



THAKRAL CORPORATION LTD

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

PRESS RELEASE

THAKRAL REPORTS STRONG GROWTH IN INVESTMENT DIVISION IN 1QFY2015

Singapore, May 12, 2015

Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) reported another set of strong results from its Investment Division which continued its robust growth with revenues up 65% to S\$5.7 million for the first quarter of 2015 compared to S\$3.4 million in the previous corresponding quarter. This division also delivered a 59% jump in its segment profit of S\$4.0 million compared to S\$2.5 million in the previous corresponding quarter.

Revenue for the Lifestyle Division for 1QFY2015 slipped by 58% to S\$74.2 million against S\$176.1 million in the previous corresponding quarter. While this division added some new brands into its portfolio during the last quarter these have yet to gain traction in China in the light of the prevailing soft Chinese economy. The lower sales and higher cost to drive brand-building and sales for its new product range resulted in the Lifestyle Division reporting a loss of S\$2.1 million for the latest quarter compared to a S\$0.6 million loss in the previous corresponding period.

Overall, the Group achieved a lower turnover of S\$79.8 million for the first three months ended March 31, 2015 (“1QFY2015”). The 56% slide in revenue was due to the Group’s strategic shift away from the distribution of lower margin fast moving consumer goods (FMCG).

Gross profit increased by 15% to S\$7.3 million, primarily due to the better performance of the Investment Division. Gross profit margin also improved to 9.2% for the quarter from 3.6% in the previous corresponding quarter. Profit from operations of S\$1.1 million remained relatively stable as in the previous quarter.

Overall, the Group registered a net attributable loss of S\$0.4 million, compared to a net attributable profit of S\$0.2 million in 1QFY2014.

Distribution expenses rose by 13% to S\$1.7 million in 1QFY2015 as higher advertising and promotion expenses were incurred for the marketing of new brands and products. Other operating expenses also went up due to the loss on derivative financial instruments, including the book loss from a short-term option that expired during the quarter and the fair valuation loss from a long term option entered in the current quarter. Both options were taken to hedge the capital invested in the Group’s Japanese property holding vehicle.

Earnings Per Share and Net Asset Value Per Share

The Group's Loss Per Share was 0.01 cent in 1QFY2015, compared to Earnings Per Share of 0.01 cent in 1QFY2014.

Net Asset Value per share eased to 3.72 cents as at March 31, 2015 from 3.74 cents as at December 31, 2014.

Working Capital Position

The Group's financial position remains healthy. Total cash and bank balances, including non-current fixed deposits edged up to S\$44.7 million as at March 31, 2015 against S\$41.3 million as at December 31, 2014.

Inventories, trade receivables and other receivables were down in 1QFY2015.

Segmental Performance

Investments

This division continued to be the key contributor to the Group's bottom-line. It reported a 59% rise in segmental profit of S\$4.0 million on the back of higher revenue which grew by 65% to S\$5.7 million in 1QFY2015 from S\$3.4 million in 1QFY2014.

The positive numbers mirror the strong growth in its investment activities in the first quarter of this year.

Lifestyle

Revenue at the Lifestyle Division shrank by 58% to S\$74.2 million in 1QFY2015 compared to S\$176.1 million in 1QFY2014.

Lifestyle continues to reposition its business away from digital products to beauty & health, lifestyle as well as household electrical products. This repositioning is taking time whilst new product lines and agencies are secured, stocks built up and distribution channels re-orientated.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral said: "The Group's Investment Division has once again delivered strong results from its investment projects in Australia. Going forward, Australia's real estate sector is predicted to stay positive in view of the prevailing low interest rate environment.

"Our Investment Division will continue to participate in real estate projects in

Australia and build on the growth it has enjoyed whilst establishing new platforms in other asset classes and funds management while exploring new opportunities in Asia such as Japan, where we have already established our investment presence. This will allow us to diversify our asset base and achieve long-term sustainable growth.

“China, Asia’s largest economy, is expected to remain soft as the Chinese Government continues to restructure the economy. Chinese Government statistics reveal that first-quarter gross domestic product (GDP) grew 7 percent, the slowest pace since the 2009 global recession.

However, as consumption growth remains positive in China, we will step up our efforts to scout for new brands and products to enlarge our customer base with the aim of returning to profitability in due course.

“Barring any unforeseen circumstances, the Group’s overall outlook for FY2015 continues to be cautious but hopeful.”

About Thakral

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

The Group invests in real estate and other investment opportunities, which include property-backed financial instruments and in direct property to earn strong returns on its capital and by revolving its capital speedily including by bringing in co-investors. The Group also earns income from the services it provides in originating, packaging and managing these projects. The Group has been the cornerstone investor in these investment opportunities.

The Group’s Lifestyle Division has repositioned itself in Lifestyle products, including Beauty & Health and Enviro-Care products. Under its extensive brand portfolio are global names such as Apple, Beko, Bose, Canon, Carol Joy of London, Cuchen, Cuvilady, Daewoo, Harmon Kardon, Lenovo, Misfit, MTG (Refa), Orion, Ortech, Panasonic, Pomone, Robam, Samsung, Sharp, Skullcandy, Winia and Yamaha.

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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