

Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

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THAKRAL CORPORATION LTD

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

PRESS RELEASE

Thakral to pay a second interim dividend of 2 cents per share as Group reports S\$7.2 million net profit for the nine months ended 30 September 2018

Singapore, 8 November 2018 – SGX mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) has proposed to pay a second interim dividend of 2 cents per share to be paid out on 30 November 2018 after posting a net profit of S\$7.2 million for the nine months ended 30 September 2018. The first interim dividend of S\$0.02 was paid to shareholders in May 2018.

The Group’s net profit of S\$7.2 million for the nine months ended 30 September 2018 rose about 11% compared to S\$6.5 million recorded in the previous corresponding period after excluding the gain and related costs from the sale of the warehouse properties in Hong Kong.

The Group’s consolidated revenue for the first three quarters rose by 10% to S\$122.4 million. This includes the fair value gain of S\$1.3 million taken up as revenue upon the adoption of SFRS (I) 9 accounting standard from 1 January 2018. Both the Group’s Investment and Lifestyle divisions saw improved revenue with the Investment Division posting a 17% rise while the Lifestyle Division’s sales rose by 9%.

Compared to the nine months ended 30 September 2017, the Group’s gross profit increased by 15%, rising to S\$37.2 million from S\$32.3 million and operational profit increased by 33%, registering S\$16.5 million from S\$12.4 million previously.

While Group revenue for the quarter ended 30 September 2018 remained comparable to the S\$39.6 million reported in the quarter ended 30 September 2017, net profit for the quarter ended 30 September 2018 decreased to S\$0.9 million from a net profit of S\$2.8 million (after excluding the one off valuation gain and related costs) in the quarter ended 30 September 2017 in view of the lower gross profit and higher marketing expenses recorded in the latest quarter.

Net Asset Value per Share and Earnings per Share

Net Asset Value per share as of 30 September 2018 after the interim dividend paid earlier in the year eased to 99.6 cents, compared to 100.8 cents as at 31 December 2017 while earnings per share of 3.24 cents for the current period were broadly in line with the nine months ended 30 September 2017 after excluding the one-off items booked in that period.

Working Capital and Cash flow

Cash and bank balances for the Group reduced to S\$17.0 million compared to S\$46.2 million as at 31 December 2017. This is broadly due to investments in Japan and Singapore, repayment of loans and the dividend payment.

Aggregate bank and other borrowings saw a slight reduction to S\$56.5 million as at 30 September 2018 from S\$58.0 million as at 31 December 2017 due to loans repaid net of the additional bank loan for the acquisition of the Riverwalk property in Singapore.

Segmental Performance

Investment Division

The Investment Division achieved a 17% rise in revenue of S\$26.9 million for the current period, compared to S\$23.0 million the previous corresponding period.

Segment operating profit saw an increase of more than 20% to S\$20.4 million from S\$17.0 million (after excluding the cost for the one-time item) in the nine months ended 30 September 2017.

This division has started recouping its investments in the Newstead project, with the Grange Residences project fully sold and seeing settlements take place. First settlements for the Parkridge Noosa project are scheduled for second quarter of 2019. Construction of the Oxford Residences project in Sydney's Bondi Junction is underway with practical completion likely to be in June 2020.

For the GemLife retirement living housing, community facilities at both the Bribie and the Highfields projects are expected to be completed by the end of first quarter of 2019. Construction of the display village and first homes at the GemLife Woodend project are nearing completion with first residents expected to move in during fourth quarter of 2018, while sales for the GemLife Maroochydore project have started during the third quarter of 2018.

Lifestyle Division

The Lifestyle Division incurred a segment loss of S\$1.7 million for the period on the back of higher promotion and marketing expenses in the current period and inventory clearance and provisions in the current and preceding quarters. Turnover rose by about 9% to S\$95.5 million for the current period compared to S\$88.0 million in the previous corresponding period.

This division will continue building its beauty brand portfolio and target China's millennial generation to drive sales growth and return to profitability.

Looking Ahead

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral, said: “The Group’s performance in the 9 months of FY2018 is commendable as we stayed profitable overall and both our core divisions achieved revenue growth despite rising headwinds in both our key markets. To share the fruits of our positive performance and to show appreciation to shareholders for their loyalty and support, we have proposed a second interim dividend of 2 cents – giving shareholders a total dividend payment of 4 cents for this year.

While we have done well over the past nine months, we maintain a more cautious outlook for the Group in the coming months.”

The Group’s largest market – China – saw its economy in the third quarter 2018 grow at 6.5%, its slowest pace in a decade as it battles a sagging real estate market and weak domestic demand and industrial production. China’s growth in the coming months will continue to be under pressure from the ongoing trade dispute with the United States.¹

This could impact consumer spending, cool business sentiment and reduce capital outlay. However, the measures the government is taking to further increase the pace of local consumption may reduce the impact.

