FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL 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
28-Feb-2019 20:03:54

Status
New

Announcement Sub Title
Full Yearly Results

Announcement Reference
SG190228OTHRRHTV

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
31/12/2018

Attachments

ThakralCorp_PR_FY2018_20190228.pdf

ThakralCorp_Results_Q4FY2018_20190228.pdf

Total size =852K MB

THAKRAL CORPORATION LTD

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

PRESS RELEASE

Thakral Reports Net Profit of S$20.2 million on revenue of S$157.1 million for FY2018

- **Operating Profit rose 18% with improved contributions from its Investment Division and lower expenses**

Singapore, 28 February 2019

SGX Mainboard-listed Thakral Corporation Ltd ("Thakral" or the "Group") remained profitable for FY2018 – reporting a net profit of S$20.2 million for the financial year ended 31 December 2018 (FY2018), a 49% dip from S$39.7 million in FY2017.

The previous year had included the extraordinary gain of S$33.9 million from the disposal of the warehouse properties in Hong Kong. Excluding this one-off gain and related costs, the Group's net profit for FY2018 was S$20.2 million compared to S$8.2 million in the previous year – an increase of some 146%.

Compared to the previous corresponding quarter in 2017, the Group's net profit increased from S$1.3 million to S$13.0 million in the fourth quarter ended 31 December 2018 - due mainly to the share of profits (primarily valuation gain) from its associate and joint ventures in Japan and Australia.

Revenue for the full year edged up 3% to S$157.1 million, from S$153.2 million though it fell by 18% for the fourth quarter ended 31 December 2018 to S$34.7 million from S$42.2 million for the corresponding quarter a year ago mainly due to the impact of weakened consumer demand in China which is the primary market for the Group's Lifestyle Division.

The Group's gross profit for the full financial year rose by 4% to S$51.7 million from S$49.5 million a year ago. This was boosted by unrealised fair value gains of S$5.3 million for property investments held under its subsidiary – Thakral Japan Properties Pte Ltd taken up as revenue upon adoption of SFRS (I) 9 accounting standard from 1 January 2018.

Consolidated gross profit for the final quarter ended 31 December 2018 came in at S$14.5 million against the S$17.2 million achieved in the previous corresponding quarter.

Profit from operations went up to S$25.5 million for FY2018 from S$21.6 million for the previous financial year which included the unrealised fair value gains mentioned above.

A valuation loss of S$7.1 million was recognised on the GLNG houses in Gladstone, Australia for the year net of the gains recognised for investment properties in Singapore and China.

In view of the slower movement of goods, the Group made provisions for inventory impairment amounting to S$1.5 million in the final quarter.

Higher marketing expenses from participation in beauty and wellness products trade shows in China, combined with higher staff costs from increased headcount and the salary increments granted during the year, resulted in increased distribution expenses for the year at S$8.4 million as compared to S$6.5 million in the previous year.

Earnings per Share and Net Asset Value per Share

Net Asset Value per share as of 31 December 2018 remained steady at 100.98 cents compared to 100.8 cents as at 31 December 2017.

The Group's FY2018 earnings per share (EPS) weighed in at 7.1 cents, versus 28.85 cents in the previous year principally due to the one-off gain on disposal of the warehouse properties in Hong Kong. For the fourth quarter ended 31 December 2018, the Group's EPS increased to 3.86 cents from 1.17 cents in the previous corresponding quarter.

Working Capital and Cash flow

Cash balances reduced by S$34.7 million to S$11.5 million as at 31 December 2018. The Group recorded a net cash outflow of S$9.4 million from operating activities for the year compared to an outflow of S$9.6 million in the previous year.

The net cash outflow from operating activities for the year was mainly from the movement in working capital components and net settlements of accrued interest on the repayment of certain loans.

Segmental Performance

Investment Division

Revenue grew to S$41.4 million for the year, up about 10% from S$37.7 million in FY2017. Segment operating result, excluding valuation gains and losses in both years, went up to S$34.0 million versus S$25.6 million in the previous financial year.

Australia

The Grange project was completed in October and the Group recouped the principal and a part of the returns from this project with the remaining return expected to be received by second quarter of 2019; while the Newstead project was completed in June 2018 and the Group continues to recoup its investment from settlements of the remaining units.

Construction on the Noosa Parkridge project is progressing well and the first settlements are expected in second quarter of 2019 while that of the Oxford Residences project in Sydney's Bondi Junction continues, with practical completion expected in June 2020.

Sales and settlements at the GemLife Bribie Island and GemLife Highfields retirement resorts projects are progressing well, with the community facilities at both projects completed in January 2019. Over 140 houses have now been occupied at both these projects.

Sales and operational works for the GemLife Maroochydore project commenced in the third and fourth quarter of 2018 respectively.

Development approval for the GemLife Lennox Head project is expected to be received in first quarter of 2019.

GemLife continues to review other land sites for acquisition.

<u>Japan</u>

The overall demand for rental of the Group's properties in Japan remains strong with tightening of vacancy rates. Strong growth in rental revenues resulting in higher valuations on the Group's properties in Osaka is expected.

The Group had invested in four more properties in 2018, bringing the total portfolio to 10 properties in the city. Renovations for the recently acquired properties are underway. The construction of retail property in Namba will be completed in March 2019 and the tenant is expected to commence operations with rental income starting from mid-March.

Lifestyle

The division maintained its revenue of S$115.7 million for the current year as compared to S$115.5 million previously. However, sales in the final quarter of the year fell due to weaker consumer demand in China resulting from market uncertainties from the trade dispute and other challenges facing China's domestic consumer sentiment.

Loss for the division widened to S$5.7 million in FY2018 compared to S$1.3 million in FY2017 primarily due to inventory provisions and higher marketing & promotional expenses incurred for brand launches.

