FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS

Issuer & Securities

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THAKRAL CORPORATION LTD

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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 half year ended 30 June 2021.

Additional Details

For Financial Period Ended
30/06/2021

Attachments

ThakralCorp_PR_1HFY2021_20210805_FINAL.pdf

ThakralCorp_Results_1HFY2021_20210805.pdf

Total size =760K MB

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

PRESS RELEASE

Thakral's Net Profit increases by 516% to S$15.0 million for 1HFY2021 as well as Higher Revenue of S$61.8 million

- **Earnings Per Share rises to 6.84 cents from 0.18 cent**
- **Group Net Asset Value per share increases to S$1.14 from S$1.13**
- **Declares interim dividend of 2 cents per share**

Singapore, 5 August 2021

SGX Mainboard-listed Thakral Corporation Ltd ("Thakral" or the "Group") delivered a 5-fold increase in net profit together with a 44% jump in revenue for 1HFY2021. For the six months ended 30 June 2021, the Group achieved a net profit of S$15.0 million compared to S$2.4 million in the previous corresponding half year, as Group revenue climbed to S$61.8 million from S$43.0 million despite the challenging market conditions brought about by the COVID-19 pandemic. In appreciation to our loyal shareholders, the Board of Directors has declared an interim dividend of 2 cents per share.

The Group's core businesses posted significantly higher revenues in 1HFY2021. Its investment business reported a 14% rise in revenue while the Lifestyle business delivered a 54% increase in sales.

The Group's bottomline benefitted from valuation gains, improved contributions from its associates and joint ventures (which includes GemLife) as well as a gain on disposal of investment properties following the sale of some GLNG houses in Gladstone Australia and properties in China.

The Group also booked an unrealised profit from its investment in e-commerce start-up, Intrepid which completed its B-round funding at a higher valuation than the original investment by the Group.

The Group's share of profits from associates and joint ventures improved significantly to S$6.2 million reversing a loss of S$0.1 million in the previous corresponding period. The higher contributions include mainly the share of profit from its GemLife joint venture in Australia and unrealised net valuation gains on its Japanese property investments.

Net Asset Value Per Share and Earnings Per Share

Net Asset Value of the Group per share as at 30 June 2021 edged up 1.5% to 114.68 cents from 113.03 cents as at 31 December 2020.

The Group's 1HFY2021 earnings per share rose significantly to 6.84 cents from 0.18 cent in 1HFY2020.

Working Capital

Cash and bank balances rose to S$8.3 million as at 30 June 2021 from S$5.8 million as at 31 December 2020, mainly from the disposal of properties during the period. The Group saw a higher net cash outflow from operating activities of S$6.4 million for the current half-year compared to S$5.6 million in the previous corresponding period, mainly from the changes in working capital components.

Segmental Performance of Core Businesses

The Group's core Investments achieved satisfactory performance despite the problems caused by the emergence of new COVID-19 variants.

Overall, this business segment reported improved revenue of S$12.4 million and segment result of S$19.9 million (against S$10.9 million and S$8.9 million respectively in the same period last year).

Australia

GemLife Joint Venture

The Group's GemLife joint venture maintained steady growth, contributing positively to the Group's bottomline. During the first six months of this year, sale and settlement of houses in its five active resorts went up about 65% without reduction in prices.

GemLife contributed about S$0.7 million to the Group's net profit for the period under review.

Sales and settlements at the Bribie Island, Highfields, Woodend, Maroochy Quays and the Pacific Paradise resorts are progressing well, with over 700 homes already occupied. Sales and construction of remaining homes on Stage 5 at Bribie Island are running ahead of schedule, with the last home to be handed over in November 2021 – more than 2 years ahead of expectation. GemLife's other properties on Sunshine Coast (Maroochy Quays and Pacific Paradise) have experienced strong demand with completion of the community facilities expected in Q3FY2021.

GemLife is also seeing strong sales on all four of the new resorts where construction has commenced. Its project at Lennox Head obtained Development Approval, and construction will commence in Q4 2021. GemLife continues to monitor the market with a view to increasing its portfolio from the current target of 4,500 homes to meet the ever-increasing demand for affordable housing for the over 50's in Australia.

Other Residential Projects

The Australian property market has remained robust, as median prices have risen since 12 months ago.

Parkridge Noosa continues to benefit from surging demand away from capital cities to premium regional areas such as Noosa. Settlement of stage 3 is expected to commence in Q3 and Q4 2021.

Practical completion of the Oxford Residences in Sydney's Bondi Junction has been pushed back due to construction delays, including COVID-19 interruptions, but is still expected by the end of Q3 2021.

Some of the Group's Gladstone houses have been sold this year with prices and rentals increasing from last year.

Construction of the ultra-luxurious 13 residential units at Thornton Street, Brisbane project has commenced with completion expected in 2023.

Japan

The valuation of the Group's office units in its Japan portfolio has risen by S$9.3 million despite delays in lease renewals and new leasing transactions.

Lease renewals of office properties continued to be done at improved rates, enabling the Group's portfolio to perform slightly above internal budgets.

Lifestyle mainly in China including Hong Kong

Overall, sales in this business segment rose about 54% to S$49.4 million from S$32.2 million in the previous corresponding half year.

The segment's sales growth has lifted its bottomline, reporting a segmental profit of S$0.7 million, boosted by a fair value gain of S$0.9 million recognised on the Intrepid investment after completion of its B-round of financing in May 2021.

The segment's upswing was largely due to the robust growth in the lifestyle and fragrance product categories. Its Hong Kong subsidiary was also appointed the exclusive distributor by DJI for South Asia, covering 7 territories (instead of one previously) as well as secured the distributorship for commercial products in addition to the consumer range.

The Group's fragrance products business also made good progress in this half year, with sales for the first six months being 1.4 times more than that in all of FY2020. The Group continues to work with other brand-owners to further strengthen its portfolio of premium fragrance, beauty and lifestyle brands and drive scale.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman and Lead Independent Director of Thakral, said: "The year has started on a strong note for us as all our business segments did exceptionally well in the first six months - taking advantage of market opportunities to grow amidst challenging market conditions. Special kudos to our Lifestyle team for their hard work, and passion to turnaround and drive the business forward with a strengthened brand portfolio and innovative technologies to target new market segments with strong growth potential.

Our real estate investments have delivered a strong performance. In Australia - record-low interest rates combined with government stimulus have fuelled a sharp rise in property prices. The pandemic has led to more people working from home which has also driven demand for more space and bigger homes while demand among the over 50s generation for retirement resorts such as GemLife remains resilient.

