Financial Statements and Related Announcement::First Quarter Results

Issuer & Securities

Issuer/ Manager	THAKRAL CORPORATION LTD
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Attachments	ThakralCorp_PR_Q1FY2018_20180426FINAL.pdf ThakralCorp_Results_Q1FY2018_20180426.pdf Total size =281K

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

PRESS RELEASE

Thakral Group proposes interim dividend of 2 cents per share as 1QFY2018 net profit rose 71% to S$3.4 million on higher revenue

Singapore, 26 April 2018 – SGX Mainboard-listed Thakral Corporation Ltd ("Thakral" or the "Group") has achieved a profitable start to the year as it reported a 71% jump in net profit of S$3.4 million – on the back of a 9% rise in group revenue to S$40.3 million for the first quarter ended 31 March 2018.

In view of the improved performance of the Group, an interim dividend of 2 cents per share is being proposed to reward shareholders.

The Group's robust performance comes with improvements from both its core business divisions.

The Investment Division of the Group posted a growth of about 32% in revenues to S$9.5 million compared to S$7.2 million for the same year-ago period; while its Lifestyle Division saw a 4% rise year-on-year.

Operating profit rose by 46% to S$6.5 million with the Group's consolidated margin rising to 31.9% from 28.6% previously. Gross profit also went up 22% to S$12.9 million. This takes into consideration the impact from a change in accounting standards that has resulted in fair value gains of S$0.6 million on the investment in the Japanese property vehicle to be taken up as revenue instead of in reserves from 1 January 2018.

The better bottom line was achieved despite a foreign exchange loss of S$0.3 million compared with a foreign exchange gain of S$0.3 million in the corresponding period last year.

Earnings Per Share and Net Asset Value Per Share

Earnings per share increased to 1.78 cents for 1QFY2018 compared to 1.15 cents for the corresponding quarter a year ago; while Net Asset Value per share was 101.1 cents compared to 100.8 cents as at 31 December 2017.

Working Capital and Cash Flow

The Group's financial position continues to remain healthy with cash balances amounting to S$41.5 million compared to S$46.2 million as at 31 December 2017.

The Group pared down its debts and its bank loans and borrowings declined to S$52 million as at 31 March 2018 from S$58 million as at 31 December 2017.

Inventory dipped slightly to S$23.9 million for the quarter compared to S$24.1 million as at 31 December 2017.

Trade receivables were lower at S$10.6 million compared to S$11.8 million as at 31 December 2017 as collection improved in the quarter under review. The trade receivables turnover period for the current quarter was 25 days against 28 days for the previous corresponding quarter.

Segmental Performance

Investment Division

The Investment Division continued to do well with a 32% increase in revenues to S$9.5 million compared to S$7.2 million for 1QFY2017. Segment operating result before valuation loss and share of losses from joint ventures was S$7.1 million in comparison to S$5.0 million in the corresponding quarter a year ago.

The Group received the bulk of the settlements from the Fortitude Valley project in Brisbane, Australia during the quarter. Further settlements are expected this month and the remainder during the year. The funds received will be deployed mainly for GemLife retirement housing projects.

The GemLife joint venture has started recognizing revenue from the Bribie Island retirement homes project in 4QFY2017 as buyers commenced moving into their properties. Stages 1 & 2 civil works are 100% completed with over 110 units sold, including 39 residents who have moved in to the resort. Meanwhile, Stage 1 civil works at Highfields was 100% completed with 24 out of 50 Stage 1 homes sold.

Marketing campaigns at the two newly acquired sites at Woodend and Lennox Head also received strong sales enquiries and a significant number of holding deposits. Woodend civil works has progressed well, with over 25 sales in place. Lennox Head has not yet received its Development Approval but now has over 70 deposits in place.

Lifestyle Division

The Lifestyle Division registered higher sales of S$30.9 million for the latest quarter, compared to S$29.7 million in the year-ago corresponding quarter.

The division cut its losses to S$0.1 million and is active in improving sales in its on-line as well as traditional channels and at the same time in discussion with suppliers to add new brands to strengthen the product portfolio, in China and Hong Kong. The team is very focused on growing the business and returning to profitability.

Looking Ahead

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral, said: "The Group has started the year on a positive note. We have stayed profitable with higher revenue and earnings as both our core businesses performed better. We are therefore pleased to propose an interim dividend for our shareholders as a reward for their support and loyalty.

