

Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

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Securities	THAKRAL CORPORATION LTD - SG1AJ2000005 - AWI
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Additional Details

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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, Aviendo, 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
by Stratagem Consultants Pte Ltd*

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Nine Months and Third 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 nine months and third quarter ended 30 September 2016 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		%	S\$000		%
		Nine months ended			Three months ended		
		30 Sep 2016	30 Sep 2015	Increase / (Decrease)	30 Sep 2016	30 Sep 2015	Increase / (Decrease)
Revenue	1	170,467	250,644	(32)	36,081	91,932	(61)
Cost of sales		(142,798)	(230,011)	(38)	(26,275)	(83,650)	(69)
Gross profit	1	27,669	20,633	34	9,806	8,282	18
Other operating income	2	700	174	302	70	30	133
Distribution costs	3	(5,365)	(5,365)	-	(1,858)	(2,333)	(20)
Administrative expenses	4	(13,303)	(13,524)	(2)	(4,676)	(4,753)	(2)
Other operating expenses	5	(1,090)	(891)	22	(420)	(86)	388
Profit from operations		8,611	1,027	NM	2,922	1,140	156
Valuation (loss) gain on investment properties	6	(2,632)	9,603	NM	(885)	115	NM
Finance income	7	751	926	(19)	268	283	(5)
Finance costs	7	(4,007)	(3,513)	14	(1,248)	(1,108)	13
Foreign exchange loss	8	(818)	(684)	20	(772)	(476)	62
Profit (Loss) before income tax		1,905	7,359	(74)	285	(46)	NM
Income tax expenses	9	(514)	(72)	NM	(15)	(55)	(73)
Profit (Loss) for the period / quarter		1,391	7,287	(81)	270	(101)	NM
<u>Profit (Loss) attributable to:</u>							
Equity holders of the Company		(405)	5,766	NM	(598)	(732)	(18)
Non-controlling interests	10	1,796	1,521	18	868	631	38
		1,391	7,287	(81)	270	(101)	NM

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	S\$'000		% Increase / (Decrease)	S\$'000		% Increase / (Decrease)
		Nine months ended			Three months ended		
		30 Sep 2016	30 Sep 2015		30 Sep 2016	30 Sep 2015	
Profit (Loss) for the period / quarter		1,391	7,287	(81)	270	(101)	NM
Other comprehensive income (loss)							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation gain (loss) arising on consolidation	11	2,813	(723)	NM	4,251	858	395
Fair value gain on available-for-sale investments, net of tax	12	611	332	84	266	140	90
Other comprehensive income (loss) for the period / quarter, net of tax		3,424	(391)	NM	4,517	998	353
Total comprehensive income for the period / quarter		4,815	6,896	(30)	4,787	897	434
<u>Total comprehensive income attributable to:</u>							
Equity holders of the Company		1,232	5,539	(78)	2,970	77	NM
Non-controlling interests		3,583	1,357	164	1,817	820	122
		4,815	6,896	(30)	4,787	897	434

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

Consolidated gross profit grew by 34% to S\$27.7 million for the 9 months ended 30 September 2016 even while despite consolidated revenue declined by 32% to S\$170.5 million compared to S\$250.6 million achieved in the previous corresponding period. Gross profit margin about doubled to 16.2% from 8.2% previously.

Revenue included investment income comprising dividends and interest income amounting to S\$9.8 million (Nine months ended 30 September 15: S\$5.8 million).

Note 2:

Other operating income comprises:

	S\$'000		% Increase / (Decrease)	S\$'000		% Increase / (Decrease)
	Nine months ended			Three months ended		
	30 Sep 2016	30 Sep 2015		30 Sep 2016	30 Sep 2015	
Government subsidies	137	110	25	19	7	171
Compensation received	399	-	NM	(2)	-	NM
Others	164	64	156	53	23	130
Total	700	174	302	70	30	133

- i. The increase in government subsidies arose mainly from the wage credit received by the subsidiary in Singapore.
- ii. The Hong Kong subsidiary received compensation and removal costs from the landlord upon early termination of the lease for office premises earlier this year.
- iii. The increase in Others is mainly from higher service fee income.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 3:

Distribution costs comprise:

	S\$'000		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2016	30 Sep 2015	Increase / (Decrease)	30 Sep 2016	30 Sep 2015	Increase / (Decrease)
Staff costs	(2,758)	(2,744)	1	(901)	(982)	(8)
Advertising & promotion	(984)	(954)	3	(424)	(773)	(45)
Transportation	(678)	(649)	4	(205)	(261)	(21)
Travelling expenses	(265)	(327)	(19)	(89)	(112)	(21)
Others	(680)	(691)	(2)	(239)	(205)	17
Total	(5,365)	(5,365)	-	(1,858)	(2,333)	(20)

- i. Advertising and marketing expenses were lower in the latest quarter mainly due to the higher marketing costs incurred in the comparative period last year on the introduction of the SIXPAD as well as on other new products.
- ii. Transportation expenses in the quarter declined in view of reduced sales volumes.
- iii. Travelling expenses declined due to reduced travel by sales related personnel in the period.

Note 4:

Administration expenses comprise:

	S\$'000		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2016	30 Sep 2015	Increase / (Decrease)	30 Sep 2016	30 Sep 2015	Increase / (Decrease)
Staff costs (including executive directors)	(8,383)	(8,654)	(3)	(3,061)	(2,972)	3
Directors' fees	(357)	(422)	(15)	(119)	(141)	(16)
Professional fees	(1,267)	(917)	38	(507)	(281)	80
Rent & rates	(641)	(767)	(16)	(192)	(262)	(27)
Travelling expenses	(229)	(208)	10	(53)	(66)	(20)
Insurance	(240)	(248)	(3)	(95)	(96)	(1)
(Reversal) Allowance for doubtful debts	114	(259)	NM	137	(260)	NM
Withholding tax	(1,229)	(728)	69	(538)	(246)	119
Others	(1,071)	(1,321)	(19)	(248)	(429)	(42)
Total	(13,303)	(13,524)	(2)	(4,676)	(4,753)	(2)

- i. Directors' fees reduced in view of the resignation of a director at the end of last year.
- ii. Professional fees were higher due to the Investment Division's project consultancy related costs and include fees for the outsourced Internal Audit function.
- iii. The reduction in Rental expenses was mainly from the cessation of the operation in Timor-Leste.
- iv. Travelling expenses were higher mainly due to increased travel by Directors and management personnel in the period.
- v. Withholding tax relates to tax accruals on income from Investment Division projects currently in progress as well as on the distributions declared by the Japanese property holding vehicle.

Note 5:

Other operating expenses comprise:-

	S\$'000		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2016	30 Sep 2015	Increase / (Decrease)	30 Sep 2016	30 Sep 2015	Increase / (Decrease)
Depreciation	(341)	(332)	3	(152)	(94)	62
(Loss) Gain on derivative financial instruments	(749)	(559)	34	(268)	8	NM
Total	(1,090)	(891)	22	(420)	(86)	388

- i. Depreciation includes accelerated amortization of certain assets due to the down-sizing of an operation.
- ii. The loss on derivative financial instruments in the period arose mainly from the fair valuation of the hedge for the capital invested in the Japanese property holding vehicle as well as a new short-term option taken during the quarter to hedge against the movement in the Australian Dollar.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 6:

The Group recognized a valuation charge against the GLNG houses in Australia in the current period which will continue on an on-going basis. In the previous corresponding period, the Group had recorded an unrealized valuation gain on its warehouse properties in Hong Kong.

Note 7:

Finance income declined in the period in view of bank deposits having been used to repay bank borrowings during the current and previous financial year.

Finance costs were higher mainly due to the interest on investor funding on one of the development projects in Australia being recognized both as investment income and expense by the Group in view of the asset and liability both being recorded in the Group's books.

Note 8:

Foreign exchange translation loss for the period and quarter arose mainly from the exchange loss realized on the settlement of an Australian dollar denominated receivable and includes the loss from the translation of monetary assets and liabilities, denominated in foreign currencies, outstanding as at the end of the period.

Note 9:

Income tax for the current period represents the provisions for tax made on the sale of a land parcel in Australia.

