

**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**

26-Feb-2020 17:49:15

**Status**

New

**Announcement Sub Title**

Full Yearly Results

**Announcement Reference**

SG200226OTHRA441

**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 attached Press Release and Unaudited Results for the full year and fourth quarter ended 31 December 2019.

**Additional Details****For Financial Period Ended**

31/12/2019

**Attachments** [ThakralCorp PR Q4FY2019 20200226.pdf](#) [ThakralCorp Results Q4FY2019 20200226.pdf](#)

Total size =279K 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\$20.0 million on Revenue of S\$107.9 million for FY2019**

**Singapore, 26 February 2020**

SGX Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) has maintained its profitable track record – delivering a net profit of S\$20.0 million for the financial year ended 31 December 2019 (FY2019), comparable to its previous year’s return of S\$20.2 million.

The Group’s net profit was achieved on total revenue of S\$107.9 million. The 31% lower revenue was due to softer sales during the year.

The Group’s bottom line benefitted from improved operational performance and contributions from its associates and joint ventures (which include the Japanese property investments and GemLife retirement housing) as well as a S\$3.5 million gain from the sale of its office building in Osaka, Japan. This was also helped by lower finance costs, forex losses and income taxes. Valuation losses on its investment properties (mainly the GLNG houses in Australia) were reduced by 55% to S\$3.2 million from S\$7.1 million in the same period last year. The Lifestyle Division’s performance continued to weigh on the Group.

### **Net Asset Value per Share and Earnings per Share**

Net Asset Value per share as of 31 December 2019 increased 2.4% to 103.37 cents from 100.98 cents as of 31 December 2018.

The Group’s FY2019 earnings per share dipped slightly to 6.94 cents versus 7.10 cents in FY2018.

### **Working Capital**

Cash balances edged down marginally to S\$10.8 million as at 31 December 2019 from S\$11.5 million on 31 December 2018.

### **Segmental Performance**

#### **Investment Division**

This division remained profitable, registering positive segment results of S\$37.5 million versus S\$40.5 million in the previous financial year.

Revenue for this division softened by 16.8% mainly due to the timing for completion of projects and settlements taking place and a shift in the investment portfolio mix as well as the progressive expiration of leases for the Group's GLNG houses.

### Australia

The Group continued to make good progress for its GemLife retirement housing projects.

The sales and settlements at Bribie Island, Woodend and Highfields projects continue to perform. The stage 4 construction at Bribie Island is running on schedule while community facilities for the Woodend and Highfields project are at stages 3 and 4 respectively. Overall, 290 houses at these projects are now occupied with sales progressing well.

Sales of the Maroochy Quays project are also satisfactory with construction of the first homes to be completed in 1QFY2020. Sales for the newly acquired Pacific Paradise project remain strong with construction scheduled to start in 1QFY2020.

In view of the growth potential of retirement homes in Australia, GemLife will persist in actively scouting for new sites for acquisition and future development.

Completion of community and leisure/dining facilities at the Parkridge Noosa project in the quarter along with on-going settlements has enabled a real community atmosphere to be established in the estate. Practical completion of the Oxford Residences project in Sydney's Bondi Junction is expected by 3QFY2020. A number of houses in Gladstone were sold during the quarter in a market that is witnessing higher rentals and low vacancies.

The Group continues to review potential projects in residential and other market segments.

### Japan

The yield from the Group's properties in Japan remained strong in FY2019 with the tight rental market and additional supply not expected until 2022. Pre-leasing activity has been robust, keeping vacancy rates low while boosting rental values.

The Group invested in the Umeda Pacific Building in 4QFY2019, while renovations are ongoing at various properties in Osaka with the aim of higher rentals upon lease renewals.

### **Lifestyle Division**

The division's sales in FY2019 slipped to S\$73.4 million from S\$115.7 million a year ago due to difficult market conditions amid a Chinese economy slowing from the impact of US-China trade tensions. Segment losses (including a S\$3.5 million gain from the sale of the Osaka office building) were S\$5.9 million - comparable to S\$5.7 million in FY2018.

As part of improving productivity and returning to profitability, Lifestyle Division is continuing to take steps to reduce its cost structure. The Group's strong relationship with key channels such as Tmall, JD and Sephora serve as a strong platform for brands. The Group will continue to market the brands in its portfolio, such as Maison Margiela and Ralph Lauren in fragrance; John Masters Organics in skin and hair care; Slendertone in at-home beauty devices; and DJI in lifestyle products.

### **Going Forward**

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman and Lead Independent Director of Thakral, said: "The Group's performance has been creditable taking into consideration the difficult business conditions in China. GemLife has established itself as one of the leading players in the resort style retirement living segment in Australia and with multiple sites in various stages of development. It is hence well-positioned to meet the needs of the aging population. GemLife continues to evaluate other sites for investment. We have also set our targets to take our pipeline to 4,000 homes within the next eight to ten years."

Mr. Subramaniam added, "The Investment Division remains positive about the outlook for its investments in Australia & Japan, and it is fortuitous that our investments in Australia have not been affected by the recent Australian bushfires. We are nonetheless mindful of the challenges in terms of climate change and the ongoing slowdown of the Australian housing market.

Our properties in Japan have performed well during the year. We are happy that we have put more focus on adding more commercial office buildings to our portfolio. Our latest acquisition of Umeda Pacific building is very centrally located in Osaka and offers high potential. The portfolio gives us sustainable returns and cash flow. We may also consider to sell some of the properties that we believe are mature as part of our ongoing strategy to maximise returns to shareholders.

The current COVID-19 outbreak has been both more intensive as well as extensive than originally thought both within and outside China. Operations of the Lifestyle Division will therefore be substantially affected in all the major countries in which the division operates. New measures to limit the impact from the resultant economic slowdown caused by the coronavirus contagion are being put in place.

The Japanese economy may also face some challenges posed by the COVID-19 outbreak, especially in the tourism sector. We will remain prudent and cautious with investment decisions. Japan is expected to continue to feature prominently in the Group's sustainable returns strategy, with our robust portfolio of income-producing hotels and offices.

Overall, the Group has managed to capitalise on strengths and plans to persist with the same approach in the coming year to remain resilient and stay sustainable over the long term."

Given the prevailing global and regional uncertainties, the Group is cautiously optimistic of its outlook in FY2020.

Going forward, in view of the recent SGX amendments to quarterly reporting rules for listed companies, the Group shall be reporting results on a half-yearly basis from the current year. The Group shall endeavour to maintain its policy of paying dividends twice a year.

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## 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. The Group has expanded its portfolio to include properties in Japan and Singapore in recent years. Its Japanese investment portfolio has grown significantly since establishment about five years ago and now comprises 7 commercial buildings, 3 business hotels and a retail property.

