

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

Issuer & Securities

Issuer/ Manager	THAKRAL CORPORATION LTD
Securities	THAKRAL CORPORATION LTD - SG1AJ2000005 - AWI
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	03-Aug-2017 17:29:54
Status	New
Announcement Sub Title	Second Quarter and/ or Half Yearly Results
Announcement Reference	SG170803OTHRK3B
Submitted By (Co./ Ind. Name)	Anil Daryanani
Designation	Chief Financial Officer
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to attachments.

Additional Details

For Financial Period Ended	30/06/2017
Attachments	ThakralCorp PR 2QFY2017 20170803.pdf ThakralCorp Results Q2FY2017 20170803.pdf Total size =246K



THAKRAL CORPORATION LTD

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

PRESS RELEASE

Thakral declares Interim Dividend of 2 cents a share as its half-year net profit attributable to equity holders grew to S\$2.7 million with Lifestyle Division back in the black

- *Dividend yield of 4.9% to reward loyal shareholders*

Singapore, 3 August 2017 – SGX Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) has declared an interim dividend of S\$0.02 per share (payable on 21 August 2017) as it posted a net profit attributable to equity holders of S\$2.7 million in for the first half of FY2017, up from S\$0.2 million for previous corresponding period. This represents a dividend yield of 4.9% based on its last traded price of 40.5 cents.

The growth in profit was achieved despite a decline of 47% in consolidated revenue to S\$71.4 million in 1HFY2017 compared to S\$134.4 million in the comparative period. The lower turnover was due to the Lifestyle Division’s continuing shift to higher margin products.

The sterling results reflected the improved performances of both the Group’s core divisions.

Its Lifestyle Division had turned in a segment profit of S\$0.3 million for the current half year, reversing a S\$2.1 million loss in the previous corresponding period after shifting to and expanding its range of higher-margin beauty, wellness and lifestyle brands and products.

The Investment Division saw its half-year income edge up to S\$13.5 million from S\$13.1 million in the previous corresponding period.

Improved growth by both Investment and Lifestyle businesses lifted gross profit by 11% to S\$19.9 million for the six months ended 30 June 2017. The Group’s gross profit margin for the current period rose to 27.9% compared to 13.3% for the same period in 2016.

Working Capital and Cash Flow

For the period under review, the Group saw a net cash inflow of S\$3.7 million compared to an inflow of S\$7.4 million in the previous corresponding period. Trade receivables increased to S\$13.7 million as at 30 June 2017 from S\$9.9 million as at 31 December 2016 due to sales on longer credit terms to certain large customers.

Inventory was pared to S\$14.5 million as at 30 June 2017 from S\$18.9 million as at 31 December 2016 due to improved inventory control.

The Group's total cash and bank balances stood at S\$21.5 million at the end of June 2017.

Net Asset Value Per Share and Earnings Per Share

The Group's earnings per share rose to 2.04 cents for the first half from 0.15 cent in 1HFY2016 while net asset value per share weighed in at 75.02 cents up from 73.72 cents in the same period last year.

Segmental Performance

Investments

The division continued to report positive results – with improved revenue of S\$13.5 million for the 6 months ended 30 June 2017, edging up from S\$13.1 million in the previous corresponding period.

Segment operating result excluding the valuation loss on the GLNG houses and share of loss from associates grew about 9% to S\$10.1 million in the current period from S\$9.3 million previously.

Construction of the retirement resort homes is progressing well with the first occupants at the Bribie Island development expected to move in about the end of the third quarter. The division continues to identify and review growth opportunities going forward.

Lifestyle

The Lifestyle Division made a turnaround – delivering a segment profit of S\$0.3 million for the current half year.

Sales fell to S\$57.8 million from S\$121.3 million in the previous corresponding period in line with the Group's strategic focus on higher value brands and a wider range of beauty and wellness products.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral, said “Despite the tough economic conditions, our group remains resilient with the performance of both Investment and Lifestyle divisions meeting management's expectations. As a reward to our loyal shareholders who have continuously stood by us through the years, we are pleased to declare an interim dividend of 2 cents per share – giving a yield of 4.9% on our last traded price of 40.5 cents. We look forward to more support from our shareholders as the Group forges ahead with its growth

plans.

