

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		+/(-) %	Year to Date Ended		+/(-) %
	30 June			30 June		
	2019 S\$'000	2018 S\$'000		2019 S\$'000	2018 S\$'000	
Revenue	115,852	128,691	(10.0)	226,988	247,965	(8.5)
Cost of sales	(92,903)	(101,913)	(8.8)	(182,545)	(193,810)	(5.8)
Gross profit	22,949	26,778	(14.3)	44,443	54,155	(17.9)
Other income	534	1,326	(59.7)	1,610	1,672	(3.7)
Distribution expenses	(10,959)	(10,926)	0.3	(21,427)	(22,285)	(3.9)
Administrative expenses	(7,623)	(8,749)	(12.9)	(15,256)	(16,959)	(10.0)
Other expenses	(144)	383	(137.6)	(497)	(2,572)	(80.7)
Results from operating activities	4,757	8,812	(46.0)	8,873	14,011	(36.7)
Net finance (cost)/ income	(256)	756	(133.9)	(349)	1,315	(126.5)
Profit before tax	4,501	9,568	(53.0)	8,524	15,326	(44.4)
Tax expense	(1,534)	(1,878)	(18.3)	(2,757)	(3,466)	(20.5)
Profit for the period	2,967	7,690	(61.4)	5,767	11,860	(51.4)
Attributable to:						
Owners of the Company	2,137	5,338	(60.0)	4,139	7,071	(41.5)
Non-controlling interests	830	2,352	(64.7)	1,628	4,789	(66.0)
Profit for the period	2,967	7,690	(61.4)	5,767	11,860	(51.4)

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

	GROUP		GROUP		
	2nd Quarter Ended		Year to Date Ended		
	30 June		30 June		
	2019	2018	2019	2018	
	S\$'000	S\$'000	S\$'000	S\$'000	
Profit before tax is stated after (crediting) / charging:					
Interest income	(628)	(582)	(1,213)	(1,091)	
Dividend income	(1)	(1)	(1)	(1)	
Amortisation of deferred income	(82)	(58)	(153)	(103)	
Loss on disposal of property, plant and equipment	41	38	60	22	
Bad debts written off/ (recovered)	14	7	(3)	2,032	
Gain on subsidiary that have been struck off	(45)	-	(45)	-	
Net decrease/(increase) in fair value of financial assets designated at fair value through profit or loss	80	(539)	102	(934)	
Allowance for impairment losses of trade and other receivables	337	312	496	395	
Allowance/ (Reversal of allowance) for impairment loss for inventories	(115)	(586)	87	(630)	
Reversal of impairment loss on property, plant and equipment	(38)	-	(71)	-	
Depreciation of investment properties	12	12	24	25	
Depreciation of property, plant and equipment	3,864	2,393	7,177	4,892	
Inventories written off	82	57	83	102	
Property, plant and equipment written off	4	106	5	143	
Exchange (gain)/loss	(214)	(1,838)	9	(1,030)	
Interest on borrowings	805	365	1,461	710	
Taxation					
Current year tax	1,347	1,905	2,332	3,429	
(Over)/under provision of tax in respect of prior years	(32)	102	(32)	204	
Under/(over) provision of current year deferred tax	71	(171)	106	(209)	
Under provision of deferred tax in respect of prior years	148	42	351	42	
	<u>1,534</u>	<u>1,878</u>	<u>2,757</u>	<u>3,466</u>	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP			GROUP		
	2nd Quarter Ended			Year to Date Ended		
	30 June			30 June		
	2019	2018		2019	2018	+ / (-)
	S\$'000	S\$'000		S\$'000	S\$'000	%
Profit for the period	2,967	7,690	(61.4)	5,767	11,860	(51.4)
Other comprehensive income - Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences of foreign operations	(3,272)	(986)	231.8	(1,533)	1,676	n.m.
Effective portion of changes in fair value of cash flow hedges	(1)	24	n.m.	4	33	(87.9)
Net change in fair value of FVOCI financial assets	2	(6)	n.m.	1	(4)	n.m.
Subsidiary that have been struck off	(45)	-	n.m.	(45)	-	n.m.
Other comprehensive income for the period, net of tax	<u>(3,316)</u>	<u>(968)</u>	242.6	<u>(1,573)</u>	<u>1,705</u>	n.m.
Total comprehensive income for the period	<u>(349)</u>	<u>6,722</u>	n.m.	<u>4,194</u>	<u>13,565</u>	(69.1)
Attributable to:						
Owners of the Company	(12)	4,732	(100.3)	3,217	8,248	(61.0)
Non-controlling interests	(337)	1,990	n.m.	977	5,317	(81.6)
Total comprehensive income for the period	<u>(349)</u>	<u>6,722</u>	n.m.	<u>4,194</u>	<u>13,565</u>	(69.1)