The Investment Division is now the Group's largest component in terms of net assets as well as profitability.

The Group's Lifestyle Division is focused on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading e-commerce platforms as well as traditional retailers. The brands distributed by the Lifestyle Division include Panasonic, DermaWand, Philips, T3 and Slendertone, skin and hair care brand John Masters Organics, fragrance brands Maison Margiela and Ralph Lauren as well as lifestyle brands such as DJI. The Lifestyle Division also operates an e-commerce retail platform for at-home beauty devices in China, in a joint venture with UK-based CurrentBody.com Limited, a leader in this space.

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

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

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**Financial Statements Announcement for the Year and Fourth Quarter ended 31 December 2019**

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

**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, 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			Three months ended		
		31 Dec 2019	31 Dec 2018	Increase / (Decrease)	31 Dec 2019	31 Dec 2018 (restated)	Increase / (Decrease)
Revenue	1	107,871	157,124	(31)	29,722	34,745	(14)
Cost of sales		(65,889)	(105,461)	(38)	(17,059)	(19,393)	(12)
Gross profit	1	41,982	51,663	(19)	12,663	15,352	(18)
Other operating income	2	150	360	(58)	118	21	462
Distribution costs	3	(9,171)	(8,444)	9	(2,487)	(2,626)	(5)
Administration expenses	4	(17,861)	(17,544)	2	(7,013)	(4,708)	49
Other operating expenses	5	(522)	(506)	3	(124)	(82)	51
Profit from operations		14,578	25,529	(43)	3,157	7,957	(60)
Gain on disposal of properties	6	3,471	-	NM	47	-	NM
Valuation losses on investment properties	7	(3,160)	(7,072)	(55)	(822)	(2,509)	(67)
Finance income	8	158	67	136	38	31	23
Finance costs	9	(3,318)	(4,235)	(22)	(498)	(734)	(32)
Foreign exchange loss	10	(582)	(1,109)	(48)	(523)	(55)	NM
Share of profit of associate and joint ventures	11	13,216	13,562	(3)	11,240	13,562	(17)
<b>Profit before income tax</b>		24,363	26,742	(9)	12,639	18,252	(31)
Income tax expenses	12	(4,357)	(6,503)	(33)	(2,146)	(5,260)	(59)
<b>Profit for the year / quarter</b>		20,006	20,239	(1)	10,493	12,992	(19)
<u>Profit attributable to:</u>							
Equity holders of the Company		9,078	9,297	(2)	4,597	5,051	(9)
Non-controlling interests		10,928	10,942	(0)	5,896	7,941	(26)
		20,006	20,239	(1)	10,493	12,992	(19)

NM – Not meaningful

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

	Note	S\$'000		%	S\$'000		%
		Year ended			Three months ended		
		31 Dec 2019	31 Dec 2018		31 Dec 2019	31 Dec 2018	
<b>Profit for the year / quarter</b>		<b>20,006</b>	<b>20,239</b>	<b>(1)</b>	<b>10,493</b>	<b>12,992</b>	<b>(19)</b>
<b>Other comprehensive loss</b>							
<i>Items that will not be reclassified subsequently to profit or loss</i>							
Revaluation surplus on transfer of property from property, plant and equipment to investment properties, net of tax		467	-	NM	467	-	NM
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation loss arising on consolidation	13	(1,659)	(4,375)	(62)	(784)	(246)	219
<b>Other comprehensive loss for the year / quarter, net of tax</b>		<b>(1,192)</b>	<b>(4,375)</b>	<b>(73)</b>	<b>(317)</b>	<b>(246)</b>	<b>29</b>
<b>Total comprehensive income for the year / quarter</b>		<b>18,814</b>	<b>15,864</b>	<b>19</b>	<b>10,176</b>	<b>12,746</b>	<b>(20)</b>
<u>Total comprehensive income attributable to:</u>							
Equity holders of the Company		8,386	5,338	57	4,611	4,300	7
Non-controlling interests		10,428	10,526	(1)	5,565	8,446	(34)
		<b>18,814</b>	<b>15,864</b>	<b>19</b>	<b>10,176</b>	<b>12,746</b>	<b>(20)</b>

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

Reclassification has been made to the prior year's Consolidated Income Statement for Q4-FY18 in line with the classification in the audited financial statements for the year ended 31 Dec 18 - an amount of S\$898,000 for the 9 months ended 30 Sep 2018 related to the beauty service business had already been reclassified to cost of sales from distribution expenses in the previous results announcements in the year.

Note 1:

Group consolidated revenue for the year was S\$107.9 million compared to S\$157.1 million achieved in the prior year and S\$29.7 million for the latest quarter against S\$34.7 million for Q4-FY18 mainly due to difficult market conditions and unanticipated business factors during the year. The Investment Division's revenue for Q4-FY19 dropped about 18% to S\$12.0 million over the S\$14.6 million achieved in Q4-FY18.

Revenue includes investment income of S\$23.9 million (FY18: S\$27.8 million).

Consolidated gross profit for the year was S\$42.0 million against S\$51.7 million previously.

Note 2:

Other operating income comprises:

	S\$'000		%	S\$'000		%
	Year ended			Three months ended		
	31 Dec 2019	31 Dec 2018		31 Dec 2019	31 Dec 2018	
Government subsidies	4	304	(99)	-	-	NM
Gain on disposal of investment properties (Note 5)	90	-	NM	90	-	NM
Others	56	56	-	28	21	33
Total	150	360	(58)	118	21	462

- The unit in China received lower VAT and other subsidies in the current year.
- The gain on disposal of investment property arose on the houses sold in the GLNG projects in Gladstone.

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

Distribution costs comprise:

	S\$'000		%	S\$'000		%
	Year ended			Three months ended		
	31 Dec 2019	31 Dec 2018	Increase / (Decrease)	31 Dec 2019	31 Dec 2018	Increase / (Decrease)
Staff costs	(3,929)	(3,709)	6	(930)	(1,093)	(15)
Advertising & promotion	(2,938)	(1,950)	51	(978)	(796)	23
Transportation	(792)	(1,077)	(26)	(221)	(319)	(31)
Travelling expenses	(255)	(267)	(4)	(54)	(76)	(29)
Others	(1,257)	(1,441)	(13)	(304)	(342)	(11)
Total	(9,171)	(8,444)	9	(2,487)	(2,626)	(5)

- Advertising and promotion costs rose in view of continued investment for the promotion and development of the Group's beauty and wellness brands and products.
- Transport costs decreased with staff concentrating on sales in their local areas as well as from the lower sales volumes.
- Others include depreciation charged (in accordance with SFRS(I) 16 Leases) on right-of-use assets for the leased warehouse. The reduction in others is mainly due to lower storage expenses.

