FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS

Issuer & Securities

Issuer/ Manager
THAKRAL CORPORATION LTD

Securities
THAKRAL CORPORATION LTD - SG1AJ2000005 - AWI

Stapled Security
No

Announcement Details

Announcement Title
Financial Statements and Related Announcement

Date &Time of Broadcast
04-Aug-2022 17:27:44

Status
New

Announcement Sub Title
Half Yearly Results

Announcement Reference
SG220804OTHRNFB7

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 half year ended 30 June 2022.

Additional Details

For Financial Period Ended
30/06/2022

Attachments

ThakralCorp_PR_1HFY2022_20220804.pdf

ThakralCorp_Results_1HFY2022_20220804.pdf

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

PRESS RELEASE

Thakral's reports net profit of S$4.7 million on higher revenue of S$64.4 million for 1HFY2022

- **Lifestyle business continues to make progress with a 3-fold rise in profit as sales grow 14% to S$56.5 million**
- **Interim dividend of 2 cents per share**

Singapore, 4 August 2022

SGX Mainboard-listed Thakral Corporation Ltd ("Thakral" or the "Group") delivered a creditable performance for 1HFY2022. For the six months ended 30 June 2022, the Group achieved a net profit of S$4.7 million compared to S$15 million in the previous corresponding half year, as Group revenue edged up 4% to S$64.4 million from S$61.8 million. The Board of Directors has declared an interim dividend of 2 cents per share in appreciation to our loyal shareholders.

The improved revenue was achieved on the back of stronger sales from its Lifestyle business which registered a 14% rise in revenue to S$56.5 million (vs S$49.4 million in 1HFY2021).

All its core businesses were profitable, Group net profit was however 69% lower compared to 1HFY2021 due to the absence of any significant valuation gains in the current period. Group net profit attributable to shareholders also declined to S$3.7 million for the period from S$8.9 million in the first half of last year.

With the overall increased revenue, the Group recorded higher expenses mainly due to the need to carry higher inventory to overcome disruptions in supply chain and increased marketing and personnel costs. The Group also recorded a net loss of S$0.8 million as contributions from its associates and joint ventures; this includes the valuation loss for Hotel WBF Namba Motomachi as well as on the Umeda Pacific Building which is yet to reach breakeven after the change in strategy to defer redevelopment and hold for rental income.

The Group's Lifestyle business recorded strong profits especially its CurrentBody-Thakral ("CBT") joint venture delivered a record performance and the Group also booked a gain from the disposal of its stake in Intrepid – a leading provider of e-commerce operations solutions to enterprises in Southeast Asia during the period.

Net Asset Value Per Share and Earnings Per Share

Net Asset Value of the Group per share as at 30 June 2022 eased to 109.26 cents from 115.53 cents as at 31 December 2021.

The reduction was mainly due to the impact of the translation loss from the retranslation of the investments and net assets of certain overseas subsidiaries/investees which are denominated in Japanese Yen and Australian Dollars which weakened against the Singapore Dollar as well as the dividend paid to shareholders in April this year.

The Group's 1HFY2022 earnings per share fell to 2.86 cents from 6.84 cents in 1HFY2021.

Working Capital

Cash and bank balances rose more than two-fold to S$23.4 million as at 30 June 2022 from S$9.7 million as at 31 December 2021, mainly from the recoupment of funds from the Oxford Residence project as well as the net proceeds from sales of GLNG houses.

The Group registered a lower net cash outflow from operating activities of S$3.8 million for the current period compared to S$6.4 million in the previous corresponding period, mainly from the changes in working capital components.

Segmental Performance of Core Businesses

The Group's core investments clocked in a profitable performance.

Overall, this business segment reported lower revenue of S$7.9 million and segment result of S$4.5 million (against S$12.4 million and S$19.9 million respectively in the same period last year).

Australia

GemLife Joint Venture

The Group's GemLife joint venture continued to expand strongly with 970 homes occupied and strong sales pipeline that underpins targets for 2022 and most of 2023.

GemLife has contracted parcels of land that will deliver over 6,000 homes in its portfolio. This puts GemLife as one of the leading players in the over-50's resort style living segment in Australia. Due to market conditions, merger talks to take the group to over 11,000 homes have been put on hold by mutual agreement. The Group will focus to grow GemLife towards its pipeline of 6,500 homes.

GemLife's Bribie Island resort was completed 2 years ahead of schedule and stage 1 of Pacific Paradise was completed 1 year ahead of schedule. Sales at Maroochy Quays, Highfields and Woodend are also progressing well.

Settlement in Palmwoods commenced in May 2022 with 19 homes delivered in the first 2 months. Civil works at the new resorts Tweed Waters and Rainbow Beach are progressing well.

Construction has also commenced at Gold Coast and stage 2 of Pacific Paradise is also well underway.

GemLife continues to enjoy strong sales and, despite industry-wide supply chain disruptions, construction remains on course and the GemLife leadership team and partners have been able to continue meeting internal targets.

GemLife has also purchased a plot of land to build its own office; development approvals are in place and construction is expected to commence soon.

Other Residential Projects

Demand for the Group's Gladstone houses continues to be strong with the houses continuing to be sold off gradually. All of the Group's remaining Gladstone houses are expected to be disposed by the year end.

All apartments have been sold in the Thornton Street project in Brisbane's inner-city suburb of Kangaroo Point and construction is progressing well with practical completion forecast for July 2023. The Parkridge Noosa project has been very successful with only one dwelling remaining to be settled as at the end of July 2022. Dwelling prices in the Noosa area, and other premium regional areas, have experienced outstanding growth as buyers have sought lifestyle changes following the impacts of Covid. The Group recouped the vast majority of its investment in the Oxford Residence's project in Sydney's Bondi Junction in Q1-2022. In the first half of FY2022, the Group has settled 30 Gladstone houses, with average sales prices 12% higher than the corresponding period in the prior year. The Investment segment shall remain focused on growing the GemLife business.

