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**Second Quarter \* Financial Statement And Dividend Announcement**

\* Asterisks denote mandatory information


|   |                            |
|---|----------------------------|
| Name of Announcer *                         | THAKRAL CORPORATION LTD    |
| Company Registration No.                    | 199306606E                 |
| Announcement submitted on behalf of         | THAKRAL CORPORATION LTD    |
| Announcement is submitted with respect to * | THAKRAL CORPORATION LTD    |
| Announcement is submitted by *              | Anil Daryanani             |
| Designation *                               | Group Financial Controller |
| Date & Time of Broadcast                    | 02-Aug-2007 17:52:32       |
| Announcement No.                            | 00078                      |

**>> Announcement Details**

The details of the announcement start here ...

|                                  |            |
|----------------------------------|------------|
| For the Financial Period Ended * | 30-06-2007 |
|----------------------------------|------------|

**Attachments:**

 [ThakralCorp\\_Results\\_Q2FY07\\_2Aug07.pdf](#)  
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**Half Year and Second 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 (for the group) for the six months and second quarter ended 30 June 2007 together with comparative statements for the corresponding period of the immediately preceding financial year**

These figures have not been audited.

*The Group changed its financial year end from 31 March to 31 December during the preceding financial year. As such, the results for the last quarter of the financial year ended 31 March 2006 and the first quarter of the 9 months ended 31 December 2006 have been combined and are presented below for comparison only.*

**Profit and loss statements**

|   | Note | Group            |                |                       | Group              |                |                       |
|---|------|------------------|----------------|-----------------------|--------------------|----------------|-----------------------|
|   |      | S\$000           |                | %                     | S\$000             |                | %                     |
|   |      | Six months ended |                |                       | Three months ended |                |                       |
|   |      | 30 Jun 2007      | 30 Jun 2006    | Increase / (Decrease) | 30 Jun 2007        | 30 Jun 2006    | Increase / (Decrease) |
| <b>CONTINUING OPERATIONS</b>                                    |      |                  |                |                       |                    |                |                       |
| Revenue   | 1    | 136,621          | 141,734        | (4)                   | 88,469             | 68,698         | 29                    |
| Cost of sales   |      | (126,560)        | (129,934)      | (3)                   | (82,029)           | (61,453)       | 33                    |
| Gross profit  | 1    | 10,061           | 11,800         | (15)                  | 6,440              | 7,245          | (11)                  |
| Other operating income  | 2    | 1,209            | 1,275          | (5)                   | 217                | 208            | 4                     |
| Distribution costs  | 3    | (2,433)          | (3,249)        | (25)                  | (1,223)            | (1,396)        | (12)                  |
| Administration expenses   | 4    | (6,968)          | (10,816)       | (36)                  | (3,636)            | (6,009)        | (39)                  |
| Other operating expenses  | 5    | (1,294)          | (1,382)        | (6)                   | (633)              | (700)          | (10)                  |
| Profit (loss) from operations                                   |      | 575              | (2,372)        | NM                    | 1,165              | (652)          | NM                    |
| Finance income  |      | 1,662            | 1,863          | (11)                  | 849                | 1,021          | (17)                  |
| Finance costs   | 6    | (196)            | (1,326)        | (85)                  | (35)               | (647)          | (95)                  |
| Foreign exchange gain (loss)                                    | 7    | 1,888            | 412            | 358                   | 1,197              | (363)          | NM                    |
| Profit (loss) before income tax, share of results of associates |      | 3,929            | (1,423)        | NM                    | 3,176              | (641)          | NM                    |
| Profit (loss) from associates                                   |      | 116              | 339            | (66)                  | 96                 | (1)            | NM                    |
| <b>Profit (loss) before income tax</b>                          |      | <b>4,045</b>     | <b>(1,084)</b> | NM                    | <b>3,272</b>       | <b>(642)</b>   | NM                    |
| Income tax expense  | 8    | (1,071)          | (97)           | NM                    | (652)              | (16)           | NM                    |
| <b>Profit (loss) from continuing operations</b>                 |      | <b>2,974</b>     | <b>(1,181)</b> | NM                    | <b>2,620</b>       | <b>(658)</b>   | NM                    |
| <b>DISCONTINUING OPERATIONS</b>                                 |      |                  |                |                       |                    |                |                       |
| Loss from discontinuing operations                              | 9    | (529)            | (7,476)        | (93)                  | (519)              | (492)          | 5                     |
| <b>Profit (loss) for the period / quarter</b>                   |      | <b>2,445</b>     | <b>(8,657)</b> | NM                    | <b>2,101</b>       | <b>(1,150)</b> | NM                    |
| <i>Attributable to</i>  |      |                  |                |                       |                    |                |                       |
| Shareholders of the Company                                     |      | 1,841            | (8,381)        | NM                    | 1,624              | (1,102)        | NM                    |
| Minority interests  |      | 604              | (276)          | NM                    | 477                | (48)           | NM                    |
|   |      | <b>2,445</b>     | <b>(8,657)</b> | NM                    | <b>2,101</b>       | <b>(1,150)</b> | NM                    |

NM – Not meaningful

THAKRAL CORPORATION LTD AND SUBSIDIARIES

**Notes to the Income statement**

Note 1:

The lower turnover and gross profit for the first half of this financial year was due to the continued heavy competition faced by the Supply Chain Management division in the Group's principal market.

Gross profit margin for the period declined to 7.4% from 8.3% achieved in the previous corresponding period.

Note 2:

Other operating income of continuing operations comprises:

|   | S\$'000          |             | %<br>Increase /<br>(Decrease) | S\$'000            |             | %<br>Increase /<br>(Decrease) |
|---|------------------|-------------|-------------------------------|--------------------|-------------|-------------------------------|
|   | Six months ended |             |                               | Three months ended |             |                               |
|   | 30 Jun 2007      | 30 Jun 2006 |                               | 30 Jun 2007        | 30 Jun 2006 |                               |
| Gain on disposal of properties                                  | 63               | 749         | (92)                          | 63                 | -           | NM                            |
| Gain on disposal of available-for-sale investments              | 850              | -           | NM                            | -                  | -           | NM                            |
| Refund of tax on reinvestment of dividend in Wujiang subsidiary | -                | 198         | NM                            | -                  | -           | NM                            |
| Miscellaneous   | 296              | 328         | (10)                          | 154                | 208         | (26)                          |
| Total   | 1,209            | 1,275       | (5)                           | 217                | 208         | 4                             |

Note 3:

Distribution costs of continuing operations comprises:

|                         | S\$'000          |             | %<br>Increase /<br>(Decrease) | S\$'000            |             | %<br>Increase /<br>(Decrease) |
|-------------------------|------------------|-------------|-------------------------------|--------------------|-------------|-------------------------------|
|                         | Six months ended |             |                               | Three months ended |             |                               |
|                         | 30 Jun 2007      | 30 Jun 2006 |                               | 30 Jun 2007        | 30 Jun 2006 |                               |
| Staff costs             | (825)            | (876)       | (6)                           | (378)              | (349)       | 8                             |
| Advertising & promotion | (262)            | (607)       | (57)                          | (204)              | (184)       | 11                            |
| Transportation          | (338)            | (595)       | (43)                          | (147)              | (243)       | (40)                          |
| Travelling expenses     | (328)            | (397)       | (17)                          | (147)              | (178)       | (17)                          |
| Others                  | (680)            | (774)       | (12)                          | (347)              | (442)       | (21)                          |
| Total                   | (2,433)          | (3,249)     | (25)                          | (1,223)            | (1,396)     | (12)                          |

- (i) In the 6 months ended 30 June 2006, the Group had incurred significant additional advertising and promotion charges, including investment in market development activities. These charges were not incurred during the half year ended 30 June 2007.
- (ii) Transportation expenses declined mainly due to cost reductions.

