

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		+ / (-) %
	2016 S\$'000	2015 S\$'000		2016 S\$'000	2015 S\$'000	
Revenue	96,887	107,955	(10.3)	191,646	208,078	(7.9)
Cost of sales	(74,145)	(85,138)	(12.9)	(147,712)	(164,072)	(10.0)
Gross profit	22,742	22,817	(0.3)	43,934	44,006	(0.2)
Other income	210	461	(54.4)	1,438	1,182	21.7
Distribution expenses	(10,529)	(11,057)	(4.8)	(21,517)	(22,292)	(3.5)
Administrative expenses	(7,503)	(7,890)	(4.9)	(14,876)	(15,232)	(2.3)
Other expenses	(892)	(2,490)	(64.2)	(3,268)	(918)	n.m.
Results from operating activities	4,028	1,841	118.8	5,711	6,746	(15.3)
Net finance income	91	3,041	(97.0)	305	3,626	(91.6)
Share of loss of associates (net of tax)	-	-	-	-	-	-
Profit before tax	4,119	4,882	(15.6)	6,016	10,372	(42.0)
Tax expense	(1,522)	(1,561)	(2.5)	(1,959)	(2,310)	(15.2)
Profit for the period	2,597	3,321	(21.8)	4,057	8,062	(49.7)
Attributable to:						
Owners of the Company	1,082	1,812	(40.3)	1,702	5,399	(68.5)
Non-controlling interests	1,515	1,509	0.4	2,355	2,663	(11.6)
Profit for the period	2,597	3,321	(21.8)	4,057	8,062	(49.7)

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	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Profit before tax is stated after (crediting) / charging:				
Interest income	(521)	(415)	(1,040)	(956)
Amortisation of deferred income	(26)	(31)	(52)	(62)
Bad debts (recovery)/written off	(6)	-	(6)	9
Gain on disposal of:				
- available-for-sale financial assets	-	(2,069)	-	(2,069)
- financial assets designated at fair value through profit or loss	-	(1,018)	-	(1,018)
Income from liquidation of an associate	-	-	(914)	-
(Write-back)/provision of allowance for stock obsolescence	(97)	(18)	(72)	42
Allowance made for doubtful receivables	153	632	266	767
Depreciation of investment properties	5	5	10	11
Depreciation of property, plant and equipment	2,131	2,301	4,276	4,642
Loss/(gain) on disposal of property, plant and equipment	47	1	220	(161)
Net decrease/(increase) in fair value of financial assets designated at fair value through profit or loss	218	67	295	(474)
Inventories written off	7	3	8	4
Property, plant and equipment written off	3	34	6	38
Exchange loss	708	1,832	2,680	111
Change in fair value of financial derivatives	(12)	-	102	-
Interest on borrowings	212	395	440	892
Taxation				
Current year tax	1,534	1,582	2,658	2,592
Over provision of tax in respect of prior years	144	(225)	144	(259)
Current year deferred tax	(152)	204	(295)	(16)
Over provision of deferred tax in respect of prior years	(4)	-	(548)	(7)
	<u>1,522</u>	<u>1,561</u>	<u>1,959</u>	<u>2,310</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		+/-) %	GROUP		+/-) %
	2nd Quarter Ended			Year to Date Ended		
	30 June			30 June		
	2016	2015		2016	2015	
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit for the period	2,597	3,321	(21.8)	4,057	8,062	(49.7)
Other comprehensive income - Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	(3,786)	(3,134)	20.8	(7,223)	637	n.m.
Effective portion of changes in fair value of cash flow hedges	9	-	n.m.	(7)	-	n.m.
Net change in fair value of available-for-sale financial assets	(1)	(2)	(50.0)	(1)	(2)	(50.0)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	(2,039)	n.m.	-	(1,472)	n.m.
Other comprehensive income for the period, net of tax	<u>(3,778)</u>	<u>(5,175)</u>	(27.0)	<u>(7,231)</u>	<u>(837)</u>	n.m.
Total comprehensive income for the period	<u>(1,181)</u>	<u>(1,854)</u>	(36.3)	<u>(3,174)</u>	<u>7,225</u>	n.m.
Attributable to:						
Owners of the Company	(1,315)	(2,105)	(37.5)	(2,720)	4,435	n.m.
Non-controlling interests	134	251	(46.6)	(454)	2,790	n.m.
Total comprehensive income for the period	<u>(1,181)</u>	<u>(1,854)</u>	(36.3)	<u>(3,174)</u>	<u>7,225</u>	n.m.