Japan

The Group's office units in its Japan portfolio are seeing improved occupancy rates as demand increased following the relaxing of COVID-19 restrictions and corporates acting on their expansion/relocation plans.

Revenue from Japan however declined to S$1.5 million in 1HFY2022 compared to S$7 million in 1HFY2021 – mainly due to the absence of valuation gains on these properties as well as the translation impact from the softening of the Japanese Yen against the Singapore Dollar.

Lifestyle mainly in China including Hong Kong

Overall, sales in this business segment rose about 14% to S$56.5 million from S$49.4 million in the previous corresponding half year.

While periodic pandemic-driven lockdowns had impacted the Group's operations in China, the lower sales there were more than offset by the stronger performance of the Hong Kong operations.

Divisional profit expanded 3-fold to S$2.9 million for the first half of this year – up from S$0.7 million in the prior period. This included a S$2.2 million gain realised upon Ascential's acquisition of the Group's stake in Intrepid at the end of the quarter as well as a strong contribution of about S$0.9 million from CBT.

The Lifestyle business also benefitted from higher sales of DJI products. The Group's Hong Kong subsidiary is the sole distributor for South Asia for DJI's commercial and consumer products.

The Group's China (excluding Hong Kong) fragrance business also did well as its sales exceeded the previous 6-months' level despite the COVID lockdown in Shanghai in 2QFY2022.

CBT also clocked in an all-time high performance for this half year. Given the rising popularity of online shopping, CBT expects to drive strong growth with its direct-to-consumer e-commerce business.

The Group continues to work with leading brand-owners such as L'Oréal to expand retail stores as well as 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 Group remained on a steady growth trajectory. Our Lifestyle business performed well in 1HFY2022 – surmounting the numerous challenges brought about by the recurrent COVID restrictions imposed in its key China market and global supply chain disruptions. Our strategic investments in the digital economy such as in e-commerce outfits Intrepid and CBT, have borne fruit, boosting the Group's bottom line in 1HFY2022.

Our real estate investments in the first half of the year and our over-50s lifestyle resorts, GemLife remained resilient.

We will continue to gradually dispose the remaining Gladstone houses by end of this year."

In view of the softer global economy, market uncertainties such as rising inflation, geopolitical tensions and persistent supply chain constraints, the Group will need to stay vigilant and nimble to adapt and take advantage of favourable opportunities and manage risks that may arise in the coming months as global economies grapple with the changing market dynamics punctuated by the ongoing geopolitical conflicts and COVID-19 pandemic measures.

The Group will also continue looking for new investment opportunities and expanding these with a focus on ESG and impact-investing considerations.

The Group therefore maintains a cautious outlook for the rest of FY2022.

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 investments in the digital economy, especially those in the blockchain and fintech space.

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 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

For more information, please contact:

Ms Tham Moon Yee: tmy@stratagemconsultants.com
Mr Soh Tiang Keng: tksoh@stratagemconsultants.com
Tel: (65) 6227 0502

THAKRAL

CORPORATION LTD

(Company Registration No. 199306606E)

Condensed Interim Financial Statements
For the six months ended 30 June 2022

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Condensed Interim Financial Statements for the six months ended 30 June 2022

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

These figures have not been audited.

	Note	Group		
		S$000		%
		Six months ended		Increase /
		30 Jun 2022	30 Jun 2021	(Decrease)
CONSOLIDATED INCOME STATEMENT				
Revenue	4	64,375	61,783	4
Cost of sales		(50,164)	(43,521)	15
Gross profit	4	14,211	18,262	(22)
Other operating income	5	3,209	695	362
Distribution costs	6	(3,071)	(2,376)	29
Administration expenses	7	(8,192)	(7,013)	17
Depreciation on property, plant and equipment		(207)	(306)	(32)
Profit from operations		5,950	9,262	(36)
Valuation gain on investment properties / assets held for sale	16	438	3,365	(87)
Finance income		11	12	(8)
Finance costs		(998)	(1,026)	(3)
Foreign exchange loss	8	(101)	(18)	461
Share of (loss) profit of associates and joint ventures, net	19, 20	(805)	6,225	NM
Profit before income tax		**4,495**	**17,820**	**(75)**
Income tax credit (expenses)	9	194	(2,780)	NM
Profit for the period		**4,689**	**15,040**	**(69)**
Profit attributable to:				
Equity holders of the Company		3,744	8,948	(58)
Non-controlling interests		945	6,092	(84)
		4,689	15,040	(69)
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME				
Profit for the period		**4,689**	**15,040**	**(69)**
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss				
Translation loss arising on consolidation	10	(16,317)	(7,183)	127
Other comprehensive loss for the period, net of tax		**(16,317)**	**(7,183)**	**127**
Total comprehensive (loss) income for the period		**(11,628)**	**7,857**	**NM**
Total comprehensive (loss) income attributable to:				
Equity holders of the Company		(5,582)	4,766	NM
Non-controlling interests		(6,046)	3,091	NM
		(11,628)	7,857	NM

