

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			GROUP		
	3rd Quarter Ended 30 September		+ / (-) %	Year to Date Ended 30 September		+ / (-) %
	2018 S\$'000	2017 S\$'000		2018 S\$'000	2017 S\$'000	
Revenue	129,260	119,850	7.9	377,225	332,038	13.6
Cost of sales	(104,971)	(92,076)	14.0	(298,781)	(256,374)	16.5
Gross profit	24,289	27,774	(12.5)	78,444	75,664	3.7
Other income	516	378	36.5	2,188	910	140.4
Distribution expenses	(10,934)	(10,962)	(0.3)	(33,219)	(32,363)	2.6
Administrative expenses	(8,078)	(8,628)	(6.4)	(25,037)	(24,262)	3.2
Other expenses	(146)	(1,056)	(86.2)	(2,718)	(3,692)	(26.4)
Results from operating activities	5,647	7,506	(24.8)	19,658	16,257	20.9
Net finance (cost)/ income	(29)	223	(113.0)	1,286	933	37.8
Profit before tax	5,618	7,729	(27.3)	20,944	17,190	21.8
Tax expense	(1,379)	(828)	66.5	(4,845)	(4,270)	13.5
Profit for the period	4,239	6,901	(38.6)	16,099	12,920	24.6
Attributable to:						
Owners of the Company	2,339	3,887	(39.8)	9,410	6,544	43.8
Non-controlling interests	1,900	3,014	(37.0)	6,689	6,376	4.9
Profit for the period	4,239	6,901	(38.6)	16,099	12,920	24.6

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

	GROUP		GROUP	
	3rd Quarter Ended		Year to Date Ended	
	30 September		30 September	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Profit before tax is stated after (crediting) / charging:				
Interest income	(580)	(523)	(1,671)	(1,652)
Dividend income	-	(1)	(1)	(2)
Amortisation of deferred income	(69)	(35)	(172)	(93)
(Gain)/loss on disposal of property, plant and equipment	(15)	30	7	(14)
Bad debts (recovered)/ written off	(25)	(83)	2,007	(1)
Net decrease/(increase) in fair value of financial assets designated at fair value through profit or loss	231	3	(703)	(90)
Allowance for doubtful receivables	166	252	561	490
Allowance/ (Write back) for inventory obsolescence	395	137	(235)	257
Depreciation of investment properties	12	7	37	17
Depreciation of property, plant and equipment	2,524	2,282	7,416	6,388
Inventories written off/ (writeback)	48	(1)	149	46
Property, plant and equipment written off	5	5	148	22
Exchange loss/(gain)	62	881	(968)	3,171
Interest on borrowings	378	297	1,089	810
Taxation				
Current year tax	1,556	1,939	4,985	5,749
Under/(over) provision of tax in respect of prior years	161	(944)	365	(951)
Current year deferred tax	(338)	(163)	(547)	(498)
(Over)/under provision of deferred tax in respect of prior years	-	(4)	42	(30)
	<u>1,379</u>	<u>828</u>	<u>4,845</u>	<u>4,270</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		GROUP		+ / (-) %	
	3rd Quarter Ended		Year to Date Ended			
	30 September		30 September			
	2018	2017	2018	2017		
	S\$'000	S\$'000	S\$'000	S\$'000		
Profit for the period	4,239	6,901	16,099	12,920	24.6	
Other comprehensive income - Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences of foreign operations	(5,806)	282	n.m.	(4,130)	(2,181)	89.4
Effective portion of changes in fair value of cash flow hedges	(6)	34	n.m.	27	(6)	n.m.
Net change in fair value of available-for-sale financial assets	(1)	2	n.m.	(5)	12	n.m.
Other comprehensive income for the period, net of tax	<u>(5,813)</u>	<u>318</u>	n.m.	<u>(4,108)</u>	<u>(2,175)</u>	88.9
Total comprehensive income for the period	<u>(1,574)</u>	<u>7,219</u>	n.m.	<u>11,991</u>	<u>10,745</u>	11.6
Attributable to:						
Owners of the Company	(1,220)	4,095	n.m.	7,028	5,144	36.6
Non-controlling interests	(354)	3,124	n.m.	4,963	5,601	(11.4)
Total comprehensive income for the period	<u>(1,574)</u>	<u>7,219</u>	n.m.	<u>11,991</u>	<u>10,745</u>	11.6

