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First 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 | 26-Apr-2007 12:37:23 |
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>> Announcement Details

The details of the announcement start here ...

| | |
|----------------------------------|------------|
| For the Financial Period Ended * | 31-03-2007 |
|----------------------------------|------------|

Attachments:

 [ThakralCorp_Results_Q1FY07_26Apr07.pdf](#)
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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 2007 together with comparative statements for the corresponding period of the immediately preceding financial year

These figures have not been audited.

Profit and loss statements

| | Note | Group | | |
|--|------|--------------------|----------------|-------------------------------|
| | | S\$000 | | % Increase / (Decrease) |
| | | Three months ended | | |
| | | 31 Mar 2007 | 31 Mar 2006 | |
| CONTINUING OPERATIONS | | | | |
| Revenue | 1 | 48,152 | 73,036 | (34) |
| Cost of sales | | (44,531) | (68,481) | (35) |
| Gross profit | 1 | 3,621 | 4,555 | (21) |
| Other operating income | 2 | 992 | 1,067 | (7) |
| Distribution costs | 3 | (1,210) | (1,853) | (35) |
| Administration expenses | 4 | (3,332) | (4,807) | (31) |
| Other operating expenses | 5 | (661) | (682) | (3) |
| Loss from operations | | (590) | (1,720) | (66) |
| Finance income | | 813 | 842 | (3) |
| Finance costs | 6 | (161) | (679) | (76) |
| Foreign exchange gain | 7 | 691 | 775 | (11) |
| Profit (loss) before income tax, share of results of associates | | 753 | (782) | NM |
| Profit from associates | | 20 | 340 | (94) |
| Profit (loss) before income tax | | 773 | (442) | NM |
| Income tax expense | 8 | (419) | (81) | 417 |
| Profit (loss) from continuing operations | | 354 | (523) | NM |
| DISCONTINUING OPERATIONS | | | | |
| Loss from discontinuing operations | 9 | (10) | (6,984) | (100) |
| Profit (loss) for the quarter | | 344 | (7,507) | NM |
| <u>Attributable to</u> | | | | |
| Shareholders of the Company | | 217 | (7,279) | NM |
| Minority interests | | 127 | (228) | NM |
| | | 344 | (7,507) | NM |

NM – Not meaningful

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Notes to the Income statement

Note 1:

The lower turnover and gross profit in the first quarter of the financial year was due to heavy competition and supply issues in its principal market continued to be faced by the Supply Chain Management division.

Gross profit margin for the quarter improved to 7.5% from 6.2% achieved in the previous corresponding quarter.

Note 2:

Other operating income of continuing operations comprises:

| | S\$'000 | | % Increase / (Decrease) |
|---|--------------------|-------------|-------------------------------|
| | Three months ended | | |
| | 31 Mar 2007 | 31 Mar 2006 | |
| Gain on disposal of properties | - | 749 | NM |
| Gain on disposal of available-for-sale investments | 850 | - | NM |
| Refund of tax on reinvestment of dividend in Wujiang subsidiary | - | 198 | NM |
| Miscellaneous | 142 | 120 | 18 |
| Total | 992 | 1,067 | (7) |

Note 3:

Distribution costs of continuing operations comprises:

| | S\$'000 | | % Increase / (Decrease) |
|-------------------------|--------------------|-------------|-------------------------------|
| | Three months ended | | |
| | 31 Mar 2007 | 31 Mar 2006 | |
| Staff costs | (447) | (527) | (15) |
| Advertising & promotion | (58) | (423) | (86) |
| Transportation | (191) | (352) | (46) |
| Travelling expenses | (181) | (219) | (17) |
| Others | (333) | (332) | 0 |
| Total | (1,210) | (1,853) | (35) |

- (i) Decrease in staff costs was due to the lower headcount of sales and marketing personnel.
- (ii) In the quarter ended 31 March 2006, the Group had incurred significant additional advertising and promotion charges, including investment in market development activities. These charges were not incurred during the quarter ended 31 March 2007.
- (iii) Transportation expenses declined in view of the lower business activity.