NM – Not meaningful

STATEMENTS OF FINANCIAL POSITION

	Note	Group (S$ '000) as at		Company (S$ '000) as at	
		30 Jun 2022	31Dec 2021	30 Jun 2022	31Dec 2021
ASSETS					
Current assets					
Cash and bank balances	11	23,416	9,678	3,833	769
Trade receivables	12	11,930	12,245	-	-
Other receivables and prepayments	13	9,696	7,989	146	150
Amount owing by a subsidiary corporation		-	-	1,250	1,250
Debt instruments measured at fair value through income statement / amortised cost	14	4,475	18,663	-	-
Inventories	15	14,603	14,745	-	-
Assets held for sale	16	8,429	19,755	-	-
Total current assets		72,549	83,075	5,229	2,169
Non-current assets					
Other receivables	13	2,950	4,564	-	-
Debt instruments measured at fair value through income statement	14	58,622	56,715	-	-
Property, plant and equipment	17	1,592	1,555	18	16
Right-of-use assets	18	897	1,310	-	-
Investment properties	16	30,184	29,746	-	-
Subsidiary corporations		-	-	102,037	103,116
Joint ventures	19	34,151	34,513	-	-
Associates	20	64,102	75,042	-	-
Financial assets measured at fair value through income statement	21	45,145	51,609	1,681	1,681
Total non-current assets		237,643	255,054	103,736	104,813
Total assets		310,192	338,129	108,965	106,982
LIABILITIES AND EQUITY					
Current liabilities					
Trade and bills payables	22	1,948	3,086	-	-
Trust receipts	23	22,233	23,108	-	-
Bank and other borrowings	23	19,244	24,383	1,250	1,250
Lease liabilities	23	609	791	-	-
Other payables	24	19,804	18,960	391	854
Provisions	25	3,412	3,021	52	52
Income tax payable		502	1,157	-	-
Total current liabilities		67,752	74,506	1,693	2,156
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	13,789	11,698
Bank and other borrowings	23	9,193	12,455	2,352	2,957
Lease liabilities	23	301	545	-	-
Other payables	24	37	667	-	-
Deferred tax liability		20,263	21,234	-	-
Total non-current liabilities		29,794	34,901	16,141	14,655
Total liabilities		97,546	109,407	17,834	16,811
Capital, reserves and non-controlling interests					
Issued capital	26	72,579	72,579	72,579	72,579
Reserves		70,404	78,600	18,552	17,592
Equity attributable to equity holders of the Company		142,983	151,179	91,131	90,171
Non-controlling interests		69,663	77,543	-	-
Total equity		212,646	228,722	91,131	90,171
Total liabilities and equity		310,192	338,129	108,965	106,982

STATEMENTS OF CHANGES IN EQUITY

Six months ended 30 June 2022

S$'000

Group	Issued capital	Capital 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 2022	**72,579**	**(9,084)**	**53**	**(9,024)**	**96,655**	**151,179**	**77,543**	**228,722**
Total comprehensive loss for the period								
Profit for the period	-	-	-	-	3,744	3,744	945	4,689
Other comprehensive loss for the period	-	-	(1)	(9,325)	-	(9,326)	(6,991)	(16,317)
Total	-	-	(1)	(9,325)	3,744	(5,582)	(6,046)	(11,628)
Transactions with owners, recognised directly in equity								
Recognition of share-based payments of a subsidiary corporation	-	-	3	-	-	3	1	4
Dividend (Note 27)	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Dividend to non-controlling shareholders in a subsidiary corporation	-	-	-	-	-	-	(1,835)	(1,835)
Total	-	-	3	-	(2,617)	(2,614)	(1,834)	(4,448)
Balance at 30 Jun 2022	**72,579**	**(9,084)**	**55**	**(18,349)**	**97,782**	**142,983**	**69,663**	**212,646**

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)
Total	-	-	-	-	(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 27)	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Total	-	-	(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**

STATEMENTS OF CHANGES IN EQUITY

Six months ended 30 June 2022

S$'000

Company	Issued capital	Retained earnings	Total
Balance as at 1 Jan 2022	**72,579**	**17,592**	**90,171**
Profit for the period, representing total comprehensive income for the period	-	3,577	3,577
Transactions with owners, recognised directly in equity			
Dividend (Note 27)	-	(2,617)	(2,617)
Balance as at 30 Jun 2022	**72,579**	**18,552**	**91,131**

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 27)	-	(2,617)	(2,617)
Balance as at 30 Jun 2021	**72,579**	**12,917**	**85,496**

CONSOLIDATED STATEMENT OF CASH FLOWS

(S$ '000)	Note	Six months ended 30 Jun 2022	Six months ended 30 Jun 2021
OPERATING ACTIVITIES			
Profit before income tax		4,495	17,820
Adjustments for:			
Depreciation expenses (including on Right-of-use assets)		609	841
Share of loss (profit) of associates and joint ventures, net		805	(6,225)
Fair value gain and interest income on debt instruments measured at FVTIS / amortised cost		(4,593)	(4,246)
Fair value gain on financial assets measured at FVTIS		(1,403)	(7,003)
Interest expense		998	1,026
Interest income		(11)	(12)
Gain on disposal of financial assets measured at FVTIS		(2,212)	-
Gain on disposal of assets held for sale		(900)	(542)
Gain on disposal of property, plant and equipment		(27)	-
Valuation gain on investment properties / assets held for sale		(438)	(3,365)
Net unrealised foreign exchange loss (gain)		372	(133)
Share-based payment expenses		4	14
Provision for employee benefits		434	112
Allowance for inventories		144	586
Impairment loss recognised on trade receivables		74	-
Operating cash flows before movements in working capital		(1,649)	(1,127)
Trade receivables		384	(2,284)
Other receivables and prepayments		(607)	(30)
Inventories		122	(3,962)
Trade and bills payables		(1,157)	2,187
Other payables and provisions		336	61
Cash used in operations		(2,571)	(5,155)
Income tax refunded (paid)		457	(537)
Interest paid		(1,650)	(784)
Interest received		10	28
Net cash used in operating activities		(3,754)	(6,448)
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(302)	(69)
Proceeds from disposal of property, plant and equipment		76	-
Investments in associates		-	(376)
Dividend received from an associate		444	-
Investments in joint ventures		-	(344)
Additions to financial assets measured at FVTIS		(915)	(1,067)
Dividend received from financial assets measured at FVTIS		-	728
Proceeds from disposal of financial assets measured at FVTIS		4,855	-
Repayments of debt instruments measured at FVTIS / amortised cost		18,431	408
Additions to debt instruments measured at FVTIS / amortised cost		(2,927)	(604)
Proceeds from disposal of assets held for sale		11,791	7,735
Net cash generated from investing activities		31,453	6,411
FINANCING ACTIVITIES			
Dividend paid to non-controlling shareholders in a subsidiary corporation		(1,835)	-
Dividend paid		(2,617)	(2,617)
Decrease (increase) in fixed deposits with maturities exceeding three months		6	(16)
Decrease in pledged fixed deposits		284	329
(Decrease) increase in trust receipts		(1,060)	4,810
Decrease in factoring loan		(306)	(16)
Repayments of lease liabilities		(417)	(464)
Increase in other loans		-	1,546
Repayments of other loans		(1,862)	(513)
Loans from banks		2,426	6,951
Repayments of bank loans		(7,947)	(7,258)
Net cash (used in) generated from financing activities		(13,328)	2,752
Net increase in cash and cash equivalents		14,371	2,715
Cash and cash equivalents at beginning of period		6,721	2,873
Net effect of exchange rate changes in the balance of cash held in foreign currencies		(396)	2
Cash and cash equivalents at end of period		20,696	5,590
Cash and cash equivalents were represented by:-			
Fixed deposits with maturities less than 3 months, cash and bank balances	11	20,696	5,590
		20,696	5,590

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, over-50s living and other strategic investments
2. Management and marketing of beauty, fragrance and lifestyle brands and products

2. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2022 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 2021.