The IMF has recently upgraded its 2017 forecast for China from 6.6% to 6.7%, while growth in 2018 is now expected to be 6.4% instead of 6.2%.¹

This augurs well for us as China accounts for about 85% of the Group's total revenue and remains a key market for the Lifestyle Division.”

The Chinese economy stayed buoyant as both consumer spending and trade growth accelerated during the second quarter, reflecting stronger consumption and domestic demand.

According to the OECD, Australia's GDP is expected to stay positive at 2.5% in 2017 – with economic growth projected to increase to almost 3% in 2018. Home prices in the country, especially in gateway cities such as Sydney and Melbourne, continue to rise with demand exceeding supply.²

The demand for retirement homes is also accelerating and is forecast to double by 2025.³

“These trends herald good news for the Group as our retirement business segment continues to enjoy strong demand from customers for the buyer friendly “Land Lease” model that our joint venture - GemLife offers. With expansion plans in place, the Group is firmly positioned to meet the anticipated increase in demand for affordable quality retirement housing,” added Mr. Subramaniam.

The Group has also taken steps to unlock value for shareholders by calling a public tender sale of its warehouse properties in Hong Kong.

Going forward – in view of the political risks and global market gyrations, the Group will continue with its prudent measures to improve its growth and profitability.

¹ Source: *International Monetary Fund - 24 July 2017*

² Source: *OECD - June 2017- Australia - Economic forecast summary (June 2017)*

³ Source: *Healthcare and Retirement Living - Research & Forecast report - Colliers International 2016*

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 name.

The Group's Lifestyle Division has continued to re-focus on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading ecommerce platforms as well as traditional retailers. The Lifestyle Division's partners include beauty and personal care device brands MTG Refa, Panasonic, Philips and Braun, skin care brands Canvas and Leaders, cosmetic brand Color Me, wellness brands MTG SIXPAD and Style Seat as well as lifestyle brands Apple, DJI and Skullcandy.

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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Half Year and Second Quarter Financial Statements Announcement

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

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, for the half year and second quarter ended 30 June 2017 together with comparative statements for the corresponding period of the immediately preceding financial year

These figures have not been audited.

CONSOLIDATED INCOME STATEMENT

	Note	Group			Group		
		S\$000		% Increase / (Decrease)	S\$000		% Increase / (Decrease)
		Six months ended			Three months ended		
		30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016		
Revenue	1	71,382	134,386	(47)	34,486	54,124	(36)
Cost of sales		(51,501)	(116,523)	(56)	(25,142)	(44,714)	(44)
Gross profit	1	19,881	17,863	11	9,344	9,410	(1)
Other operating income	2	99	630	(84)	49	518	(91)
Distribution costs	3	(2,715)	(3,507)	(23)	(1,178)	(1,770)	(33)
Administrative expenses	4	(7,718)	(8,627)	(11)	(3,571)	(4,577)	(22)
Other operating expenses	5	(550)	(670)	(18)	(60)	(286)	(79)
Profit from operations		8,997	5,689	58	4,584	3,295	39
Valuation loss on investment properties	6	(3,061)	(1,747)	75	(1,518)	(870)	74
Finance income	7	294	483	(39)	125	239	(48)
Finance costs		(2,596)	(2,759)	(6)	(1,379)	(1,618)	(15)
Foreign exchange gain (loss)	8	279	(46)	NM	(15)	(474)	(97)
Share of loss of joint ventures	9	(116)	-	NM	-	-	NM
Profit before income tax		3,797	1,620	134	1,797	572	214
Income tax expenses	10	(25)	(499)	(95)	(12)	(518)	(98)
Profit for the period / quarter		3,772	1,121	236	1,785	54	NM
<u>Profit (loss) attributable to:</u>							
Equity holders of the Company		2,676	193	NM	1,165	(432)	NM
Non-controlling interests		1,096	928	18	620	486	28
		3,772	1,121	236	1,785	54	NM