n.m. - not meaningful

1(a)(ii) Brief Review of Financial Performance

The Group recorded revenue of S\$129.26 million in the third quarter of 2018 (Q3 2018). This was S\$9.41 million (7.9%) higher than the revenue of S\$119.85 million accounted in the third quarter of 2017 (Q3 2017). The increase was mainly attributed to stronger demand in Packaging Business (Tat Seng Group), with China sector being the main contributor of the stronger demand. Additionally, Consumer Business in Malaysia achieved higher revenue as a result of more aggressive promotions, new stock range and agency products.

The gross profit for the Group decreased by 12.5% from S\$27.77 million in Q3 2017 to S\$24.29 million in Q3 2018, which resulted in a decrease in gross profit margin from 23.17% in Q3 2017 to 18.79% in Q3 2018. The lower gross profit is attributed to higher cost in Packaging Business (Tat Seng Group) and Singapore Consumer Business.

Other income of S\$0.52 million in Q3 2018 was higher than S\$0.38 million in Q3 2017. This was mainly due to higher government grant awarded for Packaging Business (Tat Seng Group).

Distribution expenses remained consistent in Q3 2018 as compared to Q3 2017. The increase in distribution expenses from Packaging Business and Malaysia Consumer Business as a result of higher revenue is offset by lower advertising expenses in Singapore Consumer Business.

Administrative expenses decreased by 6.4% (S\$0.55 million) in Q3 2018 mainly due to lower staff incentives as a result of weaker performance from lower GP margin in Q3 2018 for the Packaging Business and lower staff related expenses for Consumer Business.

Other operating expenses decreased by S\$0.91 million from S\$1.06 million in Q3 2017 to S\$0.15 million in Q3 2018. This is due to an exchange loss of S\$0.88 million in Q3 2017 as compared to a loss of S\$0.06 million in Q3 2018.

The results from operating activities were S\$5.65 million in Q3 2018 as compared to S\$7.51 million in Q3 2017, a decrease of S\$1.86 million (24.8%).

Net finance cost was S\$0.03 million in Q3 2018 as compared to net finance income of S\$0.22 million in Q3 2017, mainly due to net fair value loss through profit or loss in Q3 2018 as compared to net fair value gain through profit or loss in Q3 2017.

The Group achieved a lower profit before tax of S\$5.62 million in Q3 2018 as compared to S\$7.73 million in Q3 2017. Excluding foreign exchange loss of S\$0.06 million in Q3 2018 and S\$0.88 million in Q3 2017, the profit before tax would be S\$5.68 million and S\$8.61 million respectively. Tax expense was S\$1.38 million in Q3 2018 as compared to S\$0.83 million in Q3 2017.

The Group's net profit after tax for Q3 2018 was S\$4.24 million as compared to S\$6.90 million reported for Q3 2017. The net profit attributable to shareholders was S\$2.34 million for Q3 2018 as compared to S\$3.89 million reported for Q3 2017.