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 2021.

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:

- 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 were not significantly affected by seasonal or cyclical factors during the financial period.

4. REVENUE AND GROSS PROFIT

	S$'000		%
	Six months ended		Increase /
	30 Jun 2022	30 Jun 2021	(Decrease)
Product sales	56,450	48,488	16
Management fee and other service income	1,211	1,003	21
Rental income	718	1,043	(31)
Investment income			
Fair value changes and interest income on debt instruments	*4,593*	*4,246*	*8*
Fair value changes on financial assets measured at FVTIS	*1,403*	*7,003*	*(80)*
Sub-total for investment income	*5,996*	*11,249*	*(47)*
Total	64,375	61,783	4

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.

The Lifestyle Division continues to make progress on developing sales of DJI products in its role as sole distributor for South Asia for commercial and consumer products notwithstanding the hiccup in the China operations from the lockdown in Shanghai earlier this year. The weakening of the Japanese Yen in this period also resulted in there being no significant change in the value of the Group's property investments in Osaka. Consolidated revenue for the period grew by 4% while consolidated gross profit reduced by about 22% from the previous corresponding period.

5. OTHER OPERATING INCOME

	S$'000		%
	Six months ended		Increase /
	30 Jun 2022	30 Jun 2021	(Decrease)
Gain on disposal of financial assets measured at FVTIS	2,212	-	NM
Gain on disposal of assets held for sale	900	542	66
Government subsidies	26	110	(76)
Others	71	43	65
Total	3,209	695	362

i. The gain on disposal of financial assets arose from Ascential's acquisition of the Group's stake in Intrepid at the end of the quarter.
ii. The gain on disposal of assets held for sale in the current period arose from the sale of the GLNG houses in Gladstone.
iii. Government subsidies in the previous corresponding period mainly represented a VAT refund in China along with certain COVID-19 related subsidies in other jurisdictions.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6. DISTRIBUTION COSTS

	S$'000		%
	Six months ended		Increase /
	30 Jun 2022	30 Jun 2021	(Decrease)
Staff costs	(1,210)	(1,033)	17
Advertising & promotion	(1,060)	(542)	96
Transportation	(213)	(249)	(14)
Travelling expenses	(78)	(57)	37
Others	(510)	(495)	3
Total	(3,071)	(2,376)	29

i. Staff costs increased from the higher headcount as well as salary adjustments made earlier this year.
ii. Marketing activities have been normalised this year but had been curtailed due to COVID-19 in the previous corresponding period.
iii. Transport costs decreased mainly due to the interruption in sales activity from the 2-month lockdown in Shanghai.
iv. Travelling has resumed gradually this year.
v. Others include depreciation charged (in accordance with SFRS(I) 16 *Leases*) on right-of-use assets for the leased warehouse.

7. ADMINISTRATION EXPENSES

	S$'000		%
	Six months ended		Increase /
	30 Jun 2022	30 Jun 2021	(Decrease)
Staff costs (including executive directors)	(5,420)	(4,539)	19
Directors' fees	(359)	(359)	-
Professional fees	(886)	(700)	27
Depreciation on right-of use assets / rent and rates - office premises	(334)	(483)	(31)
Travelling expenses	(136)	(93)	46
Insurance	(185)	(153)	21
Bad debt recovered	-	34	(100)
Allowance for doubtful debts	(74)	-	NM
Others	(798)	(720)	11
Total	(8,192)	(7,013)	17

i. Staff costs were higher mainly from the bigger headcount as well as salary adjustments made earlier this year.
ii. Professional fees were higher mainly due to certain market consultancy as well as project related fees in Australia.
iii. Depreciation on right-of-use assets declined mainly due to the savings from the relocation of the Shanghai office.
iv. Travelling has resumed gradually this year with the higher costs of flights and hotels showing their impact.
v. Insurance increased in view of the higher premium paid for a liability insurance policy.
vi. An allowance for doubtful debt was made in respect of a receivable considered irrecoverable due to the liquidation proceedings of the relevant party.

8. FOREIGN EXCHANGE LOSS

Foreign exchange translation loss for the period mainly 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 consolidated income statement are:

	S$'000		%
	Six months ended		Increase /
	30 Jun 2022	30 Jun 2021	(Decrease)
Current taxation:			
- Provision for taxation in respect of current period	(94)	(106)	(11)
- Overprovision in prior years	1,188	16	NM
Deferred tax:			
- Amount charged for taxation in respect of deferred tax liabilities in current period	(900)	(2,690)	(67)
Total	194	(2,780)	NM

The overall income tax credit for the current period against a tax charge for the prior period was mainly due to the absence of accruals of deferred tax on valuation gains as well as from a tax credit recorded by the Australian investment operations.

10. TRANSLATION 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 2022	31Dec 2021	30 Jun 2022	31Dec 2021
Fixed deposits	256	271	-	-
Pledged fixed deposits	2,470	2,694	-	-
Cash and bank balances	20,690	6,713	3,833	769
Current	23,416	9,678	3,833	769
Less:				
Fixed deposits with maturities exceeding three months	(250)	(263)	-	-
Fixed deposits that have been placed with banks against trust receipts	(2,470)	(2,694)	-	-
Cash and cash equivalents	20,696	6,721	3,833	769

The substantial increase in cash balance was mainly due to the repayment by GemLife upon completion of their refinancing, recoupment of the investment from Bondi project and sales proceeds on sales of GLNG houses.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE RECEIVABLES

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 2022 broadly remained at the same level as 31 December 2021.

