

Second 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		
	2nd Quarter Ended 30 June		+ / (-) %	Year to Date Ended 30 June		+ / (-) %
	2018 S\$'000	2017 S\$'000		2018 S\$'000	2017 S\$'000	
Revenue	128,691	106,496	20.8	247,965	212,188	16.9
Cost of sales	(101,913)	(81,917)	24.4	(193,810)	(164,298)	18.0
Gross profit	26,778	24,579	8.9	54,155	47,890	13.1
Other income	1,326	229	479.0	1,672	532	214.3
Distribution expenses	(10,926)	(10,931)	(0.0)	(22,285)	(21,401)	4.1
Administrative expenses	(8,749)	(8,203)	6.7	(16,959)	(15,634)	8.5
Other expenses	383	(722)	n.m.	(2,572)	(2,636)	(2.4)
<b>Results from operating activities</b>	<b>8,812</b>	<b>4,952</b>	<b>77.9</b>	<b>14,011</b>	<b>8,751</b>	<b>60.1</b>
Net finance income	756	204	270.6	1,315	710	85.2
<b>Profit before tax</b>	<b>9,568</b>	<b>5,156</b>	<b>85.6</b>	<b>15,326</b>	<b>9,461</b>	<b>62.0</b>
Tax expense	(1,878)	(1,616)	16.2	(3,466)	(3,442)	0.7
<b>Profit for the period</b>	<b>7,690</b>	<b>3,540</b>	<b>117.2</b>	<b>11,860</b>	<b>6,019</b>	<b>97.0</b>
<b>Attributable to:</b>						
Owners of the Company	5,338	1,805	195.7	7,071	2,657	166.1
Non-controlling interests	2,352	1,735	35.6	4,789	3,362	42.4
<b>Profit for the period</b>	<b>7,690</b>	<b>3,540</b>	<b>117.2</b>	<b>11,860</b>	<b>6,019</b>	<b>97.0</b>

n.m. - not meaningful

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

	GROUP		GROUP	
	2nd Quarter Ended		Year to Date Ended	
	30 June		30 June	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Profit before tax is stated after (crediting) / charging:</b>				
Interest income	(582)	(535)	(1,091)	(1,129)
Dividend income	(1)	(1)	(1)	(1)
Amortisation of deferred income	(58)	(29)	(103)	(58)
Loss/(gain) on disposal of property, plant and equipment	38	(39)	22	(44)
Bad debts written off	7	82	2,032	82
Net (increase)/decrease in fair value of financial assets designated at fair value through profit or loss	(539)	68	(934)	(93)
Allowance for doubtful receivables	312	64	395	238
(Write back)/allowance for inventory obsolescence	(586)	78	(630)	120
Depreciation of investment properties	12	5	25	10
Depreciation of property, plant and equipment	2,393	2,031	4,892	4,106
Inventories written off	57	12	102	47
Property, plant and equipment written off	106	7	143	17
Exchange(gain)/loss	(1,838)	567	(1,030)	2,290
Interest on borrowings	365	264	710	513
<b>Taxation</b>				
Current year tax	1,905	1,853	3,429	3,809
Under/(over) provision of tax in respect of prior years	102	6	204	(6)
Current year deferred tax	(171)	(213)	(209)	(335)
Under/(over) provision of deferred tax in respect of prior years	42	(30)	42	(26)
	<u>1,878</u>	<u>1,616</u>	<u>3,466</u>	<u>3,442</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	GROUP		GROUP		+ / (-) %	
	2nd Quarter Ended		Year to Date Ended			
	30 June		30 June			
	2018	2017	2018	2017		
	S\$'000	S\$'000	S\$'000	S\$'000		
Profit for the period	7,690	3,540	11,860	6,019	97.0	
<b>Other comprehensive income - Items that are or may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation differences of foreign operations	(986)	754	n.m.	1,676	(2,463)	n.m.
Effective portion of changes in fair value of cash flow hedges	24	3	700.0	33	(40)	(182.5)
Net change in fair value of available-for-sale financial assets	(6)	6	n.m.	(4)	10	n.m.
<b>Other comprehensive income for the period, net of tax</b>	<u>(968)</u>	<u>763</u>	n.m.	<u>1,705</u>	<u>(2,493)</u>	n.m.
<b>Total comprehensive income for the period</b>	<u><b>6,722</b></u>	<u><b>4,303</b></u>	56.2	<u><b>13,565</b></u>	<u><b>3,526</b></u>	284.7
<b>Attributable to:</b>						
Owners of the Company	4,732	2,343	102.0	8,248	1,049	686.3
Non-controlling interests	1,990	1,960	1.5	5,317	2,477	114.7
<b>Total comprehensive income for the period</b>	<u><b>6,722</b></u>	<u><b>4,303</b></u>	56.2	<u><b>13,565</b></u>	<u><b>3,526</b></u>	284.7