In Japan – CBRE expects the Japan real estate market to either bottom-out and/or stage a recovery in 2021, although the pace and timing of the rebound may vary across different sectors as they adjust to the long-term impacts of short-term disruptions caused by measures to contain the pandemic. Low interest rate policies are expected to continue worldwide, and real estate investments in Japan with relatively high yields are expected to remain attractive to investors. The easing of restrictions on travel for business purposes will further encourage foreign investors to resume their activities in Japan with an eye on post-virus growth potential."

He added: "China's economy rebounded strongly from the COVID-19 crisis in 2021, buoyed by solid export demand and policy support. China posted a 12.7 per cent growth in the first half of the year, with retail sales rising 23% compared to the same period last year. Overall, China has set an economic growth target of "above 6 per cent" for 2021 after it grew by 2.3 per cent last year. However, analysts expect growth to easily surpass that target, growing by more than 8 per cent this year.[1]

While these trends augur well for us, we will always need to stay vigilant and nimble to adapt and take advantage of favourable opportunities and manage downside risks that may arise in the coming months as global economies grapple with the changing market dynamics accelerated by the ongoing COVID-19 pandemic."

The Group therefore maintains a cautious outlook for the rest of FY2021.

About Thakral

Thakral Corporation Ltd is listed on the SGX Mainboard since December 1995. The Group's core business today comprises a growing real estate investment portfolio in Australia, Japan and Singapore. Its investments in Australia include the development and management of over-50s lifestyle resorts under the GemLife brand, a joint venture with the Puljich family. Its Japanese investment portfolio comprises landmark commercial buildings and business hotels in Osaka, the country's second largest city. The Group also makes strategic and opportunistic investments from time to time.

The Group's other investments include the management and marketing of leading beauty, wellness and lifestyle brands in China, Southeast Asia and India. It also operates an e-commerce retail platform for at-home beauty devices in China under a

[1] China GDP: economic growth slows to 7.9 per cent in second quarter, 12.7 per cent in first half of 2021: https://www.scmp.com/economy/china-economy/article/3141162/china-gdp-economy-79-cent-second-quarter-127-cent-first-half

joint venture with UK-based CurrentBody.com Limited, the leading global at-home beauty device retailer.

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

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THAKRAL

CORPORATION LTD

(Company Registration No. 199306606E)

Condensed Interim Financial Statements
For the six months ended 30 June 2021

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Condensed Interim Financial Statements for the half year ended 30 June 2021

INCOME STATEMENTS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME

These figures have not been audited.

	Note	Group		
		S$000 Six months ended		% Increase / (Decrease)
		30 Jun 2021	30 Jun 2020	
CONSOLIDATED INCOME STATEMENT				
Revenue	4	61,783	43,019	44
Cost of sales		(43,521)	(29,289)	49
Gross profit	4	18,262	13,730	33
Other operating income	5	695	324	115
Distribution costs	6	(2,376)	(2,351)	1
Administration expenses	7	(7,013)	(6,674)	5
Depreciation on property, plant and equipment	17	(306)	(231)	32
Profit from operations		9,262	4,798	93
Valuation gain on investment properties / assets held for sale	16	3,365	-	NM
Finance income		12	46	(74)
Finance costs		(1,026)	(1,097)	(6)
Foreign exchange loss	8	(18)	(244)	(93)
Share of profit (loss) of associates and joint ventures, net	18, 19	6,225	(136)	NM
Profit before income tax		**17,820**	**3,367**	**429**
Income tax	9	(2,780)	(924)	201
Profit for the period		**15,040**	**2,443**	**516**
Profit attributable to:				
Equity holders of the Company		8,948	241	NM
Non-controlling interests		6,092	2,202	177
		15,040	2,443	516
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME				
Profit for the period		**15,040**	**2,443**	**516**
Other comprehensive (loss) income				
Items that may be reclassified subsequently to profit or loss				
Translation (loss) gain arising on consolidation	10	(7,183)	6,112	NM
Other comprehensive (loss) income for the period, net of tax		**(7,183)**	**6,112**	**NM**
Total comprehensive income for the period		**7,857**	**8,555**	**(8)**
Total comprehensive income attributable to:				
Equity holders of the Company		4,766	4,092	16
Non-controlling interests		3,091	4,463	(31)
		7,857	8,555	(8)

NM – Not meaningful

STATEMENTS OF FINANCIAL POSITION

	Note	Group (S$ '000) as at		Company (S$ '000) as at	
		30 Jun 2021	31Dec 2020	30 Jun 2021	31Dec 2020
ASSETS					
Current assets					
Cash and bank balances	11	8,261	5,816	285	36
Trade receivables	12	9,769	7,355	-	-
Other receivables and prepayments	13	4,441	5,227	78	107
Amount owing by subsidiary corporations		-	-	1,250	938
Debt instruments measured at fair value through income statement / amortised cost	14	21,447	21,664	-	-
Inventories	15	11,868	8,321	-	-
Assets held for sale	16	11,437	13,787	-	-
Total current assets		67,223	62,170	1,613	1,081
Non-current assets					
Other receivables	13	9,776	10,089	-	-
Debt instruments measured at fair value through income statement / amortised cost	14	55,778	54,366	-	-
Property, plant and equipment	17	1,414	1,636	18	20
Right-of-use assets		752	873	-	20
Investment properties	16	43,577	45,218	-	-
Subsidiary corporations		-	-	103,987	105,675
Joint ventures	18	18,420	17,321	-	-
Associates	19	75,623	73,890	-	-
Financial assets measured at fair value through income statement	20	53,968	45,757	1,067	-
Total non-current assets		259,308	249,150	105,072	105,715
Total assets		326,531	311,320	106,685	106,796
LIABILITIES AND EQUITY					
Current liabilities					
Trade and bills payables	21	3,444	1,222	-	-
Trust receipts	22	18,943	14,027	-	-
Bank and other borrowings	22	23,847	24,662	1,250	938
Lease liabilities	22	523	556	-	21
Other payables		12,935	12,720	466	594
Provisions		2,907	2,813	52	52
Income tax payable		1,066	1,522	-	-
Total current liabilities		63,665	57,522	1,768	1,605
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	15,868	11,639
Bank and other borrowings	22	15,360	13,619	3,553	4,063
Lease liabilities	22	239	251	-	-
Other payables		507	379	-	-
Deferred tax liability		18,468	16,511	-	-
Total non-current liabilities		34,574	30,760	19,421	15,702
Total liabilities		98,239	88,282	21,189	17,307
Capital, reserves and non-controlling interests					
Issued capital	23	72,579	72,579	72,579	72,579
Reserves		77,491	75,332	12,917	16,910
Equity attributable to equity holders of the Company		150,070	147,911	85,496	89,489
Non-controlling interests		78,222	75,127	-	-
Total equity		228,292	223,038	85,496	89,489
Total liabilities and equity		326,531	311,320	106,685	106,796