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

Of the total of S$63.1 million as at 30 June 2022 (31 Dec 21: S$75.4 million), debt instruments due by the GemLife joint venture entities amount to S$47.3 million (31 Dec 21: S$46.1 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 Jun 2022 were generally level with those as at 31 December 2021. The Group is having to keep higher inventory levels in order to cope with the unpredictable logistics delays and interruptions seen in China since the spread of COVID in the country earlier this year. Allowance for inventories of S$0.1 million (1H-2021: S$0.6 million) was made during the period.

Inventories are to be carried at the lower of cost and 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.

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Balance at beginning of year	29,746	45,218	19,755	13,787
Disposals	-	-	(10,891)	(7,138)
Valuation gain for the period recognised in profit or loss	438	2,641	-	724
Translation adjustment	-	(134)	(435)	(84)
Transfers (to assets held for sale)/from investment properties	-	(4,148)	-	4,148
Balance at end of year	30,184	43,577	8,429	11,437

The fair value of the Group's property in Singapore at 30 June 2022 has been determined on the basis of valuation carried out by an independent firm 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$17,600 (31 Dec 2021: S$17,300) for the office property in Singapore and selling price per unit of S$398,000 – S$470,000 (31 Dec 2021: S$402,000 – S$485,000) for the residential properties in Australia.

17. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2022, the Group acquired assets amounting to S$302,000 (1H-2021: S$69,000). The Group disposed of assets at net book value of S$50,000 (1H-2021: Nil) during the period.

18. RIGHT-OF-USE ASSETS

The decrease in right-of-use assets mainly arose due to the depreciation charged for the office in Shanghai and warehouse in Hong Kong during the period.

19. JOINT VENTURES

This mainly represents the Group's interest in the joint venture entities for the GemLife over-50s living business.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

20. 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 accumulated share of profit and unrealised net valuation gains of the underlying properties. The decrease was mainly due to the translation loss on the weakening of JPY against SGD during the period.

21. 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 decrease in the period mainly represents the translation loss on Japanese investments from the weakening of JPY against SGD during the year and the divestment of the Group's stake in Intrepid.

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 or vacant. 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.

22. TRADE AND BILLS PAYABLE

Aggregate trade and bills payable were lower in view of the net settlements made in the current period.

23. BORROWINGS

Aggregate borrowings (including trust receipts and lease liabilities) as at 30 June 2022 decreased compared to 31 December 2021 mainly due to the settlement of the borrowings related to the GLNG houses as well as settlement of co-investors' funding by the Group upon the completion of refinancing by GemLife.

	Group S$'000 as at		Company S$'000 as at	
	30 Jun 2022	31Dec 2021	30 Jun 2022	31Dec 2021
Amount repayable in one year or less, or on demand				
Secured *	40,836	47,032	-	-
Unsecured	1,250	1,250	1,250	1,250
Amount repayable after one year				
Secured *	5,066	5,460	-	-
Unsecured	4,428	7,540	2,352	2,957

* Includes lease liabilities

Details of any collaterals

Charges over property in Singapore; pledged bank deposits of S$2.5 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

24. OTHER PAYABLES

Aggregate other payables as at 30 June 2022 broadly remained at the same level as 31 December 2021.

25. PROVISIONS

Provisions increased due to the reassessment at certain subsidiary corporations of the potential liability for leave payments to employees upon their leaving the Group during the period.

26. SHARE CAPITAL

	Group and Company			
	30 Jun 2022	31Dec 2021	30 Jun 2022	31Dec 2021
	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

27. DIVIDENDS

	S$'000	
	Six months ended	
	30 Jun 2022	30 Jun 2021
Ordinary dividend declared (tax-exempt one-tier)		
- Interim (payable on 25 Aug 2022; last year paid on 16 Dec 2021)	2,617	2,617
	2,617	2,617

A tax-exempt (one-tier) interim dividend of S$0.02 per share (total dividend of S$2,617,000) is declared to shareholders and payable on 25 August 2022 in respect of the year ending 31 December 2022.

A tax-exempt (one-tier) interim dividend of S$0.02 per share (total dividend of S$2,617,000) was paid to shareholders on 16 December 2021 in respect of the financial year ended 31 December 2021. Another tax-exempt (one-tier) second interim dividend of S$0.02 per share (total dividend of S$2,1617,000) was paid on 8 April 2022.

28. 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 2022	31Dec 2021	30 Jun 2022	31Dec 2021
Financial assets				
Financial assets at amortised cost	41,337	28,960	5,199	2,062
Debt instruments at amortised cost	972	-	-	-
Debt instruments measured at FVTIS	62,125	75,378	-	-
Financial assets measured at FVTIS	45,145	51,609	1,681	1,681
Financial liabilities				
Lease liabilities	910	1,336	-	-
Payables, at amortised cost	66,102	76,507	17,782	16,759

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

28. 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 2022				
Debt instruments measured at FVTIS	-	-	62,125	62,125
Financial assets measured at FVTIS				
- Unquoted investments	-	-	45,144	45,144
- Club debenture	-	-	1	1
31 Dec 2021				
Debt instruments measured at FVTIS	-	-	75,378	75,378
Financial assets measured at FVTIS				
- Unquoted investments	-	-	51,608	51,608
- Club debenture	-	-	1	1

29. 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 2022		S$000 Six months ended 30 Jun 2021	
	The Company	Subsidiary corporations of the Company	The Company	Subsidiary corporations of the Company
Sales, net of returns	-	1,542	-	89
Sales to joint ventures, net of returns	-	34	-	154
Purchases, net of returns	-	(116)	-	(532)
Purchases from joint ventures, net of returns	-	(35)	-	(43)
Service fees paid	-	(85)	-	(9)
Commission paid	-	-	-	(3)
Interest expenses	-	(31)	-	(115)
Rental income	-	610	-	610
Lease payments under operating lease	(9)	-	(9)	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30. SEGMENT INFORMATION