Note 10:

The increase in non-controlling interests share of profits for the period and quarter is due to the higher profits at the Investment Division.

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.

Note 12:

The amount represents Thakral Japan Properties Pte Ltd (TJP)'s fair value gain on its available-for-sale investment in the Japanese property holding vehicle (of which the relevant portion is allocated to the non-controlling interests in TJP).

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 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
ASSETS					
Current assets					
Cash and bank balances	1	28,776	10,609	219	186
Trade receivables	2	9,666	12,303	-	-
Other receivables and prepayments	3	11,708	6,798	102	46
Loans receivable	4	18,174	11,733	-	-
Derivative financial instrument	7	24	-	-	-
Assets held for sale	5	36,622	38,115	-	-
Inventories	6	17,080	25,667	-	-
Total current assets		122,050	105,225	321	232
Non-current assets					
Pledged fixed deposits	1	-	18,949	-	-
Loans receivable	4	31,034	28,087	-	-
Interest receivable on pledged fixed deposits	3	-	1,492	-	-
Property, plant and equipment		1,903	1,833	11	10
Investment properties	4	60,369	62,391	-	-
Associates		521	-	-	-
Subsidiary corporations		-	-	158,852	164,410
Derivative financial instrument	7	285	767	-	-
Available-for-sale investments	7	20,297	17,088	-	-
Total non-current assets		114,409	130,607	158,863	164,420
Total assets		236,459	235,832	159,184	164,652
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	8	2,206	6,258	-	-
Bills payables and trust receipts	8	17,881	20,341	-	-
Bank loans	9	40,000	44,104	-	-
Other payables	10	21,721	15,217	308	380
Provisions	10	2,709	3,089	52	52
Income tax payable		448	67	-	-
Total current liabilities		84,965	89,076	360	432
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	66,082	68,180
Bank and other borrowings	9	27,976	28,289	-	-
Deferred tax liability		1,271	1,035	-	-
Total non-current liabilities		29,247	29,324	66,082	68,180
Total liabilities		114,212	118,400	66,442	68,612
Capital, reserves and non-controlling interests					
Issued capital		72,579	72,579	72,579	72,579
Reserves		24,921	23,689	20,163	23,461
Equity attributable to equity holders of the Company		97,500	96,268	92,742	96,040
Non-controlling interests		24,747	21,164	-	-
Total equity		122,247	117,432	92,742	96,040
Total liabilities and equity		236,459	235,832	159,184	164,652

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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 September 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$ 50,755,000	S\$ 7,126,000	S\$ 54,202,000	S\$ 10,243,000

Please also see notes (8 & 9) on page 8-9

Details of any collateral

Charge over properties in Hong Kong and pledge on rental proceeds; pledged bank deposits of S\$23.3 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

Amount repayable after one year

As at 30 September 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$ 20,657,000	S\$ 7,319,000	S\$ 23,723,000	S\$ 4,566,000