Australia is also facing challenges from a slowing real estate market and softening currency. The real estate industry continues to face pressure from regulatory restrictions on foreign ownership and credit constraints. Across Australia, housing prices have fallen for 11 months in a row.² In Sydney, they are down 5.6% over the year and in Melbourne, they are down 2% in the past three months – the worst drop since 2011.³ The market is expected to stay soft in the months ahead.

Added Mr. Subramaniam, “While the Group will stand to enjoy returns from our steady pipeline of projects from our retirement resorts and project completion, we will be taking a cautious and prudent approach in the coming months. We will continue to reduce our exposure to the Australian housing market and focus on the retirement resorts business which we believe will bring us better long-term prospects. We will also be selective in our investments in Japanese commercial properties and do our best to achieve a turnaround of our Lifestyle Division.”

Barring any unforeseen circumstances, the Group remains optimistic of a profitable FY2018.

¹ Source: *New York Times* - *China’s Growth Hits Slowest Pace in a Decade*, 18 Oct 2018, <https://www.nytimes.com/2018/10/18/business/china-economy-third-quarter.html>

² Source: *The Australian* – *Melbourne suffers worst property pain in six years*, 3 September 2018, <https://www.theaustralian.com.au/business/property/melbourne-suffers-worst-property-pain-in-six-years-national-prices-fall-further/news-story/c8bccb38d4320518ff33d64394b759be>

³ Source: *The Guardian* – Buyers wait for bargains as Australia's housing market hits long slide, 8 September 2018, <https://www.theguardian.com/australia-news/2018/sep/08/buyers-wait-for-bargains-as-australias-housing-market-hits-long-slide>

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

The Group's Lifestyle Division is focused on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading ecommerce platforms as well as traditional retailers. The brands distributed by the Lifestyle Division include at-home beauty device brands MTG Refa, ikoo, Panasonic, 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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Nine Months and Third 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 nine months and third quarter ended 30 September 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			Group		
		S\$000		% Increase / (Decrease)	S\$000		% Increase / (Decrease)
		Nine months ended			Three months ended		
		30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017		
Revenue	1	122,379	110,992	10	38,302	39,610	(3)
Cost of sales		(85,170)	(78,687)	8	(26,866)	(27,186)	(1)
Gross profit	1	37,209	32,305	15	11,436	12,424	(8)
Other operating income	2	339	135	151	4	36	(89)
Distribution costs	3	(6,716)	(4,354)	54	(2,546)	(1,639)	55
Administrative expenses	4	(13,859)	(15,049)	(8)	(4,849)	(7,331)	(34)
Other operating expenses	5	(424)	(598)	(29)	(80)	(48)	67
Profit from operations		16,549	12,439	33	3,965	3,442	15
Valuation gain on assets held for sale	6	-	34,184	(100)	-	34,184	(100)
Valuation loss on investment properties	6	(4,563)	(4,615)	(1)	(1,496)	(1,554)	(4)
Finance income	7	36	417	(91)	22	123	(82)
Finance costs	8	(3,501)	(4,040)	(13)	(1,081)	(1,444)	(25)
Foreign exchange (loss) gain	9	(1,054)	73	NM	(480)	(206)	133
Share of loss of joint ventures	10	-	(116)	(100)	-	-	NM
Profit before income tax		7,467	38,342	(81)	930	34,545	(97)
Income tax (expense) credit	11	(220)	16	NM	(7)	41	NM
Profit for the period / quarter		7,247	38,358	(81)	923	34,586	(97)
<u>Profit attributable to:</u>							
Equity holders of the Company		4,246	36,214	(88)	222	33,538	(99)
Non-controlling interests		3,001	2,144	40	701	1,048	(33)
		7,247	38,358	(81)	923	34,586	(97)

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	S\$'000		%	S\$'000		%
		Nine months ended			Three months ended		
		30 Sep 2018	30 Sep 2017		30 Sep 2018	30 Sep 2017	
Profit for the period / quarter		7,247	38,358	(81)	923	34,586	(97)
Other comprehensive (loss) income							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation loss arising on consolidation	12	(4,129)	(1,809)	128	(3,236)	(574)	464
Fair value gain on available-for-sale investments, net of tax	1	-	661	(100)	-	210	(100)
Other comprehensive loss for the period / quarter, net of tax		(4,129)	(1,148)	260	(3,236)	(364)	NM
Total comprehensive income (loss) for the period / quarter		3,118	37,210	(92)	(2,313)	34,222	NM
<u>Total comprehensive income attributable to:</u>							
Equity holders of the Company		1,038	34,821	(97)	(2,061)	33,126	NM
Non-controlling interests		2,080	2,389	(13)	(252)	1,096	NM
		3,118	37,210	(92)	(2,313)	34,222	NM

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

Group turnover rose about 10% to S\$122.4 million for the nine months to 30 September 2018, from S\$111.0 million achieved in the previous corresponding period.

As per the requirements of the new financial reporting standards (please refer to page 13 for more details), the fair value gain of S\$1.3 million 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\$0.8 million) net of deferred tax was included as other comprehensive income in the previous corresponding period.

Revenue includes investment income of S\$16.6 million (9 months ended 30 September 17: S\$11.2 million).