Note 4:

Administration expenses of continuing operations comprises:

|  | S\$'000          |             | %<br>Increase /<br>(Decrease) | S\$'000            |             | %<br>Increase /<br>(Decrease) |
|--|------------------|-------------|-------------------------------|--------------------|-------------|-------------------------------|
|  | Six months ended |             |                               | Three months ended |             |                               |
|  | 30 Jun 2007      | 30 Jun 2006 |                               | 30 Jun 2007        | 30 Jun 2006 |                               |
| Staff costs<br>(including executive directors) | (4,825)          | (5,667)     | (15)                          | (2,323)            | (3,540)     | (34)                          |
| Directors' fees                                | (317)            | (143)       | 122                           | (162)              | (143)       | 13                            |
| Professional fees                              | (912)            | (1,136)     | (20)                          | (611)              | (427)       | 43                            |
| Rent & rates                                   | (872)            | (766)       | 14                            | (464)              | (327)       | 42                            |
| Travelling expenses                            | (163)            | (277)       | (41)                          | (77)               | (152)       | (49)                          |
| Net reversal (allowance) for doubtful debts    | 2,136            | (342)       | NM                            | 1,220              | (149)       | NM                            |
| Impairment in value of plant & equipment       | (7)              | -           | NM                            | (7)                | -           | NM                            |
| Others   | (2,008)          | (2,485)     | (19)                          | (1,212)            | (1,271)     | (5)                           |
| Total  | (6,968)          | (10,816)    | (36)                          | (3,636)            | (6,009)     | (39)                          |

NM – Not meaningful

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Note 4:

- (i) Directors' fees are comparatively higher as the directors had waived their fees for the quarter ended 31 March 2006.
- (ii) Lower professional fees were due to the facility fees and other related costs incurred during the previous corresponding quarter for the early repayment of the Group's syndicated bank loan in March 2006. During the current quarter, additional legal costs were incurred for debt recoveries from 3<sup>rd</sup> parties.
- (iii) Rent and rates in the latest quarter increased due to the higher office rental costs in Hong Kong.
- (iv) Travelling expenses declined due to the lower number of management staff travelling in the current period.
- (v) Reversal of allowance for doubtful debts of S\$2 million arose from receipts during this period from a related party pursuant to the agreement announced on 30 March 2007. Accordingly, the Group reversed the appropriate provisions made against the related party balance. The amount receivable had been fully provided for during the financial year ended 31 March 2006.

Note 5:

Other operating expenses comprised depreciation charges for the periods.

Note 6:

Finance costs were lower compared to the previous corresponding periods due to the savings in interest expenses on the long-term syndicated bank loan which was fully repaid in March 2006 and lower interest expenses on convertible bonds as a result of the conversion of the bonds.

Note 7:

Foreign exchange gain arose from translation of monetary assets and liabilities, denominated in foreign currencies, outstanding as at the end of the period.

Note 8:

Group income tax arose mainly from the taxable profits at the Group's property development unit in Wujiang.

Note 9:

As previously announced, the Group has decided to exit from the home entertainment business. Accordingly this business has been classified as discontinuing operations.

The results of the home entertainment business were as follows:-

|                              | S\$000           |             | %                        | S\$000             |             | %                        |
|------------------------------|------------------|-------------|--------------------------|--------------------|-------------|--------------------------|
|                              | Six months ended |             |                          | Three months ended |             |                          |
|                              | 30 Jun 2007      | 30 Jun 2006 |                          | 30 Jun 2007        | 30 Jun 2006 |                          |
|                              |                  |             | Increase /<br>(Decrease) |                    |             | Increase /<br>(Decrease) |
| Revenue                      | 479              | 2,868       | (83)                     | 68                 | 1,082       | (94)                     |
| Cost of sales                | (204)            | (2,261)     | (91)                     | (29)               | (1,046)     | (97)                     |
| Gross profit                 | 275              | 607         | (55)                     | 39                 | 36          | 8                        |
| Other operating income       | -                | 21          | NM                       | -                  | 21          | NM                       |
| Distribution costs           | (333)            | (915)       | (64)                     | (143)              | (457)       | (69)                     |
| Administration expenses      | (154)            | (124)       | 24                       | (85)               | (86)        | (1)                      |
| Impairment charges           | (326)            | (7,058)     | (95)                     | (334)              | -           | NM                       |
| Finance income               | -                | 1           | NM                       | -                  | 1           | NM                       |
| Finance costs                | -                | (1)         | NM                       | -                  | -           | NM                       |
| Foreign exchange gain (loss) | 9                | (7)         | NM                       | 4                  | (7)         | NM                       |
| Loss before tax              | (529)            | (7,476)     | (93)                     | (519)              | (492)       | 5                        |
| Income tax expenses          | -                | -           | NM                       | -                  | -           | NM                       |
| Loss after tax               | (529)            | (7,476)     | (93)                     | (519)              | (492)       | 5                        |

