

[Print this page](#)[FIRST QUARTER RESULTS](#) * FINANCIAL STATEMENT AND RELATED 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
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[>> ANNOUNCEMENT DETAILS](#)*The details of the announcement start here ...*

For the Financial Period Ended *	31-03-2011
Description	Please refer to attachments.
Attachments	<p>ThakralCorp_Results_Q1FY2011_13May11.pdf</p> <p>ThakralCorp_PR_Q1FY2011_20110513.pdf</p> <p>Total size = 126K (2048K size limit recommended)</p>

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First 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 first quarter ended 31 March 2011 together with comparative statements for the corresponding period of the immediately preceding financial year

These figures have not been audited.

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Note	Group		
		S\$000		% Increase / (Decrease)
		Three months ended		
		31 Mar 2011	31 Mar 2010	
Revenue	1	108,354	111,027	(2)
Cost of sales		(100,381)	(106,114)	(5)
Gross profit	1	7,973	4,913	62
Other operating income	2	89	1,667	(95)
Distribution costs	3	(1,420)	(1,166)	22
Administrative expenses	4	(3,737)	(3,708)	1
Other operating expenses	5	(106)	(127)	(17)
Profit from operations		2,799	1,579	77
Finance income	6	118	375	(69)
Finance costs	6	(207)	(1)	NM
Foreign exchange gain	7	608	309	97
Profit before income tax		3,318	2,262	47
Income tax expense	8	(770)	(173)	345
Profit for the quarter		2,548	2,089	22
<u>Attributable to:</u>				
Owners of the Company		2,030	2,005	1
Non-controlling interests		518	84	517
		2,548	2,089	22

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	S\$'000		% Increase / (Decrease)
		Three months ended		
		31 Mar 2011	31 Mar 2010	
Profit for the quarter		2,548	2,089	22
Other comprehensive income				
Translation loss arising on consolidation	9	(1,871)	(655)	186
Net fair value changes in available-for-sale investments	10	(906)	(915)	(1)
Other comprehensive income for the quarter, net of tax		(2,777)	(1,570)	77
Total comprehensive income for the quarter		(229)	519	NM
<u>Total comprehensive income attributable to:</u>				
Owners of the Company		(712)	449	NM
Non-controlling interests		483	70	590
		(229)	519	NM

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

The Group maintained its focus on achieving higher margins in its distribution business. As a result of curtailing certain businesses with limited margins thereby marginally affecting overall turnover achieved, the Group significantly increased its gross margins to 7.4% for the quarter compared to 4.4% in the previous corresponding quarter. Higher margins included improved contribution from the property development unit in Wujiang.

Note 2:

Other operating income comprises:

	S\$'000		% Increase / (Decrease)
	Three months ended		
	31 Mar 2011	31 Mar 2010	
VAT and business tax subsidy	4	12	(67)
Net gain on disposal of properties	-	1,526	(100)
Commission income	80	84	(5)
Miscellaneous	5	45	(89)
Total	89	1,667	(95)

- (i) The net gain in 2010 arose on the disposal of a group property in China which was not repeated this quarter.
- (ii) Miscellaneous income for the quarter declined mainly due to the cessation of rental income upon the end of a sub-lease of premises in China.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 3:

Distribution costs comprise:

	S\$'000		% Increase / (Decrease)
	Three months ended		
	31 Mar 2011	31 Mar 2010	
Staff costs	(735)	(510)	44
Advertising & promotion	(90)	(124)	(27)
Transportation	(277)	(260)	7
Travelling expenses	(118)	(140)	(16)
Others	(200)	(132)	52
Total	(1,420)	(1,166)	22

- (i) Increased focus on current and new channels of business necessitated higher staff deployment resulting in increased staff costs. Annual pay adjustments also increased costs compared to the last year.
- (ii) Advertising charges decreased due to the reduced level of advertising and marketing activity in the latest quarter.
- (iii) Travelling expenses declined due to decreased travel by sales personnel.
- (iv) Other distribution costs increased mainly due to higher entertainment expenses in a quarter which included the Lunar New Year period.