n.m. - not meaningful

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

The Group recorded revenue of \$128.69 million in the second quarter of 2018 (Q2 2018). This was \$22.20 million (20.84%) higher than the revenue of \$106.50 million accounted in the second quarter of 2017 (Q2 2017). For the six months to June 2018 (H1 2018), the revenue of the Group was S\$247.97 million as compared to S\$212.19 million for the six months in 2017 (H1 2017). The increase was mainly attributed to stronger demand in Packaging Business (Tat Seng Group), with significant growth from the China sector. Additionally, Consumer Business in Malaysia achieved higher revenue as a result of promotions and new agency products.

With the increase in revenue in Q2 2018, the gross profit for Q2 2018 and H1 2018 was S\$26.78 million and S\$54.16 million respectively, an increase of 8.95% and 13.09% respectively as compared to Q2 2017 (S\$24.58 million) and H1 2017 (S\$47.89 million). The gross profit margins for Q2 2018 and H1 2018 have decreased by 2.27% and 0.73% to 20.81% and 21.84% respectively as compared to 23.08% and 22.57% for Q2 2017 and H1 2017 respectively.

Other income of S\$1.33 million in Q2 2018 was higher than S\$0.23 million in Q2 2017. Other income for H1 2018 of S\$1.67 million was higher than the S\$0.53 million reported for the six months in 2017 (H1 2017). This was mainly due to an exchange gain of S\$1.03 million in H1 2018 and Q2 2018.

Distribution expenses remained consistent in Q2 2018 as compared to Q2 2017. The increase in distribution expenses from Packaging Business as a result of higher revenue is offset by lower advertising expenses and closure of Consumer Business franchise outlets in Q2 2017. Distribution expenses increased by 4.1% (S\$0.88 million) in H1 2018. This is mainly due to higher delivery costs for the Packaging Business, which is in line with the revenue increase.

Administrative expenses increased by 6.66% (S\$0.55 million) in Q2 2018 and 8.48% (S\$1.33 million) in H1 2018 mainly due to higher staff incentives as a result of better performance.

Other operating expenses reduced by S\$1.11 million from S\$0.72 million in Q2 2017 to (S\$0.38) million in Q2 2018. This is due to an exchange gain in Q2 2018 which is offset by a higher Property, plant and equipment written off. For the six months to June 2018 (H1 2018), other operating expenses was S\$2.57 million as compared to S\$2.64 million in H1 2017. In FY 2018, this was mainly due to write-off of a long outstanding receivables which the group has determined to be non-recoverable based on new information. In FY 2017, it was mainly due to an exchange loss of S\$2.29 million.

The results from operating activities were S\$8.81 million in Q2 2018 as compared to S\$4.95 million in Q2 2017, an increase of S\$3.86 million. For H1 2018, the results from operating activities were S\$14.01 million as compared to S\$8.75 million for H1 2017.

Net finance income were S\$0.76 million in Q2 2018 and S\$1.32 million in H1 2018 as compared to S\$0.20 million and S\$0.71 million in Q2 2017 and H1 2017 respectively mainly due to a higher net fair value gain through profit or loss in H1 2018 as compared H1 2017.

The Group achieved a higher profit before tax of S\$9.57 million in Q2 2018 as compared to S\$5.16 million in Q2 2017. For H1 2018, the profit before tax was S\$15.33 million as compared to S\$9.46 million in H1 2017. Excluding foreign exchange gain of S\$1.84 million in Q2 2018 (Q2 2017: loss of S\$ 0.57 million) and S\$1.03 million in H1 2018 (H1 2017: loss of S\$2.29 million), the profit before tax would be S\$7.73 million in Q2 2018 and S\$14.30 million in H1 2018 compared to S\$5.73 million in Q2 2017 and S\$11.75 million in H1 2017.

The Group's net profit after tax for Q2 2018 was S\$7.69 million as compared to S\$3.54 million reported for Q2 2017. For H1 2018, the Group recorded net profit after tax of S\$11.86 million in comparison to S\$6.02 million over the same period last year. The net profit attributable to shareholders was S\$5.34 million for Q2 2018 as compared to S\$1.81 million reported for Q2 2017. The net profit attributable to shareholders was S\$7.07 million in H1 2018 as compared to S\$2.66 million in H1 2017.