n.m. - not meaningful

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

The Group's revenue was S\$96.89 million in the second quarter of 2016 (Q2 2016). This was S\$11.07 million (10.33%) lower than the second quarter of 2015 (Q2 2015) of S\$107.96 million. For the six months to June 2016 (H1 2016), the revenue of the Group was S\$191.65 million as compared to S\$208.08 million for the first six months in 2015 (H1 2015). The decrease in Q2 2016 and H1 2016 was mainly due to weaker demand in Packaging Business (Tat Seng Group) and reduction in the franchise outlets of the Consumer Business in Singapore. This decrease was partially off-set by the higher revenue contributed by the Consumer Business in Malaysia.

Despite the lower revenue achieved, gross profit for Q2 2016 and H1 2016 was S\$22.74 million and S\$43.93 million respectively, a marginal decrease of 0.3% and 0.2% respectively as compared to Q2 2015 (S\$22.82 million) and H1 2015 (S\$44.01 million). The gross profit margins for Q2 2016 and H1 2016 have improved by 2.4% and 1.8% to 23.5% and 22.9% respectively as compared to 21.1% for both Q2 2015 and H1 2015.

Other income of S\$0.21 million in Q2 2016 was lower than S\$0.46 million in Q2 2015 mainly due to lower income from warehouse and delivery by S\$0.15 million and rental income by S\$0.14 million in Q2 2016 as compared to the same period in 2015.

The decrease in distribution expenses from S\$11.06 million in Q2 2015 to S\$10.53 million in Q2 2016 and from S\$22.29 million in H1 2015 to S\$21.52 million in H1 2016 was mainly due to lower transportation costs resulted from lower revenue in Q2 2016 and H1 2016 compared to same period last year. Administrative expenses decreased by 4.9% (S\$0.39 million) in Q2 2016 and 2.3% (S\$0.36 million) in H1 2016 mainly due to lower depreciation of property, plant and equipment for Consumer Business in Singapore.

The decrease in other expenses from S\$2.49 million in Q2 2015 to S\$0.89 million in Q2 2016 was mainly due to lower foreign exchange losses by S\$1.12 million in Q2 2016 compared to Q2 2015 arising from the fixed deposit placement in HKD. The higher other expenses in H1 2016 of S\$3.27 million compared to H1 2015 of S\$0.92 million was a result of foreign exchange losses reported in Q1 2016 compared to a foreign exchange gain in the corresponding period in last year.

The results from operating activities were S\$4.03 million in Q2 2016 as compared to S\$1.84 million in Q2 2015, an increase of S\$2.19 million. For H1 2016, the results from operating activities were S\$5.71 million as compared to S\$6.75 million for H1 2015.

Net finance income were S\$0.09 million in Q2 2016 and S\$0.31 million in H1 2016 as compared to S\$3.04 million and S\$3.63 million in Q2 2015 and H1 2015 respectively mainly due to S\$3.09 million gain on disposal of financial assets in Q2 2015 that was non-recurring. In addition, there was higher net fair value loss by S\$0.15 million on financial assets designated at fair value through profit or loss in Q2 2016 as compared to Q2 2015. This was partly off-set by lower interest expense on bank borrowings in Q2 2016 by S\$0.18 million as compared to the same period in 2015.

The Group achieved lower profit before tax of S\$4.12 million in Q2 2016 as compared to S\$4.88 million in Q2 2015. For H1 2016, the profit before tax was S\$6.02 million as compared to S\$10.37 million in H1 2015. Excluding foreign exchange losses of S\$0.71 million in Q2 2016 (Q2 2015: S\$1.83 million) and S\$2.68 million in H1 2016 (H1 2015: S\$0.11 million) and non-recurring gain on disposal of financial assets of S\$3.09 million in Q2 2015, the profit before tax would be S\$4.83 million in Q2 2016 and S\$8.70 in H1 2016 compared to S\$3.62 million in Q2 2015 and S\$7.39 million in H1 2015.

