

Third Quarter Financial Statements

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT

	GROUP 3rd Quarter Ended 30 September			GROUP Year to Date Ended 30 September		
	2013 S\$'000	2012 S\$'000	+ /(-) %	2013 S\$'000	2012 S\$'000	+ /(-) %
Revenue	103,117	92,754	11.2	297,669	286,105	4.0
Cost of sales	(80,891)	(73,240)	10.4	(235,101)	(228,645)	2.8
Gross profit	22,226	19,514	13.9	62,568	57,460	8.9
Other income	328	713	(54.0)	1,310	2,713	(51.7)
Distribution expenses	(10,522)	(10,281)	2.3	(32,378)	(31,595)	2.5
Administrative expenses	(7,882)	(6,796)	16.0	(21,768)	(21,878)	(0.5)
Other expenses	(647)	(2,107)	(69.3)	(870)	(4,379)	(80.1)
Results from operating activities	3,503	1,043	235.9	8,862	2,321	281.8
Net finance income/(costs)	3,184	(10,880)	n.m.	1,340	(9,772)	n.m.
Share of loss of associates (net of tax)	(5)	-	n.m.	(464)	(3,184)	(85.4)
Profit/(loss)before tax	6,682	(9,837)	n.m.	9,738	(10,635)	n.m.
Tax expense	(1,058)	(828)	27.8	(3,456)	(1,578)	119.0
Profit/(loss)for the period	5,624	(10,665)	n.m.	6,282	(12,213)	n.m.
Attributable to:						
Owners of the Company	4,146	(10,926)	n.m.	3,697	(13,925)	n.m.
Non-controlling interests	1,478	261	466.3	2,585	1,712	51.0
Profit/(loss) for the period	5,624	(10,665)	n.m.	6,282	(12,213)	n.m.

n.m. - not meaningful

1(a)(ii) Notes to the Income Statement

	GROUP		GROUP	
	3rd Quarter Ended		Year to Date Ended	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
Profit/(loss) before tax is stated after crediting:				
Interest income	1,172	925	1,624	1,539
Dividend income	1	-	2	1
Amortisation of deferred income	27	2	76	7
Net change in fair value of financial assets designated at fair value through profit or loss	2,627	(412)	1,486	309
(Loss)/gain on disposal of:				
- property, plant and equipment	(282)	11	(265)	(39)
- financial assets	-	-	-	668
Gain on reclassification of investment in associates to available-for-sale investment	-	-	-	328
and after charging:				
Allowance for doubtful debts and bad debts written off	314	1,328	438	3,491
Depreciation and amortisation	2,174	1,995	6,439	6,080
Exchange loss	174	1,004	25	773
Inventories written off	67	437	263	2,454
Impairment loss on available-for-sale financial assets	-	10,923	-	10,923
Property, plant and equipment impaired/written off	27	17	70	68
Interest on borrowings	617	470	1,772	1,366
Taxation				
Current year tax	1,290	1,150	3,662	3,090
(Over)/under provision of tax in respect of prior years	(5)	(17)	134	(672)
Current year deferred tax	(227)	(310)	(310)	(655)
(Over)/under provision of deferred tax in respect of prior years	-	5	(30)	(209)
Changes in tax rate	-	-	-	24
	<u>1,058</u>	<u>828</u>	<u>3,456</u>	<u>1,578</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP			GROUP		
	3rd Quarter Ended			Year to Date Ended		
	2013	2012	+ /(-)	2013	2012	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit/(Loss) for the period	5,624	(10,665)	n.m.	6,282	(12,213)	n.m.
<u>Other comprehensive income</u>						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	(1,034)	(2,256)	(54.2)	4,162	(4,899)	n.m.
Share of foreign currency translation differences of associates	-	(238)	n.m.	-	(1,075)	n.m.
Foreign currency translation differences of associates reclassified to profit or loss on loss of significant influence	-	-	n.m.	-	(2,075)	n.m.
Impairment loss on available-for-sale financial assets reclassified to profit or loss	-	412	n.m.	-	412	n.m.
Net change in fair value of available-for-sale financial assets	(154)	(61)	152.5	363	141	157.4
Share of other reserve movement of an associate	-	-	n.m.	-	39	n.m.
Total items that are or may be reclassified subsequently to profit or loss	<u>(1,188)</u>	<u>(2,143)</u>	<u>(44.6)</u>	<u>4,525</u>	<u>(7,457)</u>	<u>n.m.</u>
Other comprehensive income for the period, net of income tax	<u>(1,188)</u>	<u>(2,143)</u>	<u>(44.6)</u>	<u>4,525</u>	<u>(7,457)</u>	<u>n.m.</u>
Total comprehensive income for the period	<u>4,436</u>	<u>(12,808)</u>	n.m.	<u>10,807</u>	<u>(19,670)</u>	n.m.
Attributable to:						
Owners of the Company	3,154	(12,321)	n.m.	7,103	(20,117)	n.m.
Non-controlling interests	1,282	(487)	n.m.	3,704	447	728.6
Total comprehensive income for the period	<u>4,436</u>	<u>(12,808)</u>	n.m.	<u>10,807</u>	<u>(19,670)</u>	n.m.