The Group, which operates in four geographical regions 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, over-50s living and other strategic investments in Australia, People's Republic of China, Japan and Singapore
b) Lifestyle ("LIFE") – comprises management and marketing of beauty, fragrance 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 2022

	INV	LIFE	OTH	TOTAL
Revenue				
External revenue	7,925	56,450	-	64,375
Result				
Segment operating result	5,810	1,973	(835)	6,948
Valuation gain on investment properties	438	-	-	438
Share of (loss) profit of associates and joint ventures	(1,723)	918	-	(805)
Segment result	4,525	2,891	(835)	6,581
Unallocated corporate expenses				(998)
Finance income				11
Finance costs				(998)
Foreign exchange loss				(101)
Profit before income tax				4,495
Income tax credit				194
Profit for the period				4,689
Other information				
Capital expenditure: Property, plant and equipment	-	296	6	302
Depreciation expenses (including on Right-of-use assets)	28	555	26	609
Assets				
Segment assets	255,392	48,066	6,734	310,192
Total assets				310,192
Liabilities				
Segment liabilities	28,226	44,518	4,037	76,781
Income tax payable				502
Deferred tax liability				20,263
Total liabilities				97,546

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30. SEGMENT INFORMATION (CONTINUED)

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 expenses				(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

Geographical information

S$'000

Geographical segments:	**Revenue**	
	Six months ended	
	30 Jun 2022	30 Jun 2021
South Asia	32,067	14,981
People's Republic of China (including Hong Kong)	9,674	19,064
North America	9,662	9,702
Australia	5,945	5,140
Japan	1,477	7,098
Others	5,550	5,798
	64,375	61,783

From this financial year onwards, the basis of geographic information disclosed above is the location of customers and source of income from these regions (instead of the aggregate of revenues from companies incorporated in those countries as was previously being disclosed).

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 2022 and 31 December 2021.

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 2022 and 31 December 2021; of which, 78,300 options are exercisable during the period from 1 November 2021 to 31 October 2026 and 20,000 options are not exercisable until 17 August 2023.

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 2022 and 31 December 2021.

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 2021.

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 2022, 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) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
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*
Amendments to SFRS(I) 1-37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual improvements to SFRS(I) 2018 – 2020 Cycle	*Amendments to SFRS(I) 1 - First-time Adoption of International Standards, SFRS(I) 9 Financial instruments, SFRS(I) 16 Leases and SFRS(I) 1-14 Agriculture*
Amendments to SFRS(I) 1-1 and SFRS(I)	*Practice Statement 2 Disclosure of Accounting Policies*
Amendments to SFRS(I) 1-8	*Definition of Accounting Estimates*
Amendments to SFRS(I) 1-12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2022	Six months ended 30 Jun 2021
(i) Based on the weighted average number of ordinary shares on issue	2.86 cents	6.84 cents
(ii) On a fully diluted basis	2.86 cents	6.84 cents

Basic earnings per share and diluted earnings per share are computed on the profit for the above periods after taxation and deduction of non-controlling interests divided by 130,860,616 being the adjusted weighted average number of shares in issue during the periods ended 30 June 2022 and 30 June 2021.

(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 2022	As at 31Dec 2021
Group	109.26 cents	115.53 cents
Company	69.64 cents	68.91 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 – Six months ended 30 June 2022

Revenue & Profitability

The Group for the six months ended 30 June 2022 recorded improved consolidated revenues of S$64.4 million – higher by 4% from S$61.8 million in the previous corresponding period. All the businesses except for our Japan properties recorded higher gross profits than the previous corresponding period. However, since no significant valuation uplifts arose in the current period, group gross profit reduced by 22% to S$14.2 million from S$18.3 million in the previous corresponding period.

The Lifestyle business continued its growth, with sales increasing by 14.2% to S$56.5 million from S$49.4 million recorded in the same period last year. While the COVID-19 induced lockdowns in China impacted the PRC operations, the lower sales there were more than offset by the performance of the Hong Kong operations. Segment profit increased to S$2.9 million for the latest period from S$0.7 million in the prior period. This included a S$2.2 million gain realised upon Ascential's acquisition of the Group's stake in Intrepid at the end of the quarter as well as a strong contribution of about S$0.9 million from the CurrentBody-Thakral joint venture. The Lifestyle business continues to progress and develop sales of DJI products as sole distributor for South Asia for commercial and consumer products. The China (excluding Hong Kong) operations' fragrance business more than met the 6-month performance compared to last year despite the COVID lockdown in Shanghai in Q2-FY22. This is encouraging and demonstrates the resilience of this product line. The Group continues to work with L'Oréal to expand the retail stores as well as with other brand-owners to strengthen its portfolio of premium fragrance, beauty and lifestyle brands and drive scale. CurrentBody-Thakral saw its all-time high performance for this half year and is set on a strong growth path with its direct-to-consumer e-commerce business.

GemLife has contracted parcels of land that will deliver over 6,000 homes in its portfolio. This puts GemLife as one of the leading players in the over-50's resort style living segment in Australia. Due to market conditions, merger talks to take the group to over 11,000 homes have been put on hold by mutual agreement. The Group will focus to grow GemLife towards its pipeline of 6,500 homes.

GemLife's Bribie Island resort was completed 2 years ahead of schedule and stage 1 of Pacific Paradise was completed 1 year ahead of schedule. Sales at Maroochy Quays, Highfields and Woodend are also progressing well. Settlement in Palmwoods commenced in May-22 with 19 homes delivered in the first two months. Civil works at the new resorts Tweed Waters and Rainbow Beach are progressing. Construction has also commenced at Gold Coast and stage 2 of Pacific Paradise is also well underway. Sales across the group have been very strong. Despite industry-wide supply chain disruptions, construction remains on course and our leadership team and partners have been able to continue meeting internal targets. GemLife has also purchased a plot of land to build its own office; approvals are in place and construction is expected to commence soon.

