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THAKRAL CORPORATION LTD

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

PRESS RELEASE – RESULTS FOR Q1FY2009

THAKRAL BACK IN THE BLACK WITH GROUP ATTRIBUTABLE NET PROFIT OF S\$0.8 MILLION FOR Q1FY2009

- **Turnover rose 14% to S\$97.9 million for 3 months ended March 31, 2009**

Singapore, May 12, 2009 – SGX-MAINBOARD-LISTED Thakral Corporation Ltd (“Thakral” or the “Group”), which is in the business of distribution as well as property and equity investments, returned to profitability in Q1FY2009 as Group sales in the first quarter of this year rose 14% as compared to the Q1FY2008 .

The Group recorded a Group attributable net profit of S\$0.8 million for the first three months ended March 31, 2009 reversing a loss of S\$0.5 million in the previous corresponding period in FY2008.

Revenue for the Group also continued its upward trend - rising to S\$97.9 million from S\$85.9 million in Q1FY2008, spurred by the higher level of sales activities for the consumer electronics division in China for the quarter in review.

The return to profitability was partly due to the improved margins from the increased sales volume. Gross profit margins for Q1FY2009 rose to 4.3% from 3.9% in the same quarter of FY2008.

Earnings Per Share and Net Asset Value Per Share

The Group Earnings Per Share (from continuing and discontinued operations) achieved for the quarter under review was 0.03 cent as compared to a Group Loss Per Share of 0.02 cent recorded for the previous corresponding period in FY2008.

Group Net Asset Value Per Share is 7.8 cents as at end March 2009 versus 7.9 cents as at December 31, 2008.

Working Capital Position

The Group’s cash and cash equivalents rose by S\$14.9 million from the previous corresponding period in FY2008 to reach S\$121.9 million as at March 31, 2009.

Net operational cash outflow for Q1FY2009 was S\$1.8 million as compared to the outflow of S\$2.9 million in Q1FY2008 mainly due to the purchase of additional inventory from a supplier.

The Group also maintained a tight control on operating expenses. The distribution expenses fell by 14% to S\$0.9 million, down from S\$1 million from last year due to cost-reduction steps such as the lowering of advertising activities.

Segmental Performance

Distribution

(formerly known as Supply Chain Management, marketing and brand building)

The distribution unit recorded a rise of 14% in sales in Q1FY2009 to S\$97.4 million as compared to S\$85.4 million achieved in the previous financial year.

The higher sales volume propelled the distribution division to return to the black recording a segmental profit of S\$0.6 million for Q1FY2009 (excluding S\$0.9 million from damages and interest income earned from a legal claim) as compared to a loss of S\$0.5 million in Q1FY2008.

The improved earnings reflected improved net margins for the consumer electronics business during the quarter under review.

Property Holding

Revenue for the property segment in Thakral was halved to S\$0.3 million for Q1FY2009 due to the lower sales from its joint venture in Wujiang, and this in turn reflected the on-going softness in the property market in China in Q1FY09.

Going Forward

Mr Kartar Singh Thakral (“Mr Kartar”), Chairman of Thakral said, “Despite the challenging outlook for the global economy, we are seeing positive signs in China as its huge stimulus package is bearing fruit. There is also a discernible increase in demand for consumer goods and this augurs well for our distribution business in China.

On our part, the Group is beginning to see some results from the extensive measures taken to streamline our core businesses and close down under-performing ones since the end of last year.

We are also concentrating our efforts on our existing portfolios by improving the mix of brands and products with a focus to improve returns on funds utilized, reduce overheads and conserve cash.”

Mr Kartar added, "Barring unforeseen circumstances, we remain hopeful that with our competitive strengths, leaner cost structure and stronger financial position, we will be in a position to take advantage of new growth opportunities, as economic situation improves further in the current year."

About Thakral

Listed on the SGX Mainboard since December 1995 with its Distribution business headquartered in Shanghai, the People's Republic of China ("PRC"), Thakral Corporation Ltd ("the Company") is involved in the distribution business in the consumer electronics sector, as well as strategic property and equity investments.

Presently, the PRC, Hong Kong and India are the Group's key markets for its products. The Group distributes an extensive consumer brand portfolio including global consumer electronics brands such as Apple, Asus, Canon, Casio, Fuji, Kodak, Lenovo, Nikon, Nokia, Olympus, Orion, Panasonic, Pentax, Samsung and Sony. Some of the major products distributed under these key brands include digital video cameras, digital still cameras, plasma TVs, desktop and notebook computers, personal digital assistants (PDAs), data projectors, electronic accessories, mobile phones and audio products including MP3/MP4/MP5 players.

In addition, the Group has also successfully created and marketed trendy consumer products such as audio players and accessories, LCD TVs, memory cards, portable DVD players and digital photo frames under its own "YES" brand.

Currently, the Company is looking out for potential business growth opportunities in the property sector as it seeks to reposition itself as a Pan Asia Property Group.

*Release issued on behalf of Thakral Corporation Ltd by
Stratagem Consultants Pte Ltd*

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