Note 2:

Other operating income comprises:

	S\$'000		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2018	30 Sep 2017		30 Sep 2018	30 Sep 2017	
Government subsidies	304	18	NM	(4)	-	NM
Others	35	117	(70)	8	36	(78)
Total	339	135	151	4	36	(89)

- i. The unit in China received higher VAT and other subsidies during the current period.

Notes to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income:Note 3:

Distribution costs comprise:

	S\$'000		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2018	30 Sep 2017	Increase / (Decrease)	30 Sep 2018	30 Sep 2017	Increase / (Decrease)
Staff costs	(3,431)	(2,595)	32	(1,280)	(888)	44
Advertising & promotion	(1,154)	(49)	NM	(520)	(199)	161
Transportation	(758)	(797)	(5)	(268)	(271)	(1)
Travelling expenses	(268)	(254)	6	(89)	(76)	17
Others	(1,105)	(659)	68	(389)	(205)	90
Total	(6,716)	(4,354)	54	(2,546)	(1,639)	55

- Staff costs increased due to the higher number of sales personnel in the current period as well as from the effect of the annual salary increment given to personnel earlier this year.
- Increased marketing and advertising activity, including participation in trade fairs and online channels, for the Group's beauty and wellness products resulted in higher Advertising and promotion expenses. The previous corresponding period had also included the one-off marketing support received from a brand owner.
- The increase in Others in the current period is mainly from the incremental costs for the warehouse leased in Hong Kong after the sale of the Group's warehouse properties.

Note 4:

Administration expenses comprise:

	S\$'000		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2018	30 Sep 2017	Increase / (Decrease)	30 Sep 2018	30 Sep 2017	Increase / (Decrease)
Staff costs (including executive directors)	(8,989)	(10,020)	(10)	(2,832)	(5,296)	(47)
Directors' fees	(411)	(357)	15	(137)	(119)	15
Professional fees	(1,119)	(955)	17	(469)	(263)	78
Rent & rates	(473)	(553)	(14)	(171)	(185)	(8)
Travelling expenses	(431)	(229)	88	(269)	(119)	126
Insurance	(208)	(215)	(3)	(79)	(73)	8
Allowance for doubtful debts	(16)	(88)	(82)	(15)	-	NM
Withholding tax	(1,023)	(1,272)	(20)	(481)	(659)	(27)
Others	(1,189)	(1,360)	(13)	(396)	(617)	(36)
Total	(13,859)	(15,049)	(8)	(4,849)	(7,331)	(34)

- Staff costs, excluding the special bonus accrued in relation to the sale of the Hong Kong warehouse properties in the previous corresponding period, increased due to the accrual of higher performance bonuses for the Investment Division and the effect of salary increments granted earlier this year.
- Directors' fees were approved by shareholders.
- Professional fees increased mainly due to higher legal and consultancy fees including for debt recovery and the Riverwalk acquisition.
- Rental expense declined mainly due to savings from government rates on the disposed warehouse premises in Hong Kong as well as from the offices in Australia and India in this period.
- Travelling expenses were higher due to increased travel by directors and management during the current period.
- No major allowances were made for doubtful trade receivables in this period.
- 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		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2018	30 Sep 2017	Increase / (Decrease)	30 Sep 2018	30 Sep 2017	Increase / (Decrease)
Depreciation	(213)	(181)	18	(80)	(63)	27
(Loss) gain on derivative financial instrument	(211)	(417)	(49)	-	15	(100)
Total	(424)	(598)	(29)	(80)	(48)	67

- i. Depreciation increased mainly from leasehold improvements and upgraded computer software and hardware in Hong Kong as well as from replacement of certain motor vehicles.
- 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 valuation gain for FY2017 represented the gain on disposal of the warehouse properties in Hong Kong, completed in Q4-FY17.

The Group recognized a valuation loss for the period on investment properties on the GLNG houses in Australia, 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. The reversal of previously accrued interest in respect of a long-term deposit placed in China also contributed to this decline.

Note 8:

Finance costs reduced in view of the lower level of borrowings compared with the previous corresponding period.

Note 9:

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

Note 10:

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

Note 11:

Income tax for the period 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 period).

Note 12:

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)		Company (S\$ '000)	
		as at		as at	
		30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
ASSETS					
Current assets					
Cash and bank balances	1	17,037	46,175	288	1,890
Trade receivables	2	15,887	11,807	-	-
Other receivables and prepayments	3	9,367	7,963	111	64
Debt instruments measured at fair value through profit or loss	4	26,816	-	-	-
Loans receivable	4	-	48,198	-	-
Inventories	5	28,439	24,058	-	-
Total current assets		97,546	138,201	399	1,954
Non-current assets					
Fixed deposits	1	-	10	-	-
Other receivables	3	494	1,462	-	-
Debt instruments measured at fair value through profit or loss	4	46,826	-	-	-
Loans receivable	4	-	31,619	-	-
Property, plant and equipment	6	3,062	1,896	17	10
Investment properties	7	69,922	47,533	-	-
Joint ventures	8	-	-	-	-
Subsidiary corporations		-	-	196,927	177,919
Derivative financial instrument	9	-	206	-	-
Financial assets measured at fair value through profit or loss	9	52,981	-	-	-
Available-for-sale investments	9	-	34,242	-	-
Total non-current assets		173,285	116,968	196,944	177,929
Total assets		270,831	255,169	197,343	179,883
LIABILITIES AND EQUITY					
Current liabilities					
Trade and bills payables	10	6,473	3,760	-	-
Trust receipts	10	11,696	11,207	-	-
Bank and other borrowings	11	25,351	31,691	-	-
Other payables	12	28,691	23,097	4,619	856
Provisions		2,647	2,504	52	52
Income tax payable	13	99	554	-	-
Total current liabilities		74,957	72,813	4,671	908
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	71,374	65,419
Bank and other borrowings	11	19,432	15,146	-	-
Deferred tax liability	9	4,821	4,500	-	-
Total non-current liabilities		24,253	19,646	71,374	65,419
Total liabilities		99,210	92,459	76,045	66,327
Capital, reserves and non-controlling interests					
Issued capital		72,579	72,579	72,579	72,579
Reserves		57,755	59,334	48,719	40,977
Equity attributable to equity holders of the Company		130,334	131,913	121,298	113,556
Non-controlling interests	14	41,287	30,797	-	-
Total equity		171,621	162,710	121,298	113,556
Total liabilities and equity		270,831	255,169	197,343	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 30 September 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S\$ 32,809,000	S\$ 4,238,000	S\$ 36,282,000	S\$ 6,616,000

Please also see note (11) on page 9

Details of any collateral

Charge over property in Singapore; pledged bank deposits of S\$2.5 million; Company's corporate guarantee

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

Amount repayable after one year

As at 30 September 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S\$ 15,677,000	S\$ 3,755,000	S\$ 6,547,000	S\$ 8,599,000

Please also see note (11) on page 9

Details of any collateral

Charge over property in Singapore; Company's corporate guarantee

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

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

(S\$ '000)

Note

	Nine months ended		Three months ended	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
OPERATING ACTIVITIES				
Profit before income tax	7,467	38,342	930	34,545
Adjustments for:				
Depreciation expense	213	181	80	63
Share of loss of joint ventures	-	116	-	-
Interest income from loans receivable and dividend income from unquoted investments	-	(11,160)	-	(5,828)
Dividend income from financial assets measured at fair value through profit or loss	(701)	-	(315)	-
Investment revenue from debt instruments measured at fair value through profit or loss	(14,613)	-	(3,831)	-
Fair value gain on financial assets measured at fair value through profit or loss	(1,290)	-	(276)	-
Interest expense	3,501	4,040	1,081	1,444
Interest income	(36)	(417)	(22)	(123)
Loss (gain) on disposal of property, plant and equipment	1	5	(1)	-
Valuation gain on assets held for sale	-	(34,184)	-	(34,184)
Valuation loss on investment properties	4,563	4,615	1,496	1,554
Unrealised loss (gain) on outstanding derivative financial instrument	211	417	-	(15)
Net unrealised foreign exchange loss (gain)	808	(181)	290	217
Provision for employee benefits	236	104	83	-
Allowance for inventories	1,091	172	176	145
Allowance (reversal) for doubtful trade receivables	4	78	3	(10)
Allowance for doubtful other receivables	12	10	12	10
Operating cash flows before movements in working capital	1,467	2,138	(294)	(2,182)
Trade receivables	(4,093)	(5,581)	(960)	(1,268)
Other receivables and prepayments	(1,897)	(492)	2,446	233
Inventories	(5,872)	405	(6,036)	(3,287)
Trade and bills payable	2,751	(278)	3,997	(867)
Other payables and provisions	6,437	3,457	6,915	3,789
Cash (used in) generated from operations	(1,207)	(351)	6,068	(3,582)
Income tax paid	(505)	(660)	(355)	(653)
Interest paid	(4,760)	(3,479)	(2,678)	(2,101)
Interest received	713	1,840	559	25
Net cash (used in) generated from operating activities	(5,759)	(2,650)	3,594	(6,311)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(1,363)	(158)	(1,103)	(65)
Additions to investment properties	(29,210)	-	(29,210)	-
Proceeds from disposal of property, plant and equipment	2	3	1	-
Deposit received on disposal of assets held for sale	-	7,488	-	7,488
Dividend received from financial assets measured at fair value through profit or loss	1,458	-	-	-
Additions to financial assets measured at fair value through profit or loss	(17,236)	-	(10,379)	-
Repayments of debt instruments measured at fair value through profit or loss	37,535	-	20,088	-
Additions to debt instruments measured at fair value through profit or loss	(20,989)	-	(2,566)	-
Repayments of loans receivable	-	19,819	-	10,633
Additions to loans receivable	-	(20,947)	-	(8,342)
Net cash (used in) generated from investing activities	(29,803)	6,205	(23,169)	9,714
FINANCING ACTIVITIES				
Dividend paid to non-controlling shareholders in a subsidiary corporation	(475)	(236)	(475)	-
Dividend paid	(2,617)	(2,617)	-	(2,617)
Cash contributions from non-controlling shareholders in a subsidiary corporation	8,410	-	8,410	-
Decrease (increase) in fixed deposits with maturities exceeding three months	2,265	-	(28)	-
Decrease (increase) in pledged fixed deposits	6,392	6,116	4,091	(2)
Increase in trust receipts	288	2,259	600	5,752
Other loans	-	16,287	-	4,009
Repayments of other loans	(14,821)	(6,468)	(10,957)	(3,384)
Loans from banks	23,925	612	23,386	-
Repayments of bank loans	(8,079)	(17,112)	(4,137)	(3,250)
Net cash generated from (used in) financing activities	15,288	(1,159)	20,890	508
Net (decrease) increase in cash and cash equivalents	(20,274)	2,396	1,315	3,911
Cash and cash equivalents at beginning of period / quarter	34,911	7,690	13,356	6,070
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(246)	(129)	(280)	(24)
Cash and cash equivalents at end of period / quarter	14,391	9,957	14,391	9,957
Cash and cash equivalents were represented by:-				
Fixed deposits with maturities less than 3 months, cash and bank balances	14,391	9,957	14,391	9,957
	14,391	9,957	14,391	9,957