The outlook for the Group's key markets remains sound although prospects could be clouded by challenges posed by the looming trade dispute between the US and China, the world's two largest economies."

Conditions in Australia's established housing market have cooled in recent months. Housing prices in Sydney have declined slightly. Conditions in Melbourne have eased following several years of strong price growth and conditions in most other capital cities remain subdued.[1]

While this trend could dampen real estate demand in Australia, Mr. Subramaniam highlighted growth opportunities for the Group. He said: "As home prices have begun to dip in all major Australian cities, including Sydney, banks are exercising caution on extending loans to developers. While this has impacted the number of buildings approved across the country, the tighter credit conditions provide additional opportunities for the Group's Investment Division to fund projects on possibly better terms."

Aside from Australia, the Group's other key markets such as China and Japan are forecast to continue positive growth trajectories.

China's economy remains healthy with an expected GDP growth of 6.5% in 2018[2] while the Organization for Economic Cooperation and Development (OECD) has raised its forecast for the Japanese economy for 2018 and 2019 – citing robust exports to Asia and the effect of a supplementary budget for fiscal 2017 which will help support Japan's economic growth. [3]

"The Group's Lifestyle business stands to benefit from the positive Chinese economic growth although we remain cautious of the impact of the ongoing trade differences between US and China on business and consumer sentiment," commented Mr. Subramaniam. "The improving Japanese economy should also continue to be favourable as real estate values are expected to improve – especially in Osaka where we have invested." [4]

Barring any unforeseen circumstances, the Group is optimistic of its outlook for 2018.

[1] *Source: Reserve Bank of Australia (RBA) – Statement on Monetary Policy, February 2018*
[2] *Source: Xinhua News – China sets 2018 GDP growth target at around 6.5 pct, 5 March 2018*
[3] *Source: Japan Times – OECD upgrades global and Japan growth outlooks for 2018 and 2019, 13 March 2018*

[4] *Source: Property Guru – Investors Looking Beyond Tokyo, 23 November 2017*

About Thakral

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

The Group's Lifestyle Division is focused on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading ecommerce platforms as well as traditional retailers. The brands distributed by the Lifestyle Division include at-home beauty device brands MTG Refa, ikoo, PMD, DermaWand, Philips, TriPollar and T3, skin and hair care brands Canvas, Codage, Institut Karite Paris, John Masters Organics and Botanist, wellness brands MTG SIXPAD, Style Seat and Slendertone as well as lifestyle brands Apple and DJI.

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

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

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First 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 first quarter ended 31 March 2018 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		
		S$000		%
		Three months ended		Increase /
		31 Mar 2018	31 Mar 2017	(Decrease)
Revenue	1	40,349	36,896	9
Cost of sales		(27,478)	(26,359)	4
Gross profit	1	12,871	10,537	22
Other operating income	2	111	50	122
Distribution costs	3	(1,760)	(1,537)	15
Administrative expenses	4	(4,490)	(4,147)	8
Other operating expenses	5	(275)	(490)	(44)
Profit from operations		6,457	4,413	46
Valuation loss on investment properties	6	(1,551)	(1,543)	1
Finance income	7	93	169	(45)
Finance costs		(1,203)	(1,217)	(1)
Foreign exchange (loss) gain	8	(274)	294	NM
Share of loss of joint ventures	9	-	(116)	(100)
Profit before income tax		3,522	2,000	76
Income tax expenses	10	(128)	(13)	NM
Profit for the quarter		3,394	1,987	71
Profit attributable to:				
Equity holders of the Company		2,333	1,511	54
Non-controlling interests		1,061	476	123
		3,394	1,987	71

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	S$'000		%
		Three months ended		Increase /
		31 Mar 2018	31 Mar 2017	(Decrease)
Profit for the quarter		**3,394**	**1,987**	**71**
Other comprehensive (loss) income				
Items that may be reclassified subsequently to profit or loss				
Translation (loss) gain arising on consolidation	11	(1,941)	271	NM
Fair value gain on available-for-sale investments, net of tax	1	-	357	(100)
Other comprehensive (loss) income for the quarter, net of tax		**(1,941)**	**628**	**NM**
Total comprehensive income for the quarter		**1,453**	**2,615**	**(44)**
Total comprehensive income attributable to:				
Equity holders of the Company		381	1,614	(76)
Non-controlling interests		1,072	1,001	7
		1,453	2,615	**(44)**

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

Note 1:
Group revenues rose by about 9% to S$40.3 million for the quarter ended 31 March 2018 compared to the S$36.9 million achieved in the previous corresponding quarter, with consolidated margin rising to 31.9% compared to 28.6% earlier.