STATEMENTS OF CHANGES IN EQUITY

Six months ended 30 June 2021

S$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2021	**72,579**	**(9,084)**	**763**	**36**	**(257)**	**83,874**	**147,911**	**75,127**	**223,038**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	8,948	8,948	6,092	15,040
Other comprehensive loss for the period	-	-	-	-	(4,182)	-	(4,182)	(3,001)	(7,183)
	-	-	-	-	(4,182)	8,948	4,766	3,091	7,857
Transactions with owners, recognised directly in equity									
Recognition of share-based payments of a subsidiary corporation	-	-	-	10	-	-	10	4	14
Transfer from asset revaluation reserve to retained earnings on disposal of assets held for sale	-	-	(763)	-	-	763	-	-	-
Dividend (Note 24)	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
	-	-	(763)	10	-	(1,854)	(2,607)	4	(2,603)
Balance at 30 Jun 2021	**72,579**	**(9,084)**	**-**	**46**	**(4,439)**	**90,968**	**150,070**	**78,222**	**228,292**

Six months ended 30 June 2020

S$'000

Group	Issued capital	Capital reserve	Asset revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2020	**72,579**	**(9,084)**	**763**	**16**	**(7,648)**	**78,649**	**135,275**	**62,917**	**198,192**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	241	241	2,202	2,443
Other comprehensive income for the period	-	-	-	-	3,851	-	3,851	2,261	6,112
	-	-	-	-	3,851	241	4,092	4,463	8,555
Transactions with owners, recognised directly in equity									
Recognition of share-based payments of a subsidiary corporation	-	-	-	7	-	-	7	2	9
Balance at 30 Jun 2020	**72,579**	**(9,084)**	**763**	**23**	**(3,797)**	**78,890**	**139,374**	**67,382**	**206,756**

STATEMENTS OF CHANGES IN EQUITY

Six months ended 30 June 2021

S$'000

Company	Issued capital	Retained earnings	Total
Balance as at 1 Jan 2021	**72,579**	**16,910**	**89,489**
Loss for the period, representing total comprehensive loss for the period	-	(1,376)	(1,376)
Transactions with owners, recognised directly in equity			
Dividend (Note 24)	-	(2,617)	(2,617)
Balance as at 30 Jun 2021	**72,579**	**12,917**	**85,496**

Six months ended 30 June 2020

S$'000

Company	Issued capital	Retained earnings	Total
Balance as at 1 Jan 2020	**72,579**	**25,807**	**98,386**
Loss for the period, representing total comprehensive loss for the period	-	(3,342)	(3,342)
Balance as at 30 Jun 2020	**72,579**	**22,465**	**95,044**

CONSOLIDATED STATEMENT OF CASH FLOWS

(S$ '000)	Note	Six months ended 30 Jun 2021	Six months ended 30 Jun 2020
OPERATING ACTIVITIES			
Profit before income tax		17,820	3,367
Adjustments for:			
Depreciation expenses (including on Right-of-use assets)		841	935
Share of (profit) loss of associates and joint ventures, net		(6,225)	136
Dividend income from financial assets measured at FVTIS		-	(7,005)
Fair value gain/interest income on debt instruments measured at FVTIS / amortised cost		(4,246)	(5,075)
Fair value (gain) loss on financial assets measured at FVTIS		(7,003)	4,696
Interest expense		1,026	1,097
Interest income		(12)	(46)
Gain on disposal of investment properties / assets held for sale		(542)	(120)
Loss on disposal of property, plant and equipment		-	33
Valuation gain on investment properties / assets held for sale		(3,365)	-
Net unrealised foreign exchange gain		(133)	(38)
Share-based payment expenses		14	9
Provision for employee benefits		112	149
Allowance for inventories		586	730
Impairment loss recognised on trade receivables		-	3
Operating cash flows before movements in working capital		(1,127)	(1,129)
Trade receivables		(2,284)	(2,159)
Other receivables and prepayments		(30)	3,919
Inventories		(3,962)	(298)
Trade and bills payables		2,187	(1,454)
Other payables and provisions		61	(2,635)
Cash used in operations		(5,155)	(3,756)
Income tax paid		(537)	(774)
Interest paid		(784)	(1,085)
Interest received		28	37
Net cash used in operating activities		(6,448)	(5,578)
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(69)	(204)
Investments in associates		(376)	-
Investments in joint ventures		(344)	(743)
Additions to financial assets measured at FVTIS		(1,067)	-
Dividend received from financial assets measured at FVTIS		728	-
Repayments of debt instruments measured at FVTIS		408	725
Additions to debt instruments measured at FVTIS / amortised cost		(604)	(10,287)
Proceeds from disposal of investment properties / assets held for sale		7,735	2,806
Net cash generated from (used in) investing activities		6,411	(7,703)
FINANCING ACTIVITIES			
Dividend paid		(2,617)	-
Increase in fixed deposits with maturities exceeding three months		(16)	(96)
Decrease in pledged fixed deposits		329	390
Increase in trust receipts		4,810	2,758
Decrease in factoring loan		(16)	(187)
Repayments of lease liabilities		(464)	(686)
Increase in other loans		1,546	1,659
Repayments of other loans		(513)	(18)
Loans from banks		6,951	13,221
Repayments of bank loans		(7,258)	(2,924)
Net cash generated from financing activities		2,752	14,117
Net increase in cash and cash equivalents		2,715	836
Cash and cash equivalents at beginning of period		2,873	7,906
Net effect of exchange rate changes in the balance of cash held in foreign currencies		2	172
Cash and cash equivalents at end of period		5,590	8,914
Cash and cash equivalents were represented by:-			
Fixed deposits with maturities less than 3 months, cash and bank balances	11	5,590	8,914
		5,590	8,914

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company (Registration No. 199306606E) is incorporated and domiciled in Singapore with its registered office and principal place of business at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of investment holding.

The principal activities of the Group are:
1. Investments in real estate, retirement living and other strategic investments (including opportunistic investments)
2. Management and marketing of leading beauty, wellness and lifestyle brands and products

2. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards set out in Other Information item (5) below.

These condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

USE OF JUDGEMENTS AND ESTIMATES
In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgement, apart from those involving estimates (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements is the accounting for entities under the TMK structure (accounted for as associates).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the respective notes for the following:
- allowance for inventories
- impairment loss on trade and other receivables
- valuation of investment properties and assets held for sale
- valuation of financial assets measured at fair value through income statement (FVTIS)
- valuation of debt instruments measured at FVTIS

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. REVENUE AND GROSS PROFIT

	S$'000		%
	Six months ended		Increase /
	30 Jun 2021	30 Jun 2020	(Decrease)
Product sales	48,488	32,156	51
Management fee and other service income	1,003	1,510	(34)
Rental income	1,043	1,969	(47)
Investment income			
Fair value changes and interest income on debt instruments	4,246	5,075	(16)
Dividend income from financial assets measured at FVTIS	-	7,005	(100)
Fair value changes on financial assets measured at FVTIS	7,003	(4,696)	NM
Sub-total for investment income	*11,249*	*7,384*	*52*
Total	61,783	43,019	44

All streams of revenue are recognised at a point in time, except rental income and management and other service income which are recognised on a straight-line basis over the lease term/service period.

