FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD QUARTER RESULTS

Issuer & Securities

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Please refer to attached Press Release and Unaudited Results for the third quarter ended 30 September 2019.

Additional Details

For Financial Period Ended
30/09/2019

Attachments

ThakralCorp_PR_Q3FY2019_20191107.pdf

ThakralCorp_Results_Q3FY2019_20191107.pdf

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

PRESS RELEASE

Thakral declares a second interim dividend of 2 cents per share as Group reports net profit of S$9.5 million for the nine months ended 30 September 2019

Singapore, 7 November 2019 – SGX mainboard-listed Thakral Corporation Ltd ("Thakral" or the "Group") has declared a second interim dividend of 2 cents per share. This is to be paid out on 29 November 2019 after posting a net profit of S$9.5 million compared to S$7.2 million for the previous nine-month period.

The performance was achieved on revenue of S$78.1 million for 9MFY2019 against S$122.4 million achieved during the previous corresponding period.

The higher profit was due to valuation gain on the Japanese property investments (principally on the Nambanaka Thakral Building upon its completion and letting out), an increased share of profit from the Group's associate and joint venture companies and contributions from the sale of its office building in Osaka, which netted a gain of S$3.4 million.

On a quarterly basis, profit for the third quarter (3QFY2019) rose 4.2 times from last year to S$4.8 million on the back of stronger contributions from the Investment Division.

Revenue for 3QFY2019 was however 28% lower at S$27.7 million compared to S$38.3 million in 3QFY2018.

In the current quarter, the Group also trimmed overheads and reduced valuation loss from its GLNG properties in Australia.

Consolidated gross profit for the quarter improved 8% to S$12.0 million from S$11.1 million previously. Profit from operations for the latest quarter was better than the previous corresponding quarter by 63%.

Net Asset Value per Share and Earnings per Share

Net Asset Value per share as of 30 September 2019 increased to 101.85 cents, compared to 100.98 cents as at 31 December 2018 – after payment of dividend to shareholders during the quarter; while earnings per share ("EPS") for the current nine-month period rose to 3.42 cents compared to 3.24 cents for the nine months ended 30 September 2018.

On a quarterly basis, the Group's EPS improved to 1.31 cents from 0.17 cent in the previous corresponding period.

Working Capital and Cash flow

Cash balances increased to S$18.8 million as at the end of the third quarter from S$11.5 million as of 31 December 2018.

The Group recorded a net cash outflow from operating activities of S$10.9 million for the period mainly from the movement in working capital components and reduction of liabilities.

Total debt instruments were lower at S$50.8 million as at 30 September 2019 versus S$71.9 million on 31 December 2018. This reflects the net refinancing of the investments in GemLife during the latest quarter and the raising of cash to fund new GemLife projects as well as repayments to outside investors.

Financial assets measured at fair value increased to S$47.0 million as at 30 September 2019 from S$44.7 million as at 31 December 2018. This is due to the fair valuation gain on the investment and mainly the revaluation of the Nambanaka Thakral retail building in Osaka upon completion of construction and lease to a long-term tenant during the period.

The Group also reduced its borrowings (including lease liabilities) to S$46.9 million as at 30 September 2019 as against S$55.3 million as at 31 December 2018

Segmental Performance

Investment Division

The Investment Division reported revenue of S$22.5 million for 9MFY2019 compared to S$26.9 million in the corresponding period last year.

In terms of segment result, this division clocked in a profit of S$19.1 million – up from S$16.9 million in the same period last year. The improvement was due to the fair valuation of the Japanese investment mentioned above, contributions from its share of profit from associate and joint venture companies as well as lower valuation loss from its GLNG properties.

Australia

The Group continues to recoup its investment from settlements of the remaining Newstead project units. The remaining investment return from the Grange Residences project is expected to be received by 4QFY2019.

Construction on the Parkridge Noosa project is progressing well; settlements commenced in August 2019 and are ongoing.

Construction of The Oxford Residences project in Sydney's Bondi Junction continues, with practical completion expected by 3QFY2020.

GemLife has established itself as one of the leading operators in the resort style retirement living segment in Australia. Sales and settlements at the Bribie Island, Woodend and Highfields projects are progressing well. Construction of the community facilities at the GemLife Woodend project is underway and house sales are also progressing well.

Over 240 houses have now been occupied at these three projects. Sales of the GemLife Maroochy Quays (formerly GemLife Maroochydore) project are also satisfactory with construction of homes starting in 4QFY2019.

Sales for the newly acquired GemLife Pacific Paradise project have started and civil works are underway.

Development approval is awaited for the GemLife Lennox Head project.

In line with its overall expansion strategy, GemLife continues to review other land sites for acquisition.

<u>Japan</u>

Renovations are being carried out at various properties in Osaka with a view to improving rental returns on lease renewals. The Group remains on the lookout for additional properties to add to its portfolio.

Strong rental growth is expected to continue in Osaka because of the limited supply of new commercial space expected in 2019. Demand by businesses have seen properties outside the Central Business District picking up in value and revenue.

Osaka is also expected to benefit from forthcoming events such as the 2020 Olympics, the World Expo 2025 and a potential integrated resort development. A number of urban infrastructure projects including Osaka Metro and railway extension or new line should boost inbound tourism.

Lifestyle Division

Sales for the current period were lower at S$55.7 million versus S$95.5 million for the previous corresponding period due to difficult market conditions and unanticipated business factors.

As part of efforts to improve productivity and profitability, the Lifestyle Division continues to take steps to reduce its cost structure and manage its burn rate.

Inventory was reduced to improve cash flow in the coming months. This will enable the Lifestyle Division to re-invest resources to grow other brands and businesses to boost the value of its current portfolio and aggressively seek new brands/products.

The Group has for instance recently started distribution of L’Oréal’s fragrance brand, Maison Margiela in mainland China and Hong Kong. Meanwhile plans are in the pipeline for the launch of several other fragrance brands, including Ralph Lauren and Diesel. It has also been developing the John Masters Organics brand in China.

In addition, strong channel relations with key customers such as Tmall, JD.com and Sephora will serve as popular high-traffic platforms for other brands seeking market access and growth in China and other Asian markets.

Looking Ahead

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman and Lead Independent Director of Thakral, said: "The Group's improved performance reflects the success of our strategy to stay resilient amid challenging economic conditions. We have continued to deliver positive returns to our shareholders by declaring another interim dividend of 2 cents, the second this year. We look forward to continuing the practice to issue dividends twice yearly for our loyal shareholders.