Note 4:

Administration expenses comprise:

	S\$'000		% Increase / (Decrease)
	Three months ended		
	31 Mar 2011	31 Mar 2010	
Staff costs (including executive directors)	(2,493)	(2,229)	12
Directors' fees	(106)	(109)	(3)
Professional fees	(316)	(530)	(40)
Rent & rates	(179)	(182)	(2)
Travelling expenses	(107)	(82)	30
Insurance	(88)	(93)	(5)
Net reversal of allowance for doubtful debts	228	-	NM
Others	(676)	(483)	40
Total	(3,737)	(3,708)	1

- (i) Staff costs rose due to higher performance linked employee accruals, annual pay adjustments and certain increase in headcount.
- (ii) Professional fees in the previous corresponding quarter had included significant costs in relation to the re-positioning of the Group's business as well as for the capital reduction exercises at Singapore and Hong Kong which did not recur in the latest quarter.
- (iii) Travelling expenses were higher due to increased travelling by management and executive directors.
- (iv) The increase in other administration expenses in the latest quarter is mainly due to withholding tax on dividends paid by a PRC subsidiary to its overseas parent.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 5:

Other operating expenses comprised depreciation charges for the relevant periods.

Note 6:

Finance income reduced due to lower deposits as a result of cash payments to shareholders in relation to the Capital Reduction exercise in the previous financial year.

Finance costs increased mainly due to the trade finance and bank loans taken by the Group to finance its operations and investments in the real estate division.

Note 7:

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

Note 8:

Group income tax for the current quarter arose mainly in relation to higher taxable profits of the property development unit in Wujiang and of the distribution business unit in China.

Note 9:

These unrealized differences arise due to fluctuations in exchange rates of the foreign currencies in which the net assets of the Group's overseas operations are denominated.

Note 10:

The change in the value of available-for-sale investments is due to fluctuations in the market value of the Group's available-for-sale investments in Australia.

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**STATEMENTS OF FINANCIAL POSITION**

	Note	Group (S\$ '000) as at		Company (S\$ '000) as at	
		31 Mar 2011	31 Dec 2010	31 Mar 2011	31 Dec 2010
<u>ASSETS</u>					
Current assets					
Inventories	1	39,261	41,583	-	-
Trade receivables	2	32,495	30,106	-	-
Other receivables and prepayments	3	6,962	7,676	44	2,289
Cash and bank balances	4	43,895	33,189	2,676	844
Total current assets		122,613	112,554	2,720	3,133
Non-current assets					
Property, plant and equipment		3,983	4,132	25	28
Investment properties		11,979	12,176	-	-
Investments in subsidiaries		-	-	95,287	96,649
Available-for-sale investments	5	17,059	18,106	-	-
Total non-current assets		33,021	34,414	95,312	96,677
Total assets		155,634	146,968	98,032	99,810
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Trade payables		13,206	6,629	-	-
Bills payables and trust receipts	6	12,236	14,468	-	-
Bank overdrafts and loans	7	13,510	7,282	-	-
Other payables		9,895	11,295	457	625
Provisions		2,226	2,086	24	-
Income tax payable		612	1,020	-	-
Total current liabilities		51,685	42,780	481	625
Non-current liabilities					
Deferred tax liability		596	606	-	-
Total non-current liabilities		596	606	-	-
Total liabilities		52,281	43,386	481	625
Capital and reserves and non-controlling interests					
Issued capital		72,531	72,531	72,531	72,531
Reserves		26,741	27,453	25,020	26,654
Equity attributable to equity holders of the Company		99,272	99,984	97,551	99,185
Non-controlling interests		4,081	3,598	-	-
Total equity		103,353	103,582	97,551	99,185
Total liabilities and equity		155,634	146,968	98,032	99,810

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 31 March 2011		As at 31 December 2010	
Secured	Unsecured	Secured	Unsecured
S\$ 19,008,000	S\$ 6,738,000	S\$ 21,750,000	NIL

Please also see note (7) below

Amount repayable after one year

As at 31 March 2011		As at 31 December 2010	
Secured	Unsecured	Secured	Unsecured
NIL	NIL	NIL	NIL

Please also see note (7) below

Details of any collateral

Charge over properties in Hong Kong; pledged bank deposits of S\$11.8 million; Company's corporate guarantee