Both business divisions achieved higher revenues, with the Lifestyle Division achieving solid growth in its lifestyle and fragrance product categories – notwithstanding intermittent COVID-19 related closures and lockdowns in its various markets that it has had to navigate in both periods – and the Investment Division also realising an overall modest increase. This enabled consolidated gross profit for the current period to grow to S$18.3 million compared to S$13.7 million achieved in the previous corresponding period.

5. OTHER OPERATING INCOME

	S$'000		%
	Six months ended		Increase /
	30 Jun 2021	30 Jun 2020	(Decrease)
Government subsidies	110	181	(39)
Gain on disposal of investment properties / assets held for sale	542	120	352
Others	43	23	87
Total	695	324	115

i. Government subsidies in the current period represent a tax refund in China along with certain COVID-19 related subsidies in other jurisdictions.
ii. The gain on disposal of investment properties in the current year arose from the sale of the GLNG houses in Gladstone and the properties in China.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6. DISTRIBUTION COSTS

	S$'000		%
	Six months ended		Increase /
	30 Jun 2021	30 Jun 2020	(Decrease)
Staff costs	(1,033)	(1,095)	(6)
Advertising & promotion	(542)	(317)	71
Transportation	(249)	(327)	(24)
Travelling expenses	(57)	(53)	8
Others	(495)	(559)	(11)
Total	(2,376)	(2,351)	1

i. Marketing activities had been reduced last year as a result of business disruption due to COVID-19 and are being resumed gradually this year.
ii. Transport costs decreased mainly due to arrangements that had been put in place with certain service providers in view of the lower level of activity during last year.
iii. 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.

7. ADMINISTRATION EXPENSES

	S$'000		%
	Six months ended		Increase /
	30 Jun 2021	30 Jun 2020	(Decrease)
Staff costs (including executive directors)	(4,539)	(4,323)	5
Directors' fees	(359)	(335)	7
Professional fees	(700)	(628)	11
Depreciation on right-of use assets / rent and rates - office premises	(483)	(507)	(5)
Travelling expenses	(93)	(96)	(3)
Insurance	(153)	(129)	19
Bad debt recovered	34	46	(26)
Allow ance for doubtful debts	-	(3)	(100)
Others	(720)	(699)	3
Total	(7,013)	(6,674)	5

i. Professional fees were higher mainly due to certain legal advisory fees as well as valuation fees.
ii. Insurance increased in view of the premiums paid for the coverage of certain stocks held in overseas warehouses.
iii. Scheduled recoveries due from a customer whose debts had previously been written off continue to be deferred this year in view of the difficult business climate. No allowance for doubtful debts was required in the current period.

8. FOREIGN EXCHANGE LOSS

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX

The Group calculates income tax expense for the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated income statement are:

	S$'000		%
	Six months ended		Increase /
	30 Jun 2021	30 Jun 2020	(Decrease)
Current taxation:			
- Provision for taxation in respect of current period	(106)	(258)	(59)
- Overprovision in prior years	16	-	NM
Deferred tax:			
- Amount charged for taxation in respect of deferred tax liabilities in current period	(2,690)	(666)	304
Total	(2,780)	(924)	201

Income tax for the period mainly relates to the withholding tax on the income from Investment Division projects, 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 associates and joint venture.

10. TRANSLATION GAIN / LOSS ARISING ON CONSOLIDATION

The unrealised translation loss for the period arose from the retranslation of the investments and net assets of overseas subsidiaries denominated in foreign currencies mainly on the weakening of JPY and AUD against the SGD.

11. CASH AND BANK BALANCES

	Group S$'000 as at		Company S$'000 as at	
	30 Jun 2021	31Dec 2020	30 Jun 2021	31Dec 2020
Fixed deposits	544	258	-	-
Pledged fixed deposits	2,406	2,693	-	-
Cash and bank balances	5,311	2,865	285	36
	8,261	5,816	285	36
Less:				
Fixed deposits w ith maturities exceeding three months	(265)	(250)	-	-
Fixed deposits that have been placed w ith banks against trust receipts	(2,406)	(2,693)	-	-
Cash and cash equivalents	5,590	2,873	285	36

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE RECEIVABLES

Trade receivables as at 30 June 2021 increased in view of the higher level of sales activity this year.

The Group assesses at each reporting date the allowance required for its receivables. The Group considers factors such as the probability of significant financial difficulties of the debtor, historical defaults or significant delay in payments and economic conditions. Significant judgement is made by management in determining the amount and timing of future cash flows, estimated based on historical loss experience for assets with similar credit risk characteristics and any relevant forward-looking adjustments, including taking into consideration the credit-worthiness, past collection history, settlement arrangements, subsequent receipts and on-going dealings with the debtor.

13. OTHER RECEIVABLES AND PREPAYMENTS

Aggregate other receivables as at 30 June 2021 reduced primarily due to the partial settlement of dividend receivable by the Group from a Japanese investment holding entity.

14. DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH INCOME STATEMENT / AMORTISED COST

Of the total of S$77.2 million as at 30 June 2021 (31 Dec 20: S$76.0 million), debt instruments due by the GemLife joint venture entities amount to S$44.6 million (31 Dec 20: S$42.2 million).

The debt instruments measured at FVTIS earn fixed interest income on the principal amount and variable returns. The management has assessed the terms of contracts and concluded that the variable returns determined at each reporting period of the project are a component of the fair value for accounting purposes. Judgement and estimates have been made about the accounting for the variable returns, which have been determined at the end of each reporting period. Changes in these estimates could affect the reported amounts of fair value changes and the fair value of debt instruments.

15. INVENTORIES

Inventories as at 30 June 2021 increased mainly due to the stocking up of DJI products to cater to the larger market and customer base. Allowance for inventories of S$0.6 million (half year ended 30 Jun 20: S$0.7 million) was made during the period.

Inventories are to be carried at the lower of cost or net realisable value. In determining the net realisable value of the Group's inventories, an estimation is performed based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of selling prices or cost, or any inventories on hand that may not be realised, directly relating to the events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES / ASSETS HELD FOR SALE

Assets held for sale at the end of the current financial period represent the houses in Gladstone which the Group expects to sell in the next 12 months. The properties in China included under assets held for sale as at 31 December 2020 were all sold during the current period.