The Group's net profit after tax for Q2 2016 was S\$2.60 million as compared to S\$3.32 million reported for Q2 2015. For H1 2016, the Group recorded net profit after tax of S\$4.06 million in comparison to S\$8.06 million over the same period last year. The net profit attributable to shareholders was S\$1.08 million for Q2 2016 as compared to S\$1.81 million reported for Q2 2015. The net profit attributable to shareholders was S\$1.70 million in H1 2016 as compared to S\$5.40 million reported for H1 2015.

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

	Note	GROUP		COMPANY	
		30/06/2016 S\$'000	31/12/2015 S\$'000	30/06/2016 S\$'000	31/12/2015 S\$'000
Non-current assets					
Property, plant and equipment		75,674	76,108	9,713	9,548
Investment properties		811	808	-	-
Subsidiaries		-	-	40,189	40,189
Other financial assets	1	48	47	48	47
Intangible assets		1,107	1,188	-	-
Deferred tax assets		1,832	1,608	-	-
		<u>79,472</u>	<u>79,759</u>	<u>49,950</u>	<u>49,784</u>
Current assets					
Other financial assets, including derivatives	1	1,572	1,978	1,571	1,972
Inventories	2	33,328	38,393	434	8,734
Trade and other receivables	3	117,600	136,508	42,756	50,388
Cash and cash equivalents	4	155,487	155,871	104,233	95,204
Assets held for sale		45,708	49,043	-	-
		<u>353,695</u>	<u>381,793</u>	<u>148,994</u>	<u>156,298</u>
		-	-	-	-
Total assets		<u>433,167</u>	<u>461,552</u>	<u>198,944</u>	<u>206,082</u>
Equity attributable to equity holders of the Company					
Share capital		200,100	200,100	200,100	200,100
Reserves		61,186	63,906	(14,152)	(11,980)
		<u>261,286</u>	<u>264,006</u>	<u>185,948</u>	<u>188,120</u>
Non-controlling interests					
		47,046	48,633	-	-
Total equity		<u>308,332</u>	<u>312,639</u>	<u>185,948</u>	<u>188,120</u>
Non-current liabilities					
Loans and borrowings	5	1,973	1,413	-	-
Deferred income		1,066	1,198	-	-
Deferred tax liabilities		1,144	1,781	-	-
		<u>4,183</u>	<u>4,392</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables, including derivatives	6	94,929	110,446	12,996	17,962
Loans and borrowings	5	23,926	32,543	-	-
Deferred income		100	107	-	-
Current tax liabilities		1,697	1,425	-	-
		<u>120,652</u>	<u>144,521</u>	<u>12,996</u>	<u>17,962</u>
Total liabilities		<u>124,835</u>	<u>148,913</u>	<u>12,996</u>	<u>17,962</u>
Total equity and liabilities		<u>433,167</u>	<u>461,552</u>	<u>198,944</u>	<u>206,082</u>

Note:

- Other financial assets decreased by S\$0.41 million and S\$0.40 million in H1 2016 for the group and company respectively mainly due to decrease in fair value of financial assets designated at fair value through profit or loss.
- Inventories decreased by S\$5.07 million in H1 2016 mainly due to higher stockholding in December 2015 in preparation for the festive season. In addition, the lower sales demand in Consumer Business in Singapore and Packaging Business in China in H1 2016 led to lower stockholding as compared to Q4 2015. However, it was partially off-set by higher stockholding in Consumer Business in Malaysia due to new agencies.
- The decrease of S\$18.91 million in trade and other receivables was mainly due to reduction in bill receivables in the Packaging Business in China and unfavourable exchange rate in Renminbi ("RMB") against Singapore Dollar ("SGD") as compared to last quarter of 2015. However, it was partially off-set by higher trade receivables in Consumer Business in Malaysia as a result of higher revenue generated in Q2 2016.
- Refer to the consolidated statement of cash flow on Page 6 for details of movements in cash and cash equivalents.
- Total loans and borrowings decreased by S\$8.06 million was mainly due to repayment of term loan and lower utilisation of bills payables of S\$2.60 million and S\$5.45 million respectively by the Packaging Business.
- The decrease of S\$15.52 million in trade and other payables was due to lower purchases of raw materials and supplies for Consumer and Packaging Businesses in tandem with the decrease in sales.