Our strong portfolio of investments especially in Japan and Australia, which helped mitigate the impact of severe headwinds over the past months, will remain our key growth driver in the coming months. Our focus will be on growing sustainable income from our real estate investments. This division will expand its retirement resort business in Australia under GemLife to provide stable long-term returns. Our investments in Japan will also continue to provide good rental yields for us. We will stay alert to good opportunities for capital appreciation from our real estate investments to recycle our capital to reap improved returns for our shareholders."

Sentiment in the Australian housing market has improved since the middle of this year on uptick in buyer activities following three interest rate cuts, easier access to credit and revised housing tax policies.

The recovery in prices has been driven by Sydney and Melbourne with prices rising 3% in both cities in the past three months with further gains expected in the final quarter of the year. With new approvals for construction lagging the high volume of housing, this may lead to a renewed supply-demand imbalance in future.

While the Investment Division is focused on growing the GemLife business in Australia, it will also explore alternative real estate asset classes to grow the business and improve returns. The Group continues to review potential projects in residential and other market segments.

China's economy continued to expand although at a slower rate of 6 percent from July to September – its slowest rate in nearly three decades – in the wake of cooling domestic demand and a protracted trade dispute with the US.

While the demand for the Lifestyle Division's products will likely be impacted in the near term, the Group is mounting concerted efforts to achieve a turnaround to profitability.

Mr. Subramaniam added "We see the present growth strategy of the Lifestyle Division as at a reset point. We will reboot and focus on value creation through organic growth as well as possible acquisitions and joint ventures which should result in accretion of shareholder value over the longer term. We will also further exploit digital channels via our partnership with CurrentBody – one of UK's leading online distributors of beauty devices to grow our sales."

Ecommerce is a major driver of China's retail economy, with sales growing more than 30% in 2019 to reach $1.989 trillion. That means 35.3% of China's retail sales occur online – by far the highest rate in the world. By the end of this year, China will have 55.8% of all online retail sales globally.[1]

With its key strategies firmly in place, the Group remains prudent in managing business risks and is optimistic of staying profitable for FY2019.

About Thakral

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

The Group's Investment Division 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 the projects. The Investment Division, through a joint venture, has expanded its businesses into development and management of retirement living resorts in Australia under the GemLife brand. Taking advantage of the upward trend in the Japanese property sector and the country's low interest rate, the Group has also expanded its investment footprint to Japan. With the completion of the acquisition of The Riverwalk office property, the Group has extended its property investments to Singapore.

The Group's Lifestyle Division is focused on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading e-commerce platforms as well as traditional retailers. The brands distributed by the Lifestyle Division include Panasonic, PMD, DermaWand, Philips, TriPollar, T3, Style Seat and Slendertone, skin and hair care brands John Masters Organics, Codage and Institut Karite Paris, fragrance brand Maison Margiela as well as lifestyle brands such as DJI.

The Lifestyle Division is also creating an e-commerce retail platform for at-home beauty devices in China, in a joint venture with UK-based CurrentBody.com Limited, a leader in this space.

Greater China including Hong Kong, Southeast Asia and India are key markets for the Lifestyle Division and Australia, Japan and Singapore for the Investment Division.

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[1] eMarketer Editors, "China to Surpass US in Total Retail Sales, Ecommerce exceeds 35% of China's retail sales – the highest in the world", 22 January 2019: https://www.emarketer.com/content/china-to-surpass-us-in-total-retail-sales

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

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Financial Statements Announcement for the Nine Months and Third Quarter ended 30 September 2019

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 nine months and third quarter ended 30 September 2019, together with a comparative statement for the corresponding period of the immediately preceding financial year

These figures have not been audited.

	Note	Group			Group		
		S$000		%	S$000		%
		Nine months ended		Increase /	Three months ended		Increase /
		30 Sep 2019	30 Sep 2018 (restated)	(Decrease)	30 Sep 2019	30 Sep 2018 (restated)	(Decrease)
Revenue	1	78,149	122,379	(36)	27,711	38,302	(28)
Cost of sales		(48,830)	(86,068)	(43)	(15,708)	(27,212)	(42)
Gross profit	1	29,319	36,311	(19)	12,003	11,090	8
Other operating income	2	32	339	(91)	2	4	(50)
Distribution costs	3	(6,684)	(5,818)	15	(2,263)	(2,200)	3
Administration expenses	4	(10,848)	(12,836)	(15)	(2,374)	(4,368)	(46)
Other operating expenses	5	(398)	(424)	(6)	(126)	(80)	58
Profit from operations		11,421	17,572	(35)	7,242	4,446	63
Gain on disposal of properties	6	3,424	-	NM	(36)	-	NM
Valuation losses on investment properties	7	(2,338)	(4,563)	(49)	(767)	(1,496)	(49)
Finance income	8	120	36	233	34	22	55
Finance costs	9	(2,820)	(3,501)	(19)	(776)	(1,081)	(28)
Foreign exchange loss	10	(59)	(1,054)	(94)	(232)	(480)	(52)
Share of profit of associate and joint ventures	11	1,976	-	NM	531	-	NM
Profit before income tax		11,724	8,490	38	5,996	1,411	325
Income tax expenses	12	(2,211)	(1,243)	78	(1,223)	(488)	151
Profit for the period / quarter		9,513	7,247	31	4,773	923	417
Profit attributable to:							
Equity holders of the Company		4,481	4,246	6	1,713	222	672
Non-controlling interests		5,032	3,001	68	3,060	701	337
		9,513	7,247	31	4,773	923	417

NM – Not meaningful

	Note	S$'000		%	S$'000		%
		Nine months ended		Increase /	Three months ended		Increase /
		30 Sep 2019	30 Sep 2018	(Decrease)	30 Sep 2019	30 Sep 2018	(Decrease)
Profit for the period / quarter		**9,513**	**7,247**	**31**	**4,773**	**923**	**417**
Other comprehensive loss							
Items that may be reclassified subsequently to profit or loss							
Translation loss arising on consolidation	13	(875)	(4,129)	(79)	(429)	(3,236)	(87)
Other comprehensive loss for the period / quarter, net of tax		**(875)**	**(4,129)**	**(79)**	**(429)**	**(3,236)**	**(87)**
Total comprehensive income (loss) for the period / quarter		**8,638**	**3,118**	**177**	**4,344**	**(2,313)**	**NM**
Total comprehensive income (loss) attributable to:							
Equity holders of the Company		3,775	1,038	264	1,540	(2,061)	NM
Non-controlling interests		4,863	2,080	134	2,804	(252)	NM
		8,638	**3,118**	**177**	**4,344**	**(2,313)**	**NM**

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

Reclassification

Reclassifications have been made to the prior year's Consolidated Income Statement in line with the classification in the audited financial statements for the year ended 31 Dec 18 - an amount of S$1,023,000 (Q3-FY18: S$481,000) related to withholding tax on certain investment income, previously included as administration expenses, is now reclassified as income tax expenses and another amount of S$898,000 (Q3-FY18: S$346,000) related to the beauty service business, previously included as distribution expenses, is now reclassified to cost of sales.