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

	Note	GROUP		COMPANY	
		30/6/2018 S\$'000	31/12/2017 S\$'000	30/6/2018 S\$'000	31/12/2017 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	1	134,119	115,582	36,205	30,469
Investment properties		8,106	7,820	-	-
Subsidiaries		-	-	40,009	40,009
Other financial assets		64	68	64	68
Intangible assets		1,140	1,116	-	-
Deferred tax assets		2,104	1,980	-	-
		<u>145,533</u>	<u>126,566</u>	<u>76,278</u>	<u>70,546</u>
<b>Current assets</b>					
Other financial assets, including derivatives	2	2,932	1,998	2,932	1,998
Inventories	3	54,850	47,727	-	-
Trade and other receivables	4	166,769	168,541	44,169	45,785
Cash and cash equivalents	5	140,386	147,912	78,836	86,815
Assets held for sale		46,526	46,065	-	-
		<u>411,463</u>	<u>412,243</u>	<u>125,937</u>	<u>134,598</u>
<b>Total assets</b>		<u>556,996</u>	<u>538,809</u>	<u>202,215</u>	<u>205,144</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital		200,100	200,100	200,100	200,100
Reserves		84,840	77,975	(9,254)	(9,612)
		<u>284,940</u>	<u>278,075</u>	<u>190,846</u>	<u>190,488</u>
<b>Non-controlling interests</b>		62,671	58,488	-	-
<b>Total equity</b>		<u>347,611</u>	<u>336,563</u>	<u>190,846</u>	<u>190,488</u>
<b>Non-current liabilities</b>					
Loans and borrowings	6	12,383	221	-	-
Deferred income		2,263	2,020	387	443
Deferred tax liabilities		1,299	1,328	-	-
		<u>15,945</u>	<u>3,569</u>	<u>387</u>	<u>443</u>
<b>Current liabilities</b>					
Trade and other payables, including derivatives	7	133,490	135,619	10,934	14,213
Loans and borrowings	6	57,747	61,224	-	-
Deferred income		266	163	48	-
Current tax liabilities		1,937	1,671	-	-
		<u>193,440</u>	<u>198,677</u>	<u>10,982</u>	<u>14,213</u>
<b>Total liabilities</b>		<u>209,385</u>	<u>202,246</u>	<u>11,369</u>	<u>14,656</u>
<b>Total equity and liabilities</b>		<u>556,996</u>	<u>538,809</u>	<u>202,215</u>	<u>205,144</u>

**Note:**

- Property, plant and equipment increased by S\$18.54 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\$0.93 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\$7.12 million for the six months in 2018 mainly due to increase in cost of raw materials acquired and higher stockholding by the Packaging Business. This was partially offset by lower stockholding for the Consumer Business in June 2018 as compared to the festive period during December 2017.
- Trade and other receivables decreased by S\$1.77 million mainly due to write off of an outstanding receivables for an overseas subsidiary. Additionally, Packaging Business improved its trade receivables collection, which is offset by an increase in advance payment for purchase of material.
- 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\$8.69 million was mainly due to increase in utilisation of term loans of S\$13.56 million, which is offset by repayment of bill payable of S\$4.87 for the Packaging Business.
- The decrease of S\$2.13 million in trade and other payables was due to repayment to suppliers and contractor for the new warehouse constructed in headquarter.

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

	As at	
	30/6/2018	31/12/2017
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	41,970	53,005
- unsecured	15,777	8,219
	<u>57,747</u>	<u>61,224</u>
Amount repayable after one year		
- secured	12,383	13
- unsecured	-	208
	<u>12,383</u>	<u>221</u>
Total	<u>70,130</u>	<u>61,445</u>

**Details of any collateral :**

The total secured borrowings of S\$54.35 million as at 30 June 2018 include:

Bank loans and bill payables of S\$54.35 million are secured by 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\$27.42 million and cash and bank balances of S\$10.17 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**

