



THAKRAL CORPORATION LTD

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

PRESS RELEASE

Thakral declares Special Interim Dividend of 3 cents per share to reward shareholders

- Total Interim Dividends to date rise to 5 cents – giving yield of 8.9% based on current share price**
- Net Profit Attributable to Equity Holders grows to S\$36.2 million for 9MFY2017 on the back of gain from the revaluation of warehouse properties in Hong Kong to net disposal value**

Singapore, 9 November 2017 – SGX Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) has declared a special interim dividend of 3 cents per share, bringing its total dividend payout for FY2017 to 5 cents per share. This represents a yield of 8.9% based on the closing share price of S\$0.56 today.

The first interim dividend of 2 cents per share was paid to shareholders in August 2017.

The special interim dividend payout is to share with shareholders the gain from the disposal of the warehouse properties in Hong Kong, which was completed on 2 November 2017.

The Group posted a net profit attributable to equity holders of S\$36.2 million for the first nine months of FY2017 (“9MFY2017”), a substantial turnaround from a small loss of S\$0.4 million in the corresponding period a year ago.

The increase in net profit was largely attributed to the revaluation gain of its Hong Kong properties in the current quarter’s results, which amounted to S\$34.2 million.

Group gross profit expanded by 17% to S\$32.3 million for 9MFY2017 compared to S\$27.7 million in the previous corresponding period, buoyed by improved performance of both its Investment and Lifestyle divisions.

Gross profit margin for the current period weighed in at 29.1% versus 16.2% a year ago.

The improved bottom-line was achieved despite a 35% sales dip in 9MFY2017 – to S\$111 million from \$170.5 million a year ago. This is principally due to the Group’s strategy of focusing on higher-value products and services.

On a quarter by quarter basis, the Group’s revenue rose 10% to S\$39.6 million on the back of improved performances of both its business divisions.

Sales for the Lifestyle Division were up 7% for the latest quarter compared to last year although the unit reported a small loss in the period.

The Investment Division's 9MFY2017 revenue rose 9% to S\$23 million from S\$21.1 million in the previous corresponding period. This includes a 22% increase in distribution income of S\$1.2 million from the Group's Japanese property holding vehicle.

Working Capital and Cash Flow

The Group's financial position remains healthy.

Aggregate bank and other borrowings as at 30 September 2017 declined to S\$83.8 million from S\$90.2 million as at 31 December 2016 after the repayment of certain loans.

The Group's total cash and bank balances stood at S\$25.5 million at the end of September 2017 versus S\$29.8 million for end-December 2016 and will improve after accounting for the net proceeds of the disposal of the warehouse properties in Hong Kong.

Net Asset Value Per Share and Earnings Per Share

The Group's Net Asset Value per share as at 30 September 2017 shot up to 98.33 cents from 73.72 cents as at 31 December 2016, due to a one-off revaluation gain of S\$34.2 million from the disposal of its Hong Kong warehouse properties.

The Group's earnings per share for the nine months ended on 30 September 2017 also climbed to 27.67 cents – reversing a loss of 0.31 cent in the previous corresponding period.

Segmental Performance

Investments

The Investment Division's revenue grew 9% to S\$23 million for the current 9-month period – up from the S\$21.1 million achieved last year.

This division is expected to recognize revenue from its GemLife joint venture as buyers of its Bribie Island retirement homes move into their properties from 4QFY2017.

Settlements at the Fortitude Valley project in Brisbane are also progressing well and the Group shall start recouping its investment from 4QFY2017. Investment in the Sanctuary Cammeray project was recovered in the quarter.

The marketing campaign for the two newly acquired sites at Woodend and Lennox Head has commenced, with strong sales enquiries and a significant number of holding deposits being received.

Lifestyle

The Lifestyle Division reported lower sales of S\$88 million for the current 9-month period, compared to S\$149.4 million achieved in the previous corresponding period due to a shift and refocus on higher margin products. On a quarter-on-quarter basis, sales were however higher by about 7%.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral, said: “The first nine months of the year have been eventful and rewarding – especially for our shareholders. We have substantial gains from our strategic investments, which enabled us to deliver strong returns to our shareholders. With the latest special interim dividend, our shareholders will enjoy a record dividend yield of 8.9% based on our current share price. This is above the average yield of listed companies in Singapore.

The sale of our Hong Kong warehouse properties, will significantly enhance our working capital position and liquidity – enabling us to seize more opportunities to grow both our core business divisions.

Our Investment Division continues to report profitable growth and will benefit further from its investments in real estate in Australia and Japan. Contributions from its joint venture – GemLife, which are expected to commence in 4QFY2017 – should have a positive impact on our bottom-line in the coming quarters.

Our Lifestyle Division will remain focused on higher-value wellness and beauty sectors to drive growth in its key market – China, Asia's largest market.”

The International Monetary Fund (IMF) has recently raised its forecast for China’s economic growth in 2017 and 2018 to 6.8 percent this year and 6.5 percent next year. (Source: http://news.xinhuanet.com/english/2017-10/10/c_136670161.htm)

Australia’s economic growth is projected to gain strength this year and reach almost 3% in 2018. The Group will remain prudent in its real estate investments in Australia and focus on growing its retirement homes business where the prospects are promising.

The Organisation for Economic Co-operation and Development (OECD) has forecast that Japan will see real economic growth of 1.2 percent for 2018, up 0.2 percentage point from its previous forecast in June. This is supported by an upturn in public investment and stronger export growth to Asian markets. (Source: <https://www.japantimes.co.jp/news/2017/09/20/business/economy-business/oecd-revises-japans-2018-growth-forecast-1-2-percent/#.Wfm5O7ap10c>)

“With the positive economic outlook of our key markets, we are optimistic of our Group’s overall performance in the coming months. The sale of our Hong Kong properties will free up financial resources and boost our liquidity, enabling us to explore new markets to grow our investment portfolio. Barring any unforeseen circumstances, we expect to remain profitable for FY2017,” added Mr. Subramaniam.

About Thakral

Listed on the SGX Mainboard since December 1995, Thakral Corporation Ltd has two divisions – Lifestyle Division and Investment Division.

The Group’s Investment Division invests directly or with co-investors in real estate and other investment opportunities including property-backed financial instruments. The Group also earns income from the services rendered from the originating, packaging and managing of such projects. The Investment Division, through a joint venture, has expanded its businesses into development and management of retirement living resorts in Australia under the GemLife brand name.

The Group’s Lifestyle Division has continued to re-focus on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading ecommerce platforms as well as traditional retailers. The Lifestyle Division’s partners include beauty and personal care device brands MTG Refa, Panasonic, Philips and Braun, skin care brands Canvas and Leaders, cosmetic brand Color Me, wellness brands MTG SIXPAD, Style Seat and Slendertone as well as lifestyle brands Apple, DJI and Skullcandy.

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

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