Please also see note (9) on page 9

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

Charge against specific corresponding debt instruments issued by a developer

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	(\$ \$ '000)		(\$ \$ '000)	
	Nine months ended		Three months ended	
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
OPERATING ACTIVITIES				
Profit (Loss) before income tax	1,905	7,359	285	(46)
Adjustments for:				
Depreciation expense	341	332	152	94
Interest income from loans receivable and dividend income from unquoted investments	(9,758)	(5,825)	(4,202)	(1,996)
Interest expense	4,007	3,513	1,248	1,108
Interest income	(751)	(926)	(268)	(283)
Loss (Gain) on disposal of property, plant and equipment	2	(18)	1	(4)
Loss on exercise of derivative financial instrument	-	356	-	-
Valuation loss (gain) on investment properties	2,632	(9,603)	885	(115)
Unrealised loss (gain) on outstanding derivative financial instrument	749	203	268	(8)
Net unrealised foreign exchange loss	777	468	666	353
Provision for employee benefits	98	172	-	88
Allowance for inventories	543	1,782	290	7
(Reversal) Allowance for doubtful trade receivables	(130)	143	(150)	144
Allowance for doubtful other receivables	16	116	13	116
Operating cash flows before movements in working capital	431	(1,928)	(812)	(542)
Trade receivables	2,348	1,908	251	261
Other receivables and prepayments	(1,757)	2,954	(1,849)	422
Inventories	6,935	4,735	738	1,359
Trade payables	(3,905)	(3,851)	343	(477)
Other payables and provisions	6,235	(2,263)	1,918	1,067
Cash generated from operations	10,287	1,555	589	2,090
Income tax paid	(145)	(93)	(163)	(75)
Interest paid	(2,534)	(3,067)	(193)	(945)
Interest received	52	635	35	576
Net cash from (used in) operating activities	7,660	(970)	268	1,646
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(293)	(179)	(78)	(117)
Proceeds from disposal of property, plant and equipment	8	49	-	4
Proceeds from disposal of available-for-sale investments	-	2	-	-
Acquisition of investments in associates	(509)	-	(509)	-
Repayment of loans receivable - current and non-current	15,389	5,477	11,585	3,754
Additions to loans receivable - current and non-current	(15,262)	(7,342)	(5,321)	(3,539)
Acquisition of derivative financial instrument	(217)	(1,159)	-	-
Proceeds from exercise of derivative financial instrument	-	85	-	-
Net cash (used in) from investing activities	(884)	(3,067)	5,677	102
FINANCING ACTIVITIES				
Cash contributions from non-controlling shareholders in a subsidiary corporation	-	2	-	-
Decrease in fixed deposits with maturities exceeding three months	10	4,368	-	232
(Increase) Decrease in pledged fixed deposits	(933)	8	(209)	4,187
(Decrease) Increase in bills payable and trust receipts	(1,727)	3,223	116	(21)
Other loans	4,013	-	(563)	-
Loans from banks	6,050	5,485	4,326	165
Repayments of bank loans	(14,505)	(14,556)	(9,165)	(7,699)
Net cash used in financing activities	(7,092)	(1,470)	(5,495)	(3,136)
Net (decrease) increase in cash and cash equivalents	(316)	(5,507)	450	(1,388)
Cash and cash equivalents at beginning of the period / quarter	5,543	13,497	4,716	9,280
Net effect of exchange rate changes in the balance of cash held in foreign currencies	145	147	206	245
Cash and cash equivalents at end of the period / quarter	5,372	8,137	5,372	8,137
Cash and cash equivalents were represented by:-				
Fixed deposits with maturities less than 3 months, cash and bank balances	5,372	8,137	5,372	8,137
	5,372	8,137	5,372	8,137

Note

1

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 1:

Cash and bank balances are comprised of:

	<u>30-Sep-16</u>	<u>31-Dec-15</u>
Cash and cash equivalents	S\$5.4 million	S\$5.5 million
Fixed deposits with maturities exceeding three months	S\$0.1 million	S\$0.1 million
Fixed deposits that have been pledged to banks against bills payables and trust receipts (see note 8 below)	S\$1.2 million	S\$1.3 million
Fixed deposits that have been pledged to banks against bank loans	S\$22.1 million	S\$22.7 million
Total (including non-current fixed deposits)	<u>S\$28.8 million</u>	<u>S\$29.6 million</u>

Pledged deposits maturing in the next 12 months are included under current assets while pledged deposits with remaining maturities over 1 year are included under non-current assets.

Note 2:

The reduction in trade receivables is due to collections.

Note 3:

Other receivables and prepayments increased mainly due to the reclassification of accrued interest on fixed deposits maturing in the next 12 months, accrual of interest as well as an increase in the distribution receivable from the Japanese property holding vehicle. Other receivables include the interest receivable on fixed deposits with maturities of less than one year. Interest accrued on deposits with remaining maturities over 1 year is included under non-current assets.

Note 4:

The aggregate increase in loans receivable arises from the additional investments made in ongoing projects in Australia along with the accrual of returns during the period. The increase in loans receivable under current assets mainly includes the recognition of additional return on a project to be settled in the final quarter as well as the reclassification (from non-current assets) of another project expected to be completed within the next 12 months.

