

## Financial Statements and Related Announcement::First Quarter Results

## Issuer &amp; Securities

<b>Issuer/ Manager</b>	THAKRAL CORPORATION LTD
<b>Securities</b>	THAKRAL CORPORATION LTD - SG1C19013145 - T04

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	12-May-2014 18:15:55
<b>Status</b>	New
<b>Announcement Sub Title</b>	First Quarter Results
<b>Announcement Reference</b>	SG140512OTHR41RB
<b>Submitted By (Co./ Ind. Name)</b>	Anil Daryanani
<b>Designation</b>	Chief Financial Officer
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Please refer to attachments.

## Additional Details

<b>For Financial Period Ended</b>	31/03/2014
<b>Attachments</b>	<p><a href="#">ThakralCorp_PR_1Q2014_20140512Final.pdf</a></p> <p><a href="#">ThakralCorp_Results_Q1FY14_12May14.pdf</a></p> <p>Total size =120K</p>

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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 PROFITABLE 1Q2014 WITH STRONG REVENUE GROWTH**

**Singapore May 12, 2014**

Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) reported a profit attributable to shareholders in 1Q2014. Revenue for the quarter doubled to S\$179.5 million from S\$88.9 million in 1Q2013.

Revenue from the Investment Division rose by 51% to S\$3.4 million for 1Q2014 from S\$2.3 million in 1Q2013 and at the Lifestyle Division doubled to S\$176.1 million in 1Q2014 compared to S\$86.6 million in 1Q2013.

Gross profit of the Group increased 18% to S\$6.4 million in 1Q2014. The Group’s net profit for 1Q2014 was S\$101,000, reversing from a loss of S\$186,000 in 1Q2013.

Distribution expenses rose to S\$1.5 million from S\$1.3 million in 1Q2013. This was mainly to support increased marketing activities for its new portfolio of lifestyle and environmental products.

Net finance costs, administration expenses and other operating expenses remained stable compared to those incurred in the previous corresponding quarter.

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

The Group achieved Earnings Per Share of 0.01 cent, reversing the Loss Per Share of 0.01 cent in 1Q2013.

Net Asset Value per share improved marginally to 3.93 cents as at March 31, 2014 from 3.91 cents as at December 31, 2013.

### **Working Capital Position**

The Group’s financial position remains healthy as the total cash and bank balances including non-current fixed deposits rose to S\$58.2 million as at March 31, 2014 against S\$53.6 million as at December 31, 2013.

The Group’s operational cash inflow improved from S\$6.4 million in 1Q2013 to S\$8.9 million in 1Q2014, primarily due to improved working capital cycle.

## **Segmental Performance**

### **Investments**

Revenue for the Investment Division increased by 51% to S\$3.4 million in 1Q2014 from S\$2.3 million in 1Q2013. This improved turnover was achieved even with the absence of contributions from the property development unit in Wujiang.

Segmental profit from this division also increased 72% to S\$2.5 million from S\$1.5 million in 1Q2013. The improvement in profit was solely contributed by the Group's investments in Australia.

While the Investment Division is continuing to explore opportunities in Australia, it is also reviewing new markets such as Japan to further grow its revenue and earnings.

### **Lifestyle**

Revenue at the Lifestyle Division more than doubled to S\$176.1 million in 1Q2014 from S\$86.6 million in 1Q2013.

The Group's on-going transition to a new product range including lifestyle, beauty & health and eco-friendly products will take some time to bear fruit. The division recorded a loss of S\$0.6 million in 1Q2014 compared to S\$0.5 million loss in 1Q2013.

Trade receivables were halved to S\$13.5 million as at March 31, 2014 from S\$26.4 million as at December 31, 2013. The trade receivables turnover period for the current quarter was reduced to 10 days as compared to 28 days for 1Q2013.

The inventory turnover period for the current quarter was trimmed to 22 days as compared to 49 days for 1Q2013.

## **Going Forward**

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman of Thakral said: "The Group's strategy of having two core businesses has continued to bring positive returns and we were able to report a profit albeit a small one for the Group in the quarter.

"Our Investment Division has made good progress with its strong pipeline of projects.

"Our Distribution Division which is now the Lifestyle Division is making headway in its transformation towards lifestyle, beauty & health and enviro-care products where it has secured new partnerships from key brands in the past months. This division is expected to contribute positively to the Group in the medium to long term.