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-Sep-18</u>	<u>31-Dec-17</u>
Cash and cash equivalents	S\$14.4 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 trust receipts	S\$2.5 million	S\$2.5 million
Fixed deposits that have been pledged to banks against bank loans	-	S\$6.4 million
Total (including non-current fixed deposits)	<u>S\$17.0 million</u>	<u>S\$46.2 million</u>

Note 2:

Trade receivables increased due to some large sales being made to certain customers during and towards the end of the latest quarter.

Included in trade receivables is an amount of S\$1.9 million (31 Dec 17: Nil) which was factored to a bank on a full recourse basis. The cash received from the factoring is included as bank borrowing (Note 11).

Note 3:

Other receivables increased due to advances made in relation to GemLife projects.

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 4:

Aggregate debt instruments measured at fair value through profit or loss (previously classified as loans receivable measured at amortised cost; please refer to page 13 for more details) reduced in view of settlements received from the Fortitude Valley and Progress Road projects net of the investments made in the GemLife and other ongoing projects in Australia. Of the total debt instruments measured at fair value through profit or loss of S\$73.6 million (31 December 2017: S\$79.8 million), debt instruments due by the GemLife joint venture entities amount to S\$31.8 million (31 December 2017: S\$17.2 million) as at 30 September 2018.

Note 5:

Inventories increased primarily due to bulk purchases made of certain key products to lock in supplies and pricing.

Note 6:

Property, plant and equipment included the apportioned cost of the office space occupied by the Group in the Riverwalk property that was acquired during the quarter.

Note 7:

The increase reflects the value of the Riverwalk property in Singapore acquired during the quarter, net of the valuation loss on the GLNG houses 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 8:

This represents the Group's interest in the joint venture entities for the GemLife retirement housing business. Overall pre-sale operating costs of the GemLife entities exceed the capital invested by the Group in this joint venture.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Note 9:

The Group invested in commercial properties and hotel buildings in Japan through pooled investment structures which accounted for these as financial assets measured at fair value through profit or loss, including the funds sent in for investment in the recent 3 properties.

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 period.

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 10:

The increase in the aggregate trade and bills payable and trust receipts is due to the increase in purchases during the latest quarter.

The bills payable of S\$2.3 million (31 Dec 17: Nil) as of 30 Sep 2018 represent the amounts payable to a trade supplier against documents sent through bank.

Note 11:

Decreased aggregate bank and other borrowings principally reflect the loans that were paid off during the current period net of the bank loan outstanding for the Riverwalk property in Singapore and the factoring loan.

Note 12:

Other payables increased on account of advances received.

Note 13:

The decrease in Income tax payable is mainly due to the tax payment made by the unit in Australia during the period.

Note 14:

The increase in Non-controlling interests was mainly due the cash contributed by the non-controlling shareholders for the investments in the Japanese properties.

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

STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 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(l) 1	-	-	-	-	27,680	(27,680)	-	-	-
Effect on adoption of SFRS(l) 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
Total comprehensive income for the quarter									
Profit for the quarter	-	-	-	-	-	1,691	1,691	1,239	2,930
Other comprehensive income for the quarter	-	-	-	-	1,027	-	1,027	21	1,048
	-	-	-	-	1,027	1,691	2,718	1,260	3,978
Transactions with owners, recognised directly in equity									
Dividend	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Balance at 30 Jun 2018	72,579	(9,207)	296	-	(3,455)	72,182	132,395	33,129	165,524
Total comprehensive loss for the quarter									
Profit for the quarter	-	-	-	-	-	222	222	701	923
Other comprehensive loss for the quarter	-	-	-	-	(2,283)	-	(2,283)	(953)	(3,236)
	-	-	-	-	(2,283)	222	(2,061)	(252)	(2,313)
Transactions with owners, recognised directly in equity									
Cash contributions from non-controlling shareholders in a subsidiary corporation (Note)	-	-	-	-	-	-	-	8,410	8,410
Balance at 30 Sep 2018	72,579	(9,207)	296	-	(5,738)	72,404	130,334	41,287	171,621