Note 4:

Administration expenses of continuing operations comprises:

| | S\$'000 | | % Increase / (Decrease) |
|---|--------------------|-------------|-------------------------------|
| | Three months ended | | |
| | 31 Mar 2007 | 31 Mar 2006 | |
| Staff costs (including executive directors) | (2,502) | (2,127) | 18 |
| Directors' fees | (155) | - | NM |
| Professional fees | (301) | (709) | (58) |
| Rent & rates | (408) | (439) | (7) |
| Travelling expenses | (86) | (125) | (31) |
| Net reversal (allowance) for doubtful debts | 916 | (193) | NM |
| Others | (796) | (1,214) | (34) |
| Total | (3,332) | (4,807) | (31) |

NM – Not meaningful

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Note 4:

- (i) Staff costs were comparatively higher due to the reversal of excess bonus provisions made during 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.
- (iii) Traveling expenses declined due to the lower number of management staff traveling in the current quarter.
- (iv) Reversal of allowance for doubtful debts of S\$1 million arose from the receipt on 30 March 2007 from a related party pursuant to the agreement announced on 30 March 2007. Accordingly, the Group reversed the appropriate provision made against the related party balance. The amount receivable had been fully provided for during the year ended 31 March 2006.

Note 5:

Other operating expenses comprised the depreciation charges for the periods.

Note 6:

Finance costs were lower compared to the previous corresponding quarter due to the savings in interest expenses on the long-term syndicated bank loan which was fully repaid in March 2006, partially offset by the interest expense on convertible 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 expense mainly arose from taxable gains on the sale of properties in the PRC.

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 | | % Increase / (Decrease) |
|-------------------------|--------------------|-------------|-------------------------------|
| | Three months ended | | |
| | 31 Mar 2007 | 31 Mar 2006 | |
| Revenue | 411 | 1,786 | (77) |
| Cost of sales | (175) | (1,215) | (86) |
| Gross profit | 236 | 571 | (59) |
| Distribution costs | (190) | (458) | (59) |
| Administration expenses | (69) | (38) | 82 |
| Impairment charges | 8 | (7,058) | NM |
| Finance costs | - | (1) | NM |
| Foreign exchange gain | 5 | - | NM |
| Loss before tax | (10) | (6,984) | (100) |
| Income tax expenses | - | - | NM |
| Loss after tax | (10) | (6,984) | (100) |

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 | Group (S\$ '000) as at | | Company (S\$ '000) as at | |
|--|------|-------------------------------|----------------|---------------------------------|----------------|
| | | 31 Mar 2007 | 31 Dec 2006 | 31 Mar 2007 | 31 Dec 2006 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Inventories | 1 | 28,694 | 34,437 | - | - |
| Trade receivables | | 27,353 | 28,571 | - | - |
| Other receivables and prepayments | | 7,961 | 8,883 | 550 | 86 |
| Cash and cash equivalents | | 127,873 | 123,981 | 72,772 | 72,650 |
| Total current assets | | 191,881 | 195,872 | 73,322 | 72,736 |
| Non-current assets | | | | | |
| Property, plant and equipment | 2 | 16,439 | 24,175 | 28 | 31 |
| Investment properties | 2 | 9,874 | 775 | - | - |
| Investment in subsidiaries | | - | - | 93,408 | 98,090 |
| Investment in associates | | 1,454 | 1,430 | 1,374 | 1,374 |
| Available-for-sale investments | 3 | 58,243 | 70,193 | 37,403 | 48,141 |
| Deferred tax asset | | 315 | 289 | - | - |
| Total non-current assets | | 86,325 | 96,862 | 132,213 | 147,636 |
| Total assets | | 278,206 | 292,734 | 205,535 | 220,372 |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities | | | | | |
| Trade payables | | 6,514 | 7,552 | - | - |
| Bank term loans and trust receipts | | 259 | 206 | - | - |
| Other payables | | 16,905 | 18,568 | 606 | 639 |
| Income tax payable | | 1,147 | 1,216 | 408 | 408 |
| Obligations under finance leases | | 177 | 288 | - | - |
| Total current liabilities | | 25,002 | 27,830 | 1,014 | 1,047 |
| Non-current liabilities | | | | | |
| Long-term loans | | 464 | 515 | - | - |
| Convertible bonds | 4 | 12,115 | 12,026 | 12,115 | 12,026 |
| Total non-current liabilities | | 12,579 | 12,541 | 12,115 | 12,026 |
| Total liabilities | | 37,581 | 40,371 | 13,129 | 13,073 |
| Capital and reserves | | | | | |
| Issued capital | | 190,448 | 190,402 | 190,448 | 190,402 |
| Reserves | | 45,462 | 56,512 | 1,958 | 16,897 |
| Equity attributable to equity shareholders of the Company | | 235,910 | 246,914 | 192,406 | 207,299 |
| Minority interests | | 4,715 | 5,449 | - | - |
| Total equity | | 240,625 | 252,363 | 192,406 | 207,299 |
| Total liabilities and equity | | 278,206 | 292,734 | 205,535 | 220,372 |