n.m. - not meaningful

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

The Group recorded revenue of S\$115.85 million in the second quarter of 2019 (Q2 2019). This was S\$12.84 million (9.98%) lower than the revenue of S\$128.69 million accounted in the second quarter of 2018 (Q2 2018). For the six months to June 2019 (H1 2019), the revenue of the Group was S\$226.99 million as compared to S\$247.97 million for the six months in 2018 (H1 2018). The decrease was mainly attributed to lower revenue from the China sector of the Packaging Business (Tat Seng Group) as a result of competitive selling prices and weakening of Renminbi against the Singapore dollars as compared to Q2 2018. This is partially offset by higher revenue from Malaysia Consumer Business, which has experienced strong growth at various distribution channels from favorable product acceptance and promotion during the festive periods.

Gross profit for Q2 2019 and H1 2019 was S\$22.95 million and S\$44.44 million respectively, a decrease of 14.30% and 17.93% respectively as compared to Q2 2018 (S\$26.78 million) and H1 2018 (S\$54.16 million). The gross profit margins for Q2 2019 and H1 2019 have decreased by 1.0% and 2.26% to 19.81% and 19.58% respectively as compared to 20.81% and 21.84% for Q2 2018 and H1 2018 respectively. The lower gross profit is attributed to competitive selling prices by Packaging Business (Tat Seng Group) and higher cost for the Singapore Consumer Business.

Other income of S\$0.53 million in Q2 2019 was lower than S\$1.33 million in Q2 2018. Other income for H1 2019 of S\$1.61 million was lower than the S\$1.67 million reported for the six months in 2018 (H1 2018). This is mainly due to lower exchange gain in Q2 2019 as compared to Q2 2018 and partially offset by higher government grant awarded for Packaging Business

Distribution expenses increased by S\$0.03 million (0.30%) in Q2 2019 as compared to Q2 2018. The increase is due to higher transport cost incurred by Packaging Business as a result of higher sales volume despite the lower revenue from competitive selling prices. For H1 2019, distribution expenses decreased by S\$0.86 million (3.85%) as compared to H1 2018. The decrease in distribution expenses is mainly due to lower delivery cost and staff cost for Consumer Business. Additionally, the warehouse rental cost of the Singapore subsidiaries has reduced with the relocation back to headquarter after completion of the construction of the warehouse.

Administrative expenses decreased by 12.87% (S\$1.13 million) in Q2 2019 and 10.04% (S\$1.70 million) in H1 2019 mainly due to a decrease in provision of staff bonus as a result of lower profits achieved by Packaging Business in Q2 2019 and H1 2019 as compared to last year.

Other operating expenses increased by S\$0.53 million in Q2 2019 as compared to Q2 2018. For the six months to June 2019 (H1 2019), other operating expenses was S\$0.50 million as compared to S\$2.57 million in H1 2018. This is mainly due to a higher amount written off in H1 2018 as compared to H1 2019.

The results from operating activities were S\$4.76 million in Q2 2019 as compared to S\$8.81 million in Q2 2018, a decrease of S\$4.05 million. For H1 2019, the results from operating activities were S\$8.87 million as compared to S\$14.01 million for H1 2018.

Net finance cost were S\$0.26 million in Q2 2019 and S\$0.35 million in H1 2019 as compared to Net finance income of S\$0.76 million and S\$1.32 million in Q2 2018 and H1 2018 respectively mainly due to net fair value loss through profit or loss in Q2 2019 and H1 2019 as compared to net fair value gain through profit or loss in Q2 2018 and H1 2018. Additionally, the interest expense increased with the implementation of new accounting standard for leases on 1 January 2019.

