

HAW PAR CORPORATION LIMITED

(Company Registration Number: 196900437M)
(Incorporated in the Republic of Singapore)

Unaudited Second Quarter Financial Statements for the Period Ended 30 June 2014

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	2nd Quarter Ended 30 June 2014	2013	+ / (-) %	6 Months Ended 30 June 2014	2013	+ / (-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	45,482	40,002	13.7	83,877	73,060	14.8
Cost of sales	(18,334)	(16,508)	11.1	(33,752)	(31,144)	8.4
Gross profit	27,148	23,494	15.6	50,125	41,916	19.6
Other income	48,648	42,889	13.4	49,661	43,791	13.4
Distribution and marketing expenses	(11,331)	(9,109)	24.4	(20,387)	(16,718)	21.9
General and administrative expenses	(2,650)	(2,438)	8.7	(5,147)	(4,650)	10.7
Finance expenses	(131)	(67)	95.5	(206)	(132)	56.1
Profit from operations	61,684	54,769	12.6	74,046	64,207	15.3
Share of results of associated companies and gain on dilution of investment in associated company (net)	167	1,456	(88.5)	2,617	1,662	57.5
Profit before taxation	61,851	56,225	10.0	76,663	65,869	16.4
Taxation	(2,346)	(2,208)	6.3	(4,992)	(4,199)	18.9
Profit for the period, net of tax	59,505	54,017	10.2	71,671	61,670	16.2

A consolidated statement of comprehensive income for the 2nd quarter and 6 months ended 30 June 2014:

	Group			Group		
	2nd Quarter Ended 30 June 2014	2013	+ / (-) %	6 Months Ended 30 June 2014	2013	+ / (-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period, net of tax	59,505	54,017	10.2	71,671	61,670	16.2
Other comprehensive income, after tax, that may be reclassified subsequently to profit or loss:						
Fair value gains/(losses) on available-for-sale financial assets (net)	88,153	(47,812)	(284.4)	128,189	46,060	178.3
Currency translation differences on consolidation of foreign entities (net)	(2,997)	1,772	(269.1)	(1,486)	5,935	(125.0)
Share of associated company's currency translation reserve through equity accounting	-	2,871	100.0	-	2,871	100.0
Share of associated company's other comprehensive income through equity accounting	-	(34)	100.0	-	(34)	100.0
Other comprehensive income/(expense) for the period, net of tax	85,156	(43,203)	(297.1)	126,703	54,832	131.1
Total comprehensive income for the period	144,661	10,814	1,237.7	198,374	116,502	70.3

N/M - not meaningful

Note:

For the six months ended 30 June 2014, the Group has not accounted for the results of 14.28% owned associate, Hua Han Bio-Pharmaceutical Holdings Limited ("HHBP") as Hong Kong listing rules have a different timeline for releasing of results and HHBP is restricted by those rules from releasing its results only to the Group. Further announcement will be made when HHBP's results for the year ended 30 June 2014 become available.

The comparatives for 2nd quarter and six months ended 30 June 2013 have been updated for HHBP results in those periods.