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 2007 | | As at 31 December 2006 | |
|---------------------|-------------|------------------------|-------------|
| Secured | Unsecured | Secured | Unsecured |
| NIL | S\$ 436,000 | NIL | S\$ 494,000 |

Amount repayable after one year

| As at 31 March 2007 | | As at 31 December 2006 | |
|---------------------|----------------|------------------------|----------------|
| Secured | Unsecured | Secured | Unsecured |
| NIL | S\$ 12,579,000 | NIL | S\$ 12,541,000 |

Details of any collateral

Not applicable

Group's contingent liabilities

| | As at 31 March 2007 | As at 31 December 2006 |
|--|---------------------|------------------------|
| Contractual obligations with third parties | S\$ 874,000 | S\$ 880,000 |
| Potential property tax | S\$ 603,000 | 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) | |
|---|--------------------|----------------|
| | Three months ended | |
| | 31 Mar 2007 | 31 Mar 2006 |
| Cash flows from operating activities | | |
| Profit (loss) before income tax | 763 | (7,426) |
| Adjustments for: | | |
| Share of profit from associates | (20) | (340) |
| Depreciation expense | 661 | 682 |
| Dividend income from quoted equity shares | (467) | (350) |
| Finance lease charges | 10 | 35 |
| Interest expense | 151 | 645 |
| Interest income | (813) | (842) |
| Gain on disposal of available-for-sale investments | (850) | - |
| Gain on disposal of property, plant and equipment | - | (729) |
| Share based payment expense | 28 | 126 |
| Impairment in value of plant and equipment | - | (115) |
| Reversal of allowance for inventories | (187) | (65) |
| (Reversal) allowance for doubtful trade receivables | (924) | 5,171 |
| Allowance for doubtful other receivables | - | 1,770 |
| Operating loss before working capital changes | (1,648) | (1,438) |
| Trade receivables | 2,142 | 4,932 |
| Other receivables and prepayments | 1,196 | 4,914 |
| Inventories | 5,931 | 15,962 |
| Trade payables | (1,038) | (5,315) |
| Other payables | (1,878) | (1,909) |
| Cash generated from operations | 4,705 | 17,146 |
| Dividends received | - | 355 |
| Income tax paid | (326) | (862) |
| Finance lease charges paid | (10) | (35) |
| Interest paid | (10) | (335) |
| Interest received | 816 | 1,032 |
| Net cash generated from operating activities | 5,175 | 17,301 |
| Cash flows from investing activities | | |
| Additions to property, plant and equipment | (36) | (1,489) |
| Net investment in balances from associates | (6) | 326 |
| Additions to investment properties | - | (58) |
| Proceeds from disposal of property, plant and equipment | - | 759 |
| Proceeds from disposal of available-for-sale investments | 1,104 | - |
| Cash to minority shareholders | (845) | - |
| Net cash from (used in) investing activities | 217 | (462) |
| Cash flows from financing activities | | |
| Net proceeds from issue of shares on exercise of employees' share options | 3 | 18 |
| 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 | (111) | (380) |
| Proceeds from (repayment of) trust receipts and other borrowings | 53 | (10,630) |
| Repayment of bank term loans | (52) | (22,538) |
| Net cash (used in) from financing activities | (107) | 34,030 |
| Net effect of exchange rate changes in consolidating subsidiaries | (1,393) | (4,545) |
| Net increase in cash and cash equivalents | 3,892 | 46,324 |
| Cash and cash equivalents at beginning of the period | 123,981 | 88,171 |
| Cash and cash equivalents at end of the period | 127,873 | 134,495 |

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\$28.7 million as at 31 March 2007 due to the lower level of business activity.