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 5:

Assets held for sale are comprised of:

	<u>30-Sep-16</u>	<u>31-Dec-15</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Investment properties	33,309	34,667
Properties, plant and equipment (Leasehold land and buildings)	3,313	3,448
Total	<u>36,622</u>	<u>38,115</u>

The investment properties represent the warehouse properties in Hong Kong which are intended to be sold. Leasehold land and buildings represent the warehouse currently in use by the Group in Hong Kong.

Note 6:

The reduction in inventories is from the on-going clearance of products.

Note 7:

The Group had invested in commercial properties in Japan during the last quarter of 2014 through a pooled investment structure which accounted for this as an available-for-sale investment.

Derivative financial instruments represent the mark-to-market values 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 as well as the new option taken to hedge the Investment Division's foreign currency borrowing.

Note 8:

Aggregate trade payables and bills payable and trust receipts decreased following settlements in the period.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 9:

Aggregate bank and other loans reduced following repayments made mainly in Hong Kong.

Note 10:

Other payables increased mainly due to advances, incentive and other accruals. Provisions declined mainly from the severance payments made to staff upon separation/retrenchment.

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

Nine months ended 30 September 2016

S\$'000

	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Group										
Balance at 1 Jan 2016	72,579	(9,207)	3,278	1,562	51	(29,835)	57,840	96,268	21,164	117,432
Total comprehensive loss for the quarter										
Profit for the quarter	-	-	-	-	-	-	625	625	442	1,067
Other comprehensive income (loss) for the quarter	-	-	-	54	-	(1,406)	-	(1,352)	234	(1,118)
	-	-	-	54	-	(1,406)	625	(727)	676	(51)
Balance at 31 Mar 2016	72,579	(9,207)	3,278	1,616	51	(31,241)	58,465	95,541	21,840	117,381
Total comprehensive income for the quarter										
(Loss) Profit for the quarter	-	-	-	-	-	-	(432)	(432)	486	54
Other comprehensive income (loss) for the quarter	-	-	-	118	-	(697)	-	(579)	604	25
	-	-	-	118	-	(697)	(432)	(1,011)	1,090	79
Transactions with owners, recognised directly in equity										
Transfer from options reserve to retained earnings on cancellation / lapse of share options	-	-	-	-	(20)	-	20	-	-	-
Balance at 30 Jun 2016	72,579	(9,207)	3,278	1,734	31	(31,938)	58,053	94,530	22,930	117,460
Total comprehensive income for the quarter										
(Loss) profit for the quarter	-	-	-	-	-	-	(598)	(598)	868	270
Other comprehensive income for the quarter	-	-	-	133	-	3,435	-	3,568	949	4,517
	-	-	-	133	-	3,435	(598)	2,970	1,817	4,787
Balance at 30 Sep 2016	72,579	(9,207)	3,278	1,867	31	(28,503)	57,455	97,500	24,747	122,247

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Nine months ended 30 September 2015

S\$'000

<u>Group</u>	Issued capital	Capital reserve	Asset revaluation reserve	Investment revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2015	72,579	-	3,278	122	252	(30,019)	51,549	97,761	7,994	105,755
Total comprehensive income for the quarter										
(Loss) Profit for the quarter	-	-	-	-	-	-	(358)	(358)	244	(114)
Other comprehensive income (loss) for the quarter	-	-	-	68	-	(40)	-	28	267	295
	-	-	-	68	-	(40)	(358)	(330)	511	181
Transactions with owners, recognised directly in equity										
Transfer from options reserve to retained earnings on cancellation / lapse of share options	-	-	-	-	(196)	-	196	-	-	-
Balance at 31 Mar 2015	72,579	-	3,278	190	56	(30,059)	51,387	97,431	8,505	105,936
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	6,856	6,856	646	7,502
Other comprehensive income (loss) for the quarter	-	-	-	28	-	(1,092)	-	(1,064)	(620)	(1,684)
	-	-	-	28	-	(1,092)	6,856	5,792	26	5,818
Transactions with owners, recognised directly in equity										
Transfer from options reserve to retained earnings on cancellation / lapse of share options	-	-	-	-	(5)	-	5	-	-	-
Capital reserve arising from the reorganisation of shareholding in Investment Division's subsidiaries	-	(9,207)	-	-	-	-	-	(9,207)	9,207	-
Balance at 30 Jun 2015	72,579	(9,207)	3,278	218	51	(31,151)	58,248	94,016	17,738	111,754
Total comprehensive income for the quarter										
(Loss) profit for the quarter	-	-	-	-	-	-	(732)	(732)	631	(101)
Other comprehensive income for the quarter	-	-	-	70	-	739	-	809	189	998
	-	-	-	70	-	739	(732)	77	820	897
Transactions with owners, recognised directly in equity										
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	2	2
	-	-	-	-	-	-	-	-	2	2
Balance at 30 Sep 2015	72,579	(9,207)	3,278	288	51	(30,412)	57,516	94,093	18,560	112,653