1(a) Notes to the Income Statement

	Group			Group		
	2nd Quarter Ended 30 June			6 Months Ended 30 June		
	2014	2013	+ / (-)	2014	2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(i) Other income						
Investment income	48,006	42,409	13.2	48,242	42,533	13.4
Interest income	339	180	88.3	597	357	67.2
Miscellaneous income	303	300	1.0	822	901	(8.8)
	48,648	42,889	13.4	49,661	43,791	13.4
(ii) The following were charged/(credited) to the income statement :						
Interest on borrowings	131	67	95.5	206	132	56.1
Depreciation of property, plant and equipment	1,561	1,342	16.3	2,721	2,673	1.8
(Gain)/loss on disposal and write-off of property, plant and equipment	(187)	28	N/M	48	43	N/M
Allowance for impairment of receivables	-	1	(100.0)	-	39	(100.0)
Inventories written off/(written back)	18	(13)	N/M	39	5	N/M
Foreign exchange loss/(gain), net	359	(165)	N/M	356	(586)	N/M
Prior years' over provision of current taxation	(294)	(129)	N/M	(307)	(23)	N/M
Prior years' under provision of deferred taxation	8	224	N/M	52	170	N/M
(iii) Segmental results						
<u>Revenue</u>						
Healthcare	37,234	30,178	23.4	67,181	53,506	25.6
Leisure	4,364	5,548	(21.3)	8,544	11,205	(23.7)
Property	3,884	4,276	(9.2)	8,152	8,349	(2.4)
	45,482	40,002	13.7	83,877	73,060	14.8
<u>Profit from operations</u>						
Healthcare	10,596	8,385	26.4	19,423	13,815	40.6
Leisure	1,077	1,269	(15.1)	1,774	2,898	(38.8)
Property	2,806	3,407	(17.6)	6,079	6,517	(6.7)
Investments	48,193	42,445	13.5	48,580	42,749	13.6
Unallocated expenses	(988)	(737)	34.1	(1,810)	(1,772)	2.1
	61,684	54,769	12.6	74,046	64,207	15.3

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/06/14 S\$'000	31/12/13 S\$'000	30/06/14 S\$'000	31/12/13 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	33,716	35,758	-	-
Investment properties	222,284	222,139	-	-
Investment in subsidiaries	-	-	381,957	381,957
Investment in associated companies	120,944	119,097	2,895	2,895
Available-for-sale financial assets	1,715,342	1,537,531	357	357
Deferred income tax assets	644	489	-	-
Intangible assets	11,116	11,116	-	-
	2,104,046	1,926,130	385,209	385,209
Current assets				
Available-for-sale financial assets	432,550	397,197	-	-
Inventories	9,939	9,711	-	-
Trade and other receivables	26,787	22,671	123,367	85,064
Cash and bank balances	198,072	210,267	166,782	185,581
	667,348	639,846	290,149	270,645
Total assets	2,771,394	2,565,976	675,358	655,854
LIABILITIES				
Current liabilities				
Trade and other payables	39,643	36,996	101,675	115,564
Current income tax liabilities	8,229	6,901	238	186
Borrowings	51,664	23,784	51,664	23,784
	99,536	67,681	153,577	139,534
Non-current liabilities				
Deferred income tax liabilities	57,526	53,574	-	-
	57,526	53,574	-	-
Total liabilities	157,062	121,255	153,577	139,534
NET ASSETS	2,614,332	2,444,721	521,781	516,320
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	248,602	246,848	248,602	246,848
Retained profits	853,201	812,182	269,791	266,219
Reserves	1,512,529	1,385,691	3,388	3,253
Total equity	2,614,332	2,444,721	521,781	516,320

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

Amount repayable in one year or less, or on demand

As at 30/06/14		As at 31/12/13	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
51,664	-	23,784	-

Amount repayable after one year

As at 30/06/14		As at 31/12/13	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

The Group has provided certain investment properties, available-for-sale financial assets and fixed deposits to secure its borrowings and credit facilities.