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

	As at	
	30/06/2016	31/12/2015
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	18,293	26,917
- unsecured	5,633	5,626
	<u>23,926</u>	<u>32,543</u>
Amount repayable after one year		
- secured	504	1,413
- unsecured	1,469	-
	<u>1,973</u>	<u>1,413</u>
Total	<u>25,899</u>	<u>33,956</u>

Details of any collateral :

The total secured borrowings of \$18.80 million as at 30 June 2016 include:

Bank loans and bill payables of S\$18.75 million, secured by the leasehold land, certain leasehold buildings and certain plant and machinery held by the Packaging Business with carrying amount of approximately S\$25.39 million, cash and bank balances of S\$3.72 million and bills receivables of S\$3.05 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	
	2nd Quarter Ended	
	30 June	
Note	2016	2015
	S\$'000	S\$'000
Operating activities		
Profit for the period	2,597	3,321
Adjustments for:		
Tax expense	1,522	1,561
Depreciation of investment properties	5	5
Depreciation of property, plant and equipment	2,131	2,301
Loss/(gain) on disposal of:		
- property plant and equipment	47	1
- available-for-sale financial assets	-	(2,069)
- financial assets designated at fair value through profit or loss	-	(1,018)
Property, plant and equipment written off	3	34
Amortisation of deferred income	(26)	(31)
Change in fair value of financial derivatives	(12)	-
Unrealised exchange loss	436	1,229
Net decrease in fair value of financial assets designated at fair value through profit or loss	218	67
Net finance income	(309)	(21)
	6,612	5,380
Changes in:		
- Inventories	1 (867)	(957)
- Trade and other receivables	2 1,446	(6,994)
- Trade and other payables	3 7,562	6,130
Cash generated from operations	14,753	3,559
Tax paid	(1,307)	(432)
Net cash from operating activities	13,446	3,127
Investing activities		
Interest received	366	163
Proceeds from disposal of:		
- financial assets	-	5,378
- property, plant and equipment	37	8
Purchase of property, plant and equipment	(5,367)	(2,332)
Net cash (used in)/from investing activities	(4,964)	3,217
Financing activities		
Interest paid	(213)	(395)
Dividends paid	(1,133)	(567)
Payment of finance lease liabilities	(4)	(4)
Increase/(decrease) in pledged deposits	277	(1,300)
Proceeds from borrowings	4 14,235	13,206
Repayment of borrowings	4 (15,866)	(12,738)
Net cash used in financing activities	(2,704)	(1,798)
Net increase in cash and cash equivalents	5,778	4,546
Cash and cash equivalents at beginning of the period	144,943	126,110
Effect of exchange rate fluctuations on cash held	1,045	224
Cash and cash equivalents at end of the period	151,766	130,880
Comprising:		
Cash at bank and in hand	40,057	40,012
Fixed deposits with banks	115,430	96,368
	155,487	136,380
Deposits pledged	(3,721)	(5,500)
	151,766	130,880

Note:

- 1 Please refer to note 2 in consolidated statement of financial position.
- 2 Please refer to note 3 in consolidated statement of financial position.
- 3 Please refer to note 6 in consolidated statement of financial position.
- 4 Please refer to note 5 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 April 2016	204,327	(4,227)	200,100	6,357	32	(10)	(1,382)	57,504	262,601	48,045	310,646
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	1,082	1,082	1,515	2,597
Other comprehensive income											
Foreign currency translation differences - foreign operations	-	-	-	-	-	-	(2,408)	-	(2,408)	(1,378)	(3,786)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	12	-	-	12	(3)	9
Net change in fair value of available-for-sale financial assets	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Total other comprehensive income	-	-	-	-	(1)	12	(2,408)	-	(2,397)	(1,381)	(3,778)
Total comprehensive income for the period	-	-	-	-	(1)	12	(2,408)	1,082	(1,315)	134	(1,181)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends paid	-	-	-	-	-	-	-	-	-	(1,133)	(1,133)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	(1,133)	(1,133)
At 30 June 2016	204,327	(4,227)	200,100	6,357	31	2	(3,790)	58,586	261,286	47,046	308,332
At 1 April 2015	204,327	(4,227)	200,100	5,066	1,852	-	3,735	56,006	266,759	46,706	313,465
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	1,812	1,812	1,509	3,321
Other comprehensive income											
Foreign currency translation differences - foreign operations	-	-	-	-	-	-	(2,104)	-	(2,104)	(1,030)	(3,134)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(2)	-	-	-	(2)	-	(2)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	(1,811)	-	-	-	(1,811)	(228)	(2,039)
Total other comprehensive income	-	-	-	-	(1,813)	-	(2,104)	-	(3,917)	(1,258)	(5,175)
Total comprehensive income for the period	-	-	-	-	(1,813)	-	(2,104)	1,812	(2,105)	251	(1,854)
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 June 2015	204,327	(4,227)	200,100	5,066	39	-	1,631	57,818	264,654	46,390	311,044

