



Half Year and Second Quarter Financial Statements Announcement

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

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, for the half year and second quarter ended 30 June 2018 together with comparative statements for the corresponding period of the immediately preceding financial year

These figures have not been audited.

CONSOLIDATED INCOME STATEMENT

	Note	Group			Group		
		S\$000		% Increase / (Decrease)	S\$000		% Increase / (Decrease)
		Six months ended			Three months ended		
		30 Jun 2018	30 Jun 2017		30 Jun 2018	30 Jun 2017	
Revenue	1	84,077	71,382	18	43,728	34,486	27
Cost of sales		(58,304)	(51,501)	13	(30,826)	(25,142)	23
Gross profit	1	25,773	19,881	30	12,902	9,344	38
Other operating income	2	335	99	238	224	49	357
Distribution costs	3	(4,170)	(2,715)	54	(2,410)	(1,178)	105
Administrative expenses	4	(9,010)	(7,718)	17	(4,520)	(3,571)	27
Other operating expenses	5	(344)	(550)	(37)	(69)	(60)	15
Profit from operations		12,584	8,997	40	6,127	4,584	34
Valuation loss on investment properties	6	(3,067)	(3,061)	0	(1,516)	(1,518)	(0)
Finance income	7	14	294	(95)	(79)	125	NM
Finance costs		(2,420)	(2,596)	(7)	(1,217)	(1,379)	(12)
Foreign exchange (loss) gain	8	(574)	279	NM	(300)	(15)	NM
Share of loss of joint ventures	9	-	(116)	(100)	-	-	NM
Profit before income tax		6,537	3,797	72	3,015	1,797	68
Income tax expenses	10	(213)	(25)	752	(85)	(12)	608
Profit for the period / quarter		6,324	3,772	68	2,930	1,785	64
Profit attributable to:							
Equity holders of the Company		4,024	2,676	50	1,691	1,165	45
Non-controlling interests		2,300	1,096	110	1,239	620	100
		6,324	3,772	68	2,930	1,785	64

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	S\$'000		%	Increase / (Decrease)	S\$'000		%	Increase / (Decrease)
		Six months ended				Three months ended			
		30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017				
Profit for the period / quarter		6,324	3,772	68		2,930	1,785	64	
Other comprehensive (loss) income									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Translation (loss) gain arising on consolidation	11	(893)	(1,235)	(28)		1,048	(1,506)	NM	
Fair value gain on available-for-sale investments, net of tax	1	-	451	(100)		-	94	(100)	
Other comprehensive (loss) income for the period / quarter, net of tax		(893)	(784)	14		1,048	(1,412)	NM	
Total comprehensive income for the period / quarter		5,431	2,988	82		3,978	373	966	
<u>Total comprehensive income attributable to:</u>									
Equity holders of the Company		3,099	1,695	83		2,718	81	NM	
Non-controlling interests		2,332	1,293	80		1,260	292	332	
		5,431	2,988	82		3,978	373	966	

Notes to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income:Note 1:

Consolidated revenues grew to S\$84.1 million for the six months ended 30 June 2018, an increase of about 18% compared to the S\$71.4 million achieved in the previous corresponding period.

As per the requirements of the new financial reporting standards (please refer to page 11-12 for more details), the fair value gain of S\$1,014,000 on financial assets measured at fair value through profit or loss (previously classified as available-for-sale investments with fair value gain recognised in reserves) is recognised as revenue in the Income Statement from 1 January 2018. The Group has chosen not to restate the comparative information for SFRS(I) 9 as permitted by the short-term exemption from SFRS(I) 1 in its first year of transition. The fair value gain (S\$451,000) net of deferred tax was included as other comprehensive income in the previous corresponding period.

Revenue includes investment income of S\$12.2 million (6 months ended 30 June 17: S\$5.3 million).

Note 2:

Other operating income comprises:

	S\$'000		%	Increase / (Decrease)	S\$'000		%	Increase / (Decrease)
	Six months ended				Three months ended			
	30 Jun 2018	30 Jun 2017			30 Jun 2018	30 Jun 2017		
Government subsidies	308	18	NM		212	1	NM	
Others	27	81	(67)		12	48	(75)	
Total	335	99	238		224	49	357	

- i. The unit in China received higher VAT and other subsidies during the current period and quarter.