(Note) The shares are pending to be issued

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Nine months ended 30 September 2017

S\$'000

	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
Group										
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
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, restated	72,579	(9,207)	3,278	2,029	-	(1,206)	30,693	98,166	25,235	123,401
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	33,538	33,538	1,048	34,586
Other comprehensive loss for the quarter	-	-	-	105	-	(517)	-	(412)	48	(364)
	-	-	-	105	-	(517)	33,538	33,126	1,096	34,222
Transactions with owners, recognised directly in equity										
Dividend	-	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Balance at 30 Sep 2017, restated	72,579	(9,207)	3,278	2,134	-	(1,723)	61,614	128,675	26,331	155,006

Nine months ended 30 September 2018

S\$'000

Company

Balance as at 1 Jan 2018

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

Balance as at 31 Mar 2018

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

Transactions with owners, recognised directly in equity

Dividend

Balance as at 30 Jun 2018

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

Balance as at 30 Sep 2018

Issued capital	Retained earnings	Total
72,579	40,977	113,556
-	10,309	10,309
72,579	51,286	123,865
-	418	418
-	(2,617)	(2,617)
72,579	49,087	121,666
-	(368)	(368)
72,579	48,719	121,298

Nine months ended 30 September 2017

	S\$'000			
<u>Company</u>	Issued capital	Options reserve	Retained earnings	Total
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
Profit for the quarter, representing total comprehensive income for the quarter	-	-	1,144	1,144
Balance as at 30 Jun 2017	72,579	-	24,622	97,201
Profit for the quarter, representing total comprehensive income for the quarter	-	-	872	872
Transactions with owners, recognised directly in equity				
Dividend	-	-	(2,617)	(2,617)
Balance as at 30 Sep 2017	72,579	-	22,877	95,456

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 expired last year.

The Company did not have any outstanding convertibles or treasury shares as at 30 September 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 30 September 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	<i>Share-based Payment: Classification and Measurement of Share-based Payment Transactions</i>
SFRS(I) 9	<i>Financial Instruments</i>
SFRS(I) 15	<i>Revenue from Contracts with Customers</i>
SFRS(I) 1-28	<i>Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss on an investment-by-investment basis</i>
SFRS(I) 1-40	<i>Investment Property: Transfers of Investment Property</i>
SFRS(I) INT 22	<i>Foreign Currency Transactions and Advance Consideration</i>

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

	Nine months ended 30 Sep 2018	Nine months ended 30 Sep 2017
(i) Basic earnings per share	3.24 cents	27.67 cents
(ii) Fully diluted earnings per share	3.24 cents	27.67 cents

	Three months ended 30 Sep 2018	Three months ended 30 Sep 2017
(i) Basic earnings per share	0.17 cent	25.63 cents
(ii) Fully diluted earnings per share	0.17 cent	25.63 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 30 September 2018 and 30 September 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 30 Sep 2018	As at 31 Dec 2017
Group	99.60 cents	100.80 cents
Company	92.69 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.

Review – Nine months ended 30 September 2018

Turnover & Profitability

These results include the entity holding the Riverwalk commercial property, which the Group had acquired in early July 2018. Consolidated revenue for the 9 months ended 30 September 2018 was S\$122.4 million, a 10% increase on the S\$111.0 million achieved in the previous corresponding period. This includes the fair value gain of S\$1.3 million taken up as revenue upon the adoption of SFRS(I) 9 from 1 January 2018. Both Divisions saw revenue growth in the period with the Investment Division recording growth of 17% and the Lifestyle Division of 9%. The Directors propose to pay a second interim dividend of 2 cents per share on 30 November 2018.

For the latest quarter, however, Group revenue narrowed slightly to S\$38.3 million against the S\$39.6 million achieved in the previous corresponding quarter. Gross profit also declined by about 8% to S\$11.4 million from S\$12.4 million previously.

Consolidated gross profit improved by 15% to S\$37.2 million from S\$32.3 million achieved in the previous corresponding period.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

The valuation loss recognized on the GLNG houses in Australia for the period was S\$4.6 million, similar to that in the previous corresponding period.

Profit from operations of S\$16.5 million was an improvement of 33% over the S\$12.4 million in the previous corresponding period.

The previous corresponding period had included the valuation gain of S\$34.2 million recognized on the warehouse properties in Hong Kong and the related cost of S\$2.4 million upon the signing of the sales agreement. Excluding these, Group net profit of S\$7.2 million for the current period grew by about 11% compared to the previous corresponding period.

Finance Income

Finance income declined to about S\$0.04 million for the period from about S\$0.4 million previously primarily due to reduced funds placed in interest earning deposits in the current period as well as lower interest rates. The reversal of previously accrued interest in respect of a long-term deposit placed in China also contributed to this decline.