n.m. - not meaningful

Brief Review of Financial Performance

The Group achieved a turnover of \$103.12 million in the third quarter of 2013 (Q3 2013). This was \$10.36 million (11.2%) higher than the turnover of \$92.75 million accounted in the third quarter of 2012 (Q3 2012). The increase was contributed by the packaging business (Tat Seng Group) partially offset by lower turnover from the Consumer Business.

The gross profit for the Group increased by 13.9% from \$19.51 million in Q3 2012 to \$22.23 million in Q3 2013 mainly due to lower material costs in the packaging business.

Other income of \$0.33 million in Q3 2013 was lower than \$0.71 million in Q3 2012 mainly due to compensation income from termination of stockist agreement recorded in Q3 2012 which was non-recurring.

Distribution expenses increased by 2.3% (\$0.24 million) and administrative expenses increased by 16.0% (\$1.09 million) in Q3 2013 mainly due to higher staff cost, additional provision for bonuses and social security reported for Tat Seng Group.

Other expenses decreased by \$1.46 million (69.3%) in Q3 2013 as compared to Q3 2012 mainly due to lower allowance for doubtful debts in Q3 2013 as compared to same period in 2012.

Net finance income of \$3.18 million in Q3 2013 was mainly attributable to fair value gain on financial assets designated at fair value through profit or loss and interest income on debt security as compared to net finance costs of \$10.88 million reported in Q3 2012 arising from impairment loss recognised on an available-for-sale financial asset.

The operating profit after net finance income for Q3 2013 was \$6.69 million as compared to operating loss of \$9.84 million recorded in the same period last year. Share of loss after tax of associates was \$0.01 million in Q3 2013 as compared to nil balance in Q3 2012.

For the three months to Sep 2013, profit before tax was \$6.68 million as compared to loss of \$9.84 million recorded for the corresponding period last year.

The Group's net profit for Q3 2013 was \$5.62 million as compared to the net loss of \$10.67 million reported for Q3 2012. The net profit attributable to shareholders was \$4.15 million for Q3 2013 as compared to loss of \$10.93 million reported for Q3 2012.

1(b)(i) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		30/09/2013 S\$'000	31/12/2012 S\$'000	30/09/2013 S\$'000	31/12/2012 S\$'000
Non-current assets					
Property, plant and equipment	1	71,269	70,111	11,978	13,050
Investment properties		1,105	1,163	-	-
Subsidiaries		-	-	50,347	50,347
Associates	2	-	44,929	-	-
Other financial assets		4,754	4,319	4,098	3,775
Intangible assets		1,118	1,070	-	-
Deferred tax assets		883	892	-	-
		<u>79,129</u>	<u>122,484</u>	<u>66,423</u>	<u>67,172</u>
Current assets					
Inventories	3	38,002	33,889	6,769	4,067
Trade and other receivables	4	139,498	126,312	87,382	88,488
Other financial assets		5,149	3,663	5,149	3,663
Cash and cash equivalents	5	118,541	110,398	55,492	57,074
Assets held for sale	6	46,476	11,520	-	-
		<u>347,666</u>	<u>285,782</u>	<u>154,792</u>	<u>153,292</u>
Total assets		<u>426,795</u>	<u>408,266</u>	<u>221,215</u>	<u>220,464</u>
Equity attributable to equity holders of the Company					
Share capital		200,002	200,969	200,002	200,969
Reserves		51,505	44,403	(2,378)	(1,192)
		<u>251,507</u>	<u>245,372</u>	<u>197,624</u>	<u>199,777</u>
Non-controlling interests		37,877	34,778	-	-
Total equity		<u>289,384</u>	<u>280,150</u>	<u>197,624</u>	<u>199,777</u>
Non-current liabilities					
Loans and borrowings	7	2,835	3,591	-	-
Deferred income		1,182	1,212	-	-
Deferred tax liabilities		2,392	2,730	397	397
		<u>6,409</u>	<u>7,533</u>	<u>397</u>	<u>397</u>
Current liabilities					
Trade and other payables	8	89,180	82,021	23,194	20,290
Loans and borrowings	7	40,189	36,673	-	-
Deferred income		109	106	-	-
Current tax payable		1,524	1,783	-	-
		<u>131,002</u>	<u>120,583</u>	<u>23,194</u>	<u>20,290</u>
Total liabilities		<u>137,411</u>	<u>128,116</u>	<u>23,591</u>	<u>20,687</u>
Total equity and liabilities		<u>426,795</u>	<u>408,266</u>	<u>221,215</u>	<u>220,464</u>