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 declined mainly due to the changes in fair values of investments arising from the global decline in share prices in March 2007 as well as the disposal of an investment during the quarter.

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 three months, 53,000 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

Three months ended 31 Mar 2007

SS\$'000

Group

Balance at 1 Jan 2007

Net fair value changes in available-for-sale investments

Realisation of revaluation reserve on disposal of available-for-sale investments

Translation loss arising on consolidation

Net loss recognised directly in equity

Effect of adoption of FRS 40

Ordinary shares issued upon conversion of bonds

Issue of shares on exercise of employees' share options

Recognition of share-based payments

Dividend paid to minority interests

Net profit for the quarter

Balance at 31 Mar 2007

| | Total shareholders' equity | | | | | | | Minority interests | Total equity |
|--|----------------------------|---------------------|-----------------|---------------------------|---------------------|-------------------|----------------|--------------------|----------------|
| | Issued capital | Revaluation reserve | Options reserve | Convertible bonds reserve | Translation reserve | Retained earnings | Total | | |
| Balance at 1 Jan 2007 | 190,402 | 58,348 | 686 | 766 | (6,106) | 2,818 | 246,914 | 5,449 | 252,363 |
| Net fair value changes in available-for-sale investments | - | (10,682) | - | - | - | - | (10,682) | - | (10,682) |
| Realisation of revaluation reserve on disposal of available-for-sale investments | - | (836) | - | - | - | - | (836) | - | (836) |
| Translation loss arising on consolidation | - | - | - | - | (1,772) | - | (1,772) | (16) | (1,788) |
| Net loss recognised directly in equity | - | (11,518) | - | - | (1,772) | - | (13,290) | (16) | (13,306) |
| Effect of adoption of FRS 40 | - | 112 | - | - | (275) | 2,161 | 1,998 | - | 1,998 |
| Ordinary shares issued upon conversion of bonds | 43 | - | - | (3) | - | - | 40 | - | 40 |
| Issue of shares on exercise of employees' share options | 3 | - | - | - | - | - | 3 | - | 3 |
| Recognition of share-based payments | - | - | 28 | - | - | - | 28 | - | 28 |
| Dividend paid to minority interests | - | - | - | - | - | - | - | (845) | (845) |
| Net profit for the quarter | - | - | - | - | - | 217 | 217 | 127 | 344 |
| Balance at 31 Mar 2007 | 190,448 | 46,942 | 714 | 763 | (8,153) | 5,196 | 235,910 | 4,715 | 240,625 |

Three months ended 31 Mar 2006

SS\$'000

Group

Balance at 1 Jan 2006

Net fair value changes in available-for-sale investments

Translation loss arising on consolidation

Net loss recognised directly in equity

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 Mar 2006

| | Total shareholders' equity | | | | | | | | Minority interests | Total equity |
|--|----------------------------|---------------|--------------------------------|-----------------|---------------------------|---------------------|-------------------|----------------|--------------------|----------------|
| | Issued capital | Share premium | Investment revaluation reserve | Options reserve | Convertible bonds reserve | Translation reserve | Retained earnings | Total | | |
| Balance at 1 Jan 2006 | 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) |
| 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 |
| Net loss for the quarter | - | - | - | - | - | - | (7,279) | (7,279) | (228) | (7,507) |
| Balance as at 31 Mar 2006 | 146,788 | - | 64,848 | 644 | 3,405 | 2,265 | 14,782 | 232,732 | 6,632 | 239,364 |

