

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		+ / (-) %
	2015 S\$'000	2014 S\$'000	
Revenue	100,123	101,456	(1.3)
Cost of sales	(78,934)	(80,354)	(1.8)
Gross profit	21,189	21,102	0.4
Other income	2,442	1,106	120.8
Distribution expenses	(11,235)	(10,710)	4.9
Administrative expenses	(7,342)	(7,429)	(1.2)
Other expenses	(149)	(540)	(72.4)
Results from operating activities	4,905	3,529	39.0
Net finance income/(costs)	585	(1,304)	n.m.
Share of loss of associates (net of tax)	-	-	n.m.
Profit before tax	5,490	2,225	146.7
Tax expense	(749)	(1,048)	(28.5)
Profit for the period	4,741	1,177	302.8
Attributable to:			
Owners of the Company	3,587	256	1,301.2
Non-controlling interests	1,154	921	25.3
Profit for the period	4,741	1,177	302.8

n.m. - not meaningful

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

	GROUP	
	1st Quarter Ended	
	31 March	
	2015	2014
	S\$'000	S\$'000
Profit before tax is stated after crediting:		
Interest income	541	412
Amortisation of deferred income	31	27
Net increase in fair value of financial assets designated at fair value through profit or loss	541	-
Gain on disposal of property, plant and equipment	162	31
Exchange gain	1,721	402
Write-back of allowance for stock obsolescence	-	19
and after charging:		
Allowance made for doubtful receivables	135	528
Bad debts written off	9	-
Net decrease in fair value of financial assets designated at fair value through profit or loss	-	1,128
Depreciation of investment properties	6	6
Depreciation of property, plant and equipment	2,341	2,105
Allowance for stock obsolescence	60	-
Inventories written off	1	9
Property, plant and equipment written off	4	9
Interest on borrowings	497	588
Taxation		
Current year tax	1,010	1,441
Over provision of tax in respect of prior years	(34)	(7)
Current year deferred tax	(220)	(375)
Over provision of deferred tax in respect of prior years	(7)	(11)
	<u>749</u>	<u>1,048</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	1st Quarter Ended		
	31 March		
	2015	2014	+/(-)
	S\$'000	S\$'000	%
Profit for the period	4,741	1,177	302.8
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	3,771	(4,072)	n.m.
Net change in fair value of available-for-sale financial assets	567	(157)	n.m.
Other comprehensive income for the period, net of tax	<u>4,338</u>	<u>(4,229)</u>	n.m.
Total comprehensive income for the period	<u>9,079</u>	<u>(3,052)</u>	n.m.
Attributable to:			
Owners of the Company	6,540	(2,840)	n.m.
Non-controlling interests	<u>2,539</u>	<u>(212)</u>	n.m.
Total comprehensive income for the period	<u>9,079</u>	<u>(3,052)</u>	n.m.

n.m. - not meaningful

Brief Review of Financial Performance

The Group's revenue for the first quarter 2015 (Q1 2015) of \$100.12 million was 1.3% lower than the \$101.46 million reported for the first quarter 2014 (Q1 2014). The decrease was mainly due to higher stockholding of agency products by customers of Consumer Business in Singapore in the previous year prior to price revision. This decrease was partially offset by the higher revenue contributed by the Packaging Business (Tat Seng Group).

Despite the lower revenue, gross profit for Q1 2015 improved by 0.4% from \$21.10 million in Q1 2014 to \$21.19 million in Q1 2015. The increase in gross profit margin was mainly due to higher margins achieved by the Packaging Business.

The increase in other income in Q1 2015 by \$1.34 million was mainly due to favourable exchange rate movement in Renminbi in Q1 2015. In addition, there was a gain on disposal of property, plant and equipment of \$0.16 million in Q1 2015 (Q1 2014: \$0.03 million).

The increase in distribution expenses from \$10.71 million in Q1 2014 to \$11.24 million in Q1 2015 was mainly due to higher advertising & promotion expenses and expenses incurred due to the implementation of GST for the Consumer Business in Malaysia in Q1 2015 as compared to the same period in 2014. However, there was a decrease in administrative expenses by \$0.09 million in Q1 2015 as compared to the same period in 2014, mainly attributable to lower staff cost incurred by the Consumer Business.