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

	Group		Group	
	2nd Quarter Ended 30 June		6 Months Ended 30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before tax	61,851	56,225	76,663	65,869
Adjustments for:				
Investment income	(48,006)	(42,409)	(48,242)	(42,533)
Depreciation of property, plant and equipment	1,561	1,342	2,721	2,673
Share of results and dilution adjustments of associated companies	(167)	(1,456)	(2,617)	(1,662)
Interest income	(339)	(180)	(597)	(357)
(Gain)/loss on disposal and write-off of property, plant and equipment	(187)	28	48	43
Finance expenses	131	67	206	132
Expensing of share options	68	64	135	113
Inventories written off/(written back)	18	(13)	39	5
Allowance for impairment of receivables	-	1	-	39
Currency translation losses/(gains)	194	(73)	67	(260)
Operating profit before working capital changes	15,124	13,596	28,423	24,062
(Increase)/decrease in inventories	(429)	1,405	(267)	18
Increase in trade and other receivables	(6,202)	(4,336)	(8,859)	(7,254)
Increase/(decrease) in trade and other payables	4,796	937	2,797	(1,154)
Cash generated from operations	13,289	11,602	22,094	15,672
Investment income received (Note)	259	42,408	441	42,483
Interest income received	282	232	493	374
Net taxation paid	(3,234)	(3,459)	(3,947)	(3,909)
Net cash provided by operating activities	10,596	50,783	19,081	54,620
Cash flows from investing activities:				
Dividends from an associated company	-	-	4,960	5,375
Purchase of property, plant and equipment	(358)	(268)	(1,351)	(1,559)
Improvements to investment properties	-	(462)	-	(838)
Proceeds from sale of property, plant and equipment	6	1	8	2
Purchase of available-for-sale financial assets	-	-	(33,853)	-
Net cash (used in)/provided by investing activities	(352)	(729)	(30,236)	2,980
Cash flows from financing activities:				
Payment of dividends to shareholders of the Company	(30,652)	(27,829)	(30,652)	(27,829)
Proceeds from issue of share capital	1,171	1,582	1,754	3,699
Interest expense paid	(151)	(69)	(220)	(134)
Bank deposits pledged	3	8	2	(12)
Repayment of borrowings	(5,502)	-	(5,502)	-
Proceeds from borrowings	-	-	33,856	-
Net cash used in financing activities	(35,131)	(26,308)	(762)	(24,276)
Net (decrease)/increase in cash and cash equivalents	(24,887)	23,746	(11,917)	33,324
Cash and cash equivalents at beginning of the period	221,728	159,569	208,606	149,460
Effects of currency translation on cash and cash equivalents	(428)	(313)	(276)	218
Cash and cash equivalents at end of the period	196,413	183,002	196,413	183,002
Cash and cash equivalents comprised the following:				
Cash and bank balances	198,072	184,669	198,072	184,669
Less: Bank deposits pledged for banker's guarantee	(1,659)	(1,667)	(1,659)	(1,667)
	196,413	183,002	196,413	183,002

Note : During the financial period, approximately \$47.7m of investment income was received as non-cash available-for-sale financial assets in lieu of dividends.

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.

	Share Capital	Fair Value Reserve	Other Reserve	Foreign Currency Translation Reserve	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group						
2014						
Balance at 1 January 2014	246,848	1,368,797	23,752	(6,858)	812,182	2,444,721
Issue of share capital	1,754	-	-	-	-	1,754
Expensing of share options	-	-	135	-	-	135
Dividends paid	-	-	-	-	(30,652)	(30,652)
Total comprehensive income/(expense) for the period	-	128,189	-	(1,486)	71,671	198,374
Balance at 30 June 2014	248,602	1,496,986	23,887	(8,344)	853,201	2,614,332
2013						
Balance at 1 January 2013	243,114	1,254,885	23,446	(13,539)	745,311	2,253,217
Issue of share capital	3,699	-	-	-	-	3,699
Expensing of share options	-	-	113	-	-	113
Dividends paid	-	-	-	-	(27,829)	(27,829)
Total comprehensive income/(expense) for the period	-	46,060	(34)	8,806	61,670	116,502
Balance at 30 June 2013	246,813	1,300,945	23,525	(4,733)	779,152	2,345,702

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.

	Share Capital \$'000	Fair Value Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total Equity \$'000
<u>The Company</u>					
2014					
Balance at 1 January 2014	246,848	103	3,150	266,219	516,320
Issue of share capital	1,754	-	-	-	1,754
Expensing of share options	-	-	135	-	135
Dividends paid	-	-	-	(30,652)	(30,652)
Total comprehensive income for the period	-	-	-	34,224	34,224
Balance at 30 June 2014	248,602	103	3,285	269,791	521,781
2013					
Balance at 1 January 2013	243,114	(53)	2,909	209,838	455,808
Issue of share capital	3,699	-	-	-	3,699
Expensing of share options	-	-	113	-	113
Dividends paid	-	-	-	(27,829)	(27,829)
Total comprehensive income for the period	-	-	-	4,788	4,788
Balance at 30 June 2013	246,813	(53)	3,022	186,797	436,579

- 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 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.**

Since 31 March 2014, 183,000 shares were issued pursuant to the exercise of share options.