Note 1:

Consolidated Group revenue for the nine months ended 30 September 2019 declined to S$78.1 million from S$122.4 million in the previous corresponding period mainly due to China's on-going trade row with the USA, the fallout in China of a key Japanese brand as well as continuing social unrest in Hong Kong. The Investment Division's revenue for Q3-FY19 grew about 24% to S$9.6 million over the S$7.7 million achieved in Q3-FY18.

Revenue includes investment income of S$14.1 million (nine months ended 30 September 18: S$16.6 million).

Consolidated gross profit for the quarter improved 8% to S$12.0 million from S$11.1 million previously.

Note 2:

Other operating income comprises:

	S$'000		%	S$'000		%
	Nine months ended		Increase /	Three months ended		Increase /
	30 Sep 2019	30 Sep 2018	(Decrease)	30 Sep 2019	30 Sep 2018	(Decrease)
Government subsidies	4	304	(99)	-	(4)	100
Others	28	35	(20)	2	8	(75)
Total	32	339	(91)	2	4	(50)

i. The unit in China received lower VAT and other subsidies in the current period.

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

Note 3:
Distribution costs comprise:

	S$'000		%	S$'000		%
	Nine months ended		Increase /	Three months ended		Increase /
	30 Sep 2019	30 Sep 2018	(Decrease)	30 Sep 2019	30 Sep 2018	(Decrease)
		(restated)			(restated)	
Staff costs	(2,999)	(2,616)	15	(1,025)	(962)	7
Advertising & promotion	(1,960)	(1,154)	70	(667)	(520)	28
Transportation	(571)	(758)	(25)	(187)	(268)	(30)
Travelling expenses	(201)	(191)	5	(73)	(63)	16
Others	(953)	(1,099)	(13)	(311)	(387)	(20)
Total	(6,684)	(5,818)	15	(2,263)	(2,200)	3

i. Staff costs increased due to additional sales personnel, including the team to distribute the various new fragrance brands, and the annual salary increment implemented in January 2019.
ii. Continued investment for the promotion and development of the Group's beauty and wellness products led to higher advertising and promotion costs.
iii. Transport costs decreased with staff concentrating on sales in their local areas.
iv. Others include depreciation charged (in accordance with SFRS(I) 16 *Leases*) on right-of-use assets for the leased warehouse. The reduction in others is mainly due to lower storage expenses.

Note 4:
Administration expenses comprise:

	S$'000		%	S$'000		%
	Nine months ended		Increase /	Three months ended		Increase /
	30 Sep 2019	30 Sep 2018	(Decrease)	30 Sep 2019	30 Sep 2018	(Decrease)
		(restated)			(restated)	
Staff costs (including executive directors)	(5,711)	(8,989)	(36)	(906)	(2,832)	(68)
Directors' fees	(429)	(411)	4	(145)	(137)	6
Professional fees	(1,932)	(1,119)	73	(528)	(469)	13
Depreciation on right-of use assets / rent & rates - office premises	(728)	(473)	54	(250)	(171)	46
Travelling expenses	(370)	(431)	(14)	(102)	(269)	(62)
Insurance	(216)	(208)	4	(70)	(79)	(11)
Reversal (allowance) for doubtful debts (including bad debt recovered)	6	(16)	NM	57	(15)	NM
Others	(1,468)	(1,189)	23	(430)	(396)	9
Total	(10,848)	(12,836)	(15)	(2,374)	(4,368)	(46)

i. The decline in Staff costs was mainly from bonus accruals being adjusted to be in alignment with results.
ii. Higher project related legal fees in Australia as well as the requirement to appoint professionals in connection with the partial share offer earlier this year resulted in the substantial increase in professional fees.
iii. Depreciation on right-of-use assets (arising from the adoption of the new SFRS(I) 16 *Leases* from 1 January 2019) / rental expense increased on account of the higher rental paid in respect of the new office in Shanghai.
iv. Travelling expenses were lower due to reduced travel by management during the period.
v. Reversal of allowance for doubtful debts reflects the scheduled monthly recoveries from a customer that had previously been written off.
vi. Other costs increased by donations of S$0.23 million to charities in line with the Corporate Social Responsibility policy.

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

Note 5:
Other operating expenses comprise:

	S$'000		%	S$'000		%
	Nine months ended		Increase /	Three months ended		Increase /
	30 Sep 2019	30 Sep 2018	(Decrease)	30 Sep 2019	30 Sep 2018	(Decrease)
Depreciation on property, plant and equipment	(394)	(213)	85	(132)	(80)	65
(Loss) gain on disposal of investment properties	(4)	-	NM	6	-	NM
Loss on derivative financial instrument	-	(211)	(100)	-	-	NM
Total	(398)	(424)	(6)	(126)	(80)	58

i. Depreciation on property, plant and equipment increased mainly due to the charge on the leasehold improvements in the new office in Shanghai.
ii. The loss on disposal of investment property arose on the houses sold in the GLNG project in Gladstone.
iii. There was no further loss on the derivative financial instrument during this period.

Note 6:
The Group sold its office building in Osaka, realising a net gain of S$3.4 million.

Note 7:
The Group recognised a valuation loss on the GLNG houses in Australia (which is expected to continue until the end of the lease terms).

Note 8:
Finance income increased in the current period mainly due to the settlement of interest on a long-term deposit by a bank in China. Interest accrued on this long-term deposit had been reversed in Q2-FY18.

Note 9:
Finance costs reduced in view of the lower level of borrowings compared to the previous corresponding period. Finance costs also include a part of lease payments which were previously charged as administration / selling expenses in the income statement, as required by the new SFRS(I) 16 *Leases*.

Note 10:
Foreign exchange translation loss for the period arose from the translation of monetary assets and liabilities, denominated in foreign currencies, outstanding as at the end of the period.

Note 11:
The share of profit from associate and joint ventures arose mainly from the Group's Japanese property investments under TJP Pte Ltd and the GemLife joint venture for the development and management of retirement resorts in Australia. This also includes the start-up costs in relation to the CurrentBody joint venture.

Note 12:
Income tax for the period mainly relates to the withholding tax on the income from Investment Division projects and the distributions declared by the Japanese property holding vehicles, the deferred tax on the fair value gain on the financial assets measured at fair value through income statement as well as the share of profit of associate.

Note 13:
These unrealised 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.