During the year, the division had taken steps to expand its business by securing a joint venture with CurrentBody.com Limited, a leading global online retailer specialising in at-home beauty devices, which will enhance its presence in the ecommerce space in China. A number of beauty brands in China were successfully launched during the year.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral, said: "The Group remained profitable despite significant headwinds in FY2018 and this is testimony to our resilience and the success of our strategy to diversify our markets to seize growth opportunities in new markets while reducing our exposure to single-market risks."

Thakral's main market in China is facing weaker growth from the ongoing trade dispute with the US while its other key market Australia is grappling with a slowdown in the housing market – especially in Sydney and Melbourne.

"In view of this, our Investment Division has been reducing focus on housing development projects for some time now and is concentrating on growing the GemLife retirement resorts business, which offers more stable longer-term prospects," noted Mr. Subramaniam.

"We have also accelerated our investments in Japan with positive returns – especially in Osaka, which continues to enjoy strong growth and tightening of vacancy rates. The Group is looking to increase its property's portfolio in this city and possibly also realise profits from one or two of our existing properties if our targeted price levels are achieved," he added.

China's economic expansion of 6.6% in 2018 was the slowest since 1990 and economists forecast it to slow further to about 6.2% growth in 2019 as the Sino-US trade has disrupted the Chinese trade sector and dampened both business and consumer confidence with slowing global demand posing a further overhang on the economy.

While the overall market conditions in China remain challenging, the Group's Lifestyle Division will continue its efforts to return to profitability. It will build on the progress of its Beauty and Wellness products business in China, with opportunities to launch international fragrance brands in 2019 and 2020.

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 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 and wellness device brands MTG Refa, ikoo, Panasonic, PMD, DermaWand, Philips, TriPollar, T3, MTG SIXPAD, Style Seat and Slendertone, skin and hair care brands John Masters Organics, Codage and Institut Karite Paris as well as lifestyle brands Apple and DJI. The Lifestyle Division is also creating an e-commerce retail platform for at-home beauty devices in China, in a joint venture with UK-based CurrentBody.com Limited, a leader in this space.

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

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

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THAKRAL CORPORATION LTD
(Co. Reg. No. 199306606E)

Full Year and Fourth 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 year and fourth quarter ended 31 December 2018, together with a comparative statement for the corresponding period of the immediately preceding financial year

These figures have not been audited.

	Note	Group			Group		
		S$000		%	S$000		%
		Year ended		Increase /	Three months ended		Increase /
		31 Dec 2018	31 Dec 2017	(Decrease)	31 Dec 2018	31 Dec 2017	(Decrease)
			(restated)			(restated)	
Revenue	1	157,124	153,230	3	34,745	42,238	(18)
Cost of sales		(105,461)	(103,687)	2	(20,291)	(25,000)	(19)
Gross profit	1	51,663	49,543	4	14,454	17,238	(16)
Other operating income	2	360	319	13	21	184	(89)
Distribution costs	3	(8,444)	(6,536)	29	(1,728)	(2,182)	(21)
Administration expenses	4	(17,544)	(20,970)	(16)	(4,708)	(7,193)	(35)
Other operating expenses	5	(506)	(778)	(35)	(82)	(180)	(54)
Profit from operations		25,529	21,578	18	7,957	7,867	1
Gain on disposal of assets held for sale	6	-	33,858	(100)	-	(326)	100
Valuation losses on investment properties, net	6	(7,072)	(6,883)	3	(2,509)	(2,268)	11
Finance income	7	67	493	(86)	31	76	(59)
Finance costs	8	(4,235)	(5,432)	(22)	(734)	(1,392)	(47)
Foreign exchange loss	9	(1,109)	(741)	50	(55)	(814)	(93)
Share of profit (loss) of associate and joint ventures	10	13,562	(116)	NM	13,562	-	NM
Profit before income tax		26,742	42,757	(37)	18,252	3,143	481
Income tax expenses	11	(6,503)	(3,051)	113	(5,260)	(1,795)	193
Profit for the year / quarter		20,239	39,706	(49)	12,992	1,348	864
Profit (loss) attributable to:							
Equity holders of the Company		9,297	37,748	(75)	5,051	1,534	229
Non-controlling interests		10,942	1,958	459	7,941	(186)	NM
		20,239	39,706	(49)	12,992	1,348	864

NM – Not meaningful

	Note	S$'000		%	S$'000		%
		Year ended		Increase /	Three months ended		Increase /
		31 Dec 2018	31 Dec 2017	(Decrease)	31 Dec 2018	31 Dec 2017	(Decrease)
Profit for the year / quarter		**20,239**	**39,706**	**(49)**	**12,992**	**1,348**	**864**
Other comprehensive (loss) income							
Items that may be reclassified subsequently to profit or loss							
Translation loss arising on consolidation	12	(4,375)	(2,786)	57	(246)	(977)	(75)
Fair value gain on available-for-sale investments, net of tax	1	-	13,095	(100)	-	12,434	(100)
Other comprehensive (loss) income for the year / quarter, net of tax		**(4,375)**	**10,309**	**NM**	**(246)**	**11,457**	**NM**
Total comprehensive income for the year / quarter		**15,864**	**50,015**	**(68)**	**12,746**	**12,805**	**(0)**
Total comprehensive income attributable to:							
Equity holders of the Company		5,338	41,985	(87)	4,300	7,164	(40)
Non-controlling interests		10,526	8,030	31	8,446	5,641	50
		15,864	**50,015**	**(68)**	**12,746**	**12,805**	**(0)**

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

Reclassification

Reclassifications have been made to the prior year's Consolidated Income Statement - an amount of S$2,411,000 (Q4-FY17: S$1,139,000) related to withholding tax on certain investment income, previously included as administration expenses, is now reclassified as income tax expenses to better reflect the nature of the expenses. The corresponding figures reported in the previous quarterly announcements for the current year are reclassified accordingly to enable comparability.