Note:

- The increase of \$1.16 million was mainly due to additional fixed assets acquired by the Group's strategic investment in the packaging business in Tianjin plant.
- The decrease in Associates was due to a reclassification to assets held for sale in Q3 2013.
- Inventories increased by \$4.11 million was mainly due to higher stock pile of paper rolls and rice in preparation of promotional activities in the coming months.
- The increase of \$13.19 million in trade and other receivables was mainly due to an increase in trade receivables attributable to higher turnover contributed by the Packaging business offset by redemption of \$9.1 million of debt security.
- Please refer to the consolidated statement of cash flow below for details on the increase of \$8.14 million in cash and cash equivalents.
- The assets held for sale as at 31/12/2012 were disposed in Q1 2013. The 30/09/2013 balance relates to the reclassification from Associates (see note 2).
- Total loans and borrowings increased by \$2.76 million was mainly due to higher usage of bills payable by the packaging subsidiaries in China.
- Trade and other payables increased by \$7.16 million was mainly contributed by the packaging subsidiaries in China.

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

	As at	
	30/09/2013	31/12/2012
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	26,025	20,956
- unsecured	14,164	15,717
	<u>40,189</u>	<u>36,673</u>
Amount repayable after one year		
- secured	2,835	3,591
Total	<u>43,024</u>	<u>40,264</u>

Details of any collateral :

The total secured borrowings of \$28.86 million as at 30 September 2013 include:

- (a) Bank loans of \$12.02 million, secured by certain leasehold buildings held by the packaging subsidiary in China with carrying amount of approximately \$19.90 million.
- (b) Bills payable of \$12.84 million, secured by the securities in (a) above and certain plant and machinery held by the subsidiaries with carrying amount of approximately \$3.72 million and bank deposits of \$4.06 million.
- (c) Bank overdraft of \$2.70 million utilised by a subsidiary, secured by a fixed deposit of \$0.12 million and a standby letter of credit of \$2.75 million from a bank which is secured by a fixed deposit placed by a subsidiary of the Company.
- (d) Outstanding obligations under finance lease of \$1.30 million, secured by property, plant and equipment with carrying amount of \$1.46 million.

- 1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	GROUP	
		3rd Quarter Ended	
		30 September	
		2013	2012
		S\$'000	S\$'000
Operating activities			
Profit/(Loss) for the period		5,624	(10,665)
Adjustments for:			
Tax expense		1,058	828
Depreciation		2,174	1,995
Loss/(gain) on disposal of property plant and equipment		282	(11)
Property, plant and equipment impaired/written off		27	17
Amortisation of deferred income		(27)	(2)
Unrealised exchange loss on financial assets		146	764
Unrealised exchange loss on fixed deposit		29	-
Net finance (income)/costs		(3,184)	10,880
Share of losses of associates (net of tax)		5	-
Operating profit before working capital changes		6,134	3,806
Changes in working capital:			
Inventories	1	(784)	4,907
Trade and other receivables	2	(6,225)	2,517
Trade and other payables	3	9,071	1,504
Tax paid		(1,671)	(1,280)
Net cash from operating activities		6,525	11,454
Investing activities			
Interest received		287	1,241
Deposit paid for property interest		-	648
Dividend received		1	1
Proceeds from disposal of property, plant and equipment		624	48
Proceeds from partial redemption of financial assets		2,793	647
Purchase of property, plant and equipment		(1,847)	(3,798)
Net cash from/(used in) investing activities		1,858	(1,213)
Financing activities			
Interest paid		(625)	(484)
Dividends paid		(605)	(567)
Payment of finance lease liabilities		(692)	(143)
(Increase)/decrease in pledged deposits		(759)	2,176
Proceeds from borrowings	4	15,360	11,127
Repayment of borrowings	4	(17,293)	(15,603)
Proceeds from exercise of share options		242	-
Repurchase of own shares		(436)	-
Net cash used in financing activities		(4,808)	(3,494)
Net increase in cash and cash equivalents		3,575	6,747
Cash and cash equivalents at beginning of the period		105,518	59,994
Effect of exchange rate fluctuations on cash held		(186)	(515)
Cash and cash equivalents at end of the period		108,907	66,226
Comprising:			
Cash at bank and in hand		45,663	29,008
Fixed deposits with banks		72,878	44,732
		118,541	73,740
Bank overdrafts		(2,704)	(2,270)
Deposits pledged		(6,930)	(5,244)
		108,907	66,226