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 STATEMENT OF CASH FLOWS**

		(S\$ '000)	
		Three months ended	
		31 Mar 2011	31 Mar 2010
	Note		
Cash flows from operating activities			
Profit before income tax		3,318	2,262
Adjustments for:			
Depreciation expense		106	127
Finance lease charges		-	1
Interest expense		207	-
Interest income		(118)	(375)
Gain on disposal of property, plant and equipment		-	(1,527)
Net foreign exchange gain		(630)	(332)
(Reversal) allowance for inventories		(84)	216
Reversal of allowance for doubtful trade receivables		(228)	-
Operating cash flows before movements in working capital		2,571	372
Trade receivables		(2,577)	3,718
Other receivables and prepayments		711	(3,313)
Inventories		1,948	(9,502)
Trade payables		6,685	(1,689)
Other payables and provisions		(1,090)	(1,528)
Cash from (used in) operations		8,248	(11,942)
Income tax paid		(1,164)	(790)
Finance lease charges paid		-	(1)
Interest paid		(204)	-
Interest received		40	399
Net cash from (used in) operating activities		6,920	(12,334)
Cash flows from investing activities			
Additions to property, plant and equipment		(50)	(90)
Proceeds from disposal of property, plant and equipment		-	2,101
Net cash (used in) from investing activities		(50)	2,011
Cash flows from financing activities			
Repayment of obligations under finance lease		-	(3)
Net new bank loans raised		6,668	-
Decrease in fixed deposits with maturities exceeding three months	4	114	72,956
Increase in pledged bank deposits	4	(8,444)	(1,701)
Increase in bills receivable		-	815
(Decrease) increase in bills payable and trust receipts		(2,023)	5,687
Net cash (used in) from financing activities		(3,685)	77,754
Net effect of exchange rate changes in the balance of cash held in foreign currencies		(475)	(39)
Net increase in cash and cash equivalents		2,710	67,392
Cash and cash equivalents at beginning of the quarter		24,027	35,590
Cash and cash equivalents at end of the quarter		26,737	102,982
Cash and cash equivalents were represented by:-			
Fixed deposits with maturities less than 3 months, cash at bank and hand	4	27,141	104,878
Bank overdrafts		(404)	(1,896)
		26,737	102,982

Certain re-classifications have been made to prior periods' figures to enhance comparability with those of the current period.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 1:

Inventories reduced to S\$39.3 million as at 31 March 2011 from S\$41.6 million as at 31 December 2010 mainly owing to a higher level of sales activity in the last month of the current quarter as well as the disposal of some of the commercial property units by Wujiang Dafa. Opportunistic as well as regular purchases continue to be made to cater for increased seasonal and regular demand for products.

Note 2:

Trade Receivables increased to S\$32.5 million as at 31 March 2011 from S\$30.1 million as at 31 December 2010 as a result of the clearing of certain inventories.

Note 3:

Other Receivables reduced to S\$7.0 million as at 31 March 2010 from S\$7.7 million as at 31 December 2009 primarily due to recoveries of VAT in the quarter.

Note 4:

Cash and bank balances are comprised of:

	<u>31-Mar-11</u>	<u>31-Dec-10</u>
Cash and cash equivalents	S\$27.1 million	S\$24.8 million
Fixed deposits with maturities exceeding three months	S\$5.0 million	S\$5.1 million
Fixed deposits that have been pledged to banks against borrowings (see also note 6 below)	S\$11.8 million	S\$3.3 million
Total	<u>S\$43.9 million</u>	<u>S\$33.2 million</u>

The increase in deposits pledged to the banks against borrowings is mainly due to a deposit of S\$9.6 million placed with a bank during the quarter which the Group had not commenced to utilize the corresponding facility as at 31 March 2011.

Note 5:

The fair value of the investments reduced to S\$17.1 million as at 31 March 2011 from S\$18.1 million as at 31 December 2010 primarily due to decline in the market value of the Group's quoted equity available-for-sale investment in Australia. The value includes the investment made by the Group in the Australian real estate project during the previous financial year.

Note 6:

Bills payable and trust receipts of S\$12.2 million relate to short-term trade financing for the purchase of goods provided by banks in the PRC and Hong Kong for the Group's distribution businesses (see also note 4 above).