Note 1:

Group turnover rose to S$157.1 million for the financial year ended 31 December 2018, from S$153.2 million achieved in the previous year. Gross profit margin (33%) for the current year remained broadly the same as the 32% last year.

As per the requirements of the new financial reporting standards (please refer to page 13-14 for more details), the fair value gain of S$5.3 million on financial assets measured at fair value through income statement (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$13.1 million) net of deferred tax was included as other comprehensive income in the previous year.

Revenue includes investment income of S$27.8 million (year ended 31 Dec 17: S$22.5 million).

Note 2:

Other operating income comprises:

	S$'000		%	S$'000		%
	Year ended		Increase /	Three months ended		Increase /
	31 Dec 2018	31 Dec 2017	(Decrease)	31 Dec 2018	31 Dec 2017	(Decrease)
Government subsidies	304	18	NM	-	-	NM
Others	56	301	(81)	21	184	(89)
Total	360	319	13	21	184	(89)

i. The unit in China received higher VAT and other subsidies during the year.

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

Note 3:
Distribution costs comprise:

	S$'000		%	S$'000		%
	Year ended		Increase /	Three months ended		Increase /
	31 Dec 2018	31 Dec 2017	(Decrease)	31 Dec 2018	31 Dec 2017	(Decrease)
Staff costs	(3,709)	(3,584)	3	(278)	(989)	(72)
Advertising & promotion	(1,950)	(571)	242	(796)	(522)	52
Transportation	(1,077)	(1,062)	1	(319)	(265)	20
Travelling expenses	(267)	(356)	(25)	1	(102)	NM
Others	(1,441)	(963)	50	(336)	(304)	11
Total	(8,444)	(6,536)	29	(1,728)	(2,182)	(21)

i. Staff costs increased due to the higher number of sales personnel in the current year as well as from the effect of the annual salary increment given to personnel earlier this year. The reduction in the quarter was due to the reclassification of amounts relating to the beauty service business to cost of sales.
ii. 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 year had also included the one-off marketing support received from a brand owner.
iii. The reduction in the quarter in Travelling expenses was due to the reclassification of amounts relating to the beauty service business to cost of goods sales.
iv. The increase in Others in this year 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		%
	Year ended		Increase /	Three months ended		Increase /
	31 Dec 2018	31 Dec 2017	(Decrease)	31 Dec 2018	31 Dec 2017	(Decrease)
		(restated)			(restated)	
Staff costs (including executive directors)	(12,655)	(14,502)	(13)	(3,666)	(4,482)	(18)
Directors' fees	(548)	(476)	15	(137)	(119)	15
Professional fees	(1,666)	(2,888)	(42)	(547)	(1,933)	(72)
Rent & rates	(748)	(713)	5	(275)	(160)	72
Travelling expenses	(535)	(348)	54	(104)	(119)	(13)
Insurance	(277)	(270)	3	(69)	(55)	25
Allowance for doubtful debts	(128)	(215)	(40)	(112)	(127)	(12)
Others	(987)	(1,558)	(37)	202	(198)	NM
Total	(17,544)	(20,970)	(16)	(4,708)	(7,193)	(35)

i. Staff costs, excluding the special bonus in relation to the sale of the Hong Kong warehouse properties in the previous year, increased slightly compared to those incurred last year mainly due to the effect of salary increments granted earlier this year.
ii. Directors' fees were approved by shareholders.
iii. Professional fees, excluding the management fees accrued last year, increased mainly due to higher legal fees for debt recovery and the Riverwalk acquisition.
iv. Rental expense increased due to the higher rental cost of the new office in China.
v. Travelling expenses were higher due to increased travel by directors and management during the year.
vi. Allowance for doubtful debts reduced since no major allowance for trade receivables was made this year.
vii. Negative Other expense for the latest quarter is from a combination of reduction in general administration expenses and the reversal of certain previously accrued expenses.

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

Note 5:
Other operating expenses comprise:

	S$'000		%	S$'000		%
	Year ended		Increase /	Three months ended		Increase /
	31Dec 2018	31Dec 2017	(Decrease)	31Dec 2018	31Dec 2017	(Decrease)
Depreciation	(294)	(246)	20	(81)	(65)	25
Loss on derivative financial instrument	(212)	(532)	(60)	(1)	(115)	(99)
Total	(506)	(778)	(35)	(82)	(180)	(54)

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 gain in FY2017 arose from the disposal of the warehouse properties in Hong Kong.

The Group recognized a net valuation loss for the year on the GLNG houses in Australia (which is expected to continue until the end of the lease terms) net of the gains seen on the other investment properties in China and Singapore.

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 year.

Note 9:
Foreign exchange translation loss for the year 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 year.

Note 10:
The share of profits from associate and joint ventures arose mainly from the unrealized valuation gains on the Group's Japanese property investments under TJP Pte Ltd and the GemLife joint venture for the development and management of retirement resorts in Australia.

Note 11:
Income tax for the year mainly relates to the deferred tax on the share of profit of associate and joint ventures as well as fair value gain on the financial assets measured at fair value through income statement which is now accounted through the income statement (the tax impact was included as other comprehensive income in the previous year). This also includes the withholding tax on the income from Investment Division projects and the distributions declared by the Japanese property holding vehicles (previously included as administration expenses).

The overall increase in income tax expenses compared to the previous year was mainly due to the deferred tax on the valuation gains recognised on the various assets during the year, net of the reversal of previously accrued tax on certain housing projects in Australia.