Note:

- 1 Please refer to note 3 in consolidated statement of financial position.
- 2 Please refer to note 4 in consolidated statement of financial position.
- 3 Please refer to note 8 in consolidated statement of financial position.
- 4 Please refer to note 7 in consolidated statement of financial position.

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.

	Issued Capital	Treasury Shares	Share Capital	Other Reserves	Fair Value Reserve	Translation Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2013	203,987	(3,791)	200,196	3,661	978	(590)	44,302	248,547	37,200	285,747
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	4,146	4,146	1,478	5,624
Other comprehensive income										
Foreign currency translation differences - foreign operations	-	-	-	-	-	(856)	-	(856)	(178)	(1,034)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(136)	-	-	(136)	(18)	(154)
Total comprehensive income for the period	-	-	-	-	(136)	(856)	4,146	3,154	1,282	4,436
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Dividends paid	-	-	-	-	-	-	-	-	(605)	(605)
Share options exercised	242	-	242	-	-	-	-	242	-	242
Repurchase of own shares	-	(436)	(436)	-	-	-	-	(436)	-	(436)
Total contributions by and distributions to owners	242	(436)	(194)	-	-	-	-	(194)	(605)	(799)
Total transactions with owners	242	(436)	(194)	-	-	-	-	(194)	(605)	(799)
At 30 September 2013	204,229	(4,227)	200,002	3,661	842	(1,446)	48,448	251,507	37,877	289,384
At 1 July 2012	203,987	(3,018)	200,969	3,625	262	(6,022)	69,426	268,260	35,503	303,763
Total comprehensive income for the period										
(Loss)/profit for the period	-	-	-	-	-	-	(10,926)	(10,926)	261	(10,665)
Other comprehensive income										
Foreign currency translation differences - foreign operations	-	-	-	-	-	(1,506)	-	(1,506)	(750)	(2,256)
Share of foreign currency translation differences of associates	-	-	-	-	-	(238)	-	(238)	-	(238)
Impairment loss on available-for-sale financial assets reclassified to profit or loss	-	-	-	-	412	-	-	412	-	412
Net change in fair value of available-for-sale financial assets	-	-	-	-	(63)	-	-	(63)	2	(61)
Total comprehensive income for the period	-	-	-	-	349	(1,744)	(10,926)	(12,321)	(487)	(12,808)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Dividends paid	-	-	-	-	-	-	-	-	(567)	(567)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(567)	(567)
At 30 September 2012	203,987	(3,018)	200,969	3,625	611	(7,766)	58,500	255,938	34,449	290,388

Company	Issued Capital	Treasury Shares	Share Capital	Other Reserves	Fair Value Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2013	203,987	(3,791)	200,196	511	768	(5,713)	195,762
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,162	2,162
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	-	-	(106)	-	(106)
Total comprehensive income for the period	-	-	-	-	(106)	2,162	2,056
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Share options exercised	242	-	242	-	-	-	242
Repurchase of own shares	-	(436)	(436)	-	-	-	(436)
Total transactions with owners	242	(436)	(194)	-	-	-	(194)
At 30 September 2013	204,229	(4,227)	200,002	511	662	(3,551)	197,624
At 1 July 2012	203,987	(3,018)	200,969	510	407	5,911	207,797
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	23	23
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	-	-	17	-	17
Total comprehensive income for the period	-	-	-	-	17	23	40
At 30 September 2012	203,987	(3,018)	200,969	510	424	5,934	207,837

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.

