

Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

Issuer/ Manager	THAKRAL CORPORATION LTD
Securities	THAKRAL CORPORATION LTD - SG1AJ2000005 - AWI
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Announcement Details

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For Financial Period Ended	30/09/2017
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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 Special Interim Dividend of 3 cents per share to reward shareholders

- **Total Interim Dividends to date rise to 5 cents – giving yield of 8.9% based on current share price**
- **Net Profit Attributable to Equity Holders grows to S\$36.2 million for 9MFY2017 on the back of gain from the revaluation of warehouse properties in Hong Kong to net disposal value**

Singapore, 9 November 2017 – SGX Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) has declared a special interim dividend of 3 cents per share, bringing its total dividend payout for FY2017 to 5 cents per share. This represents a yield of 8.9% based on the closing share price of S\$0.56 today.

The first interim dividend of 2 cents per share was paid to shareholders in August 2017.

The special interim dividend payout is to share with shareholders the gain from the disposal of the warehouse properties in Hong Kong, which was completed on 2 November 2017.

The Group posted a net profit attributable to equity holders of S\$36.2 million for the first nine months of FY2017 (“9MFY2017”), a substantial turnaround from a small loss of S\$0.4 million in the corresponding period a year ago.

The increase in net profit was largely attributed to the revaluation gain of its Hong Kong properties in the current quarter’s results, which amounted to S\$34.2 million.

Group gross profit expanded by 17% to S\$32.3 million for 9MFY2017 compared to S\$27.7 million in the previous corresponding period, buoyed by improved performance of both its Investment and Lifestyle divisions.

Gross profit margin for the current period weighed in at 29.1% versus 16.2% a year ago.

The improved bottom-line was achieved despite a 35% sales dip in 9MFY2017 – to S\$111 million from \$170.5 million a year ago. This is principally due to the Group’s strategy of focusing on higher-value products and services.

On a quarter by quarter basis, the Group’s revenue rose 10% to S\$39.6 million on the back of improved performances of both its business divisions.

Sales for the Lifestyle Division were up 7% for the latest quarter compared to last year although the unit reported a small loss in the period.

The Investment Division's 9MFY2017 revenue rose 9% to S\$23 million from S\$21.1 million in the previous corresponding period. This includes a 22% increase in distribution income of S\$1.2 million from the Group's Japanese property holding vehicle.

Working Capital and Cash Flow

The Group's financial position remains healthy.

Aggregate bank and other borrowings as at 30 September 2017 declined to S\$83.8 million from S\$90.2 million as at 31 December 2016 after the repayment of certain loans.

The Group's total cash and bank balances stood at S\$25.5 million at the end of September 2017 versus S\$29.8 million for end-December 2016 and will improve after accounting for the net proceeds of the disposal of the warehouse properties in Hong Kong.

Net Asset Value Per Share and Earnings Per Share

The Group's Net Asset Value per share as at 30 September 2017 shot up to 98.33 cents from 73.72 cents as at 31 December 2016, due to a one-off revaluation gain of S\$34.2 million from the disposal of its Hong Kong warehouse properties.

The Group's earnings per share for the nine months ended on 30 September 2017 also climbed to 27.67 cents – reversing a loss of 0.31 cent in the previous corresponding period.

Segmental Performance

Investments

The Investment Division's revenue grew 9% to S\$23 million for the current 9-month period – up from the S\$21.1 million achieved last year.

This division is expected to recognize revenue from its GemLife joint venture as buyers of its Bribie Island retirement homes move into their properties from 4QFY2017.

Settlements at the Fortitude Valley project in Brisbane are also progressing well and the Group shall start recouping its investment from 4QFY2017. Investment in the Sanctuary Cammeray project was recovered in the quarter.

The marketing campaign for the two newly acquired sites at Woodend and Lennox Head has commenced, with strong sales enquiries and a significant number of holding deposits being received.

Lifestyle

The Lifestyle Division reported lower sales of S\$88 million for the current 9-month period, compared to S\$149.4 million achieved in the previous corresponding period due to a shift and refocus on higher margin products. On a quarter-on-quarter basis, sales were however higher by about 7%.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral, said: “The first nine months of the year have been eventful and rewarding – especially for our shareholders. We have substantial gains from our strategic investments, which enabled us to deliver strong returns to our shareholders. With the latest special interim dividend, our shareholders will enjoy a record dividend yield of 8.9% based on our current share price. This is above the average yield of listed companies in Singapore.