Note 4:

Administration expenses comprise:

	S\$'000		%	S\$'000		%
	Year ended			Three months ended		
	31 Dec 2019	31 Dec 2018	Increase / (Decrease)	31 Dec 2019	31 Dec 2018	Increase / (Decrease)
Staff costs (including executive directors)	(11,138)	(12,655)	(12)	(5,427)	(3,666)	48
Directors' fees	(573)	(548)	5	(144)	(137)	5
Professional fees	(2,423)	(1,666)	45	(491)	(547)	(10)
Depreciation on right-of use assets / rent & rates - office premises	(1,015)	(748)	36	(287)	(275)	4
Travelling expenses	(536)	(535)	0	(166)	(104)	60
Insurance	(287)	(277)	4	(71)	(69)	3
Allowance for doubtful debts (net of bad debt recovered)	(93)	(128)	(27)	(99)	(112)	(12)
Others	(1,796)	(987)	82	(328)	202	NM
Total	(17,861)	(17,544)	2	(7,013)	(4,708)	49

- The increase in Staff costs for the latest quarter was mainly from performance bonus adjustments. Overall costs declined in comparison to last year in view of lower general bonuses and reduced headcount.
- Higher project related legal fees in Australia as well as the requirement to appoint professionals in connection with the partial share offer earlier this year resulted in the substantial increase in professional fees.
- Depreciation on right-of-use assets (arising from the adoption of the new SFRS(I) 16 Leases from 1 January 2019) / rental expense increased on account of the higher rental paid in respect of the new office in Shanghai.
- Allowance for doubtful debts is net of the scheduled monthly recoveries from a customer that had previously been written off.
- The increase in Other costs was from donations of S\$0.26 million to charities in line with the Corporate Social Responsibility policy as well as the net reversal of accrued expenses in the previous year.



THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 5:

Other operating expenses comprise:

	S\$'000		%	S\$'000		%
	Year ended			Three months ended		
	31 Dec 2019	31 Dec 2018	Increase / (Decrease)	31 Dec 2019	31 Dec 2018	Increase / (Decrease)
Depreciation on property, plant and equipment	(522)	(294)	78	(128)	(81)	58
Gain on disposal of investment properties (Note 2)	-	-	NM	4	-	NM
Loss on derivative financial instrument	-	(212)	(100)	-	(1)	(100)
Total	(522)	(506)	3	(124)	(82)	51

- i. Depreciation on property, plant and equipment increased mainly due to the charge on the leasehold improvements in the new office in Shanghai.
- ii. There was no further loss on the derivative financial instrument during this year.

Note 6:

The Group sold its office building in Osaka, realising a net gain of S\$3.5 million.

Note 7:

The Group recognised valuation losses mainly on the GLNG houses in Australia.

Note 8:

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

Note 9:

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

Note 10:

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

Note 11:

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

Note 12:

Income tax for the year mainly relates to the withholding tax on the income from Investment Division projects and the distributions declared by the Japanese property holding vehicles, the deferred tax on the fair value gain on the financial assets measured at fair value through income statement as well as the share of profit of associate. The tax charge was lower this year due to the applicable deferred tax on the valuation uplift on certain Australian projects being offset by that on tax losses and timing differences.

Note 13:

These unrealised translation differences arose due to fluctuations in exchange rates of the foreign currencies in which the net assets of the Group's overseas operations are denominated.

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

	Note	Group ( S\$ '000) as at		Company ( S\$ '000) as at	
		31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	1	10,822	11,510	383	944
Trade receivables	2	8,493	10,065	-	-
Other receivables and prepayments	3	6,026	7,623	80	71
Debt instruments measured at fair value through income statement	4	35,193	18,540	-	-
Inventories	5	9,647	24,180	-	-
<b>Total current assets</b>		<b>70,181</b>	<b>71,918</b>	<b>463</b>	<b>1,015</b>
<b>Non-current assets</b>					
Other receivables	3	5,809	1,695	-	-
Debt instruments measured at fair value through income statement / amortised costs	4	19,540	53,349	-	-
Property, plant and equipment	6	1,879	3,492	27	19
Right-of-use assets	7	1,947	-	61	-
Investment properties		62,268	66,489	-	-
Subsidiary corporations		-	-	111,204	115,980
Joint ventures	8	9,576	4,182	-	-
Associates	9	61,337	28,373	-	-
Financial assets measured at fair value through income statement	10	46,120	44,744	-	-
<b>Total non-current assets</b>		<b>208,476</b>	<b>202,324</b>	<b>111,292</b>	<b>115,999</b>
<b>Total assets</b>		<b>278,657</b>	<b>274,242</b>	<b>111,755</b>	<b>117,014</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and bills payables	11	3,498	3,999	-	-
Trust receipts	11	10,268	10,968	-	-
Bank and other borrowings	12	21,487	24,933	178	4,342
Lease liabilities	7	1,319	-	42	-
Other payables	13	12,488	16,789	562	444
Provisions	14	2,999	2,706	52	52
Income tax payable		1,898	3,082	-	-
<b>Total current liabilities</b>		<b>53,957</b>	<b>62,477</b>	<b>834</b>	<b>4,838</b>
<b>Non-current liabilities</b>					
Amount owing to subsidiary corporations		-	-	12,515	6,950
Bank and other borrowings	12	12,417	19,419	-	-
Lease liabilities	7	547	-	20	-
Deferred tax liability	15	13,544	10,593	-	-
<b>Total non-current liabilities</b>		<b>26,508</b>	<b>30,012</b>	<b>12,535</b>	<b>6,950</b>
<b>Total liabilities</b>		<b>80,465</b>	<b>92,489</b>	<b>13,369</b>	<b>11,788</b>
<b>Capital, reserves and non-controlling interests</b>					
Issued capital		72,579	72,579	72,579	72,579
Reserves		62,696	59,563	25,807	32,647
Equity attributable to equity holders of the Company		135,275	132,142	98,386	105,226
Non-controlling interests		62,917	49,611	-	-
<b>Total equity</b>		<b>198,192</b>	<b>181,753</b>	<b>98,386</b>	<b>105,226</b>
<b>Total liabilities and equity</b>		<b>278,657</b>	<b>274,242</b>	<b>111,755</b>	<b>117,014</b>

**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 2019		As at 31 December 2018	
Secured *	Unsecured	Secured *	Unsecured
S\$ 31,003,000	S\$ 2,071,000	S\$ 30,335,000	S\$ 5,566,000