Overall, demand for GemLife homes continues to remain strong and sales are well ahead of targets with over 382 unconditional, 279 conditional and 84 deposits on hand while actual settlements are tracking forecasts with 970 homes occupied. The forecasts for 2022 were budgeted to be lower than the previous year as a result of some projects completing ahead of schedule and in view of many of the sites either completing earthworks or awaiting final development approvals. The pre-sales well underpin GemLife's numbers for 2023 as well. External valuations support the 30-June-22 carrying values, with fair value movements on sites to be recognised at year end. Operations are close to budgets, similar to the same period last year.

Aggregate revenue at the Investment business of S$7.9 million for this half-year declined in comparison to S$12.4 million achieved in the prior period mainly due to the absence of fair valuation gains for the Japanese commercial properties. Although vacancies in the Group's invested properties remain at very low levels, the weakening of the Japanese Yen in this period led investors and valuers to adopt a wait-and-see approach. As such, there was no significant change in the value of the Group's property investments in Osaka compared to the increases seen regularly since acquisition. Demand for housing in Gladstone continues to be strong with the houses continuing to be sold off gradually. All bank borrowings against these houses have been fully settled and the remaining houses are expected to be disposed by the year end.

With many restrictions having been lifted, Japan seems to have steadily shifted to recognising COVID-19 as being endemic. Office attendance also appears to have been steady at around 90% for over the past half-year compared to pre-pandemic levels, showing that people have been commuting to offices unperturbed by the endemic, especially outside Tokyo. The All-Grade vacancy rate for Q1-2022 rose by 0.8 points q-o-q to 3.7%, mainly due to five new buildings (including Grade A) completed during the 1st quarter of 2022, entering operation and seeing some units lying vacant. New supply for the quarter came to a total of 40,000 tsubo, equivalent to two years' worth of average annual supply over the last few years. Meanwhile, existing buildings which appealed to tenants due to their relatively lower rent levels, saw vacancies filled by office expansions and relocations from lower quality properties. Recovery is therefore likely to be highly dependent on the future performances of specific properties, rather than on the submarket as a whole.

A small valuation loss has been taken up in these results on the WBF Namba Motomachi Hotel.

Group operating profit declined to S$6.0 million in the current period from S$9.3 million achieved in the previous corresponding period.

The Group's office property in Singapore saw a small valuation increase compared to S$1.0 million achieved in the previous corresponding period.

Net Finance costs declined by about 3% to S$1.0 million for the current period compared to those incurred in the previous corresponding period.

The CurrentBody-Thakral joint venture had a strong first half, achieving record high sales and profits since formation. Overall, the share of results of associates and joint ventures, which includes CurrentBody-Thakral, GemLife and certain Japanese investment entities, declined from a profit of S$6.2 million (which had included unrealised fair valuation uplifts) in the previous corresponding period to a loss of S$0.8 million, mainly in view of the valuation loss recorded on the WBF Namba hotel and the Umeda Pacific Building operations from the low occupancy in the building that is gradually being filled up. This building was being vacated with a view to redevelopment, with the strategy having to be changed due to COVID-19. While progress has been made in re-filling the building, this is currently at a level that is yet to enable costs to be covered.

Profit attributable to shareholders declined to S$3.7 million for the period from S$8.9 million achieved in the previous corresponding period mainly due to the absence of valuation uplifts on the Group's investments in this period as well as the aforesaid loss.

<u>Expenses</u>
Distribution expenses rose by 29% to S$3.1 million against S$2.4 million incurred in the previous period mainly from the normalised advertising and promotion activities in the current period but which had to be curtailed due to COVID-19 in the previous corresponding period.

Administration expenses of S$8.2 million were about 17% higher than those in the prior period mainly in view of the increased staff costs from the bigger headcount as well as salary adjustments made for management and staff earlier this year and higher professional fees.

The Group saw an income tax credit of S$0.2 million for the current period compared to a tax charge of S$2.8 million for the prior period mainly from the absence of accruals of deferred tax on valuation gains and a tax credit recorded by the Australian investment operations.

<u>Statement of Financial Position and Cash Flow</u>
Inventories of S$14.6 million were generally level with the S$14.7 million as at 31 December 2021. The Group is having to keep higher inventory levels in order to cope with the unpredictable logistics delays and interruptions seen in China since the spread of COVID in the country earlier this year. The inventory turnover period increased to 53 days from 42 days in the previous corresponding period.

Trade receivables at 30 June 2022 declined slightly to S$11.9 million from S$12.2 million at 31 December 2021. The trade receivables turnover period increased to 34 days from 25 days in the previous corresponding period. Aggregate other receivables of S$12.6 million were broadly level with those as at 31 December 2021.

Aggregate debt instruments measured at fair value through income statement/amortised cost of S$63.1 million on 30 June 2022 reduced from S$75.4 million as at 31 December 2021 mainly due to the recoupment of the investment in the Bondi project during the period.

Financial assets measured at fair value through income statement reduced to S$45.1 million at 30 June 2022 from S$51.6 million as at 31 December 2021 principally due to the translation impact from the weakening of the Japanese Yen as well as the divestment of the Group's stake in Intrepid.

Assets held for sale as at 30 June 2022 reduced to S$8.4 million from S$19.8 million as at 31 December 2021 reflecting the progress made in the sales of the GLNG houses in Gladstone, Australia. The remaining houses are expected to be sold by year-end.

Aggregate borrowings (including lease liabilities) reduced to S$51.6 million from S$61.3 million as at 31 December 2021 mainly due to the settlement of the borrowing related to the GLNG houses as well as the settlement of co-investors' funding by the Group upon the refinancing and partial settlement of borrowings from the Group by GemLife.

Cash balances as at 30 June 2022 improved to S$23.4 million from S$9.7 million as at 31 December 2021, mainly from the recoupment of funds from the Bondi Junction project as well as the net proceeds from sales of GLNG houses. The Group saw a net cash outflow from operating activities of S$3.8 million for the current period compared to a net outflow of S$6.4 million in the previous corresponding period, mainly from the net changes in working capital components.

