

First Quarter Financial Statement

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		+/(-) %
	2013 S\$'000	2012 S\$'000	
Revenue	93,727	95,910	(2.3)
Cost of sales	(74,237)	(76,710)	(3.2)
Gross profit	19,490	19,200	1.5
Other income	1,136	1,127	0.8
Distribution expenses	(10,980)	(10,555)	4.0
Administrative expenses	(6,790)	(7,924)	(14.3)
Other expenses	(534)	(1,012)	(47.2)
<b>Results from operating activities</b>	<b>2,322</b>	<b>836</b>	177.8
Net finance (costs)/income	(933)	1,716	n.m.
Share of losses of associates (net of tax)	(125)	(851)	(85.3)
<b>Profit before tax</b>	<b>1,264</b>	<b>1,701</b>	(25.7)
Tax expense	(971)	(588)	65.1
<b>Profit for the period</b>	<b>293</b>	<b>1,113</b>	(73.7)
<b>Attributable to:</b>			
Owners of the Company	(22)	854	n.m.
Non-controlling interests	315	259	21.6
<b>Profit for the period</b>	<b>293</b>	<b>1,113</b>	(73.7)

n.m. - not meaningful

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

	GROUP	
	1st Quarter Ended	
	31 March	
	2013	2012
	S\$'000	S\$'000
<b>Profit before tax is stated after crediting:</b>		
Interest income	219	510
Amortisation of deferred income	23	2
Net change in fair value of financial assets designated at fair value through profit or loss	(600)	919
Gain on disposal of:		
- financial assets	-	668
- property, plant and equipment	5	3
Gain on reclassification of investment in associates to available-for-sale investment	-	328
<b>and after charging:</b>		
Allowance for doubtful debts and bad debts written off	457	928
Depreciation	2,063	2,077
Exchange (gain)/loss	(682)	44
(Write-back of allowance)/Allowance for stock obsolescence	(202)	152
Inventories written off	85	-
Property, plant and equipment impaired/written off	11	38
<b>Taxation</b>		
Current year tax	1,098	977
Over provision of income tax in respect of prior years	(36)	(59)
Current year deferred tax	(62)	(93)
Over provision of deferred tax in respect of prior years	(29)	(237)
	971	588

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	1st Quarter Ended		
	31 March		
	2013	2012	+ / (-)
	S\$'000	S\$'000	%
Profit for the period	293	1,113	(73.7)
<b>Other comprehensive income</b>			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	1,197	(2,002)	n.m.
Share of foreign currency translation differences of associates	1,496	(964)	n.m.
Foreign currency translation differences of associates reclassified to profit or loss on loss of significant influence	-	(2,075)	n.m.
Net change in fair value of available-for-sale financial assets	189	344	(45.1)
Total items that are or may be reclassified subsequently to profit or loss	2,882	(4,697)	n.m.
Other comprehensive income for the period, net of tax	2,882	(4,697)	n.m.
<b>Total comprehensive income for the period</b>	<b>3,175</b>	<b>(3,584)</b>	n.m.
<b>Attributable to:</b>			
Owners of the Company	2,336	(3,984)	n.m.
Non-controlling interests	839	400	109.8
<b>Total comprehensive income for the period</b>	<b>3,175</b>	<b>(3,584)</b>	n.m.

n.m. - not meaningful

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

Revenue for the first quarter 2013 (Q1 2013) of \$93.73 million was 2.3% lower than the \$95.91 million reported for the first quarter 2012 (Q1 2012). The decrease was mainly due to lower turnover generated from Consumer Business as a result of the cessation of stockist business from Clarks in February 2012 and termination of distributorship in May 2012. This decrease was partially offset by the higher turnover contributed from the Packaging Business.

Gross profit increased from \$19.20 million in Q1 2012 to \$19.49 million in Q1 2013, an increase of 1.5%. The gross profit margin also marginally improved from 20.0% in Q1 2012 to 20.8% in Q1 2013, mainly due to better margins achieved by the Packaging subsidiaries in China.

Other operating income increased marginally by 0.8% or \$0.01 million.

Distribution expenses increased marginally by 4.0% or \$0.42 million. Administrative expenses decreased by 14.30%, from \$7.92 million in Q1 2012 to \$6.79 million in Q1 2013, mainly due to the contractual compensation paid to the employees who vacated office in March 2012.

Other expenses decreased by \$0.48 million from \$1.01 million in Q1 2012 to \$0.53 million in Q1 2013 mainly due to lower allowance made for doubtful receivables compared to Q1 2012.

The results from operating activities for Q1 2013 was \$2.32 million as compared to \$0.84 million recorded for Q1 2012.