As per the requirements of the new financial reporting standards (please refer to page 11 for more details), the fair value gain of S$613,000 on financial assets measured at fair value through profit or loss (previously classified as available-for-sale investments with fair value gain recognised in reserves) is recognised as revenue in the Income Statement from 1 January 2018. The Group has chosen not to restate the comparative information for SFRS(I) 9 as permitted by the short-term exemption from SFRS(I) 1 in its first year of transition. The fair value gain (S$357,000) net of deferred tax was included as other comprehensive income in the previous corresponding quarter.

Revenue includes investment income of S$5.9 million (3 months ended 31 March 17: S$2.5 million).

Note 2:
Other operating income comprises:

	S$'000		%
	Three months ended		Increase /
	31 Mar 2018	31 Mar 2017	(Decrease)
Government subsidies	96	17	465
Others	15	33	(55)
Total	111	50	122

i. The unit in China received higher VAT subsidies during the current quarter.

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

Note 3:

Distribution costs comprise:

	S$'000		%
	Three months ended		Increase /
	31 Mar 2018	31 Mar 2017	(Decrease)
Staff costs	(987)	(801)	23
Advertising & promotion	(118)	(145)	(19)
Transportation	(221)	(251)	(12)
Travelling expenses	(88)	(94)	(6)
Others	(346)	(246)	41
Total	(1,760)	(1,537)	15

i. Staff costs increased due to the higher number of sales personnel in the current quarter as well as from the annual salary increment given to personnel.
ii. Advertising and promotion expenses declined from lower advertising and promotion costs incurred in China and Hong Kong in the quarter.
iii. Transportation costs were lower due to cost saving measures.
iv. The increase in Others in the current quarter is from higher storage costs for the warehouse leased in Hong Kong after the sale of the Group's warehouse properties.

Note 4:

Administration expenses comprise:

	S$'000		%
	Three months ended		Increase /
	31 Mar 2018	31 Mar 2017	(Decrease)
Staff costs (including executive directors)	(3,139)	(2,530)	24
Directors' fees	(137)	(119)	15
Professional fees	(258)	(270)	(4)
Rent & rates	(144)	(185)	(22)
Travelling expenses	(85)	(57)	49
Insurance	(65)	(69)	(6)
Allowance for doubtful debts	-	(105)	(100)
Withholding tax	(332)	(474)	(30)
Others	(330)	(338)	(2)
Total	(4,490)	(4,147)	8

i. Staff costs increased mainly due to the accrual of higher performance bonuses for the Investment Division.
ii. The increase in Director's fees is from the accrual of higher fees.
iii. Rental expense declined mainly due to savings from offices in Australia in this quarter.
iv. No additional allowances were made for doubtful trade receivables in this quarter.
v. Withholding tax relates to tax on income from Investment Division projects as well as on the distributions declared by the Japanese property holding vehicles.

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

Note 5:
Other operating expenses comprise:-

	S$'000		%
	Three months ended		Increase /
	31 Mar 2018	31 Mar 2017	(Decrease)
Depreciation	(64)	(58)	10
Loss on derivative financial instrument	(211)	(432)	(51)
Total	(275)	(490)	(44)

i. Depreciation increased mainly from leasehold improvements and upgraded computer software and hardware in Hong Kong.
ii. The loss on derivative financial instrument arose mainly from the fair valuation of the hedge for the capital invested in the Japanese property holding vehicle.

Note 6:
The Group recognized a valuation loss on investment properties for the period mainly on the GLNG houses in Australia and which is expected to continue until the end of the lease terms.

Note 7:
Finance income declined from a combination of lower interest-earning deposits and lower interest rates on these funds in the current year.

Note 8:
Foreign exchange translation loss for the quarter arose mainly from the translation of monetary assets and liabilities, denominated in foreign currencies, outstanding as at the end of the quarter.