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

Distribution costs comprise:

	S\$'000		% Increase / (Decrease)	S\$'000		% Increase / (Decrease)
	Six months ended			Three months ended		
	30 Jun 2018	30 Jun 2017		30 Jun 2018	30 Jun 2017	
Staff costs	(2,151)	(1,707)	26	(1,164)	(906)	28
Advertising & promotion	(634)	150	NM	(516)	295	NM
Transportation	(490)	(526)	(7)	(269)	(275)	(2)
Travelling expenses	(179)	(178)	1	(91)	(84)	8
Others	(716)	(454)	58	(370)	(208)	78
Total	(4,170)	(2,715)	54	(2,410)	(1,178)	105

- Staff costs increased due to the higher number of sales personnel in the current period as well as from the effect of annual salary increment given to personnel earlier this year.
- Advertising and promotion expenses increased due to additional marketing costs incurred for the promotion of beauty and wellness products including participation in the China Beauty Expo and the holding of the Thakral Beauty Summit in Shanghai during the latest quarter. The previous corresponding period had also included the one-off marketing support received from a brand owner.
- The increase in Others in the current period is mainly from higher storage costs for the warehouse leased in Hong Kong after the sale of the Group's warehouse properties.

Note 4:

Administration expenses comprise:

	S\$'000		% Increase / (Decrease)	S\$'000		% Increase / (Decrease)
	Six months ended			Three months ended		
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017		
Staff costs (including executive directors)	(6,157)	(4,724)	30	(3,018)	(2,194)	38
Directors' fees	(274)	(238)	15	(137)	(119)	15
Professional fees	(650)	(692)	(6)	(392)	(422)	(7)
Rent & rates	(302)	(368)	(18)	(158)	(183)	(14)
Travelling expenses	(162)	(110)	47	(77)	(53)	45
Insurance	(129)	(142)	(9)	(64)	(73)	(12)
(Allowance) reversal for doubtful debts	(1)	(88)	(99)	(1)	17	NM
Withholding tax	(542)	(613)	(12)	(210)	(139)	51
Others	(793)	(743)	7	(463)	(405)	14
Total	(9,010)	(7,718)	17	(4,520)	(3,571)	27

- Staff costs increased mainly due to the accrual of higher performance bonuses for the Investment Division and the effect of salary increments granted earlier this year.
- Directors' fees were approved by shareholders during the latest quarter.
- Rental expense declined mainly due to savings from government rates on the disposed warehouse premises in Hong Kong as well as from the offices in Australia in this period.
- Travelling expenses were higher due to increased travel by directors and management during the current period.
- Savings from insurance previously taken on the warehouse properties in Hong Kong disposed in the previous financial year contributed to the reduction in insurance expenses.
- No major allowances were made for doubtful trade receivables in this period.
- Withholding tax relates to tax on income from Investment Division projects as well as on the distributions declared by the Japanese property holding vehicles.

Notes to the Consolidated Income Statement and Consolidated Statement of Comprehensive Income:Note 5:

Other operating expenses comprise:-

	S\$'000		% Increase / (Decrease)	S\$'000		% Increase / (Decrease)
	Six months ended			Three months ended		
	30 Jun 2018	30 Jun 2017		30 Jun 2018	30 Jun 2017	
Depreciation	(133)	(118)	13	(69)	(60)	15
Loss on derivative financial instrument	(211)	(432)	(51)	-	-	NM
Total	(344)	(550)	(37)	(69)	(60)	15

- i. Depreciation increased mainly from leasehold improvements and upgraded computer software and hardware in Hong Kong.
- ii. The loss on derivative financial instrument arose mainly from the fair valuation of the hedge for the capital invested in the Japanese property holding vehicle.

Note 6:

The Group recognized a valuation loss on investment properties for the period mainly on the GLNG houses in Australia and which is expected to continue until the end of the lease terms.

Note 7:

Finance income declined from a combination of lower interest-earning deposits and lower interest rates on these funds in the current year. Negative income for the latest quarter was due to a reversal of the interest accrued earlier in respect of a long-term deposit in China.

Note 8:

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

Note 9:

The share of loss from joint ventures in the previous corresponding period arose from the pre-sale operating costs of the Group's GemLife joint venture for the development and management of retirement resorts.

Note 10:

Income tax for the period mainly relates to the deferred tax on the fair value gain on the financial assets measured at fair value through profit or loss which is now accounted through the income statement (the tax impact was included as other comprehensive income for the previous corresponding period).

Note 11:

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

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

	Note	Group (S\$ '000) as at		Company (S\$ '000) as at	
		30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
ASSETS					
Current assets					
Cash and bank balances	1	20,110	46,175	8,611	1,890
Trade receivables	2	15,021	11,807	-	-
Other receivables and prepayments	3	12,119	7,963	1,134	64
Debt instruments measured at fair value through profit or loss	4	37,802	-	-	-
Loans receivable	4	-	48,198	-	-
Inventories		23,034	24,058	-	-
Total current assets		108,086	138,201	9,745	1,954
Non-current assets					
Fixed deposits	1	10	10	-	-
Other receivables	3	505	1,462	-	-
Debt instruments measured at fair value through profit or loss	4	50,989	-	-	-
Loans receivable	4	-	31,619	-	-
Property, plant and equipment		2,068	1,896	19	10
Investment properties	5	43,046	47,533	-	-
Joint ventures	6	-	-	-	-
Subsidiary corporations		-	-	177,986	177,919
Derivative financial instrument	7	-	206	-	-
Financial assets measured at fair value through profit or loss	7	43,533	-	-	-
Available-for-sale investments	7	-	34,242	-	-
Total non-current assets		140,151	116,968	178,005	177,929
Total assets		248,237	255,169	187,750	179,883
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		2,562	3,760	-	-
Bills payables and trust receipts		11,041	11,207	-	-
Bank and other borrowings	8	23,690	31,691	-	-
Other payables		22,567	23,097	762	856
Provisions		2,600	2,504	52	52
Income tax payable	9	397	554	-	-
Total current liabilities		62,857	72,813	814	908
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	65,270	65,419
Bank and other borrowings	8	14,979	15,146	-	-
Deferred tax liability	7	4,877	4,500	-	-
Total non-current liabilities		19,856	19,646	65,270	65,419
Total liabilities		82,713	92,459	66,084	66,327
Capital, reserves and non-controlling interests					
Issued capital		72,579	72,579	72,579	72,579
Reserves		59,816	59,334	49,087	40,977
Equity attributable to equity holders of the Company		132,395	131,913	121,666	113,556
Non-controlling interests		33,129	30,797	-	-
Total equity		165,524	162,710	121,666	113,556
Total liabilities and equity		248,237	255,169	187,750	179,883

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 June 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S\$ 30,482,000	S\$ 4,249,000	S\$ 36,282,000	S\$ 6,616,000

Please also see notes (8) on page 8

Details of any collateral

Pledged bank deposits of S\$6.7 million; Company's corporate guarantee

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

Charge against specific corresponding debt instruments issued by a developer

Amount repayable after one year

As at 30 June 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S\$ 9,680,000	S\$ 5,299,000	S\$ 6,547,000	S\$ 8,599,000

Please also see note (8) on page 8

Details of any collateral

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

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

(\$ '000)

Note

	Six months ended		Three months ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
OPERATING ACTIVITIES				
Profit before income tax	6,537	3,797	3,015	1,797
Adjustments for:				
Depreciation expense	133	118	69	60
Share of loss of joint ventures	-	116	-	-
Interest income from loans receivable and dividend income from unquoted investments	-	(5,332)	-	(2,830)
Dividend income from financial assets measured at fair value through profit or loss	(386)	-	(386)	-
Investment revenue from debt instruments measured at fair value through profit or loss	(10,782)	-	(5,461)	-
Fair value gain on financial assets measured at fair value through profit or loss	(1,014)	-	(401)	-
Interest expense	2,420	2,596	1,217	1,379
Interest income	(14)	(294)	79	(125)
Loss (gain) on disposal of property, plant and equipment	2	5	-	(3)
Valuation loss on investment properties	3,067	3,061	1,516	1,518
Unrealised loss on outstanding derivative financial instrument	211	432	-	-
Net unrealised foreign exchange loss (gain)	518	(398)	561	(46)
Provision for employee benefits	153	104	79	54
Allowance for inventories	915	27	762	20
Allowance (reversal) for doubtful trade receivables	1	88	1	(17)
Operating cash flows before movements in working capital	1,761	4,320	1,051	1,807
Trade receivables	(3,133)	(4,313)	(4,127)	(662)
Other receivables and prepayments	(4,343)	(725)	(1,896)	(355)
Inventories	164	3,692	411	(1,081)
Trade payables	(1,246)	589	(2,271)	317
Other payables and provisions	(478)	(332)	(96)	96
Cash (used in) generated from operations	(7,275)	3,231	(6,928)	122
Income tax paid	(150)	(7)	(53)	(3)
Interest paid	(2,082)	(1,378)	(1,612)	(664)
Interest received	154	1,815	42	530
Net cash (used in) generated from operating activities	(9,353)	3,661	(8,551)	(15)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(260)	(93)	(81)	(68)
Proceeds from disposal of property, plant and equipment	1	3	-	3
Dividend received from financial assets measured at fair value through profit or loss	1,458	-	-	-
Purchase of financial assets measured at fair value through profit or loss	(6,857)	-	-	-
Repayments of debt instruments measured at fair value through profit or loss	17,447	-	4,035	-
Additions to debt instruments measured at fair value through profit or loss	(18,423)	-	(12,069)	-
Repayments of loans receivable	-	9,186	-	1,362
Additions to loans receivable	-	(12,605)	-	(11,850)
Net cash used in investing activities	(6,634)	(3,509)	(8,115)	(10,553)
FINANCING ACTIVITIES				
Dividend paid to non-controlling shareholders in a subsidiary corporation	-	(236)	-	-
Dividend paid	(2,617)	-	(2,617)	-
Decrease in fixed deposits with maturities exceeding three months	2,293	-	-	-
Decrease in pledged fixed deposits	2,301	6,118	230	4,275
Decrease in bills payable and trust receipts	(312)	(3,493)	(509)	(1,187)
Other loans	-	12,278	-	11,222
Repayments of other loans	(3,864)	(3,084)	(2,377)	(3,084)
Loans from banks	539	612	539	407
Repayments of bank loans	(3,942)	(13,862)	-	(6,567)
Net cash (used in) generated from financing activities	(5,602)	(1,667)	(4,734)	5,066
Net decrease in cash and cash equivalents	(21,589)	(1,515)	(21,400)	(5,502)
Cash and cash equivalents at beginning of period / quarter	34,911	7,690	34,506	11,645
Net effect of exchange rate changes in the balance of cash held in foreign currencies	34	(105)	250	(73)
Cash and cash equivalents at end of period / quarter	13,356	6,070	13,356	6,070
Cash and cash equivalents were represented by:-				
Fixed deposits with maturities less than 3 months, cash and bank balances	13,356	6,070	13,356	6,070
	13,356	6,070	13,356	6,070

