended 30 June 2015

S\$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2015	72,579	-	3,278	122	252	(30,019)	51,549	97,761	7,994	105,755
Total comprehensive income for the quarter										
(Loss) Profit for the quarter	-	-	-	-	-	-	(358)	(358)	244	(114)
Other comprehensive income (loss) for the quarter	-	-	-	68	-	(40)	-	28	267	295
Transactions with owners, recognised directly in equity				68	-	(40)	(358)	(330)	511	181
Transfer from options reserve to retained earnings on cancellation / lapse of share options	-	-	-	-	(196)	-	196	-	-	-
Balance at 31 Mar 2015	72,579	-	3,278	190	56	(30,059)	51,387	97,431	8,505	105,936
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	6,856	6,856	646	7,502
Other comprehensive income (loss) for the quarter	-	-	-	28	-	(1,092)	-	(1,064)	(620)	(1,684)
Transactions with owners, recognised directly in equity				28	-	(1,092)	6,856	5,792	26	5,818
Transfer from options reserve to retained earnings on cancellation / lapse of share options	-	-	-	-	(5)	-	5	-	-	-
Capital reserve arising from the reorganisation of shareholding in Investment Division's subsidiaries	-	(9,207)	-	-	-	-	-	(9,207)	9,207	-
Balance at 30 Jun 2015	72,579	(9,207)	3,278	218	51	(31,151)	58,248	94,016	17,738	111,754

Six months ended 30 June 2016

S\$'000

Company
Balance as at 1 Jan 2016

Loss for the quarter, representing total comprehensive loss for the quarter

Balance as at 31 Mar 2016

Loss for the quarter, representing total comprehensive loss for the quarter

Transactions with owners, recognised directly in equity

Transfer from options reserve to retained earnings on cancellation / lapse of share options

Balance as at 30 Jun 2016

Issued capital	Options reserve	Retained earnings	Total
72,579	51	23,410	96,040
-	-	(2,440)	(2,440)
72,579	51	20,970	93,600
-	-	(163)	(163)
-	(20)	20	-
72,579	31	20,827	93,437

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Six months ended 30 June 2015

S\$'000

Company

Balance as at 1 Jan 2015

Loss for the quarter, representing total comprehensive loss for the quarter
Transactions with owners, recognised directly in equity
Transfer from options reserve to retained earnings on cancellation / lapse of share options

Balance as at 31 Mar 2015

Loss for the quarter, representing total comprehensive loss for the quarter
Transactions with owners, recognised directly in equity
Transfer from options reserve to retained earnings on cancellation / lapse of share options

Balance as at 30 Jun 2015

Issued capital	Options reserve	Retained earnings	Total
72,579	252	18,490	91,321
-	-	(1,007)	(1,007)
-	(196)	196	-
72,579	56	17,679	90,314
-	-	(72)	(72)
-	(5)	5	-
72,579	51	17,612	90,242

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 the beginning of the period, 7,500 and 692,500 share options (equivalent to 375 and 34,625 shares on 20:1 basis following the completion of the share consolidation in FY2015) lapsed and expired respectively during the period.

The number of shares that may be issued on exercise of all the outstanding options under the 2001 Scheme is as follows:-

	As at 30 Jun 2016	As at 31 Dec 2015
Outstanding options	35,000	70,000

The Company did not have any treasury shares as at 30 June 2016 and 31 December 2015.

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 year.

The total number of issued shares was 130,860,616 as at 30 June 2016 and 31 December 2015.

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

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 year as those of the audited financial statements for the year ended 31 December 2015.