Expenses

Following its participation in trade shows in the preceding quarter, the unit in China continued its marketing activities for the promotion of its beauty and wellness products, particularly on online channels. Higher marketing expenses for these activities, combined with higher staff costs from increased headcount and the salary increments granted earlier this year, resulted in increased distribution expenses for the year-to-date – S\$6.7 million as compared to S\$4.4 million in the previous corresponding period – as well as for the quarter – S\$2.5 million compared to S\$1.6 million in the previous corresponding quarter. The previous corresponding period had also included the one-off marketing support of S\$0.5 million received from a brand owner.

Administration expenses, excluding the special bonus of S\$2.4 million accrued in the previous corresponding period in relation to the sale of the Hong Kong warehouse properties, increased by about 9% due to the accrual of higher performance bonuses for the Investment Division and the effect of salary increments granted earlier this year.

Foreign exchange loss of S\$1.1 million arose mainly from the translation of foreign currency denominated assets and liabilities outstanding as at the end of the period. A small gain had been recorded in the previous corresponding period.

Balance Sheet and Cash Flow

Inventories increased to S\$28.4 million as at 30 September 2018 against S\$24.1 million as at 31 December 2017 primarily due to bulk purchases made of certain key products to lock in supplies and pricing. The inventory turnover period for the current period increased to 84 days against 63 days for the previous corresponding period.

Trade receivables increased to S\$15.9 million as at 30 September 2018 from S\$11.8 million as at 31 December 2017 mainly due to some large sales made to certain customers during and towards the end of the latest quarter remaining outstanding within the agreed credit period. The trade receivables turnover period for the current period was 31 days against 30 days for the previous corresponding period.

Aggregate debt instruments measured at fair value through profit or loss (previously known as loans receivable) reduced to S\$73.6 million from S\$79.8 million as at 31 December 2017 in view of the settlements received from the Fortitude Valley, Progress Road and Newstead projects in Australia net of the investments made in other projects, including GemLife, during the period.

Financial assets measured at fair value through profit or loss (previously known as Available-for-sale investments) increased to S\$53.0 million from S\$34.2 million mainly from the funds sent in towards the investment in the new holding structure for the Japanese properties.

Aggregate bank and other borrowings decreased to S\$56.5 million as at 30 September 2018 from S\$58.0 million as at 31 December 2017 reflecting the loans that were paid off during the current period net of the bank loan outstanding for the Riverwalk property in Singapore.

Cash balances accordingly reduced by S\$29.1 million to S\$17.0 million as at 30 September 2018. The Group recorded a net cash outflow of S\$5.8 million from operating activities for the period compared to an outflow of S\$2.7 million in the previous corresponding period mainly from the movement in working capital components and net settlements of accrued interest on the repayment of certain loans.

Cash obtained from financing activities by the Group increased to S\$15.3 million for the period compared to an outflow of S\$1.2 million in the previous corresponding period mainly due to the loan related to the Riverwalk property and cash contribution by non-controlling shareholders for the investment in Japan partly offset by repayment of other loans during the latest quarter.

Net Asset Value

Net Asset Value per share as at 30 September 2018 declined to 99.6 cents, compared to 100.8 cents as at 31 December 2017 due to the loss on translation of the net assets of the subsidiaries denominated in foreign currencies (mainly from the weakening of the Australian Dollar) and dividend paid to shareholders, offset by the profit attributable to shareholders for the period.

Performance Summary

Investments

The Group started recouping its investment in the Newstead project in the latest quarter and expects this to be fully recouped by Q1-FY19. Practical completion of The Grange project took place in October and the Group expects to recoup its investment in this project by Q1-FY19. Construction on the Noosa Parkridge project is progressing and the first settlements are expected in Q2-FY19. Construction of The Oxford Residences project in Sydney's Bondi Junction is underway with practical completion expected in June 2020.

In respect of the retirement living operations, sales & settlements at the Bribie Island and Highfields projects are progressing well, with the community facilities at both projects expected to be complete by the end of Q1-FY19. Construction of the display village and first homes at the Woodend project are nearing completion with first residents expected to move in during Q4-FY18. Sales for the Maroochydore project commenced in Q3-FY18, with operational works to commence in Q4-FY18. Development approval for the Lennox Head project is expected to be received in Q4-FY18. GemLife continues to review other land sites for acquisition.

The division achieved revenue of S\$26.9 million for the current period, growing 17% over the S\$23.0 million achieved in the previous corresponding period. Segment operating result before valuation losses/gains and share of loss of joint venture in both periods expanded by about 20% to S\$20.4 million from the S\$17.0 million achieved in the previous corresponding period (excluding the cost related to the disposal of warehouse properties).

Lifestyle

The Lifestyle Division's turnover expanded by about 9% to S\$95.5 million for the current period compared to S\$88.0 million achieved in the previous corresponding period. However, higher promotion and marketing expenses in the current period combined with the inventory clearance and provisions in the current and preceding quarters resulted in a segment loss of S\$1.7 million for the period.