Net Asset Value

Net Asset Value per share reduced to 109.26 cents as at 30 June 2022 compared to 115.53 cents as at 31 December 2021 mainly as a result of the impact 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 as well as the dividend paid to shareholders in April 2022. With a significant part of the Group's assets denominated in the Japanese Yen (as well as Australian Dollar), its weakening during this period against the Singapore dollar has had a notable impact on the Group's balance sheet.

Performance Summary

Investments

Including the share of profit/loss from associates and valuation gains on investment properties in both periods, the collective Investments business achieved revenues of S$7.9 million and segment result of S$4.5 million for the half-year ended 30 June 2022 respectively compared to S$12.4 million and S$19.9 million respectively achieved in the comparative period.

Australia

Following a surge in Australian property values in 2020 and most of 2021, price growth started to ease in late 2021 and prices have begun to pull back slightly in the first half of 2022. Interest rate rises in the last three consecutive months, with more rate rises expected to follow, has been the most significant cause of the cooling in dwelling prices. Somewhat offsetting the rate rises are a National rental vacancy rate of 1% and an unemployment rate of 3.5%.

All apartments have been sold in the Thornton St project in Brisbane's inner-city suburb of Kangaroo Point and construction is progressing well with practical completion forecast for July 2023. The Parkridge Noosa project has been very successful with only one dwelling remaining to be settled as at the end of July 2022. Dwelling prices in the Noosa area, and other premium regional areas, have experienced outstanding growth as buyers have sought lifestyle changes following the impacts of Covid. The Group recouped the vast majority of its investment in the Oxford Residence's project in Sydney's Bondi Junction in Q1-2022. In the first half of FY22, the Group has settled 30 Gladstone houses, with average sales prices 12% higher than the corresponding period in the prior year. The Investment Division shall remain focused on growing the GemLife business.

Japan

Except for the hotels, the overall occupancy rate at the Group's invested properties in Japan improved over the position as at 31 December 2021. Performance in comparison to the previous corresponding period is affected by the sale of the Kitahama Building in Q2-FY21 as well as the impact of the lower Japanese Yen. While space consolidation continued, more companies are also keen to improve their office environment and add headcount, thus leading to an increase in relocations. Small-to-medium sized offices in existing buildings – which form the bulk of the Group's office properties – with relatively lower rent levels are in greater demand than larger units. With more companies having decided upon their postpandemic office plans, many are now deciding to relocate. As such, tenant activity is likely to accelerate in the coming quarters. However, the vacancy rate is expected to continue to rise in the broader market due to a relatively large amount of supply slated for the second half of the year and relocation to new buildings likely to lead to secondary vacancies in existing properties. While Japan has been slow to reopen, it has permitted small group tours from 98 countries from early June, indicating a shift to more relaxed regimes and stronger government support to revive the tourism and hospitality industry.

Lifestyle
Sales at the division expanded by 14.2% to S$56.5 million in the latest period from S$49.4 million recorded in the same period last year. Segment profit of S$2.9 million, included the contribution from the CurrentBody-Thakral joint venture and the gain from the Intrepid divestment during the period. This compared to S$0.7 million earned in the same period last year. Performance at this business was subdued in view of the lockdown in China and border restrictions in Hong Kong during the COVID-19 surge earlier this year that disrupted shipping and logistics, which are yet to return to normal.

(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.

Housing value growth in Australia continued to ease since peaking in March last year from a combination of factors including rising mortgage rates and tighter credit, end of fiscal support, reduced consumer sentiment and affordability challenges. Rising inflation and lending rates have accelerated the downtrend more recently. The RBA expects inflation to peak late in 2022 and has signalled its intention to hike rates fast to get on top of inflation as quickly as possible. With inflation likely to remain stubbornly high, the outlook is for further interest rates rises throughout the rest of the year and into 2023, likely dampening housing demand. The Investment Division shall remain focused on growing the GemLife business.

According to the World Bank’s global outlook, following more than two years of pandemic, spill over from the Russian Federation’s invasion of Ukraine are set to sharply hasten the deceleration of global economic activity, which is now expected to reduce to 2.9% in 2022. The war in Ukraine is leading to high commodity prices, adding to supply disruptions, increasing food insecurity and poverty, exacerbating inflation, contributing to tighter financial conditions, magnifying financial vulnerability, and heightening policy uncertainty. Growth in emerging market and developing economies this year has been downgraded to 3.4%, as negative spill overs from the invasion of Ukraine more than offset any near-term boost to some commodity exporters from higher energy prices. Despite the negative shock to global activity in 2022, there is essentially no rebound projected next year: global growth is forecast to edge up only slightly to a still-subdued 3% in 2023, as many headwinds — in particular, high commodity prices and continued monetary tightening — are expected to persist. Moreover, the outlook is subject to various downside risks, including intensifying geopolitical tensions, growing stagflationary headwinds, rising financial instability, continuing supply strains, and worsening food insecurity.
*(*Source: *World Bank Group Flagship Report, June 2022)*

The Group expects the business environment to remain challenging for the rest of 2022. For the Lifestyle business in particular, a troubled global economy mired in the pandemic and new Omicron variants, the Russia-Ukraine conflict and looming economic crises in many countries around the world including some of its markets, as well as logistics challenges being faced from its key supply market (China) keep downside risks at elevated levels.

OTHER INFORMATION

(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$0.02 per share (paid on 16 Dec 2021)

(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
25 August 2022

(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
17 August 2022

(12) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision
Not applicable

(13) If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the six months ended 30 June 2022 (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
Emway Singapore Pte Ltd	Associate of controlling shareholder	1,536	Nil

OTHER INFORMATION

(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 30 – Segment Information (page 15-16) to the Condensed 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

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 six months ended 30 Jun 2022 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
4 August 2022

BY ORDER OF THE BOARD
Chan Wan Mei
Chan Lai Yin
Company Secretaries
4 August 2022