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) as at		Company (S$ '000) as at	
		31Dec 2018	31Dec 2017	31Dec 2018	31Dec 2017 (restated)
ASSETS					
Current assets					
Cash and bank balances	1	11,510	46,175	944	1,890
Trade receivables	2	10,065	11,807	-	-
Other receivables and prepayments		7,623	7,963	71	64
Debt instruments measured at fair value through income statement	4	18,540	-	-	-
Loans receivable	4	-	48,198	-	-
Inventories		24,180	24,058	-	-
Total current assets		71,918	138,201	1,015	1,954
Non-current assets					
Fixed deposits	1	-	10	-	-
Other receivables	3	1,695	1,462	-	-
Debt instruments measured at fair value through income statement	4	53,349	-	-	-
Loans receivable	4	-	31,619	-	-
Property, plant and equipment	5	3,492	1,896	19	10
Investment properties	6	66,489	47,533	-	-
Subsidiary corporations		-	-	115,980	120,556
Associate	7	28,373	-	-	-
Joint ventures	8	4,182	-	-	-
Derivative financial instrument		-	206	-	-
Financial assets measured at fair value through income statement	9	44,744	-	-	-
Available-for-sale investments	9	-	34,242	-	-
Total non-current assets		202,324	116,968	115,999	120,566
Total assets		274,242	255,169	117,014	122,520
LIABILITIES AND EQUITY					
Current liabilities					
Trade and bills payables	10	3,999	3,760	-	-
Trust receipts	10	10,968	11,207	-	-
Bank and other borrowings	11	24,933	31,691	4,342	-
Other payables	12	16,789	18,308	444	856
Provisions		2,706	2,504	52	52
Income tax payable	13	3,082	4,621	-	-
Total current liabilities		62,477	72,091	4,838	908
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	6,950	8,056
Bank and other borrowings	11	19,419	15,146	-	-
Deferred tax liability	13	10,593	5,222	-	-
Total non-current liabilities		30,012	20,368	6,950	8,056
Total liabilities		92,489	92,459	11,788	8,964
Capital, reserves and non-controlling interests					
Issued capital		72,579	72,579	72,579	72,579
Reserves		59,563	59,334	32,647	40,977
Equity attributable to equity holders of the Company		132,142	131,913	105,226	113,556
Non-controlling interests	14	49,611	30,797	-	-
Total equity		181,753	162,710	105,226	113,556
Total liabilities and equity		274,242	255,169	117,014	122,520

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

Amount repayable in one year or less, or on demand

As at 31 December 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S$ 30,335,000	S$ 5,566,000	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$2.7 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 31 December 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S$ 14,962,000	S$ 4,457,000	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	Year ended		Three months ended	
		31 Dec 2018	31 Dec 2017 (restated)	31 Dec 2018	31 Dec 2017 (restated)
OPERATING ACTIVITIES					
Profit before income tax		26,742	42,757	18,252	3,143
Adjustments for:					
Depreciation expense		294	246	81	65
Share of (profit) loss of associate and joint ventures		(13,562)	116	(13,562)	-
Interest income from loans receivable and dividend income from unquoted investments		-	(22,455)	-	(11,295)
Dividend income from financial assets measured at fair value through income statement		(934)	-	(233)	-
Fair value gain on debt instruments		(21,566)	-	(6,953)	-
Fair value gain on financial assets		(5,305)	-	(4,015)	-
Interest expense		4,235	5,432	734	1,392
Interest income		(67)	(493)	(31)	(76)
Loss on disposal of property, plant and equipment		13	5	12	-
Gain on disposal of assets held for sale		-	(33,858)	-	326
Valuation losses on investment properties, net		7,072	6,883	2,509	2,268
Unrealised loss on outstanding derivative financial instrument		212	532	1	115
Net unrealised foreign exchange loss (gain)		649	2,216	(159)	2,397
Share-based payment expenses		3	-	3	-
Provision for employee benefits		330	212	94	108
Allowance for inventories		2,592	522	1,501	350
Allowance for doubtful trade receivables		115	205	111	127
Allowance for doubtful other receivables		13	10	1	-
Operating cash flows before movements in working capital		836	2,330	(1,654)	(1,080)
Trade receivables		1,597	(2,858)	5,690	2,723
Other receivables and prepayments		(1,116)	717	781	1,209
Inventories		(3,076)	(6,880)	2,796	(7,285)
Trade and bills payable		237	1,298	(2,514)	1,576
Other payables and provisions		(728)	218	(6,604)	(3,014)
Cash used in operations		(2,250)	(5,175)	(1,505)	(5,871)
Income tax paid		(2,537)	(1,747)	(1,570)	(40)
Interest paid		(5,357)	(4,566)	(597)	(1,087)
Interest received		739	1,910	26	70
Net cash used in operating activities		(9,405)	(9,578)	(3,646)	(6,928)
INVESTING ACTIVITIES					
Additions to property, plant and equipment		(1,849)	(430)	(486)	(272)
Additions to investment properties		(29,210)	-	-	-
Proceeds from disposal of property, plant and equipment		2	3	-	-
Proceeds from disposal of assets held for sale		-	69,517	-	62,029
Investments in associate	15	(18,144)	-	(18,144)	-
Investments in joint ventures		(518)	-	(518)	-
Dividend received from financial assets measured at fair value through income statement		1,458	-	-	-
Additions to financial assets measured at fair value through income statement	15	(3,345)	-	13,891	-
Repayments of debt instruments measured at fair value through income statement		48,387	-	10,852	-
Additions to debt instruments measured at fair value through income statement		(25,164)	-	(4,175)	-
Repayments of loans receivable - current and non-current		-	26,701	-	6,882
Additions to loans receivable - current and non-current		-	(31,323)	-	(10,376)
Net cash (used in) generated from investing activities		(28,383)	64,468	1,420	58,263
FINANCING ACTIVITIES					
Dividend paid to non-controlling shareholders in a subsidiary corporation		(475)	(1,181)	-	(945)
Dividends paid		(5,234)	(6,543)	(2,617)	(3,926)
Cash contributions from non-controlling shareholders in a subsidiary corporation		8,410	-	-	-
Decrease (increase) in fixed deposits with maturities exceeding three months		2,244	(2,282)	(21)	(2,282)
Decrease (increase) in pledged fixed deposits		6,154	12,657	(238)	6,541
Increase in trust receipts		(391)	(8,881)	(679)	(11,140)
Increase (decrease) in factoring loan		790	-	(1,033)	-
Other loans		4,218	19,956	4,218	3,669
Repayments of other loans		(15,983)	(9,614)	(1,162)	(3,146)
Loans from banks		22,102	1,327	-	715
Repayments of bank loans		(10,050)	(32,966)	(1,971)	(15,854)
Net cash generated from (used in) financing activities		11,785	(27,527)	(3,503)	(26,368)
Net (decrease) increase in cash and cash equivalents		(26,003)	27,363	(5,729)	24,967
Cash and cash equivalents at beginning of year / quarter		34,911	7,690	14,391	9,957
Net effect of exchange rate changes in the balance of cash held in foreign currencies		(220)	(142)	26	(13)
Cash and cash equivalents at end of year / quarter		8,688	34,911	8,688	34,911
Cash and cash equivalents were represented by:-					
Fixed deposits with maturities less than 3 months, cash and bank balances	1	8,688	34,911	8,688	34,911
		8,688	34,911	8,688	34,911