Note 9:
The share of loss from joint ventures in the previous corresponding quarter arose from the pre-sale operating costs of the Group's Gemlife joint venture for the development and management of retirement resorts.

Note 10:
Income tax for the quarter mainly relates to the deferred tax on the fair value gain on the financial assets measured at fair value through profit or loss which is now accounted through the income statement (the tax impact was included as other comprehensive income for the previous corresponding quarter).

Note 11:
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.

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	
		31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
ASSETS					
Current assets					
Cash and bank balances	1	41,457	46,175	9,218	1,890
Trade receivables	2	10,555	11,807	-	-
Other receivables and prepayments		8,503	7,963	81	64
Debt instruments measured at fair value through profit or loss	3	37,242	-	-	-
Loans receivable	3	-	48,198	-	-
Inventories		23,899	24,058	-	-
Total current assets		121,656	138,201	9,299	1,954
Non-current assets					
Fixed deposits	1	10	10	-	-
Other receivables	4	1,913	1,462	-	-
Debt instruments measured at fair value through profit or loss	3	38,015	-	-	-
Loans receivable	3	-	31,619	-	-
Property, plant and equipment		2,041	1,896	20	10
Investment properties	5	44,342	47,533	-	-
Joint ventures	6	-	-	-	-
Subsidiary corporations		-	-	177,979	177,919
Derivative financial instrument	7	-	206	-	-
Financial assets measured at fair value through profit or loss	7	43,206	-	-	-
Available-for-sale investments	7	-	34,242	-	-
Total non-current assets		129,527	116,968	177,999	177,929
Total assets		251,183	255,169	187,298	179,883
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		4,751	3,760	-	-
Bills payables and trust receipts		11,170	11,207	-	-
Bank and other borrowings	8	28,249	31,691	-	-
Other payables		22,522	23,097	707	856
Provisions		2,492	2,504	52	52
Income tax payable	9	445	554	-	-
Total current liabilities		69,629	72,813	759	908
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	62,674	65,419
Bank and other borrowings	8	12,596	15,146	-	-
Deferred tax liability	7	4,795	4,500	-	-
Total non-current liabilities		17,391	19,646	62,674	65,419
Total liabilities		87,020	92,459	63,433	66,327
Capital, reserves and non-controlling interests					
Issued capital		72,579	72,579	72,579	72,579
Reserves		59,715	59,334	51,286	40,977
Equity attributable to equity holders of the Company		132,294	131,913	123,865	113,556
Non-controlling interests		31,869	30,797	-	-
Total equity		164,163	162,710	123,865	113,556
Total liabilities and equity		251,183	255,169	187,298	179,883

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

Amount repayable in one year or less, or on demand

As at 31 March 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S$ 35,465,000	S$ 3,954,000	S$ 36,282,000	S$ 6,616,000

Please also see notes (8) on page 8

Details of any collateral

Pledged bank deposits of S$6.9 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

Charge against specific corresponding debt instruments issued by a developer

Amount repayable after one year

As at 31 March 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S$ 4,022,000	S$ 8,574,000	S$ 6,547,000	S$ 8,599,000