NM – Not meaningful

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**Balance Sheets**

**Balance Sheets**

|  | Note | <b>Group</b>       |                | <b>Company</b>     |                |
|--|------|--------------------|----------------|--------------------|----------------|
|  |      | <b>( S\$ '000)</b> |                | <b>( S\$ '000)</b> |                |
|  |      | <b>as at</b>       |                | <b>as at</b>       |                |
|  |      | 30 Jun 2007        | 31 Dec 2006    | 30 Jun 2007        | 31 Dec 2006    |
| <b>ASSETS</b>  |      |                    |                |                    |                |
| <b>Current assets</b>  |      |                    |                |                    |                |
| Inventories  | 1    | 31,129             | 34,437         | -                  | -              |
| Trade receivables  |      | 31,964             | 28,571         | -                  | -              |
| Other receivables and prepayments                                |      | 10,997             | 8,883          | 98                 | 86             |
| Cash and cash equivalents  |      | 121,571            | 123,981        | 62,320             | 72,650         |
| <b>Total current assets</b>                                      |      | <b>195,661</b>     | <b>195,872</b> | <b>62,418</b>      | <b>72,736</b>  |
| <b>Non-current assets</b>  |      |                    |                |                    |                |
| Property, plant and equipment                                    | 2    | 16,185             | 24,175         | 25                 | 31             |
| Investment properties  | 2    | 9,987              | 775            | -                  | -              |
| Investment in subsidiaries                                       |      | -                  | -              | 107,573            | 98,090         |
| Investment in associates   |      | 1,547              | 1,430          | 1,504              | 1,374          |
| Available-for-sale investments                                   | 3    | 76,684             | 70,193         | 47,114             | 48,141         |
| Deferred tax asset   |      | 212                | 289            | -                  | -              |
| <b>Total non-current assets</b>                                  |      | <b>104,615</b>     | <b>96,862</b>  | <b>156,216</b>     | <b>147,636</b> |
| <b>Total assets</b>  |      | <b>300,276</b>     | <b>292,734</b> | <b>218,634</b>     | <b>220,372</b> |
| <b>LIABILITIES AND EQUITY</b>                                    |      |                    |                |                    |                |
| <b>Current liabilities</b>                                       |      |                    |                |                    |                |
| Trade payables   |      | 7,313              | 7,552          | -                  | -              |
| Bank term loans and trust receipts                               |      | 450                | 206            | -                  | -              |
| Other payables   |      | 16,900             | 18,568         | 427                | 639            |
| Income tax payable   |      | 1,153              | 1,216          | 408                | 408            |
| Obligations under finance leases                                 |      | 65                 | 288            | -                  | -              |
| <b>Total current liabilities</b>                                 |      | <b>25,881</b>      | <b>27,830</b>  | <b>835</b>         | <b>1,047</b>   |
| <b>Non-current liabilities</b>                                   |      |                    |                |                    |                |
| Long-term loans  |      | 399                | 515            | -                  | -              |
| Convertible bonds  | 4    | 6,455              | 12,026         | 6,455              | 12,026         |
| <b>Total non-current liabilities</b>                             |      | <b>6,854</b>       | <b>12,541</b>  | <b>6,455</b>       | <b>12,026</b>  |
| <b>Total liabilities</b>   |      | <b>32,735</b>      | <b>40,371</b>  | <b>7,290</b>       | <b>13,073</b>  |
| <b>Capital and reserves</b>                                      |      |                    |                |                    |                |
| Issued capital   |      | 196,615            | 190,402        | 196,615            | 190,402        |
| Reserves   |      | 65,604             | 56,512         | 14,729             | 16,897         |
| <b>Equity attributable to equity shareholders of the Company</b> |      | <b>262,219</b>     | <b>246,914</b> | <b>211,344</b>     | <b>207,299</b> |
| <b>Minority interests</b>  |      | <b>5,322</b>       | <b>5,449</b>   | <b>-</b>           | <b>-</b>       |
| <b>Total equity</b>  |      | <b>267,541</b>     | <b>252,363</b> | <b>211,344</b>     | <b>207,299</b> |
| <b>Total liabilities and equity</b>                              |      | <b>300,276</b>     | <b>292,734</b> | <b>218,634</b>     | <b>220,372</b> |

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 June 2007 |             | As at 31 December 2006 |             |
|--------------------|-------------|------------------------|-------------|
| Secured            | Unsecured   | Secured                | Unsecured   |
| S\$ 251,000        | S\$ 264,000 | NIL                    | S\$ 494,000 |

Amount repayable after one year

| As at 30 June 2007 |               | As at 31 December 2006 |                |
|--------------------|---------------|------------------------|----------------|
| Secured            | Unsecured     | Secured                | Unsecured      |
| NIL                | S\$ 6,854,000 | NIL                    | S\$ 12,541,000 |

Details of any collateral

Not applicable

Group's contingent liabilities

|  | As at 30 June 2007 | As at 31 December 2006 |
|--|--------------------|------------------------|
| Contractual obligations with third parties | S\$ 797,000        | S\$ 880,000            |
| Potential property tax                     | S\$ 618,000        | S\$ 604,000            |

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year****Consolidated Cash Flow Statement**

|   | ( S\$ '000)      |                | ( S\$ '000)        |                |
|---|------------------|----------------|--------------------|----------------|
|   | Six months ended |                | Three months ended |                |
|   | 30 Jun 2007      | 30 Jun 2006    | 30 Jun 2007        | 30 Jun 2006    |
| <b>Cash flows from operating activities</b>                               |                  |                |                    |                |
| Profit (loss) before income tax   | 3,516            | (8,560)        | 2,753              | (1,134)        |
| Adjustments for:  |                  |                |                    |                |
| Share of (profit) loss from associates                                    | (116)            | (339)          | (96)               | 1              |
| Depreciation expense  | 1,294            | 1,382          | 633                | 700            |
| Dividend income from quoted equity shares                                 | (1,594)          | (1,957)        | (1,127)            | (1,607)        |
| Finance lease charges   | 21               | 70             | 11                 | 35             |
| Interest expense  | 175              | 1,257          | 24                 | 612            |
| Interest income   | (1,662)          | (1,864)        | (849)              | (1,022)        |
| Gain on liquidation of a subsidiary                                       | -                | (250)          | -                  | (250)          |
| Gain on disposal of available-for-sale investments                        | (850)            | -              | -                  | -              |
| Gain on disposal of property, plant and equipment                         | (67)             | (743)          | (67)               | (14)           |
| Share based payment expense   | 52               | 124            | 24                 | (2)            |
| Impairment (reversal) in value of plant and equipment                     | 7                | (115)          | 7                  | -              |
| Allowance (reversal) for inventories                                      | 101              | (196)          | 288                | (131)          |
| (Reversal) allowance for doubtful trade receivables                       | (2,583)          | 5,386          | (1,659)            | 215            |
| Allowance for doubtful other receivables                                  | 38               | 1,770          | 38                 | -              |
| <b>Operating (loss) profit before working capital changes</b>             | <b>(1,668)</b>   | <b>(4,035)</b> | <b>(20)</b>        | <b>(2,597)</b> |
| Trade receivables   | (810)            | 5,176          | (2,952)            | 244            |
| Other receivables and prepayments   | (1,777)          | 6,762          | (2,973)            | 1,848          |
| Inventories   | 3,207            | 18,838         | (2,724)            | 2,876          |
| Trade payables  | (239)            | (5,621)        | 799                | (306)          |
| Other payables  | (1,872)          | (2,442)        | 6                  | (533)          |
| <b>Cash (used in) generated from operations</b>                           | <b>(3,159)</b>   | <b>18,678</b>  | <b>(7,864)</b>     | <b>1,532</b>   |
| Dividends received  | 951              | 1,743          | 951                | 1,388          |
| Income tax paid   | (835)            | (2,074)        | (509)              | (1,212)        |
| Finance lease charges paid  | (21)             | (70)           | (11)               | (35)           |
| Interest paid   | (103)            | (781)          | (93)               | (446)          |
| Interest received   | 1,668            | 2,026          | 852                | 994            |
| <b>Net cash (used in) generated from operating activities</b>             | <b>(1,499)</b>   | <b>19,522</b>  | <b>(6,674)</b>     | <b>2,221</b>   |
| <b>Cash flows from investing activities</b>                               |                  |                |                    |                |
| Additions to property, plant and equipment                                | (225)            | (1,844)        | (189)              | (355)          |
| Net investment in balances from associates                                | (2)              | 324            | 4                  | (2)            |
| Additions to investment properties  | -                | (58)           | -                  | -              |
| Proceeds from disposal of property, plant and equipment                   | 149              | 798            | 149                | 39             |
| Proceeds from disposal of available-for-sale investments                  | 1,104            | -              | -                  | -              |
| Proceeds from disposal of investment properties                           | -                | 98             | -                  | 98             |
| Cash to minority shareholders   | (859)            | -              | (14)               | -              |
| <b>Net cash from (used in) investing activities</b>                       | <b>167</b>       | <b>(682)</b>   | <b>(50)</b>        | <b>(220)</b>   |
| <b>Cash flows from financing activities</b>                               |                  |                |                    |                |
| Net proceeds from issue of shares on exercise of employees' share options | 188              | 18             | 185                | -              |
| Proceeds on issue of convertible bonds in rights issue                    | -                | 55,840         | -                  | -              |
| Proceeds on issue of ordinary shares in rights issue                      | -                | 11,720         | -                  | -              |
| Repayment of finance lease obligations                                    | (214)            | (790)          | (103)              | (410)          |
| Proceeds from (repayment of) trust receipts and other borrowings          | 250              | (9,639)        | 197                | 991            |
| Repayment of bank term loans  | (100)            | (22,593)       | (48)               | (55)           |
| <b>Net cash from financing activities</b>                                 | <b>124</b>       | <b>34,556</b>  | <b>231</b>         | <b>526</b>     |
| Net effect of exchange rate changes in consolidating subsidiaries         | (1,202)          | (6,648)        | 191                | (2,103)        |
| <b>Net (decrease) increase in cash and cash equivalents</b>               | <b>(2,410)</b>   | <b>46,748</b>  | <b>(6,302)</b>     | <b>424</b>     |
| Cash and cash equivalents at beginning of the period                      | 123,981          | 88,171         | 127,873            | 134,495        |
| <b>Cash and cash equivalents at end of the period</b>                     | <b>121,571</b>   | <b>134,919</b> | <b>121,571</b>     | <b>134,919</b> |