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 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
ASSETS					
Current assets					
Cash and bank balances	1	18,778	11,510	2,269	944
Trade receivables	2	10,526	10,065	-	-
Other receivables and prepayments	3	19,768	7,623	4,665	71
Debt instruments measured at fair value through income statement	4	9,913	18,540	-	-
Inventories	5	10,660	24,180	-	-
Total current assets		69,645	71,918	6,934	1,015
Non-current assets					
Other receivables	3	3,093	1,695	-	-
Debt instruments measured at fair value through income statement	4	40,849	53,349	-	-
Property, plant and equipment	6	2,132	3,492	13	19
Right-of-use assets	7	2,245	-	71	-
Investment properties		62,685	66,489	-	-
Subsidiary corporations		-	-	116,566	115,980
Joint ventures	8	4,140	4,182	-	-
Associate	9	39,464	28,373	-	-
Financial assets measured at fair value through income statement	10	46,966	44,744	-	-
Total non-current assets		201,574	202,324	116,650	115,999
Total assets		271,219	274,242	123,584	117,014
LIABILITIES AND EQUITY					
Current liabilities					
Trade and bills payables	11	3,409	3,999	-	-
Trust receipts	11	10,069	10,968	-	-
Bank and other borrowings	12	21,918	24,933	177	4,342
Lease liabilities	7	1,434	-	41	-
Other payables	13	12,252	16,789	934	444
Provisions		3,003	2,706	52	52
Income tax payable		3,318	3,082	-	-
Total current liabilities		55,403	62,477	1,204	4,838
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	16,418	6,950
Bank and other borrowings	12	12,779	19,419	-	-
Lease liabilities	7	726	-	32	-
Deferred tax liability	14	12,664	10,593	-	-
Total non-current liabilities		26,169	30,012	16,450	6,950
Total liabilities		81,572	92,489	17,654	11,788
Capital, reserves and non-controlling interests					
Issued capital		72,579	72,579	72,579	72,579
Reserves		60,698	59,563	33,351	32,647
Equity attributable to equity holders of the Company		133,277	132,142	105,930	105,226
Non-controlling interests		56,370	49,611	-	-
Total equity		189,647	181,753	105,930	105,226
Total liabilities and equity		271,219	274,242	123,584	117,014

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 September 2019		As at 31 December 2018	
Secured *	Unsecured	Secured *	Unsecured
S$ 31,419,000	S$ 2,002,000	S$ 30,335,000	S$ 5,566,000

* Included trust receipts and lease liabilities

Please also see note (12) on page 9

Details of any collateral

Charge over property in Singapore; pledged bank deposits of S$2.5 million; corporate guarantees by the Company and certain subsidiary corporations

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

Lease liabilities are considered to be secured by the underlying leased assets

Amount repayable after one year

As at 30 September 2019		As at 31 December 2018	
Secured *	Unsecured	Secured	Unsecured
S$ 13,505,000	-	S$ 14,962,000	S$ 4,457,000

* Included lease liabilities

Please also see note (12) on page 9

Details of any collateral

Charge over property in Singapore; 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

Lease liabilities are considered to be secured by the underlying leased assets

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

(S$ '000)	Note	Nine months ended		Three months ended	
		30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
			(restated)		(restated)
OPERATING ACTIVITIES					
Profit before income tax		11,724	8,490	5,996	1,411
Adjustments for:					
Depreciation expense of property, plant and equipment and right-of-use assets		1,569	213	525	80
Share of profit of associate and joint ventures		(1,976)	-	(531)	-
Dividend income from financial assets measured at FVTIS		(1,035)	(701)	(490)	(315)
Fair value gain on debt instruments		(7,619)	(14,613)	(1,509)	(3,831)
Fair value gain on financial assets		(5,481)	(1,290)	(5,367)	(276)
Interest expense		2,820	3,501	776	1,081
Interest income		(120)	(36)	(34)	(22)
Loss (gain) on disposal of investment properties		4	-	(6)	-
(Gain) loss on disposal of property, plant and equipment		(3,415)	1	45	(1)
Valuation losses on investment properties		2,338	4,563	767	1,496
Unrealised loss on outstanding derivative financial instrument		-	211	-	-
Net unrealised foreign exchange (gain) loss		(802)	808	(614)	285
Share-based payment expenses		13	-	4	-
Provision for employee benefits		438	236	276	83
Allowance for inventories		750	1,091	154	176
Impairment loss recognised on trade receivables		11	4	1	3
Impairment loss recognised on other receivables		41	12	-	12
Operating cash flows before movements in working capital		(740)	2,490	(7)	182
Trade receivables		(408)	(4,093)	(381)	(960)
Other receivables and prepayments		(12,687)	(1,861)	(11,332)	2,482
Inventories		12,758	(5,872)	5,503	(6,036)
Trade and bills payable		(626)	2,751	1,400	3,997
Other payables and provisions		(3,719)	5,846	(453)	6,229
Cash (used in) generated from operations		(5,422)	(739)	(5,270)	5,894
Income tax paid		(779)	(973)	(597)	(181)
Interest paid		(4,877)	(4,760)	(3,202)	(2,678)
Interest received		156	713	34	559
Net cash (used in) generated from operating activities		(10,922)	(5,759)	(9,035)	3,594
INVESTING ACTIVITIES					
Additions to property, plant and equipment		(205)	(573)	(43)	(313)
Proceeds from disposal of property, plant and equipment		4,582	2	4,582	1
Investments in associate		(8,000)	-	-	-
Investments in joint ventures		(87)	-	51	-
Acquisition of a subsidiary corporation		-	(9,000)	-	(9,000)
Dividend received from financial assets measured at FVTIS		-	1,458	-	-
Proceeds from disposal of financial assets measured at FVTIS		4,500	-	48	-
Additions to financial assets measured at FVTIS		-	(17,236)	-	(10,379)
Repayments of debt instruments measured at FVTIS		46,551	37,535	37,302	20,088
Additions to debt instruments measured at FVTIS		(19,514)	(20,989)	(5,781)	(2,566)
Proceeds from disposal of investment properties		554	-	277	-
Net cash generated from (used in) investing activities		28,381	(8,803)	36,436	(2,169)
FINANCING ACTIVITIES					
Dividend paid to non-controlling shareholders in a subsidiary corporation		(1,399)	(475)	(1,399)	(475)
Dividend paid		(2,617)	(2,617)	(2,617)	-
Cash contributions from non-controlling shareholders in a subsidiary corporation		3,297	8,410	105	8,410
Decrease (increase) in fixed deposits with maturities exceeding three months		16	2,265	15	(28)
Decrease (increase) in pledged fixed deposits		266	6,392	(15)	4,091
(Decrease) increase in trust receipts		(1,012)	288	951	600
Increase (decrease) in factoring loan		145	-	(239)	-
Repayments of lease liabilities		(1,285)	-	(389)	-
Increase in other loans		15,444	-	-	-
Repayments of other loans		(21,120)	(14,821)	(10,731)	(10,957)
Loans from banks		1,653	2,925	(11)	2,386
Repayments of bank loans		(3,086)	(8,079)	(871)	(4,137)
Net cash used in financing activities		(9,698)	(5,712)	(15,201)	(110)
Net increase (decrease) in cash and cash equivalents		7,761	(20,274)	12,200	1,315
Cash and cash equivalents at beginning of period / quarter		8,688	34,911	4,215	13,356
Net effect of exchange rate changes in the balance of cash held in foreign currencies		(236)	(246)	(202)	(280)
Cash and cash equivalents at end of period / quarter		16,213	14,391	16,213	14,391
Cash and cash equivalents were represented by:-					
Fixed deposits with maturities less than 3 months, cash and bank balances	1	16,213	14,391	16,213	14,391
		16,213	14,391	16,213	14,391