"Going forward, both our core divisions will explore new markets in Asia as they forge ahead with their growth plans, while managing market risks and global volatility

that will remain challenging in the coming months.

“Barring any unforeseen circumstances, the Group remains cautiously optimistic in its overall outlook for FY2014.”

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## **About Thakral**

Listed on the SGX Mainboard since December 1995, Thakral Corporation Ltd has two divisions – Lifestyle Division and Investment Division.

The Group's Lifestyle Division has undergone a change to reposition itself in Lifestyle products, including Beauty & Health and Enviro-Care products. Under its extensive brand portfolio are global names such as Apple, Acer, Beko, Bose, Canon, Cuvilady, Daewoo, Misfit, MTG (Refa), Orion, Panasonic, Robam, Samsung, Sharp, Skullcandy, Winia and Yamaha.

The Group invests in real estate and other investment opportunities which include property-backed financial instruments and in direct property to earn strong return on its capital and revolving its capital speedily including bringing in co-investors. The Group also earns income from the services it provides in originating, packaging and managing projects. The Group has been the cornerstone investor in these investment opportunities.

Presently, China (including Hong Kong), Southeast Asia and India, are the Group's key markets for its Lifestyle business while Australia is the key market for its Investment Division.

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

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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 and statement of comprehensive income, or a statement of comprehensive income, for the group, for the first quarter ended 31 March 2014 together with comparative statements for the corresponding period of the immediately preceding financial year**

These figures have not been audited.

**CONSOLIDATED INCOME STATEMENT**

	Note	Group		
		S\$000		% Increase / (Decrease)
		Three months ended		
		31 Mar 2014	31 Mar 2013	
Revenue	1	179,527	88,923	102
Cost of sales		(173,145)	(83,524)	107
Gross profit	1	6,382	5,399	18
Other operating income	2	58	103	(44)
Distribution costs	3	(1,471)	(1,349)	9
Administrative expenses	4	(3,700)	(3,871)	(4)
Other operating expenses	5	(123)	(125)	(2)
Profit from operations		1,146	157	630
Finance income	6	373	282	32
Finance costs		(1,327)	(1,227)	8
Foreign exchange (loss) gain	7	(76)	640	NM
<b>Profit (Loss) before income tax</b>		116	(148)	NM
Income tax expense	8	(15)	(38)	(61)
<b>Profit (Loss) for the quarter</b>		101	(186)	NM
<u>Profit (Loss) attributable to:</u>				
Equity holders of the Company		172	(211)	NM
Non-controlling interests		(71)	25	NM
		101	(186)	NM

NM – Not meaningful

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	S\$'000		% Increase / (Decrease)
		Three months ended		
		31 Mar 2014	31 Mar 2013	
<b>Profit (Loss) for the quarter</b>		<b>101</b>	<b>(186)</b>	<b>NM</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation gain arising on consolidation	9	240	928	(74)
<b>Other comprehensive income for the quarter, net of tax</b>		<b>240</b>	<b>928</b>	<b>(74)</b>
<b>Total comprehensive income for the quarter</b>		<b>341</b>	<b>742</b>	<b>(54)</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the Company		495	633	(22)
Non-controlling interests		(154)	109	NM
		<b>341</b>	<b>742</b>	<b>(54)</b>

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

The Group saw turnover double to S\$179.5 million for the quarter ended 31 March 2014 on the back of high sales of certain fast-moving low-margin items in the latest quarter as well as improved revenues at the Investment Division. The change in product mix and the Lifestyle Division's (formerly known as Distribution Division) current shift away from traditional digital products, Group gross profit margin declined to 3.6% from 6.1% achieved previously.

Revenue included investment income comprising dividends and interest income amounting to S\$1,087,000 (Three months ended 31 Mar 13: S\$316,000)

Note 2:

Other operating income comprises:

	S\$'000		% Increase / (Decrease)
	Three months ended		
	31 Mar 2014	31 Mar 2013	
Gain on disposal of property, plant and equipment	-	12	(100)
Commission income	19	57	(67)
Others	39	34	15
<b>Total</b>	<b>58</b>	<b>103</b>	<b>(44)</b>

- (i) Commission income declined due to lower level of logistical support business during the quarter.

THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

Note 3:

Distribution costs comprise:

	S\$'000		%
	Three months ended		
	31 Mar 2014	31 Mar 2013	Increase / (Decrease)
Staff costs	(800)	(787)	2
Advertising & promotion	(105)	(36)	192
Transportation	(185)	(204)	(9)
Travelling expenses	(108)	(125)	(14)
Others	(273)	(197)	39
Total	(1,471)	(1,349)	9

- (i) Increased sales and marketing activities, particularly in Singapore, led to higher advertising and promotion expenses.
- (ii) Travelling expenses were lower due to reduced travel by sales personnel.
- (iii) The increase in others is mainly due to higher warehousing and other sales related expenses.

Note 4:

Administration expenses comprise:

	S\$'000		%
	Three months ended		
	31 Mar 2014	31 Mar 2013	Increase / (Decrease)
Staff costs (including executive directors)	(2,519)	(2,559)	(2)
Directors' fees	(121)	(121)	-
Professional fees	(230)	(312)	(26)
Rent & rates	(207)	(216)	(4)
Travelling expenses	(88)	(70)	26
Insurance	(90)	(85)	6
Allowance for doubtful debts	(29)	8	NM
Withholding tax	(128)	(32)	300
Others	(288)	(484)	(40)
Total	(3,700)	(3,871)	(4)

- (i) Reduced legal and other consultancy resulted in savings in Professional fees.
- (ii) Travelling expenses were higher due to increased travel by Directors and management personnel in the quarter.
- (iii) Withholding tax relates to tax accruals on income from Investment Division projects currently in progress.
- (iv) The reduction in others is mainly due to the reversal of certain accruals.

Note 5:

Other operating expenses comprise depreciation charges for the relevant periods.

Note 6:

Finance income increased due to higher deposits placed in China.

Note 7:

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

Note 8:

Group income tax was lower than the previous corresponding quarter principally due to the absence of taxable profits at the Lifestyle division unit in China.

Note 9:

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

**1(b)(i) A statement of financial position (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 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash and bank balances	5	40,643	45,935	2,801	185
Trade receivables	3	13,527	26,423	-	-
Other receivables and prepayments	4	10,607	28,284	51	165
Bills receivable		204	145	-	-
Loans receivable	2	2,071	2,500	-	-
Inventories	1	49,045	34,148	-	-
Total current assets		116,097	137,435	2,852	350
<b>Non-current assets</b>					
Property, plant and equipment		5,314	5,403	20	21
Investment properties	2	88,874	86,612	-	-
Subsidiaries		-	-	121,618	121,608
Loans receivable	2	20,030	19,842	-	-
Non-current fixed deposits	5	17,592	7,694	-	-
Interest receivable on non-current fixed deposits	4	428	253	-	-
Available-for-sale investments		7	7	-	-
Total non-current assets		132,245	119,811	121,638	121,629
<b>Total assets</b>		<b>248,342</b>	<b>257,246</b>	<b>124,490</b>	<b>121,979</b>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>Current liabilities</b>					
Trade payables	6	15,307	20,361	-	-
Bills payables and trust receipts	6	14,525	18,427	-	-
Bank overdraft and loans	7	48,465	47,591	-	-
Other payables		12,904	12,377	295	357
Provisions		3,122	3,630	39	39
Income tax payable		70	165	-	-
Total current liabilities		94,393	102,551	334	396
<b>Non-current liabilities</b>					
Amount owing to a subsidiary		-	-	26,433	24,216
Loans from financial institutions	7	46,390	47,484	-	-
Deferred tax liability		390	383	-	-
Total non-current liabilities		46,780	47,867	26,433	24,216
<b>Capital, reserves and non-controlling interests</b>					
Issued capital		72,579	72,579	72,579	72,579
Reserves		30,277	29,782	25,144	24,788
Equity attributable to equity holders of the Company		102,856	102,361	97,723	97,367
Non-controlling interests		4,313	4,467	-	-
Total equity		107,169	106,828	97,723	97,367
<b>Total liabilities and equity</b>		<b>248,342</b>	<b>257,246</b>	<b>124,490</b>	<b>121,979</b>