THAKRAL CORPORATION LTD AND SUBSIDIARIES

Three months ended 31 Mar 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

| | Issued capital | Investment revaluation reserve | Options reserve | Convertible bonds reserve | Accumulated losses | Total |
|--|----------------|--------------------------------|-----------------|---------------------------|--------------------|----------|
| Balance as at 1 Jan 2007 | 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) |
| Balance as at 31 Mar 2007 | 190,448 | 35,420 | 714 | 763 | (34,939) | 192,406 |

Three months ended 31 Mar 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

| | Issued capital | Share premium | Investment revaluation reserve | Options reserve | Convertible bonds reserve | Retained earnings | Total |
|--|----------------|---------------|--------------------------------|-----------------|---------------------------|-------------------|----------|
| Balance as at 1 Jan 2006 | 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) |
| Balance as at 31 March 2006 | 146,788 | - | 59,525 | 644 | 3,405 | 14,656 | 225,018 |

(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 230,500 share options lapsed while 50,000 share options were exercised during the first three months 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 31 Mar 2007 | As at 31 Mar 2006 |
|---------------------|-------------------|-------------------|
| Outstanding options | 42,512,250 | 46,888,000 |

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 31 Mar 2007 | As at 31 Mar 2006 |
|-------------------|-------------------|-------------------|
| Convertible bonds | 157,779,540 | 703,949,040 |

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 | 530,000 | 43 |
| - Issue of ordinary shares arising from the exercise of share options granted under the 2001 scheme | 50,000 | 3 |
| Total as at 31 March 2007 | 2,456,385,668 | 190,448 |

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 quarter was lower by S\$56,000.

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

| From continuing and discontinuing operations | Three months ended 31 Mar 2007 | Three months ended 31 Mar 2006 |
|---|-----------------------------------|-----------------------------------|
| (i) Basic earnings (loss) per share | 0.01 cents | (0.40) cents |
| (ii) Fully diluted earnings (loss) per share | 0.01 cents | (0.40) cents |

| From continuing operations | Three months ended 31 Mar 2007 | Three months ended 31 Mar 2006 |
|--|-----------------------------------|-----------------------------------|
| (i) Basic earnings (loss) per share | 0.01 cents | (0.02) cents |
| (ii) Fully diluted earnings (loss) per share | 0.01 cents | (0.02) cents |

Basic earning per share is computed on the profit for the quarter after taxation and deduction of minority interests divided by 2,455,913,778 being the weighted average number of shares in issue during the quarter ended 31 March 2007. Basic loss per share is computed on the loss for the quarter ended 31 March 2006 after taxation and deduction of minority interests divided by 1,841,111,641 being the weighted average number of shares in issue during the quarter.

Fully diluted earning per share for the quarter ended 31 March 2007 is computed on the profit after taxation and deduction of minority interests divided by 2,616,789,008 being the weighted average number of shares in issue during the quarter, 3,095,690 shares, being the dilutive effect of potentially exercisable options outstanding as at that date and 157,779,540 shares, being the dilutive effect of the convertible bonds outstanding as at the date.

Fully diluted loss per share for the quarter ended 31 March 2006 is computed on the loss after taxation and deduction of minority interests divided by 1,841,111,641 being the weighted average number of shares in issue during the quarter. Employee share options to purchase 9,030,000 and 1,050,000 ordinary shares at S\$0.06 and S\$0.08 were outstanding as at 31 March 2006 but were not included in the computation of the diluted earnings 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 to convert into 703,949,040 ordinary shares at S\$0.08 were outstanding but were not included in the computation of the diluted earnings 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 31 Mar 2007 | As at 31 Dec 2006 |
|---------|----------------------|----------------------|
| Group | 9.60 cents | 10.05 cents |
| Company | 7.83 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 – 3 months ended 31 March 2007

Turnover & Profitability

Turnover from the Group's continuing operations during the quarter ended 31 March 2007 was S\$48.2 million. While this was on par with the turnover achieved in the preceding quarter ended 31 December 2006, it was a decline of about 34% as compared to the previous corresponding quarter and reflects the ongoing competition and difficult market conditions faced by the Group's Supply Chain Management ("SCM") division. The Group's property development unit in Wujiang also contributed positively with improved sales as compared to the previous corresponding quarter.