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

Reclassification

To enable comparability with the current year's statement, the following reclassifications have been made to the prior year's statements:

Statement of Financial Position of the Group - an amount of S$4,789,000, previously included as current other payable, is now partly reclassified to current income tax payable (S$4,067,000) and non-current deferred tax liability (S$722,000) to align with the reclassification made in the prior year's consolidated income statement. The relevant figures in the Statement of cash flows have been reclassified accordingly.

Statement of Financial Position of the Company - an amount of S$57,363,000, previously included as amount due to a subsidiary corporation, is now reclassified and offset against the investment in subsidiary corporations to better reflect the nature of the advance.

Note 1:

Cash and bank balances are comprised of:

	31-Dec-18	31-Dec-17
Cash and cash equivalents	S$8.7 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 and factoring loan	S$2.7 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)	S$11.5 million	S$46.2 million

Note 2:

Trade receivables declined due to a combination of collections and lower sales in the quarter.

Included in trade receivables is an amount of S$0.8 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:

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 income statement 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 income statement (previously classified as loans receivable measured at amortised cost; please refer to page 13-14 for more details) reduced in view of settlements received from the Fortitude Valley, Progress Road and Newstead 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 income statement of S$71.9 million (31 Dec 17: S$79.8 million), debt instruments due by the GemLife joint venture entities amount to S$34.8 million (31 Dec 17: S$17.2 million) as at 31 December 2018.

Note 5:

Property, plant and equipment included the apportioned cost (less depreciation) of the office space occupied by the Group in the Riverwalk property that was acquired during the year.

Note 6:

The increase mainly reflects the value of the Riverwalk property in Singapore acquired during the year, net of the valuation loss on the GLNG houses in Australia during the year.

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.

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

Note 7:
The Group invested in commercial properties and hotel building in Japan through a new pooled investment structure which is accounted for as an associate by the Group in the latest quarter as the Group has significant influence over this new structure. This includes the valuation uplift on the underlying properties.

Note 8:
This represents the Group's interest in the joint venture entities for the GemLife retirement housing business. This includes share of profit of these entities for the year.

Note 9:
This represents the Group's investments in commercial properties and hotel buildings in Japan through pooled investment structures which are accounted for as financial assets measured at fair value through income statement.

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

Note 10:
Aggregate trade and bills payable and trust receipts were level with those as at the end of last year.

Note 11:
Decreased aggregate bank and other borrowings principally reflect the loans that were paid off during the current year net of the bank loan outstanding for the Riverwalk property in Singapore and the factoring loan.

Note 12:
Other payables decreased on account of deployment of investor funds and settlement of dues to minority shareholders.

Note 13:
Income tax payable decreased mainly on account of the payments of withholding tax on investment income upon settlements of the Investment Division projects.

Deferred tax liability increased primarily on the share of profit of associate and joint ventures and fair value gain on the financial assets measured at fair value through income statement during the year.

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 and their share of the valuation/net asset gains in the respective entities.

Note 15:
The advance payment for the investment in associate had been included as financial assets measured at fair value through income statement in the last quarter.

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

S$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Share options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 31 Dec 2017, restated	**72,579**	**(9,207)**	**296**	**8,337**	**-**	**(2,296)**	**62,204**	**131,913**	**30,797**	**162,710**
Effect on adoption of SFRS(I) 9	-	-	-	(8,337)		(234)	8,571	-	-	-
Balance at 1 Jan 2018, restated	**72,579**	**(9,207)**	**296**	**-**	**-**	**(2,530)**	**70,775**	**131,913**	**30,797**	**162,710**
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	2,333	2,333	1,061	3,394
Other comprehensive (loss) income for the quarter	-	-	-	-	-	(1,952)	-	(1,952)	11	(1,941)
	-	-	-	-	-	(1,952)	2,333	381	1,072	1,453
Balance at 31 Mar 2018	**72,579**	**(9,207)**	**296**	**-**	**-**	**(4,482)**	**73,108**	**132,294**	**31,869**	**164,163**
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**
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	5,051	5,051	7,941	12,992
Other comprehensive (loss) income for the quarter	-	-	-	-	-	(751)	-	(751)	505	(246)
	-	-	-	-	-	(751)	5,051	4,300	8,446	12,746
Transactions with owners, recognised directly in equity										
Capital reserve arising from increase in shareholding of a subsidiary corporation	-	123	-	-	-	-	-	123	(123)	-
Recognition of share-based payments of a subsidiary corporation	-	-	-	-	2	-	-	2	1	3
Dividend	-	-		-		-	(2,617)	(2,617)	-	(2,617)
Balance at 31 Dec 2018	**72,579**	**(9,084)**	**296**	**-**	**2**	**(6,489)**	**74,838**	**132,142**	**49,611**	**181,753**