The sale of our Hong Kong warehouse properties, will significantly enhance our working capital position and liquidity – enabling us to seize more opportunities to grow both our core business divisions.

Our Investment Division continues to report profitable growth and will benefit further from its investments in real estate in Australia and Japan. Contributions from its joint venture – GemLife, which are expected to commence in 4QFY2017 – should have a positive impact on our bottom-line in the coming quarters.

Our Lifestyle Division will remain focused on higher-value wellness and beauty sectors to drive growth in its key market – China, Asia's largest market.”

The International Monetary Fund (IMF) has recently raised its forecast for China's economic growth in 2017 and 2018 to 6.8 percent this year and 6.5 percent next year. (Source: http://news.xinhuanet.com/english/2017-10/10/c_136670161.htm)

Australia's economic growth is projected to gain strength this year and reach almost 3% in 2018. The Group will remain prudent in its real estate investments in Australia and focus on growing its retirement homes business where the prospects are promising.

The Organisation for Economic Co-operation and Development (OECD) has forecast that Japan will see real economic growth of 1.2 percent for 2018, up 0.2 percentage point from its previous forecast in June. This is supported by an upturn in public investment and stronger export growth to Asian markets. (Source: <https://www.japantimes.co.jp/news/2017/09/20/business/economy-business/oecd-revises-japans-2018-growth-forecast-1-2-percent/#.Wfm5O7ap10c>)

“With the positive economic outlook of our key markets, we are optimistic of our Group’s overall performance in the coming months. The sale of our Hong Kong properties will free up financial resources and boost our liquidity, enabling us to explore new markets to grow our investment portfolio. Barring any unforeseen circumstances, we expect to remain profitable for FY2017,” added Mr. Subramaniam.

About Thakral

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

The Group’s Investment Division 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 Investment Division, through a joint venture, has expanded its businesses into development and management of retirement living resorts in Australia under the GemLife brand name.

The Group’s Lifestyle Division has continued to re-focus on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading ecommerce platforms as well as traditional retailers. The Lifestyle Division’s partners include beauty and personal care device brands MTG Refa, Panasonic, Philips and Braun, skin care brands Canvas and Leaders, cosmetic brand Color Me, wellness brands MTG SIXPAD, Style Seat and Slendertone as well as lifestyle brands Apple, DJI and Skullcandy.

Greater China, including Hong Kong, Southeast Asia and India are key markets for the Lifestyle Division and Australia and Japan for the 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 2017 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 2017	30 Sep 2016	Increase / (Decrease)	30 Sep 2017	30 Sep 2016	Increase / (Decrease)
Revenue	2	110,992	170,467	(35)	39,610	36,081	10
Cost of sales		(78,687)	(142,798)	(45)	(27,186)	(26,275)	3
Gross profit	2	32,305	27,669	17	12,424	9,806	27
Other operating income	3	135	700	(81)	36	70	(49)
Distribution costs	4	(4,354)	(5,365)	(19)	(1,639)	(1,858)	(12)
Administrative expenses	5	(15,049)	(13,303)	13	(7,331)	(4,676)	57
Other operating expenses	6	(598)	(1,090)	(45)	(48)	(420)	(89)
Profit from operations		12,439	8,611	44	3,442	2,922	18
Valuation gain on assets held for sale	1	34,184	-	NM	34,184	-	NM
Valuation loss on investment properties	7	(4,615)	(2,632)	75	(1,554)	(885)	76
Finance income	8	417	751	(44)	123	268	(54)
Finance costs		(4,040)	(4,007)	1	(1,444)	(1,248)	16
Foreign exchange gain (loss)	9	73	(818)	NM	(206)	(772)	(73)
Share of loss of joint ventures	10	(116)	-	NM	-	-	NM
Profit before income tax		38,342	1,905	NM	34,545	285	NM
Income tax credit (expenses)	11	16	(514)	NM	41	(15)	NM
Profit for the period / quarter		38,358	1,391	NM	34,586	270	NM
<u>Profit (loss) attributable to:</u>							
Equity holders of the Company		36,214	(405)	NM	33,538	(598)	NM
Non-controlling interests		2,144	1,796	19	1,048	868	21
		38,358	1,391	NM	34,586	270	NM