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Notes to the Statements of Financial Position and Consolidated Statement of Cash Flows:Note 1:

Cash and bank balances are comprised of:

	<u>30-Jun-18</u>	<u>31-Dec-17</u>
Cash and cash equivalents	S\$13.3 million	S\$34.9 million
Fixed deposits with maturities exceeding three months	S\$0.1 million	S\$2.4 million
Fixed deposits that have been pledged to banks against bills payables and trust receipts	S\$2.5 million	S\$2.5 million
Fixed deposits that have been pledged to banks against bank loans	S\$4.2 million	S\$6.4 million
Total (including non-current fixed deposits)	<u>S\$20.1 million</u>	<u>S\$46.2 million</u>

Note 2:

Trade receivables increased due to some large sales being made to certain customers towards the end of the latest quarter.

Note 3:

Other receivables increased due to advances made in relation to GemLife projects as well as the initial deposit for the acquisition of Thakral Realty (S) Pte Ltd, the entity which holds the Riverwalk commercial property.

Non-current other receivables mainly represent advances made to the GemLife joint venture entities which will be converted to debt instruments measured at fair value through profit or loss with a tenor of more than 12 months upon successful completion of the acquisition of land parcels.

Note 4:

Aggregate debt instruments measured at fair value through profit or loss (previously classified as loans receivable measured at amortised cost; please refer to page 11-12 for more details) increased in view of the investments made in the GemLife and other ongoing projects net of settlements received from the Fortitude Valley and Progress Road projects in Australia. Of the total debt instruments measured at fair value through profit or loss of S\$88.8 million (31 December 2017: S\$79.8 million), debt instruments due by the GemLife joint venture entities amount to S\$30.9 million (31 December 2017: S\$17.2 million) as at 30 June 2018.

Note 5:

The Group consolidates the investment properties and the relevant bank loans for the two GLNG projects on its statement of financial position. The recourse of the bank for the loans provided remains limited to the GLNG projects only.

Note 6:

This represents the Group's interest in the joint venture entities for the GemLife retirement housing business. Overall pre-sale operating costs of the GemLife entities exceed the capital invested by the Group in this joint venture.

Note 7:

The Group invested in commercial properties and hotel buildings in Japan through a pooled investment structure which accounted for these as financial assets measured at fair value through profit or loss.

Derivative financial instrument represents the mark-to-market value of the Group's medium-term forex option taken to hedge its capital invested in the Japanese property holding vehicle as at the respective dates.

Deferred tax liability increased primarily on the fair value gain on the financial assets measured at fair value through profit or loss during the period.

With the adoption of SFRS(I) 9, the investments are carried as financial assets measured at fair value through profit or loss (previously classified as available-for-sale investments measured at fair value through other comprehensive income).

Note 8:

Certain bank and other loans were paid off in the current period.

Note 9:

The decrease in Income tax payable is mainly due to the tax payment made by the unit in Australia during the period.