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	S\$'000		%	S\$'000		%
		Six months ended			Three months ended		
		30 Jun 2017	30 Jun 2016		30 Jun 2017	30 Jun 2016	
Profit for the period / quarter		3,772	1,121	236	1,785	54	NM
Other comprehensive (loss) income							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation loss arising on consolidation	11	(1,235)	(1,438)	(14)	(1,506)	(212)	NM
Fair value gain on available-for-sale investments, net of tax	12	451	345	31	94	237	(60)
Other comprehensive (loss) income for the period / quarter, net of tax		(784)	(1,093)	(28)	(1,412)	25	NM
Total comprehensive income for the period / quarter		2,988	28	NM	373	79	372
<u>Total comprehensive income (loss) attributable to:</u>							
Equity holders of the Company		1,695	(1,738)	NM	81	(1,011)	NM
Non-controlling interests		1,293	1,766	(27)	292	1,090	(73)
		2,988	28	NM	373	79	372

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

Improved growth at both the Investment and Lifestyle Divisions enabled Group gross profit to expand by 11% to S\$19.9 million for the six months ended 30 June 2017 from S\$17.9 million in the previous corresponding period, despite lower revenue of S\$71.4 million. Group gross profit margin for the current period rose to 27.9% compared to 13.3% in the comparative period.

Revenue included investment income comprising dividends and interest income amounting to S\$5.3 million (Six months ended 30 June 16: S\$5.6 million).

Note 2:

Other operating income comprises:

	S\$'000		%	S\$'000		%
	Six months ended			Three months ended		
	30 Jun 2017	30 Jun 2016		30 Jun 2017	30 Jun 2016	
Government subsidies	18	118	(85)	1	52	(98)
Compensation received	-	401	(100)	-	401	(100)
Others	81	111	(27)	48	65	(26)
Total	99	630	(84)	49	518	(91)

- Government subsidies in the previous corresponding period comprised mainly the wage credit received in Singapore which was not repeated this year due to the down-sizing of the unit.
- The Group had received compensation and removal costs of S\$0.4 million from the landlord of the office in Hong Kong for the early termination of the lease in the previous corresponding period.
- The decrease in Others is mainly from lower service fee income for the period.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 3:

Distribution costs comprise:

	S\$'000		%	S\$'000		%
	Six months ended			Three months ended		
	30 Jun 2017	30 Jun 2016	Increase / (Decrease)	30 Jun 2017	30 Jun 2016	Increase / (Decrease)
Staff costs	(1,707)	(1,857)	(8)	(906)	(947)	(4)
Advertising & promotion	150	(560)	NM	295	(301)	NM
Transportation	(526)	(473)	11	(275)	(227)	21
Travelling expenses	(178)	(176)	1	(84)	(89)	(6)
Others	(454)	(441)	3	(208)	(206)	1
Total	(2,715)	(3,507)	(23)	(1,178)	(1,770)	(33)

- i. Advertising and marketing expenses for the current period include one-off marketing support provided by a brand owner.
- ii. Transportation costs were higher due to costs incurred on certain orders by the subsidiary in India.

Note 4:

Administration expenses comprise:

	S\$'000		%	S\$'000		%
	Six months ended			Three months ended		
	30 Jun 2017	30 Jun 2016	Increase / (Decrease)	30 Jun 2017	30 Jun 2016	Increase / (Decrease)
Staff costs (including executive directors)	(4,724)	(5,322)	(11)	(2,194)	(2,840)	(23)
Directors' fees	(238)	(238)	-	(119)	(119)	-
Professional fees	(692)	(760)	(9)	(422)	(471)	(10)
Rent & rates	(368)	(449)	(18)	(183)	(202)	(9)
Travelling expenses	(110)	(176)	(38)	(53)	(86)	(38)
Insurance	(142)	(145)	(2)	(73)	(75)	(3)
(Allowance) Reversal for doubtful debts	(88)	(23)	283	17	(18)	NM
Withholding tax	(613)	(691)	(11)	(139)	(363)	(62)
Others	(743)	(823)	(10)	(405)	(403)	0
Total	(7,718)	(8,627)	(11)	(3,571)	(4,577)	(22)