Nine months ended 30 September 2016

S\$'000

Company

Balance as at 1 Jan 2016

Loss for the quarter, representing total comprehensive loss for the quarter

Balance as at 31 Mar 2016

Loss for the quarter, representing total comprehensive 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 as at 30 Jun 2016

Loss for the quarter, representing total comprehensive loss for the quarter

Balance as at 30 Sep 2016

Issued capital	Options reserve	Retained earnings	Total
72,579	51	23,410	96,040
-	-	(2,440)	(2,440)
72,579	51	20,970	93,600
-	-	(163)	(163)
-	(20)	20	-
72,579	31	20,827	93,437
-	-	(695)	(695)
72,579	31	20,132	92,742

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Nine months ended 30 September 2015

S\$'000

Company

Balance as at 1 Jan 2015

Loss for the quarter, representing total comprehensive 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 as at 31 Mar 2015

Loss for the quarter, representing total comprehensive 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 as at 30 Jun 2015

Loss for the quarter, representing total comprehensive loss for the quarter

Balance as at 30 Sep 2015

Issued capital	Options reserve	Retained earnings	Total
72,579	252	18,490	91,321
-	-	(1,007)	(1,007)
-	(196)	196	-
72,579	56	17,679	90,314
-	-	(72)	(72)
-	(5)	5	-
72,579	51	17,612	90,242
-	-	(3,479)	(3,479)
72,579	51	14,133	86,763

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.

Since the beginning of the period, 7,500 and 692,500 share options (equivalent to 375 and 34,625 shares on 20:1 basis following the completion of the share consolidation in FY2015) lapsed and expired respectively during the period.

The number of shares that may be issued on exercise of all the outstanding options under the 2001 Scheme is as follows:-

	As at 30 Sep 2016	As at 31 Dec 2015
Outstanding options	35,000	70,000

The Company did not have any treasury shares as at 30 September 2016 and 31 December 2015.

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 September 2016 and 31 December 2015.

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 year as those of the audited financial statements for the year ended 31 December 2015.

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 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS that are effective from that date and are relevant to its operations. The Group was mainly affected by the following new / revised FRSs and amendments to FRS:-

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The adoption of the above does not result in significant changes to the Group and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
(i) Basic (loss) earnings per share	(0.31) cent	4.41 cents
(ii) Fully diluted (loss) earnings per share	(0.31) cent	4.41 cents

	Three months ended 30 Sep 2016	Three months ended 30 Sep 2015
(i) Basic loss per share	(0.46) cent	(0.56) cent
(ii) Fully diluted loss per share	(0.46) cent	(0.56) cent

Basic earnings (loss) per share and diluted earnings (loss) per share are computed on the profit (loss) 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 September 2016 and 130,860,616 being the weighted average number of shares in issue on an adjusted post share-consolidation basis during the periods ended 30 September 2015. The figure based on the adjusted post share-consolidation number of shares for the prior year has been provided for comparison purposes only.