Other expenses decreased by \$0.39 million from \$0.54 million in Q1 2014 to \$0.15 million in Q1 2015 mainly due to lower allowance made for doubtful receivables as compared to Q1 2014.

The results from operating activities were \$4.91 million in Q1 2015 as compared to \$3.53 million in Q1 2014, an increase of 39.0%.

Net finance income of \$0.59 million in Q1 2015 were mainly attributable to net fair value gain of \$0.54 million on financial assets designated at fair value through profit or loss as compared to net fair value loss of \$1.13 million on financial assets in Q1 2014.

The profit before tax was \$5.49 million in Q1 2015 as compared to \$2.23 million in Q1 2014.

The Group's net profit after tax for was \$4.74 million in Q1 2015 as compared to \$1.18 million reported for Q1 2014. The net profit attributable to shareholders was \$3.59 million for Q1 2015 as compared to \$0.26 million reported for Q1 2014.

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

	Note	GROUP		COMPANY	
		31/03/2015	31/12/2014	31/03/2015	31/12/2014
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment		77,703	76,095	10,104	10,435
Investment properties		924	949	-	-
Subsidiaries		-	-	41,241	41,241
Other financial assets		3,299	2,732	2,291	1,900
Intangible assets		1,208	1,162	-	-
Deferred tax assets		1,762	1,681	-	-
		<u>84,896</u>	<u>82,619</u>	<u>53,636</u>	<u>53,576</u>
Current assets					
Inventories	1	37,251	42,125	8,884	9,025
Trade and other receivables	2	143,723	146,948	69,965	70,012
Other financial assets	3	3,593	5,777	3,593	5,777
Cash and cash equivalents	4	130,310	119,735	80,138	78,687
Assets held for sale		49,930	48,009	-	-
		<u>364,807</u>	<u>362,594</u>	<u>162,580</u>	<u>163,501</u>
Total assets		<u>449,703</u>	<u>445,213</u>	<u>216,216</u>	<u>217,077</u>
Equity attributable to equity holders of the Company					
Share capital		200,100	200,100	200,100	200,100
Reserves		66,659	60,119	(2,935)	(3,521)
		<u>266,759</u>	<u>260,219</u>	<u>197,165</u>	<u>196,579</u>
Non-controlling interests		46,706	44,167	-	-
Total equity		<u>313,465</u>	<u>304,386</u>	<u>197,165</u>	<u>196,579</u>
Non-current liabilities					
Loans and borrowings	5	1,099	1,218	-	-
Deferred income		1,166	1,153	-	-
Deferred tax liabilities		1,902	2,042	-	-
		<u>4,167</u>	<u>4,413</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	6	98,087	103,831	19,051	20,498
Loans and borrowings	5	33,306	31,734	-	-
Deferred income		124	121	-	-
Current tax payable		554	728	-	-
		<u>132,071</u>	<u>136,414</u>	<u>19,051</u>	<u>20,498</u>
Total liabilities		<u>136,238</u>	<u>140,827</u>	<u>19,051</u>	<u>20,498</u>
Total equity and liabilities		<u>449,703</u>	<u>445,213</u>	<u>216,216</u>	<u>217,077</u>

Note:

- Consumer Business in Malaysia has reduced their stockholding in anticipation of GST implementation on 1 April 2015. In addition, the Consumer Business in Singapore also reduced their stockholding due to over-stock by the customers in last quarter of 2014 prior to price revision.
- The decrease of \$3.23 million in trade and other receivables was mainly due to decrease in sales in the Packaging Business in China as compared to last quarter of 2014. In addition, there was a partial settlement of debt security held by a subsidiary in Singapore of \$1.40 million in Q1 2015.
- Other financial assets decreased by \$2.18 million in Q1 2015 for both group and company level was mainly due to maturity of loan note of \$2.80 million, partially set-off by an increase in fair value of financial assets designated at fair value through profit or loss.
- Refer to the consolidated statement of cash flow on Page 6 for details of movements in cash and cash equivalents.
- Total loans and borrowings increased by \$1.45 million was mainly due to higher usage of bills payable by the Packaging Business in China.
- The decrease of \$5.74 million in trade and other payables was mainly due to decrease in sales in the Packaging Business in China.