(Note) The shares are pending issue

Year ended 31 December 2017

S$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Share options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 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 income (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**
Total comprehensive income for the quarter										
Profit (loss) for the quarter	-	-	-	-	-	-	1,534	1,534	(186)	1,348
Other comprehensive income (loss) for the quarter	-	-	-	6,203	-	(573)	-	5,630	5,827	11,457
	-	-	-	6,203	-	(573)	1,534	7,164	5,641	12,805
Transactions with owners, recognised directly in equity										
Transfer from asset revaluation reserve to retained earnings on disposal of asset held for sale	-	-	(2,982)	-	-	-	2,982	-	-	-
Dividend to non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	-	-	(1,175)	(1,175)
Dividend	-	-	-	-	-	-	(3,926)	(3,926)	-	(3,926)
Balance at 31 Dec 2017, restated	**72,579**	**(9,207)**	**296**	**8,337**	**-**	**(2,296)**	**62,204**	**131,913**	**30,797**	**162,710**

Year ended 31 December 2018

S$'000

Company	Issued capital	Retained earnings	Total
Balance as at 1 Jan 2018	**72,579**	**40,977**	**113,556**
Profit for the quarter, representing total comprehensive income for the quarter	-	10,309	10,309
Balance as at 31 Mar 2018	**72,579**	**51,286**	**123,865**
Profit for the quarter, representing total comprehensive income for the quarter	-	418	418
Transactions with owners, recognised directly in equity			
Dividend	-	(2,617)	(2,617)
Balance as at 30 Jun 2018	**72,579**	**49,087**	**121,666**
Loss for the quarter, representing total comprehensive loss for the quarter	-	(368)	(368)
Balance as at 30 Sep 2018	**72,579**	**48,719**	**121,298**
Loss for the quarter, representing total comprehensive loss for the quarter	-	(13,455)	(13,455)
Transactions with owners, recognised directly in equity			
Dividend	-	(2,617)	(2,617)
Balance as at 31 Dec 2018	**72,579**	**32,647**	**105,226**

Year ended 31 December 2017

S$'000

Company	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**
Profit for the quarter, representing total comprehensive income for the quarter	-	-	22,026	22,026
Transactions with owners, recognised directly in equity				
Dividend	-	-	(3,926)	(3,926)
Balance as at 31 Dec 2017	**72,579**	**-**	**40,977**	**113,556**

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

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

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

Since the beginning of the year, 78,300 share options were granted and accepted under the Thakral Capital Holdings Pte Ltd Employees' Share Option Scheme ("the TCH Scheme"); the options are not exercisable until 1 Nov 2021.

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

The total number of issued shares was 130,860,616 as at 31 December 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.

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

Not applicable.

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

These figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

On 1 January 2018, the Group adopted the new reporting financial framework – Singapore Financial Reporting Standards (International) (SFRS(I)), which is identical to the International Financial Reporting Standards (IFRS). SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements. The Group also adopted all the SFRS(I) pronouncements that are effective from that date and are relevant to its operations. The Group was mainly affected by the following:-

SFRS(I) 2	*Share-based Payment: Classification and Measurement of Share-based Payment Transactions*
SFRS(I) 9	*Financial Instruments*
SFRS(I) 15	*Revenue from Contracts with Customers*
SFRS(I) 1-28	*Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss on an investment-by-investment basis*
SFRS(I) 1-40	*Investment Property: Transfers of Investment Property*
SFRS(I) INT 22	*Foreign Currency Transactions and Advance Consideration*

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) 1 on a retrospective basis. The Group has applied the following exemptions in preparing its first set of financial statements in accordance with SFRS(I):

- SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.
- The Group has elected the option to reset 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 income statement. The effect of this adoption includes the transfer of the Investment revaluation reserve of S$8,337,000 as of 1 January 2018, 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 income statement; this was previously classified as loans receivable measured at amortised cost. The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017.

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.

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

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
(i) Based on the weighted average number of ordinary shares on issue	7.10 cents	28.85 cents
(ii) On a fully diluted basis	7.10 cents	28.85 cents

	Three months ended 31 Dec 2018	Three months ended 31 Dec 2017
(i) Based on the weighted average number of ordinary shares on issue	3.86 cents	1.17 cents
(ii) On a fully diluted basis	3.86 cents	1.17 cents

Basic earnings per share and diluted earnings per share are computed on the profit for the above periods after taxation and deduction of non-controlling interests divided by 130,860,616 being the adjusted weighted average number of shares in issue during the periods ended 31 December 2018 and 31 December 2017.

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

	As at 31 Dec 2018	As at 31 Dec 2017
Group	100.98 cents	100.80 cents
Company	80.41 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. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review – Financial year ended 31 December 2018

Revenue & Profitability

The Group felt the impact of the weakened consumer demand in its Lifestyle Division's primary market, China, in the final quarter of the year with consolidated revenue for the quarter ended 31 December 2018 down by 18% to S$34.7 million from S$42.2 million in the previous corresponding quarter. Consolidated revenue for the year was S$157.1 million as compared to S$153.2 million for the previous financial year.

Gross profit for the year was boosted by unrealized valuation gains of S$5.3 million on the Japanese property investments held under Thakral Japan Properties Pte Ltd, Singapore. However, in view of the slower movement of goods, the Group made provisions for inventory impairment amounting to S$1.5 million in the final quarter. Consolidated gross profit for the quarter came in at S$14.5 million against the S$17.2 million achieved in the previous corresponding quarter.

Profit from operations amounted to S$25.5 million for the current year compared to S$21.6 million for the previous financial year.

A valuation loss of S$7.1 million was recognized on the GLNG houses in Gladstone, Australia for the year net of gains recognized on the investment properties in Singapore and China.