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	S\$'000		%	S\$'000		%
		Nine months ended			Three months ended		
		30 Sep 2017	30 Sep 2016		30 Sep 2017	30 Sep 2016	
Profit for the period / quarter		38,358	1,391	NM	34,586	270	NM
Other comprehensive (loss) income							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Translation (loss) gain arising on consolidation	12	(1,809)	2,813	NM	(574)	4,251	NM
Fair value gain on available-for-sale investments, net of tax	13	661	611	8	210	266	(21)
Other comprehensive (loss) income for the period / quarter, net of tax		(1,148)	3,424	NM	(364)	4,517	NM
Total comprehensive income for the period / quarter		37,210	4,815	673	34,222	4,787	615
<u>Total comprehensive income attributable to:</u>							
Equity holders of the Company		34,821	1,232	NM	33,126	2,970	NM
Non-controlling interests		2,389	3,583	(33)	1,096	1,817	(40)
		37,210	4,815	673	34,222	4,787	615

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

In order to reflect the true value of the warehouse properties in Hong Kong and the disposal gain thereon, the properties were revalued as of 30 September 2017 based on the contractual price, with the net valuation gain being taken up in the income statement. Following the EGM held on 26 October 2017, the sale of properties was completed on 2 November 2017.

Note 2:

Performance improvements at both the Investment and Lifestyle Divisions enabled Group gross profit to expand by 17% to S\$32.3 million for the nine months ended 30 September 2017 from S\$27.7 million in the previous corresponding period, despite reduced turnover of S\$111.0 million. Group gross profit margin for the current period rose to 29.1% compared to 16.2% earlier.

Revenue included investment income comprising dividends and interest income amounting to S\$11.2 million (Nine months ended 30 September 16: S\$9.8 million).

Note 3:

Other operating income comprises:

	S\$'000		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2017	30 Sep 2016		30 Sep 2017	30 Sep 2016	
Government subsidies	18	137	(87)	-	19	(100)
Compensation received	-	399	(100)	-	(2)	(100)
Others	117	164	(29)	36	53	(32)
Total	135	700	(81)	36	70	(49)

- Government subsidies in the previous corresponding period comprised mainly the wage credit received in Singapore which was not repeated this year due to the down-sizing of the unit.
- The Group had received compensation and removal costs of S\$0.4 million from the landlord of the office in Hong Kong for the early termination of the lease in the previous corresponding period.
- The decrease in Others is mainly from lower service fee income for the period.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 4:

Distribution costs comprise:

	S\$'000		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2017	30 Sep 2016	Increase / (Decrease)	30 Sep 2017	30 Sep 2016	Increase / (Decrease)
Staff costs	(2,595)	(2,758)	(6)	(888)	(901)	(1)
Advertising & promotion	(49)	(984)	(95)	(199)	(424)	(53)
Transportation	(797)	(678)	18	(271)	(205)	32
Travelling expenses	(254)	(265)	(4)	(76)	(89)	(15)
Others	(659)	(680)	(3)	(205)	(239)	(14)
Total	(4,354)	(5,365)	(19)	(1,639)	(1,858)	(12)

- Advertising and marketing expenses for the current period include one-off marketing support provided by a brand owner.
- Transportation costs were higher due to costs incurred on certain orders by the subsidiary in India.