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

STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2018

S\$'000

Group

Balance at 1 Jan 2018, as previously reported

Effect on adoption of SFRS(I) 1

Effect on adoption of SFRS(I) 9

Balance at 1 Jan 2018, restated

Total comprehensive income for the quarter

Profit for the quarter

Other comprehensive (loss) income for the quarter

Balance at 31 Mar 2018

Total comprehensive income for the quarter

Profit for the quarter

Other comprehensive income for the quarter

Transactions with owners, recognised directly in equity
Dividend

Balance at 30 Jun 2018

	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2018, as previously reported	72,579	(9,207)	296	8,337	(29,976)	89,884	131,913	30,797	162,710
Effect on adoption of SFRS(I) 1	-	-	-	-	27,680	(27,680)	-	-	-
Effect on adoption of SFRS(I) 9	-	-	-	(8,337)	(234)	8,571	-	-	-
Balance at 1 Jan 2018, restated	72,579	(9,207)	296	-	(2,530)	70,775	131,913	30,797	162,710
Total comprehensive income for the quarter									
Profit for the quarter	-	-	-	-	-	2,333	2,333	1,061	3,394
Other comprehensive (loss) income for the quarter	-	-	-	-	(1,952)	-	(1,952)	11	(1,941)
	-	-	-	-	(1,952)	2,333	381	1,072	1,453
Balance at 31 Mar 2018	72,579	(9,207)	296	-	(4,482)	73,108	132,294	31,869	164,163
Total comprehensive income for the quarter									
Profit for the quarter	-	-	-	-	-	1,691	1,691	1,239	2,930
Other comprehensive income for the quarter	-	-	-	-	1,027	-	1,027	21	1,048
	-	-	-	-	1,027	1,691	2,718	1,260	3,978
Transactions with owners, recognised directly in equity									
Dividend	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Balance at 30 Jun 2018	72,579	(9,207)	296	-	(3,455)	72,182	132,395	33,129	165,524

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Six months ended 30 June 2017

S\$'000

Group

Balance at 1 Jan 2017, as previously reported

Effect on adoption of SFRS(I) 1

Balance at 1 Jan 2017, restated

Total comprehensive income for the quarter

Profit for the quarter

Other comprehensive income (loss) for the quarter

Transactions with owners, recognised directly in equity

Transfer from options reserve to retained earnings on cancellation / lapse of share options

Balance at 31 Mar 2017, restated

Total comprehensive income for the quarter

Profit for the quarter

Other comprehensive income (loss) for the quarter

Balance at 30 Jun 2017, restated

	Issued capital	Capital reserve	Asset revaluation reserve	Investment 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 2017, as previously reported	72,579	(9,207)	3,278	1,804	31	(27,680)	55,666	96,471	23,942	120,413
Effect on adoption of SFRS(I) 1	-	-	-	-	-	27,680	(27,680)	-	-	-
Balance at 1 Jan 2017, restated	72,579	(9,207)	3,278	1,804	31	-	27,986	96,471	23,942	120,413
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	1,511	1,511	476	1,987
Other comprehensive income (loss) for the quarter	-	-	-	178	-	(75)	-	103	525	628
	-	-	-	178	-	(75)	1,511	1,614	1,001	2,615
Transactions with owners, recognised directly in equity										
Transfer from options reserve to retained earnings on cancellation / lapse of share options	-	-	-	-	(31)	-	31	-	-	-
Balance at 31 Mar 2017, restated	72,579	(9,207)	3,278	1,982	-	(75)	29,528	98,085	24,943	123,028
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	1,165	1,165	620	1,785
Other comprehensive income (loss) for the quarter	-	-	-	47	-	(1,131)	-	(1,084)	(328)	(1,412)
	-	-	-	47	-	(1,131)	1,165	81	292	373
Balance at 30 Jun 2017, restated	72,579	(9,207)	3,278	2,029	-	(1,206)	30,693	98,166	25,235	123,401

Six months ended 30 June 2018

S\$'000

Company

Balance as at 1 Jan 2018

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

Balance as at 31 Mar 2018

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

Transactions with owners, recognised directly in equity

Dividend

Balance as at 30 Jun 2018

Issued capital	Retained earnings	Total
72,579	40,977	113,556
-	10,309	10,309
72,579	51,286	123,865
-	418	418
-	(2,617)	(2,617)
72,579	49,087	121,666

Six months ended 30 June 2017

S\$'000

Company

Balance as at 1 Jan 2017

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

Transactions with owners, recognised directly in equity

Transfer from options reserve to retained earnings on cancellation / lapse of share options

Balance as at 31 Mar 2017

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

Balance as at 30 Jun 2017

Issued capital	Options reserve	Retained earnings	Total
72,579	31	20,990	93,600
-	-	2,457	2,457
-	(31)	31	-
72,579	-	23,478	96,057
-	-	1,144	1,144
72,579	-	24,622	97,201

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

All the share options under the 2001 Scheme expired last year.

The Company did not have any outstanding convertibles or treasury shares as at 30 June 2018 and 31 December 2017.

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

The total number of issued shares was 130,860,616 as at 30 June 2018 and 31 December 2017.

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

Not applicable.

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

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 2017.