Gross profit for the latest quarter was S\$3.6 million as compared to S\$4.6 million in the previous corresponding quarter. Gross profit margin improved to about 7.5% from 6.2% previously, mainly as a result of the higher margin contribution from the Wujiang property development unit and improved dividend income from the Group's investment in India.

The Group also disposed of an investment in India which realized a gain of about S\$0.85 million. In addition, following the receipt of the first installment of S\$1 million from a related party under the agreement announced on 30 March 2007, the Group reversed the provision in respect of this amount during the quarter.

The Group was able to achieve a small net profit of S\$0.3 million for the quarter just ended as compared to a net loss of S\$7.5 million in the previous corresponding quarter.

Expenses

Distribution expenses declined to S\$1.2 million from S\$1.9 million in the previous corresponding quarter, mainly as a result of lower advertising & promotion and decreased transportation expenses.

Administration expenses of S\$3.3 million in the present quarter included the reversal of provisions against the related party receivables stated above. Excluding this reversal, administration expenses would have been S\$4.3 million, a decline of about 10% from the S\$4.8 million incurred in the previous corresponding quarter.

Net finance income increased three-fold mainly due to the lower finance costs on the syndicated loan that was repaid in March 2006.

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

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Working Capital

Inventories were further reduced from S\$34.4 million as at 31 December 2006 to S\$28.7 million as at 31 March 2007, which is in line with the lower level of business activity and the sale of properties by the unit in Wujiang.

Trade receivables as at 31 March 2007 were slightly reduced to S\$27.4 million from S\$28.6 million as at 31 December 2006.

Net Asset Value

Group net asset value declined to 9.60 cents from 10.05 cents as at 31 December 2006. This was mainly due to the decline in the value of the Group's investments following the global retreat in share prices in March.

Performance Summary – Continuing Operations

Supply Chain Management (“SCM”)

The SCM division continued to be affected by severe market conditions and intense competition in its principal market of China. Revenue declined by about 43% to S\$39.8 million as compared to the S\$69.6 million achieved in the previous corresponding quarter. However, sales in the month of March showed significant improvement over the previous few months, and the Group intends to continue building on this newly-laid foundation to further drive the recovery effort. Segmental loss widened to S\$1.4 million from S\$0.4 million in the previous corresponding quarter.

Electronic Manufacturing Services (“EMS”)

The EMS division doubled its revenue to S\$5.3 million in the latest quarter as compared to S\$2.6 million achieved in the previous corresponding quarter. Segmental loss also declined by 48% to S\$0.6 million from the loss of S\$1.2 million in the previous corresponding quarter. The change in the division's senior management and the adoption of a new strategy is propelling the unit in the right direction.

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 quarter 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.

Efforts are continuing to widen the product and brand portfolio for the SCM division, as well as drive increased 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.

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**Three months ended 31 Mar 2007**

| | Supply Chain Management | Electronic Manufacturing Services | Property Holding | Others | Consolidated total |
|---|-------------------------|-----------------------------------|------------------|--------|--------------------|
| Revenue | | | | | |
| External sales from continuing operations | 39,845 | 5,336 | 2,504 | 467 | 48,152 |
| Result | | | | | |
| Segment result from continuing operations | (1,356) | (630) | 841 | 876 | (269) |
| Unallocated corporate expenses | | | | | (321) |
| Finance income | | | | | 813 |
| Finance costs | | | | | (161) |
| Foreign exchange gain | | | | | 691 |
| Profit before income tax and share of results of associates | | | | | 753 |
| Share of results of associates | | | | | 20 |
| Profit before income tax | | | | | 773 |
| Income tax expense | | | | | (419) |
| Profit after tax from continuing operations | | | | | 354 |
| Loss from discontinuing operations | (10) | | | | (10) |
| Net profit for the quarter | | | | | 344 |