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 effect of, the change

On 1 January 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS that are effective from that date and are relevant to its operations. The Group was mainly affected by the following new / revised FRSs and amendments to FRS:-

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The adoption of the above does not result in significant changes to the Group and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Six months ended 30 Jun 2016	Six months ended 30 Jun 2015
(i) Basic earnings per share	0.15 cent	4.97 cents
(ii) Fully diluted earnings per share	0.15 cent	4.97 cents

	Three months ended 30 Jun 2016	Three months ended 30 Jun 2015
(i) Basic (loss) earnings per share	(0.33) cent	5.24 cents
(ii) Fully diluted (loss) earnings per share	(0.33) cent	5.24 cents

Basic earnings (loss) per share and diluted earnings (loss) per share are computed on the profit (loss) for the above periods after taxation and deduction of non-controlling interests divided by 130,860,616 being the adjusted weighted average number of shares in issue during the periods ended 30 June 2016 and 130,860,616 being the weighted average number of shares in issue on an adjusted post share-consolidation basis during the periods ended 30 June 2015. The figure based on the adjusted post share-consolidation number of shares for the prior year has been provided for comparison purposes only.

7. Net asset value (for the issuer and group) per ordinary share based on issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	As at 30 Jun 2016	As at 31 Dec 2015
Group	72.24 cents	73.57 cents
Company	71.40 cents	73.39 cents

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 – Six months ended 30 June 2016

Turnover & Profitability

The Investment Division's continuing strong growth as well as the Lifestyle Division's improved performance compared to the previous corresponding period enabled the Group to report a growth of 45% in gross profit to S\$17.9 million for the half-year ended 30 June 2016. The Group had achieved gross profit of S\$12.4 million in the comparative period.

However, the Lifestyle Division, which generally contributes over 90% of the Group's revenue, saw consolidated turnover decline by 15% for the period to S\$134.4 million from S\$158.7 million in the previous corresponding period. While consolidated turnover dropped by about a third to S\$54.1 million in the second quarter, gross profit improved by 87% to S\$9.4 million from S\$5.0 million in the previous corresponding quarter. This included a gain of S\$0.9 million realized by the Investment Division from the sale of an option for the purchase of a parcel of land in Sydney that had previously been intended for development.

Group gross profit margin grew to 13.3% for the first half-year compared to 7.8% for the previous corresponding period.

The Group's Hong Kong office moved to new premises with reduced rentals during the second quarter and recognized compensation and removal costs paid by the landlord of about S\$0.4 million.

Including the impairment charge taken in this period for the GLNG houses, the Group achieved a net profit before tax of S\$1.6 million for the current period, compared to the profit of S\$7.4 million in the previous corresponding period. The Group had recognized an unrealized valuation gain of S\$9.5 million in the previous corresponding period on its warehouse properties in Hong Kong. The Group continues efforts to maximize and realize value from its warehouse properties in Hong Kong.

Profit from operations rose to S\$5.7 million for the first half-year as compared to a loss of S\$0.1 million in the previous corresponding period.

Finance Income and Costs

Finance income declined to S\$0.5 million in the current period from S\$0.6 million in the previous corresponding period mainly due to the utilization of fixed deposits for the settlement of bank loans in China.

Finance costs include interest of about S\$0.5 million payable to certain investors of one of the development projects in Australia.

Expenses

Distribution expenses increased primarily due to higher advertising and marketing spend in the second quarter as well as the marketing support received in the previous corresponding quarter which was not repeated in the current period.

Administration expenses at S\$8.6 million remained under control and declined by 2% compared to the S\$8.8 million incurred in the previous corresponding period.

Other operating expenses declined to S\$0.7 million for the current period compared to S\$0.8 million in the previous corresponding period. During the second quarter, the Group purchased an option to hedge a foreign currency borrowing by the Investment Division. The net loss of S\$0.5 million arises mainly from the mark-to-market valuation of the option for hedging the capital invested in the Japanese property holding vehicle.

Unrealised foreign exchange losses of S\$0.5 million in the second quarter resulted in the year-to-date position reversing to losses of S\$0.05 million from gains of S\$0.4 million as at the end of the preceding quarter. The loss for the previous

THAKRAL CORPORATION LTD AND SUBSIDIARIES

corresponding period, however, was S\$0.2 million.