Note 7:

Bank loans and overdrafts include an amount of S\$6.4 million which is a 10-year mortgage loan obtained against, inter alia, the security of certain properties in Hong Kong. The entire outstanding amount of the term loan is expected to be repaid in full in year 2020, but it has been classified as current liability in view of accounting rules that require such classification for term loans that are subject to a 'repayment on demand' clause (which provide the lender with a right to demand repayment at any time at its discretion).

The balance of the bank loans and overdrafts is mainly an unsecured loan drawn down during this quarter.

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

Three months ended 31 March 2011

S\$'000

Group

Balance at 1 Jan 2011

Total comprehensive income for the quarter

Balance at 31 Mar 2011

	Issued capital	Asset revaluation reserve	Fair value adjustment reserve	Options reserve	Translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2011	72,531	625	7,492	759	(20,703)	39,280	99,984	3,598	103,582
Total comprehensive income for the quarter	-	(10)	(906)	-	(1,826)	2,030	(712)	483	(229)
Balance at 31 Mar 2011	72,531	615	6,586	759	(22,529)	41,310	99,272	4,081	103,353

Three months ended 31 March 2010

S\$'000

Group

Balance at 1 Jan 2010

Total comprehensive income for the quarter

Balance at 31 Mar 2010

	Issued capital	Asset revaluation reserve	Fair value adjustment reserve	Options reserve	Translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2010	203,134	687	33,894	759	(12,506)	1,738	227,706	3,527	231,233
Total comprehensive income for the quarter	-	(3)	(915)	-	(638)	2,005	449	70	519
Balance at 31 Mar 2010	203,134	684	32,979	759	(13,144)	3,743	228,155	3,597	231,752

Three months ended 31 March 2011

S\$'000

Company

Balance as at 1 Jan 2011

Total comprehensive income for the quarter

Balance as at 31 Mar 2011

	Issued capital	Options reserve	Retained earnings	Total
Balance as at 1 Jan 2011	72,531	759	25,895	99,185
Total comprehensive income for the quarter	-	-	(1,634)	(1,634)
Balance as at 31 Mar 2011	72,531	759	24,261	97,551

Three months ended 31 March 2010

S\$'000

Company

Balance as at 1 Jan 2010

Total comprehensive income for the quarter

Balance as at 31 Mar 2010

	Issued capital	Fair value adjustment reserve	Options reserve	Accumulated losses	Total
Balance as at 1 Jan 2010	203,134	32,600	759	(9,876)	226,617
Total comprehensive income for the quarter	-	(1,775)	-	1,432	(343)
Balance as at 31 Mar 2010	203,134	30,825	759	(8,444)	226,274

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the number of outstanding share options during the period.

The number of shares that may be issued on exercise of all the outstanding options under the 2001 Scheme is as follows:-

	As at 31 Mar 2011	As at 31 Dec 2010
Outstanding options	22,923,000	22,923,000

There was no change in the share capital of the Company during the period.

The Company did not have any treasury shares as at 31 March 2011 and 31 December 2010.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares was 2,612,413,668 as at 31 March 2011 and 31 December 2010.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in 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 year ended 31 December 2010.

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 the current year, the Group has adopted all the new and revised Singapore Financial Reporting Standards (“FRS”) and Interpretations of FRS that are relevant to its operations and effective for annual periods beginning on or after 1 January 2011. The Group was mainly affected by the following new / revised FRS:

FRS 24 (Revised) - Related Party Disclosures
Improvements to Financial Reporting Standards (issued in October 2010)

The adoption of these new / revised FRS has no material impact on the financial statements of the Group and of the Company.

However, Amendments to FRS 12 Income Taxes (issued in February 2011) are effective for annual periods beginning on or after 1 January 2012. Early application is permitted. Currently, the Group measures deferred tax liabilities arising from the investment properties, measured using the fair value model, to reflect the tax consequences that would follow the manner in which the Group expects to recover the carrying amount. These amendments introduce a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The date of adoption by the Group and its financial impact has yet to be determined.