- i. Staff costs declined due to headcount reductions in Hong Kong and Singapore as well as lower accrual of performance linked pay.
- ii. Professional fees declined in view of lower consultancy expenses incurred in relation to the Group's properties and Australian projects.
- iii. Rental expense declined mainly due to the savings from the relocation of the Hong Kong office as well as from the Group's personnel in Beijing now working from home to help reduce costs as well as their own travel times.
- iv. Travelling expenses declined due to the reduced directors and management travel during the period.
- v. Allowances were made for certain doubtful trade receivables in Hong Kong and India in this period.
- vi. Withholding tax relates to tax accruals and adjustments made thereto during the latest quarter on income from Investment Division projects currently in progress as well as on the distributions declared by the Japanese property holding vehicle.

Note 5:

Other operating expenses comprise:-

	S\$'000		%	S\$'000		%
	Six months ended			Three months ended		
	30 Jun 2017	30 Jun 2016	Increase / (Decrease)	30 Jun 2017	30 Jun 2016	Increase / (Decrease)
Depreciation	(118)	(189)	(38)	(60)	(93)	(35)
Loss on derivative financial instrument	(432)	(481)	(10)	-	(193)	(100)
Total	(550)	(670)	(18)	(60)	(286)	(79)

- i. Depreciation reduced in this period in view of the cessation of this charge on certain fully written-down assets.
- 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. There was no significant change in value of this option in the latest quarter.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 6:

The Group recognized a valuation loss for the period 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 period.

Note 8:

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

Note 9:

The share of loss from joint ventures comprises the pre-sale operating costs of the Group's Gemlife joint venture for the development and management of retirement resorts.

Note 10:

Income tax in the previous corresponding period had included tax provisions on the gains from the sale of a parcel of land as well as adjustments for the previous financial year, which are not applicable in the current period.

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.

Note 12:

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

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group (S\$ '000) as at		Company (S\$ '000) as at	
		30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
ASSETS					
Current assets					
Cash and bank balances	1	21,512	29,787	279	210
Trade receivables	2	13,675	9,871	-	-
Other receivables and prepayments		10,534	10,781	42	65
Loans receivable	3	43,226	28,382	-	-
Assets held for sale	4	37,905	40,140	-	-
Inventories	5	14,467	18,884	-	-
Total current assets		141,319	137,845	321	275
Non-current assets					
Pledged fixed deposits	1	10	10	-	-
Loans receivable	3	19,576	25,870	-	-
Property, plant and equipment		1,731	1,807	14	16
Investment properties	3	51,981	54,616	-	-
Joint ventures	6	-	115	-	-
Subsidiary corporations		-	-	162,337	162,356
Derivative financial instrument	7	318	755	-	-
Available-for-sale investments	7	18,921	18,681	-	-
Total non-current assets		92,537	101,854	162,351	162,372
Total assets		233,856	239,699	162,672	162,647
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	8	3,099	2,633	-	-
Bills payables and trust receipts	8	16,938	21,535	-	-
Bank and other borrowings	9	47,632	44,664	-	-
Other payables		21,067	21,616	552	649
Provisions		2,626	2,969	52	52
Income tax payable		743	721	-	-
Total current liabilities		92,105	94,138	604	701
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	64,867	68,346
Bank and other borrowings	9	17,118	24,005	-	-
Deferred tax liability		1,232	1,143	-	-
Total non-current liabilities		18,350	25,148	64,867	68,346
Total liabilities		110,455	119,286	65,471	69,047
Capital, reserves and non-controlling interests					
Issued capital		72,579	72,579	72,579	72,579
Reserves		25,587	23,892	24,622	21,021
Equity attributable to equity holders of the Company		98,166	96,471	97,201	93,600
Non-controlling interests		25,235	23,942	-	-
Total equity		123,401	120,413	97,201	93,600
Total liabilities and equity		233,856	239,699	162,672	162,647