\* Included trust receipts and lease liabilities

Please also see note (12) on page 9

Details of any collaterals

Charge over property in Singapore; pledged bank deposits of S\$2.8 million; corporate guarantees by the Company and certain subsidiary corporations

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

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

Amount repayable after one year

As at 31 December 2019		As at 31 December 2018	
Secured *	Unsecured	Secured	Unsecured
S\$ 12,964,000	-	S\$ 14,962,000	S\$ 4,457,000

\* Included lease liabilities

Please also see note (12) on page 9

Details of any collaterals

Charge over property in Singapore; Company's corporate guarantee

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

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

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

( S\$ '000)

Note

	Year ended		Three months ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
<b>OPERATING ACTIVITIES</b>				
Profit before income tax	24,363	26,742	12,639	18,252
Adjustments for:				
Depreciation expense of property, plant and equipment and right-of-use assets	2,135	294	566	81
Share of profit of associate and joint ventures	(13,216)	(13,562)	(11,240)	(13,562)
Dividend income from financial assets measured at FVTIS	(1,567)	(934)	(532)	(233)
Fair value gain / interest income on debt instruments	(12,518)	(21,566)	(4,899)	(6,953)
Fair value gain on financial assets	(9,846)	(5,305)	(4,365)	(4,015)
Interest expense	3,318	4,235	498	734
Interest income	(158)	(67)	(38)	(31)
Gain on disposal of investment properties	(90)	-	(94)	-
(Gain) loss on disposal of property, plant and equipment	(3,468)	13	(53)	12
Valuation losses on investment properties, net	3,160	7,072	822	2,509
Unrealised loss on outstanding derivative financial instrument	-	212	-	1
Net unrealised foreign exchange loss (gain)	273	649	1,075	(159)
Share-based payment expenses	18	3	5	3
Provision for employee benefits	549	330	111	94
Allowance for inventories	1,533	2,592	783	1,501
Impairment loss recognised on trade receivables	174	115	163	111
Impairment loss recognised on other receivables	42	13	1	1
<b>Operating cash flows before movements in working capital</b>	(5,298)	836	(4,558)	(1,654)
Trade receivables	1,296	1,597	1,704	5,690
Other receivables and prepayments	(6,055)	(1,080)	6,632	781
Inventories	12,808	(3,076)	50	2,796
Trade and bills payable	(468)	237	158	(2,514)
Other payables and provisions	(3,485)	(758)	234	(6,604)
<b>Cash (used in) generated from operations</b>	(1,202)	(2,244)	4,220	(1,505)
Income tax paid	(3,245)	(2,543)	(2,466)	(1,570)
Interest paid	(5,334)	(5,357)	(457)	(597)
Interest received	201	739	45	26
<b>Net cash (used in) generated from operating activities</b>	(9,580)	(9,405)	1,342	(3,646)
<b>INVESTING ACTIVITIES</b>				
Additions to property, plant and equipment	(226)	(1,059)	(21)	(486)
Proceeds from disposal of property, plant and equipment	4,588	2	6	-
Investments in associates	(25,556)	(18,144)	(17,556)	(18,144)
Investments in joint ventures	(87)	(518)	-	(518)
Acquisition of a subsidiary corporation	-	(9,000)	-	-
Dividends received from financial assets measured at FVTIS	4,917	1,458	4,917	-
Proceeds from disposal of financial assets measured at FVTIS	8,255	-	3,755	-
Additions to financial assets measured at FVTIS	-	(3,345)	-	13,891
Repayments of debt instruments measured at FVTIS	58,509	48,387	11,958	10,852
Additions to debt instruments measured at FVTIS	(30,018)	(25,164)	(10,504)	(4,175)
Proceeds from disposal of investment properties	1,191	-	637	-
<b>Net cash generated from (used in) investing activities</b>	21,573	(7,383)	(6,808)	1,420
<b>FINANCING ACTIVITIES</b>				
Dividends paid to non-controlling shareholders in a subsidiary corporation	(1,795)	(475)	(396)	-
Dividends paid	(5,234)	(5,234)	(2,617)	(2,617)
Cash contributions from non-controlling shareholders in subsidiary corporations	4,674	8,410	1,377	-
(Increase) decrease in fixed deposits with maturities exceeding three months	(82)	2,244	(98)	(21)
(Increase) decrease in pledged fixed deposits	(33)	6,154	(299)	(238)
(Decrease) increase in trust receipts	(640)	(391)	372	(679)
Increase (decrease) in factoring loan	204	790	59	(1,033)
Repayments of lease liabilities	(1,658)	-	(373)	-
Increase in other loans	15,444	4,218	-	4,218
Repayments of other loans	(21,120)	(15,983)	-	(1,162)
Loans from banks	1,653	1,102	-	-
Repayments of bank loans	(4,100)	(10,050)	(1,014)	(1,971)
<b>Net cash used in financing activities</b>	(12,687)	(9,215)	(2,989)	(3,503)
<b>Net decrease in cash and cash equivalents</b>	(694)	(26,003)	(8,455)	(5,729)
Cash and cash equivalents at beginning of year / quarter	8,688	34,911	16,213	14,391
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(88)	(220)	148	26
<b>Cash and cash equivalents at end of year / quarter</b>	7,906	8,688	7,906	8,688
Cash and cash equivalents were represented by:-				
Fixed deposits with maturities less than 3 months, cash and bank balances	7,906	8,688	7,906	8,688
	7,906	8,688	7,906	8,688

## 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>31-Dec-19</u>	<u>31-Dec-18</u>
Cash and cash equivalents	S\$7.9 million	S\$8.7 million
Fixed deposits with maturities exceeding three months	S\$0.1 million	S\$0.1 million
Fixed deposits that have been pledged to banks against trust receipts and factoring loan	S\$2.8 million	S\$2.7 million
<b>Total</b>	<b>S\$10.8 million</b>	<b>S\$11.5 million</b>

#### Note 2:

Trade receivables declined compared to those as at the previous year end mainly from net collections in China and Australia.

Included in trade receivables is an amount of S\$1.0 million (31 Dec 18: S\$0.8 million) which was factored to a bank on a full recourse basis. The cash received from the factoring is included as bank borrowing (Note 12).

#### Note 3:

The decrease in current other receivables is mainly from the receipt of certain accrued dividends.

Non-current other receivables increased mainly due to interim deposits paid for GemLife projects, the loans advanced to the Associate in Japan and to the CurrentBody joint venture entity.

#### Note 4:

The decrease in aggregate debt instruments measured at fair value through income statement / amortised costs reflects the net recoupments from projects, refinancing of the investments in the GemLife joint venture during the year to raise cash for further investment into new GemLife projects and repayments to certain co-investors and others. Of the total of S\$54.7 million (31 Dec 18: S\$71.9 million), debt instruments due by the GemLife joint venture entities amount to S\$10.9 million (31 Dec 18: S\$34.8 million) as at 31 December 2019.

