

First 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 1st Quarter Ended 31 March		+ / (-) %
	2014 S\$'000	2013 S\$'000	
Revenue	101,456	93,727	8.2
Cost of sales	(80,354)	(74,237)	8.2
Gross profit	21,102	19,490	8.3
Other income	1,106	1,136	(2.6)
Distribution expenses	(10,710)	(10,980)	(2.5)
Administrative expenses	(7,429)	(6,790)	9.4
Other expenses	(540)	(534)	1.1
<b>Results from operating activities</b>	<b>3,529</b>	<b>2,322</b>	52.0
Net finance costs	(1,304)	(933)	39.8
Share of loss of associates (net of tax)	-	(125)	n.m.
<b>Profit before tax</b>	<b>2,225</b>	<b>1,264</b>	76.0
Tax expense	(1,048)	(971)	7.9
<b>Profit for the period</b>	<b>1,177</b>	<b>293</b>	301.7
<b>Attributable to:</b>			
Owners of the Company	256	(22)	n.m.
Non-controlling interests	921	315	192.4
<b>Profit for the period</b>	<b>1,177</b>	<b>293</b>	301.7

n.m. - not meaningful

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

	<b>GROUP</b>	
	<b>1st Quarter Ended</b>	
	<b>31 March</b>	
	<b>2014</b>	<b>2013</b>
	S\$'000	S\$'000
<b>Profit before tax is stated after crediting:</b>		
Interest income	412	219
Amortisation of deferred income	27	23
Gain on disposal of property, plant and equipment	31	5
<b>and after charging:</b>		
Allowance for doubtful debts and bad debts written off	528	457
Depreciation	2,111	2,063
Exchange gain	(402)	(682)
Net change in fair value of financial assets designated at fair value	1,128	600
Write-back of allowance for stock obsolescence	(19)	(202)
Inventories written off	9	85
Property, plant and equipment impaired/written off	9	11
Interest on borrowings	588	538
<b>Taxation</b>		
Current year tax	1,441	1,098
Over provision of tax in respect of prior years	(7)	(36)
Current year deferred tax	(375)	(62)
Over provision of deferred tax in respect of prior years	(11)	(29)
	<u>1,048</u>	<u>971</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>GROUP</b>		
	<b>1st Quarter Ended</b>		
	<b>31 March</b>		
	<b>2014</b>	<b>2013</b>	<b>+ / (-)</b>
	S\$'000	S\$'000	%
Profit for the period	1,177	293	301.7
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences of foreign operations	(4,072)	1,197	n.m.
Share of foreign currency translation differences of associates	-	1,496	n.m.
Net change in fair value of available-for-sale financial assets	(157)	189	n.m.
Other comprehensive income for the period, net of tax	<u>(4,229)</u>	<u>2,882</u>	n.m.
<b>Total comprehensive income for the period</b>	<b><u>(3,052)</u></b>	<b><u>3,175</u></b>	n.m.
<b>Attributable to:</b>			
Owners of the Company	(2,840)	2,336	n.m.
Non-controlling interests	(212)	839	n.m.
<b>Total comprehensive income for the period</b>	<b><u>(3,052)</u></b>	<b><u>3,175</u></b>	n.m.

n.m. - not meaningful

### **Brief Review of Financial Performance**

Revenue for the first quarter 2014 (Q1 2014) of \$101.46 million was 8.2% higher than \$93.73 million reported for the first quarter of 2013 (Q1 2013). The increase was mainly contributed by the packaging segment from its China operations and the consumer business in Singapore.

The gross profit for the Group increased by 8.3% from \$19.49 million in Q1 2013 to \$21.10 million in Q1 2014 mainly due to higher turnover achieved in both the packaging and consumer businesses.

Other income decreased marginally by \$0.03 million from \$1.14 million in Q1 2013 to \$1.11 million in Q1 2014.

Distribution expenses decreased marginally by 2.5% or \$0.27 million in Q1 2014. Administrative expenses increased by 9.4% or \$0.64 million in Q1 2014 mainly due to higher staff cost incurred by the packaging business which is in line with growth in revenue.

Other expenses increased marginally by \$0.01 million (1.1%) in Q1 2014 as compared to the corresponding period last year.