**Notes to the Balance Sheet and Consolidated Cash Flow Statement**

Note 1:

Inventories reduced from S\$34.4 million as at 31 December 2006 to S\$31.1 million as at 30 June 2007 mainly due to the sale of properties by the property development unit in Wujiang.

Note 2:

With the adoption of the fair value model under the new FRS 40 which is effective for periods commencing 1 January 2007, certain leasehold properties previously included as property, plant and equipment have been reclassified to investment property and measured at fair value. In line with the provisions of FRS40, the fair value changes upon the adoption of the FRS have been taken to the opening balance of retained earnings.

Note 3:

Available-for-sale investments increased mainly due to the changes in fair values of investments net of the disposal of an investment during the current period.

Note 4:

The unsecured convertible bonds were issued on 16 February 2006. The bonds are convertible into ordinary shares of the Company at any time between the date of issue of the bonds and 30 days prior to their maturity date. On issue, the bonds were convertible to 10 shares per S\$0.80 bond.

If the bonds are not converted, they will be redeemed on 16 February 2009 at S\$0.80 per bond. Interest of 2% per annum will be paid semi-annually until 31 December 2008.

During the six months, 7,428,553 bonds were converted into ordinary shares.

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

**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**

**Six months ended 30 Jun 2007**

S\$'000

|  | Total shareholders' equity |                     |                 |                           |                     |                   | Minority interests | Total equity |          |
|--|----------------------------|---------------------|-----------------|---------------------------|---------------------|-------------------|--------------------|--------------|----------|
|  | Issued capital             | Revaluation reserve | Options reserve | Convertible bonds reserve | Translation reserve | Retained earnings |                    |              |          |
| <b>Group</b>   |                            |                     |                 |                           |                     |                   |                    |              |          |
| <b>Balance at 1 Jan 2007</b>   | 190,402                    | 58,348              | 686             | 766                       | (6,106)             | 2,818             | 246,914            | 5,449        | 252,363  |
| Effect of adoption of FRS 40   | -                          | 112                 | -               | -                         | (275)               | 2,161             | 1,998              | -            | 1,998    |
| Net fair value changes in available-for-sale investments                         | -                          | (10,682)            | -               | -                         | -                   | -                 | (10,682)           | -            | (10,682) |
| Translation loss arising on consolidation  | -                          | -                   | -               | -                         | (1,772)             | -                 | (1,772)            | (16)         | (1,788)  |
| Net loss recognised directly in equity   | -                          | (10,682)            | -               | -                         | (1,772)             | -                 | (12,454)           | (16)         | (12,470) |
| Net profit for the quarter   | -                          | -                   | -               | -                         | -                   | 217               | 217                | 127          | 344      |
| Total recognised (loss) profit   | -                          | (10,682)            | -               | -                         | (1,772)             | 217               | (12,237)           | 111          | (12,126) |
| Realisation of revaluation reserve on disposal of available-for-sale investments | -                          | (836)               | -               | -                         | -                   | -                 | (836)              | -            | (836)    |
| Recognition of share-based payments  | -                          | -                   | 28              | -                         | -                   | -                 | 28                 | -            | 28       |
| Ordinary shares issued upon conversion of bonds                                  | 43                         | -                   | -               | (3)                       | -                   | -                 | 40                 | -            | 40       |
| Issue of shares on exercise of employees' share options                          | 3                          | -                   | -               | -                         | -                   | -                 | 3                  | -            | 3        |
| Dividend paid to minority interests  | -                          | -                   | -               | -                         | -                   | -                 | -                  | (845)        | (845)    |
| <b>Balance at 31 Mar 2007</b>  | 190,448                    | 46,942              | 714             | 763                       | (8,153)             | 5,196             | 235,910            | 4,715        | 240,625  |
| Net fair value changes in available-for-sale investments                         | -                          | 18,336              | -               | -                         | -                   | -                 | 18,336             | -            | 18,336   |
| Translation gain arising on consolidation  | -                          | -                   | -               | -                         | 537                 | -                 | 537                | 130          | 667      |
| Net gain recognised directly in equity   | -                          | 18,336              | -               | -                         | 537                 | -                 | 18,873             | 130          | 19,003   |
| Net profit for the quarter   | -                          | -                   | -               | -                         | -                   | 1,624             | 1,624              | 477          | 2,101    |
| Total recognised profit  | -                          | 18,336              | -               | -                         | 537                 | 1,624             | 20,497             | 607          | 21,104   |
| Ordinary shares issued upon conversion of bonds                                  | 5,960                      | -                   | -               | (357)                     | -                   | -                 | 5,603              | -            | 5,603    |
| Issue of shares on exercise of employees' share options                          | 207                        | -                   | (22)            | -                         | -                   | -                 | 185                | -            | 185      |
| Recognition of share-based payments  | -                          | -                   | 24              | -                         | -                   | -                 | 24                 | -            | 24       |
| <b>Balance as at 30 Jun 2007</b>   | 196,615                    | 65,278              | 716             | 406                       | (7,616)             | 6,820             | 262,219            | 5,322        | 267,541  |