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

	Three months ended 31 Mar 2011	Three months ended 31 Mar 2010
(i) Basic earnings per share	0.08 cent	0.08 cent
(ii) Fully diluted earnings per share	0.08 cent	0.08 cent

Basic earnings and diluted earnings per share are computed on the profit for the periods after taxation and deduction of non-controlling interests divided by 2,612,413,668 and 2,612,113,668 being the weighted average number of shares in issue during the quarter ended 31 March 2011 and 31 March 2010 respectively. The diluted earnings per share for the quarter ended 31 March 2011 are computed on the profit for the year after taxation and deduction of non-controlling interests divided by 2,615,885,427 (31 Mar 2010 : 2,613,375,644) with 3,471,759 (31 Mar 2010 : 1,261,976) shares being the dilutive effect of potentially exercisable options outstanding as at the end of the period.

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

Net Asset Value

	As at 31 Mar 2011	As at 31 Dec 2010
Group	3.80 cents	3.83 cents
Company	3.73 cents	3.80 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 – Quarter ended 31 March 2011

Turnover & Profitability

The Group maintained its focus on achieving higher margins in its distribution business during the first quarter of 2011. While overall turnover was marginally impacted compared to that of the previous corresponding quarter, there has been a steady growth from S\$81.5 million in the previous quarter to S\$108.4 million in the current one. The property development unit in Wujiang also sold some of its commercial property units during the quarter.

Despite a 2% reduction in overall turnover compared to Q1FY 2010, the overall gross margin has increased by 62% during the quarter. Margins improved to 7.4% in the latest period as compared to 4.4% in the previous corresponding quarter. While the major increase was recorded in the margins of the distribution business, the property development unit in Wujiang also recorded a significantly improved gross profit contribution during the quarter.

In the absence of any asset sale in the latest quarter, Other Income declined by 95% to S\$0.1 million from S\$1.7 million in the previous corresponding quarter, which had included a gain of S\$1.5 million from the disposal of a property in China.

Finance income declined to S\$0.1 million in the latest quarter from S\$0.4 million in the previous corresponding quarter mainly due to lower deposits in the quarter resulting from the outflow of funds for the Cash Distribution to shareholders in FY 2010.

Finance costs, on the other hand, increased to S\$0.2 million in the latest quarter from almost nil in the previous corresponding quarter mainly due to the trade finance and bank loans taken by the Group to finance its operations and investments in the real estate division.

Foreign exchange gains in the latest period amounted to S\$0.6 million as compared to S\$0.3 million in the previous corresponding quarter and arose mainly from the translation of monetary assets and liabilities denominated in foreign currencies outstanding at the end of the quarter.

Group net income attributable to shareholders amounted to S\$2.0 million for the latest quarter, similar to that of the previous corresponding quarter. The previous corresponding quarter had, however, included a one-off gain of S\$1.5 million from the disposal of a property.

Expenses

Distribution expenses in the latest quarter were higher by 22% at S\$1.4 million as compared to S\$1.2 million in the previous corresponding quarter mainly due to the higher level of staffing as well as the effect of the annual pay adjustments.

Administration expenses, excluding the recoveries of debts earlier provided for, were higher by about 7% at S\$4.0 million, compared to S\$3.7 million in the previous corresponding quarter. The increase was principally due to withholding tax on dividends paid by a PRC subsidiary to its overseas parent. The increase in staff costs from annual salary adjustments and higher headcount was generally offset by savings in professional fees.

Group income tax of S\$0.8 million in the quarter was significantly higher than the S\$0.2 million incurred in the previous corresponding quarter. This was mainly due to the tax on the higher level of taxable profits at the Wujiang property unit as well as at the distribution business in China.

Working Capital and Cash Flow

Inventories reduced to S\$39.3 million as at 31 March 2011 from S\$41.6 million as at 31 December 2010 mainly due to the higher level of sales activity in the last month of the current quarter as well as the disposal of some of the commercial units by Wujiang Dafa. This led to an increase in Trade Receivables to S\$32.5 million as at 31 March 2011 from S\$30.1 million as at 31 December 2010.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

The reduction in available-for-sale investments to S\$17.1 million as at 31 March 2011 from S\$18.1 million as at 31 December 2010 was mainly due to the decline in the market value of the listed investment in Australia.

Bank borrowings increased to S\$25.7 million as at 31 March 2011 from S\$21.8 million as at 31 December 2010 mainly due to additional short term trade facilities obtained and utilized by the distribution business unit in Shanghai.

