



THAKRAL CORPORATION LTD

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

PRESS RELEASE

Thakral declares Interim Dividend of 2 cents a share as it reports 34% rise in gross profit for 9MFY2016 at S\$27.7 million

- *Dividend yield of 9.1% to reward loyal shareholders*
- *Segment profit of Investment division rose 44% to S\$14.7 million on 36% rise in turnover*

Singapore, 2 November 2016 – SGX Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) has declared an interim dividend of S\$0.02 per share (payable on 7 December 2016) as it posted a 34% gross profit rise of S\$27.7 million for the first nine months of FY2016. This represents a dividend yield of 9.1% based on its last traded price of 22 cents.

The gross profit increase was achieved as gross profit margin almost doubled to 16.2% from 8.2% in the previous corresponding period. The higher gross profit included improved investment income of S\$9.8 million for the current nine months against \$5.8 million for the same period last year. Operating profit also grew significantly to S\$8.6 million for the 9 months compared to S\$1.0 million in the previous corresponding period.

Overall the Group reported a net profit of S\$1.4 million for the first nine months of the year on lower revenue of S\$170.5 million. In the previous nine months, the Group’s net profit of S\$7.3 million (achieved on a revenue of S\$250.6 million) – included a one-off unrealized valuation gain of S\$9.6 million on its warehouse properties in Hong Kong. For 9MFY2016, there was no valuation gain but the Group booked a valuation charge of S\$2.6 million against its GLNG houses in Australia.

The Group’s distribution and administrative expenses have remained largely stable.

Earnings Per Share and Net Asset Value Per Share

Net Asset Value per share improved to 74.51 cents as at 30 September 2016 from 73.57 cents as at 31 December 2015 while the Group recorded a small loss per share for the current nine months period of 0.31 cent (in view of the Lifestyle Division’s loss exceeding the Group’s share of profits of the Investment Division).

Working Capital and Cash Flow

The Group’s financial position remains healthy.

Inventories as at 30 September 2016 declined to S\$17.1 million from S\$25.7 million as at 31 December 2015 as the Group continued its efforts to clear aging inventories. Trade receivables fell to S\$9.7 million as at 30 September 2016 from S\$12.3 million as at 31 December 2015 due to debt collection.

The Group saw a net cash inflow from operating activities of S\$7.7 million for the current period compared to an outflow of S\$1.0 million in the previous corresponding period.

The Group's cash and bank balances as of 30 September 2016 stood at S\$28.8 million.

Segmental Performance

Investments

The Investment Division continued its strong performance during the period, growing 36% to achieve revenues of S\$21.1 million compared to S\$15.5 million in the previous corresponding period.

Segment profit of S\$14.7 million for the current period also advanced 44% over the comparative period.

During the third quarter, the division completed the acquisition of its first two properties in Queensland (Australia) – the Bribie Island and Highfields projects – to develop and run resort style retirement housing for seniors over 50.

Bulk earthworks have started at Bribie Island while final approvals are currently being sought to commence bulk earthworks on the Highfields project, expected in early November 2016. The construction of the homes for both projects is anticipated to take off in mid-2017.

These two projects will be officially launched under the GemLife brand as a joint venture between Living Gems and Thakral on 24 November and 1 December 2016 respectively.

GemLife currently has, under contract, another site in northern New South Wales (NSW) to develop about 210 homes, expected to begin construction in early 2017. The 148-unit Vida project in West End, Brisbane, Australia is scheduled for settlement in Q4FY2017.

Lifestyle

This division continued to improve as it narrowed its loss to S\$4.0 million from S\$6.7 million incurred in the previous corresponding period.

This was achieved despite a 36% fall in sales to S\$149.4 million from S\$235.1 million in the previous corresponding period mainly due to limited supplies from vendors of selected brands.

This division will continue to scout for new innovative brands for distribution during the last quarter of the year to boost its performance.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral, said, “The Group remains resilient despite tough economic conditions in the past months. Our Investment Division continued to deliver a sterling performance driven by solid gains from its real estate investments mainly in Australia. Our Lifestyle Division has also made progress by cutting its losses while scouting for new consumer brands to beef up its portfolio to drive growth.”

Going forward, the Group’s two key markets, China and Australia, may have to grapple with the uncertainties and vagaries of a volatile global economy. However, there are still bright spots for growth ahead.

China’s economy is undergoing a significant structural transition. Though consumption may not be rising as fast as it did during the peak boom years, consumption growth is still tracing a staggering trajectory. According to Boston Consulting Group, China’s consumer economy is projected to expand to US\$6.5 trillion by 2020 (Source BCG – 4 January 2016). These figures augur well for the Lifestyle Division which is well-poised to ride the consumer boom in the world’s largest consumer market.

Property prices continued to strengthen in major cities in Australia, with price movement varying between regions and property types.

The Investment Division has a number of projects scheduled for completion in the current and next quarter. All of them are in choice locations and priced at affordable rates.

The retirement living sector continues to enjoy strong fundamentals, driven by the rapidly ageing population and the support of the capital markets and banking sectors.

This has boosted investment volumes in aged care and retirement living assets as institutional investors build scale and new players enter the market. The Group’s Joint-venture company, GemLife is well positioned to take advantage of the growth in this sector.

Mr. Subramaniam said: “In view of these trends, the Group remains cautious in its outlook for the current year. As a reward to our loyal shareholders who have stood by us through the years, we are pleased to declare an interim dividend of 2 cents per share – giving a yield of 9.1% on our last traded price of 22 cents – which is among the highest offered by listed companies here. We look forward to more support from our shareholders as the Group forges ahead with its growth plans.”

About Thakral

Listed on the SGX Mainboard since December 1995, Thakral Corporation Ltd has two divisions – Lifestyle Division and Investment 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, Aviando, Bose, Canvas, Daewoo, DJI, Harmon Kardon, Leaders, MTG (Refa), Sixpad, Style, 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.

*Release issued on behalf of Thakral Corporation Ltd
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