The Group achieved a lower profit before tax of S\$4.50 million in Q2 2019 as compared to S\$9.57 million in Q2 2018. For H1 2019, the profit before tax was S\$8.52 million as compared to S\$15.33 million in H1 2018. Excluding foreign exchange gain of S\$0.21 million in Q2 2019 (Q2 2018: gain of S\$ 1.84 million) and foreign exchange loss of S\$0.01 million in H1 2019 (H1 2018: gain of S\$1.03 million), the profit before tax would be S\$4.29 million in Q2 2019 and S\$8.53 million in H1 2019 compared to S\$7.73 million in Q2 2018 and S\$14.30 million in H1 2018.

The Group's net profit after tax for Q2 2019 was S\$2.97 million as compared to S\$7.69 million reported for Q2 2018. For H1 2019, the Group recorded net profit after tax of S\$5.77 million in comparison to S\$11.86 million over the same period last year. The net profit attributable to shareholders was S\$2.14 million for Q2 2019 as compared to S\$5.34 million reported for Q2 2018. The net profit attributable to shareholders was S\$4.14 million in H1 2019 as compared to S\$7.07 million in H1 2018.

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

	Note	GROUP		COMPANY	
		30/6/2019 S\$'000	31/12/2018 S\$'000	30/6/2019 S\$'000	31/12/2018 S\$'000
Non-current assets					
Property, plant and equipment	1	168,020	146,868	52,061	38,540
Investment properties		11,230	11,065	-	-
Subsidiaries		-	-	40,001	40,001
Other financial assets		65	63	65	63
Intangible assets		1,084	1,095	-	-
Deferred tax assets		3,325	3,849	-	-
		<u>183,724</u>	<u>162,940</u>	<u>92,127</u>	<u>78,604</u>
Current assets					
Other financial assets, including derivatives	2	2,394	2,496	2,394	2,496
Inventories	3	42,435	50,055	-	-
Trade and other receivables	4	139,375	159,509	47,825	47,808
Cash and cash equivalents	5	150,136	152,402	78,901	83,231
Assets held for sale		44,322	44,730	-	-
		<u>378,662</u>	<u>409,192</u>	<u>129,120</u>	<u>133,535</u>
Total assets		<u>562,386</u>	<u>572,132</u>	<u>221,247</u>	<u>212,139</u>
Equity attributable to equity holders of the Company					
Share capital		200,100	200,100	200,100	200,100
Reserves		84,398	87,367	(5,558)	(1,363)
		<u>284,498</u>	<u>287,467</u>	<u>194,542</u>	<u>198,737</u>
Non-controlling interests		61,429	61,953	-	-
Total equity		<u>345,927</u>	<u>349,420</u>	<u>194,542</u>	<u>198,737</u>
Non-current liabilities					
Loans and borrowings	6	16,826	18,491	-	-
Lease liabilities	7	18,315	-	14,110	-
Deferred income		2,300	2,149	357	382
Deferred tax liabilities		2,617	2,688	-	-
		<u>40,058</u>	<u>23,328</u>	<u>14,467</u>	<u>382</u>
Current liabilities					
Trade and other payables, including derivatives	8	113,333	128,865	11,878	12,969
Loans and borrowings	6	58,637	68,678	-	-
Lease liabilities	7	2,576	-	309	-
Deferred income		306	278	51	51
Current tax liabilities		1,549	1,563	-	-
		<u>176,401</u>	<u>199,384</u>	<u>12,238</u>	<u>13,020</u>
Total liabilities		<u>216,459</u>	<u>222,712</u>	<u>26,705</u>	<u>13,402</u>
Total equity and liabilities		<u>562,386</u>	<u>572,132</u>	<u>221,247</u>	<u>212,139</u>

Note:

- Property, plant and equipment increased by S\$21.15 million for the group in 2019 mainly due to implementation of new accounting standard SFRS(I) 16 for lease, which requires the Group to recognise a right of use asset which totalled to S\$20.4 million.
- Other financial assets decreased by S\$0.10 million for both the Group and the Company mainly due to decrease in fair value of the financial assets designated at fair value through profit or loss.
- At the Group level, inventories decreased by S\$7.62 million mainly due to higher stockholding by Consumer Business during December 2018 in anticipation of higher sales during the festive season. Additionally, there was a reduction in the raw material price for the Packaging Business.
- Trade and other receivables decreased by S\$20.13 million mainly due to reduction in revenue and better collection from customers by the Packaging Business.
- Refer to the consolidated statement of cash flows on Page 6 for details of movements in cash and cash equivalents.
- Total loans and borrowings decreased by S\$11.71 million was mainly due to lower materials purchase and repayment of loan borrowing for capital expenditure of new plant by the Packaging Business.
- Lease liabilities increased by S\$20.89 million due to implementation of new accounting standard SFRS(I) 16 for lease, which requires the Group to recognise the lease liability associated with right of use asset.
- The decrease of S\$15.53 million in trade and other payables was mainly due to reduction of raw material prices, lower purchase of materials and payment of prior year's staff incentives by the Packaging Business. Additionally, lower purchase by Consumer Business in view of the cyclical cycle of the industry contributed to the lower trade and other creditors as at June 2019 as compared to December 2018.

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

	As at	
	30/6/2019	31/12/2018
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	41,282	46,309
- unsecured	17,355	22,369
	<u>58,637</u>	<u>68,678</u>
Amount repayable after one year		
- secured	16,826	18,491
- unsecured	-	-
	<u>16,826</u>	<u>18,491</u>
Total	<u>75,463</u>	<u>87,169</u>

Details of any collateral :

The total secured borrowings of S\$58.11 million as at 30 June 2019 include:

Bank loans and bill payables of S\$58.11 million, secured on leasehold land, certain leasehold buildings, certain plant and machinery and certain motor vehicle held by the Packaging Business with net book value of approximately S\$51.37 million and cash and bank balances of S\$10.50 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	2019	2018
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	2,967	7,690
Adjustments for:		
Amortisation of deferred income	(82)	(58)
Amortisation of intangible assets	1	-
Depreciation of investment properties	12	12
Depreciation of property, plant and equipment	3,864	2,393
Loss on disposal of property plant and equipment	41	38
Net finance expense/(income)	176	(217)
Net decrease/(increase) in fair value of financial assets designated at fair value through profit or loss	80	(539)
Gain on subsidiary that have been struck off	(45)	-
Inventories written off	(32)	57
Property, plant and equipment written off	4	106
Reversal of impairment loss on property, plant and equipment	(38)	-
Tax expense	1,534	1,878
Unrealised exchange loss/(gain)	69	(1,546)
	8,551	9,814
Changes in:		
- Inventories	1 6,406	(9,053)
- Trade and other receivables	2 7,559	(2,631)
- Trade and other payables	3 (7,284)	5,784
Cash generated from operations	15,232	3,914
Tax paid	(901)	(1,837)
Net cash generated from operating activities	14,331	2,077
Cash flows from investing activities		
Interest received	436	347
Proceeds from disposal of property, plant and equipment	86	131
Purchase of property, plant and equipment	(2,456)	(13,847)
Additions to investment property	(32)	-
Net cash used in investing activities	(1,966)	(13,369)
Cash flows from financing activities		
Increase in pledged deposits	(401)	(359)
Interest paid	(807)	(365)
Payment of finance lease liabilities	(629)	(4)
Dividend paid	(6,667)	(2,517)
Proceeds from borrowings	4 24,430	43,456
Repayment of borrowings	4 (29,892)	(32,785)
Net cash (used in)/generated from financing activities	(13,966)	7,426
Net increase/ (decrease) in cash and cash equivalents	(1,601)	(3,866)
Cash and cash equivalents at beginning of the period	142,387	132,854
Effect of exchange rate fluctuations on cash held	(1,153)	1,231
Cash and cash equivalents at end of the period	5 139,633	130,219
Comprising:		
Cash at bank and in hand	96,511	53,708
Fixed deposits with banks	53,625	86,678
	150,136	140,386
Deposits pledged	(10,503)	(10,167)
	139,633	130,219

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 8 in consolidated statement of financial position.
- 4 Please refer to note 6 in consolidated statement of financial position.
- 5 Cash and cash equivalents excluding bank balances pledged as security decreased by S\$2.75 million. This was primarily due to net cash generated from operating activities amounting to S\$14.33 million that arose from lower inventory purchase and better collection from customers. This is partially offset by net cash used in investing activities amounting to S\$1.97 million, which mainly attributable to capital expenditure and net cash used in financing activities amounting to S\$13.97 million, which mainly due to repayment of borrowing and payment of dividend.

