



THAKRAL CORPORATION LTD

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

PRESS RELEASE

Thakral Group reports FY2015 net profit attributable to equity holders of S\$6.1 million

- *Investment Division income grew 40% to \$24 million*
- *Lifestyle Division enhanced its portfolio with higher margin products*

Singapore, 25 February 2016 – SGX Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) has posted a net attributable profit to equity holders of S\$6.1 million for FY2015 reversing a loss of S\$0.1 million the previous financial year.

The bottom-line increase was achieved despite a 34% fall in group revenue to S\$331.3 million for FY2015, mainly due to net valuation gains from the Group’s investment properties together with improved performances of both the Investment and Lifestyle Divisions.

Updated valuations on the Group’s investment properties in Hong Kong and China as well as the GLNG houses in Australia saw the Group recognize an additional net unrealized valuation gain of S\$0.3 million in the latest quarter, with the full year net valuation gains totaling S\$9.9 million. The market values of the Group’s properties in Japan also increased by about 14% compared to acquisition cost.

The Lifestyle Division continued to improve its performance due to a new product mix that yielded better margins while the Investment Division was boosted by the profits received upon the completion of the Union Balmain project in Australia.

Group gross profit for the latest quarter ended 31 December 2015 had doubled to S\$12.5 million from S\$6.2 million earned in the previous corresponding quarter.

The Group achieved a net profit before tax of S\$1.2 million in 4QFY2015 against a loss of S\$46,000 in 3QFY2015.

This was achieved despite lower sales and higher marketing expenses, including a charge of S\$2.5 million in the latest quarter related to promotional activities and celebrity fees for the distribution of the SIXPAD fitness equipment.

The Investment Division continued to lead the Group’s improved performance, clocking in a 40% rise in revenue to S\$24.0 million for the year ended 31 December 2015 compared to S\$17.1 million in the previous year.

Based on the improved performance of both divisions, gross profit rose 38% to S\$33.1 million from S\$24.0 million previously. The gross profit margin also improved to 10% compared to the 4.8% achieved in the prior year.

Profit from operations of S\$2.6 million in the year was an improvement of 17% from the S\$2.2 million earned last year.

Finance income declined by 15% to S\$1.2 million for the year from S\$1.4 million previously. With the ongoing reduction in the loans outstanding on the GLNG and Hong Kong warehouse properties, finance costs declined to S\$4.6 million for the year, from S\$5.2 million previously.

Net Asset Value Per Share and Earnings Per Share

The Group's Net Asset Value stood at 73.57 cents (against 74.71 cents in FY2014) following the consolidation of 20 existing ordinary shares for 1 ordinary share on 11 May 2015 and the reorganization of shareholdings in the Investment Division subsidiaries during FY2015.

The Group's earnings per share rose to 4.65 cents for FY2015.

Working Capital and Cash Flow

Inventories as at 31 December 2015 shrank to S\$25.7 million from S\$27.7 million as at 31 December 2014 mainly due to the on-going clearance of stocks by the Hong Kong and China units as well as allowances made during the year.

Trade receivables of S\$12.3 million as at 31 December 2015 were about level with S\$12.6 million on 31 December 2014. Other receivables and prepayments declined to S\$6.8 million as at 31 December 2015 from S\$9.6 million as at 31 December 2014 mainly due to the lower level of advances to suppliers.

The Group's cash and bank balances, including pledged deposits stood at S\$29.6 million as at 31 December 2015, compared to S\$41.3 million at the end of the previous financial year, mainly due to the investments made in the Australian real estate projects.

Segmental Performance

Investments

The Investment Division delivered a 40% jump in revenues for FY2015 with total income amounting to S\$24.0 million, against S\$17.1 million achieved in the previous year. Segment profit improved to S\$15.8 million from S\$13.6 million previously. The share of profits of the minority shareholders of this division rose to S\$2.5 million this year from S\$0.3 million in the earlier year. Two of its ongoing projects are slated for completion in FY2016.

Lifestyle

The Lifestyle Division's performance reflected the positive results of its new product

portfolio driven by higher margin health and beauty products.

Excluding the S\$2.5 million charge, this division narrowed its losses to S\$7.5 million from S\$8.5 million in the previous financial year. Revenue also declined to S\$307.3 million in FY2015 – down by more than a third from S\$482.7 million in FY2014 due to its reduced focus on certain low-margin items.

The Group's Hong Kong operation had been appointed as a distributor for a stabilized digital action camera by DJI, the world leader in drones and has since started handling DJI drones in the last quarter. The division will continue to explore more new brands and product lines in order to drive growth and return to profitability.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral said: "The improved performance of the Group despite tremendous headwinds in FY2015 demonstrated the Group's strong resilience in the face of challenging conditions. The Group's two core divisions – Lifestyle and Investments – have continued to deliver better results by adopting the right strategies with sharper execution.

Going forward, we expect global markets to remain challenging – especially in view of currency fluctuations, interest rate hikes and a slowing China economy."

The Lifestyle Division, which has recently appointed Mr. Torsten Stocker – formerly a Partner in the Consumer Goods & Retail practice of global management consultancy A. T. Kearney – as its Chief Operating Officer, will persevere with the strategic transformation of its product range to overcome softer consumer demand in China. It will continue to work towards returning to profitability, including reduction in headcount as well as moving the Hong Kong office to more economical premises later this year.

Although housing activities in Australia are forecast to slow down in 2016, they are likely to be mitigated by low interest rates and a weaker currency which are expected to continue to support modest growth in housing prices and construction activities throughout the year.

The Investment Division has therefore taken steps to further diversify into other asset classes and segments of the real estate market which have higher future growth potential. As it anticipates a growing demand for retirement villages, the division has entered into a joint venture with PVAP Pty Ltd which is a multi-award winning resort style retirement village developer. Using the "Living Gems" brand name, the joint venture, GTH Resorts Pty Ltd, has contracted to acquire three sites in Queensland with a potential to develop over 800 residential lots. Development of the three contracted sites is expected to commence in the current year while further site acquisitions are expected in the future.

Mr. Subramaniam added, "While we are deeply saddened by the recent loss of Mr. Jaginder Singh Pasricha, the Managing Director of our Investment Division, we have reorganised the division with the appointment of Mr. Kevin Barry and

Mr. Gregory Piercy, as the Joint Managing Directors of this division. Together with our newly appointed Non-Executive Director of our principal subsidiary, Thakral Capital Holdings Pte Ltd, Mr. Eu Lee Koon, formerly from GIC (Singapore) and Sharjah Asset Management LLC, we will ensure a seamless transition as this division progresses with its strategies to drive growth for the Group.”

Mr. Inderbethyl Singh Thakral, the Managing Director of the Lifestyle Division, has also been appointed CEO of the Group as of 1 February 2016.

The market outlook for FY2016 remains uncertain but the Group will stay cautious yet confident that we have laid the foundation for better long-term sustainability that will deliver positive outcomes for our shareholders over time.

About Thakral

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

The Group 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 Group's Lifestyle Division has repositioned itself with a focus on Beauty & Health products. Its extensive brand portfolio include global names such as Apple, Aviendo, Beko, Bose, Daewoo, DJI, Harmon Kardon, MTG (Refa), Sixpad, Ortech, Panasonic, Philips, Pomone and Skullcandy.

Presently, China (including Hong Kong), Southeast Asia and India, are the Group's key markets for its Lifestyle business while Australia and Japan are the key markets for its Investment Division.

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