THAKRAL CORPORATION LTD AND SUBSIDIARIES

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 31 March 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
S\$ 46,794,000	S\$ 16,196,000	S\$ 49,337,000	S\$ 16,681,000

Please also see notes (6 & 7) on page 7

Details of any collateral

Charge over properties in Hong Kong and pledge on rental proceeds; pledged bank deposits of S\$23.8 million;  
Company's corporate guarantee  
1<sup>st</sup> mortgage over 101 houses in Gladstone, Australia

Amount repayable after one year

As at 31 March 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
S\$ 42,347,000	S\$ 4,043,000	S\$ 43,711,000	S\$ 3,773,000

Please also see note (7) on page 7

Details of any collateral

1<sup>st</sup> mortgage over 101 houses in Gladstone, Australia

**1(c) A statement of cash flows (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 2014	31 Mar 2013
<b>OPERATING ACTIVITIES</b>		
Profit (Loss) before income tax	116	(148)
Adjustments for:		
Depreciation expense	123	125
Dividend income and investment income from unquoted investments	(1,087)	(316)
Interest expense	1,327	1,227
Interest income	(373)	(282)
Gain on disposal of property, plant and equipment	-	(12)
Net foreign exchange (loss) gain	74	(465)
Provision for employee benefits	56	57
(Reversal) Allowance for inventories	(416)	103
Allowance (Reversal) for doubtful trade receivables	16	(8)
Allowance for doubtful other receivables	13	-
<b>Operating cash flows before movements in working capital</b>	(151)	281
Trade receivables	12,682	7,020
Other receivables and prepayments	16,289	(914)
Inventories	(15,126)	3,032
Trade payables	(4,996)	(2,203)
Other payables and provisions	233	576
<b>Cash generated from operations</b>	8,931	7,792
Income tax paid	(104)	(70)
Interest paid	(1,224)	(1,463)
Interest received	1,346	131
<b>Net cash from operating activities</b>	8,949	6,390
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(40)	(20)
Proceeds from disposal of property, plant and equipment	-	15
Repayment of loans receivable - current and non-current	2,147	1,247
Additions to investment properties and investment properties under development	-	(6,982)
Additions to loans receivable - current and non-current	-	(12,667)
<b>Net cash from (used in) investing activities</b>	2,107	(18,407)
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of shares on exercise of employees' share options	-	26
Dividend paid to non-controlling shareholders	(205)	-
Decrease (increase) in fixed deposits with maturities exceeding three months	76	(3,900)
Decrease in pledged bank deposits	1,040	3,951
(Decrease) Increase in bills payable and trust receipts	(3,844)	1,880
New loans from bank loans and loans from financial institutions	-	11,159
Repayments of bank loans	(2,272)	-
Increase (Decrease) in short-term bank loans	1,551	(2,642)
<b>Net cash (used in) from financing activities</b>	(3,654)	10,474
<b>Net increase (decrease) in cash and cash equivalents</b>	7,402	(1,543)
Cash and cash equivalents at beginning of the quarter	25,933	25,668
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(87)	120
<b>Cash and cash equivalents at end of the quarter</b>	33,248	24,245
Cash and cash equivalents were represented by:-		
Fixed deposits with maturities less than 3 months, cash and bank balances	34,014	25,919
Bank overdrafts	(766)	(1,674)
	33,248	24,245

Note

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## THAKRAL CORPORATION LTD AND SUBSIDIARIES

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

#### Note 1:

Inventories increased due to significant purchases of certain fast-moving items made in March 14.

#### Note 2:

The net reduction in Loans receivable during the quarter is mainly from the sell-down of a part of the Group's investment in the Vida Apartments project in Brisbane.

The Group consolidates the investment properties and the relevant loan financing provided by the financial institutions for the two GLNG projects on its statement of financial position. The recourse of the financial institutions for the loans provided remains limited to the GLNG projects only.

#### Note 3:

The reduction in Trade receivables in the quarter is due to collections as well as sales of certain fast-moving items generally being made on cash basis.

#### Note 4:

Other receivables and prepayments reduced mainly due to lower advances to suppliers for the purchase of goods. Other receivables include the interest receivable on fixed deposits with maturities of less than one year. Interest accrued on deposits with maturities over 1 year is included under non-current assets.