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 Apr 2019	204,327	(4,227)	200,100	11,053	44	(3)	(1,963)	80,813	290,044	62,899	352,943
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	2,137	2,137	830	2,967
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(2,105)	-	(2,105)	(1,167)	(3,272)
Net change in fair value of FVOCI financial assets	-	-	-	-	2	-	-	-	2	-	2
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Subsidiary that have been struck off	-	-	-	(45)	-	-	-	-	(45)	-	(45)
Total other comprehensive income	-	-	-	(45)	2	(1)	(2,105)	-	(2,149)	(1,167)	(3,316)
Total comprehensive income for the period	-	-	-	(45)	2	(1)	(2,105)	2,137	(12)	(337)	(349)
Transactions with owners, recognised directly in equity											
Distributions to owners											
Dividends paid	-	-	-	-	-	-	-	(5,534)	(5,534)	(1,133)	(6,667)
Total transactions with owners	-	-	-	-	-	-	-	(5,534)	(5,534)	(1,133)	(6,667)
At 30 June 2019	204,327	(4,227)	200,100	11,008	46	(4)	(4,068)	77,416	284,498	61,429	345,927
At 1 Apr 2018	204,327	(4,227)	200,100	10,667	54	(12)	955	69,828	281,592	61,814	343,406
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	5,338	5,338	2,352	7,690
Other comprehensive income											
Foreign currency translation differences of foreign operations	-	-	-	-	-	-	(615)	-	(615)	(371)	(986)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	15	-	-	15	9	24
Net change in fair value of available-for-sale financial assets	-	-	-	-	(6)	-	-	-	(6)	-	(6)
Total other comprehensive income	-	-	-	-	(6)	15	(615)	-	(606)	(362)	(968)
Total comprehensive income for the period	-	-	-	-	(6)	15	(615)	5,338	4,732	1,990	6,722
Transactions with owners, recognised directly in equity											
Distributions to owners											
Dividends paid	-	-	-	-	-	-	-	(1,384)	(1,384)	(1,133)	(2,517)
Total transactions with owners	-	-	-	-	-	-	-	(1,384)	(1,384)	(1,133)	(2,517)
At 30 June 2018	204,327	(4,227)	200,100	10,667	48	3	340	73,782	284,940	62,671	347,611

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 Apr 2019	204,327	(4,227)	200,100	0	44	(1,580)	198,564
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,510	1,510
Other comprehensive income							
Net change in fair value of FVOCI financial assets	-	-	-	-	2	-	2
Total comprehensive income for the period	-	-	-	-	2	1,510	1,512
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends paid	-	-	-	-	-	(5,534)	(5,534)
Total transactions with owners	-	-	-	-	-	(5,534)	(5,534)
At 30 June 2019	204,327	(4,227)	200,100	0	46	(5,604)	194,542
At 1 Apr 2018	204,327	(4,227)	200,100	491	54	(11,928)	188,717
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	3,520	3,520
Other comprehensive income							
Net change in fair value of FVOCI financial assets	-	-	-	-	(7)	-	(7)
Total comprehensive income for the period	-	-	-	-	(7)	3,520	3,513
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends paid	-	-	-	-	-	(1,384)	(1,384)
Total transactions with owners	-	-	-	-	-	(1,384)	(1,384)
At 30 June 2018	204,327	(4,227)	200,100	491	47	(9,792)	190,846

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) Share Capital	2019		2018	
	Group and Company		Group and Company	
In issue at 1 April and 30 June	570,996,746	570,996,746	570,996,746	570,996,746
(ii) Treasury shares	2019		2018	
	Group and Company		Group and Company	
Balance as at the end of the period	17,581,000	17,581,000	17,581,000	17,581,000

(iii) There were no subsidiary holdings as at 30 June 2019 and 30 June 2018.

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 2018: 553,415,746).

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

During the financial period ended 30 June 2019, 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 Scheme has expired on 8 July 2013 and the expiry of the Scheme will not affect any option granted and duly accepted but not yet exercised, whether in whole or in part by the Directors or the employees of the Group. The share options previously granted expired on 21 January 2019.

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	
	30/6/2019	31/12/2018
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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16: Leases

SFRS(I) 16: Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. The adoption of SFRS(I) 16 results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low value leases. The accounting for lessors was not changed significantly.