The Group also made provisions for tax on the sale of the land parcel in Australia as well as for the previous financial year, leading to the higher tax charge of S\$0.5 million for the second quarter.

Attributable Profit/Loss

Profit attributable to shareholders for the year-to-date was S\$0.2 million as against the profit of S\$6.5 million in the previous corresponding period. For the second quarter, however, the Group reported a loss of S\$0.4 million attributable to shareholders against a profit of S\$6.9 million in the previous corresponding quarter.

Working Capital and Cash Flow

Inventories as at 30 June 2016 declined to S\$18.0 million from S\$25.7 million as at 31 December 2015, from the on-going clearance of certain products. The inventory turnover period for the first half-year was 34 days against 31 days for the previous corresponding period.

Trade receivables also reduced to S\$9.7 million as at 30 June 2016 from S\$12.3 million as at 31 December 2015. The trade receivables turnover period for the current year was 15 days against the 14 days for the previous corresponding period.

Other receivables and prepayments increased to S\$8.7 million as at 30 June 2016 from S\$6.8 million as at 31 December 2015 mainly due to the reclassification of accrued interest on fixed deposits maturing in the next 12 months, accrual of interest as well as an increase in the dividend receivable from the Japanese property holding vehicle.

Aggregate Loans receivable in connection with Investment Division projects increased to S\$49.8 million as at 30 June 2016 from S\$39.8 as at 31 December 2015 from additional investments made in ongoing projects in Australia along with the accrual of returns during the period. The Group also sold down certain non-current loans receivable in relation to a project in Brisbane to the City of Brisbane Investment Corporation at the beginning of Q3-FY16 which resulted in the transfer of this amount to Loans receivable under current assets. The proceeds shall be deployed in other on-going projects.

Other Payables increased mainly due to interest-bearing advances from a customer.

The Group saw a net cash inflow from operating activities of S\$7.4 million in the current period compared to an outflow of S\$2.6 million in the previous corresponding period from the movement in working capital components as well as the advances stated above.

Net Asset Value

Net Asset Value per share declined to 72.24 cents as at 30 June 2016 from 73.57 cents as at 31 December 2015 mainly due to the loss on translation of the net assets of the subsidiaries denominated in foreign currencies as well as loss attributable to shareholders for the second quarter.

Performance Summary

Investments

Including the disposal gain stated above, revenue grew by 24% to S\$13.1 million for the six months ended 30 June 2016 as compared to S\$10.5 million in the previous corresponding period. Segment profit advanced by 36% to S\$9.3 million from S\$6.8 million in the previous corresponding period. The division completed the financing of the acquisition of land for the Newstead project during the second quarter. Real estate group JLL purchased the management rights to this new 300 apartment and townhouse development in Brisbane, its first off-the-plan acquisition of residential management rights in Queensland. The Newstead project is due for completion late next year and includes four residential buildings designed by cutting edge architect Bureau Proberts.

Lifestyle

With continued focus on higher margin items, the division's sales declined by 18% to S\$121.3 million from S\$148.2 million in the previous corresponding period. The division continues its efforts and progress to turnaround with segment loss narrowing by 60% to S\$2.1 million for the period from S\$5.3 million in the previous corresponding period.

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

The performance of both divisions met management's expectations; however, the Lifestyle Division will still require some time to achieve a turnaround.

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.

Recent regulatory measures in the housing market in Australia have strengthened lending standards with a number of lenders taking a more cautious approach on lending, particularly to foreigners. While house prices have continued to rise in many parts of the country in recent months, there are some pockets of supply of apartments that are scheduled to come to market over the next couple of years, particularly in the eastern capital cities. The Investment Division is moving forward with its joint venture for the development of Resort Style Retirement housing projects. The joint venture entities have contracted 3 sites for about 800 homes of which 2 sites are expected to be settled in Q3FY2016 while the 3rd is expected to be settled in early 2017. The JV entities are also negotiating contracts on 3 more sites which would bring the total homes available for development in the JV to about 1,800. Development approval for one of the 3 sites was received in mid-July and construction of the infrastructure should begin shortly.