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 2018, the Group adopted the new reporting financial framework – Singapore Financial Reporting Standards (International) (SFRS(I)), which is identical to the International Financial Reporting Standards (IFRS). SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements. The Group also adopted all the SFRS(I) pronouncements that are effective from that date and are relevant to its operations. The Group was mainly affected by the following:-

SFRS(I) 2	<i>Share-based Payment: Classification and Measurement of Share-based Payment Transactions</i>
SFRS(I) 9	<i>Financial Instruments</i>
SFRS(I) 15	<i>Revenue from Contracts with Customers</i>
SFRS(I) 1-28	<i>Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss on an investment-by-investment basis</i>
SFRS(I) 1-40	<i>Investment Property: Transfers of Investment Property</i>
SFRS(I) INT 22	<i>Foreign Currency Transactions and Advance Consideration</i>

As a first-time adopter of SFRS(I) 1, the Group elected the option to reset the translation reserve to zero as at the date of transition. The balance of Foreign currency translation reserve as of 1 January 2017 (date of transition) of \$27,680,000, as previously reported, was transferred to Retained earnings.

In previous years, the Group's unquoted investment was classified as available-for-sale investment and carried at fair value with changes in fair value recorded in other comprehensive income. With the adoption of SFRS(I) 9, such investment is measured at fair value through profit or loss. The effect of this adoption includes the transfer of the Investment revaluation reserve of S\$8,337,000 as of 31 December 2017, as previously reported, to retained earnings. In addition, in accordance with the SFRS(I) 9, the debt instruments, extended to third parties and the joint venture entities for development projects in Australia, are measured at fair value through profit or loss; this was previously classified as loans receivable measured at amortised cost. The Group has chosen not to restate the comparative information for SFRS(I) 9 as permitted by the short-term exemption from SFRS(I) 1 in its first year of transition.

On adoption of SFRS(I) 15, revenue on certain sales of hardware along with installation and maintenance services are recognised for each of the performance obligations when control over the corresponding goods and services is transferred to the customer. The impact of any adjustment for the previous corresponding period is not material.

Notwithstanding the adoption of the new SFRS(I), interim financial information may be subject to change until all standards effective on 31 December 2018 are known and incorporated.

6. Earnings per ordinary share of the group for the current 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 2018	Six months ended 30 Jun 2017
(i) Basic earnings per share	3.08 cents	2.04 cents
(ii) Fully diluted earnings per share	3.08 cents	2.04 cents

	Three months ended 30 Jun 2018	Three months ended 30 Jun 2017
(i) Basic earnings per share	1.29 cents	0.89 cent
(ii) Fully diluted earnings per share	1.29 cents	0.89 cent

Basic earnings per share and diluted earnings per share are computed on the profit for the above periods after taxation and deduction of non-controlling interests divided by 130,860,616 being the adjusted weighted average number of shares in issue during the periods ended 30 June 2018 and 30 June 2017.

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

	As at 30 Jun 2018	As at 31 Dec 2017
Group	101.17 cents	100.80 cents
Company	92.97 cents	86.78 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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.

It must also discuss 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 2018

Turnover & Profitability

The Group achieved consolidated revenue for the six months to 30 June 2018 of S\$84.1 million, an increase of 18% over the S\$71.4 million achieved in the previous corresponding period while consolidated revenue for the three months ended 30 June 2018 grew 27% to S\$43.7 million. This includes the fair value gain of S\$1.0 million arising from the Japanese investments which is taken up as revenue upon the adoption of SFRS(I) 9 from 1 January 2018. Both Divisions saw revenue growth in the period with the Investment Division recording growth of 41% and the Lifestyle Division of 12%. However, the Lifestyle Division was affected by the unexpected reduction in market prices of certain products which not only adversely affected its operational performance for the latest quarter but also resulted in one-off inventory provisions of about S\$0.9 million.

Consolidated gross profit of S\$25.8 million was an improvement of 30% over the S\$19.9 million achieved in the previous corresponding period.

Profit from operations of S\$12.6 million was an improvement of 40% over the S\$9.0 million achieved in the previous corresponding period.

The Group recognised a valuation loss on its GLNG houses in Australia of S\$3.1 million for the period, about the same level as in the previous corresponding period.

The Group achieved net profit before tax (PBT) of S\$6.5 million for the current period as against S\$3.8 million for the previous corresponding period.

Finance Income

Finance income declined to about S\$0.01 million for the period from about S\$0.3 million previously in view of reduced funds placed in interest earning deposits in the current period and lower interest rates. It was also affected by a reversal of the interest accrued earlier in respect of a long-term deposit placed in China.

