



THAKRAL CORPORATION LTD

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

PRESS RELEASE

THAKRAL REPORTS NET PROFIT OF S\$7.4 MILLION FOR 1HFY2015

- **Investment Division achieved a 50% rise in revenue and a 35% increase in earnings**

Singapore August 5, 2015

Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) has reported net profit of S\$7.4 million for the first half of FY2015 as against a loss of S\$1.7 million in 1HY2014.

This turnaround was largely due to an unrealized valuation gain of S\$9.5 million from its investment properties as well as a stronger performance from the Group’s Investment Division.

Group turnover was S\$158.7 million compared to S\$291.9 million achieved in the previous corresponding period. The lower revenue was in line with the Group’s strategy of reducing its reliance on low-margin, fast selling items under its Lifestyle Division.

Group gross profit rose by 7% to S\$12.4 million, boosted by the better performance of the Investment Division. This also included a dividend from the Japanese properties of S\$0.4 million. Gross profit margin doubled to 7.8% compared to 3.9% in the previous corresponding period.

Distribution expenses for the Group eased marginally to S\$3.0 million for the current period as the Lifestyle Division had received some marketing support from its principals.

Administration expenses however went up by 10% to S\$8.8 million from S\$8.0 million due to the performance bonus provision for the Investment Division’s executive directors.

Other operating expenses also increased due to the book loss and mark to market loss of S\$0.5 million on the hedge for the capital invested in the Japanese property holding vehicle.

Earnings Per Share and Net Asset Value Per Share

The Group’s Earnings Per Share (EPS) rose to 4.97 cents in 1HFY2015, compared to Loss Per Share of 1.21 cents on an adjusted post share-consolidation basis in

1HFY2014.

Net Asset Value per share was 71.84 cents compared to 74.71 cents on an adjusted post share-consolidation basis during the same period.

Working Capital Position

Total cash and bank balances, including fixed deposits fell to S\$38.1 million as of June 30, 2015 against S\$41.3 million as of December 31, 2014.

This was attributed mainly to the reduction in cash and cash equivalents due to the investments made in the Group's Australian real estate projects.

Inventories, trade receivables, and other receivables were also lower in 1HFY2015.

Segmental Performance

Investments

This division grew stronger – reporting earnings of S\$6.8 million – a 35% increase from the previous period as revenue surged to S\$10.5 million in the first half of this year – up 50% from S\$7 million in 1HFY2014.

The better performance was attributed to higher project fees and investment income in comparison to the previous period.

Lifestyle

The Lifestyle Division continued to face challenging market conditions and saw losses widen to S\$5.3 million as revenue shrank by about 48% to S\$148.2 million for the first six months of this year compared to S\$284.9 million in the previous half year.

The lower revenue also reflected the Division's shift away from low-margin consumer products.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral said: "The Group's half year performance included a one-off unrealized valuation gain from the revaluation of its investment properties in Hong Kong. This revaluation was done on our warehouse properties in Hong Kong from which we intend to realise value arising from the change of use from industrial to residential in the area. We are currently exploring various options and an announcement shall be made at the appropriate time.

“Meanwhile, the Group continues to be buoyed by the sterling performance of its Investment Division. We remain optimistic of the prospects of this division in the light of the positive Australian real estate demand – especially in the vibrant key cities of Sydney, Melbourne and Brisbane. The favourable currency and bank interest rate trends are expected to sustain investment appeal. Our Investment Division is in the process of entering into several new transactions as well as venturing into the setting up of a new asset class. Financial close of its major project, Stage 1 of the iconic Fortitude Valley project, comprising 651 apartments and retail, was achieved in April 2015. Investment Division arranged external capital of A\$40 million alongside its own capital. The project is fully sold. One of its projects in Newstead, Brisbane which was initially to be developed in two stages is now being developed in a single stage due to the strong sales achieved in the first stage. Other projects are under evaluation and announcements shall be made at the appropriate time. This division is also expected to realise substantial cash on the completion of its Union Balmain project in Q3 2015.

“Our Japanese properties have also started to pay a dividend.

“The Lifestyle Division will persevere in its efforts to surmount the challenges of a slowing Chinese economy. It will stay focused on growing new lifestyle brands and products that enjoy strong consumer appeal. Recently, this division successfully secured the sole distributorship in China of Japanese beauty and healthcare equipment giant MTG’s SIXPAD training gear, endorsed by global football star **Cristiano Ronaldo**. Sales have been encouraging since its launch last month.

“Barring any unforeseen circumstances, the Group remains cautiously optimistic of its outlook for the rest of the year.”

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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