Movements in the Group's investment properties and assets held for sale were as follows:

	S$'000		S$'000	
	Investment Properties		Assets held for sale	
	Six months ended		Six months ended	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Balance at beginning of period	45,218	62,268	13,787	-
Disposals	-	(2,686)	(7,138)	-
Valuation gain for the period recognised in profit or loss	2,641	-	724	-
Translation adjustment	(134)	689	(84)	-
Transfers (to assets held for sale) / from investment properties	(4,148)	-	4,148	-
Balance at end of period	43,577	60,271	11,437	-

The fair values of the Group's properties in Singapore and Australia at 30 June 2021 have been determined on the basis on valuations carried out by independent firms of professional valuers having appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on an open market basis by making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There was no change to the valuation methodology from the prior year.

The Group classified its properties using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at the end of the reporting period, the fair value measurements of the Group's properties are classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the period.

The most significant unobservable inputs used in the fair value measurement are price per square meter of S$17,309 (31 December 2020: S$16,714) for the office property in Singapore and selling price per unit of S$345,924 – S$438,590 (31 December 2020: S$315,041 – S$370,935) for the residential properties in Australia.

17. PROPERTY, PLANT AND EQUIPMENT

During the 6 months ended 30 June 2021, the Group acquired assets amounting to S$69,000 (30 June 2020: S$204,000). There was no significant disposal of assets in this period but the Group disposed of assets at net book value of S$33,000 in the 6 months ended 30 June 2020.

Accelerated depreciation was provided on certain property plant and equipment in relation to the removal of an office in China.

18. JOINT VENTURES

This mainly represents the Group's interest in the joint venture entities for the GemLife retirement housing business. The increase represents the Group's share of the joint venture's profit recognised in this period.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

19. ASSOCIATES

This represents the Group's investment in office buildings and a business hotel 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 and unrealised net valuation gains of the underlying properties, net of the translation loss on the weakening of JPY against SGD during the period.

20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH INCOME STATEMENT

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 as well as the other strategic equity investments. The increase in the period mainly represents the valuation uplifts on the office property investments in Japan and additions to the strategic investments, net of the translation loss on the weakening of JPY against SGD during the period.

The fair value of the major financial assets measured at FVTIS is estimated based on the Group's share of the net asset value of the investee, which approximates its fair value as at the end of the reporting period. The investee's main assets are office and hotel buildings in Japan which are leased to external parties. The fair values of these buildings have been determined on the basis of valuations carried out by external independent professional valuers. The fair values have been determined based on discounted cash flows. The key judgements and estimates include discount rate, rental rate and capitalisation rate.

21. TRADE AND BILLS PAYABLE

Aggregate trade and bills payable were higher in view of the higher level of operations and settlement of these liabilities after the balance sheet date.

22. BORROWINGS

Aggregate borrowings (including trust receipts and lease liabilities) as at 30 June 2021 increased compared to 31 December 2020 mainly due to the additional financing taken for the purchase of goods.

	Group S$'000 as at		Company S$'000 as at	
	30 Jun 2021	31Dec 2020	30 Jun 2021	31Dec 2020
Amount repayable in one year or less, or on demand				
Secured *	42,063	38,307	-	21
Unsecured	1,250	938	1,250	938
Amount repayable after one year				
Secured *	6,467	5,466	-	-
Unsecured	9,132	8,404	3,553	4,063

* Includes lease liabilities

Details of any collaterals

Charges over property in Singapore; pledged bank deposits of S$2.4 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.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

23. SHARE CAPITAL

	Group and Company			
	30 Jun 2021	31Dec 2020	30 Jun 2021	31Dec 2020
	Number of ordinary shares		S$'000	S$'000
Issued and fully paid:				
At end of period and beginning of period	130,860,616	130,860,616	72,579	72,579

24. DIVIDEND

	S$'000 Six months ended	
	30 Jun 2021	30 Jun 2020
Ordinary dividend declared (tax-exempt one-tier)		
- Interim (payable date to be confirmed; last year paid on 27 Aug 2020)	2,617	1,309
	2,617	1,309

A tax-exempt (one-tier) second interim dividend of S$0.02 per share (total dividend of S$2,617,000) was paid to shareholders on 28 April 2021 in respect of the financial year ended 31 December 2020.

25. FINANCIAL ASSETS AND LIABILITIES

The following table sets out the financial instruments as at the end of the reporting period:

	Group (S$ '000) as at		Company (S$ '000) as at	
	30 Jun 2021	31Dec 2020	30 Jun 2021	31Dec 2020
Financial assets				
Financial assets at amortised cost	29,268	25,410	1,582	1,005
Debt instruments at amortised cost	4,798	4,326	-	-
Debt instruments measured at FVTIS	72,427	71,704	-	-
Financial assets measured at FVTIS	53,968	45,757	1,067	-
Financial liabilities				
Lease liabilities	762	807	-	21
Payables, at amortised cost	70,386	62,812	21,137	17,234

25. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Fair value measurement

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quote prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

	Group (S$ '000)			
	Level 1	Level 2	Level 3	Total
30 Jun 2021				
Debt instruments measured at FVTIS	-	-	72,427	72,427
Financial assets measured at FVTIS				
- Unquoted investments	-	-	53,967	53,967
- Club debenture	-	-	1	1
31 Dec 2020				
Debt instruments measured at FVTIS	-	-	71,704	71,704
Financial assets measured at FVTIS				
- Unquoted investments	-	-	45,756	45,756
- Club debenture	-	-	1	1

26. RELATED PARTY TRANSACTIONS

Significant transactions with related parties (ie, companies in which directors have interest) were as follows:

	S$000 Six months ended 30 Jun 2021		S$000 Six months ended 30 Jun 2020	
	The Company	Subsidiary corporations of the Company	The Company	Subsidiary corporations of the Company
Sales, net of returns	-	89	-	573
Sales to joint ventures, net of returns	-	154	-	47
Purchases, net of returns	-	(532)	-	(824)
Purchases from joint ventures, net of returns	-	(43)	-	-
Service fees paid	-	(9)	-	(13)
Commission paid	-	(3)	-	(1)
Interest expenses	-	(115)	-	(94)
Rental income	-	610	-	610
Lease payments under operating lease	(9)	-	(6)	(32)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