Overall operational cash inflow for the quarter was S\$6.9 million as opposed to an outflow of S\$12.3 million in the previous corresponding quarter. In the previous corresponding quarter, the Group had had significant outflows due to the stocking up of inventories around the end of the quarter as well as the reduction of payables. This was reversed in the current quarter.

Net Asset Value

Net Asset Value per share as at 31 March 2011 was 3.80 cents as compared to 3.83 cents as at 31 December 2010. Translation losses and reduction in the value of available-for-sale investments during the quarter resulted in the slight decrease.

Performance Summary

Distribution

The Distribution business, which accounts for around 97% of the overall business of the Group, achieved turnover of S\$105.0 million in the latest quarter, a decline of 4.8% from the S\$110.3 million achieved in the previous corresponding quarter. Sales were, however, significantly higher than that of the immediately preceding quarter. Notwithstanding the reduced turnover, segment result doubled to S\$2.4 million as compared to S\$1.2 million achieved in the previous corresponding quarter.

Real Estate Investments

The property unit in Wujiang saw a multifold increase in its revenues from the sale of some commercial units; however, in the overall Group's context, this revenue is small. Segment results of S\$1.5 million for the quarter are a significant improvement over the previous corresponding quarter which included gains of S\$1.5 million from the disposal of a building in China which had been treated as other operating income.

After the close of the quarter, the Group executed documents for two real estate related projects in Australia. Investments in these projects were made, the details of which have been announced separately.

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 operational performance in the period met 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.

The earthquake in Japan in Q1-FY2011 impacted the regular supply of goods for resale. However, the Group had sufficient inventory to meet the requirements of its customers. The supply situation appears to be gradually returning to normal.

Despite inflationary pressures and interest rate hikes, the Chinese economy remains strong. Barring unforeseen circumstances, the Group expects to participate in the growth of the market.

The Group is now progressively making investments in real estate projects in Australia as evidenced by its recent announcements for investing in the Australia Towers and Emerant Lane projects.

It is expected that the window for these types of investments will continue for a few years due to the tight liquidity in the banking market and withdrawal of foreign lenders from this sector in Australia. The residential market continues to be very tight with vacancy rates in Sydney and Melbourne hovering around 1.2%. Although there has been some softening in property values, we do not believe this will materially impact on our business approach. Our ability to participate in large projects has been enhanced by virtue of access to co-investor capital for such projects.

Several competitors have identified the same market niche that we are working in but the capital demands far exceed the supply.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes – interim dividend of S\$0.001 per share (yield of 3.3% on price of 3 cents per share)

(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

2 June 2011

(d) Books closure date

24 May 2011

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

N.A.

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**

The Group which operates in two geographical segments being the People's Republic of China (including Hong Kong) and others (Japan, Singapore and Australia), has 3 main core divisional activities as follows:

- a) Distribution ("DIST")
- b) Property holding division including real estate investments ("PPT")
- c) Others ("OTH") - those activities which do not fall into the above categories

Group's reportable segments**S\$'000****Three months ended 31 March 2011**

	DIST	PPT	OTH	TOTAL
Revenue				
External sales	105,042	3,312	-	108,354
Result				
Segment result	2,374	1,534	(583)	3,325
Unallocated corporate expenses				(526)
Finance income				118
Finance costs				(207)
Foreign exchange gain				608
Profit before income tax				3,318
Income tax expense				(770)
Profit for the quarter				2,548
Other information				
Capital expenditure:				
Property, plant and equipment	50	-	-	50
Depreciation expense	88	16	2	106
Assets				
Segment assets	113,297	26,458	15,879	155,634
Total assets				155,634
Liabilities				
Segment liabilities	48,955	1,643	475	51,073
Income tax payable				612
Deferred tax liability				596
Total liabilities				52,281

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Three months ended 31 March 2010

	DIST	PPT	OTH	TOTAL
Revenue				
External sales	110,288	739	-	111,027
Result				
Segment result	1,154	1,421	(512)	2,063
Unallocated corporate expenses				(484)
Finance income				375
Finance costs				(1)
Foreign exchange gain				309
Profit before income tax				2,262
Income tax expense				(173)
Profit for the quarter				2,089

Other information				
Capital expenditure:				
Property, plant and equipment	86	-	4	90
Depreciation expense	96	28	3	127