Net finance income was lower by \$2.65 million in Q1 2013 mainly due to fair value losses on financial assets designated at fair value through profit or loss as compared to fair value gains reported in Q1 2012 and absence of gain on disposal of financial assets in Q1 2013. As a result, the operating profit after net finance income for Q1 2013 was \$1.39 million as compared to \$2.55 million recorded for Q1 2012.

Share of losses after tax of associates was \$0.13 million in Q1 2013 as compared to \$0.85 million in Q1 2012 mainly due to no further recognition of share of losses of the Cambodia associate which was fully impaired by end of 2012.

The Group's profit before tax for Q1 2013 was \$1.26 million as compared to \$1.70 million for Q1 2012.

Net profit after tax of \$0.29 million achieved for Q1 2013 was 73.7% lower than the \$1.11 million reported for Q1 2012.

The net loss attributable to shareholders for Q1 2013 was \$0.02 million as compared to net attributable profit of \$0.85 million recorded for Q1 2012.

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

	Note	GROUP		COMPANY	
		31/03/2013 S\$'000	31/12/2012 S\$'000	31/03/2013 S\$'000	31/12/2012 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		71,655	70,111	12,689	13,050
Investment properties		1,162	1,163	-	-
Subsidiaries		-	-	50,347	50,347
Associates	1	46,300	44,929	-	-
Other financial assets		4,543	4,319	3,942	3,775
Intangible assets		1,091	1,070	-	-
Deferred tax assets		929	892	-	-
		<u>125,680</u>	<u>122,484</u>	<u>66,978</u>	<u>67,172</u>
<b>Current assets</b>					
Inventories	2	37,554	33,889	5,944	4,067
Trade and other receivables	3	122,063	126,312	84,387	88,488
Other financial assets		3,064	3,663	3,064	3,663
Cash and cash equivalents	4	126,320	110,398	59,014	57,074
Assets held for sale	5	-	11,520	-	-
		<u>289,001</u>	<u>285,782</u>	<u>152,409</u>	<u>153,292</u>
<b>Total assets</b>		<u>414,681</u>	<u>408,266</u>	<u>219,387</u>	<u>220,464</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital		200,969	200,969	200,969	200,969
Reserves		46,739	44,403	(2,901)	(1,192)
		<u>247,708</u>	<u>245,372</u>	<u>198,068</u>	<u>199,777</u>
<b>Non-controlling interests</b>		<u>35,617</u>	<u>34,778</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>283,325</u>	<u>280,150</u>	<u>198,068</u>	<u>199,777</u>
<b>Non-current liabilities</b>					
Loans and borrowings	6	3,126	3,591	-	-
Deferred income		1,210	1,212	-	-
Deferred tax liabilities		2,682	2,730	397	397
		<u>7,018</u>	<u>7,533</u>	<u>397</u>	<u>397</u>
<b>Current liabilities</b>					
Trade and other payables	7	88,432	82,021	20,922	20,290
Loans and borrowings	6	34,137	36,673	-	-
Deferred income		107	106	-	-
Current tax liabilities		1,662	1,783	-	-
		<u>124,338</u>	<u>120,583</u>	<u>20,922</u>	<u>20,290</u>
<b>Total liabilities</b>		<u>131,356</u>	<u>128,116</u>	<u>21,319</u>	<u>20,687</u>
<b>Total equity and liabilities</b>		<u>414,681</u>	<u>408,266</u>	<u>219,387</u>	<u>220,464</u>

Note:

- The increase of \$1.37 million in Associates was mainly due to the effects of translation of the investment in associate.
- The increase of \$3.67 million was mainly due to higher stock pile of paper rolls in anticipation of price increase for the China subsidiaries and higher stock pile of rice for Singapore subsidiaries due to new packaging.
- Trade and other receivables was lower by \$4.25 million as at 31 Mar 2013. This was mainly due to the partial settlement of debt security in Q1 2013 offset by an increase in trade receivables attributable to higher turnover from the Packaging segment in Q1 2013.
- Please refer to the consolidated statement of cash flows below for details on the increase of \$15.92 million in cash and cash equivalents.
- The assets held for sale were disposed of in Q1 2013.
- Loans and borrowings decreased by \$3.00 million, mainly due to repayment of bank loans during the period.
- The increase of \$6.41 million in trade and other payables is mainly contributed by the packaging subsidiaries in China and in line with an increase in purchases of inventories and lower usage of bills payable.

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

	As at	
	31/03/2013	31/12/2012
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	23,808	20,956
- unsecured	10,329	15,717
	<u>34,137</u>	<u>36,673</u>
Amount repayable after one year		
- secured	3,126	3,591
Total	<u>37,263</u>	<u>40,264</u>

**Details of any collateral :**

The total secured borrowings of \$26.94 million as at 31 March 2013 include:

(a) Bank loans of \$11.31 million, secured by certain leasehold buildings held by the packaging subsidiaries in China with carrying amount of approximately \$19.79 million.