Expenses

The unit in China participated in the China Beauty Expo and also held its first runway event, the Thakral Beauty Summit, in Shanghai during the quarter to promote its beauty and wellness products. The summit saw participation by key dealers, media, key opinion leaders and brand representatives from France, USA, Ireland, Germany and Hong Kong. The event was well covered through tie-ups with 50 top media organisations including ELLE, VOGUE and Haibao which did a live broadcast with over 400,000 viewers and several million post-event views. Higher marketing expenses for these events, combined with higher staff costs from increased headcount and salary increments, resulted in increased distribution expenses for the year-to-date – S\$4.2 million as compared to S\$2.7 million in the previous corresponding period – and for the quarter – S\$2.4 million compared to S\$1.2 million in the previous corresponding quarter. The previous corresponding period had also included the one-off marketing support of S\$0.5 million received from a brand owner.

Administration expenses of S\$9.0 million for the current period were higher than the S\$7.7 million incurred in the previous corresponding period mainly due to the accrual of higher performance bonuses for the Investment Division as well as the effect of annual salary increments.

Foreign exchange loss of S\$0.6 million arose mainly from the translation of foreign currency denominated assets and liabilities outstanding as at the end of the period. In view of the strengthening of the Yen, the Group also recorded a fair value loss during the period on the option taken to hedge against the weakening of the Yen on its capital invested in the Japanese properties.

Working Capital and Cash Flow

Inventories reduced to S\$23.0 million as at 30 June 2018 against S\$24.1 million as at 31 December 2017. The inventory turnover period for the current period increased to 73 days against 59 days for the previous corresponding period.

Trade receivables increased to S\$15.0 million as at 30 June 2018 from S\$11.8 million as at 31 December 2017 due to some large sales made to certain customers towards the end of the latest quarter remaining outstanding within the agreed credit period. The trade receivables turnover period for the current period was 29 days against 30 days for the previous corresponding period.

Aggregate debt instruments measured at fair value through profit or loss (previously known as loans receivable) increased to S\$88.8 million from S\$79.8 million as at 31 December 2017 in view of the investments made in the GemLife and other ongoing projects, net of settlements received from the Fortitude Valley and Progress Road projects in Australia.

Aggregate bank and other borrowings reduced to S\$49.7 million as at 30 June 2018 from S\$58.0 million as at 31 December 2017.

The Group recorded a net cash outflow of S\$9.4 million from operating activities for the period compared to an inflow of S\$3.7 million in the previous corresponding period mainly in view of the increase in trade and other receivables over the previous corresponding period.

Net Asset Value

Net Asset Value per share as at 30 June 2018 increased to 101.2 cents, compared to 100.8 cents as at 31 December 2017.

Performance Summary

Investments

The division achieved revenue of S\$19.1 million for the current period, growing 41% over the S\$13.5 million achieved in the previous corresponding period. Segment operating result – before valuation losses and share of joint venture loss – for the period expanded by 47% to S\$14.8 million from the S\$10.0 million achieved in the previous corresponding period.

Australia

Settlements by buyers of the Fortitude Valley project in Brisbane are progressing well with about 97% of the apartments having been settled by the end of the quarter. The Group continues to receive settlements from the developer of the project which are being recycled into the GemLife retirement housing projects. Construction of the Newstead project is now complete and settlements are progressing – the Group expects to recoup its investment in this project this year. The Grange project is expected to complete in Q3-FY18 and the Group also expects to recoup its investment in this project this year.

Construction on the Noosa Parkridge project has commenced on the back of sales to date exceeding A\$86 million. The first settlements are expected in Q1-FY19.

In respect of the retirement living operations, sales at the Bribie Island project are progressing well, with stage 3 civil works being completed and works for stage 4 commencing during the quarter. With the completion of the display village and the significant progress on the community facilities at the Highfields Project, there have been a lot more deposits received as well as an increase in contracted sales of the houses. GemLife also entered into a conditional contract to acquire an adjacent 23.8 Ha site to develop a further 200 homes as part of the Highfields project. Settlement for this plot was made on 23rd July 2018. Construction of the display village and first homes at the Woodend project commenced in early July 2018. Development approval for the Lennox Head project is expected to be received in Q3-FY18 while operational works at the Maroochydore project shall commence in Q3-FY18. GemLife continues to review other land sites for acquisition.

Japan

The investment in the Japanese properties is performing well and saw a fair valuation gain of S\$1.0 million for the half year. The two hotels and the two commercial buildings are fully occupied. The new Legal Itachibori office building is approximately 70% occupied and renovation is expected to commence in Q4-FY2019. This along with the signing on of new tenants should improve the market profile of this property. Construction of the Namba retail property has been contracted and is expected to commence soon.

The properties are well positioned as the overall market in Osaka is experiencing low vacancy rates with rentals on the rise and little new supply.

Lifestyle

The Lifestyle Division achieved sales of S\$65.0 million for the current period as compared to S\$57.8 million for the previous corresponding period, an increase of 12%. Segment loss of S\$0.8 million for the period was a reversal from the profit of S\$0.3 million in the previous corresponding period, which was mainly due to the clearance and write-down of inventories, as explained above.