Note 5:

Administration expenses comprise:

	S\$'000		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2017	30 Sep 2016	Increase / (Decrease)	30 Sep 2017	30 Sep 2016	Increase / (Decrease)
Staff costs (including executive directors)	(10,020)	(8,383)	20	(5,296)	(3,061)	73
Directors' fees	(357)	(357)	-	(119)	(119)	-
Professional fees	(955)	(1,267)	(25)	(263)	(507)	(48)
Rent & rates	(553)	(641)	(14)	(185)	(192)	(4)
Travelling expenses	(229)	(229)	-	(119)	(53)	125
Insurance	(215)	(240)	(10)	(73)	(95)	(23)
(Allowance) Reversal for doubtful debts	(88)	114	NM	-	137	(100)
Withholding tax	(1,272)	(1,229)	3	(659)	(538)	22
Others	(1,360)	(1,071)	27	(617)	(248)	149
Total	(15,049)	(13,303)	13	(7,331)	(4,676)	57

- Staff costs increased due to the accrual of special bonuses of S\$2.4 million to be paid mainly to certain executive directors and staff involved in the warehouse properties in Hong Kong.
- Professional fees declined in view of lower consultancy expenses incurred in relation to the Group's properties and Australian projects.
- Rental expense declined mainly due to the savings from the relocation of the Hong Kong office as well as from the Group's personnel in Beijing now working from home to help reduce costs as well as their own travel times.
- Insurance costs declined mainly due to savings at the unit in Hong Kong.
- Allowances were made for certain doubtful trade receivables in Hong Kong and India 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 vehicle.
- Higher Other expenses arose mainly from the Group's share of mandatory building repair costs for the warehouse building in Hong Kong.

Note 6:

Other operating expenses comprise:-

	S\$'000		%	S\$'000		%
	Nine months ended			Three months ended		
	30 Sep 2017	30 Sep 2016	Increase / (Decrease)	30 Sep 2017	30 Sep 2016	Increase / (Decrease)
Depreciation	(181)	(341)	(47)	(63)	(152)	(59)
(Loss) gain on derivative financial instrument	(417)	(749)	(44)	15	(268)	NM
Total	(598)	(1,090)	(45)	(48)	(420)	(89)

- Depreciation reduced in this period mainly from the cessation of this charge on certain fully written-down assets.
- 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.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 7:

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

Note 8:

Finance income declined from a combination of lower interest-earning deposits and lower interest rates on these funds in the current period.

Note 9:

Foreign exchange translation gain 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 10:

The share of loss from joint ventures comprises the pre-sale operating costs of the Group's Gemlife joint venture for the development and management of retirement resorts.

Note 11:

The Income tax credit in the current period arose due to the reversal of certain over-provisions for prior years. The charge in the previous corresponding period had included tax provisions on the gains from the sale of a parcel of land as well as adjustments for the previous financial year, which are not applicable in the current period.

There will be no capital gains or profits tax impact from the gain on disposal of the warehouse properties in Hong Kong.

Note 12:

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 13:

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 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
ASSETS					
Current assets					
Cash and bank balances	1	25,495	29,787	209	210
Trade receivables	2	14,812	9,871	-	-
Other receivables and prepayments		10,706	10,781	109	65
Loans receivable	3	37,290	28,382	-	-
Assets held for sale	4	70,677	40,140	-	-
Inventories		17,408	18,884	-	-
Total current assets		176,388	137,845	318	275
Non-current assets					
Pledged fixed deposits	1	10	10	-	-
Loans receivable	3	29,054	25,870	-	-
Property, plant and equipment		1,712	1,807	12	16
Investment properties	3	50,716	54,616	-	-
Joint ventures	5	-	115	-	-
Subsidiary corporations		-	-	164,324	162,356
Derivative financial instrument	6	326	755	-	-
Available-for-sale investments	6	18,921	18,681	-	-
Total non-current assets		100,739	101,854	164,336	162,372
Total assets		277,127	239,699	164,654	162,647
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	7	2,227	2,633	-	-
Bills payables and trust receipts	7	22,286	21,535	-	-
Bank and other borrowings	8	44,628	44,664	-	-
Other payables	9	32,131	21,616	636	649
Provisions		2,634	2,969	52	52
Income tax payable	10	52	721	-	-
Total current liabilities		103,958	94,138	688	701
Non-current liabilities					
Amount owing to subsidiary corporations		-	-	68,510	68,346
Bank and other borrowings	8	16,893	24,005	-	-
Deferred tax liability		1,270	1,143	-	-
Total non-current liabilities		18,163	25,148	68,510	68,346
Total liabilities		122,121	119,286	69,198	69,047
Capital, reserves and non-controlling interests					
Issued capital		72,579	72,579	72,579	72,579
Reserves		56,096	23,892	22,877	21,021
Equity attributable to equity holders of the Company		128,675	96,471	95,456	93,600
Non-controlling interests		26,331	23,942	-	-
Total equity		155,006	120,413	95,456	93,600
Total liabilities and equity		277,127	239,699	164,654	162,647

