



## THAKRAL CORPORATION LTD

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

### ANNOUNCEMENT

#### **RESPONSE TO QUERY ON FINANCIAL STATEMENT ANNOUNCEMENT FOR THE NINE MONTHS AND THIRD QUARTER ENDED 30 SEPTEMBER 2007**

The Board of Directors of Thakral Corporation Ltd ("the Company") refers to the query from the Singapore Exchange Ltd ("SGX") via email on 16 November 2007 regarding the Company's Nine months and Third Quarter Financial Statement Announcement dated 13 November 2007.

#### **SGX Query:**

We note on Page 6 of the results announcement that there is a negative cash flow of S\$7.584 million from operating activities. Please provide the details and explain the reasons for the negative cashflow.

#### **The Company's response:**

The negative cash flow from operating activities for the year to date increased to S\$7.584 million in the latest quarter as compared to a negative cash flow of S\$1.499 million for the 6 months ended 30 June 2007. The increase of S\$6.085 million in the latest quarter was mainly as a result of the net increase of S\$5.696 million in trade receivables during the quarter while trade payables remained relatively consistent.

As stated in section 8 of the above results announcement, the Supply Chain Management division saw a significant increase in sales during the quarter. Sales at a subsidiary in the People's Republic of China in this division were particularly strong during the second half of September due to the higher demand in the lead up to the PRC National Day holidays in early October. This resulted in a significant increase in trade receivables at that unit at the end of September to S\$14.629 million compared to S\$8.492 million as at 30 June 2007. Most of these trade receivables have subsequently been collected.

Further, the Group also incurred a loss before income tax of S\$1.852 million (including discontinuing operations) during the quarter.

In comparison, there had been a positive cash flow of S\$10.609 million in the previous 9 months ended 30 September 2006 which had arisen mainly from the significant reductions (amounting to about S\$23.560 million) in inventories and other receivables during that period.

By Order of the Board

Kartar Singh Thakral  
Director  
19 November 2007  
Singapore