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

Six months ended 30 Jun 2006

S\$'000

| Group  | Total shareholders' equity |               |                                |                 |                           |                     |                   | Minority interests | Total equity |          |
|--|----------------------------|---------------|--------------------------------|-----------------|---------------------------|---------------------|-------------------|--------------------|--------------|----------|
|  | Issued capital             | Share premium | Investment revaluation reserve | Options reserve | Convertible bonds reserve | Translation reserve | Retained earnings |                    |              |          |
| <b>Balance at 1 Jan 2006</b>                             | 88,106                     | 46,944        | 74,203                         | 518             | -                         | 6,970               | 22,061            | 238,802            | 6,950        | 245,752  |
| Net fair value changes in available-for-sale investments | -                          | -             | (9,355)                        | -               | -                         | -                   | -                 | (9,355)            | -            | (9,355)  |
| Translation loss arising on consolidation                | -                          | -             | -                              | -               | -                         | (4,705)             | -                 | (4,705)            | (90)         | (4,795)  |
| Net loss recognised directly in equity                   | -                          | -             | (9,355)                        | -               | -                         | (4,705)             | -                 | (14,060)           | (90)         | (14,150) |
| Net loss for the quarter                                 | -                          | -             | -                              | -               | -                         | -                   | (7,279)           | (7,279)            | (228)        | (7,507)  |
| Total recognised loss                                    | -                          | -             | (9,355)                        | -               | -                         | (4,705)             | (7,279)           | (21,339)           | (318)        | (21,657) |
| Adjustment arising from abolition of par value of shares | 46,944                     | (46,944)      | -                              | -               | -                         | -                   | -                 | -                  | -            | -        |
| Ordinary shares issued pursuant to rights issue          | 11,649                     | -             | -                              | -               | -                         | -                   | -                 | 11,649             | -            | 11,649   |
| Recognition of equity component of convertible bonds     | -                          | -             | -                              | -               | 3,409                     | -                   | -                 | 3,409              | -            | 3,409    |
| Ordinary shares issued upon conversion of bonds          | 71                         | -             | -                              | -               | (4)                       | -                   | -                 | 67                 | -            | 67       |
| Recognition of share-based payments                      | -                          | -             | -                              | 126             | -                         | -                   | -                 | 126                | -            | 126      |
| Issue of shares on exercise of employees' share options  | 18                         | -             | -                              | -               | -                         | -                   | -                 | 18                 | -            | 18       |
| <b>Balance as at 31 Mar 2006</b>                         | 146,788                    | -             | 64,848                         | 644             | 3,405                     | 2,265               | 14,782            | 232,732            | 6,632        | 239,364  |
| Net fair value changes in available-for-sale investments | -                          | -             | (13,207)                       | -               | -                         | -                   | -                 | (13,207)           | -            | (13,207) |
| Translation (loss) gain arising on consolidation         | -                          | -             | -                              | -               | -                         | (3,104)             | -                 | (3,104)            | 125          | (2,979)  |
| Net gain (loss) recognised directly in equity            | -                          | -             | (13,207)                       | -               | -                         | (3,104)             | -                 | (16,311)           | 125          | (16,186) |
| Net loss for the quarter                                 | -                          | -             | -                              | -               | -                         | -                   | (1,102)           | (1,102)            | (48)         | (1,150)  |
| Total recognised (loss) profit                           | -                          | -             | (13,207)                       | -               | -                         | (3,104)             | (1,102)           | (17,413)           | 77           | (17,336) |
| Ordinary shares issued upon conversion of bonds          | 813                        | -             | -                              | -               | (50)                      | -                   | -                 | 763                | -            | 763      |
| Recognition of share-based payments                      | -                          | -             | -                              | (2)             | -                         | -                   | -                 | (2)                | -            | (2)      |
| - proceeds from share issues                             | -                          | -             | -                              | -               | -                         | -                   | -                 | -                  | -            | -        |
| Liquidation of a subsidiary                              | -                          | -             | -                              | -               | -                         | -                   | -                 | -                  | (250)        | (250)    |
| <b>Balance as at 30 Jun 2006</b>                         | 147,601                    | -             | 51,641                         | 642             | 3,355                     | (839)               | 13,680            | 216,080            | 6,459        | 222,539  |

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Six months ended 30 Jun 2007

S\$'000

**Company**

**Balance as at 1 Jan 2007**

Net fair value changes in available-for-sale investments  
 Ordinary shares issued upon conversion of bonds  
 Issue of shares on exercise of employees' share options  
 Recognition of share-based payments  
 Net loss for the quarter

**Balance as at 31 Mar 2007**

Net fair value changes in available-for-sale investments  
 Ordinary shares issued upon conversion of bonds  
 Issue of shares on exercise of employees' share options  
 Recognition of share-based payments  
 Net profit for the quarter

**Balance as at 30 Jun 2007**

|  | Issued capital | Investment revaluation reserve | Options reserve | Convertible bonds reserve | Accumulated losses | Total    |
|--|----------------|--------------------------------|-----------------|---------------------------|--------------------|----------|
| <b>Balance as at 1 Jan 2007</b>                          | 190,402        | 46,158                         | 686             | 766                       | (30,713)           | 207,299  |
| Net fair value changes in available-for-sale investments | -              | (10,738)                       | -               | -                         | -                  | (10,738) |
| Ordinary shares issued upon conversion of bonds          | 43             | -                              | -               | (3)                       | -                  | 40       |
| Issue of shares on exercise of employees' share options  | 3              | -                              | -               | -                         | -                  | 3        |
| Recognition of share-based payments                      | -              | -                              | 28              | -                         | -                  | 28       |
| Net loss for the quarter                                 | -              | -                              | -               | -                         | (4,226)            | (4,226)  |
| <b>Balance as at 31 Mar 2007</b>                         | 190,448        | 35,420                         | 714             | 763                       | (34,939)           | 192,406  |
| Net fair value changes in available-for-sale investments | -              | 9,711                          | -               | -                         | -                  | 9,711    |
| Ordinary shares issued upon conversion of bonds          | 5,960          | -                              | -               | (357)                     | -                  | 5,603    |
| Issue of shares on exercise of employees' share options  | 207            | -                              | (22)            | -                         | -                  | 185      |
| Recognition of share-based payments                      | -              | -                              | 24              | -                         | -                  | 24       |
| Net profit for the quarter                               | -              | -                              | -               | -                         | 3,415              | 3,415    |
| <b>Balance as at 30 Jun 2007</b>                         | 196,615        | 45,131                         | 716             | 406                       | (31,524)           | 211,344  |

Six months ended 30 Jun 2006

S\$'000

**Company**

**Balance as at 1 Jan 2006**

Net fair value changes in available-for-sale investments  
 Adjustment arising from abolition of par value of shares  
 Ordinary shares issued pursuant to rights issue  
 Recognition of equity component of convertible bonds  
 Ordinary shares issued upon conversion of bonds  
 Recognition of share-based payments  
 Issue of shares on exercise of employees' share options  
 Net loss for the quarter

**Balance as at 31 March 2006**

Net fair value changes in available-for-sale investments  
 Ordinary shares issued upon conversion of bonds  
 Recognition of share-based payments  
 Net loss for the quarter