#### Note 5:

Inventories reduced by 60% mainly from a combination of the return of certain inventories to a Japanese brand owner as well as the clearance of ageing inventories during the year. Allowance for inventory of S\$1.5 million (31 Dec 18: S\$2.6 million) was made in the year.

#### Note 6:

Property, plant and equipment reduced on account of the sale of the Group's office building in Osaka during the year as well as the reclassification to Investment Properties of an office property in China in view of the Group's planned sale of the same.

#### Note 7:

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

#### Note 8:

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

#### Note 9:

This represents the Group's investment in commercial properties and hotel building in Japan through pooled investment structures that are accounted for as associates by the Group in view of its significant influence over the entities. This includes the share of profit of the entities. The addition in the current year includes the investment made for the Umeda Pacific Building.

#### Note 10:

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

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 11:

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

Note 12:

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

Note 13:

Other payables reduced on account of settlement of certain accrued expenses.

Note 14:

Additional provisions were made for staff welfare entitlements.

Note 15:

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

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

**STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2019

S\$'000

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

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

**Group (continued)**
**Balance at 30 Jun 2019**

Total comprehensive income for the quarter

Profit for the quarter

Other comprehensive loss for the quarter

Transactions with owners, recognised directly in equity

Cash contributions from non-controlling shareholders in a subsidiary corporation

Dividend

Dividend to non-controlling shareholders of a subsidiary corporation

Recognition of share-based payments of a subsidiary corporation

**Balance at 30 Sep 2019**

Total comprehensive income for the quarter

Profit for the quarter

Other comprehensive income (loss) for the quarter

Transactions with owners, recognised directly in equity

Cash contributions from non-controlling shareholders in a subsidiary corporation

Dividend

Dividend to non-controlling shareholders of a subsidiary corporation

Recognition of share-based payments of a subsidiary corporation

**Balance at 31 Dec 2019**

	Issued capital	Capital reserve	Asset revaluation reserve	Share options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
<b>Balance at 30 Jun 2019</b>	<b>72,579</b>	<b>(9,084)</b>	<b>296</b>	<b>9</b>	<b>(7,022)</b>	<b>77,573</b>	<b>134,351</b>	<b>54,859</b>	<b>189,210</b>
Total comprehensive income for the quarter									
Profit for the quarter	-	-	-	-	-	1,713	1,713	3,060	4,773
Other comprehensive loss for the quarter	-	-	-	-	(173)	-	(173)	(256)	(429)
Transactions with owners, recognised directly in equity	-	-	-	-	(173)	1,713	1,540	2,804	4,344
Cash contributions from non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	-	105	105
Dividend	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Dividend to non-controlling shareholders of a subsidiary corporation	-	-	-	-	-	-	-	(1,399)	(1,399)
Recognition of share-based payments of a subsidiary corporation	-	-	-	3	-	-	3	1	4
	-	-	-	3	-	(2,617)	(2,614)	(1,293)	(3,907)
<b>Balance at 30 Sep 2019</b>	<b>72,579</b>	<b>(9,084)</b>	<b>296</b>	<b>12</b>	<b>(7,195)</b>	<b>76,669</b>	<b>133,277</b>	<b>56,370</b>	<b>189,647</b>
Total comprehensive income for the quarter									
Profit for the quarter	-	-	-	-	-	4,597	4,597	5,896	10,493
Other comprehensive income (loss) for the quarter	-	-	467	-	(453)	-	14	(331)	(317)
Transactions with owners, recognised directly in equity	-	-	467	-	(453)	4,597	4,611	5,565	10,176
Cash contributions from non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	-	1,377	1,377
Dividend	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Dividend to non-controlling shareholders of a subsidiary corporation	-	-	-	-	-	-	-	(396)	(396)
Recognition of share-based payments of a subsidiary corporation	-	-	-	4	-	-	4	1	5
	-	-	-	4	-	(2,617)	(2,613)	982	(1,631)
<b>Balance at 31 Dec 2019</b>	<b>72,579</b>	<b>(9,084)</b>	<b>763</b>	<b>16</b>	<b>(7,648)</b>	<b>78,649</b>	<b>135,275</b>	<b>62,917</b>	<b>198,192</b>

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

Year ended 31 December 2018

S\$'000

<u>Group</u>	Issued capital	Capital reserve	Asset revaluation reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
<b>Balance at 1 Jan 2018</b>	<b>72,579</b>	<b>(9,207)</b>	<b>296</b>	<b>(2,530)</b>	<b>70,775</b>	<b>131,913</b>	<b>30,797</b>	<b>162,710</b>
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
<b>Balance at 31 Mar 2018</b>	<b>72,579</b>	<b>(9,207)</b>	<b>296</b>	<b>(4,482)</b>	<b>73,108</b>	<b>132,294</b>	<b>31,869</b>	<b>164,163</b>
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)
<b>Balance at 30 Jun 2018</b>	<b>72,579</b>	<b>(9,207)</b>	<b>296</b>	<b>(3,455)</b>	<b>72,182</b>	<b>132,395</b>	<b>33,129</b>	<b>165,524</b>
Total comprehensive loss for the quarter								
Profit for the quarter	-	-	-	-	222	222	701	923
Other comprehensive loss for the quarter	-	-	-	(2,283)	-	(2,283)	(953)	(3,236)
	-	-	-	(2,283)	222	(2,061)	(252)	(2,313)
Transactions with owners, recognised directly in equity								
Cash contributions from non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	8,410	8,410
<b>Balance at 30 Sep 2018</b>	<b>72,579</b>	<b>(9,207)</b>	<b>296</b>	<b>(5,738)</b>	<b>72,404</b>	<b>130,334</b>	<b>41,287</b>	<b>171,621</b>
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	1	3
Dividend	-	-	-	-	(2,617)	(2,617)	-	(2,617)
<b>Balance at 31 Dec 2018</b>	<b>72,579</b>	<b>(9,084)</b>	<b>296</b>	<b>(6,489)</b>	<b>74,838</b>	<b>132,142</b>	<b>49,611</b>	<b>181,753</b>