Assets				
Segment assets	108,516	22,897	128,625	260,038
Assets of discontinued operations			6	6
Total assets				260,044
Liabilities				
Segment liabilities	24,077	2,280	648	27,005
Liabilities of discontinued operations			276	276
Income tax payable				621
Deferred tax liability				390
Total liabilities				28,292

Geographical information

S\$'000

Geographical segments:	Revenue		Capital expenditure		Non-current assets	
	31 Mar		31 Mar		31 Mar	
	2011	2010	2011	2010	2011	2010
People's Republic of China (including Hong Kong)	106,562	106,430	50	13	14,385	13,939
Others	1,792	4,597	-	77	1,577	1,726
	108,354	111,027	50	90	15,962	15,665

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 quarter ended 31 March 2011 under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000) *
Thakral Brothers Pte Ltd and subsidiaries	S\$'000	S\$'000
Sales, net of return	120	N/A

* No general mandate was in effect during the period.

BY ORDER OF THE BOARD

Tan Ping Ping
Chan Lai Yin
Company Secretaries
13 May 2011

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 3 months ended 31 March 2011 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Kartar Singh Thakral
Chairman

Inderbethal Singh Thakral
Director
13 May 2011



THAKRAL CORPORATION LTD

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

PRESS RELEASE

THAKRAL REPORTS AN IMPROVED NET PROFIT OF S\$2.5 MILLION ON REVENUE OF S\$108.4 MILLION FOR 1QFY2011

- **Margins for 1QFY2011 improved to 7.4% as compared to 4.4% in 1QFY2010**
- **Payment of interim dividend**
 - **Yield of 3.3% on price of 3 cents per share**
 - **S\$0.001 per share**

Singapore May 13, 2011

Mainboard-Listed Thakral Corporation Ltd (“Thakral” or the “Group”) has extended its profitable track record – reporting a net profit of S\$2.5 million for 1QFY2011, up 22% from S\$2.1 million in 1QFY2010.

This improved net profit was achieved on revenue of S\$108.4 million, 2% lower than the 1QFY2010 turnover of S\$111 million. However, 1QFY2011 revenue was up 32% from the S\$81.5 million revenue in 4QFY2010 mainly on account of increased sales in China and Hong Kong.

The increased net profit was due to improved margins of 7.4%, up from 4.4% in the previous corresponding quarter. The higher margins were recorded in the Group’s core consumer distribution business as well as the improved gross contributions from its property development unit in Wujiang, China. The Group also had an increased foreign exchange gain of S\$0.6 million (compared to S\$0.3 million in 1QFY2010).

The Group had enjoyed a gain of S\$1.5 million from the disposal of properties in the previous corresponding quarter. A similar asset sale was absent during the first quarter of 2011 resulting in the Group’s Other Income declining to S\$0.1 million in 1QFY2011 from S\$1.7 million in 1QFY2010.

In view of the Group’s better performance, the Group’s Board of Directors approved payment of an interim dividend of S\$0.001 per share for 1QFY2011 on 2 June 2011 with books closure date on 24 May 2011.

Mr Kartar Singh Thakral (“Mr Kartar”), Executive Chairman of Thakral said: “The Group’s improved bottom line largely reflects the success of our strategic focus on achieving higher margins in our distribution business during the first quarter of 2011. The sales and marketing team has been able to put together the right product portfolio that has resulted in the improved performance. We will persist in pursuing

this strategy and leverage on the growth momentum in consumer demand in China as the country forges ahead with its economic growth. With our improved profitability, we are proposing to reward our shareholders for their support with an interim dividend of S\$0.001 for 1QFY2011.”

Earnings Per Share and Net Asset Value Per Share

Group Earnings Per Share (on a fully diluted basis) for 1QFY2011 was maintained at 0.08 cent, as in 1QFY2010.

Group Net Asset Value Per Share was 3.8 cents for 1QFY2011, compared to 3.83 cents as at 31 December 2010.

Working Capital Position

The Group's cash position remained healthy at S\$43.9 million as at March 31, 2011. This is higher than the S\$33.2 million recorded as at December 31, 2010. This was partly due to the increase in bank finance availed during the quarter.