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

Amount repayable in one year or less, or on demand

As at 30 June 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
S\$ 54,001,000	S\$ 10,569,000	S\$ 56,040,000	S\$ 10,159,000

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

Details of any collateral

Charge over properties in Hong Kong and pledge on rental proceeds; pledged bank deposits of S\$15.3 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 30 June 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
S\$ 11,352,000	S\$ 5,766,000	S\$ 18,681,000	S\$ 5,324,000

Please also see note (9) on page 9

Details of any collateral

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

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

	(S\$ '000)		(S\$ '000)	
	Six months ended		Three months ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
OPERATING ACTIVITIES				
Profit before income tax	3,797	1,620	1,797	572
Adjustments for:				
Depreciation expense	118	189	60	93
Share of loss of joint ventures	116	-	-	-
Interest income from loans receivable and dividend income from unquoted investments	(5,332)	(5,556)	(2,830)	(3,037)
Interest expense	2,596	2,759	1,379	1,618
Interest income	(294)	(483)	(125)	(239)
Loss (gain) on disposal of property, plant and equipment	5	1	(3)	4
Valuation loss on investment properties	3,061	1,747	1,518	870
Unrealised loss on outstanding derivative financial instrument	432	481	-	193
Net unrealised foreign exchange (gain) loss	(398)	111	(46)	287
Provision for employee benefits	104	98	54	53
Allowance for inventories	27	253	20	222
Allowance (reversal) for doubtful trade receivables	88	20	(17)	15
Allowance for doubtful other receivables	-	3	-	3
Operating cash flows before movements in working capital	4,320	1,243	1,807	654
Trade receivables	(4,313)	2,097	(662)	2,019
Other receivables and prepayments	(725)	92	(355)	1,519
Inventories	3,692	6,197	(1,081)	3,259
Trade payables	589	(4,248)	317	(1,920)
Other payables and provisions	(332)	4,317	96	(1,113)
Cash generated from operations	3,231	9,698	122	4,418
Income tax (paid) refund	(7)	18	(3)	-
Interest paid	(1,378)	(2,341)	(664)	(1,422)
Interest received	1,815	17	530	8
Net cash from (used in) operating activities	3,661	7,392	(15)	3,004
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(93)	(215)	(68)	(168)
Proceeds from disposal of property, plant and equipment	3	8	3	2
Repayment of loans receivable - current and non-current	9,186	3,804	1,362	1,001
Additions to loans receivable - current and non-current	(12,605)	(9,941)	(11,850)	(8,333)
Acquisition of derivative financial instrument	-	(217)	-	(217)
Net cash used in investing activities	(3,509)	(6,561)	(10,553)	(7,715)
FINANCING ACTIVITIES				
Dividend paid to non-controlling shareholders in a subsidiary corporation	(236)	-	-	-
Decrease in fixed deposits with maturities exceeding three months	-	10	-	10
Decrease (increase) in pledged fixed deposits	6,118	(724)	4,275	(638)
Decrease in bills payable and trust receipts	(3,493)	(1,843)	(1,187)	(984)
Loans from banks and other borrowings	12,890	6,300	11,629	4,576
Repayments of bank and other borrowings	(16,946)	(5,340)	(9,651)	(2,526)
Net cash (used in) from financing activities	(1,667)	(1,597)	5,066	438
Net decrease in cash and cash equivalents	(1,515)	(766)	(5,502)	(4,273)
Cash and cash equivalents at beginning of period / quarter	7,690	5,543	11,645	9,007
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(105)	(61)	(73)	(18)
Cash and cash equivalents at end of period / quarter	6,070	4,716	6,070	4,716
Cash and cash equivalents were represented by:-				
Fixed deposits with maturities less than 3 months, cash and bank balances	6,070	4,716	6,070	4,716
	6,070	4,716	6,070	4,716

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 1:

Cash and bank balances are comprised of:

	<u>30-Jun-17</u>	<u>31-Dec-16</u>
Cash and cash equivalents	S\$6.1 million	S\$7.7 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 bills payables and trust receipts (see note 8 below)	S\$1.2 million	S\$1.3 million
Fixed deposits that have been pledged to banks against bank loans	S\$14.1 million	S\$20.7 million
Total (including non-current fixed deposits)	<u>S\$21.5 million</u>	<u>S\$29.8 million</u>

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

Note 2:

The increase in trade receivables is mainly due to sales made to certain major customers on longer credit terms as well as the accrual of certain project-related fees by the Investment Division.