THAKRAL CORPORATION LTD AND SUBSIDIARIES

Year ended 31 December 2019

S\$'000

**Company**

**Balance as at 1 Jan 2019, as previously reported**

Effect on adoption of SFRS(l) 16

**Balance as at 1 Jan 2019, restated**

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

**Balance as at 31 Mar 2019**

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

**Balance as at 30 Jun 2019**

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

Transactions with owners, recognised directly in equity

Dividend

**Balance as at 30 Sep 2019**

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

Transactions with owners, recognised directly in equity

Dividend

**Balance as at 31 Dec 2019**

Issued capital	Retained earnings	Total
<b>72,579</b>	<b>32,647</b>	<b>105,226</b>
-	(2)	(2)
<b>72,579</b>	<b>32,645</b>	<b>105,224</b>
-	585	585
<b>72,579</b>	<b>33,230</b>	<b>105,809</b>
-	(245)	(245)
<b>72,579</b>	<b>32,985</b>	<b>105,564</b>
-	2,983	2,983
-	(2,617)	(2,617)
<b>72,579</b>	<b>33,351</b>	<b>105,930</b>
-	(4,927)	(4,927)
-	(2,617)	(2,617)
<b>72,579</b>	<b>25,807</b>	<b>98,386</b>

Year ended 31 December 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**

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

Transactions with owners, recognised directly in equity

Dividend

**Balance as at 31 Dec 2018**

Issued capital	Retained earnings	Total
<b>72,579</b>	<b>40,977</b>	<b>113,556</b>
-	10,309	10,309
<b>72,579</b>	<b>51,286</b>	<b>123,865</b>
-	418	418
-	(2,617)	(2,617)
<b>72,579</b>	<b>49,087</b>	<b>121,666</b>
-	(368)	(368)
<b>72,579</b>	<b>48,719</b>	<b>121,298</b>
-	(13,455)	(13,455)
-	(2,617)	(2,617)
<b>72,579</b>	<b>32,647</b>	<b>105,226</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

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

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

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

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

Not applicable.

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

Not applicable.

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

These figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2018.

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

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

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

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

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

	Year ended 31 Dec 2019	Year ended 31 Dec 2018
(i) Based on the weighted average number of ordinary shares on issue	6.94 cents	7.10 cents
(ii) On a fully diluted basis	6.94 cents	7.10 cents

	Three months ended 31 Dec 2019	Three months ended 31 Dec 2018
(i) Based on the weighted average number of ordinary shares on issue	3.51 cents	3.86 cents
(ii) On a fully diluted basis	3.51 cents	3.86 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 2019 and 31 December 2018.

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

	As at 31 Dec 2019	As at 31 Dec 2018
Group	103.37 cents	100.98 cents
Company	75.18 cents	80.41 cents

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

**Review – Year ended 31 December 2019**

**Revenue & Profitability**

The Group's consolidated net profit for the year ended 31 December 2019 was S\$20.0 million, almost on par with the S\$20.2 million achieved for the previous financial year. The profit for the current quarter was S\$10.5 million, compared to S\$13.0 million in the previous corresponding period. This was achieved despite the economic and other conditions that negatively impacted the performance of the Lifestyle division during the year due to which Group consolidated revenue for the year declined by 31% to S\$107.9 million for the year compared to S\$157.1 million achieved in the prior year.

The Investment Division recorded lower income mainly due to the timing of completion of projects and settlements together with a shift in the investment portfolio mix. The Group is currently investing more in GemLife, its retirement housing JV, which has projects in the early stages of building as well as focusing on land acquisition. GLNG houses also saw rental income reduce to market level, and correspondingly the valuation loss on investment properties was also reduced by half. Tighter vacancies and on-going renovations at the properties in Osaka enabled higher rentals to be charged to new tenants of the office properties, with rents also being gradually increased for renewing tenants. The Japanese investments consequently delivered an improved operational performance for the year helping to offset some of the lower revenues from the Australian operations. The Division achieved segment results of S\$37.5 million (including share of profit from associate) for the year which was 7% short of the S\$40.5 million achieved in the previous year. The top revenue line has also been affected with the performance of joint ventures and associates (through which the Group has been investing over the recent years in Australia and Japan) included as a separate 'share of profit' line item instead of being consolidated with the Group's revenue.

The Group's joint venture in retirement living, GemLife, delivered higher revenue and gross profit for the year. While this is yet to be fully reflected in higher net profit due to additional overheads and finance costs incurred with business expansion, this will become apparent as more projects begin to come on stream. GemLife also saw fair valuation uplifts on the land and facilities of its more advanced projects, the relevant portion of which is included in the Group's share of GemLife's results. Similarly, the Japanese investments also saw gains based on improved operational performance and higher valuations of the properties conducted in the latest quarter, of which the Group has taken up its relevant share.

The Lifestyle Division's sales were affected by China's trade conflict with the USA, the fallout of a key Japanese brand in China as well as the social unrest in Hong Kong during the year. The novel coronavirus has created another drag on regional economic growth in early FY2020. The Lifestyle Division continues its aggressive search for new brands/products or partners to grow its business and add value.

Consolidated gross profit for the year declined by 19% to S\$42.0 million compared to S\$51.7 million achieved in the previous year.

The Group realised a gain of S\$3.5 million from the sale of its old office building (Thakral Building) in Osaka in the year.

Valuation loss of S\$3.2 million arose principally on the GLNG houses in Gladstone, Australia for the year but lower than the S\$7.1 million in the previous year mainly as the rate of decline in property values in Gladstone reduced.

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

Net Finance costs for the year declined by about 24% to S\$3.2 million from S\$4.2 million in the previous year.

### **Expenses**

Aggregate Distribution expenses of S\$9.2 million for this year were 9% higher than the S\$8.4 million incurred in the previous year in view of ongoing investments being made in promoting and building up the brands handled by the Group. This includes setting up the team to distribute the various L'Oreal International Distribution fragrance brands in PR China including Hong Kong and Macau.

Aggregate Administration expenses of S\$17.9 million were about level with the S\$17.5 million incurred in the prior period.

Foreign exchange loss of S\$0.6 million in the year arose mainly from the translation of foreign currency denominated assets and liabilities outstanding as at the end of the period compared to a loss of S\$1.1 million in the previous year.

The Group also recognised share of profits from an associate and joint ventures of S\$13.2 million for the year compared to S\$13.6 million in the previous financial year. This includes the Group's share of the valuation uplift on the Japanese and the GemLife investments for the year and the start-up costs in relation to the CurrentBody joint venture.

Income tax charge of S\$4.4 million in the current year compares to the S\$6.5 million incurred in the previous year and arises mainly from the withholding tax accrued on the fair valuation gains recognised on the Japanese investments.

### **Statement of Financial Position and Cash Flow**

Inventories reduced to S\$9.6 million as at 31 December 2019 compared to S\$24.2 million as at 31 December 2018 with the return of goods to the Japanese vendor as well as clearance of ageing inventories during the year. The inventory turnover period for the year was 94 days against 83 days for the previous year.