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

Except for the impact from the sudden drop in price of certain items managed by the Lifestyle Division, the performance of both Divisions in the period met management's expectations. The Lifestyle Division continues efforts to expand and achieve profitability.

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.

Record apartment completions combined with the continued decline in housing finance and higher mortgage rates in response to increased funding costs at smaller banks have resulted in the cooling of property markets in Sydney and Melbourne. The Investment Division continues to be selective about the development projects that it undertakes and is focused on growing the retirement living business that offers a more stable platform for long term growth.

China's economy grew 6.8 percent in the first half of 2018. While this is above the government's target of 6.5 per cent for the year, the impact of the trade war with the US – particularly if there is an escalation – are yet to be felt. The Lifestyle Division continues to work towards growth and return to profitability.

Consolidated results for subsequent quarters will include the results of the entity holding the Riverwalk commercial property, the acquisition of which was completed by the Group in early July 2018.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No; an interim dividend of S\$0.02 per share was paid on 23 May 2018

(b) Corresponding Period of the Immediately Preceding Financial Year

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

For the previous corresponding period, the Company had paid an interim dividend of S\$0.02 per share on 21 August 2017

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend declared for the quarter. An interim dividend of S\$0.02 per share was paid to shareholders on 23 May 2018.

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	Aggregate value of all interested person transactions during the period ended 30 June 2018 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)
Thakral Brothers (Pte) Ltd and subsidiaries	S\$'000	S\$'000
Purchases, net of returns	-	4,663
Sales, net of returns	-	535

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)****14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

The Group, which operates in three geographical segments being Australia, the People's Republic of China (including Hong Kong) and others (India, Japan and Singapore), has 3 main core divisional activities as follows:

- a) Investment ("INV") - includes real estate investments in Australia, People's Republic of China and Japan
- b) Lifestyle ("LIFE") – comprises distribution of beauty, wellness and lifestyle products in India, Japan, Peoples' Republic of China (including Hong Kong), Singapore and in various export markets
- 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 2018**

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	19,121	64,956	-	84,077
Result				
Segment operating result	14,829	(794)	(586)	13,449
Valuation loss on investment properties	(3,067)	-	-	(3,067)
Segment result	11,762	(794)	(586)	10,382
Unallocated corporate expenses				(865)
Finance income				14
Finance costs				(2,420)
Foreign exchange loss				(574)
Profit before income tax				6,537
Income tax expenses				(213)
Profit for the period				6,324
Other information				
Capital expenditure:				
Property, plant and equipment	-	249	11	260
Depreciation expense	9	121	3	133
Assets				
Segment assets	194,978	52,695	564	248,237
Total assets				248,237
Liabilities				
Segment liabilities	48,392	28,474	573	77,439
Income tax payable				397
Deferred tax liability				4,877
Total liabilities				82,713

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Six months ended 30 June 2017

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	13,535	57,847	-	71,382
Result				
Segment operating result	10,081	277	(589)	9,769
Valuation loss on investment properties	(3,061)	-	-	(3,061)
Share of loss of joint ventures	(116)	-	-	(116)
Segment result	6,904	277	(589)	6,592
Unallocated corporate expenses				(772)
Finance income				294
Finance costs				(2,596)
Foreign exchange gain				279
Profit before income tax				3,797
Income tax expenses				(25)
Profit for the period				3,772

Other information				
Capital expenditure:				
Property, plant and equipment	27	64	2	93
Depreciation expense	11	103	4	118

Assets				
Segment assets	182,945	50,576	335	233,856
Total assets				233,856
Liabilities				
Segment liabilities	54,555	53,573	352	108,480
Income tax payable				743
Deferred tax liability				1,232
Total liabilities				110,455

Geographical information

S\$'000

Geographical segments:	Revenue		Capital expenditure		Non-current assets *	
	30 Jun		30 Jun		30 Jun	
	2018	2017	2018	2017	2018	2017
People's Republic of China (including Hong Kong)	75,169	60,834	249	15	3,295	2,749
Australia	6,062	5,989	-	27	40,592	49,690
Others	2,846	4,559	11	51	1,227	1,273
	84,077	71,382	260	93	45,114	53,712

The basis of the information stated under geographical segment above is the aggregate of the relevant figures from companies incorporated in those countries

* Non-current assets other than financial instruments and joint ventures

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

See item 8 on review of performance

Negative confirmation pursuant to Rule 705(5)

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements for the 6 months ended 30 June 2018 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
2 August 2018

BY ORDER OF THE BOARD

Chan Wan Mei
Chan Lai Yin
Company Secretaries
2 August 2018