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 its half-year net profit attributable to equity holders grew to S$2.7 million with Lifestyle Division back in the black

- *Dividend yield of 4.9% to reward loyal shareholders*

Singapore, 3 August 2017 – SGX Mainboard-listed Thakral Corporation Ltd ("Thakral" or the "Group") has has declared an interim dividend of S$0.02 per share (payable on 21 August 2017) as it posted a net profit attributable to equity holders of S$2.7 million in for the first half of FY2017, up from S$0.2 million for previous corresponding period. This represents a dividend yield of 4.9% based on its last traded price of 40.5 cents.

The growth in profit was achieved despite a decline of 47% in consolidated revenue to S$71.4 million in 1HFY2017 compared to S$134.4 million in the comparative period. The lower turnover was due to the Lifestyle Division's continuing shift to higher margin products.

The sterling results reflected the improved performances of both the Group's core divisions.

Its Lifestyle Division had turned in a segment profit of S$0.3 million for the current half year, reversing a S$2.1 million loss in the previous corresponding period after shifting to and expanding its range of higher-margin beauty, wellness and lifestyle brands and products.

The Investment Division saw its half-year income edge up to S$13.5 million from S$13.1 million in the previous corresponding period.

Improved growth by both Investment and Lifestyle businesses lifted gross profit by 11% to S$19.9 million for the six months ended 30 June 2017. The Group's gross profit margin for the current period rose to 27.9% compared to 13.3% for the same period in 2016.

Working Capital and Cash Flow

For the period under review, the Group saw a net cash inflow of S$3.7 million compared to an inflow of S$7.4 million in the previous corresponding period. Trade receivables increased to S$13.7 million as at 30 June 2017 from S$9.9 million as at 31 December 2016 due to sales on longer credit terms to certain large customers.

Inventory was pared to S$14.5 million as at 30 June 2017 from S$18.9 million as at 31 December 2016 due to improved inventory control.

The Group's total cash and bank balances stood at S$21.5 million at the end of June 2017.

Net Asset Value Per Share and Earnings Per Share

The Group's earnings per share rose to 2.04 cents for the first half from 0.15 cent in 1HFY2016 while net asset value per share weighed in at 75.02 cents up from 73.72 cents in the same period last year.

Segmental Performance

Investments

The division continued to report positive results – with improved revenue of S$13.5 million for the 6 months ended 30 June 2017, edging up from S$13.1 million in the previous corresponding period.

Segment operating result excluding the valuation loss on the GLNG houses and share of loss from associates grew about 9% to S$10.1 million in the current period from S$9.3 million previously.

Construction of the retirement resort homes is progressing well with the first occupants at the Bribie Island development expected to move in about the end of the third quarter. The division continues to identify and review growth opportunities going forward.

Lifestyle

The Lifestyle Division made a turnaround – delivering a segment profit of S$0.3 million for the current half year.

Sales fell to S$57.8 million from S$121.3 million in the previous corresponding period in line with the Group's strategic focus on higher value brands and a wider range of beauty and wellness products.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral, said "Despite the tough economic conditions, our group remains resilient with the performance of both Investment and Lifestyle divisions meeting management's expectations. As a reward to our loyal shareholders who have continuously stood by us through the years, we are pleased to declare an interim dividend of 2 cents per share – giving a yield of 4.9% on our last traded price of 40.5 cents. We look forward to more support from our shareholders as the Group forges ahead with its growth plans.

The IMF has recently upgraded its 2017 forecast for China from 6.6% to 6.7%, while growth in 2018 is now expected to be 6.4% instead of 6.2%.[1]

This augurs well for us as China accounts for about 85% of the Group's total revenue and remains a key market for the Lifestyle Division."

The Chinese economy stayed buoyant as both consumer spending and trade growth accelerated during the second quarter, reflecting stronger consumption and domestic demand.

According to the OECD, Australia's GDP is expected to stay positive at 2.5% in 2017 – with economic growth projected to increase to almost 3% in 2018. Home prices in the country, especially in gateway cities such as Sydney and Melbourne, continue to rise with demand exceeding supply.[2]

The demand for retirement homes is also accelerating and is forecast to double by 2025.[3]

"These trends herald good news for the Group as our retirement business segment continues to enjoy strong demand from customers for the buyer friendly "Land Lease" model that our joint venture - GemLife offers. With expansion plans in place, the Group is firmly positioned to meet the anticipated increase in demand for affordable quality retirement housing," added Mr. Subramaniam.

The Group has also taken steps to unlock value for shareholders by calling a public tender sale of its warehouse properties in Hong Kong.

Going forward – in view of the political risks and global market gyrations, the Group will continue with its prudent measures to improve its growth and profitability.

[1] *Source: International Monetary Fund - 24 July 2017*
[2] *Source: OECD - June 2017- Australia - Economic forecast summary (June 2017)*
[3] *Source: Healthcare and Retirement Living - Research & Forecast report - Colliers International 2016*

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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