**Balance as at 30 June 2006**

|  | Issued capital | Share premium | Investment revaluation reserve | Options reserve | Convertible bonds reserve | Retained earnings | Total    |
|--|----------------|---------------|--------------------------------|-----------------|---------------------------|-------------------|----------|
| <b>Balance as at 1 Jan 2006</b>                          | 88,106         | 46,944        | 66,145                         | 518             | -                         | 29,050            | 230,763  |
| Net fair value changes in available-for-sale investments | -              | -             | (6,620)                        | -               | -                         | -                 | (6,620)  |
| Adjustment arising from abolition of par value of shares | 46,944         | (46,944)      | -                              | -               | -                         | -                 | -        |
| Ordinary shares issued pursuant to rights issue          | 11,649         | -             | -                              | -               | -                         | -                 | 11,649   |
| Recognition of equity component of convertible bonds     | -              | -             | -                              | -               | 3,409                     | -                 | 3,409    |
| Ordinary shares issued upon conversion of bonds          | 71             | -             | -                              | -               | (4)                       | -                 | 67       |
| Recognition of share-based payments                      | -              | -             | -                              | 126             | -                         | -                 | 126      |
| Issue of shares on exercise of employees' share options  | 18             | -             | -                              | -               | -                         | -                 | 18       |
| Net loss for the quarter                                 | -              | -             | -                              | -               | -                         | (14,394)          | (14,394) |
| <b>Balance as at 31 March 2006</b>                       | 146,788        | -             | 59,525                         | 644             | 3,405                     | 14,656            | 225,018  |
| Net fair value changes in available-for-sale investments | -              | -             | (14,120)                       | -               | -                         | -                 | (14,120) |
| Ordinary shares issued upon conversion of bonds          | 813            | -             | -                              | -               | (50)                      | -                 | 763      |
| Recognition of share-based payments                      | -              | -             | -                              | (2)             | -                         | -                 | (2)      |
| Net loss for the quarter                                 | -              | -             | -                              | -               | -                         | (3,823)           | (3,823)  |
| <b>Balance as at 30 June 2006</b>                        | 147,601        | -             | 45,405                         | 642             | 3,355                     | 10,833            | 207,836  |

(Note) In accordance with The Companies (Amendment) Act 2005 effective from 30 January 2006, the concept of authorized share capital and par value has been abolished and accordingly, share premium was transferred to the Company's share capital.

**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 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 financial year, 2,080,000 share options were granted and accepted under the Thakral Corporation Employees' Share Option Scheme 2001 (the "2001 Scheme"). A total of 1,385,500 share options lapsed while 2,254,250 share options were exercised during the first half of the current financial year.

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 Jun 2007 | As at 30 Jun 2006 |
|---------------------|-------------------|-------------------|
| Outstanding options | 39,153,000        | 44,425,250        |

The number of shares that may be issued on conversion of all the outstanding convertible bonds issued on 16 February 2006 is as follows:-

|                   | As at 30 Jun 2007 | As at 30 Jun 2006 |
|-------------------|-------------------|-------------------|
| Convertible bonds | 84,024,010        | 693,697,840       |

During the period, the share capital of the Company increased as follows:

|   | No. of shares | S\$'000 |
|---|---------------|---------|
| Issued capital as at 1 January 2007   | 2,455,805,668 | 190,402 |
| - Issue of ordinary shares arising from the conversion of convertible bonds                         | 74,285,530    | 6,003   |
| - Issue of ordinary shares arising from the exercise of share options granted under the 2001 scheme | 2,254,250     | 210     |
| Total as at 30 June 2007  | 2,532,345,448 | 196,615 |

**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 paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2006.

**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**

In 2007, the Group and the Company adopted all the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations issued by the Council on Corporate Disclosure and Governance which became effective for the Group from 1 January 2007. The Group was mainly affected by the following new or revised FRS:

|         |                                    |
|---------|------------------------------------|
| FRS 40  | Investment Property                |
| FRS 107 | Financial Instruments: Disclosures |

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

### Description of changes

Set out below is a brief description of those FRS which have a significant impact on the financial statements of the Group and the Company.

#### a. FRS 40 – Investment Property

Before the adoption of FRS 40, the Group used the revaluation model. Under the revaluation model, increases in carrying amounts above a cost-based measure are recognized as revaluation surplus in the revaluation reserve. With the adoption of the fair value model under FRS 40, the Group carries investment properties at fair value. Changes in fair value are recognized in the profit and loss statement except the changes arising upon the adoption of the FRS on its effective date which are directly taken to the opening balance of retained earnings.

As a result of the adoption of the FRS, the depreciation charge for the current period was lower by S\$113,000.

#### b. FRS 107 – Financial Instruments : Disclosure and Amendment to FRS 1 (Revised) – Presentation of Financial Statements (Capital Disclosures)

FRS 107 requires the Group and the Company to disclose the qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

### **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**

| <b>From continuing and discontinuing operations</b> | Six months ended<br>30 Jun 2007   | Six months ended<br>30 Jun 2006   |
|---|-----------------------------------|-----------------------------------|
| (i) Basic earnings (loss) per share                 | 0.07 cents                        | (0.46) cents                      |
| (ii) Fully diluted earnings (loss) per share        | 0.07 cents                        | (0.46) cents                      |
| <b>From continuing operations</b>                   | Six months ended<br>30 Jun 2007   | Six months ended<br>30 Jun 2006   |
| (i) Basic earnings (loss) per share                 | 0.10 cents                        | (0.05) cents                      |
| (ii) Fully diluted earnings (loss) per share        | 0.09 cents                        | (0.05) cents                      |
| <b>From continuing and discontinuing operations</b> | Three months ended<br>30 Jun 2007 | Three months ended<br>30 Jun 2006 |
| (i) Basic earnings (loss) per share                 | 0.07 cents                        | (0.06) cents                      |
| (ii) Fully diluted earnings (loss) per share        | 0.06 cents                        | (0.06) cents                      |
| <b>From continuing operations</b>                   | Three months ended<br>30 Jun 2007 | Three months ended<br>30 Jun 2006 |
| (i) Basic earnings (loss) per share                 | 0.09 cents                        | (0.03) cents                      |
| (ii) Fully diluted earnings (loss) per share        | 0.08 cents                        | (0.03) cents                      |

Basic earnings per share is computed on the profit for the period after taxation and deduction of minority interests divided by 2,470,770,117 and 2,471,097,405 being the weighted average number of shares in issue during the six months and the quarter ended 30 June 2007 respectively. Basic loss per share is computed on the loss for the period after taxation and deduction of minority interests divided by 1,818,450,285 and 1,912,321,957 being the weighted average number of shares in issue during the six months and quarter ended 30 June 2006 respectively.

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

Fully diluted earnings per share for the period ended 30 June 2007 is computed on the profit after taxation and deduction of minority interests divided by 2,559,405,491 and 2,562,885,075 being the weighted average number of shares in issue during the six months and the quarter ended 30 June 2007 respectively. The dilutive effect of potentially exercisable options outstanding as at that date are 4,611,364 and 7,763,660 being the weighted average number of shares in issue during the six months and quarter ended 30 June 2007 respectively. The dilutive effect of the convertible bonds outstanding as at 30 June 2007 is 84,024,010 shares.

Fully diluted loss per share for the period ended 30 June 2006 is computed on the loss after taxation and deduction of minority interests divided by 1,818,450,285 and 1,912,321,957 being the weighted average number of shares in issue during the six months and quarter ended 30 June 2006 respectively. Employee share options to purchase 8,630,000 and 1,050,000 ordinary shares at S\$0.06 and S\$0.08 were outstanding as at 30 June 2006 but were not included in the computation of the diluted loss per share because these options were antidilutive. The options expire on 6 April 2013 and 27 May 2008. Convertible bonds which mature on 16 February 2009 convertible into 693,697,840 ordinary shares were outstanding as at 30 June 2006 but were not included in the computation of the diluted loss per share because these bonds were antidilutive.