(b) Bills payable of \$10.18 million, secured by the securities in (a) above and certain plant and machinery held by the subsidiaries with carrying amount of approximately \$4.28 million and bank deposits of \$1.68 million.

(c) Bank overdraft of \$2.82 million utilised by a subsidiary, secured by a fixed deposit of \$0.12 million and a standby letter of credit of \$2.75 million from a bank which is secured by a fixed deposit placed by a subsidiary of the company.

(d) Outstanding obligations under finance lease of \$2.63 million, secured by property, plant and equipment with carrying amount of \$5.06 million.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	GROUP	
		1st Quarter Ended	
		31 March	
		2013	2012
		S\$'000	S\$'000
<b>Operating activities</b>			
Profit for the period		293	1,113
Adjustments for:			
Tax expense		971	588
Depreciation		2,063	2,077
Gain on disposal of property, plant and equipment		(5)	(3)
Impairment loss on amounts due from an associate		141	-
Gain on reclassification of investment in associates to available-for-sale investment		-	(328)
Property, plant and equipment impaired / written off		11	38
Amortisation of deferred income		(23)	(2)
Unrealised exchange (gain)/loss on financial assets		(140)	513
Net finance costs/(income)		933	(1,716)
Share of losses of associates (net of tax)		125	851
<b>Operating profit before working capital changes</b>		<b>4,369</b>	<b>3,131</b>
Changes in working capital:			
Inventories	1	(3,356)	6,853
Trade and other receivables	2	(892)	5,780
Trade and other payables	3	4,980	(15,676)
Tax paid		(1,184)	(982)
<b>Net cash from/(used in) operating activities</b>		<b>3,917</b>	<b>(894)</b>
<b>Investing activities</b>			
Interest received		426	1,616
Deposit paid for property interest		-	(40,586)
Proceeds from sale of:			
- property, plant and equipment		234	35
- property interest		-	43,224
- financial assets		-	760
- assets held for sale		11,602	-
Partial redemption of debt security		6,279	305
Purchase of:			
- property, plant and equipment		(2,641)	(1,000)
- financial assets		-	(713)
<b>Net cash from investing activities</b>		<b>15,900</b>	<b>3,641</b>
<b>Financing activities</b>			
Interest paid		(605)	(400)
Payment of finance lease liabilities		(665)	(140)
Decrease/(increase) in pledged deposits		2,151	(500)
Proceeds from borrowings	4	13,373	20,677
Repayment of borrowings	4	(16,827)	(17,135)
<b>Net cash (used in)/from financing activities</b>		<b>(2,573)</b>	<b>2,502</b>
<b>Net increase in cash and cash equivalents</b>		<b>17,244</b>	<b>5,249</b>
Cash and cash equivalents at beginning of the year		101,332	49,372
Effect of exchange rate fluctuations on cash held		373	(431)
<b>Cash and cash equivalents at the end of the period</b>		<b>118,949</b>	<b>54,190</b>

Comprising:

Cash at bank and in hand	50,463	30,930
Fixed deposits with banks	75,857	30,684
	<hr/>	<hr/>
	126,320	61,614
Bank overdrafts	(2,822)	(1,843)
Deposits pledged	(4,549)	(5,581)
	<hr/>	<hr/>
	118,949	54,190

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 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.

	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 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 - 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>
	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 2012</b>	<b>203,742</b>	<b>(2,580)</b>	<b>201,162</b>	<b>3,964</b>	<b>47</b>	<b>(1,045)</b>	<b>77,717</b>	<b>281,845</b>	<b>31,638</b>	<b>313,483</b>
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	854	854	259	1,113
<b>Other comprehensive income</b>										
Foreign currency translation differences - foreign operations	-	-	-	-	-	(2,144)	-	(2,144)	142	(2,002)
Share of foreign currency translation differences of associates	-	-	-	-	-	(943)	-	(943)	(21)	(964)
Foreign currency translation differences of associates reclassified to profit or loss on loss of significant influence	-	-	-	-	-	(2,055)	-	(2,055)	(20)	(2,075)
Net change in fair value of available-for-sale financial assets	-	-	-	-	304	-	-	304	40	344
Share of other reserve movement of an associate	-	-	-	(49)	49	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49)</b>	<b>353</b>	<b>(5,142)</b>	<b>854</b>	<b>(3,984)</b>	<b>400</b>	<b>(3,584)</b>
<b>At 31 March 2012</b>	<b>203,742</b>	<b>(2,580)</b>	<b>201,162</b>	<b>3,915</b>	<b>400</b>	<b>(6,187)</b>	<b>78,571</b>	<b>277,661</b>	<b>32,038</b>	<b>309,899</b>