#### Note 5:

Cash and bank balances are comprised of:

	<u>31-Mar-14</u>	<u>31-Dec-13</u>
Cash and cash equivalents	S\$34.0 million	S\$27.6 million
Fixed deposits with maturities exceeding three months	S\$0.4 million	S\$0.5 million
Fixed deposits that have been pledged to banks against Bills payables, trust receipts and bank overdrafts (see note 6 & 7 below)	S\$2.2 million	S\$3.2 million
Fixed deposits that have been pledged to banks against bank Loans (see note 7 below)	S\$21.6 million	S\$22.3 million
Total (including non-current fixed deposits)	S\$58.2 million	S\$53.6 million

Certain fixed deposits were renewed for periods exceeding 1 year during the quarter.

#### Note 6:

Combined Trade payables and Bills payable and trust receipts were lower due to settlements made during the period.

#### Note 7:

Bank loans include an amount of S\$5.5 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 by the year 2020 but it has been classified as a 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).

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 March 2014

S\$'000

Group	Issued capital	Asset revaluation reserve	Options reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2014	72,579	3,125	263	(27,873)	54,267	102,361	4,467	106,828
Total comprehensive income for the quarter								
Profit (loss) for the quarter	-	-	-	-	172	172	(71)	101
Other comprehensive (loss) income for the quarter	-	(11)	-	334	-	323	(83)	240
	-	(11)	-	334	172	495	(154)	341
Balance at 31 Mar 2014	72,579	3,114	263	(27,539)	54,439	102,856	4,313	107,169

Three months ended 31 March 2013

S\$'000

Group	Issued capital	Asset revaluation reserve	Options reserve	Translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Balance at 1 Jan 2013	72,531	2,751	759	(24,032)	56,487	108,496	4,557	113,053
Total comprehensive income for the quarter								
(Loss) profit for the quarter	-	-	-	-	(211)	(211)	25	(186)
Other comprehensive income for the quarter	-	40	-	804	-	844	84	928
	-	40	-	804	(211)	633	109	742
Transactions with owners, recognised directly in equity								
Issue of shares on exercises of employees' share options	26	-	-	-	-	26	-	26
Balance at 31 Mar 2013	72,557	2,791	759	(23,228)	56,276	109,155	4,666	113,821

Three months ended 31 March 2014

S\$'000

Company	Issued capital	Options reserve	Retained earnings	Total
Balance as at 1 Jan 2014	72,579	263	24,525	97,367
Profit for the quarter, representing total comprehensive income for the quarter	-	-	356	356
Balance as at 31 Mar 2014	72,579	263	24,881	97,723

Three months ended 31 March 2013

S\$'000

Company	Issued capital	Options reserve	Retained earnings	Total
Balance as at 1 Jan 2013	72,531	759	26,762	100,052
Loss for the quarter, representing total comprehensive loss for the quarter	-	-	(325)	(325)
Issue of shares on exercises of employees' share options	26	-	-	26
Balance as at 31 Mar 2013	72,557	759	26,437	99,753

**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.**

Since the beginning of the year, 5,020,000 share options expired 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 2014	As at 31 Dec 2013
Outstanding options	5,642,500	10,662,500

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

The Company did not have any treasury shares as at 31 March 2014 and 31 December 2013.

**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 2,617,213,668 as at 31 March 2014 and 31 December 2013.

**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 item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those of the audited financial statements for the year ended 31 December 2013.

**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 2014. The Group was mainly affected by the following new / revised FRSs and amendments to FRS:-

FRS 27	<i>Separate Financial Statements</i>
FRS 110	<i>Consolidated Financial Statements</i>
FRS 112	<i>Disclosure of Interests in Other Entities</i>
Amendments to FRS 32	<i>Financial Instruments: Presentation</i>
Amendments to FRS 36	<i>Impairment of Assets</i>

The adoption of the above does not result in changes to the Group and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

**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 2014	Three months ended 31 Mar 2013
(i) Basic profit (loss) per share	0.01 cent	(0.01) cent
(ii) Fully diluted profit (loss) per share	0.01 cent	(0.01) cent

Basic profit (loss) per share are computed on the profit / loss for the quarters after taxation and deduction of non-controlling interests divided by 2,617,213,668 and 2,614,163,112 being the weighted average number of shares in issue during the quarter ended 31 March 2014 and 31 March 2013 respectively. The diluted profit per share for the period ended 31 March 2014 is computed on the profit for the quarter after taxation and deduction of non-controlling interests divided by 2,617,213,668 being the weighted average number of shares in issue during the quarter.