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 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
S\$ 59,843,000	S\$ 7,071,000	S\$ 56,040,000	S\$ 10,159,000

Please also see notes (7 & 8) on page 9

Details of any collateral

Charge over properties in Hong Kong and pledge on rental proceeds; pledged bank deposits of S\$15.5 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 September 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
S\$ 9,044,000	S\$ 7,849,000	S\$ 18,681,000	S\$ 5,324,000

Please also see note (8) 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

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**

	Note	(S\$ '000)		(S\$ '000)	
		Nine months ended		Three months ended	
		30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
OPERATING ACTIVITIES					
Profit before income tax		38,342	1,905	34,545	285
Adjustments for:					
Depreciation expense		181	341	63	152
Share of loss of joint ventures		116	-	-	-
Interest income from loans receivable and dividend income from unquoted investments		(11,160)	(9,758)	(5,828)	(4,202)
Interest expense		4,040	4,007	1,444	1,248
Interest income		(417)	(751)	(123)	(268)
Loss on disposal of property, plant and equipment		5	2	-	1
Valuation gain on assets held for sale		(34,184)	-	(34,184)	-
Valuation loss on investment properties		4,615	2,632	1,554	885
Unrealised loss (gain) on outstanding derivative financial instrument		417	749	(15)	268
Net unrealised foreign exchange (gain) loss		(181)	777	217	666
Provision for employee benefits		104	98	-	-
Allowance for inventories		172	543	145	290
Allowance (reversal) for doubtful trade receivables		78	(130)	(10)	(150)
Allowance for doubtful other receivables		10	16	10	13
Operating cash flows before movements in working capital		2,138	431	(2,182)	(812)
Trade receivables		(5,581)	2,348	(1,268)	251
Other receivables and prepayments		(492)	(1,757)	233	(1,849)
Inventories		405	6,935	(3,287)	738
Trade payables		(278)	(3,905)	(867)	343
Other payables and provisions		3,457	6,235	3,789	1,918
Cash (used in) generated from operations		(351)	10,287	(3,582)	589
Income tax paid		(660)	(145)	(653)	(163)
Interest paid		(3,479)	(2,534)	(2,101)	(193)
Interest received		1,840	52	25	35
Net cash (used in) from operating activities		(2,650)	7,660	(6,311)	268
INVESTING ACTIVITIES					
Additions to property, plant and equipment		(158)	(293)	(65)	(78)
Proceeds from disposal of property, plant and equipment		3	8	-	-
Deposit received on disposal of assets held for sale	9	7,488	-	7,488	-
Acquisition of investments in joint ventures		-	(509)	-	(509)
Repayment of loans receivable - current and non-current		19,819	15,389	10,633	11,585
Additions to loans receivable - current and non-current		(20,947)	(15,262)	(8,342)	(5,321)
Acquisition of derivative financial instrument		-	(217)	-	-
Net cash from (used in) investing activities		6,205	(884)	9,714	5,677
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		-	10	-	-
Decrease (increase) in pledged fixed deposits		6,116	(933)	(2)	(209)
Increase (decrease) in bills payable and trust receipts		2,259	(1,727)	5,752	116
Loans from banks and other borrowings		16,899	10,063	4,009	3,763
Repayments of bank and other borrowings		(23,580)	(14,505)	(6,634)	(9,165)
Net cash (used in) from financing activities		(1,159)	(7,092)	508	(5,495)
Net increase (decrease) in cash and cash equivalents		2,396	(316)	3,911	450
Cash and cash equivalents at beginning of period / quarter		7,690	5,543	6,070	4,716
Net effect of exchange rate changes in the balance of cash held in foreign currencies		(129)	145	(24)	206
Cash and cash equivalents at end of period / quarter		9,957	5,372	9,957	5,372
Cash and cash equivalents were represented by:-					
Fixed deposits with maturities less than 3 months, cash and bank balances	1	9,957	5,372	9,957	5,372
		9,957	5,372	9,957	5,372

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-17</u>	<u>31-Dec-16</u>
Cash and cash equivalents	S\$9.9 million	S\$7.7 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 7 below)	S\$1.2 million	S\$1.3 million
Fixed deposits that have been pledged to banks against bank loans	S\$14.3 million	S\$20.7 million
Total (including non-current fixed deposits)	<u>S\$25.5 million</u>	<u>S\$29.8 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 increase in trade receivables is mainly due to sales made to certain major customers on longer credit terms as well as the accrual of certain project-related fees by the Investment Division.