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

Reclassification

To align with the reclassification of the withholding tax on certain investment income in the Income Statement, the corresponding reclassification has been made to the prior year's Statement of Cash Flows in line with the classifications in the audited financial statements for the year ended 31 Dec 18.

Note 1:

Cash and bank balances are comprised of:

	30-Sep-19	31-Dec-18
Cash and cash equivalents	S$16.2 million	S$8.7 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 trust receipts and factoring loan	S$2.5 million	S$2.7 million
Total	S$18.8 million	S$11.5 million

Note 2:

Trade receivables were about level with those as at the year end.

Included in trade receivables is an amount of S$1.0 million (31 Dec 18: S$0.8 million) which was factored to a bank on a full recourse basis. The cash received from the factoring is included as bank borrowing (Note 11).

Note 3:

The increase in current other receivables reflects the amount receivable during Q4-2019 from a Japanese vendor for goods returned as well as a deposit placed on an investment under review.

Non-current other receivables increased mainly due to the loans advanced to the Associate in Japan and to the CurrentBody joint venture entity.

Note 4:

The decrease in aggregate debt instruments measured at fair value through income statement reflects the net refinancing of the investments in the GemLife joint venture during the latest quarter to raise cash for further investment into new GemLife projects and repayments to certain co-investors and others. Of the total of S$50.8 million (31 Dec 18: S$71.9 million), debt instruments due by the GemLife joint venture entities amount to S$9.4 million (31 Dec 18: S$34.8 million) as at 30 September 2019.

Note 5:

Inventories reduced from a combination of the return of certain inventories to a Japanese brand owner as well as clearance of ageing inventories during the period.

Note 6:

Property, plant and equipment reduced on account of the sale of the Group's office building in Osaka during the latest quarter.

Note 7:

Right-of-use assets represent the Group's right to use an asset over the life of the relevant lease. Lease liabilities are the amounts payable on such leases, segregated into current and non-current portions.

Note 8:

This mainly represents the Group's interest, including share of profit for the period, in the joint venture entities for the GemLife retirement housing business.

Note 9:

This represents the Group's investment in commercial properties and hotel building in Japan through a pooled investment structure that is accounted for as an associate by the Group in view of its significant influence over the entity. This includes the share of profit of the entity.

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

Note 10:
This represents the Group's investments in commercial properties and hotel buildings in Japan through pooled investment structures which are accounted for as financial assets measured at fair value through income statement.

Note 11:
Aggregate trade and bills payable and trust receipts reduced in view of repayments and lower purchases in the period.

Note 12:
Bank and other borrowings reduced mainly from the ongoing loan repayments as well as repayment of funding from certain co-investors made during the period.

Note 13:
Other payables reduced on account of settlement of certain accrued expenses.

Note 14:
Deferred tax liability increased mainly from the valuation gains on the various Japanese investments.

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

Nine months ended 30 September 2019

S$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Share options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2019, as previously reported	**72,579**	**(9,084)**	**296**	**2**	**(6,489)**	**74,838**	**132,142**	**49,611**	**181,753**
Effect on adoption of SFRS(I) 16	-	-	-	-	-	(33)	(33)	(5)	(38)
Balance at 1 Jan 2019, restated	**72,579**	**(9,084)**	**296**	**2**	**(6,489)**	**74,805**	**132,109**	**49,606**	**181,715**
Total comprehensive income for the quarter									
Profit for the quarter	-	-	-	-	-	964	964	1,016	1,980
Other comprehensive loss for the quarter	-	-	-	-	(558)	-	(558)	(552)	(1,110)
	-	-	-	-	(558)	964	406	464	870
Transactions with owners, recognised directly in equity									
Recognition of share-based payments of a subsidiary corporation	-	-	-	4	-	-	4	1	5
Balance at 31 Mar 2019	**72,579**	**(9,084)**	**296**	**6**	**(7,047)**	**75,769**	**132,519**	**50,071**	**182,590**
Total comprehensive income for the quarter									
Profit for the quarter	-	-	-	-	-	1,804	1,804	956	2,760
Other comprehensive income for the quarter	-	-	-	-	25	-	25	639	664
	-	-	-	-	25	1,804	1,829	1,595	3,424
Transactions with owners, recognised directly in equity									
Cash contributions from non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	-	3,192	3,192
Recognition of share-based payments of a subsidiary corporation	-	-	-	3	-	-	3	1	4
	-	-	-	3	-	-	3	3,193	3,196
Balance at 30 Jun 2019	**72,579**	**(9,084)**	**296**	**9**	**(7,022)**	**77,573**	**134,351**	**54,859**	**189,210**
Total comprehensive income for the quarter									
Profit for the quarter	-	-	-	-	-	1,713	1,713	3,060	4,773
Other comprehensive loss for the quarter	-	-	-	-	(173)	-	(173)	(256)	(429)
	-	-	-	-	(173)	1,713	1,540	2,804	4,344
Transactions with owners, recognised directly in equity									
Cash contributions from non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	-	105	105
Dividend	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Dividend to non-controlling shareholders of a subsidiary corporation	-	-	-	-	-	-	-	(1,399)	(1,399)
Recognition of share-based payments of a subsidiary corporation	-	-	-	3	-	-	3	1	4
	-	-	-	3	-	(2,617)	(2,614)	(1,293)	(3,907)
Balance at 30 Sep 2019	**72,579**	**(9,084)**	**296**	**12**	**(7,195)**	**76,669**	**133,277**	**56,370**	**189,647**