Please also see note (8) on page 8

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

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

	Note	(S$ '000) Three months ended 31 Mar 2018	31 Mar 2017
OPERATING ACTIVITIES			
Profit before income tax		3,522	2,000
Adjustments for:			
Depreciation expense		64	58
Share of loss of joint ventures		-	116
Interest income from loans receivable and dividend income from unquoted investments		-	(2,502)
Investment revenue from debt instruments measured at fair value through profit or loss		(5,321)	-
Fair value gain on financial assets measured at fair value through profit or loss		(613)	-
Interest expense		1,203	1,217
Interest income		(93)	(169)
Loss on disposal of property, plant and equipment		2	8
Valuation loss on investment properties		1,551	1,543
Unrealised loss on outstanding derivative financial instrument		211	432
Net unrealised foreign exchange gain		(43)	(352)
Provision for employee benefits		74	50
Allowance for inventories		153	7
Allowance for doubtful trade receivables		-	105
Operating cash flows before movements in working capital		710	2,513
Trade receivables		994	(3,651)
Other receivables and prepayments		(2,447)	(370)
Inventories		(247)	4,773
Trade payables		1,025	272
Other payables and provisions		(382)	(428)
Cash (used in) generated from operations		(347)	3,109
Income tax paid		(97)	(4)
Interest paid		(470)	(714)
Interest received		112	1,285
Net cash (used in) generated from operating activities		(802)	3,676
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(179)	(25)
Proceeds from disposal of property, plant and equipment		1	-
Dividend received from financial assets measured at fair value through profit or loss		1,458	-
Purchase of financial assets measured at fair value through profit or loss		(6,857)	-
Repayments of debt instruments measured at fair value through profit or loss - current and non-current		13,412	-
Additions to debt instruments measured at fair value through profit or loss - current and non-current		(6,354)	-
Repayments of loans receivable - current and non-current		-	7,824
Additions to loans receivable - current and non-current		-	(755)
Net cash generated from investing activities		1,481	7,044
FINANCING ACTIVITIES			
Dividend paid to non-controlling shareholders in a subsidiary corporation		-	(236)
Dividends paid		-	-
Decrease in fixed deposits with maturities exceeding three months		2,293	-
Decrease in pledged fixed deposits		2,071	1,843
Increase (decrease) in bills payable and trust receipts		197	(2,306)
Other loans		-	1,056
Repayments of other loans		(1,487)	-
Loans from banks		-	205
Repayments of bank loans		(3,942)	(7,295)
Net cash used in financing activities		(868)	(6,733)
Net (decrease) increase in cash and cash equivalents		(189)	3,987
Cash and cash equivalents at beginning of quarter		34,911	7,690
Net effect of exchange rate changes in the balance of cash held in foreign currencies		(216)	(32)
Cash and cash equivalents at end of quarter		34,506	11,645
Cash and cash equivalents were represented by:-			
Fixed deposits with maturities less than 3 months, cash and bank balances	1	34,506	11,645
		34,506	11,645

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

Note 1:
Cash and bank balances are comprised of:

	31-Mar-18	31-Dec-17
Cash and cash equivalents	S$34.5 million	S$34.9 million
Fixed deposits with maturities exceeding three months	S$0.1 million	S$2.4 million
Fixed deposits that have been pledged to banks against bills payables and trust receipts	S$2.5 million	S$2.5 million
Fixed deposits that have been pledged to banks against bank loans	S$4.4 million	S$6.4 million
Total (including non-current fixed deposits)	S$41.5 million	S$46.2 million

Note 2:
Trade receivables reduced mainly due to collections in the latest quarter.

Note 3:
Aggregate debt instruments measured at fair value through profit or loss (previously classified as loans receivable measured at amortised cost; please refer to page 11 for more details) reduced in view of settlements received from the Fortitude Valley and Progress Road projects in Australia. Of the total debt instruments measured at fair value through profit or loss of S$75.3 million (31 December 2017: S$79.8 million), debt instruments due by the Gemlife joint venture entities amount to S$20.1 million (31 December 2017: S$17.2 million) as at 31 March 2018.

Note 4:
Non-current other receivables mainly represent advances made to the Gemlife joint venture entities which will be converted to debt instruments measured at fair value through profit or loss with a tenor of more than 12 months upon successful completion of the acquisition of land parcels.

Note 5:
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 6:
This represents the Group's interest in the joint venture entities for the GemLife retirement housing business. Pre-sale operating costs of the GemLife entities exceed the capital invested by the Group in this joint venture.

Note 7:
The Group invested in commercial properties and hotel buildings in Japan through a pooled investment structure which accounted for these as financial assets measured at fair value through profit or loss.

Derivative financial instrument represents the mark-to-market value 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.

Deferred tax liability increased primarily on the fair value gain on the financial assets measured at fair value through profit or loss during the quarter.

With the adoption of SFRS(I) 9, the investments are carried as financial assets measured at fair value through profit or loss, previously classified as available-for-sale investments measured at fair value through other comprehensive income.

Note 8:
Certain bank loans were paid off in the latest quarter.

Note 9:
The decrease in Income tax payable is mainly due to the tax payment made by the unit in Australia during the quarter.