Net finance cost was higher by \$0.37 million in Q1 2014 as compared to Q1 2013 mainly due to higher fair value losses recognised on financial assets designated at fair value through profit or loss.

The result from operating activities for Q1 2014 was \$3.53 million as compared to \$2.32 million in the same period last year. Share of loss after tax of associates was nil in Q1 2014 as compared to \$0.13 million in Q1 2013.

The Group's profit before tax was \$2.23 million as compared to \$1.26 million recorded for the corresponding period last year.

The Group achieved net profit after tax of \$1.18 million for Q1 2014 which is \$0.88 million higher than the net profit after tax reported for Q1 2013. The net profit attributable to shareholders was \$0.26 million for Q1 2014 as compared to loss of \$0.02 million reported for Q1 2013.

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

	Note	GROUP		COMPANY	
		31/03/2014 S\$'000	31/12/2013 S\$'000	31/03/2014 S\$'000	31/12/2013 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		72,927	74,425	11,245	11,627
Investment properties		1,092	1,096	-	-
Subsidiaries		-	-	45,661	45,661
Other financial assets		4,854	5,030	4,166	4,294
Intangible assets		1,104	1,139	-	-
Deferred tax assets		2,037	1,795	-	-
		<u>82,014</u>	<u>83,485</u>	<u>61,072</u>	<u>61,582</u>
<b>Current assets</b>					
Inventories		40,471	40,459	5,927	6,438
Trade and other receivables	1	141,225	147,363	81,536	80,311
Other financial assets		4,011	4,969	4,011	4,969
Cash and cash equivalents	2	121,756	118,861	68,333	68,428
Assets held for sale		45,605	47,046	-	-
		<u>353,068</u>	<u>358,698</u>	<u>159,807</u>	<u>160,146</u>
<b>Total assets</b>		<u>435,082</u>	<u>442,183</u>	<u>220,879</u>	<u>221,728</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital		200,100	200,002	200,100	200,002
Reserves		53,576	56,434	(2,930)	(842)
		<u>253,676</u>	<u>256,436</u>	<u>197,170</u>	<u>199,160</u>
<b>Non-controlling interests</b>					
		40,741	40,953	-	-
<b>Total equity</b>		<u>294,417</u>	<u>297,389</u>	<u>197,170</u>	<u>199,160</u>
<b>Non-current liabilities</b>					
Loans and borrowings	3	3,916	2,494	-	-
Deferred income		1,114	1,175	-	-
Deferred tax liabilities		1,924	2,071	-	-
		<u>6,954</u>	<u>5,740</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade and other payables	4	92,090	99,960	23,709	22,568
Loans and borrowings	3	39,992	37,173	-	-
Deferred income		108	110	-	-
Current tax payable		1,521	1,811	-	-
		<u>133,711</u>	<u>139,054</u>	<u>23,709</u>	<u>22,568</u>
<b>Total liabilities</b>		<u>140,665</u>	<u>144,794</u>	<u>23,709</u>	<u>22,568</u>
<b>Total equity and liabilities</b>		<u>435,082</u>	<u>442,183</u>	<u>220,879</u>	<u>221,728</u>

Note:

- The decrease of \$6.14 million in trade and other receivables was mainly due to decrease in trade receivables attributable to lower turnover from the packaging segment in the current period as compared to Q4 2013.
- Please refer to the consolidated statement of cash flow below for details on the increase of \$2.90 million in cash and cash equivalents.
- Total loans and borrowings increased by \$4.24 million was mainly due to higher usage of bills payable by the packaging subsidiaries in China.
- Trade and other payables decreased by \$7.87 million was mainly due to settlement of other payable by the packaging subsidiaries in China.

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

	As at	
	31/03/2014	31/12/2013
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	22,358	17,751
- unsecured	17,634	19,422
	<u>39,992</u>	<u>37,173</u>
Amount repayable after one year		
- secured	3,916	2,494
	<u>43,908</u>	<u>39,667</u>
Total		

**Details of any collateral :**

The total secured borrowings of \$26.27 million as at 31 March 2014 include:

- (a) Bank loans of \$12.79 million, secured by certain leasehold buildings and plant and machinery held by the packaging subsidiaries with carrying amount of approximately \$20.19 million and \$2.05 million respectively.
- (b) Bills payable of \$10.86 million, secured by the securities in (a) above and certain plant and machinery held by the subsidiaries with carrying amount of approximately \$4.40 million and bank deposits of \$3.65 million.
- (c) Bank overdraft of \$2.62 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.