Nine months ended 30 September 2018

S$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2018	**72,579**	**(9,207)**	**296**	**(2,530)**	**70,775**	**131,913**	**30,797**	**162,710**
Total comprehensive income for the quarter								
Profit for the quarter	-	-	-	-	2,333	2,333	1,061	3,394
Other comprehensive (loss) income for the quarter	-	-	-	(1,952)	-	(1,952)	11	(1,941)
	-	-	-	(1,952)	2,333	381	1,072	1,453
Balance at 31 Mar 2018	**72,579**	**(9,207)**	**296**	**(4,482)**	**73,108**	**132,294**	**31,869**	**164,163**
Total comprehensive income for the quarter								
Profit for the quarter	-	-	-	-	1,691	1,691	1,239	2,930
Other comprehensive income for the quarter	-	-	-	1,027	-	1,027	21	1,048
	-	-	-	1,027	1,691	2,718	1,260	3,978
Transactions with owners, recognised directly in equity								
Dividend	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Balance at 30 Jun 2018	**72,579**	**(9,207)**	**296**	**(3,455)**	**72,182**	**132,395**	**33,129**	**165,524**
Total comprehensive loss for the quarter								
Profit for the quarter	-	-	-	-	222	222	701	923
Other comprehensive loss for the quarter	-	-	-	(2,283)	-	(2,283)	(953)	(3,236)
	-	-	-	(2,283)	222	(2,061)	(252)	(2,313)
Transactions with owners, recognised directly in equity								
Cash contributions from non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	8,410	8,410
Balance at 30 Sep 2018	**72,579**	**(9,207)**	**296**	**(5,738)**	**72,404**	**130,334**	**41,287**	**171,621**

Nine months ended 30 September 2019

S$'000

Company	Issued capital	Retained earnings	Total
Balance as at 1 Jan 2019, as previously reported	**72,579**	**32,647**	**105,226**
Effect on adoption of SFRS(I) 16	-	(2)	(2)
Balance as at 1 Jan 2019, restated	**72,579**	**32,645**	**105,224**
Profit for the quarter, representing total comprehensive income for the quarter	-	585	585
Balance as at 31 Mar 2019	**72,579**	**33,230**	**105,809**
Loss for the quarter, representing total comprehensive loss for the quarter	-	(245)	(245)
Balance as at 30 Jun 2019	**72,579**	**32,985**	**105,564**
Profit for the quarter, representing total comprehensive income for the quarter	-	2,983	2,983
Transactions with owners, recognised directly in equity			
Dividend	-	(2,617)	(2,617)
Balance as at 30 Sep 2019	**72,579**	**33,351**	**105,930**

Nine months ended 30 September 2018

Company	Issued capital	Retained earnings	Total
			S$'000
Balance as at 1 Jan 2018	**72,579**	**40,977**	**113,556**
Profit for the quarter, representing total comprehensive income for the quarter	-	10,309	10,309
Balance as at 31 Mar 2018	**72,579**	**51,286**	**123,865**
Profit for the quarter, representing total comprehensive income for the quarter	-	418	418
Transactions with owners, recognised directly in equity			
Dividend	-	(2,617)	(2,617)
Balance as at 30 Jun 2018	**72,579**	**49,087**	**121,666**
Loss for the quarter, representing total comprehensive loss for the quarter	-	(368)	(368)
Balance as at 30 Sep 2018	**72,579**	**48,719**	**121,298**

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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company did not have any outstanding convertibles or treasury shares as at 30 Sep 2019 and 31 Dec 2018.

The Company does not have any share option scheme currently in effect.

The outstanding share options under the Thakral Capital Holdings Pte Ltd Employees' Share Option Scheme were 78,300 as at 30 Sep 2019 and 31 Dec 2018; the options are not exercisable until 1 Nov 2021.

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 September 2019 and 31 December 2018.

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, disposal, 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

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 period as those of 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 effect of, the change

On 1 January 2019, the Group adopted all the SFRS(I) pronouncements that are effective from that date and are relevant to its operations. The Group was mainly affected by the following:-

SFRS(I) 16	*Leases*
Amendments to SFRS(I) 9	*Financial Instruments: Prepayment Features with Negative Compensation*
Amendments to SFRS(I) 1-28	*Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*
SFRS(I) INT 23	*Uncertainty over Income Tax Treatments*

As certain leases entered by the Group as lessee meet the definition of a lease under SFRS(I) 16, the Group has recognised right-of-use assets and the corresponding lease liabilities in its Statements of Financial Position. The lease payments are now charged as depreciation as well as finance costs. In view of the modified approach adopted by the Group for this SFRS(I), prior period figures are not required to be restated. The effect of the adoption of this modified approach includes the recognition of a net liability of S$38,000 as of 1 January 2019 relating to the cumulative retrospective impact from initially applying the standard that has been adjusted to retained earnings.

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

	Nine months ended 30 Sep 2019	Nine months ended 30 Sep 2018
(i) Based on the weighted average number of ordinary shares on issue	3.42 cents	3.24 cents
(ii) On a fully diluted basis	3.42 cents	3.24 cents

	Three months ended 30 Sep 2019	Three months ended 30 Sep 2018
(i) Based on the weighted average number of ordinary shares on issue	1.31 cents	0.17 cent
(ii) On a fully diluted basis	1.31 cents	0.17 cent

Basic earnings per share and diluted earnings per share are computed on the profit 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 September 2019 and 30 September 2018.

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

	As at 30 Sep 2019	As at 31 Dec 2018
Group	101.85 cents	100.98 cents
Company	80.95 cents	80.41 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review – Nine months ended 30 September 2019

Revenue & Profitability

The Group's consolidated net profit for the nine-month ended 30 September 2019 was S$9.5 million compared to S$7.2 million for the previous corresponding period, an improvement of 31%. The profit of the current quarter of S$4.8 million compared to S$0.9 million for the previous corresponding period was 4.2 times of the previous period. The considerable improvement of profit for the current nine-month period was contributed by a number of factors detailed below. Against the strong background of value contribution by the Investment Division, the economic and other conditions negatively impacted the performance of the Lifestyle division.

Consolidated revenue for the nine months ended 30 September 2019 was S$78.1 million compared to S$122.4 million achieved in the previous corresponding period and S$27.7 million for the latest quarter against S$38.3 million for Q3-FY18. The Investment Division's results in the current period (including share of profit from associate and joint ventures and reduced valuation losses on investment properties) improved by 13.4% from the S$16.9 million achieved in the previous corresponding period. Revenue for Q3-FY19 grew about 24% to S$9.6 million over the S$7.7 million achieved in Q3-FY18. This included the fair valuation gain on the Japanese investments (accounted as financial assets measured as fair value through income statement). This largely represents the fair value gain on the Nambanaka Thakral retail property in Japan following valuation after completing construction and lease to a long-term tenant during the period.