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

The performance of both divisions in the period met management's expectations. The Lifestyle Division continues efforts to grow its business for a 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.

Home prices are falling across many parts of Australia, with the property downturn having run for one-year now and the nation's two major cities, Melbourne and Sydney, affected more than others. Sydney's prices declined over 6% in the past 12 months while Melbourne has dropped 3.4%. Brisbane, where some of the Group's projects are based, saw prices increase during this year. The Group has been reducing its exposure to the housing segment in Australia and currently has only 3 well-placed projects still underway, one of which was completed in October. The Group will continue its focus on the retirement living segment in Australia and on commercial property in Japan, both of which are expected to provide better long-term prospects.

China's economic growth slowed to 6.5 percent year-over-year in the third quarter of 2018, the weakest pace since Q1-2009 as the trade war with the U.S. put pressure on growth. However, banks' reserve requirements have already been reduced four times this year, signaling an attempt to support liquidity and growth amid the trade dispute. The Lifestyle Division is continuing its efforts to expand its business in the face of weakening domestic demand in China and an increasingly uncertain global economic backdrop.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes, a second interim dividend of S\$0.02 per share

An interim dividend of S\$0.02 per share was paid on 23 May 2018

(b) Corresponding Period of the Immediately Preceding Financial Year

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

For the previous corresponding period, the Company had paid an interim dividend of S\$0.02 per share on 21 August 2017 and declared a special interim dividend of S\$0.03 per share and paid on 27 Nov 2017

(c) Date payable

30 November 2018

(d) Books closure date

22 November 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 30 September 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)
Thakral Brothers (Pte) Ltd and subsidiaries	S\$'000	S\$'000
Purchases, net of returns	-	6,744
Sales, net of returns	-	539
Operating lease income received / receivable (Note 1)	3,663	-
Thakral Investment Holdings Pte Ltd		
Acquisition of a subsidiary corporation – Thakral Realty (S) Pte Ltd (Note 2)	9,000	-

Notes:

1. Pertains to the portion of the Riverwalk office property leased to Thakral Brothers (Pte) Ltd. As the term of the leaseback agreement is less than 3 years and its terms are supported by independent valuation, pursuant to Rule 916(1) of the Listing Manual, approval from shareholders for the leaseback agreement is not required
2. The acquisition was approved by shareholders of the Company at the EGM held on 14 Jun 2018

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

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

- Investment ("INV") - includes real estate investments in Australia, People's Republic of China, Japan and Singapore
- 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
- Others ("OTH") - those other activities which do not fall into the above categories

Group's reportable segments

S\$'000

Nine months ended 30 September 2018

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	26,859	95,520	-	122,379
Result				
Segment operating result	20,414	(1,658)	(948)	17,808
Valuation loss on investment properties	(4,563)	-	-	(4,563)
Segment result	15,851	(1,658)	(948)	13,245
Unallocated corporate expenses				(1,259)
Finance income				36
Finance costs				(3,501)
Foreign exchange loss				(1,054)
Profit before income tax				7,467
Income tax expense				(220)
Profit for the period				7,247

Other information				
Capital expenditure:				
Property, plant and equipment	790	562	11	1,363
Depreciation expense	16	192	5	213

Assets				
Segment assets	213,908	56,488	435	270,831
Total assets				270,831
Liabilities				
Segment liabilities	59,517	34,334	439	94,290
Income tax payable				99
Deferred tax liability				4,821
Total liabilities				99,210

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Nine months ended 30 September 2017

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	23,042	87,950	-	110,992
Result				
Segment operating result	14,614	(133)	(893)	13,588
Valuation gain on assets held for sale	34,184	-	-	34,184
Valuation loss on investment properties	(4,615)	-	-	(4,615)
Share of loss of joint ventures	(116)	-	-	(116)
Segment result	44,067	(133)	(893)	43,041
Unallocated corporate expenses				(1,149)
Finance income				417
Finance costs				(4,040)
Foreign exchange gain				73
Profit before income tax				38,342
Income tax credit				16
Profit for the period				38,358

Other information				
Capital expenditure:				
Property, plant and equipment	27	129	2	158
Depreciation expense	18	157	6	181

Assets				
Segment assets	219,524	57,246	357	277,127
Total assets				277,127
Liabilities				
Segment liabilities	67,944	52,458	397	120,799
Income tax payable				52
Deferred tax liability				1,270
Total liabilities				122,121

Geographical information

S\$'000

Geographical segments:	Revenue		Capital expenditure		Non-current assets *	
	30 Sep		30 Sep		30 Sep	
	2018	2017	2018	2017	2018	2017
People's Republic of China (including Hong Kong)	108,664	95,622	560	80	3,556	2,735
Australia	9,011	9,199	-	27	38,240	48,454
Singapore	2,297	1,270	801	2	30,027	37
Others	2,407	4,901	2	49	1,161	1,202
	122,379	110,992	1,363	158	72,984	52,428

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 9 months ended 30 September 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

8 November 2018

BY ORDER OF THE BOARD

Chan Wan Mei
Chan Lai Yin
Company Secretaries
8 November 2018