- 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	
		1st Quarter Ended 31 March	
		2014 S\$'000	2013 S\$'000
<b>Operating activities</b>			
Profit for the period		1,177	293
Adjustments for:			
Tax expense		1,048	971
Depreciation		2,111	2,063
Gain on disposal of property plant and equipment		(31)	(5)
Impairment loss on amounts due from an associate		-	141
Property, plant and equipment impaired/written off		9	11
Amortisation of deferred income		(27)	(23)
Unrealised exchange gain		(260)	(140)
Net finance costs		1,304	933
Share of losses of associates (net of tax)		-	125
<b>Operating profit before working capital changes</b>		<b>5,331</b>	<b>4,369</b>
Changes in working capital:			
Inventories	1	(459)	(3,356)
Trade and other receivables	2	2,202	(892)
Trade and other payables	3	(8,039)	4,980
<b>Cash (used in)/generated from operations</b>		<b>(965)</b>	<b>5,101</b>
Tax paid		(1,700)	(1,184)
<b>Net cash (used in)/from operating activities</b>		<b>(2,665)</b>	<b>3,917</b>
<b>Investing activities</b>			
Interest received		346	426
Proceeds from sale of:			
- property, plant and equipment		207	234
- assets held for sale		-	11,602
Proceeds from partial redemption of debt security		818	6,279
Purchase of property, plant and equipment		(2,227)	(2,641)
Deposit received in relation to assets held for sale		1,619	-
<b>Net cash from investing activities</b>		<b>763</b>	<b>15,900</b>
<b>Financing activities</b>			
Interest paid		(588)	(605)
Payment of finance lease liabilities		(682)	(665)
(Increase)/decrease in pledged deposits		(651)	2,151
Proceeds from borrowings	4	18,720	13,373
Repayment of borrowings	4	(12,328)	(16,827)
Proceeds from exercise of share options		80	-
<b>Net cash from/(used in) financing activities</b>		<b>4,551</b>	<b>(2,573)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,649</b>	<b>17,244</b>
Cash and cash equivalents at beginning of the year		110,273	101,332
Effect of exchange rate fluctuations on cash held		(315)	373
<b>Cash and cash equivalents at end of the period</b>		<b>112,607</b>	<b>118,949</b>
Comprising:			
Cash at bank and in hand		47,773	50,463
Fixed deposits with banks		73,983	75,857
		121,756	126,320
Bank overdrafts		(2,624)	(2,822)
Deposits pledged		(6,525)	(4,549)
		<b>112,607</b>	<b>118,949</b>

Note:

- 1 The decrease in cash outflow of \$2.90 million was mainly due to decrease in inventories for the comparative period of last year.
- 2 Please refer to note 1 in consolidated statement of financial position.
- 3 Please refer to note 4 in consolidated statement of financial position.
- 4 Please refer to note 3 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
<b>At 1 January 2014</b>	<b>204,229</b>	<b>(4,227)</b>	<b>200,002</b>	<b>4,262</b>	<b>1,071</b>	<b>311</b>	<b>50,790</b>	<b>256,436</b>	<b>40,953</b>	<b>297,389</b>
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	256	256	921	1,177
<b>Other comprehensive income</b>										
Foreign currency translation differences of foreign operations	-	-	-	-	-	(2,956)	-	(2,956)	(1,116)	(4,072)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(140)	-	-	(140)	(17)	(157)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(140)</b>	<b>(2,956)</b>	<b>256</b>	<b>(2,840)</b>	<b>(212)</b>	<b>(3,052)</b>
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Share options exercised	98	-	98	(18)	-	-	-	80	-	80
<b>Total contributions by and distributions to owners</b>	<b>98</b>	<b>-</b>	<b>98</b>	<b>(18)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>80</b>
<b>Total transactions with owners</b>	<b>98</b>	<b>-</b>	<b>98</b>	<b>(18)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>80</b>
<b>At 31 March 2014</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>4,244</b>	<b>931</b>	<b>(2,645)</b>	<b>51,046</b>	<b>253,676</b>	<b>40,741</b>	<b>294,417</b>
<b>At 1 January 2013</b>	<b>203,987</b>	<b>(3,018)</b>	<b>200,969</b>	<b>3,661</b>	<b>520</b>	<b>(4,529)</b>	<b>44,751</b>	<b>245,372</b>	<b>34,778</b>	<b>280,150</b>
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	(22)	(22)	315	293
<b>Other comprehensive income</b>										
Foreign currency translation differences of foreign operations	-	-	-	-	-	694	-	694	503	1,197
Share of foreign currency translation differences of associates	-	-	-	-	-	1,496	-	1,496	-	1,496
Net change in fair value of available-for-sale financial assets	-	-	-	-	168	-	-	168	21	189
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168</b>	<b>2,190</b>	<b>(22)</b>	<b>2,336</b>	<b>839</b>	<b>3,175</b>
<b>At 31 March 2013</b>	<b>203,987</b>	<b>(3,018)</b>	<b>200,969</b>	<b>3,661</b>	<b>688</b>	<b>(2,339)</b>	<b>44,729</b>	<b>247,708</b>	<b>35,617</b>	<b>283,325</b>