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 Sep 2016	As at 31 Dec 2015
Group	74.51 cents	73.57 cents
Company	70.87 cents	73.39 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 – Nine months ended 30 September 2016

Turnover & Profitability

Continued strong performance by the Investment Division coupled with some improvement in the returns from product sales at the Lifestyle Division enabled the Group to report gross profits of S\$27.7 million for the 9 months ended 30 September 2016 compared to S\$20.6 million earned in the previous corresponding period, an improvement of 34%. Gross profit was boosted by recognition of the additional return on the completion of a project in Australia. Year-to-date consolidated turnover, however, declined by a third to S\$170.5 million for the current period as against S\$250.6 million achieved previously. The sharp decline in turnover, especially in the last quarter, was caused by limited availability of certain high volume products in the period surrounding the introduction of new models by the vendor during the quarter as well as component issues of certain other manufacturers leading to a shortage in supplies along with the Group's ongoing focus on higher margin items.

Gross margins improved to 16.2% for the current year as compared to 8.2% for the previous corresponding period.

The Group reported net profit before tax of S\$1.9 million which included an impairment charge of S\$2.6 million for the GLNG houses, compared to a profit of S\$7.4 million in the previous corresponding period. The Group had in the previous year taken up an unrealized valuation gain of S\$9.6 million on the Group's warehouse properties in Hong Kong. Efforts to maximize and realize value from these properties are continuing.

Operating profit grew significantly to S\$8.6 million for the 9 months compared to S\$1.0 million in the previous corresponding period.

Finance Income and Costs

Finance income reduced by 19% to S\$0.8 million for the current 9 months as compared to S\$0.9 million mainly due to the utilization of fixed deposits for the settlement of bank loans in China.

Finance costs rose 14% to S\$4.0 million from S\$3.5 million previously and include interest of about S\$0.6 million payable to investors of a development project in Australia.

Expenses

Aggregate Distribution and Administration expenses remained in line with those incurred in the previous corresponding period.

Other operating expenses in the third quarter of S\$0.4 million include accelerated depreciation charges taken on the down-sizing of one of the Group's business operations as well as the fair valuation loss on a new short-term option taken during the quarter to hedge the Australian Dollar.

Foreign exchange losses for the third period and quarter arose mainly from those realized on the settlement of an Australian dollar denominated receivable as well as from the translation of monetary assets and liabilities, denominated in foreign currencies, outstanding as at the end of the period.

Attributable Profit/Loss

Loss attributable to shareholders for the year-to-date was S\$0.4 million as against a profit of S\$5.8 million in the previous corresponding period.

Working Capital and Cash Flow

Inventories as at 30 September 2016 declined to S\$17.1 million from S\$25.7 million as at 31 December 2015. The Group continued efforts to clear aged inventories. The inventory turnover period for the current period was 41 days against 30 days for the previous corresponding period.

Trade receivables also reduced to S\$9.7 million as at 30 September 2016 from S\$12.3 million as at 31 December 2015. The trade receivables turnover period for the current year was 18 days against 13 days for the previous corresponding period.

Other receivables and prepayments increased to S\$11.7 million as at 30 September 2016 from S\$6.8 million as at 31 December 2015 mainly due to the reclassification of accrued interest on fixed deposits maturing in the next 12 months, accrual of interest as well as an increase in the distribution receivable from the Japanese property holding vehicle.

Other payables increased to S\$21.7 million as at 30 September 2016 from S\$15.2 million as at 31 December 2015 mainly due to advances, incentive and other accruals.

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 from the movement in working capital components as well as the advances mentioned above.

Net Asset Value

Net Asset Value per share improved to 74.51 cents as at 30 September 2016 from 73.57 cents as at 31 December 2015 mainly due to the gain on translation of the net assets of the subsidiaries denominated in foreign currencies offset by the loss attributable to shareholders for the period.

Performance Summary

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 quarter, the Division completed the acquisition of the Bribie Islands and Highfields projects. Bulk earthworks have commenced at Bribie Island whilst final approvals are currently being sought to commence bulk earthworks on the Highfields project, expected in early November 2016. The construction of the homes at both projects is anticipated to commence in mid-2017. On the 24th of November 2016 and 1st of December 2016 respectively the two projects will be officially launched under the GemLife brand (www.gemlife.com.au) as a joint venture between Living Gems and Thakral. GemLife currently has under contract another site in northern NSW for approximately 210 homes, which is expected to settle in early 2017. Settlement of the Vida project in Brisbane is expected to occur in Q4-FY17.