As part of the strategy to broaden our income stream beyond China, the Group has over the recent years successfully diversified its investments in Australia, Japan and Singapore. This includes setting up joint ventures and associates whose performance is not consolidated into the Group's numbers due to accounting rules (but is accounted for under equity method as share of profit).

The Group's joint venture in the retirement living space, GemLife, delivered higher revenue and gross profit for the current period. While this is yet to be fully reflected in higher net profit due to the additional overheads incurred for business expansion, this should become more apparent as more projects begin to come on stream.

Revenue at the Lifestyle Division was affected by China's on-going trade row with the USA, the fallout in China of a key Japanese brand as well as continuing social unrest in Hong Kong. The Group has reduced inventory holdings which will improve cash flow over the coming months and allow the Lifestyle Division to grow its other brands and businesses and add value as it aggressively searches for new brands/products.

Consolidated gross profit for the quarter improved 8% to S$12.0 million from S$11.1 million previously.

Profit from operations for the latest quarter was better than the previous corresponding quarter by 63%.

The Group completed the sale of its old office building (Thakral Building) in Osaka during the period, realising a gain of S$3.4 million.

The Board has declared an interim dividend of 2 cents per share which shall be paid on 29 November 2019.

Valuation loss of S$2.3 million on the GLNG houses in Gladstone, Australia for the period is lower than the S$4.6 million in the previous corresponding period mainly as the rate of decline in property values in Gladstone improved.

Net finance costs for the period declined by about 22% to S$2.7 million from S$3.5 million in the previous corresponding period.

Expenses

Distribution expenses of S$6.7 million for the current period were 15% higher than the S$5.8 million incurred in the previous corresponding period in view of ongoing investments being made in promoting and building up the brands handled by the Group. This includes setting up the team to distribute the various L'Oreal International Distribution fragrance brands in PR China including Hong Kong and Macau.

Administration expenses reduced from S$12.8 million incurred in the comparative prior period to S$10.8 million in the latest period due to lower bonus accruals in alignment with results.

Foreign exchange loss of S$0.1 million in the current period arose mainly from the translation of foreign currency denominated assets and liabilities outstanding as at the end of the period compared to a loss of S$1.1 million in the earlier period.

The Group also recognised share of profits from an associate and joint ventures of S$2.0 million in the period (against nil in the previous corresponding period), including the start-up costs in relation to the CurrentBody joint venture.

The increase in income tax in the current period is mainly from the withholding tax accrued on the fair valuation gain taken up on the Japanese investment.

Consolidated net profit of S$9.5 million for the current period compares to S$7.2 million earned in the previous corresponding period.

Statement of Financial Position and Cash Flow

Inventories reduced to S$10.7 million as at 30 September 2019 compared to S$24.2 million as at 31 December 2018 with the return of goods to the Japanese vendor as well as clearance of ageing inventories during the period. The inventory turnover period for the year was 97 days against 84 days for the previous corresponding period.

Trade receivables of S$10.5 million as at 30 September 2019 were about level with those as at 31 December 2018. The trade receivables turnover period for the year was 36 days against 31 days for the previous corresponding period. Current other receivables increased to S$19.8 million reflecting the amount receivable during Q4-FY19 from the Japanese vendor for returned goods as well as a deposit placed on an investment under review.

Aggregate debt instruments measured at fair value through income statement reduced to S$50.8 million as at 30 September 2019 compared to S$71.9 million as at 31 December 2018 reflecting the net refinancing of the investments in the GemLife joint venture during the latest quarter to raise cash for other needs including further investment into new GemLife projects and repayments to certain co-investors.

Financial assets measured at fair value through income statement increased to S$47.0 million as at 30 September 2019 from S$44.7 million as at 31 December 2018 mainly reflecting the revaluation gain on the Nambanaka Thakral retail building in Osaka net of the sale of one of the properties to the Group's TMK holding structure in the previous quarter.

The increase in value of Associate from S$28.4 million as at 31 December 2018 to S$39.5 million mainly reflects the acquisition of the Nikke Yotsubashi and Kitahama buildings.

The Group also recognised right-of-use assets and aggregate lease liabilities of S$2.2 million and S$2.2 million respectively representing the Group's lease commitments upon the adoption of SFRS (I) 16 *Leases* this year.

Aggregate borrowings (including lease liabilities) reduced to S$46.9 million as at 30 September 2019 as against S$55.3

million as at 31 December 2018 mainly from the ongoing loan repayments made in the period as well as repayment of funding from certain co-investors.

Cash balances increased to S$18.8 million as at 30 September 2019 from S$11.5 million as at 31 December 2018. The Group recorded a net cash outflow from operating activities of S$10.9 million for the period mainly from the movement in working capital components and reduction of liabilities.

Net Asset Value

Net Asset Value per share grew to 101.85 cents as at 30 September 2019 from 100.98 cents as at 31 December 2018 reflecting the profit for the period net of the payment of dividend to shareholders during the quarter.

Performance Summary

Investments
Australia

The Group continues to recoup its investment from settlements of the remaining Newstead project units. The remaining return from the Grange Residences project is expected to be received by Q4-FY19. Construction on the Parkridge Noosa project is progressing well; settlements commenced in August 2019 and are ongoing. Stage 1 & 2 plus all common facilities, restaurant, gym, full site civil works and full site landscaping will be complete by 1st quarter 2020. Construction of The Oxford Residences project in Sydney's Bondi Junction continues, with practical completion expected by Q3-FY20. The Group continues to review potential projects in residential and other market segments.

GemLife has established itself as one of the leading players in the resort style retirement living segment in Australia within just 4 years from inception. Sales and settlements at the Bribie Island, Woodend and Highfields projects are progressing well. Construction of the community facilities at the Woodend project is underway and sales are progressing well. Over 240 houses have now been occupied at these three projects. Sales of the Maroochy Quays (formerly Maroochydore) project are also satisfactory with construction of homes to begin in Q4-FY19. Sales for the newly acquired Pacific Paradise project have commenced and civil works are underway. Development approval for the Lennox Head project is awaited. GemLife continues to review other land sites for acquisition. With settlements taking place principally at 3 resorts, the numbers have yet to reflect the full potential of this business as these are offset by expenses (without matching income) incurred on other start up sites as well as those sites that are pending development approvals.