Note 3:

The aggregate increase in loans receivable arises from the investment made in projects in Australia during the current period.

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 4:

Assets held for sale are comprised of:

	<u>30-Jun-17</u>	<u>31-Dec-16</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Investment properties	34,580	36,619
Properties, plant and equipment (Leasehold land and buildings)	3,325	3,521
Total	<u>37,905</u>	<u>40,140</u>

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

Note 5:

The reduction in inventories is from the on-going push to clear stocks.

Note 6:

This represents the Group's interest in the joint venture entities for the GemLife retirement living business.

Note 7:

The Group invested in commercial properties and a hotel building in Japan through a pooled investment structure which accounted for this as an available-for-sale investment.

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

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 8:

Aggregate trade payables and bills payable and trust receipts decreased following settlements in the period.

Note 9:

Aggregate bank and other loans declined mainly from the net reductions in Hong Kong and China.

Note 10:

The increase in net cash from financing activities in the latest quarter was due to the additional funding from a financial institution for a project in Australia.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2017

S\$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2017	72,579	(9,207)	3,278	1,804	31	(27,680)	55,666	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	72,579	(9,207)	3,278	1,982	-	(27,755)	57,208	98,085	24,943	123,028
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	1,165	1,165	620	1,785
Other comprehensive income (loss) for the quarter	-	-	-	47	-	(1,131)	-	(1,084)	(328)	(1,412)
	-	-	-	47	-	(1,131)	1,165	81	292	373
Balance at 30 Jun 2017	72,579	(9,207)	3,278	2,029	-	(28,886)	58,373	98,166	25,235	123,401

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Six months ended 30 June 2016

S\$'000

Group

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

Six months ended 30 June 2017

S\$'000

Company

Balance as at 1 Jan 2017

Profit for the quarter, representing total comprehensive income for the quarter

Transactions with owners, recognised directly in equity

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

Balance as at 31 Mar 2017

Profit for the quarter, representing total comprehensive income for the quarter

Balance as at 30 Jun 2017

Issued capital	Options reserve	Retained earnings	Total
72,579	31	20,990	93,600
-	-	2,457	2,457
-	(31)	31	-
72,579	-	23,478	96,057
-	-	1,144	1,144
72,579	-	24,622	96,057

Six months ended 30 June 2016

S\$'000

Company

Balance as at 1 Jan 2016

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

Balance as at 31 Mar 2016

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

Transactions with owners, recognised directly in equity

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

Balance as at 30 Jun 2016

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

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Since the beginning of the year, 700,000 share options (equivalent to 35,000 shares on 20:1 basis following the completion of the share consolidation in FY2015) expired during the period.

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

	As at 30 Jun 2017	As at 31 Dec 2016
Outstanding options	-	35,000

The Company did not have any treasury shares as at 30 June 2017 and 31 December 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares was 130,860,616 as at 30 June 2017 and 31 December 2016.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those of the audited financial statements for the year ended 31 December 2016.

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 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS that are effective from that date and are relevant to its operations. The Group was mainly affected by the following new / revised FRSs and amendments to FRS:-

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

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

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

	Six months ended 30 Jun 2017	Six months ended 30 Jun 2016
(i) Basic earnings per share	2.04 cents	0.15 cent
(ii) Fully diluted earnings per share	2.04 cents	0.15 cent

	Three months ended 30 Jun 2017	Three months ended 30 Jun 2016
(i) Basic earnings (loss) per share	0.89 cent	(0.33) cent
(ii) Fully diluted earnings (loss) per share	0.89 cent	(0.33) cent

Basic earnings (loss) per share and diluted earnings (loss) per share are computed on the profit (loss) for the above periods after taxation and deduction of non-controlling interests divided by 130,860,616 being the adjusted weighted average number of shares in issue during the periods ended 30 June 2017 and 30 June 2016.