Note 3:

The aggregate increase in loans receivable arises from the investment made in projects in Australia during the current period. Of the total loans receivable of S\$66.3 million, loans to the Gemlife joint venture entities amount to S\$12.4 million as at 30 September 2017 (31 December 16: S\$6.3 million).

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 4:

Assets held for sale are comprised of:

	<u>30-Sep-17</u>	<u>31-Dec-16</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Investment properties	53,008	36,619
Properties, plant and equipment (Leasehold land and buildings)	17,669	3,521
Total	<u>70,677</u>	<u>40,140</u>

The carrying values represent the net sale proceeds of the warehouse properties in Hong Kong which were revalued based on the contracted price in order to reflect their true value as at 30 September 2017. The sale of these properties was completed on 2 November 2017.

Note 5:

This represents the Group's interest in the joint venture entities for the GemLife retirement living business.

Note 6:

The Group invested in commercial properties and a hotel building in Japan 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.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 7:

Aggregate trade payables and bills payable and trust receipts remained about level with those at 31 December 2016.

Note 8:

Aggregate bank and other loans declined mainly from the net reductions in Hong Kong and China.

Note 9:

The increase in Other payables is mainly due to the deposit received from the purchaser of the warehouse properties in Hong Kong as well as the accruals of executive directors' and staff bonuses mentioned above.

Note 10:

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

Nine months ended 30 September 2017

SS'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 2017	72,579	(9,207)	3,278	1,804	31	(27,680)	55,666	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	72,579	(9,207)	3,278	1,982	-	(27,755)	57,208	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	72,579	(9,207)	3,278	2,029	-	(28,886)	58,373	98,166	25,235	123,401
Total comprehensive income for the quarter										
Profit for the quarter	-	-	-	-	-	-	33,538	33,538	1,048	34,586
Other comprehensive income (loss) for the quarter	-	-	-	105	-	(517)	-	(412)	48	(364)
	-	-	-	105	-	(517)	33,538	33,126	1,096	34,222
Transactions with owners, recognised directly in equity										
Dividend	-	-	-	-	-	-	(2,617)	(2,617)	-	(2,617)
Balance at 30 Sep 2017	72,579	(9,207)	3,278	2,134	-	(29,403)	89,294	128,675	26,331	155,006

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Nine months ended 30 September 2016

S\$'000

Group	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 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

Nine months ended 30 September 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

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

Transactions with owners, recognised directly in equity

Dividend

Balance as at 30 Sep 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
-	-	872	872
-	-	(2,617)	(2,617)
72,579	-	22,877	95,456

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

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 year, 700,000 share options (equivalent to 35,000 shares on 20:1 basis following the completion of the share consolidation in FY2015) expired 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 2017	As at 31 Dec 2016
Outstanding options	-	35,000

The Company did not have any treasury shares as at 30 September 2017 and 31 December 2016.

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 2017 and 31 December 2016.

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 2016.

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 2017, 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 7 *Statement of Cash Flows: 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 2017	Nine months ended 30 Sep 2016
(i) Basic earnings (loss) per share	27.67 cents	(0.31) cent
(ii) Fully diluted earnings (loss) per share	27.67 cents	(0.31) cent

	Three months ended 30 Sep 2017	Three months ended 30 Sep 2016
(i) Basic earnings (loss) per share	25.63 cents	(0.46) cent
(ii) Fully diluted earnings (loss) per share	25.63 cents	(0.46) 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 2017 and 30 September 2016.