	<b>GROUP</b>	
	<b>2nd Quarter Ended</b>	
	<b>30 June</b>	
<b>Note</b>	<b>2018</b>	<b>2017</b>
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit for the period	7,690	3,540
Adjustments for:		
Amortisation of deferred income	(58)	(29)
Depreciation of investment properties	12	5
Depreciation of property, plant and equipment	2,393	2,031
Loss/(gain) on disposal of property plant and equipment	38	(39)
Net finance income	(217)	(271)
Net (increase)/decrease in fair value of financial assets designated at fair value through profit or loss	(539)	68
Inventories written off	57	12
Property, plant and equipment written off	106	7
Tax expense	1,878	1,616
Unrealised exchange (gain)/loss	(1,546)	973
	<b>9,814</b>	<b>7,913</b>
Changes in:		
- Inventories	1 (9,053)	(7,130)
- Trade and other receivables	2 (2,631)	4,112
- Trade and other payables	3 5,784	(119)
<b>Cash generated from operations</b>	<b>3,914</b>	<b>4,776</b>
Tax paid	(1,837)	(1,579)
<b>Net cash generated from operating activities</b>	<b>2,077</b>	<b>3,197</b>
<b>Cash flows from investing activities</b>		
Interest received	347	562
Proceeds from disposal of property, plant and equipment	131	268
Purchase of property, plant and equipment	(13,847)	(12,341)
<b>Net cash used in investing activities</b>	<b>(13,369)</b>	<b>(11,511)</b>
<b>Cash flows from financing activities</b>		
Increase in pledged deposits	(359)	(389)
Interest paid	(365)	(264)
Payment of finance lease liabilities	(4)	(4)
Dividend paid	(2,517)	(4,467)
Proceeds from borrowings	4 43,456	15,763
Repayment of borrowings	4 (32,785)	(14,821)
<b>Net cash from/(used in) financing activities</b>	<b>7,426</b>	<b>(4,182)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,866)</b>	<b>(12,496)</b>
Cash and cash equivalents at beginning of the period	132,854	169,889
Effect of exchange rate fluctuations on cash held	1,231	(781)
<b>Cash and cash equivalents at end of the period</b>	<b>130,219</b>	<b>156,612</b>
Comprising:		
Cash at bank and in hand	53,708	51,702
Fixed deposits with banks	86,678	112,232
	<b>140,386</b>	<b>163,934</b>
Deposits pledged	(10,167)	(7,322)
	<b>130,219</b>	<b>156,612</b>

**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
<b>At 1 April 2018</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>10,667</b>	<b>54</b>	<b>(12)</b>	<b>955</b>	<b>69,828</b>	<b>281,592</b>	<b>61,814</b>	<b>343,406</b>
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	5,338	5,338	2,352	7,690
<b>Other comprehensive income</b>											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(615)	-	(615)	(371)	(986)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(6)	-	-	-	(6)	-	(6)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	15	-	-	15	9	24
<b>Total other comprehensive income</b>	-	-	-	-	(6)	15	(615)	-	(606)	(362)	(968)
<b>Total comprehensive income for the period</b>	-	-	-	-	(6)	15	(615)	5,338	4,732	1,990	6,722
<b>Transactions with owners, recognised directly in equity</b>											
<b>Distributions to owners</b>											
Dividends paid	-	-	-	-	-	-	-	(1,384)	(1,384)	(1,133)	(2,517)
<b>Total transactions with owners</b>	-	-	-	-	-	-	-	(1,384)	(1,384)	(1,133)	(2,517)
<b>At 30 June 2018</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>10,667</b>	<b>48</b>	<b>3</b>	<b>340</b>	<b>73,782</b>	<b>284,940</b>	<b>62,671</b>	<b>347,611</b>
<b>At 1 April 2017</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>7,816</b>	<b>37</b>	<b>(26)</b>	<b>(5,241)</b>	<b>66,582</b>	<b>269,268</b>	<b>52,320</b>	<b>321,588</b>
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	1,805	1,805	1,735	3,540
<b>Other comprehensive income</b>											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	531	-	531	223	754
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	1	-	-	1	2	3
Net change in fair value of available-for-sale financial assets	-	-	-	-	6	-	-	-	6	-	6
<b>Total other comprehensive income</b>	-	-	-	-	6	1	531	-	538	225	763
<b>Total comprehensive income for the period</b>	-	-	-	-	6	1	531	1,805	2,343	1,960	4,303
<b>Transactions with owners, recognised directly in equity</b>											
<b>Distributions to owners</b>											
Dividends paid	-	-	-	-	-	-	-	(2,767)	(2,767)	(1,700)	(4,467)
<b>Total transactions with owners</b>	-	-	-	-	-	-	-	(2,767)	(2,767)	(1,700)	(4,467)
<b>At 30 Jun 2017</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>7,816</b>	<b>43</b>	<b>(25)</b>	<b>(4,710)</b>	<b>65,620</b>	<b>268,844</b>	<b>52,580</b>	<b>321,424</b>