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

	As at	
	31/03/2015	31/12/2014
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- secured	21,276	20,156
- unsecured	12,030	11,578
	<u>33,306</u>	<u>31,734</u>
Amount repayable after one year		
- secured	1,099	1,218
	<u>1,099</u>	<u>1,218</u>
Total	<u>34,405</u>	<u>32,952</u>

Details of any collateral :

The total secured borrowings of \$22.38 million as at 31 March 2015 include:

Bank loans and bill payables of \$22.30 million, secured by the leasehold land, certain leasehold buildings and certain plant and machinery held by the Packaging Business with carrying amount of approximately \$30.65 million, cash and bank balances of \$4.20 million and bills receivables of \$8.06 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

		GROUP	
		1st Quarter Ended	
		31 March	
Note		2015	2014
		S\$'000	S\$'000
Operating activities			
	Profit for the period	4,741	1,177
	Adjustments for:		
	Tax expense	749	1,048
	Depreciation of investment properties	6	6
	Depreciation of property, plant and equipment	2,341	2,105
	Gain on disposal of property plant and equipment	(162)	(31)
	Property, plant and equipment written off	4	9
	Amortisation of deferred income	(31)	(27)
	Unrealised exchange loss/(gain)	(1,560)	(260)
	Net finance (income)/costs	(585)	1,304
	Operating profit before working capital changes	5,503	5,331
	Changes in working capital:		
	Inventories	1 5,169	(459)
	Trade and other receivables	2 6,102	2,202
	Trade and other payables	3 (7,464)	(8,039)
	Cash generated from/(used in) operations	9,310	(965)
	Tax paid	(1,244)	(1,700)
	Net cash from/(used in) operating activities	8,066	(2,665)
Investing activities			
	Interest received	509	346
	Proceeds from sale of property, plant and equipment	37	207
	Proceeds from maturity of financial assets	2,800	-
	Proceeds from partial settlement of debt security	1,397	818
	Purchase of property, plant and equipment	(1,721)	(2,227)
	Deposit received in relation to assets held for sale	-	1,619
	Net cash from investing activities	3,022	763
Financing activities			
	Interest paid	(497)	(588)
	Payment of finance lease liabilities	(4)	(682)
	Increase in pledged deposits	(900)	(651)
	Proceeds from borrowings	4 15,344	18,720
	Repayment of borrowings	4 (15,152)	(12,328)
	Proceeds from exercise of share options	-	80
	Net cash (used in)/from financing activities	(1,209)	4,551
	Net increase in cash and cash equivalents	9,879	2,649
	Cash and cash equivalents at beginning of the period	116,435	110,273
	Effect of exchange rate fluctuations on cash held	(204)	(315)
	Cash and cash equivalents at end of the period	126,110	112,607
	Comprising:		
	Cash at bank and in hand	42,495	47,773
	Fixed deposits with banks	87,815	73,983
		130,310	121,756
	Bank overdrafts	-	(2,624)
	Deposits pledged	(4,200)	(6,525)
		126,110	112,607

Note:

- 1 Please refer to note 1 in consolidated statement of financial position.
- 2 Please refer to note 2 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.