Group and Company	As at 30/09/2013		As at 30/09/2012	
	Number of Treasury Shares	Treasury Shares	Number of Treasury Shares	Treasury Shares
	('000)	(S\$'000)	('000)	(S\$'000)
Balance as at the end of the period	17,581	(4,227)	13,568	(3,018)

The total number of issued shares excluding treasury shares as at the end of the current financial period was 552,915,746 (30 September 2012: 555,828,746).

(a) HANWELL Executives' Share Option Scheme 2003

During the financial period ended Q3 2013, there was no new issuance in respect of unissued ordinary shares under the HANWELL Executives' Share Option Scheme 2003. The balance of issued non-discounted options, including options issued in 2003 was 10,700,000 as at 30 September 2013, following the exercise of 1,100,000 options during this period. 10,700,000 shares may be issued on conversion of all the outstanding options at the end of the current period. There was an increase of 1,100,000 shares at the subscription price of \$0.22 per share in the share capital of the Company arising from the exercise of the said share options during the current period.

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.

	30/09/2013	As at 31/12/2012
Total number of issued shares	<u>552,915,746</u>	<u>555,828,746</u>

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period.

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

The figures have not been audited nor 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.

The Group has applied the same accounting policies and computation methods used in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2012, except for the adoption of the new and revised Financial Reporting Standards (FRS) which become effective for the financial year beginning on or after 1 January 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.

The adoption of the new and revised accounting standards referred to in paragraph 4 did not give rise to any significant changes to the financial statements.

6 Earning 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.

	GROUP		GROUP	
	3rd Quarter Ended		Year to Date Ended	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	cents	cents	cents	cents
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders:				
Based on the weighted average number of ordinary shares in issue	0.75	(1.97)	0.67	(2.51)
On a fully diluted basis	0.74	(1.95)	0.66	(2.48)

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

	GROUP		COMPANY	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	45.49	44.15	35.74	35.94

- 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 cashflow, working capital, assets or liabilities of the group during the current financial period reported on.**

Consumer Business

Turnover decreased marginally by \$0.89 million or 1.90% in Q3 2013 over comparable period in Q3 2012. The decrease was caused by lower turnover generated by the distribution business in Singapore and partially offset by higher turnover from new agency products in Malaysia.

The Consumer Business recorded a loss of \$0.29 million in Q3 2013 as compared to a profit of \$0.27 million in Q3 2012.

Health Solutions

The Health Solutions segment recorded a turnover of \$0.03 million in Q3 2013 as compared to \$0.12 million in Q3 2012.

The division recorded a loss of \$0.02 million in Q3 2013 as compared to a loss of \$0.69 million in Q3 2012.

Packaging

Tat Seng Packaging Group Ltd is a listed company on SGX and is not required to make announcements of its first and third quarters' results by virtue of its market capitalisation. Accordingly, there would not be any comments made on the specific financial results of Tat Seng Group in Hanwell Holdings Limited's announcement of its Q3 2013 results.

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

Not applicable.

- 10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group will continue to focus on strengthening its presence in the highly competitive FMCG market by expanding its range of house brand products while refreshing its existing house brands such as Royal Umbrella, Golden Peony and Beautex tissue paper. A new packaging has been rolled out for Beautex tissue paper in Sep 2013. New agencies are also being sought to enlarge the Group's range of products coverage. Various promotion and marketing plans are in the pipeline during the current FY 2013 to complement the new products' introduction and brand building programmes. The Group will also continue to make inroads with its new retail concept stores to intensify its distribution coverage.

As for the Health Solutions business, the Group will continue to adopt a cautious approach in reviewing its future.

Although China economy is stabilising and Singapore economy is expected to perform better than originally forecasted, the management remains cautious about the business outlook of both Singapore and China operations in the next 12 months. This is largely due to the rising operating costs such as labour, land and distribution costs while selling prices remain competitive.

- 11 Dividend**

(a) Current Financial Period Reported On

The directors do not recommend any declaration of dividend for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend was declared for the corresponding period of the preceding financial year.

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

No dividend was declared / recommended for the current financial period reported on.

- 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.**

No IPT general mandate has been obtained from shareholders of the Company.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nil	Nil	Nil

- 14 NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

The Board of Directors has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Allan Yap
Chairman
01 November 2013