### 7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

#### (a) current period reported on and (b) immediately preceding financial year

##### Net Asset Value

|         | As at<br>30 Jun 2007 | As at<br>31 Dec 2006 |
|---------|----------------------|----------------------|
| Group   | 10.35 cents          | 10.05 cents          |
| Company | 8.35 cents           | 8.44 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 – 6 months ended 30 June 2007

##### Turnover & Profitability

*The Group had changed its financial year end from 31 March to 31 December during the preceding financial year. As such, the results for the last quarter of the financial year ended 31 March 2006 and the first quarter of the 9 months ended 31 December 2006 have been combined and are presented for comparison purposes only.*

Group turnover for the 6 months ended 30 June 2007 from continuing operations was S\$136.6 million, a decline of about 4% against the S\$141.7 million turnover achieved in the previous corresponding period. While this reflects the difficult market conditions under which the Group's predominant Supply Chain Management ("SCM") business continues to operate, there are signs of improvement as turnover from continuing operations for the latest quarter was S\$88.5 million as against S\$48.2 million achieved in the immediately preceding quarter, an increase of about 84%. Against the turnover of S\$68.7 million achieved in the previous corresponding period, the turnover in the latest quarter represents an improvement of about 29%. This reflects the improved performance in the SCM division where turnover increased by 92% above that achieved in the immediately preceding quarter. The Electronic Manufacturing Services division has shown significant improvement by almost doubling turnover to S\$12.6 million in the half-year as against S\$6.4 million achieved in the previous corresponding period. There are also signs of a turnaround to profitability as the division showed a small profit compared to the immediately preceding quarter. Furthermore, the property unit in Wujiang increased turnover to S\$6.0 million in the current period compared to S\$1.45 million achieved in the previous corresponding period. Segmental profit at this unit increased to S\$2.4 million in this half year as compared to S\$0.1 million achieved in the previous corresponding period.

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

Gross profit of S\$10.1 million in the current period was 15% lower than the S\$11.8 million achieved in the previous corresponding period. Gross profit margin in the latest 6 months was about 7.4% against 8.3% in the previous corresponding period. Margins at the SCM division continue to remain very thin due to severe competition in the Group's principal markets.

During the period, the Group also disposed of an investment in India which realized a gain of about S\$0.85 million. In addition, provisions for amounts due from a related party amounting to S\$2 million were reversed following the receipt of payments during this period.

Exchange gains of about S\$1.9 million arose during the period from the translation of monetary assets and liabilities denominated in foreign currencies.

The Group was able to achieve a net profit of S\$2.4 million for the half-year ended 30 June 2007 compared to a loss of S\$8.7 million in the previous corresponding period.

### Expenses

Distribution expenses declined by 25% to S\$2.4 million from S\$3.2 million in the previous corresponding period. The savings were mainly from reduced advertising & promotion and transportation expenses.

Administration expenses, excluding the reversal of allowances for the recovery of trade debts of S\$2.1 million in the current period, declined by 13% to S\$9.1 million from S\$10.5 million incurred in the previous corresponding period (also excluding the allowances made in that period).

Net finance income tripled to S\$1.5 million in the current period from S\$0.5 million in the previous corresponding period due to lower interest expenses on the syndicated loan that was repaid in March 2006 as well as on the significantly lower outstanding convertible bonds in the current 6-month period.

Group income tax arose mainly from the taxable profits at the Group's property development unit in Wujiang.

### Working Capital

Inventories reduced by S\$3.3 million to S\$31.1 million as at 30 June 2007 as compared to S\$34.4 million as on 31 December 2006 mainly due to the sale of properties by the property development unit in Wujiang.

Trade receivables increased by S\$3.4 million to S\$32.0 million as at 30 June 2007 as compared to S\$28.6 million as on 31 December 2006 in view of the higher sales in the current quarter.

### Net Asset Value

Group net asset value improved to 10.35 cents from 10.05 cents as at 31 December 2006. This was mainly due to the improvement in the value of the group's investment portfolio as well as the reduced liability against the Group's convertible bonds following conversions during the latest 6-month period.

## **Performance Summary – Continuing Operations**

### Supply Chain Management ("SCM")

Turnover at this division declined to S\$116.3 million in the latest half-year as compared to S\$131.9 million achieved in the previous corresponding period, a decline of about 12%. However, turnover in the latest quarter was about 92% higher than the turnover of S\$39.8 million achieved in the immediately preceding quarter.

Margins, however, were very thin due to the severe competition. The combination of lower turnover and thin margins resulted in a segmental loss of S\$1.3 million in the latest half-year as compared to a loss of S\$0.6 million in the previous corresponding period. However, the division was able to achieve a small segmental profit of about S\$0.1 million in the latest quarter.

### Electronic Manufacturing Services ("EMS")

Turnover at the EMS division almost doubled to S\$12.6 million in the half-year as against S\$6.4 million achieved in the previous corresponding period. The unit has also been able to almost double its gross profit margins compared to that achieved in the previous corresponding period. Turnover in the latest quarter is also about 37% higher than that achieved in the immediately preceding quarter reflecting the gradual turnaround of the division.

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

Segmental loss for the current half-year at the division was S\$0.5 million as against a loss of S\$1.9 million in the previous corresponding period. However, the division was able to achieve a small segmental profit of about S\$0.1 million in the latest quarter.

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

The Group's performance in the first half met the management's expectations.

### **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.**

Management is continuing efforts to widen the product and brand portfolio for the SCM division, as well as to boost sales for the existing brands. In addition, the division continues to expand its distribution network in order to create more value. However, the Group expects to continue operating under difficult market conditions.

Results of past efforts at turning around the EMS division have been encouraging and the Group is optimistic of continuing with this improvement.

The Group is also undertaking a strategic review of all its businesses with a view to charting the future direction of the Group. The Group also remains on the lookout for suitable investment opportunities to enhance shareholder value.