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

	Note	GROUP		COMPANY	
		30/9/2018 S\$'000	31/12/2017 S\$'000	30/9/2018 S\$'000	31/12/2017 S\$'000
Non-current assets					
Property, plant and equipment	1	141,230	115,582	36,161	30,469
Investment properties		10,893	7,820	-	-
Subsidiaries		-	-	40,009	40,009
Other financial assets		63	68	63	68
Intangible assets		1,095	1,116	-	-
Deferred tax assets		2,304	1,980	-	-
		<u>155,585</u>	<u>126,566</u>	<u>76,233</u>	<u>70,546</u>
Current assets					
Other financial assets, including derivatives	2	2,701	1,998	2,701	1,998
Inventories	3	50,633	47,727	-	-
Trade and other receivables	4	158,898	168,541	47,081	45,785
Cash and cash equivalents	5	140,472	147,912	81,733	86,815
Assets held for sale		44,684	46,065	-	-
		<u>397,388</u>	<u>412,243</u>	<u>131,515</u>	<u>134,598</u>
Total assets		<u>552,973</u>	<u>538,809</u>	<u>207,748</u>	<u>205,144</u>
Equity attributable to equity holders of the Company					
Share capital		200,100	200,100	200,100	200,100
Reserves		83,621	77,975	(3,146)	(9,612)
		<u>283,721</u>	<u>278,075</u>	<u>196,954</u>	<u>190,488</u>
Non-controlling interests		59,801	58,488	-	-
Total equity		<u>343,522</u>	<u>336,563</u>	<u>196,954</u>	<u>190,488</u>
Non-current liabilities					
Loans and borrowings	6	18,473	221	-	-
Deferred income		2,169	2,020	375	443
Deferred tax liabilities		1,152	1,328	-	-
		<u>21,794</u>	<u>3,569</u>	<u>375</u>	<u>443</u>
Current liabilities					
Trade and other payables, including derivatives	7	117,605	135,619	10,371	14,213
Loans and borrowings	6	67,751	61,224	-	-
Deferred income		262	163	48	-
Current tax liabilities		2,039	1,671	-	-
		<u>187,657</u>	<u>198,677</u>	<u>10,419</u>	<u>14,213</u>
Total liabilities		<u>209,451</u>	<u>202,246</u>	<u>10,794</u>	<u>14,656</u>
Total equity and liabilities		<u>552,973</u>	<u>538,809</u>	<u>207,748</u>	<u>205,144</u>

Note:

- Property, plant and equipment increased by S\$25.65 million for the group in 2018 mainly due to construction cost of a new factory and addition of plant and machinery for overseas subsidiaries.
- Other financial assets increased by S\$0.70 million for both the Group and the Company mainly due to increase in fair value of financial assets designated at fair value through profit or loss.
- At the Group level, inventories increased by S\$2.91 million for the nine months in 2018 mainly due to increase in raw material costs from overseas purchase for the Packaging Business. This was partially offset by lower stockholding for the Consumer Business in September 2018 as compared to the festive period during December 2017.
- Trade and other receivables decreased by S\$9.64 million mainly due to improvement in collections. Additionally, Packaging Business reduced its credit term to customers to limit its credit risk exposure. This is offset by an increase in advance payment to supplier for raw materials.
- Refer to the consolidated statement of cash flows on Page 6 for details of movements in cash and cash equivalents.
- Total loans and borrowings increased by S\$24.78 million was mainly due to increase in utilisation of term loans of S\$23.79 million and utilisation of bill payable of S\$0.99 million by the Packaging Business.
- The decrease of S\$18.01 million in trade and other payables was due to repayment to contractor for the new warehouse constructed in headquarter. Additionally, Packaging Business has shifted to more cost effective suppliers overseas that offered shorter credit term.

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

	As at	
	30/9/2018	31/12/2017
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	49,996	53,005
- unsecured	17,755	8,219
	<u>67,751</u>	<u>61,224</u>
Amount repayable after one year		
- secured	18,473	13
- unsecured	-	208
	<u>18,473</u>	<u>221</u>
Total	<u>86,224</u>	<u>61,445</u>

Details of any collateral :

The total secured borrowings of S\$68.47 million as at 30 September 2018 include:

Bank loans and bill payables of S\$68.47 million, secured on leasehold land, certain leasehold buildings, certain plant and machinery and certain motor vehicle held by the Packaging Business with net book value of approximately S\$25.94 million and cash and bank balances of S\$11.64 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