Trade receivables as at 31 December 2019 also reduced to S\$8.5 million from S\$10.1 million as at 31 December 2018. The trade receivables turnover period for the year was 31 days against 25 days for the prior year. Current other receivables 31 December 2019 reduced to S\$6.0 million mainly from receipt of certain accrued dividends.

Aggregate debt instruments measured at fair value through income statement / amortised cost reduced to S\$54.7 million as at 31 December 2019 from S\$71.9 million as at 31 December 2018. This reflects the net recoupment from projects, the refinancing of investments in the GemLife joint venture to raise cash for additional investment into new GemLife projects as well as repayment of capital to certain co-investors.

Financial assets measured at fair value through income statement increased to S\$46.1 million as at 31 December 2019 from S\$44.7 million as at 31 December 2018 mainly reflecting the increase in the net asset value of the Japanese property investments under Thakral Japan Properties Pte Ltd net of the sale of one of the properties to the Group's TMK holding structure in the year.

The increase in value of Associates from S\$28.4 million as at 31 December 2018 to S\$61.3 million mainly reflects the investments for the acquisition of the Nikke Yotsubashi, Kitahama and Umeda Pacific buildings along with the increase in the net asset value of these investments during the year.

The Group also recognised right-of-use assets and aggregate lease liabilities of S\$1.9 million each representing the Group's lease commitments upon the adoption of SFRS (I) 16 Leases this year.

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

Aggregate borrowings (including lease liabilities) reduced to S\$46.0 million as at 31 December 2019 against S\$55.3 million as at 31 December 2018 mainly from the ongoing loan repayments made during the year as well as repayment of funding from certain co-investors.

Cash balances declined to S\$10.8 million as at 31 December 2019 from S\$11.5 million as at 31 December 2018. The Group recorded a net cash outflow from operating activities of S\$9.6 million for the year mainly due to interest and tax payments.

### **Net Asset Value**

Net Asset Value per share grew to 103.37 cents as at 31 December 2019 from 100.98 cents as at 31 December 2018 reflecting the profit for the year net of the two dividends paid to shareholders during the year.

### **Performance Summary**

#### **Investments**

The Division achieved revenue of S\$34.5 million for the year as compared to S\$41.4 million in the previous year, mainly due to the timing for completion of projects and settlements taking place and a shift in the investment portfolio mix. Additionally, the long-term leases for the houses in Gladstone expired progressively during the year and were replaced by shorter-term leases, with some houses also being sold. The operational results and fair valuation gains on the investments in the Japanese properties were higher than in the previous year. The segment results of S\$37.5 million (including share of profit from associate and joint ventures and valuation losses on investment properties) for the year was just 7% short of the S\$40.5 million achieved in the previous year.

#### **Australia**

The Group has now recouped the majority of its investments from the Newstead and Grange projects. The Parkridge Noosa community facilities including a restaurant, pool and gym were finalised in the quarter along with continued settlements, creating a real community atmosphere in the project. Construction of The Oxford Residences project in Sydney's Bondi Junction continues, with the basement construction now completed and practical completion expected by Q3-FY20. A number of Gladstone houses were sold during the quarter in a market which is seeing increased rental incomes and low rental vacancies. The Group continues to review potential projects in residential and other market segments.

GemLife has established itself as one of the leading players in the resort style retirement living segment in Australia within just 4 years from inception. Sales and settlements at the Bribie Island, Woodend and Highfields projects continue to progress well. Construction of stage 4 at Bribie Island is running on schedule. Construction of the community facilities and bulk earthworks on stages 3 and 4 at the Woodend project are underway and sales are progressing well. Overall, 290 houses have now been occupied at these three projects. Sales of the Maroochy Quays project are also satisfactory with construction of the first homes to be completed in Q1-FY20. Sales for the newly acquired Pacific Paradise project have been strong, and house construction will commence in Q1-FY20. Development approval for the Lennox Head project was received in early January. GemLife has taken options on various other land sites for acquisition. With settlements taking place principally at 3 resorts, the numbers have yet to reflect the full potential of this business as these are offset by expenses (without matching income) incurred at other start up sites as well as those sites that are pending development approvals.

The Group's projects in Australia were not impacted by the recent bushfires.

### Japan

The Group invested in the Umeda Pacific Building in the final quarter of the year. Renovations continue to be made to the various properties in Osaka that would allow higher rents to be obtained upon lease renewals. The tightness of the market, with additional supply not expected until 2022 coupled with strong pre-leasing activity, would not only keep vacancy rates low but also boost rents in the short term. With average all-grade rents remaining below 2008 levels, there appears to be further upside potential. Osaka is also expected to benefit from forthcoming events such as the 2020 Olympics, the World Expo 2025 and a potential integrated resort development. A number of infrastructure improvement projects should also benefit the local economy and boost inbound tourism. As stated earlier, the Group will also be looking to sell some of its properties to lock-in profits while continuing its search for niche properties for acquisition.

### **Lifestyle**

Sales for the year were S\$73.4 million compared to S\$115.7 million in the previous year due to difficult market conditions and unanticipated business factors. Segment loss of S\$5.9 million for the year, including the gain on sale of the office building in Osaka, was about level with the loss in the previous year. L'Oreal's fragrance brand, Maison Mariela, which the Group is distributing in mainland China and Hong Kong, has become one of the top sellers in its category for the channel partner. The Group has also commenced sales of Ralph Lauren fragrances in early 2020 while several other fragrance brands, including Diesel, are currently under launch planning. The Group has also been developing the John Masters Organics brand in China for a while. As part of improving productivity and returning to profitability, Lifestyle Division is continuing to take steps to reduce its cost structure and manage its burn rate. The Group's strong channel relations with key customers such as Tmall, JD.com and Sephora serve as a strong platform for brands seeking market access and growth in China and other Asian markets.

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

The performance of the Investment Division for the year met management's expectations. The performance of the Lifestyle Division for the year was well below expectation in view of factors such as the higher than expected impact from the fall out of the major Japanese supplier, from the trade disagreement between China and the USA, as well as the social unrest in Hong Kong. The Lifestyle Division has increased efforts to grow the business reduce costs and add value.

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

Although the housing market in Australia is in recovery, the economy is expected to be hurt from the novel coronavirus outbreak, bushfires and drought. The bushfires, resultant air pollution and the coronavirus would all hurt the economy through their impact on consumer confidence, farming, tourism and education. The weakening of the Chinese economy from the impact of the coronavirus may have a knock-on effect on Australia. While the effects will play out over the next several months, high demand for rental accommodation is expected in surrounding towns during the immediate aftermath of the bushfires and additional construction resources will be needed to assist with the rebuild effort. The Group's projects were not impacted by the fires and these are expected to continue their steady progress during the year. Builders in relation to some of the Division's projects have noted there is potential for construction delays in obtaining building materials from China if the coronavirus continues. During 2020, GemLife will record its first sales from the Pacific Paradise and Maroochy Quays projects enabling GemLife to steadily move forward in realising its potential.