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

	As at 30 Jun 2017	As at 31 Dec 2016
Group	75.02 cents	73.72 cents
Company	74.28 cents	71.53 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.

It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review – Six months ended 30 June 2017

Turnover & Profitability

The Group achieved profit from operations of S\$9.0 million for the half-year ended 30 June 2017, a growth of 58% from S\$5.7 million achieved in the same period last year. This was notwithstanding a decline of 47% in consolidated revenue to S\$71.4 million in the period compared to S\$134.4 million in the comparative period, a consequence of the Lifestyle Division's continuing shift to higher margin products.

The Company shall pay an interim dividend of 2 cents per share on 21 August 2017.

With the continued improvement from Lifestyle Division and also taking into account the one-off gain of S\$0.9 million that had been recorded in the previous year on the disposal of the option for the purchase of a land parcel in Australia, Group gross profit of S\$9.3 million for the current quarter is comparable to that reported in the previous corresponding quarter.

For the first half, improved performance at both Divisions enabled Group gross profit to expand by 11% to S\$19.9 million from S\$17.9 million in the previous corresponding period.

Group gross profit margin for the current period was 27.9% as compared to 13.3% in the comparative period.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Group net profit before tax grew to S\$3.8 million from S\$1.6 million previously, notwithstanding the higher valuation loss on the GLNG homes in Australia and share of associate's pre-sale operating costs for the retirement resorts joint venture in the current period.

Finance Income and Costs

Finance income reduced to S\$0.3 million in the current period from S\$0.5 million previously due to lower funds on deposit as well as lower deposit interest rates.

Expenses

The Group restructured one of its distribution agreements whereby the brand-owner took over certain distribution channels from the Group with effect from July 2017 and provided one-off marketing support of S\$0.5 million during this period. Excluding this support, the Group's ongoing cost control measures, lower accruals of performance-linked pay and savings from the downsized distribution operations in Singapore resulted in aggregate Distribution and administration expenses declining by about 10% to S\$10.9 million in the current half-year as compared to S\$12.1 million in the previous corresponding period.

Other operating expenses declined to S\$0.6 million for the current half-year compared to S\$0.7 million in the previous corresponding period largely due to lower depreciation charges.

Foreign exchange gain of S\$0.3 million arose mainly from the translation of foreign currency denominated monetary assets and liabilities outstanding at the end of the period.

Attributable Profit

Profit attributable to shareholders expanded to S\$2.7 million for the latest half year from S\$0.2 million in the previous corresponding period.

Working Capital and Cash Flow

Inventory reduced to S\$14.5 million as at 30 June 2017 from S\$18.9 million as at 31 December 2016 through a continued drive to reduce inventory levels. The inventory turnover period for the current period increased to 59 days against 34 days for the previous corresponding period.

Trade receivables increased to S\$13.7 million as at 30 June 2017 from S\$9.9 million as at 31 December 2016 due to sales to certain large customers on longer credit terms. The trade receivables turnover period for the period was 30 days against 15 days for the earlier period.

The Group repaid certain loans during the current period; aggregate bank and other borrowings as at 30 June 2017 reduced to S\$81.7 million from S\$90.2 million as at 31 December 2016.

For the current period, the Group saw a net cash inflow of S\$3.7 million from operating activities compared to an inflow of S\$7.4 million in the previous corresponding period from the movement in working capital components.

Net Asset Value

Net Asset Value per share as at 30 June 2017 increased to 75.02 cents, compared to 73.72 cents as at 31 December 2016.