	GROUP	
	3rd Quarter Ended	
	30 September	
Note	2018	2017
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	4,239	6,901
Adjustments for:		
Amortisation of deferred income	(69)	(35)
Depreciation of investment properties	12	7
Depreciation of property, plant and equipment	2,524	2,282
(Gain)/loss on disposal of property plant and equipment	(15)	30
Net finance income	(202)	(226)
Net decrease in fair value of financial assets designated at fair value through profit or loss	231	3
Inventories written off	48	46
Property, plant and equipment written off	5	5
Tax expense	1,379	828
Unrealised exchange (gain)/loss	(243)	726
	7,909	10,567
Changes in:		
- Inventories	1 2,955	(9,378)
- Trade and other receivables	2 2,703	(10,096)
- Trade and other payables	3 (12,227)	12,174
Cash generated from operations	1,340	3,267
Tax paid	(1,472)	(958)
Net cash (used in)/generated from operating activities	(132)	2,309
Cash flows from investing activities		
Interest received	436	209
Proceeds from disposal of property, plant and equipment	55	141
Purchase of property, plant and equipment	(12,206)	(11,538)
Purchase of investment property	(3,037)	(7,197)
Net cash used in investing activities	(14,752)	(18,385)
Cash flows from financing activities		
Increase in pledged deposits	(1,469)	(1,093)
Interest paid	(379)	(297)
Payment of finance lease liabilities	(4)	(4)
Dividend paid	(2,517)	(605)
Proceeds from borrowings	4 44,561	22,926
Repayment of borrowings	4 (25,090)	(21,580)
Net cash generated from/(used in) financing activities	15,102	(653)
Net increase/ (decrease) in cash and cash equivalents	218	(16,729)
Cash and cash equivalents at beginning of the period	130,219	156,613
Effect of exchange rate fluctuations on cash held	(1,602)	(636)
Cash and cash equivalents at end of the period	128,835	139,248
Comprising:		
Cash at bank and in hand	62,202	44,002
Fixed deposits with banks	78,270	103,659
	140,472	147,661
Deposits pledged	(11,637)	(8,413)
	128,835	139,248

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 7 in consolidated statement of financial position.
- 4 Please refer to note 6 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.

Group	Issued Capital	Treasury Shares	Share Capital	Other Reserves	Fair Value Reserve	Hedging 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	S\$'000
At 1 July 2018	204,327	(4,227)	200,100	10,667	48	3	340	73,783	284,941	62,672	347,613
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	2,339	2,339	1,900	4,239
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(3,554)	-	(3,554)	(2,252)	(5,806)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(4)	-	-	(4)	(2)	(6)
Total other comprehensive income	-	-	-	-	(1)	(4)	(3,554)	-	(3,559)	(2,254)	(5,813)
Total comprehensive income for the period	-	-	-	-	(1)	(4)	(3,554)	2,339	(1,220)	(354)	(1,574)
Transactions with owners, recognised directly in equity											
Distributions to owners											
Dividends paid	-	-	-	-	-	-	-	-	-	(2,517)	(2,517)
Total transactions with owners	-	-	-	-	-	-	-	-	-	(2,517)	(2,517)
At 30 September 2018	204,327	(4,227)	200,100	10,667	47	(1)	(3,214)	76,122	283,721	59,801	343,522
At 1 July 2017	204,327	(4,227)	200,100	7,816	43	(25)	(4,710)	65,620	268,844	52,580	321,424
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	3,887	3,887	3,014	6,901
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	184	-	184	98	282
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	22	-	-	22	12	34
Net change in fair value of available-for-sale financial assets	-	-	-	-	2	-	-	-	2	-	2
Total other comprehensive income	-	-	-	-	2	22	184	-	208	110	318
Total comprehensive income for the period	-	-	-	-	2	22	184	3,887	4,095	3,124	7,219
Transactions with owners, recognised directly in equity											
Distributions to owners											
Dividends paid	-	-	-	-	-	-	-	-	-	(605)	(605)
Total transactions with owners	-	-	-	-	-	-	-	-	-	(605)	(605)
At 30 September 2017	204,327	(4,227)	200,100	7,816	45	(3)	(4,526)	69,507	272,939	55,099	328,038

Company	Issued Capital	Treasury Shares	Share Capital	Other Reserves	Fair Value Reserve	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2018	204,327	(4,227)	200,100	491	47	(9,792)	190,846
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	6,109	6,109
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	-	-	(1)	-	(1)
Total comprehensive income for the period	-	-	-	-	(1)	6,109	6,108
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 30 September 2018	204,327	(4,227)	200,100	491	46	(3,683)	196,954
At 1 July 2017	204,327	(4,227)	200,100	491	43	(13,299)	187,335
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	(172)	(172)
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(172)	(172)
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 30 September 2017	204,327	(4,227)	200,100	491	43	(13,471)	187,163

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	2018	2017
(i) Share Capital		
Group and Company	No. of shares	No. of shares
In issue at 1 July and 30 September	570,996,746	570,996,746
(ii) Treasury shares		
Group and Company	No. of shares	No. of shares
Balance as at the end of the period	17,581,000	17,581,000

(iii) There were no subsidiary holdings as at 30 September 2018 and 30 September 2017.