The rental rates for commercial space in Japan are expected to continue their upward trend due to low vacancy rates. However, the tourism sector could be affected by the novel coronavirus outbreak, resulting in lower hotel occupancy.

The current COVID-19 outbreak has been both more intensive as well as extensive than originally thought both within and outside China. Operations of the Lifestyle Division will therefore be substantially affected in all the major countries in which the division operates. New measures to limit the impact from the resultant economic slowdown caused by the coronavirus contagion are being put in place.

Given the uncertain backdrop, the Group expects the general business environment to be challenging in FY2020.

## 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 30 August 2019 and 29 November 2019 respectively.

### (b) Corresponding Period of the Immediately Preceding Financial Year

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

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

### (c) Date payable

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. 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 30 August 2019 and 29 November 2019 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	Nature of relationship	Aggregate value of all interested person transactions during the year ended 31 December 2019 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)
Thakral Brothers (Pte) Ltd and subsidiaries	Associate of controlling shareholder	S\$'000	S\$'000
Purchases, net of returns		-	2,058
Sales, net of returns		-	855
Prime Trade Enterprises Limited	Controlling shareholder		
Issue of shares in subsidiaries		4,693	-
Thakral (Indo-China) Pte. Ltd.	Associate of controlling shareholder		
Issue of shares in subsidiaries		4,234	-

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**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:

- 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****Year ended 31 December 2019**

	INV	LIFE	OTH	TOTAL
<b>Revenue</b>				
External revenue	34,464	73,407	-	107,871
<b>Result</b>				
Segment operating result	27,403	(9,322)	(1,538)	16,543
Gain on disposal of properties	-	3,471	-	3,471
Valuation loss on investment properties	(3,160)	-	-	(3,160)
Share of profit (loss) of associate and joint ventures	13,303	(87)	-	13,216
Segment result	37,546	(5,938)	(1,538)	30,070
Unallocated corporate expenses				(1,965)
Finance income				158
Finance costs				(3,318)
Foreign exchange loss				(582)
Profit before income tax				24,363
Income tax expense				(4,357)
Profit for the year				20,006

<b>Other information</b>				
Capital expenditure:				
Property, plant and equipment	-	211	15	226
Depreciation expense	108	2,020	7	2,135

<b>Assets</b>				
Segment assets	245,353	31,916	1,388	278,657
<b>Total assets</b>				278,657
<b>Liabilities</b>				
Segment liabilities	35,671	28,747	605	65,023
Income tax payable				1,898
Deferred tax liability				13,544
<b>Total liabilities</b>				80,465

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Year ended 31 December 2018

	INV	LIFE	OTH	TOTAL
<b>Revenue</b>				
External sales	41,431	115,693	-	157,124
<b>Result</b>				
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 expenses				(6,503)
Profit for the year				20,239

<b>Other information</b>				
Capital expenditure:				
Property, plant and equipment (restated)	-	1,044	15	1,059
Depreciation expense	24	264	6	294

<b>Assets</b>				
Segment assets	227,830	46,102	310	274,242
<b>Total assets</b>				274,242
<b>Liabilities</b>				
Segment liabilities	51,132	27,195	487	78,814
Income tax payable				3,082
Deferred tax liability				10,593
<b>Total liabilities</b>				92,489

Geographical information

S\$'000

Geographical segments:	Revenue		Capital expenditure		Non-current assets *	
	31 Dec		31 Dec		31 Dec	
	2019	2018	2019	2018	2019	2018
People's Republic of China (including Hong Kong)	82,809	134,518	173	1,043	6,161	4,447
Australia	7,034	11,949	-	-	29,285	33,833
Singapore	14,307	6,850	15	14	30,496	30,509
Others	3,721	3,807	38	2	152	1,192
	107,871	157,124	226	1,059	66,094	69,981

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		% Increase / (Decrease)
	Year ended 31 Dec 2019	Year ended 31 Dec 2018	
a) Revenue reported for first half year	50,438	84,077	(40)
b) Net profit after tax before deducting non-controlling interests reported for first half year	4,740	6,324	(25)
c) Revenue reported for second half year	57,433	73,047	(21)
d) Net profit after tax before deducting non-controlling interests reported for second half year	15,266	13,915	10

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

	S\$'000	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Ordinary shares (tax-exempt one-tier)		
- Interim (paid on 30 Aug 2019; last year paid on 23 May 2018)	2,617	2,617
- Second interim (paid on 29 Nov 2019; last year paid on 30 Nov 2018)	2,617	2,617
Total	5,234	5,234

**18. Disclosure of person occupying a managerial position in the issuer or 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
Kuldip Singh Thakral	90	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
Indergopal Singh Thakral	36	Substantial shareholder of the Company, the grand-nephew, grandson and nephew of Mr Kartar Singh Thakral, Mr Kuldip Singh Thakral and Mr Inderbethyl Singh Thakral respectively	Managing Director of the Company's wholly-owned indirect subsidiary, Thakral China Ltd. since 2017	No change
Satbir Singh Thakral	32	Son of the Company's Director, Mr. Inderbethyl Singh Thakral	Marketing Director of Thakral Lifestyle group since 2017	No change

**19. Disclosure of acquisition of shares in subsidiaries of the Group under Rule 706A for the quarter ended 31 December 2019**

<b>Name</b>	<b>Nature</b>	<b>Number of ordinary shares acquired by the Group</b>	<b>Consideration paid in cash</b>
TJP Pte Ltd	Issue of shares @ JPY100 per share	2,933,518	JPY0.293 billion
SJ Property Investments Pte Ltd	Issue of shares @ JPY100 per share	9,990,715	JPY1.0 billion
Thakral Umeda Properties Pte Ltd	Issue of shares @ JPY100 per share	* 12.95 million	JPY1.295 billion
Nihon Property Investments Pte Ltd	Issue of shares @ JPY100 per share	8.316 million	JPY0.832 billion
Paramount Investments Pte Ltd	Issue of shares @ AUD1 per share	1	AUD1

\* Including the shares held by subsidiaries of the Company

**Confirmation pursuant to Rule 720(1)**

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

ON BEHALF OF THE BOARD  
Kartar Singh Thakral  
Director

Inderbethal Singh Thakral  
Director  
26 February 2020

BY ORDER OF THE BOARD  
Chan Wan Mei  
Chan Lai Yin  
Company Secretaries  
26 February 2020