The previous year had included the gain of S$33.9 million from the disposal of the warehouse properties in Hong Kong. Excluding this one-off and related costs, the Group net profit for the year was S$20.2 million compared to S$8.2 million in the previous year.

Finance Income

Finance income declined to S$0.1 million from S$0.5 million in the previous financial year in view of the reduced interest-earning deposits and the reversal of interest previously accrued on a fixed deposit with a bank in China.

Expenses

Higher marketing expenses from participation in beauty and wellness products trade shows in China, combined with higher staff costs from increased headcount and the salary increments granted during the year, resulted in increased distribution expenses for the year – S$8.4 million as compared to S$6.5 million in the previous year. The current quarter included the reclassification of certain costs attributable to the beauty service business to cost of sales to better reflect the gross profit from the same. The previous year had also included the one-off marketing support of S$0.5 million received from a brand owner.

Aggregate Administration expenses were about level with those incurred last year after adjusting the special bonus and management fees of S$3.9 million accrued in the previous year.

Foreign exchange loss of S$1.1 million for the current year arose mainly from the translation of foreign currency denominated assets and liabilities outstanding as at the end of the year and compared to a loss of S$0.7 million in the previous financial year.

The Group also recognized share of profits from associate and joint ventures of S$13.6 million (before non-controlling interests) for the year mainly from the unrealized valuation gains on the Japanese property investments through TJP Pte Ltd as well as the GemLife joint venture in Australia.

Working Capital and Cash Flow

Inventories of S$24.2 million as at 31 December 2018 remained level with S$24.1 million as at 31 December 2017. The inventory turnover period for the year increased to 83 days against 76 days for the previous year.

Trade receivables reduced to S$10.1 million as at 31 December 2018 from S$11.8 million as at 31 December 2017. The trade receivables turnover period for the year was 25 days against 26 days for the previous year.

Aggregate debt instruments measured at fair value through income statement (previously known as loans receivable) reduced to S$71.9 million from S$79.8 million as at 31 December 2017 in view of the settlements received during the year from the Fortitude Valley, Progress Road and Newstead projects in Australia net of the investments made in other projects.

Financial assets measured at fair value through income statement (previously known as Available-for-sale investments) rose to S$44.7 million as at the year-end from S$34.2 million reflecting the increase in the net asset value of the Japanese property investments under Thakral Japan Properties Pte Ltd, in which the Group has close to 50% interest. The amount of S$28.4 million under Associate in the current year represents the investment made in Japanese properties through TJP Pte Ltd.

Aggregate bank and other borrowings decreased to S$55.3 million as at 31 December 2018 compared to S$58.0 million at the previous year-end. The decrease reflects the loans that were paid off during the year net of the bank loan outstanding for the Riverwalk property and the factoring loan.

Cash balances reduced by S$34.7 million to S$11.5 million as at 31 December 2018. The Group recorded a net cash outflow of S$9.4 million from operating activities for the year compared to an outflow of S$9.6 million in the previous year mainly from the movement in working capital components and net settlements of accrued interest on the repayment of certain loans.

Net Asset Value
Net Asset Value per share of 100.98 cents as at 31 December 2018 compared to 100.8 cents as at 31 December 2017.

Performance Summary

Investments
Australia
The Newstead project was completed in June 2018 and the Group continues to recoup its investment from settlements of the remaining units. The Grange project was completed in October and the Group recouped the principal and a part of the returns from this project with the remaining return expected to be received by Q2-2019. Construction on the Noosa Parkridge project is progressing well and the first settlements are expected in Q2-2019. Construction of The Oxford Residences project in Sydney's Bondi Junction continues, with practical completion expected in June 2020.

In respect of the retirement living operations, sales and settlements at the Bribie Island and Highfields projects are progressing well, with the community facilities at both projects completed in January 2019. The clubhouses at both projects have been completed with the Bribie Island clubhouse being officially opened by the local mayor on 10 February 2019. Over 140 houses have now been occupied at both these projects. Construction of the display village and first homes at the Woodend project have completed and the first residents moved into the resort in January 2019. Sales for the Maroochydore project commenced in Q3-2018, and operational works commenced in Q4-2018. Development approval for the Lennox Head project is expected to be received in Q1-2019. GemLife continues to review other land sites for acquisition.

As the contribution from the GemLife projects grows over time and the housing projects currently underway are completed, the Investment Division's revenue mix will change as the share of profit of GemLife (which is accounted for as a joint venture) is not included in revenue under the equity method.

Japan
The Group invested in 4 more properties in 2018, bringing the total portfolio to 10 properties in Osaka, Japan. The retail property in Namba will be completed in March 2019 and the tenant is expected to commence operations with rental income starting from mid March. Renovations for the recently acquired properties are underway and we will also be doing a major renovation on the outer walls of the Yotsubashi East Building. The overall demand for rental of our properties remains strong with tightening of vacancy rates. This should ensure strong growth in rental revenues resulting in higher valuations on our properties in Osaka.

The division achieved revenues of S$41.4 million for the current year as against S$37.7 million achieved in the previous financial year, a growth of 9.9%. Segment operating result before valuation losses and share of profit of joint ventures and associate was S$34.0 million, as against S$25.6 million in the previous year.

Lifestyle
The division was able to match the revenue levels achieved last year – achieving sales of S$115.7 million for the current year as compared to S$115.5 million previously – but with consumer demand in China being affected by uncertainties from the trade dispute and other factors saw sales slow in the final quarter compared to those achieved in the previous corresponding quarter.

The segment loss increased to S$5.7 million this year from the loss of S$1.3 million last year mainly due to the inventory provision and the higher marketing expenses for the new beauty products incurred during the year.

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 its efforts to grow the business and return to profitability.