<b>Company</b>	<b>Issued Capital</b>	<b>Treasury Shares</b>	<b>Share Capital</b>	<b>Other Reserves</b>	<b>Fair Value Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>At 1 January 2013</b>	<b>203,987</b>	<b>(3,018)</b>	<b>200,969</b>	<b>511</b>	<b>410</b>	<b>(2,113)</b>	<b>199,777</b>
<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>
<b>At 1 January 2012</b>	<b>203,742</b>	<b>(2,580)</b>	<b>201,162</b>	<b>814</b>	<b>48</b>	<b>10,839</b>	<b>212,863</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	505	505
<b>Other comprehensive income</b>							
Net change in fair value of available-for-sale financial assets	-	-	-	-	232	-	232
<b>Total comprehensive income for the period</b>	-	-	-	-	232	505	737
<b>At 31 March 2012</b>	<b>203,742</b>	<b>(2,580)</b>	<b>201,162</b>	<b>814</b>	<b>280</b>	<b>11,344</b>	<b>213,600</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 31/03/2013		As at 31/03/2012	
	Number of Treasury Shares	Treasury Shares	Number of Treasury Shares	Treasury Shares
	('000)	(\$'000)	('000)	(\$'000)
Balance as at the end of the period	13,568	(3,018)	12,115	(2,580)

The total number of issued shares excluding treasury shares as at the end of the current financial period was 555,828,746 (31 Mar 2012: 556,041,746).

(a) HANWELL Executives' Share Option Scheme 2003

During the financial period Q1 2013, 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 11,800,000 as at 31 March 2013.

- 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	
	31/03/2013	31/12/2012
Total number of issued shares	555,828,746	555,828,746

- 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.

The Group has applied the same accounting policies and computation methods used in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2012, except for the adoption of the new and revised Financial Reporting Standards (FRS) which become effective for the financial year beginning on or after 1 January 2013.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

- 6 Earning per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP	
	31/03/2013	31/03/2012
	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 on issue	-	0.15
On a fully diluted basis	-	0.15

- 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	
	31/03/2013	31/12/2012	31/03/2013	31/12/2012
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	44.57	44.15	35.63	35.94

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### Consumer Business

Revenue decreased by \$7.29 million or 13.12% in Q1 2013 over comparable period of Q1 2012. The decrease was mainly caused by lower turnover generated by distribution business in both Singapore and Malaysia due to cessation of stockist business from Clarks in Feb 2012 and termination of distributorship.

PBIT in Q1 2013 was \$0.61 million lower than that in Q1 2012 mainly due to lower turnover.

#### Health Solutions

The turnover reported in Q1 2013 for the Health Solutions segment was below that in Q1 2012 by \$0.04 million.

The results for the Health Solutions segment showed a loss of \$0.23 million in Q1 2013 as compared to a loss of \$0.64 million in Q1 2012.

#### Packaging

Tat Seng Packaging Group Ltd is a listed company on SGX and is not required to make announcements of its first and third quarters' results by virtue of its market capitalisation. Accordingly, there would not be any comments made on the specific financial results of Tat Seng Group in Hanwell Holdings Limited's announcement of its Q1 2013 results.

#### Others

The PBIT for Q1 2013 was a profit of \$0.21 million as compared to a loss of \$0.75 million in Q1 2012. The profit in Q1 2013 was mainly attributed to exchange gain on the held-to-maturity debt security. The loss in Q1 2012 was mainly attributed to exchange loss on the held-to-maturity debt security.

- 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 significant trends and 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 concentrate on strengthening its presence in the highly competitive FMCG market by expanding its range of house-brand products while rejuvenating its existing house brands such as the popular Royal Umbrella and Golden Peony rice, and Beautex tissue paper. New agencies are also being sought to enlarge the Group's range of products coverage. Various promotion and marketing plans are in the pipeline for FY 2013 to complement the new products' introduction and brand building programmes. The Group will also continue to make inroads with its new retail concept stores to intensify its distribution coverage.

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

It is anticipated that Tat Seng group will continue to face stiff competition in the corrugated packaging industry in 2013. The group expects challenges from labour shortage, which will drive up the costs of labour in both Singapore and China this year. However, the group will continue to improve productivity to combat the rising labour costs. Barring any unforeseen circumstances, Tat Seng group is cautiously optimistic about the outlook of China's corrugated packaging industry in the next 12 months.

- 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/recommended 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 Group has not obtained a general mandate from shareholders for IPTs.

- 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  
10 May 2013