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
<b>At 1 April 2018</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>491</b>	<b>54</b>	<b>(11,928)</b>	<b>188,717</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	3,520	3,520
<b>Other comprehensive income</b>							
Net change in fair value of available-for-sale financial assets	-	-	-	-	(7)	-	(7)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7)</b>	<b>3,520</b>	<b>3,513</b>
<b>Transactions with owners, recognised directly in equity</b>							
<b>Distributions to owners</b>							
Dividends paid	-	-	-	-	-	(1,384)	(1,384)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,384)</b>	<b>(1,384)</b>
<b>At 30 June 2018</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>491</b>	<b>47</b>	<b>(9,792)</b>	<b>190,846</b>
<b>At 1 April 2017</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>491</b>	<b>37</b>	<b>(11,305)</b>	<b>189,323</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	773	773
<b>Other comprehensive income</b>							
Net change in fair value of available-for-sale financial assets	-	-	-	-	6	-	6
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>773</b>	<b>779</b>
<b>Transactions with owners, recognised directly in equity</b>							
<b>Distributions to owners</b>							
Dividends paid	-	-	-	-	-	(2,767)	(2,767)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,767)</b>	<b>(2,767)</b>
<b>At 30 Jun 2017</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>491</b>	<b>43</b>	<b>(13,299)</b>	<b>187,335</b>

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.

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

(iii) There were no subsidiary holdings as at 30 June 2018 and 30 June 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 June 2017: 553,415,746).

(iv) **HANWELL Executives' Share Option Scheme 2003**

During the financial period ended 30 June 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 June 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	
	30/6/2018	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 dividends.**

	GROUP		GROUP	
	2nd Quarter Ended		Year to Date Ended	
	30/6/2018	30/06/2017	30/6/2018	30/06/2017
	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	0.97	0.33	1.28	0.48
Diluted earnings per share	0.96	0.32	1.27	0.48

**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	
	30/6/2018	31/12/2017	30/6/2018	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	51.49	50.25	34.49	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\$1.77 million or 4.47% in Q2 2018, from S\$39.69 million in Q2 2017 to S\$41.46 million in Q2 2018. Similarly, revenue in H1 2018 also increased by S\$3.43 million or 4.22% from S\$81.20 million in H1 2017 to S\$84.62 million in H1 2018. The increase was mainly due to higher distribution sales in Malaysia from new agency products. This was partially offset by lower revenue generated from distribution business in Singapore as a result of closure of all franchise outlets.

The Consumer Business recorded a PBIT of S\$1.89 million in Q2 2018 as compared to loss before interest and tax of S\$0.70 million in Q2 2017. Excluding foreign currency impact, the PBIT in Q2 2018 is S\$0.06 million as compared to loss before interest and tax S\$0.13 million in Q2 2017. For H1 2018, this segment recorded a PBIT of S\$1.76 million as compared to loss before interest and tax of S\$1.79 million in H1 2017. Excluding foreign currency impact, the PBIT in H1 2018 is S\$0.73 million as compared to S\$0.50 million in H1 2017.

Packaging Business

Revenue increased by S\$20.38 million or 30.50% in Q2 2018, from S\$66.81 million in Q2 2017 to S\$87.19 million in Q2 2018. Similarly, revenue in H1 2018 also increased by S\$32.19 million or 24.57%, from S\$130.99 million in H1 2017 to S\$163.19 million in H1 2018. The increase was mainly due to stronger growth in its China's operation.

The Packaging Business recorded a PBIT of S\$7.28 million in Q2 2018 as compared to S\$5.72 million in Q2 2017. For H1 2018, this segment recorded a PBIT of S\$14.33 million as compared to S\$11.15 million in H1 2017.

**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 retail market remained soft for first half for 2018. The Consumer business segment registered revenue growth of 4.2% over same period last year. Price hike of rice is beginning to stabilise especially from Thailand and Vietnam. Forward purchase planning in this segment will be essential to sustain current gross profits till end of the year. Price hike for both pulp and recycled paper for the paper products has stabilised. However, margins in this sector are under pressure due to retail price increase lagging behind raw materials cost increase.

Singapore's operating environment is expected to remain challenging for the Packaging business segment with the increase of raw material costs in anticipation of unfavourable exchange fluctuation of SGD against USD and the volatility of raw material prices. For China's operations of the Packaging business segment, the escalation of trade tension between US and China will impact its export. This will further aggravate the over-capacity of corrugator packaging industry and lead to more intense competition of the industry. At the same time, the stringent pollution control regulations of China government coupled with the potential of unfavourable exchange fluctuation of RMB against USD will result in increase in raw materials costs. Notwithstanding this segment will continue to execute its strategy to improve operational efficiencies and further reduce costs diligently. The Packaging business segment is expected to commence the operation of its new production line of Nantong Tat Seng 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  
10 August 2018