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 April 2016	204,327	(4,227)	200,100	491	32	(15,002)	185,621
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	328	328
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	-	-	(1)	-	(1)
Total comprehensive income for the period	-	-	-	-	(1)	328	327
At 30 June 2016	204,327	(4,227)	200,100	491	31	(14,674)	185,948
At 1 April 2015	204,327	(4,227)	200,100	491	1,446	(4,872)	197,165
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,614	1,614
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	-	-	(2)	-	(2)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	(1,405)	-	(1,405)
Total comprehensive income for the period	-	-	-	-	(1,407)	1,614	207
At 30 June 2015	204,327	(4,227)	200,100	491	39	(3,258)	197,372

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.

(i) Share Capital

Group and Company

In issue at 1 April and 30 June

	2016	2015
	No. of shares	No. of shares
	570,996,746	570,996,746

(ii) Treasury shares

Group and Company

Balance as at the end of the period

	2016	2015
	No. of shares	No. of shares
	17,581,000	17,581,000

The total number of issued shares excluding treasury shares as at the end of the current financial period was 553,415,746 (30 June 2015: 553,415,746).

(iii) HANWELL Executives' Share Option Scheme 2003

During the financial period ended 30 June 2016, 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 2016. 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	
	30/06/2016	31/12/2015
Total number of issued shares	553,415,746	553,415,746

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.

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 2015.

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 FRSs have no material impact to the financial statements of the Group and of the Company.

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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	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	0.20	0.33	0.31	0.98
Diluted earnings per share	0.19	0.32	0.31	0.97

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	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	47.21	47.70	33.60	33.99

- 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 decreased by S\$4.01 million or 8.6% in Q2 2016, from S\$46.72 million in Q2 2015 to S\$42.71 million in Q2 2016. Similarly, revenue in H1 2016 also reduced by S\$5.96 million or 6.4%, from S\$93.25 million in H1 2015 to S\$87.29 million in H1 2016. The decrease was attributable to reduction in franchise outlets of Consumer Business in Singapore. However, the reduction in revenue was off-set by the higher distribution sales in Malaysia as a result of new agencies products.

The Consumer Business recorded a PBIT of S\$0.09 million in Q2 2016 as compared to a loss of S\$1.67 million in the same period last year. For H1 2016, this segment recorded a higher loss of S\$1.42 million as compared to S\$1.24 million in H1 2015. The H12016 losses was mainly due to foreign currency exchange. Excluding foreign currency exchange losses, the Consumer Business recorded a PBIT of S\$0.17 million in H1 2016 as compared to a loss of S\$1.06 million in H1 2015.

Packaging Business

The Packaging Business reported revenue of S\$54.15 million in Q2 2016 as compared to S\$61.21 million in Q2 2015, a decrease of 11.5%. The same decline was reported for the first half of the year 2016 with revenue of S\$104.31 million as compared to S\$114.75 million for H1 2015, a decrease of 9.1%. The decrease in the revenue was mainly due to lower sales demand in packaging business in China and weakening of RMB against SGD. In addition, the relocation of MNC customers to Malaysia and USA also affected the revenue in Singapore.

The segment recorded a PBIT of S\$4.85 million in Q2 2016 as compared to S\$4.72 million in Q2 2015. However, for the half year ended 30 June 2016, the Packaging Business recorded a decrease in its PBIT by 9.1%, from S\$8.66 million in H1 2015 to S\$7.87 million in H1 2016. This was mainly due to decrease in revenue and higher factory overhead costs of the China operations.

- 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 home brand products while refreshing its existing house brands. New agencies are also being sought to enlarge the Group's range of products coverage.

The Group's packaging business expects the business environment for both Singapore and China to remain challenging. The division will continue to improve and enhance its existing business and actively explore new business opportunities. In addition, the division will continue to focus on cost control and enhancing production productivity 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.

- 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.

BY ORDER OF THE BOARD

Dr Allan Yap
Chairman
12 August 2016