Overall operational cash inflow for the quarter was S\$6.9 million in contrast to an outflow of S\$12.3 million in the previous corresponding quarter. In the previous year, the Group had significant outflows due to the stocking up of inventories around the end of the quarter as well as the reduction of payables.

Inventories were reduced to S\$39.3 million as at March 31, 2011 from S\$41.6 million as at December 31, 2010 mainly due to the higher level of sales activity in the last month of 1QFY2011 as well as the disposal of some of the commercial property units by Wujiang Dafa. There was a corresponding increase in trade receivables to S\$32.5 million as at March 31, 2011 from S\$30.1 million as at December 31, 2010.

Segmental Performance

Distribution

Distribution remains the key growth driver for the Group, contributing 97% of the Group's overall revenue. The distribution division achieved turnover of S\$105.0 million in 1QFY2011, a decline of 4.8% from the S\$110.3 million achieved in the previous corresponding quarter. However, despite the lower sales, the distribution segment recorded a doubling of net profit to S\$2.4 million as compared to S\$1.2 million recorded in 1QFY2010. Sales were, however, significantly higher than that of 4QFY2010.

Real Estate Investments

The Group's property unit reported S\$3.3 million worth of sales of property stock of commercial units in China for a profit of S\$1.5 million for 1QFY2011. This was

significantly higher than the sales of S\$0.7 million reported in 1QFY2010.

The S\$1.5 million profit from this segment for 1QFY2011 was significantly higher than that of the previous corresponding quarter which included gains of S\$1.5 million from the disposal of a property asset in China which had been treated as other operating income.

Going Forward

Mr Kartar said: “With our global consumer brand portfolio and enhanced product mix, we are optimistic of our growth prospects as we continue to benefit from the growth in our principal markets.

The global consumer electronics market will grow 10 percent from US\$873 billion in 2010 to US\$964 billion this year, according to a report released by the Industrial Economics and Knowledge Center (IEK) under the Industrial Technology Research Institute. According to IDC, emerging markets, led by China, will continue to drive global IT spending growth, with 2.6 times the growth rate of developed markets, contributing over 50% of all new growth.

China, with its efforts in reining in inflationary pressures, is making progress in rebalancing its economy to rely more on domestic consumption. The Group expects to continue to benefit from this trend.

The recent earthquake in Japan has had a considerable impact on the supply of goods to the market. In the short term, the Group has been able to tide over the impact through the healthy stock levels it was carrying before the earthquake. The situation is now gradually returning to normal. We do not anticipate major disruption in supplies in the days ahead.”

The Group is making good progress in its real estate business. It has entered into three real estate projects in Australia with a total cash investment of S\$8.9 million made to date. The window for these types of investments is expected to continue for a few years due to tight liquidity in the banking market and the withdrawal of foreign lenders from this sector in Australia.

Barring unforeseen circumstances, the Group maintains a healthy outlook and will be pursuing its strategy to grow its two core businesses in line with its mission to deliver positive shareholder value.

About Thakral

Listed on the SGX Mainboard since December 1995 with its Distribution business headquartered in Shanghai, China, Thakral Corporation Ltd is in the consumer electronics distribution business as well as strategic property and equity investments.

Presently, China (including Hong Kong) and India are the Group's key markets for its products. Under its extensive consumer brand portfolio are global names such as Apple, Canon, Casio, Fuji, Hewlett-Packard, Kodak, Lenovo, Nikon, Nokia, Orion, Panasonic, Samsung and Sony. The Group has also taken up new brands such as Altec Lansing, Case-Mate, Parrot, Scott and SwitchEasy.

Major products distributed under these key brands include digital cameras, video cameras, data projectors, iPhones, iPads, mobile phones, plasma and LED TVs, digital photo frames, portable DVD players, iPod accessories, MP3/MP4/MP5 players, desktop and notebook computers, memory cards, personal digital assistants (PDAs), games/media players, printers, electronic accessories and consumables.

The Group also markets and distributes trendy consumer electronics products under its own proprietary brand "YES". These products include audio players and accessories, portable media players, portable DVD players, LCD/Plasma/LED-backlit LCD TVs, digital photo frames, LED flashlights, battery chargers and memory cards.

The Group is now progressively making investments in real estate projects in Australia as evidenced by its recent announcements for investing in the Australia Towers and Emerant Lane projects.

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

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