The PRC reported that its economy grew 6.7% in the quarter ended June 2016 from a year ago, matching the slowest pace since the global financial crisis. The transition from a construction and export reliant economy towards a consumption and services led economy is gathering pace but its positive impact on the Group's business is yet to be evidenced. The Group maintains a cautious outlook for this Division for 2016.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect

Subsequent to 31 December 2015, the directors do not recommend any payment of dividend.

13. If the Group has obtained a 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 period ended 30 June 2016 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)
Thakral Brothers Pte Ltd and subsidiaries	S\$'000	S\$'000
Purchases, net of returns	-	16,478
Operating lease charges paid / payable	235	-

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)****14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

The Group, which operates in three geographical segments being Australia, the People's Republic of China (including Hong Kong) and others (India, Japan and Singapore), has 3 main core divisional activities as follows:

- Investment ("INV") - includes real estate investments in Australia and property investments in People's Republic of China (including Hong Kong) and Japan
- Lifestyle ("LIFE") – comprises distribution of lifestyle products in India, Japan, Peoples' Republic of China (including Hong Kong), Singapore and in various export markets
- Others ("OTH") - those other activities which do not fall into the above categories

Group's reportable segments**S\$'000****Six months ended 30 June 2016**

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	13,068	121,318	-	134,386
Result				
Segment result	9,279	(2,109)	(676)	6,494
Unallocated corporate expenses				(805)
Valuation loss on investment properties				(1,747)
Finance income				483
Finance costs				(2,759)
Foreign exchange loss				(46)
Profit before income tax				1,620
Income tax expenses				(499)
Profit for the period				1,121

Other information				
Capital expenditure:				
Property, plant and equipment	4	209	2	215
Depreciation expense	7	179	3	189

Assets				
Segment assets	170,333	60,725	264	231,322
Total assets				231,322
Liabilities				
Segment liabilities	49,622	62,183	300	112,105
Income tax payable				581
Deferred tax liability				1,176
Total liabilities				113,862

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Six months ended 30 June 2015

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	10,525	148,187	-	158,712
Result				
Segment result	6,799	(5,287)	(833)	679
Unallocated corporate expenses				(792)
Valuation gain on investment properties				9,488
Finance income				643
Finance costs				(2,405)
Foreign exchange loss				(208)
Profit before income tax				7,405
Income tax expenses				(17)
Profit for the period				7,388

Other information				
Capital expenditure:				
Property, plant and equipment	5	57	-	62
Depreciation expense	59	176	3	238

Assets				
Segment assets	156,893	76,856	319	234,068
Total assets				234,068
Liabilities				
Segment liabilities	53,448	67,969	345	121,762
Income tax payable				77
Deferred tax liability				475
Total liabilities				122,314

Geographical information

S\$'000

Geographical segments:	Revenue		Capital expenditure		Non-current assets *	
	30 Jun		30 Jun		30 Jun	
	2016	2015	2016	2015	2016	2015
People's Republic of China (including Hong Kong)	122,386	146,082	167	49	2,938	2,969
Australia	6,745	5,982	4	5	56,554	42,498
Others	5,255	6,648	44	8	1,400	1,179
	134,386	158,712	215	62	60,892	46,646

The basis of the information stated under geographical segment above is the aggregate of the relevant figures from companies incorporated in those countries

* Non-current assets other than financial instruments

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

See item 8 on review of performance

Negative confirmation pursuant to Rule 705(5)

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements for the 6 months ended 30 June 2016 to be false or misleading in any material aspect.

Confirmation pursuant to Rule 720(1)

It is confirmed that the Company has procured undertakings from all its Directors and executive officers.

ON BEHALF OF THE BOARD

Kartar Singh Thakral
Director

Inderbethal Singh Thakral
Director
3 August 2016

BY ORDER OF THE BOARD

Chan Wan Mei
Chan Lai Yin
Company Secretaries
3 August 2016