**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 2014	As at 31 Dec 2013
Group	3.93 cents	3.91 cents
Company	3.73 cents	3.72 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 2014****Turnover & Profitability**

The Group recorded an operational profit (EBIT) of S\$1.1 million for the quarter ended 31 March 2014 compared to S\$0.2 million in the previous corresponding quarter. Group turnover doubled to S\$179.5 million for the quarter from S\$88.9 million in the previous corresponding quarter. Revenues at the Group's Investment Division rose by 51% to \$3.4 million for the quarter ended 31 March 2014 from S\$2.3 million in the previous corresponding quarter. Sales at the Lifestyle Division expanded to S\$176.1 million in the quarter compared to S\$86.6 million in the previous corresponding quarter mainly from sales of certain fast-moving low-margin items.

Improved contribution from the Investment Division enabled the Group to report gross profit of S\$6.4 million for the latest quarter compared to S\$5.4 million in the previous corresponding quarter, an increase of 18%.

Nevertheless, with low-margin products making up a high proportion of the Lifestyle Division's product mix in this quarter along with its ongoing shift away from traditional digital products, Group gross profit margin declined to 3.6% from 6.1% achieved previously.

**Other Income**

Other income declined to S\$0.06 million for the quarter from S\$0.1 million in the previous corresponding quarter mainly due to the lower income from logistical support business.

## THAKRAL CORPORATION LTD AND SUBSIDIARIES

### Finance Income and Costs

Net finance costs of S\$1.0 million in the quarter remained stable compared to those incurred in the previous corresponding quarter.

### Expenses

Increased sales and marketing activities of the Lifestyle Division, particularly in Singapore, undertaken in relation to the promotion of new brands and products led to an increase in Distribution expenses to S\$1.5 million for the latest quarter as compared to S\$1.3 million in the previous corresponding quarter.

Overall Administration expenses remained stable compared to those incurred in the previous corresponding quarter.

### Tax

Group income tax declined to S\$0.02 million in the quarter from S\$0.04 million in the previous corresponding quarter mainly due to the absence of taxable profits at the Lifestyle division unit in China.

### Attributable Profit/Loss

Profit attributable to shareholders for the current quarter was S\$0.2 million as compared to a loss of S\$0.2 million incurred in the previous corresponding quarter.

### **Working Capital and Cash Flow**

Inventories climbed to S\$49.0 million as at 31 March 2014 as compared to S\$34.1 million as at 31 December 2013 due to significant purchases of certain fast-moving items made towards the end of the quarter. The inventory turnover period for the current quarter was 22 days as compared to 49 days for the quarter ended 31 March 2013.

Trade receivables halved to S\$13.5 million as at 31 March 2014 from S\$26.4 million as at 31 December 2013 due to collections made in the quarter as well as due to the fact that sales of fast-moving items are generally made on cash basis. The trade receivables turnover period for the current quarter was 10 days as compared to 28 days for the quarter ended 31 March 2013.

Other receivables and prepayments reduced to S\$10.6 million as at 31 March 2014 from S\$28.5 million as at 31 December 2013 due to a reduction in the advances made to suppliers.

Overall operational cash inflow was S\$8.9 million during the latest quarter compared to the net inflow of S\$6.4 million in the previous corresponding quarter. This was mainly as a result of net changes in working capital components.

### **Net Asset Value**

Net Asset Value per share improved marginally to 3.93 cents as at 31 March 2014 from 3.91 cents as at 31 December 2013.

### **Performance Summary**

#### Investments

Notwithstanding the absence of contribution from the property development unit in Wujiang which had completed the sales of all its units in FY13, the Division saw revenues improve by 51% to \$3.4 million for the quarter from S\$2.3 million in the previous corresponding quarter. Segment result grew 72% to S\$2.5 million in the current quarter from S\$1.5 million in the previous corresponding quarter.

#### Lifestyle

While the Division's sales more than doubled to S\$176.1 million in the latest 3 months, low margins and the on-going transition to a new product range resulted in this business not being able to fully cover costs. Accordingly, segment loss widened to S\$0.6 million for the quarter as compared to S\$0.5 million in the previous corresponding quarter.