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

Three months ended 31 March 2018

S$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Investment 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, as previously reported	**72,579**	**(9,207)**	**296**	**8,337**	**(29,976)**	**89,884**	**131,913**	**30,797**	**162,710**
Effect on adoption of SFRS(I) 1	-	-	-	-	27,680	(27,680)	-	-	-
Effect on adoption of SFRS(I) 9	-	-	-	(8,337)	(234)	8,571	-	-	-
Balance at 1 Jan 2018, restated	**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**

Three months ended 31 March 2017

S$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2017, as previously reported	**72,579**	**(9,207)**	**3,278**	**1,804**	**31**	**(27,680)**	**55,666**	**96,471**	**23,942**	**120,413**
Effect on adoption of SFRS(I) 1	-	-	-	-	-	27,680	(27,680)	-	-	-
Balance at 1 Jan 2017, restated	**72,579**	**(9,207)**	**3,278**	**1,804**	**31**	**-**	**27,986**	**96,471**	**23,942**	**120,413**
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	1,511	1,511	476	1,987
Other comprehensive income (loss) for the quarter	-	-	-	178	-	(75)	-	103	525	628
	-	-	-	178	-	(75)	1,511	1,614	1,001	2,615
Transactions with owners, recognised directly in equity										
Transfer from options reserve to retained earnings on cancellation / lapse of share options	-	-	-	-	(31)	-	31	-	-	-
Balance at 31 Mar 2017, restated	**72,579**	**(9,207)**	**3,278**	**1,982**	**-**	**(75)**	**29,528**	**98,085**	**24,943**	**123,028**

Three months ended 31 March 2018

S$'000

Company	Issued capital	Retained earnings	Total
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**

Three months ended 31 March 2017

	Issued capital	Options reserve	Retained earnings	Total
				S$'000
Company				
Balance as at 1 Jan 2017	**72,579**	**31**	**20,990**	**93,600**
Profit for the quarter, representing total comprehensive income for the quarter	-	-	2,457	2,457
Transactions with owners, recognised directly in equity				
Transfer from options reserve to retained earnings on cancellation / lapse of share options	-	(31)	31	-
Balance as at 31 Mar 2017	**72,579**	**-**	**23,478**	**96,057**

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.

All the share options under the 2001 Scheme were expired last year.

The Company did not have any outstanding convertibles or treasury shares as at 31 March 2018 and 31 December 2017.

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 31 March 2018 and 31 December 2017.

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 period as those of the audited financial statements for the year ended 31 December 2017.

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 2018, the Group adopted the new reporting financial framework – Singapore Financial Reporting Standards (International) (SFRS(I)), which is identical to the International Financial Reporting Standards (IFRS). SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements. The Group also 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) 2	*Share-based Payment: Classification and Measurement of Share-based Payment Transactions*
SFRS(I) 9	*Financial Instruments*
SFRS(I) 15	*Revenue from Contracts with Customers*
SFRS(I) 1-28	*Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss on an investment-by-investment basis*
SFRS(I) 1-40	*Investment Property: Transfers of Investment Property*
SFRS(I) INT 22	*Foreign Currency Transactions and Advance Consideration*

As a first-time adopter of SFRS(I) 1, the Group elected the option to reset the translation reserve to zero as at the date of transition. The balance of Foreign currency translation reserve as of 1 January 2017 (date of transition) of $27,680,000, as previously reported, was transferred to Retained earnings.

In previous years, the Group's unquoted investment was classified as available-for-sale investment and carried at fair value with changes in fair value recorded in other comprehensive income. With the adoption of SFRS(I) 9, such investment is measured at fair value through profit or loss. The effect of this adoption includes the transfer of the Investment revaluation reserve of S$8,337,000 as of 31 December 2017, as previously reported, to retained earnings. In addition, in accordance with the SFRS(I) 9, the debt instruments, extended to third parties and the joint venture entities for development projects in Australia, are measured at fair value through profit or loss; this was previously classified as loans receivable measured at amortised cost. The Group has chosen not to restate the comparative information for SFRS(I) 9 as permitted by the short-term exemption from SFRS(I) 1 in its first year of transition.

On adoption of SFRS(I) 15, revenue on certain sales of hardware along with installation and maintenance services are recognised for each of the performance obligations when control over the corresponding goods and services is transferred to the customer. The impact of any adjustment for the previous corresponding period is not material.

Notwithstanding the adoption of the new SFRS(I), interim financial information may be subject to change until all standards effective on 31 December 2018 are known and incorporated.