27. SEGMENT INFORMATION

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

Group's reportable segments

S$'000
Six months ended 30 June 2021

	INV	LIFE	OTH	TOTAL
Revenue				
External revenue	12,373	49,410	-	61,783
Result				
Segment operating result	10,165	863	(777)	10,251
Valuation gain on investment properties / assets held for sale	3,365	-	-	3,365
Share of profit (loss) of associates and joint ventures	6,354	(129)	-	6,225
Segment result	19,884	734	(777)	19,841
Unallocated corporate expenses				(989)
Finance income				12
Finance costs				(1,026)
Foreign exchange loss				(18)
Profit before income tax				17,820
Income tax expense				(2,780)
Profit for the period				15,040
Other information				
Capital expenditure: Property, plant and equipment	-	65	4	69
Depreciation expenses (including on Right-of-use assets)	33	783	25	841
Assets				
Segment assets	278,893	41,292	6,346	326,531
Total assets				326,531
Liabilities				
Segment liabilities	35,053	38,290	5,362	78,705
Income tax payable				1,066
Deferred tax liability				18,468
Total liabilities				98,239

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

27. SEGMENT INFORMATION (CONTINUED)

S$'000
Six months ended 30 June 2020

	INV	LIFE	OTH	TOTAL
Revenue				
External revenue	10,863	32,156	-	43,019
Result				
Segment operating result	8,605	(2,337)	(684)	5,584
Share of profit (loss) of associates and joint ventures	328	(464)	-	(136)
Segment result	8,933	(2,801)	(684)	5,448
Unallocated corporate expenses				(786)
Finance income				46
Finance costs				(1,097)
Foreign exchange loss				(244)
Profit before income tax				3,367
Income tax expenses				(924)
Profit for the period				2,443
Other information				
Capital expenditure:				
Property, plant and equipment	-	200	4	204
Depreciation expenses (including on Right-of-use assets)	40	889	6	935
Assets				
Segment assets	255,529	37,293	6,690	299,512
Total assets				299,512
Liabilities				
Segment liabilities	42,063	29,142	5,397	76,602
Income tax payable				1,444
Deferred tax liability				14,710
Total liabilities				92,756

Geographical information

S$'000

Geographical segments:	**Revenue**	
	Six months ended	
	30 Jun 2021	30 Jun 2020
People's Republic of China (including Hong Kong)	49,490	36,306
Australia	1,284	2,475
Singapore	8,199	3,090
Others	2,810	1,148
	61,783	43,019

The basis of the information stated under geographical segment above is the aggregate of the revenues from companies incorporated in those countries. It does not represent the revenue arising in or derived from these countries.

OTHER INFORMATION

(1) 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 30 June 2021 and 31 December 2020.

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 98,300 as at 30 June 2021 and 31 December 2020; of which, 78,300 and 20,000 options are not exercisable until 1 November 2021 and 17 August 2023 respectively.

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

The total number of issued shares was 130,860,616 as at 30 June 2021 and 31 December 2020.

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.

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 condensed interim financial statements 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 2020.

OTHER INFORMATION

(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 2021, the Group has adopted all the SFRS(I) pronouncements that are effective from that date and are relevant to its operations.

The following SFRS(I) pronouncements were issued but not effective and that may be relevant to the Group and the Company in the periods of their initial application.

Amendments to SFRS(I) 16	*COVID-19-Related Rent Concessions beyond June 30, 2021*
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*
Amendments to SFRS(I) 3	*Reference to the Conceptual Framework*
Amendments to SFRS(I) 1-16	*Property, Plant and Equipment – Proceeds before Intended Use*
Annual improvements to SFRS(I) Standards 2018 – 2020 Cycle	
	Amendments to SFRS(I) 1 - First-time Adoption of International Standards, SFRS(I) 9 Financial instruments and SFRS(I) 16 Leases

The management do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

(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.

	Six months ended 30 Jun 2021	Six months ended 30 Jun 2020
(i) Based on the weighted average number of ordinary shares on issue	6.84 cents	0.18 cent
(ii) On a fully diluted basis	6.84 cents	0.18 cent

Basic earnings per share and diluted earnings per share are computed on the profit for the above periods after taxation and deduction of non-controlling interests divided by 130,860,616 being the adjusted weighted average number of shares in issue during the periods ended 30 June 2021 and 30 June 2020.

(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 30 Jun 2021	As at 31Dec 2020
Group	114.68 cents	113.03 cents
Company	65.33 cents	68.38 cents

OTHER INFORMATION

(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 – Half year ended 30 June 2021

Revenue & Profitability

The Group has previously carried out valuations of its investment properties only at each year-end and interim reports have in the past reported valuations carried out at the previous year-end. However, following the guidance from the SGX earlier this year in relation to interim reporting to comply with SFRS(I) 1-34, the Group undertook external valuations of its investment properties for the half year ended 30 June 2021. As such, the results for the current half year incorporate the appropriate fair valuation changes recognised in this period. The comparatives are stated without change.

Once again, the Group's business has continued to be resilient, reporting growth of 44% in turnover for the half year ended 30 June 2021 to S$61.8 million from S$43.0 million in the previous corresponding period and consolidated net profit for the latest 6 months of S$15.0 million as compared to S$2.4 million in the earlier period.

While both business divisions achieved higher revenues, sales at the Lifestyle Division grew about 54% to S$49.4 million in the current period compared to S$32.2 million in the previous corresponding period, notwithstanding the impact from intermittent COVID-19 related closures and lockdowns that the Division has had to navigate during both periods. This was largely because of robust growth in the lifestyle and fragrance product categories. The lifestyle products business was also boosted by DJI appointing the Hong Kong subsidiary as an exclusive distributor for South Asia, covering seven territories (instead of one previously), as well as granting distributorship for commercial products in addition to the consumer range. As this was only done progressively during this half-year and in view of the asynchronous lockdowns in some of these markets, the full potential of this exclusive distributorship will only be realised when the Group is able to build up its network in these markets and upon their return to normalcy. The Group's fragrance products business also made good progress in this half-year, with sales for the first six months being 1.4 times of FY2020's sales. The Group continues to work with other brand-owners to further strengthen its portfolio of premium fragrance, beauty and lifestyle brands and drive scale.

GemLife continued to perform satisfactorily through its product and location advantages, goodwill and public awareness resulting from the steps taken by GemLife management to help its residents to cope with the pandemic. GemLife also benefited from a buoyant residential market and buyers looking to move from inner cities to less congested locales as part of their desire to down-size. The sale of houses at the 5 active resorts has picked up with house settlements during these 6 months was about 65% higher than the number of houses sold in the previous corresponding period without reduction in selling prices. This enabled GemLife to contribute about S$0.7 million to the Group's net profit for this period (the results for which are disclosed under 'share of profit of associates and joint ventures'), compared to nil in the previous corresponding period. Revenue at the Investment Division grew to S$12.4 million in the current period from S$10.9 million in the previous corresponding period but comparison is impacted due to the prior year effect of the lease income earned on the GLNG houses in Australia. All the leases expired by mid-2020. However, demand for our houses is strong as new houses and land package prices are rising and a new build may take more than 12 months due to shortage of builders and supplies. Stronger valuations for the Group's remaining houses in Gladstone enabled the recognition of an unrealised uplift of S$2.3 million. This was largely offset by a reduction of S$2.0 million of the accrued return on the Oxford Residences in Sydney's Bondi Junction due to delays in the project. The Group continues to gradually sell off the GLNG houses and, along with the gains on the sale of the Group's remaining properties in China, recognised a disposal gain of S$0.5 million in the current period compared to S$0.1 million in the previous corresponding period.