Performance Summary

Investments

The division earned revenue of S\$13.5 million for the 6 months ended 30 June 2017, about level with the S\$13.1 million in the previous corresponding period. Segment operating result excluding the valuation loss on the GLNG houses and share of loss from associates grew about 9% to S\$10.1 million in the current period from S\$9.3 million previously. Construction of the retirement resort homes is progressing well and the first occupants at the Bribie Island development are expected to move in about the end of the third quarter. The division continues to identify and review additional sites for new developments.

Lifestyle

The division achieved a segment profit of S\$0.3 million for the current half year, notwithstanding the decline in turnover to S\$57.8 million from S\$121.3 million in the previous corresponding period. This compares to a loss of S\$2.1 million in the previous corresponding period. The division continues its shift to higher margin beauty, wellness and lifestyle products and adding to its portfolio of brands and products to expand the business.

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 strengthen its turnaround.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Australian Government has introduced a number of measures to dampen the foreign and local demand for property investment in Australia. These measures are likely to result in a slower pace of growth but are not expected to have a material impact on our existing projects.

The Group's retirement resorts business continues to see strong growth and, with the recent shift by customers towards the buyer friendly "Land Lease" model that GemLife offers, the Group is firmly positioned to meet the anticipated increase in demand.

The Lifestyle Division is expected to benefit from consumer spending and economic growth as the Chinese economy continues its steady growth.

The Group awaits the outcome of the public tender sale of its warehouse properties in Hong Kong and shall make an announcement at the appropriate time.

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 4.9% on last traded price of S\$0.405 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

21 August 2017

(d) Books closure date

14 August 2017

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 30 June 2017 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)
Thakral Brothers Pte Ltd and subsidiaries	S\$'000	S\$'000
Purchases, net of returns	-	8,959
Co-investment in loans receivable	528	-

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 and property investments in People's Republic of China (including Hong Kong) 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****Six months ended 30 June 2017**

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	13,535	57,847	-	71,382
Result				
Segment operating result	10,081	277	(589)	9,769
Valuation loss on investment properties	(3,061)	-	-	(3,061)
Share of loss of joint ventures	(116)	-	-	(116)
Segment result	6,904	277	(589)	6,592
Unallocated corporate expenses				(772)
Finance income				294
Finance costs				(2,596)
Foreign exchange gain				279
Profit before income tax				3,797
Income tax expenses				(25)
Profit for the period				3,772
Other information				
Capital expenditure:				
Property, plant and equipment	27	64	2	93
Depreciation expense	11	103	4	118
Assets				
Segment assets	182,945	50,576	335	233,856
Total assets				233,856
Liabilities				
Segment liabilities	54,555	53,573	352	108,480
Income tax payable				743
Deferred tax liability				1,232
Total liabilities				110,455

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Six months ended 30 June 2016

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	13,068	121,318	-	134,386
Result				
Segment operating result	9,279	(2,109)	(676)	6,494
Valuation loss on investment properties	(1,747)	-	-	(1,747)
Segment result	7,532	(857)	(306)	4,747
Unallocated corporate expenses				(805)
Finance income				483
Finance costs				(2,759)
Foreign exchange loss				(46)
Profit before income tax				1,620
Income tax expenses				(499)
Profit for the period				1,121

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

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

Geographical information

S\$'000

Geographical segments:	Revenue		Capital expenditure		Non-current assets *	
	30 Jun		30 Jun		30 Jun	
	2017	2016	2017	2016	2017	2016
People's Republic of China (including Hong Kong)	60,834	122,386	15	167	2,749	2,938
Australia	5,989	6,745	27	4	49,690	56,554
Others	4,559	5,255	51	44	1,273	1,400
	71,382	134,386	93	215	53,712	60,892

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 6 months ended 30 June 2017 to be false or misleading in any material aspect.

Confirmation pursuant to Rule 720(1)

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

ON BEHALF OF THE BOARD

Kartar Singh Thakral
Director

Inderbethal Singh Thakral
Director
3 August 2017

BY ORDER OF THE BOARD

Chan Wan Mei
Chan Lai Yin
Company Secretaries
3 August 2017