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 January 2014	204,229	(4,227)	200,002	511	840	(2,193)	199,160
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	-	-	(1,961)	(1,961)
<b>Other comprehensive income</b>							
Net change in fair value of available-for-sale financial assets	-	-	-	-	(109)	-	(109)
<b>Total comprehensive income for the period</b>	-	-	-	-	(109)	(1,961)	(2,070)
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Share options exercised	98	-	98	(18)	-	-	80
<b>Total transactions with owners</b>	98	-	98	(18)	-	-	80
<b>At 31 March 2014</b>	<b>204,327</b>	<b>(4,227)</b>	<b>200,100</b>	<b>493</b>	<b>731</b>	<b>(4,154)</b>	<b>197,170</b>
At 1 January 2013	203,987	(3,018)	200,969	511	410	(2,113)	199,777
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	-	-	(1,842)	(1,842)
<b>Other comprehensive income</b>							
Net change in fair value of available-for-sale financial assets	-	-	-	-	133	-	133
<b>Total comprehensive income for the period</b>	-	-	-	-	133	(1,842)	(1,709)
<b>At 31 March 2013</b>	<b>203,987</b>	<b>(3,018)</b>	<b>200,969</b>	<b>511</b>	<b>543</b>	<b>(3,955)</b>	<b>198,068</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 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 31/03/2014		As at 31/03/2013	
	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 553,415,746 (31 March 2013: 555,828,746).

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

During the financial period ended Q1 2014, 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 10,200,000 as at 31 March 2014, following the exercise of 500,000 options during this period. 10,200,000 shares may be issued on conversion of all the outstanding options at the end of the current period. There was an increase of 500,000 shares at the subscription price of \$0.16 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.

	As at	
	31/03/2014	31/12/2013
Total number of issued shares	<u>553,415,746</u>	<u>552,915,746</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 2013, 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 2014.

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	
1st Quarter Ended	
31/03/2014	31/03/2013
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	0.05	-
On a fully diluted basis	0.05	-

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	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	45.84	46.38	35.63	36.02

- 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 increased marginally by \$0.40 million or 0.83% in Q1 2014 over comparable period in Q1 2013. The increase was mainly due to higher turnover generated by the distribution business in Singapore offset by lower turnover as a result of discontinuation of agency in Malaysia.

The Consumer Business recorded a profit of \$0.52 million in Q1 2014 as compared to \$0.32 million in the same period last year.

Health Solutions

Turnover maintained at \$0.04 million for both Q1 2014 and Q1 2013.

The division recorded a profit of \$0.02 million in Q1 2014 as compared to a loss of \$0.23 million in Q1 2013.

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 Q1 2014 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's consumer business continues to face challenging business conditions in 2014 with rising operating costs and price competition. To manage this, the Group will continue to seek new agencies to enlarge its range of products and focus on expanding its range of house brand products. The Group will also extend its distribution coverage with its new retail concept stores.

Our packaging business expects the business environment in Singapore and China to remain competitive. The plants will continue to improve their efficiency in order to reduce operating costs and to stay 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.**

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.

**BY ORDER OF THE BOARD**

Dr Allan Yap  
Chairman  
09 May 2014