OTHER INFORMATION

In Japan, the office sector in regional markets (including Osaka) saw the lowest investment volume since 2012. Overall demand remains weak, with cancellations due to recalibration of office space or cost cutting still ongoing. The vacancy rate for all grades have increased to 1.9% - an increase of 0.4% on Q-o-Q basis and 1.2% on Y-o-Y basis. Despite the contraction in the general leasing market over the past year, current rental levels in Osaka are still higher overall than they were two years ago. Interim valuations of most of the Group's office property investments in Japan improved, with the Group recognising an aggregate S$9.3 million of net fair value gains. The three hotels in Osaka continue to remain affected by the pandemic-related travel restrictions, even as capital values for these assets remain supported at the Group's carrying levels. Rentals for one hotel with a restructured lease agreement are being received on a timely basis. The commencement date for the hotel taken up by the Hoshino Group has been postponed to early 2022 and is dependent on the return of inbound travel. The third hotel remains vacant and a search for a new tenant is in progress along with efforts to sell the asset. However, market views are that with the acceleration of the vaccination program, economic recovery later this year is in sight.

Singapore's successful containment of COVID-19 coupled with a strong vaccine roll-out has improved market sentiment and restored investor confidence. With more tech companies setting up shop in Singapore, commercial assets, especially Grade A office buildings, remain attractive. Property prices in Singapore improved enough to enable the Group to recover the value written down on its Riverwalk office property in FY2020 with an unrealised valuation gain of S$1.0 million recorded in the current period.

Consolidated gross profit grew 33% to S$18.3 million for the current period compared to S$13.7 million earned in the previous corresponding period.

Operating profit consequently almost doubled to S$9.3 million in the period from S$4.8 million achieved in the previous corresponding period.

Net Finance costs at S$1.0 million for this half-year were about level with the S$1.1 million incurred in the previous corresponding period.

Expenses
Distribution expenses remained under control notwithstanding the growth in turnover and remained level with those incurred in 1H-FY20 after adjusting for the COVID-19 related subsidies of S$0.1 million received in the earlier period.

Aggregate Administration expenses, adjusted for COVID-19 subsidies received in both periods, rose about 3% in comparison to the previous corresponding period.

Foreign exchange loss in the current half-year was minimal compared to S$0.2 million in the earlier period.

Income tax charge for the year was S$2.8 million as against S$0.9 million for the previous corresponding period mainly from the accrual of withholding tax on the fair value gains taken up on the various investments.

Statement of Financial Position and Cash Flow
Inventories increased to S$11.9 million as at 30 June 2021 from S$8.3 million as at 31 December 2020, mainly due to the stocking of DJI products to cater to the larger market and customer base. The inventory turnover period reduced to 42 days from 59 days in the previous corresponding period.

Trade receivables as at 30 June 2021 also increased to S$9.8 million from S$7.4 million at 31 December 2020 with the higher level of activity. The trade receivables turnover period narrowed to 25 days from 41 days in the previous corresponding period. Aggregate Other receivables reduced to S$14.2 million from S$15.3 million largely from the partial settlement of dividends receivable from a Japanese investee.

Aggregate debt instruments measured at fair value through income statement/amortised cost increased slightly to S$77.2 million as at 30 June 2021 from S$76.0 million as at 31 December 2020, mainly from the interest accruals on funding provided to the GemLife joint venture as well as its ongoing projects.

Financial assets measured at fair value through income statement as at 30 June 2021 grew to S$54.0 million compared to S$45.8 million as at 31 December 2020 from a combination of the increase in fair values of the underlying property assets as well as the new investments made in Intrepid and W Capital during the current period.

OTHER INFORMATION

Sales of the residential and commercial properties in China were completed during FY2021. Assets held for sale as at 30 June 2021 accordingly reduced to S$11.4 million from S$13.8 million as at 31 December 2020.

Aggregate borrowings (including lease liabilities) grew to S$58.9 million as at 30 June 2021 from S$53.1 million as at 31 December 2020 mainly due to the additional financing taken for the purchase of goods.

Cash balances as at 30 June 2021 improved to S$8.3 million from S$5.8 million as at 31 December 2020, mainly from the disposal of properties in the period. The Group saw a net cash outflow from operating activities of S$6.4 million for the current half-year compared to a net outflow of S$5.6 million in the previous corresponding period, mainly from the changes in working capital components.

Net Asset Value

Net Asset Value per share increased to 114.68 cents as at 30 June 2021 compared to 113.03 cents as at 31 December 2020. This reflects the profit for the period, net of the translation loss from the retranslation of the investments and net assets of certain overseas subsidiaries/investees denominated in foreign currencies upon the weakening of the relevant currency against the Singapore Dollar and the dividend paid to shareholders in April this year.

Performance Summary

Investments

The Division achieved revenues of S$12.4 million and segment result of S$19.9 million for the half-year ended 30 June 2021 compared to S$10.9 million and S$8.9 million for the previous corresponding period respectively.

Australia

The Australian property market has proven to be a sturdier than expected. Median prices are significantly higher than they were 12 months ago in every capital city and most regional areas. Some segments have been standout performers such as the up-market areas in most capital cities and premium regional areas such as Gold Coast, Sunshine Coast (especially Noosa) and coastal NSW (Byron Bay).

Parkridge Noosa continues to benefit from surging demand away from capital cities to premium regional areas such as Noosa. Settlement of stage 3 Parkridge is expected to commence in Q3 and Q4 2021. Practical completion of the Oxford Residences in Sydney's Bondi Junction has been pushed back due to construction delays, including COVID-19 interruptions, but is still expected by the end of Q3-2021. A number of Gladstone houses have been sold this year with prices and rentals inching up from those seen last year. The land for the Thornton Street property in Brisbane was settled on 30 June 2021, with construction for this project commencing in July 2021. The Group continues to review potential projects in residential and other market segments.