Lifestyle

In view of the reasons stated above the third quarter resulted in sales at this Division falling by 36% to S\$149.4 million for the current period from S\$235.1 million in the previous corresponding period. Segment loss narrowed to S\$4.0 million for the period compared to S\$6.7 incurred in the previous corresponding period. The Division has been in discussion with a few brands for distribution of their products and expects to move forward with these during the last quarter of the year.

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 shortfall in the supply of goods due to external factors, the performance of both Divisions met management's expectations. The Lifestyle Division continues to work towards achieving a turnaround.

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.

Property prices continued to strengthen in major cities in Australia, with price movement varying between regions and property types. With the more cautious approach taken to mortgage financing by some lenders this year, particularly foreigners, the residential project settlement risk is a key concern for many in the market. The Investment Division has a number of projects scheduled for completion in the current and next quarter; however, we do not expect significant issues as the number of foreign buyers in these is minimal and the sale prices are below the current market levels.

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 is driving increased investment volumes in aged care and retirement living assets as institutional investors build scale and new players enter the market. Our GemLife joint venture is well positioned to take advantage of the growth in the sector.

China's economy grew 6.7% in Q3-FY17 demonstrating a steady pace of expansion but increasingly dependent on government spending and a property boom for growth as exports and private investment continue to remain weak. Consumption contributed 71% of GDP growth in the first 9 months, compared with 66.4% for 2015. Although the economy is being rebalanced with a consumption-led bias, the Group's Lifestyle Division continues to face challenges in the demand for its products in the market. The Group maintains a cautious outlook for this division for the last quarter of the year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes, an interim dividend of S\$0.02 per share (yield of 9.1% on last traded price of S\$0.22 per share)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

7 December 2016

(d) Books closure date

30 November 2016

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

Not applicable

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 September 2016 (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	-	18,905
Operating lease charges paid / payable	235	-

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 and property investments in People's Republic of China (including Hong Kong) and Japan
- b) Lifestyle ("LIFE") – comprises distribution of 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****Nine months ended 30 September 2016**

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	21,101	149,366	-	170,467
Result				
Segment result	14,681	(3,966)	(949)	9,766
Unallocated corporate expenses				(1,155)
Valuation loss on investment properties				(2,632)
Finance income				751
Finance costs				(4,007)
Foreign exchange loss				(818)
Profit before income tax				1,905
Income tax expenses				(514)
Profit for the period				1,391
Other information				
Capital expenditure:				
Property, plant and equipment	5	283	5	293
Depreciation expense	12	325	4	341
Assets				
Segment assets	174,769	61,358	332	236,459
Total assets				236,459
Liabilities				
Segment liabilities	51,419	60,723	351	112,493
Income tax payable				448
Deferred tax liability				1,271
Total liabilities				114,212

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Nine months ended 30 September 2015

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	15,542	235,102	-	250,644
Result				
Segment result	10,166	(6,715)	(1,245)	2,206
Unallocated corporate expenses				(1,179)
Valuation gain on investment properties				9,603
Finance income				926
Finance costs				(3,513)
Foreign exchange loss				(684)
Profit before income tax				7,359
Income tax expenses				(72)
Profit for the period				7,287

Other information				
Capital expenditure:				
Property, plant and equipment	5	174	-	179
Depreciation expense	63	265	4	332

Assets				
Segment assets	156,397	72,779	302	229,478
Total assets				229,478
Liabilities				
Segment liabilities	49,242	66,582	403	116,227
Income tax payable				81
Deferred tax liability				517
Total liabilities				116,825

Geographical information

S\$'000

Geographical segments:	Revenue		Capital expenditure		Non-current assets *	
	30 Sep		30 Sep		30 Sep	
	2016	2015	2016	2015	2016	2015
People's Republic of China (including Hong Kong)	153,157	232,223	194	63	2,945	3,067
Australia	9,821	8,682	5	4	57,944	40,899
Others	7,489	9,739	94	112	1,383	1,345
	170,467	250,644	293	179	62,272	45,311

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

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 9 months ended 30 September 2016 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 November 2016

BY ORDER OF THE BOARD

Chan Wan Mei
Chan Lai Yin
Company Secretaries
2 November 2016