The total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period was 553,415,746 (30 September 2017: 553,415,746).

(iv) HANWELL Executives' Share Option Scheme 2003

During the financial period ended 30 September 2018, there was no new issuance nor exercise of share options 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 10,150,000 as at 30 September 2018. 10,150,000 shares may be issued on conversion of all the outstanding options at the end of 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.

	As at	
	30/9/2018	31/12/2017
Total number of issued shares	553,415,746	553,415,746

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings during and at the end of the current financial period reported on.

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.

Other than the adoption of the new and revised Financial Reporting Standards (FRS) which took effect from the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2017.

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 adopting the new SFRS(I) framework with effect from 1 January 2018, the Group is required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of International Financial Reporting Standards.

In addition, during the current financial year, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018:

- SFRS(I) 15 Revenue from Contracts with Customers which includes the clarifications to IFRS 15 Revenue from Contracts with Customers;
- SFRS(I) 9 Financial Instruments which includes the amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Requirements in SFRS(I) 2 Share-based payment arising from the amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions;
- Requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of Investment Property;
- Requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for first-time adopters;
- Requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an Associate or Joint Venture at Fair Value; and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

SFRS(I) 1

The Group has adopted SFRS(I) for the financial year ending 31 December 2018 ("FY 2018") and has applied SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. The Group has elected the optional exemption in SFRS(I) 1 to reset its cumulative Foreign Currency Translation Reserve ("FCTR") for all foreign operations to NIL at the date of transition, and reclassify the cumulative FCTR of approximately \$3,119,149 as at 1 January 2017 as determined in accordance with the previous Financial Reporting Standards (FRS) at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

SFRS(I) 9

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortised cost or fair value through other comprehensive income ("FVOCI"), except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

In compliance with SFRS(I) 9, the Group has applied the simplified approach and has recorded the amount of loss allowance on all trade and other receivables by ascertaining the amount of ECLs that would result from all possible default events over the expected life of a financial instrument (lifetime ECLs). Based on the assessment made, there was no significant changes in impairment for trade and other receivables of the Group and the Company respectively as at 1 January 2018 with the adoption of SFRS(I) 9.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. There's no significant adjustments on adoption of SFRS(I) 15.

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

	GROUP		GROUP	
	3rd Quarter Ended		Year to Date Ended	
	30/9/2018	30/09/2017	30/9/2018	30/09/2017
	cents	cents	cents	cents
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders:				
Basic earnings per share	0.42	0.70	1.70	1.18
Diluted earnings per share	0.42	0.70	1.69	1.17

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	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	51.27	50.25	35.59	34.42

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

Revenue increased by S\$2.26 million or 5.74% in Q3 2018, from S\$39.42 million in Q3 2017 to S\$41.68 million in Q3 2018. The increase was mainly due to higher distribution sales in Malaysia from more aggressive promotions, new stock range and agency products.

The Consumer Business recorded a PBIT of S\$0.50 million in Q3 2018 as compared to S\$0.01 million in Q3 2017. Excluding foreign currency impact, the PBIT in Q3 2018 is S\$0.75 million as compared to S\$0.66 million in Q3 2017.

Packaging Business

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 2018 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.

For January to September 2018, Consumer Business registered a revenue growth of 4.7% over the same period last year. Gross profit grew marginally as the sector is unable to pass the full impact of cost increase in raw materials to the consumers. Additionally, margins are under pressure as US dollar is in a strong position against local currencies, which affects overseas purchases denominated in US dollar. Consumer Business sector will closely manage its purchases to maintain the current gross profit margin.

The Packaging Business will face uncertainty and challenge from volatile raw material prices and the escalation of trade tension between US and China. This segment will continue to execute its strategy to improve operational efficiencies and further reduce costs diligently. Its new production line in Nantong Tat Seng is expected to commence operation in the fourth quarter of 2018.

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.

The Company has not obtained a general mandate from shareholders pursuant to Rule 920 of the Listing Manual.

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.

15 Confirmation of Undertakings from Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings in the format set out in Appendix 7.7 from all its directors and executive officers under Rule 720(1) of the Listing Manual.

Dr Allan Yap
Chairman
9 November 2018