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 2017	As at 31 Dec 2016
Group	98.33 cents	73.72 cents
Company	72.94 cents	71.53 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 2017

Turnover & Profitability

Group profit from operations for the 9 months ended 30 September 2017 rose 44% to S\$12.4 million from S\$8.6 million achieved in the previous corresponding period. Consolidated revenues for the year-to-date declined by 35% compared to the previous corresponding period in view of the Group's reduced focus on low margin business. For the latest quarter,

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Group revenue settled down to a comparable basis and increased by 10% to S\$39.6 million against S\$36.1 million in the previous corresponding quarter. This was on the back of improved performance at both the Investment and Lifestyle divisions.

The Group's gross profit grew by 17% to S\$32.3 million in the current period as compared to S\$27.7 million in the previous corresponding period, with gross profit margin rising to 29.1% from 16.2% previously.

With the signing of the sales agreement for the Hong Kong properties in the current quarter, the Group has revalued the Hong Kong properties based on the actual selling price (less costs of disposal) to reflect the true value of these assets as well as the revaluation gain in the current quarter although the sale was completed only in November 2017. The net revaluation gain included in the current quarter's results amounted to S\$34.2 million. The Company shall pay a special interim dividend of S\$0.03 per share on 27 November 2017.

The Group thus achieved net profit before tax (PBT) of S\$38.3 million for the current period compared to the S\$1.9 million achieved in the previous corresponding period.

Finance Income

In view of lower funds on deposit during the current period, Finance income declined to S\$0.4 million from S\$0.8 million in the previous corresponding period.

Expenses

Distribution expenses of S\$4.4 million for the current period included marketing support of S\$0.5 million received from a brand owner for the restructuring of a distribution agreement during this period. Excluding this support, distribution expenses declined by about 9% from those incurred in the previous corresponding period.

The increase in Administration expenses to S\$15.0 million from S\$13.3 million in the previous corresponding period is mainly due to accrual in the current quarter of bonuses amounting to S\$2.4 million for certain executive directors and staff extensively involved in the warehouse property disposal.

Foreign exchange gain of S\$0.1 million arose mainly from the translation of foreign currency denominated monetary assets and liabilities outstanding at the end of the period.

Attributable Profit

Profit attributable to shareholders for the current period was S\$36.2 million compared to the loss of S\$0.4 million for the previous corresponding period.

Working Capital and Cash Flow

Although Inventory of S\$17.4 million as at 30 September 2017 was lower than S\$18.9 million as at 31 December 2016, this was an increase from the levels as at 30 June 2017 in view of the Group stocking up in preparation for the upcoming seasonal demand. The inventory turnover period for the current period increased to 63 days against 41 days for the previous corresponding period.

Trade receivables continued to increase to S\$14.8 million as at 30 September 2017 from S\$9.9 million as at 31 December 2016 due to sales to certain large customers on longer credit terms as well as the accrual of certain project-related fees by the Investment Division. The trade receivables turnover period for the current period was 30 days against 18 days for the earlier period.

The Group repaid certain loans during the current period; aggregate bank and other borrowings as at 30 September 2017 reduced to S\$83.8 million from S\$90.2 million as at 31 December 2016. Subsequent to 30 September 2017, the Group repaid the mortgage loan and other borrowings from the mortgagee bank amounting to S\$22.2 million outstanding as at the completion date from the proceeds of the disposal of the Hong Kong warehouse properties.

Other payables increased to S\$32.1 million due to the deposit received from the purchaser of the warehouse properties in Hong Kong as well as the accruals of executive directors' and staff bonuses mentioned above. Funds from the purchasers deposit for the warehouses were utilized for working capital purposes during the quarter.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

The Group saw net outflows of cash from operating activities for the current period as well as the latest quarter of S\$2.7 million and S\$6.3 million compared to inflows in the previous corresponding periods respectively mainly in view of the increase in trade receivables and the maintenance/ increase of inventory in these periods compared to reductions in the comparative periods.

Net Asset Value

Net Asset Value per share as at 30 September 2017 increased to 98.33 cents, compared to 73.72 cents as at 31 December 2016, reflecting the enhancement in value from the disposal of the warehouse properties.