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

	Three months ended 31 Mar 2018	Three months ended 31 Mar 2017
(i) Basic earnings per share	1.78 cents	1.15 cents
(ii) Fully diluted earnings per share	1.78 cents	1.15 cents

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 31 March 2018 and 31 March 2017.

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 31 Mar 2018	As at 31 Dec 2017
Group	101.10 cents	100.80 cents
Company	94.65 cents	86.78 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.

<u>Review – Quarter ended 31 March 2018</u>

<u>Turnover & Profitability</u>

Group revenues of S$40.3 million for the quarter ended 31 March 2018 were about 9% higher than the S$36.9 million achieved in the previous corresponding quarter. The Investment Division recorded growth of about 32% in revenues to S$9.5 million (including the fair value gain of S$613,000 taken up as revenue on adoption of SFRS(I) 9 from 1 January 2018) compared to S$7.2 million in the previous corresponding period. The Lifestyle Division's sales growth was a more modest 4% for the current quarter over the previous corresponding quarter.

Consolidated gross profit rose by 22% to S$12.9 million for the current quarter as against S$10.5 million in the previous corresponding quarter with consolidated margin rising to 31.9% from 28.6% previously.

The Directors propose to pay an interim dividend of 2 cents per share to shareholders on 23 May 2018.

The Group recognised a valuation loss on its GLNG houses in Australia of S$1.6 million for the quarter, about the same level as in the previous corresponding quarter.

The Group achieved net profit before tax (PBT) of S$3.5 million for the quarter compared to S$2.0 million for the earlier quarter.

Finance Income

Finance income declined to about S$0.1 million for the quarter from about S$0.2 million previously in view of lower interest-earning deposits and lower interest rates on these funds in the current quarter.

Expenses

Distribution expenses rose 15% to S$1.8 million for the quarter compared to S$1.5 million previously mainly on account of higher staff costs from increased headcount as well as salary increments.

Administration expenses also increased to S$4.5 million for the quarter from S$4.1 million previously mainly from the accrual of higher performance bonuses for the Investment Division.

Foreign exchange loss of S$0.3 million arose mainly from the translation of foreign currency denominated assets and liabilities outstanding as at the end of the quarter. In view of the strengthening of the Yen, the Group also recorded a fair value loss on the forex option taken to hedge against the weakening of the Yen on its capital invested in the Japanese properties.

Working Capital and Cash Flow

Inventory reduced slightly to S$23.9 million as at 31 March 2018 as against S$24.1 million as at 31 December 2017. The inventory turnover period for the current quarter increased to 79 days against 55 days for the previous corresponding quarter.

Trade receivables also reduced to S$10.6 million as at 31 March 2018 from S$11.8 million as at 31 December 2017. The trade receivables turnover period for the current quarter was 25 days against 28 days for the previous corresponding quarter.

Aggregate bank and other borrowings further reduced to S$52.0 million as at 31 March 2018 from S$58.0 million as at 31 December 2017.

The Group recorded a net cash outflow from operating activities of S$0.8 million in the quarter compared to an inflow of S$3.7 million in the previous corresponding quarter from the movement in working capital components.

Net Asset Value

Net Asset Value per share as at 31 March 2018 was 101.1 cents, compared to 100.8 cents as at 31 December 2017.

Performance Summary

Investments

The Group commenced receiving settlements from the Fortitude Valley project in Brisbane Australia during the quarter. The funds shall be deployed mainly in its Gemlife retirement housing projects. The Newstead project is expected to complete this year.

As previously reported, the GemLife joint venture started recognizing sales for the Bribie Island retirement homes project in Q4-FY2017 as buyers commenced moving into their properties. Stage 1 & 2 civil works are 100% completed with over 110 sales achieved, including 39 residents who have moved in to the resort. Stage 1 civil works at Highfields are 100% completed, with 24 out of 50 stage 1 homes sold. Marketing campaigns at the two newly acquired sites at Woodend and Lennox Head continue to result in strong sales enquiries and a significant number of holding deposits. Woodend civil works have progressed well, with over 25 sales in place. Lennox Head has not yet received its Development Approval but now has over 70 deposits in place.

The Investment Division achieved revenues of S$9.5 million in the quarter, a growth of about 32% from S$7.2 million achieved in the previous corresponding quarter. Segment operating result – before valuation loss and share of losses from joint ventures – amounted to S$7.1 million as compared to S$5.0 million in the previous corresponding quarter.

