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

**PRESS RELEASE**

# Thakral Group's 1QFY2017 net profit attributable to equity holders doubles to S$1.5 million

*Both business divisions improved performances with Investment Division taking the lead*

Singapore, 27 April 2017 – SGX mainboard-listed Thakral Corporation Ltd ("Thakral" or the "Group") has posted a net profit attributable to shareholders of S$1.5 million in 1QFY2017, more than double the S$0.6 million earned a year ago despite overall revenue declining by 54% to S$36.9 million from S$80.3 million for 1QFY2016.

Improvements in performance from both the Investment and Lifestyle divisions saw the Group report a gross profit growth of 25% to S$10.5 million for the quarter ended 31 March 2017; with gross profit margin rising to 28.6% from 10.5% previously.

Operating profit rose by 84% to S$4.4 million during the quarter compared to S$2.4 million in the previous corresponding quarter; while the Group's 1QFY2017 net profit before tax was S$2.0 million versus S$1.0 million for the previous corresponding quarter.

The Group's finance income declined 31% to S$0.2 million due to a combination of lower interest-earning deposits and lower interest rates on these funds; while distribution expenses declined by 12% to S$1.5 million primarily due to lower advertising and marketing outlays as well as lower staff costs from a reduced headcount compared to last year.

Other operating expenses increased to S$0.5 million from S$0.4 million in the previous corresponding quarter due to the mark-to-market loss on the foreign currency option taken to hedge the capital invested in the Group's Japanese property investment vehicle.

## Working Capital and Cash Flow

Cash and bank balances for the Group remains healthy at S$31.3 million in 1QFY2017, a modest increase from S$29.8 million as at 31 December 2016.

Aggregate bank and other borrowings weighed in at S$81.2 million as of 31 March 2017 compared to S$90.2 million on 31 December 2016.

The Group saw a net cash inflow from operating activities of S$3.7 million for the current quarter compared to an inflow of S$4.4 million a year ago.

Inventory clocked in lower at S$13.6 million from S$18.9 million as at 31 December 2016 due to continued efforts to rationalize inventory levels.

## Net Asset Value Per Share and Earnings Per Share

Earnings per share rose to 1.15 cents for 1QFY2017 from 0.48 cent in 1QFY2016; while the Net Asset Value per share also rose slightly to 74.95 cents in 1QFY2017 from 73.72 cents as at 31 December 2016.

## Segmental Performance

### Investments

The Investment Division continued its growth momentum in the quarter with revenue – which includes project-related fees recognized from the first quarter – increasing by 29% to S$7.2 million compared to S$5.6 million in the corresponding quarter a year ago.

Operating profit for the segment came in at S$5.0 million, an improvement of 26% from a year ago. The division's projects continue to progress smoothly as it scouts for additional sites for the Group's GemLife retirement living joint venture.

### Lifestyle

The Lifestyle Division was able to grow its gross profit by focusing on selected higher margin beauty and wellness items.

Despite a dip in sales to S$29.7 million for the latest quarter compared to S$74.7 million in 1QFY2016, the division achieved a segment profit of S$80,000 this quarter compared to a S$0.9 million loss in the previous corresponding quarter.

Going forward, the division will continue to expand its beauty, wellness and lifestyle business while keeping overheads under control. Its business is showing improvement and management remains focused on maintaining growth in 2017.

## Going Forward

Thakral's Independent Non-Executive Chairman, Mr. Natarajan Subramaniam, said: "We are very heartened to see improved performance for both the Investment and Lifestyle divisions. The strategy we made a few years ago to move away from electronic products and increase focus on higher margin products in beauty and wellness has proven to be a right move, with business momentum picking up and profits for the Lifestyle Division starting to stream in."

The IMF has recently revised its forecast for China and expects the Chinese economy to grow 6.6 percent in 2017 and 6.2 percent in 2018. The upward revision reflects the stronger-than-expected momentum of the Chinese economy in 2016 and the anticipation of continued policy support from the Chinese government. This will herald good news for our Lifestyle Division which is well-poised to benefit from a rise in consumer sentiment and expenditure.

According to the OECD, Australia's economy remains in positive territory – with a forecast growth rate of 2.7% in 2017 and 3% in 2018.

House prices and mortgage credit continue to rise especially in gateway cities such as Sydney, Melbourne and Brisbane, though macro-government tightening measures have recently helped lessen the pace of increase.

Interest rates and consumer price inflation remains low. Demand for housing in key cities remains healthy.

Under-investment in past years has also led to Australia's largest cities continuing to see strong demand with prices up by 19% in Sydney in the twelve months to March 2017. Brisbane meanwhile recorded sustainable growth conditions with capital values rising 4.4% over the past year.

Mr. Subramaniam added: "In addition to investments in real estate projects, Thakral's Investment Division is also increasing its focus on retirement resorts through the Group's GemLife retirement living joint venture. With the increasing numbers of retirees and elderly residents in Australia, the Group sees sustainable and positive income streams from its investments in retirement resorts. These trends augur well for our Investment Division."

Barring any unforeseen factors, the Group maintains a cautiously optimistic outlook of its overall performance in the coming months.

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**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 and Style Seat 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.

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