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| Miscellaneous                               |                            |
|---|----------------------------|
| * 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                    | 24-Feb-2009 20:40:33       |
| Announcement No.                            | 00188                      |

**>> Announcement Details**  
 The details of the announcement start here ...

Announcement Title \*

Description

**Attachments**

 [ThakralCorp\\_Annmt\\_PressReleaseFY2008\\_20090224.pdf](#)  
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## **THAKRAL CORPORATION LTD**

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

### **PRESS RELEASE**

#### **THAKRAL REPORTS 35% RISE IN TURNOVER TO S\$389.0 MILLION FOR 12 MONTHS ENDED 31 DECEMBER 2008.**

**Singapore, February 24, 2009** – SGX-MAINBOARD-LISTED Thakral Corporation Ltd (“Thakral” or the “Group”), which is in the business of supply chain management (“SCM”), electronic manufacturing services (“EMS”) as well as strategic property and equity investments, had posted a 35 per cent higher revenue of S\$389.0 million for the full year FY2008 (as compared to S\$288.4 million in FY2007), most of the increased sales being contributed by the SCM division.

Revenue contribution from the EMS division declined as this division is in the process of being wound up following the Group’s decision to cease this business. Contribution from the Group’s property joint venture in Wujiang also weakened reflecting the softer market conditions in China.

The lower Group Gross Profit of S\$13.4 million in FY2008 as compared to S\$17.1 million in the previous year was due to minimal contribution from sales of property by its Wujiang joint venture. The margins in the consumer electronics business also remained under pressure from difficult market conditions.

Moreover, the Group suffered a dip in other income to S\$1.0 million in FY2008 from S\$1.7 million in FY2007 in view of lower asset sales this year. Along with the impairment charges and provisions for planned closures of non-performing units of S\$9.5 million and foreign exchange loss of S\$1.4 million arising mainly from the retranslation of foreign currency denominated monetary assets and liabilities, these factors led to a net loss of S\$20.9 million for the Group in FY2008.

As a result, the Group reported a net loss attributable to shareholders of S\$20.5 million for the full year FY2008 and S\$11.2 million for Q4FY2008. However, excluding all the impairment, valuation losses, reversals for discontinued operations and foreign exchange losses, the net loss incurred in FY2008 was lower by 56 per cent at S\$9.2 million.

#### **Earnings Per Share and Net Asset Value Per Share**

The Group Loss Per Share (from continuing and discontinued operations) was 0.78 cent for the year while the Group Net Asset Value Per Share eased to 7.88 cents. Apart from the loss for the

year, a significant reason for this reduction in NAV was the decline in fair values of the Group's portfolio investments in India and Australia.

### **Working Capital Position**

Despite the challenging market conditions, the Group's cash and cash equivalents climbed by S\$7.0 million to S\$119.1 million as at December 31, 2008. There was net cash inflow of S\$2.2 million from operating activities as compared to a net outflow of S\$6.4 million in FY2007.

This reflected the Group's strict and prudent management of inventories and trade receivables.

Group inventories fell by 32 per cent to S\$17.2 million as compared to S\$25.2 million in FY2007.

Trade receivables declined by 11 per cent while other receivables dropped by 35 per cent to S\$38.1 million and S\$4.9 million respectively.

### **Segmental Performance**

#### **SCM Division**

The SCM division continues to be the main revenue contributor to the Group.

Turnover of this division increased by 47 per cent in the year to S\$379.6 million as compared to S\$257.5 million achieved in the previous financial year. Margins, however, remain thin as competition is intense. Divisional loss was S\$6.9 million as compared to a profit of S\$1.0 million in the previous financial year. The FY2007 result included certain reversals of provisions against trade debts.

#### **EMS Division**

This division is in the course of being wound up. Turnover for the EMS division declined to S\$6.2 million in FY2008 from S\$20.9 million in FY2007 as the business was progressively wound down since the latter half of FY2008. The divisional loss was S\$2.5 million, up from S\$2.1 million in FY2007. A full provision in respect of this division has been booked and all operations will be discontinued in the 2009 financial year.

#### **Property Division**

Revenue for the property division in Thakral was S\$1.1 million in FY2008, down by 85 per cent from S\$7.2 million in FY2007. This was attributed to the lack of sales recorded by the Group's joint venture in Wujiang due to the depressed property market in China.

### **Going Forward**

Mr Kartar Singh Thakral (“Mr Kartar”), Chairman of Thakral commented, “The outlook for the global economy in the coming months will remain challenging as a result of the global financial crisis which dampens consumer demand.

The Group has taken extensive measures to streamline our core businesses and close down under-performing ones. We are beefing up the SCM business segment with the addition of more sales and marketing personnel to turn around and drive the SCM business. However, we are winding down the EMS business unit because of its continued lacklustre performance for the past few years.

In addition, we have been taking a cautious stance in relation to credit and inventory risks by taking steps to tighten the extension of credit to customers and reduce inventory. The Group now looks to improve the mix of brands and products with a focus to improve returns on funds utilized, reduce overheads and conserve cash. As the global slowdown seems set to continue for some time, the Group expects to continue operating under difficult market conditions.

The instability in the global financial markets would lead to fluctuations in the value of the Group’s investments in India and Australia and consequently in the Group’s net asset value.”

Mr Kartar added, “Going forward, we have identified our strategy of expanding into the property sector with the aim of becoming a Pan-Asian property group.

We remain optimistic that with our competitive strengths, leaner cost structure and stronger financial position, we will be able to take advantage of new growth opportunities to deliver positive value to shareholders in the medium term.”

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### **About Thakral**

Listed on the SGX Mainboard since December 1995 with its Distribution business headquartered in Shanghai, the People’s Republic of China (“PRC”), Thakral Corporation Ltd (“the Company”) is involved in the supply chain management in consumer electronics sector, electronic manufacturing services (“EMS”), creation of state-of-the-art technology products as well as strategic property and equity investments. However, the Company had decided to cease operations of its EMS division and started winding down the EMS business during the second half of the financial year end December 31, 2008.

Currently, the PRC, Hong Kong and India are the Group’s key markets for its products.

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

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

Currently, the Company is looking out for potential business growth opportunities. In May 2008, it announced that it will seek shareholders' approval to reposition the Company's principal business from consumer electronics distribution to real estate and related infrastructure investment in the Pan Asian region (including Australia and New Zealand).

This new strategic initiative into the real estate and infrastructure sector, if approved by shareholders, is expected to offer attractive returns to shareholders in the medium term.

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*Release issued on behalf of Thakral Corporation Ltd by  
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