Lifestyle
The Lifestyle Division achieved sales of S$30.9 million for the latest quarter, a small increase from sales of S$29.7 million in the previous corresponding quarter. The Division was near breakeven in the quarter, with a loss of S$0.1 million compared to a profit of S$0.1 million in the previous corresponding quarter. The Division is working with potential new brands for distribution, particularly in China, to grow its business and achieve profitability.

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. The Lifestyle Division continues its efforts to expand and return to profitability.

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.

Improved exports, investment and employment should enable the Australian economy to pick-up further in 2018 and 2019 although the escalation of trade tensions could jeopardise the well-being of global as well as Australian economies. As home prices have begun to fall in all major cities, including Sydney, banks in Australia are exercising caution on extending loans to developers. While this has impacted the number of buildings approved across the country, the tighter development lending provides additional opportunities for the Group's Investment Division to fund projects on possibly better terms. With Australia needing to build more than 230,000 homes annually for the next thirty years in order to address housing affordability (source: *Housing Australia's Future*, a report by the Housing Industry Association), this segment of the Group's business should be stable over the long term.

While the business environment for the Lifestyle Division should remain favourable with the expected growth of the Chinese economy in 2018, the escalating trade dispute with the United States is now a key risk that may adversely affect the Chinese economy and consumer demand. The Lifestyle Division continues to look for new brands to add to its product portfolio to ensure growth and profitability.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?	Yes, an interim dividend of S$0.02 per share (yield of 3.7% on last traded price of S$0.54 per share)

(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
23 May 2018

(d) Books closure date
7 May 2018

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

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 31 March 2018 (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	-	1,755

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:

a) Investment ("INV") - includes real estate investments in Australia, People's Republic of China and Japan
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
Three months ended 31 March 2018

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	9,479	30,870	-	40,349
Result				
Segment operating result	7,133	(70)	(181)	6,882
Valuation loss on investment properties	(1,551)	-	-	(1,551)
Segment result	5,582	(70)	(181)	5,331
Unallocated corporate expenses				(425)
Finance income				93
Finance costs				(1,203)
Foreign exchange loss				(274)
Profit before income tax				3,522
Income tax expenses				(128)
Profit for the quarter				3,394
Other information				
Capital expenditure:				
Property, plant and equipment	-	168	11	179
Depreciation expense	4	59	1	64
Assets				
Segment assets	193,982	56,730	471	251,183
Total assets				251,183
Liabilities				
Segment liabilities	52,030	29,231	519	81,780
Income tax payable				445
Deferred tax liability				4,795
Total liabilities				87,020

S$'000
Three months ended 31 March 2017

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	7,206	29,690	-	36,896
Result				
Segment operating result	5,026	80	(313)	4,793
Valuation loss on investment properties	(1,543)	-	-	(1,543)
Share of loss of joint ventures	(116)	-	-	(116)
Segment result	3,367	80	(313)	3,134
Unallocated corporate expenses				(380)
Finance income				169
Finance costs				(1,217)
Foreign exchange gain				294
Profit before income tax				2,000
Income tax expenses				(13)
Profit for the quarter				1,987
Other information				
Capital expenditure:				
Property, plant and equipment	20	5	-	25
Depreciation expense	4	52	2	58
Assets				
Segment assets	177,853	54,792	158	232,803
Total assets				232,803
Liabilities				
Segment liabilities	49,878	57,432	490	107,800
Income tax payable				741
Deferred tax liability				1,234
Total liabilities				109,775

Geographical information

S$'000

Geographical segments:	**Revenue**		**Capital expenditure**		**Non-current assets ***	
	31 Mar		31 Mar		31 Mar	
	2018	2017	2018	2017	2018	2017
People's Republic of China (including Hong Kong)	35,979	32,540	168	1	3,154	2,825
Australia	3,019	2,763	-	20	41,987	51,718
Others	1,351	1,593	11	4	1,242	1,269
	40,349	36,896	179	25	46,383	55,812

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 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 3 months ended 31 March 2018 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
26 April 2018

BY ORDER OF THE BOARD
Chan Wan Mei
Chan Lai Yin
Company Secretaries
26 April 2018