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

The performance of the Investment Division met management's expectations. However, changeover from distribution of traditional digital products to that of lifestyle products will be gradual and it may take some time to achieve satisfactory levels as the range of products in the Lifestyle Division is being significantly expanded and new distribution rights to be negotiated.

**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.**

Home prices in Australia's capital cities continue to rise. Residential building approvals remain close to record levels. Australia also continues to enjoy favourable interest rates and population growth which have resulted in low vacancy rates. The opportunities for the Investment Division participating in projects therefore continue to be strong.

With slowing economic growth in its principal market, China, the Group maintains a cautious outlook for the Group's Lifestyle Division. This business is moving along the path for gradually shifting to distribution of lifestyle, beauty, health and enviro-care products. The Division is hopeful that this shift will show good results in the medium to long term.

**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 March 2014, the directors do not recommend any payment of dividend.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

Name of interested person	Aggregate value of all interested person transactions during the period ended 31 March 2014 (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	-	2,410
Sales, net of returns	-	591
Profit share for purchasing services	459	-

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT****(This part is not applicable to Q1, Q2, Q3 or Half Year Results)****14. 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 (Australian, India, Japan and Singapore), has 3 main core divisional activities as follows:

- a) Lifestyle ("LIFE") formerly known as Distribution
- b) Investment ("INV") - includes property investments in China / Hong Kong and real estate investments in Australia
- c) Others ("OTH") - those activities which do not fall into the above categories

**Group's reportable segments****S\$'000****Three months ended 31 March 2014**

	LIFE	INV	OTH	TOTAL
<b>Revenue</b>				
External sales	176,084	3,443	-	179,527
<b>Result</b>				
Segment result	(573)	2,503	(403)	1,527
Unallocated corporate expenses				(381)
Finance income				373
Finance costs				(1,327)
Foreign exchange loss				(76)
Profit before income tax				116
Income tax expense				(15)
Profit for the quarter				101
<b>Other information</b>				
Capital expenditure:				
Property, plant and equipment	39	-	1	40
Depreciation expense	94	27	2	123
<b>Assets</b>				
Segment assets	113,859	131,603	2,880	248,342
<b>Total assets</b>				248,342
<b>Liabilities</b>				
Segment liabilities	77,982	62,405	326	140,713
Income tax payable				70
Deferred tax liability				390
<b>Total liabilities</b>				141,173

THAKRAL CORPORATION LTD AND SUBSIDIARIES

S\$'000

Three months ended 31 March 2013

	LIFE	INV	OTH	TOTAL
<b>Revenue</b>				
External sales	86,640	2,283	-	88,923
<b>Result</b>				
Segment result	(467)	1,451	(403)	581
Unallocated corporate expenses				(424)
Finance income				282
Finance costs				(1,227)
Foreign exchange gain				640
Loss before income tax				(148)
Income tax expense				(38)
Loss for the quarter				(186)

<b>Other information</b>				
Capital expenditure:				
Property, plant and equipment	19	1	-	20
Depreciation expense	95	28	2	125

<b>Assets</b>				
Segment assets	106,110	134,428	512	241,050
<b>Total assets</b>				241,050
<b>Liabilities</b>				
Segment liabilities	55,952	70,083	476	126,511
Income tax payable				674
Deferred tax liability				104
<b>Total liabilities</b>				127,289

**Geographical information**

S\$'000

Geographical segments:	Revenue		Capital expenditure		Non-current assets *	
	31 Mar		31 Mar		31 Mar	
	2014	2013	2014	2013	2014	2013
People's Republic of China (including Hong Kong)	173,694	82,738	22	11	24,501	22,446
Others	5,833	6,185	18	9	69,687	73,841
	179,527	88,923	40	20	94,188	96,287

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

\* Non-current assets other than financial instruments

**15. 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

**Negative confirmation pursuant to Rule 705(5)**

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 statements for the 3 months ended 31 March 2014 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Kartar Singh Thakral  
Director

Inderbethal Singh Thakral  
Director  
12 May 2014

BY ORDER OF THE BOARD

Chan Wan Mei  
Tay Chee Wah  
Company Secretaries  
12 May 2014