GemLife continues to grow steadily in the resort style retirement living segment in Australia. Sales and settlements at the Bribie Island, Highfields, Woodend, Maroochy Quays and the Pacific Paradise resorts are progressing well, with over 700 homes already occupied. Sales and construction of remaining homes on Stage 5 at Bribie Island are running ahead of schedule, with the last home to be handed over in Nov-2021 – more than 2 years ahead of expectations. Civil works of the final stages at Highfields and Woodend are underway which will complete the infrastructure required at those resorts, with only residential construction remaining. Maroochy Quays and Pacific Paradise resorts on the Sunshine Coast have experienced solid sales and the Clubhouse at Maroochy and Summer House at Pacific Paradise are both due for completion in Q3 2021. Construction at Palmwoods and Rainbow Beach are well underway, with construction at Tweed Waters and Gold Coast are expected to commence in July 2021 and Q4-2021 respectively. Sales have commenced on all four of the new resorts and the initial uptake and enquiry have been promising. GemLife continues to monitor the market with a view to increasing its portfolio from the current target of 4,500 homes to meet the ever-increasing demand for affordable housing for the over 50's in Australia.

OTHER INFORMATION

Japan
A survey by the Japan Productivity Center indicates an emerging trend of “telework fatigue” with the proportion of people in Japan who are working completely remotely falling to 11.6% in July from 18.5% in April. Tellingly, the latest figure was the lowest since the survey began in May last year. The long-term direction of the global office sector in the face of implementation of social distancing in office spaces and greater adoption of remote working technology remains unclear. Whether this will stall or reverse the mass migration of people to cities – now home to over half the world’s population – which has been one of the most important megatrends so far this century remains unsettled.

The Group experienced a general trend of tenants delaying lease renewals and new leasing transactions taking longer to conclude. Even so, lease renewals of office properties continued to be done at improved rates, closer to market, with the overall performance of the portfolio slightly above internal budgets. As noted above, the office part of the portfolio saw a strong net uplift in valuations, aggregating S$9.3 million.

Lifestyle
Sales at the Lifestyle Division grew to S$49.4 million for the current half-year compared to S$32.2 million for the previous corresponding period, an increase of about 54%. Notwithstanding inventory provisions of S$0.6 million in the current period, the Division is now almost at break-even, reporting a segment profit of S$0.7 million that was boosted by a fair value gain of S$0.9 million recognised on the Intrepid investment following the completion of its B-round of financing in May 2021 at a higher valuation than the original investment by the Group. This is a significant improvement compared to the segment loss of S$2.8 million reported by the Division for the previous corresponding period.

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

Not applicable.

(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.

Property prices have risen sharply across Australia, with new realestate.com.au data showing Sydney recorded the biggest jump in median house prices – up 15.8% – among the capital cities, over the past year. Housing market values had a peak to trough decline of just 2.1% in 2020, before rising 12.2% in the first six months of 2021. Record-low interest rates combined with government stimulus had increased borrowing capacities at a time when people have faced restrictions in how they can spend money due to international travel bans, leading to a sharp rise in property prices. The pandemic has also led to increased demand for more space and thus bigger homes.

Economists at the big four Australian banks expect property prices to grow by at least 10% and as much as 17% this year as the Reserve Bank of Australia maintains record low interest rates – no interest rate rise is expected before 2024 – before growth slows to about 5% to 6% in 2022 as affordability and other factors such as increases in mortgage rates, lower than anticipated population growth and possible action by regulators dampen the market further down the line. With the completion of the Group’s investments in 2 residential development projects in Australia in 2021 and 2022, the focus remains on growing the GemLife retirement resorts business whilst continuing to explore other segments of the housing market for possible investment.

S&P Global Ratings lowered its 2021 growth projection for Japan to 2.5% from 2.7% as intermittent states of emergency dampen mobility and consumer spending. It noted, however, that the outlook is brightening with the vaccine rollout finally picking up steam. A robust vaccination program, strong manufacturing sector and high household savings are likely to drive Japan to economic recovery in the second half of 2021 along with an increase in demand for office space. Little contribution is expected from the Olympics since foreign and domestic visitors are not permitted to attend at the Games. Offices located outside the business district may see some rent corrections as some corporates are likely to adjust their leasing strategies and prefer better located offices. With the Group’s office portfolio sited in the CBD, the leasing activities in Osaka should remain stable. Given the limited new supply expected in 2021 and healthy pre-leasing activity for the upcoming new supply in 2022, along with a slowdown in COVID-19 cases, the Osaka office market appears to have the necessary conditions to improve.

OTHER INFORMATION

China's economy rebounded strongly from the COVID-19 crisis in 2021, buoyed by solid export demand and policy support, although some loss in momentum is evident in recent months. Gross domestic product (GDP) expanded 12.7% year on year in the first half of 2021. Higher raw material costs, supply shortages and pollution controls are weighing on industrial activity, while small COVID-19 outbreaks have kept a lid on consumer spending. Domestic demand was a weak link, with retail sales yet to return to pre-COVID-19 levels due to sluggish income growth. To bolster the recovery and increase lending to small and medium-size enterprises, the People's Bank of China announced a reduction in banks' required reserves ratio, which released about RMB1 trillion in long-term liquidity. Some economists expect GDP growth in China of about 8.6% in 2021, the highest in a decade and well above its official target of 6%.

Despite the above, the COVID-19 virus continues to afflict the world. The uneven distribution and uptake of vaccines – the IMF has called for at least 40% of the global population to be vaccinated by the end of the year and 60% by June 2022 – combined with the emergence and spread of new variants from time to time threaten global economic recovery.

The Group expects the business environment to continue to be challenging for the rest of FY2021. For the Lifestyle Division in particular, downside risks remain high in the second half in view of the escalating spread of the Delta variant in many countries as well as emergence of new variants.

In view of valuation uplifts having been recognised on the Group's investments and investment properties at the half-year point, the uplift for the year, will in all probability be spread out over the two periods going forward.

(11) Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended)
Yes, an interim dividend of S$0.02 per share.

(b) (i) Amount per share S$0.02 per share

(ii) Previous corresponding period S$0.01 per share (paid on 27 Aug 2020)

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)
Tax exempt

(d) The date the dividend is payable
To be confirmed

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined
To be confirmed

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

Not applicable

OTHER INFORMATION

(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 half year ended 30 June 2021 (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	Associate of controlling shareholder		
Purchases, net of returns		-	213

(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.

See Note 27 – Segment Information (page 15-16) to the Condensed Interim Consolidated Financial Statements

(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

OTHER INFORMATION

Negative confirmation pursuant to Rule 705(5)

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements for the 6 months ended 30 June 2021 to be false or misleading in any material aspect.

Confirmation pursuant to Rule 720(1)

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

ON BEHALF OF THE BOARD
Kartar Singh Thakral
Director

Inderbethal Singh Thakral
Director
5 August 2021

BY ORDER OF THE BOARD
Chan Wan Mei
Chan Lai Yin
Company Secretaries
5 August 2021