Under the standard, an asset (ROU asset) and a financial liability to pay rentals are recognised in the statement of financial position and depreciation charge on the ROU assets and interest expenses on the lease liabilities are recognised in the income statement. Leases are presented within property, plant and equipment in the statement of financial position.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The Group applied the practical expedient to grandfather the definition of a lease on transition. SFRS(I) 16 will be applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position as at 1 January 2019. The differences from the statement of financial position as previously reported at 31 December 2018 are as follows:

Statement of Financial Position as at 1 January 2019

	<u>Group</u>
	<u>Increase/ (Decrease)</u>
	\$'000
Property, plant and equipment	20,317
Trade and other payables, including derivatives	726
Lease liabilities	(22,064)
Net assets	(1,021)
Retained earnings	(653)
Non controlling interests	(368)
Total equity	(1,021)

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.

Please refer to item 4 above.

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	
	30/6/2019	30/06/2018	30/6/2019	30/06/2018
	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	0.39	0.97	0.75	1.28
Diluted earnings per share	0.39	0.96	0.75	1.27

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	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	51.41	51.94	35.15	35.91

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\$1.13 million or 2.7% in Q2 2019, from S\$41.46 million in Q2 2018 to S\$42.59 million in Q2 2019. Revenue for H1 2019 increased by S\$0.61 million or 0.7% from S\$84.62 million to S\$85.24 million as compared to same period last year. The increase was mainly attributed to Malaysia Consumer Business, which has experienced strong growth at various distribution channels from favorable product acceptance and promotion during the festive periods. Additionally, Singapore Consumer Business also experienced growth from sales through online platform.

The Consumer Business recorded a Profit before Interest and Tax of S\$0.43 million in Q2 2019 as compared to S\$1.89 million in Q2 2018. In H1 2019, Consumer Business recorded a Profit before Interest and Tax of S\$1.41 million as compared to S\$1.76 million in H1 2018. Excluding foreign currency impact, the PBIT in Q2 2019 and H1 2019 are S\$0.58 million and S\$ 1.33 million respectively as compared to S\$0.38 million and S\$1.26 million in Q2 2018 and H1 2018.

Packaging Business

For Q2 2019, revenue of the Packaging Business decreased by 16.1% or S\$14.03 million to S\$73.16 million as compared to Q2 2018. This segment recorded revenue of S\$141.56 million for H1 2019, a decrease of 13.3% or S\$21.65 million over H1 2018.

Total revenue achieved by the Singapore entities in Q2 2019 increased by 4.8% or S\$0.53 million from S\$11.12 million in Q2 2018. In H1 2019, total revenue from Singapore entities increased by 5.4% or S\$1.17 million from S\$21.83 million in H1 2018.

Total revenue of China's operations reduced by 19.1% or S\$14.57 million in the Group's reporting currency in Q2 2019 as compared to Q2 2018. However, total sales volume (sqm) of China's operations increased by 2.6% as compared to Q2 2018. For H1 2019, total revenue of China's operations reduced by 16.1% or S\$22.82 million in the Group's reporting currency as compared to H1 2018. This is mainly due to competitive selling prices and weakening of Renminbi ("RMB") against Singapore Dollars ("SGD") as compared to same corresponding period in 2018. Sales volume (sqm) of China's operations increased by 2.8% in H1 2019 as compared to H1 2018.

The Packaging Business recorded a Profit before Interest and Tax of S\$4.42 million in Q2 2019 as compared to S\$7.28 million in Q2 2018. For H1 2019, the segment recorded a Profit before Interest and Tax of S\$7.78 million as compared to S\$14.33 million in H1 2018.

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.

Based on current retail trend, the retail market remains weak. Margins for rice have improved due to weakening of US dollars but it is still lower than last year. The Consumer Business is actively participating in events that promote the varieties of rice that are carried by the business to enhance awareness and sales. The current outlook for the year remain challenging.

On 1 August 2019, US President Donald Trump has announced to impose additional 10% tariff on imports from China with effect from 1 September 2019. Packaging Business is cautious that the business environment in China will be further deteriorated and affect its performance. The fluctuations in raw material prices may also impact the results.

The segment will execute its strategy to improve operational efficiencies, mitigate risks from market fluctuations so as to ensure that it remains 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.

Dr Allan Yap
Chairman
8 August 2019