Japan

Renovations continue to be made to the various properties in Osaka with a view to improving rental returns on lease renewals. Strong rental growth is expected to continue in Osaka in view of very little new supply of commercial space expected in 2019. Demand by businesses have seen properties located outside the Central Business District picking up in value as well as revenue. Osaka is also expected to benefit from forthcoming events such as the 2020 Olympics, the World Expo 2025 and a potential integrated resort development. A number of urban infrastructure projects including Osaka Metro and railway extension or new line which should boost inbound tourism. The Group remains on the lookout for additional properties.

Lifestyle

Sales for the current period were S$55.7 million compared to S$95.5 million in the previous corresponding period due to difficult market conditions and unanticipated business factors. Segment loss for the period, including the gain on sale of the office building in Osaka, was S$2.3 million compared to S$1.7 million in the previous corresponding period. The Group has recently commenced distribution of L'Oreal's fragrance brand, Maison Margiela, in mainland China and Hong Kong and several other fragrance brands, including Ralph Lauren and Diesel, are currently under launch planning. The Group has also been developing the John Masters Organics brand in China for a while. As part of improving productivity and profitability, Lifestyle Division continues to take steps to reduce its cost structure and manage its burn rate. The Group has strong channel relations with key customers such as Tmall, JD.com and Sephora, thus serving as a strong platform for brands seeking market access and growth in China and other Asian markets. Given the above, the Group after having reviewed the growth strategy of this Division, is of the view that it is at a reset point. The Group's renewed focus is on value creation through organic growth as well as possible acquisitions and joint ventures that are in line with the Group's business direction and philosophy. The implementation of this approach should result in accretion of shareholder value over the longer term.

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 the Investment Division in the quarter met management's expectations. The performance of the Lifestyle Division for the quarter was well below expectation in view of the increased impact from the trade disagreement between China and the USA, internal issues of one of our major brand owners as well as the social unrest in Hong Kong. The Lifestyle Division has intensified efforts to grow the business, further reduce costs and add value.

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.

Sentiment in the Australian housing market has improved since the middle of this year due to a combination of factors – three-interest rate cuts in quick succession, easier access to credit and increased certainty on taxation on housing – and has resulted in increased buyer activity. The recovery in prices has been driven by Sydney and Melbourne with prices rising 3% in both cities in the past three months and further gains expected in Q4. The high volume of recent housing completions has not been replaced by new approvals while unfinished construction is falling sharply. This may possibly lead to a renewed supply-demand imbalance in the future. While focused on growing the GemLife business, in view of the residential investment cycle maturing recently, the Division is considering alternative real estate asset classes to grow the business and improve returns.

China's economy expanded 6.0 percent in July-September – its slowest rate in nearly three decades – hit by cooling domestic demand and a protracted US trade dispute. The gloomy GDP numbers prompted a warning from the IMF that global growth will fall to its lowest level since the international financial crisis. The PRC economy is likely to keep struggling as falling factory prices hit corporate profits and consumer price inflation weakens spending power. The weak sentiment pervades around Asia and is impacting demand for the Lifestyle Division's products. Notwithstanding the challenging macro-economic environment, the Division is continuing its efforts to expand its portfolio of brands and products to grow the business. The Group is a well-known and respected at-home beauty device distributor in Greater China and its distributorship for L'Oreal Distribution has made it an emerging player in prestige and masstige fragrance products.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?	Yes, a second interim dividend of S$0.02 per share An interim dividend of S$0.02 per share was paid on 30 August 2019

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

For the previous corresponding period, the Company had paid an interim dividend of S$0.02 per share on 23 May 2018 and a second interim dividend of S$0.02 per share on 30 November 2018.

(c) Date payable

29 November 2019

(d) Books closure date

19 November 2019

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

Not applicable

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 September 2019 (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$100,000)
	S$'000	S$'000
Thakral Brothers (Pte) Ltd and subsidiaries		
Purchases, net of returns	-	1,336
Sales, net of returns	-	228

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

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

Group's reportable segments

S$'000
Nine months ended 30 September 2019

	INV	LIFE	OTH	TOTAL
Revenue				
External revenue	22,477	55,672	-	78,149
Result				
Segment operating result	19,424	(5,593)	(1,102)	12,729
Gain on disposal of properties	-	3,424	-	3,424
Valuation loss on investment properties	(2,338)	-	-	(2,338)
Share of profit (loss) of associate and joint ventures	2,063	(87)	-	1,976
Segment result	19,149	(2,256)	(1,102)	15,791
Unallocated corporate expenses				(1,308)
Finance income				120
Finance costs				(2,820)
Foreign exchange loss				(59)
Profit before income tax				11,724
Income tax expense				(2,211)
Profit for the period				9,513
Other information				
Capital expenditure: Property, plant and equipment	-	205	-	205
Depreciation expense	83	1,481	5	1,569
Assets				
Segment assets	228,660	40,188	2,371	271,219
Total assets				271,219
Liabilities				
Segment liabilities	35,520	29,650	420	65,590
Income tax payable				3,318
Deferred tax liability				12,664
Total liabilities				81,572

S$'000
Nine months ended 30 September 2018

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	26,859	95,520	-	122,379
Result				
Segment operating result (restated)	21,437	(1,658)	(948)	18,831
Valuation loss on investment properties	(4,563)	-	-	(4,563)
Segment result (restated)	16,874	(1,658)	(948)	14,268
Unallocated corporate expenses				(1,259)
Finance income				36
Finance costs				(3,501)
Foreign exchange loss				(1,054)
Profit before income tax (restated)				8,490
Income tax expenses (restated)				(1,243)
Profit for the period				7,247
Other information				
Capital expenditure:				
Property, plant and equipment (restated)	-	562	11	573
Depreciation expense	16	192	5	213
Assets				
Segment assets	213,908	56,488	435	270,831
Total assets				270,831
Liabilities				
Segment liabilities (restated)	54,431	34,334	439	89,204
Income tax payable (restated)				4,103
Deferred tax liability (restated)				5,903
Total liabilities				99,210

Geographical information

S$'000

Geographical segments:	**Revenue**		**Capital expenditure**		**Non-current assets ***	
	30 Sep		30 Sep		30 Sep	
	2019	2018	2019	2018	2019	2018
				(restated)		
People's Republic of China (including Hong Kong)	60,869	108,664	178	560	6,148	3,556
Australia	5,269	9,011	-	-	30,236	38,240
Singapore	9,108	2,297	-	11	30,488	30,027
Others	2,903	2,407	27	2	190	1,161
	78,149	122,379	205	573	67,062	72,984

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, associate and joint ventures

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 9 months ended 30 September 2019 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
7 November 2019

BY ORDER OF THE BOARD
Chan Wan Mei
Chan Lai Yin
Company Secretaries
7 November 2019