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

The slowdown in the housing markets in Sydney and Melbourne is continuing while overseas property buyers and interstate migration are expected to drive growth in Brisbane in 2019. The Investment Division has been reducing focus on housing development projects for some time now and is concentrating on growing the GemLife retirement resorts business, which offers more stable longer-term prospects. Osaka, Japan continues to see strong growth and tightening of vacancy rates. The Group will look to add on some properties to its portfolio and possibly also realize profits in one or two of the properties if our targeted price levels are achieved.

China's economic expansion of 6.6% in 2018 was the slowest since 1990 and economists forecast it to slow further to about 6.2% growth in 2019. The trade conflict with the US is disrupting China's trade sector and dampening business and consumer confidence. Slowing global demand is a further overhang on the economy. The Lifestyle Division continues to work towards returning to profitability and will build on the progress of its Beauty and Wellness products business in China, with opportunities to launch international fragrance brands in 2019 and 2020. However, the general environment for the Lifestyle Division in 2019 is expected to continue to be challenging.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?	No; an interim dividend of S$0.02 per share and a second interim dividend of S$0.02 per share were paid to shareholders on 23 May 2018 and 30 Nov 2018 respectively.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

In the previous year, the Company had paid an interim dividend of S$0.02 per share on 21 August 2017 and a special interim dividend of S$0.03 per share on 27 Nov 2017

(c) Date payable
Not applicable

(d) Books closure date
Not applicable

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

No dividend declared for the quarter as an interim dividend of S$0.02 per share and a second interim dividend of S$0.02 per share were paid to shareholders on 23 May 2018 and 30 Nov 2018 respectively.

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 year ended 31 December 2018 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)
	S$'000	S$'000
Thakral Brothers (Pte) Ltd and subsidiaries		
Purchases, net of returns	-	9,760
Sales, net of returns	-	542
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	-
Interest payable on temporary borrowing	124	-

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

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

Group's reportable segments

S$'000
Year ended 31 December 2018

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	41,431	115,693	-	157,124
Result				
Segment operating result	33,989	(5,652)	(1,155)	27,182
Valuation loss on investment properties	(7,072)	-	-	(7,072)
Share of profit of associate and joint ventures	13,562	-	-	13,562
Segment result	40,479	(5,652)	(1,155)	33,672
Unallocated corporate expenses				(1,653)
Finance income				67
Finance costs				(4,235)
Foreign exchange loss				(1,109)
Profit before income tax				26,742
Income tax expense				(6,503)
Profit for the year				20,239
Other information				
Capital expenditure:				
Property, plant and equipment	790	1,044	15	1,849
Depreciation expense	24	264	6	294
Assets				
Segment assets	227,830	46,102	310	274,242
Total assets				274,242
Liabilities				
Segment liabilities	51,132	27,195	487	78,814
Income tax payable				3,082
Deferred tax liability				10,593
Total liabilities				92,489

S$'000
Year ended 31 December 2017

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	37,691	115,539	-	153,230
Result				
Segment operating result (restated)	25,588	(1,255)	(1,309)	23,024
Gain on disposal of assets held for sale	33,858	-	-	33,858
Valuation loss on investment properties	(6,883)	-	-	(6,883)
Share of loss of joint ventures	(116)	-	-	(116)
Segment result	52,447	(1,255)	(1,309)	49,883
Unallocated corporate expenses				(1,446)
Finance income				493
Finance costs				(5,432)
Foreign exchange loss				(741)
Profit before income tax (restated)				42,757
Income tax expenses (restated)				(3,051)
Profit for the year				39,706
Other information				
Capital expenditure:				
Property, plant and equipment	27	401	2	430
Depreciation expense	24	214	8	246
Assets				
Segment assets	186,931	66,274	1,964	255,169
Total assets				255,169
Liabilities				
Segment liabilities (restated)	51,813	30,144	659	82,616
Income tax payable (restated)				4,621
Deferred tax liability (restated)				5,222
Total liabilities				92,459

Geographical information

S$'000

Geographical segments:	**Revenue**		**Capital expenditure**		**Non-current assets ***	
	31 Dec		31 Dec		31 Dec	
	2018	2017	2018	2017	2018	2017
People's Republic of China (including Hong Kong)	134,518	133,336	1,043	353	4,447	3,106
Australia	11,949	12,512	-	27	33,833	45,122
Singapore	6,850	1,289	804	2	30,509	31
Others	3,807	6,093	2	48	1,192	1,170
	157,124	153,230	1,849	430	69,981	49,429

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

* Non-current assets other than financial instruments, associate and joint ventures

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

See item 8 on review of performance

16. A breakdown of revenue

	S$'000		%
	Year ended 31 Dec 2018	Year ended 31 Dec 2017	Increase / (Decrease)
a) Revenue reported for first half year	84,077	71,382	18
b) Net profit after tax before deducting non-controlling interests reported for first half year	6,324	3,772	68
c) Revenue reported for second half year	73,047	81,848	(11)
d) Net profit after tax before deducting non-controlling interests reported for second half year	13,915	35,934	(61)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
Ordinary shares (tax-exempt one-tier)		
- Interim (paid on 23 May 2018; last year paid on 21 Aug 2017)	2,617	2,617
- Second interim (paid on 30 Nov 2018)	2,617	-
- Special interim (last year paid on 27 Nov 2017)	-	3,926
Total	5,234	6,543

18. Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Satbir Singh Thakral	31	Son of the Company's Director, Mr. Inderbethal Singh Thakral	Marketing Director of Thakral Lifestyle group since 2017	No change
Kuldip Singh Thakral	89	Brother of the Company's Director, Mr. Kartar Singh Thakral	Chairman of Thakral Brothers Limited, Osaka – General strategic management since the incorporation of Thakral Brothers Limited Osaka in 1972	No change

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
28 February 2019

BY ORDER OF THE BOARD
Chan Wan Mei
Chan Lai Yin
Company Secretaries
28 February 2019