| Other information | | | | | |
|---|-----|-----|----|---|-----|
| Capital expenditure: | | | | | |
| Property, plant and equipment | 12 | 23 | - | 1 | 36 |
| Depreciation expense of continuing operations | 172 | 441 | 45 | 3 | 661 |

| Assets | | | | | |
|---|--------|--------|--------|---------|---------|
| Segment assets | 98,200 | 17,124 | 25,617 | 133,936 | 274,877 |
| Assets of discontinuing operations | 1,560 | | | | 1,560 |
| Deferred tax asset | | | | | 315 |
| Investment in associates | | | | | 1,454 |
| Total assets | | | | | 278,206 |
| Liabilities | | | | | |
| Segment liabilities | 13,517 | 5,779 | 2,915 | 765 | 22,976 |
| Liabilities of discontinuing operations | 1,343 | | | | 1,343 |
| Income tax payable | | | | | 1,147 |
| Unallocated liabilities | | | | | 12,115 |
| Total liabilities | | | | | 37,581 |

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Three months ended 31 Mar 2006

| | Supply Chain Management | Electronic Manufacturing Services | Property Holding | Others | Consolidated total |
|---|-------------------------|-----------------------------------|------------------|--------|--------------------|
| Revenue | | | | | |
| External sales from continuing operations | 69,644 | 2,627 | 414 | 351 | 73,036 |
| Result | | | | | |
| Segment result from continuing operations | (424) | (1,212) | (395) | 278 | (1,753) |
| Unallocated corporate expenses | | | | | (716) |
| Gain on disposal of properties | | | | | 749 |
| Finance income | | | | | 842 |
| Finance costs | | | | | (679) |
| Foreign exchange gain | | | | | 775 |
| Loss before income tax and share of results of associates | | | | | (782) |
| Share of results of associates | | | | | 340 |
| Loss before income tax | | | | | (442) |
| Income tax expense | | | | | (81) |
| Loss after tax from continuing operations | | | | | (523) |
| Loss from discontinuing operations | (6,984) | | | | (6,984) |
| Net loss for the quarter | | | | | (7,507) |

Other information

| | | | | | |
|---|-------|-----|-----|---|-------|
| Capital expenditure: | | | | | |
| Property, plant and equipment | 1,273 | 184 | (1) | - | 1,456 |
| Depreciation expense of continuing operations | 147 | 418 | 111 | 6 | 682 |

| Assets | | | | | |
|---|---------|--------|--------|---------|---------|
| Segment assets | 119,850 | 18,415 | 30,324 | 153,081 | 321,670 |
| Assets of discontinuing operations | 3,842 | | | | 3,842 |
| Deferred tax asset | | | | | 78 |
| Investment in associates | | | | | 1,460 |
| Total assets | | | | | 327,050 |
| Liabilities | | | | | |
| Segment liabilities | 18,559 | 6,679 | 4,631 | 807 | 30,676 |
| Liabilities of discontinuing operations | 2,391 | | | | 2,391 |
| Income tax payable | | | | | 1,906 |
| Unallocated liabilities | | | | | 52,713 |
| Total liabilities | | | | | 87,686 |

Secondary reporting – geographical segments

S\$'000

| Continuing and discontinuing operations | Revenue | | Capital Expenditure | | Total Assets | |
|--|----------------|--------|----------------------------|-------|---------------------|---------|
| | 31 Mar | | 31 Mar | | 31 Mar | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| People's Republic of China (including Hong Kong) | 47,145 | 70,414 | 31 | 1,440 | 143,102 | 160,419 |
| Others | 1,418 | 4,408 | 5 | 16 | 135,104 | 166,631 |
| | 48,563 | 74,822 | 36 | 1,456 | 278,206 | 327,050 |

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

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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 three months ended 31 March 2007 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 |
| Purchases, net of returns | NIL | 4,738 |

BY ORDER OF THE BOARD

Lim Chee Ying
Tan Ping Ping
Company Secretaries
26 April 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 3 months ended 31 March 2007 to be false or misleading.

ON BEHALF OF THE BOARD

Kartar Singh Thakral
Chairman

Inderbethal Singh Thakral
Director
26 April 2007