### **11. Dividend**

#### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? None

#### **(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**

Not applicable

#### **(d) Books closure date**

Not applicable

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

Subsequent to 31 December 2006, the directors do not recommend any payment of dividend.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT****(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. 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**

**Primary reporting - business segments**

The Group which operates in two geographical segments being People's Republic of China (including Hong Kong) and others (Singapore and Japan) has 4 main core divisional activities as follows:

- a) Supply chain management, marketing & brand building
- b) Electronic manufacturing services
- c) Property holding
- d) Others (those activities which do not fall into the above categories)

**S\$'000****Six months ended 30 Jun 2007**

|   | Supply Chain Management | Electronic Manufacturing Services | Property Holding | Others | Consolidated total |
|---|-------------------------|-----------------------------------|------------------|--------|--------------------|
| <b>Revenue</b>  |                         |                                   |                  |        |                    |
| External sales from continuing operations                   | 116,310                 | 12,639                            | 6,078            | 1,594  | 136,621            |
| <b>Result</b>   |                         |                                   |                  |        |                    |
| Segment result from continuing operations                   | (1,255)                 | (538)                             | 2,257            | 761    | 1,225              |
| Unallocated corporate expenses                              |                         |                                   |                  |        | (650)              |
| Finance income  |                         |                                   |                  |        | 1,662              |
| Finance costs   |                         |                                   |                  |        | (196)              |
| Foreign exchange gain                                       |                         |                                   |                  |        | 1,888              |
| Profit before income tax and share of results of associates |                         |                                   |                  |        | 3,929              |
| Share of results of associates                              |                         |                                   |                  |        | 116                |
| Profit before income tax                                    |                         |                                   |                  |        | 4,045              |
| Income tax expense  |                         |                                   |                  |        | (1,071)            |
| Profit after tax from continuing operations                 |                         |                                   |                  |        | 2,974              |
| Loss from discontinuing operations                          | (529)                   |                                   |                  |        | (529)              |
| Net profit for the period                                   |                         |                                   |                  |        | 2,445              |

| <b>Other information</b>                      |     |     |    |   |       |
|---|-----|-----|----|---|-------|
| Capital expenditure:                          |     |     |    |   |       |
| Property, plant and equipment                 | 103 | 121 | -  | 1 | 225   |
| Depreciation expense of continuing operations | 350 | 849 | 89 | 6 | 1,294 |

| <b>Assets</b>                           |         |        |        |         |         |
|---|---------|--------|--------|---------|---------|
| Segment assets                          | 112,124 | 17,499 | 26,719 | 141,436 | 297,778 |
| Assets of discontinuing operations      | 739     |        |        |         | 739     |
| Deferred tax asset                      |         |        |        |         | 212     |
| Investment in associates                |         |        |        |         | 1,547   |
| <b>Total assets</b>                     |         |        |        |         | 300,276 |
| <b>Liabilities</b>                      |         |        |        |         |         |
| Segment liabilities                     | 14,554  | 5,823  | 2,742  | 958     | 24,077  |
| Liabilities of discontinuing operations | 1,050   |        |        |         | 1,050   |
| Income tax payable                      |         |        |        |         | 1,153   |
| Unallocated liabilities                 |         |        |        |         | 6,455   |
| <b>Total liabilities</b>                |         |        |        |         | 32,735  |

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Six months ended 30 Jun 2006

|   | Supply Chain Management | Electronic Manufacturing Services | Property Holding | Others | Consolidated total |
|---|-------------------------|-----------------------------------|------------------|--------|--------------------|
| <b>Revenue</b>  |                         |                                   |                  |        |                    |
| External sales from continuing operations                 | 131,866                 | 6,411                             | 1,500            | 1,957  | 141,734            |
| <b>Result</b>   |                         |                                   |                  |        |                    |
| Segment result from continuing operations                 | (648)                   | (1,929)                           | (347)            | 1,356  | (1,568)            |
| Unallocated corporate expenses                            |                         |                                   |                  |        | (1,553)            |
| Gain on disposal of properties                            |                         |                                   |                  |        | 749                |
| Finance income  |                         |                                   |                  |        | 1,863              |
| Finance costs   |                         |                                   |                  |        | (1,326)            |
| Foreign exchange gain                                     |                         |                                   |                  |        | 412                |
| Loss before income tax and share of results of associates |                         |                                   |                  |        | (1,423)            |
| Share of results of associates                            |                         |                                   |                  |        | 339                |
| Loss before income tax                                    |                         |                                   |                  |        | (1,084)            |
| Income tax expense  |                         |                                   |                  |        | (97)               |
| Loss after tax from continuing operations                 |                         |                                   |                  |        | (1,181)            |
| Loss from discontinuing operations                        | (7,476)                 |                                   |                  |        | (7,476)            |
| Net loss for the period                                   |                         |                                   |                  |        | (8,657)            |

**Other information**

|   |       |     |     |    |       |
|---|-------|-----|-----|----|-------|
| Capital expenditure:                          |       |     |     |    |       |
| Property, plant and equipment                 | 1,536 | 276 | (1) | -  | 1,811 |
| Depreciation expense of continuing operations | 319   | 832 | 219 | 12 | 1,382 |

| <b>Assets</b>                           |         |        |        |         |         |
|---|---------|--------|--------|---------|---------|
| Segment assets                          | 113,522 | 19,472 | 27,410 | 142,577 | 302,981 |
| Assets of discontinuing operations      | 3,530   |        |        |         | 3,530   |
| Deferred tax asset                      |         |        |        |         | 138     |
| Investment in associates                |         |        |        |         | 1,461   |
| <b>Total assets</b>                     |         |        |        |         | 308,110 |
| <b>Liabilities</b>                      |         |        |        |         |         |
| Segment liabilities                     | 19,838  | 6,548  | 2,525  | 812     | 29,723  |
| Liabilities of discontinuing operations | 2,988   |        |        |         | 2,988   |
| Income tax payable                      |         |        |        |         | 757     |
| Unallocated liabilities                 |         |        |        |         | 52,103  |
| <b>Total liabilities</b>                |         |        |        |         | 85,571  |

**Secondary reporting – geographical segments**

S\$'000

| <b>Continuing and discontinuing operations</b>   | <b>Revenue</b> |         | <b>Capital Expenditure</b> |       | <b>Total Assets</b> |         |
|--|----------------|---------|----------------------------|-------|---------------------|---------|
|  | 30 Jun         |         | 30 Jun                     |       | 30 Jun              |         |
|  | 2007           | 2006    | 2007                       | 2006  | 2007                | 2006    |
| People's Republic of China (including Hong Kong) | 134,068        | 134,301 | 166                        | 1,787 | 168,493             | 157,881 |
| Others   | 3,032          | 10,301  | 59                         | 24    | 131,783             | 150,229 |
|  | 137,100        | 144,602 | 225                        | 1,811 | 300,276             | 308,110 |

The basis of the information stated under the geographical segment above is the aggregate of the relevant figures from companies incorporated in those countries.

**14. 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

THAKRAL CORPORATION LTD AND SUBSIDIARIES

**15. A breakdown of revenue**

Not applicable

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable

**17. The aggregate value of interested person transactions entered into during the financial period under review**

| Name of interested person                     | Aggregate value of all interested person transactions during the six months ended 30 June 2007 under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual upto 26 April 2007) | Aggregate value of all interested person transactions conducted under shareholders' mandate (upto 26 April 2007) pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000) |
|---|--|---|
|   | S\$'000  | S\$'000   |
| Thakral Brothers (Pte) Ltd., and subsidiaries |  |   |
| Sales, net of returns                         | 813  | NIL   |
| Purchases, net of returns                     | 7,583  | 4,733   |
| Sajuna Ltd                                    |  |   |
| Operating lease charges paid / payable        | 305  | NIL   |

BY ORDER OF THE BOARD

Lim Chee Ying  
Tan Ping Ping  
Company Secretaries  
2 August 2007

Statement Pursuant to SGX Listing Rule 705(4) of the Listing Manual

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 results for the 6 months ended 30 June 2007 to be false or misleading.

ON BEHALF OF THE BOARD

Kartar Singh Thakral  
Chairman

Inderbethal Singh Thakral  
Director  
2 August 2007