Performance Summary

Investments

The Investment Division's revenue of S\$23.0 million for the current period reflected growth of about 9% from the S\$21.1 million achieved in the previous corresponding period. This includes distributions of S\$1.2 million from the Japanese property holding vehicle for the current period which saw an increase of about 22% from the previous corresponding period. Segment operating result of S\$14.6 million remained about level with S\$14.7 million in the previous corresponding period.

The investment in the Sanctuary Cammeray project was recouped in the latest quarter. Settlements at the Fortitude Valley project in Brisbane are also progressing well. It is expected that the Group would start receiving its returns from this project from Q4-FY17.

With buyers of the Bribie Island retirement homes commencing to move into their properties in Q4-FY2017, the Gemlife joint venture will start recognizing sales from the last quarter of this year. The marketing campaign has commenced at the two newly acquired sites at Woodend and Lennox Head, with strong sales enquiries and a significant number of holding deposits taken.

Lifestyle

The Lifestyle Division reported sales of S\$88.0 million for the current period, a decline from S\$149.4 million achieved in the previous corresponding period due to its refocus to higher margin products. On a quarter-to-quarter basis, sales were higher by about 7% in the latest quarter compared to the previous corresponding quarter. Segment result, however, slipped back into a small loss during the latest quarter in view of pricing pressure in export markets that led to lower margin realization.

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

The performance of both Divisions met management's expectations. The Lifestyle Division continues its efforts to expand and achieve positive results.

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.

The Group shall continue its prudent project selection in Australia and focus on growing its retirement homes business where the prospects are promising.

China's economy continues its growth at a slower pace. This provides a gradually improving economic backdrop for the Group's Lifestyle Division, which is continuing efforts to expand and turn around.

The Group has received the remaining proceeds from the disposal of the warehouse properties in Hong Kong in early November 2017. The significantly improved liquidity from this disposal will allow it to move forward and grow its businesses over subsequent quarters. Further announcements in this respect will be made as appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes, a special interim dividend of S\$0.03 per share

An interim dividend of S\$0.02 per share was paid to shareholders on 21 August 2017

(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 declared an interim dividend of S\$0.02 per share and paid on 7 December 2016 to shareholders.

(c) Date payable

27 November 2017

(d) Books closure date

17 November 2017

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 2017 (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	-	12,136
Co-investment in loans receivable	1,840	-

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 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****Nine months ended 30 September 2017**

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	23,042	87,950	-	110,992
Result				
Segment operating result	14,614	(133)	(893)	13,588
Valuation gain on assets held for sale	34,184	-	-	34,184
Valuation loss on investment properties	(4,615)	-	-	(4,615)
Share of loss of joint ventures	(116)	-	-	(116)
Segment result	44,067	(133)	(893)	43,041
Unallocated corporate expenses				(1,149)
Finance income				417
Finance costs				(4,040)
Foreign exchange gain				73
Profit before income tax				38,342
Income tax credit				16
Profit for the period				38,358
Other information				
Capital expenditure:				
Property, plant and equipment	27	129	2	158
Depreciation expense	18	157	6	181
Assets				
Segment assets	219,524	57,246	357	277,127
Total assets				277,127
Liabilities				
Segment liabilities	67,944	52,458	397	120,799
Income tax payable				52
Deferred tax liability				1,270
Total liabilities				122,121

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Nine months ended 30 September 2016

	INV	LIFE	OTH	TOTAL
Revenue				
External sales	21,101	149,366	-	170,467
Result				
Segment operating result	14,681	(3,966)	(949)	9,766
Valuation loss on investment properties	(2,632)	-	-	(2,632)
Segment result	12,049	(3,966)	(949)	7,134
Unallocated corporate expenses				(1,155)
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

Geographical information

S\$'000

Geographical segments:	Revenue		Capital expenditure		Non-current assets *	
	30 Sep		30 Sep		30 Sep	
	2017	2016	2017	2016	2017	2016
People's Republic of China (including Hong Kong)	95,622	153,157	80	194	2,735	2,945
Australia	9,199	9,821	27	5	48,454	57,944
Others	6,171	7,489	51	94	1,239	1,383
	110,992	170,467	158	293	52,428	62,272

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 9 months ended 30 September 2017 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
9 November 2017

BY ORDER OF THE BOARD

Chan Wan Mei
Chan Lai Yin
Company Secretaries
9 November 2017