	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
At 1 January 2015	204,327	(4,227)	200,100	5,066	1,348	1,286	52,419	260,219	44,167	304,386
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	3,587	3,587	1,154	4,741
Other comprehensive income										
Foreign currency translation differences - foreign operations	-	-	-	-	-	2,449	-	2,449	1,322	3,771
Net change in fair value of available-for-sale financial assets	-	-	-	-	504	-	-	504	63	567
Total other comprehensive income	-	-	-	-	504	2,449	-	2,953	1,385	4,338
Total comprehensive income for the period	-	-	-	-	504	2,449	3,587	6,540	2,539	9,079
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Share options exercised	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-	-
At 31 March 2015	204,327	(4,227)	200,100	5,066	1,852	3,735	56,006	266,759	46,706	313,465
At 1 January 2014	204,229	(4,227)	200,002	4,262	1,071	311	50,790	256,436	40,953	297,389
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	256	256	921	1,177
Other comprehensive income										
Foreign currency translation differences - 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)
Total other comprehensive income	-	-	-	-	(140)	(2,956)	-	(3,096)	(1,133)	(4,229)
Total comprehensive income for the period	-	-	-	-	(140)	(2,956)	256	(2,840)	(212)	(3,052)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Share options exercised	98	-	98	(18)	-	-	-	80	-	80
Total contributions by and distributions to owners	98	-	98	(18)	-	-	-	80	-	80
Total transactions with owners	98	-	98	(18)	-	-	-	80	-	80
At 31 March 2014	204,327	(4,227)	200,100	4,244	931	(2,645)	51,046	253,676	40,741	294,417

Company	Issued Capital S\$'000	Treasury Shares S\$'000	Share Capital S\$'000	Other Reserves S\$'000	Fair Value Reserve S\$'000	Accumulated Losses S\$'000	Total Equity S\$'000
At 1 January 2015	204,327	(4,227)	200,100	491	1,056	(5,068)	196,579
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	196	196
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	-	-	390	-	390
Total comprehensive income for the period	-	-	-	-	390	196	586
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Share options exercised	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 31 March 2015	204,327	(4,227)	200,100	491	1,446	(4,872)	197,165
At 1 January 2014	204,229	(4,227)	200,002	511	840	(2,193)	199,160
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(1,961)	(1,961)
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	-	-	(109)	-	(109)
Total comprehensive income for the period	-	-	-	-	(109)	(1,961)	(2,070)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Share options exercised	98	-	98	(18)	-	-	80
Total transactions with owners	98	-	98	(18)	-	-	80
At 31 March 2014	204,327	(4,227)	200,100	493	731	(4,154)	197,170

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 January
Exercise of share options
In issue at 31 March

	2015	2014
No. of shares	No. of shares	No. of shares
570,996,746	570,496,746	
0	500,000	
<u>570,996,746</u>	<u>570,996,746</u>	

(ii) **Treasury shares**

Group and Company

Balance as at the end of the period

	2015	2014
No. of shares	No. of shares	No. of shares
<u>17,581,000</u>	<u>17,581,000</u>	

The total number of issued shares excluding treasury shares as at the end of the current financial period was 553,415,746 (31 March 2014: 553,415,746).

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

During the financial period ended 31 March 2015, 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 31 March 2015. 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	
	31/03/2015	31/12/2014
Total number of issued shares	<u>553,415,746</u>	<u>553,415,746</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.**

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 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 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	
	1st Quarter Ended	
	31/03/2015	31/03/2014
	cents	cents
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders:		
Basic earnings per share	0.65	0.05
Diluted earnings per share	0.64	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	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	48.20	47.02	35.63	35.51

- 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 \$2.17 million or 4.5% in Q1 2015, from \$48.70 million in Q1 2014 to \$46.53 million in Q1 2015. The decrease was attributable to higher stockholdings of agency products by its customers in 2014. Prior to the price revision of some agency products in second half of 2014, the customers have been holding higher level of stocks and accordingly lower sales were generated in Q1 2015. However, the reduction in revenue is set-off by higher distribution sales in Malaysia arising from new agency products in Q1 2015.

The Consumer Business recorded a profit of \$0.43 million in Q1 2015 as compared to \$0.52 million in the same period last year.

Health Solutions

The contribution from Health Solutions business in Q1 2015 was not material.

Packaging Business

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 2015 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 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 such as Fortune. New agencies are also being sought to enlarge the Group's range of products coverage.

The Group's packaging business expects the business environment in China to remain competitive. The plants will continue to manage their 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
8 May 2015