As at 30 June 2014, unissued shares under the share option scheme of the Company were as follows:

The Haw Par Corporation Group 2002 Share Option Scheme	<u>30/06/14</u> 1,035,000	<u>30/06/13</u> 795,000
	<u>1,035,000</u>	<u>795,000</u>

- 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.**

	<u>30/06/14</u>	<u>31/12/13</u>
Total number of issued shares	<u>218,944,173</u>	<u>218,664,173</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.**

Not applicable.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures as shown in the announcement have not been audited nor reviewed by the Company's auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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.**

These financial statements have been prepared based on accounting policies and methods of computation consistent with those adopted in the most recently audited annual financial statements, except for accounting of associated companies as set out on Page 1 and as stated in Note 5.

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.

From 1 January 2014, the Group adopted FRS 110 *Consolidated Financial Statements* and FRS 112 *Disclosure of Interests in Other Entities*.

FRS 110 replaces all of the guidance on control and consolidation in FRS 27 “Consolidated and Separate Financial Statements” and INT FRS 12 “Consolidation – Special Purpose Entities”. The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess.

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities.

There was no material impact to the consolidated financial statements as a result of adopting the new FRSes.

6. Earnings 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.

	<u>Group</u>		<u>Group</u>	
	<u>2nd Quarter Ended 30 June 2014</u>	<u>2013</u>	<u>6 Months Ended 30 June 2014</u>	<u>2013</u>
Earnings per ordinary share:				
(a) Based on the weighted average number of ordinary shares on issue	27.2 cts	24.7 cts	32.8 cts	28.2 cts
(b) On a fully diluted basis	27.2 cts	24.7 cts	32.7 cts	28.2 cts

The Earnings per share calculations for the current period has not incorporated the share of profits of the Hong Kong listed associate, Hua Han Bio-Pharmaceutical Holdings Limited, for the period, due to difference in reporting timeline. This will be updated when the results become available.

7. Net asset value (for the issuer and group) per ordinary share based on the issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>30/06/14</u>	<u>31/12/13</u>	<u>30/06/14</u>	<u>31/12/13</u>
Net asset value per ordinary share (S\$)	11.94	11.18	2.38	2.36

The Net asset value per share of the Group as at 30 June 2014 has not incorporated for any share in change in asset value of the Hong Kong listed associate, Hua Han Bio-Pharmaceutical Holdings Limited, for the period, due to difference in reporting timeline. This will be updated when the results become available.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **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; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

2nd quarter ended 30 June 2014

Group revenues of \$45.5m were 13.7% higher than 2Q2013. Profit from operations increased by 12.6% to \$61.7m. This was mainly contributed by the increase in sales and margins from the Healthcare division and higher dividend income from investments. Net profit for the period increased by 10.2% to \$59.5m. Contribution from the Hong Kong associate, Hua Han Bio-Pharmaceutical Holdings Limited ("HHBP") will be accounted when their results are available.

Healthcare division reported a 23.4% increase in sales to \$37.2m and 26.4% increase in profit to \$10.6m due to higher sales in most key markets. Leisure division reported a 21.3% decrease in revenue and 15.1% decrease in profit compared to 2Q2013 due mainly to intense competition and weaker tourist sentiments during the quarter. Property division experienced a 9.2% decrease in revenue to \$3.9m and 17.6% decrease in profit from operations to \$2.8m compared to 2Q2013 due to lower occupancy.

6 months ended 30 June 2014

Revenue for 6M2014 was 14.8% higher than 6M2013 at \$83.9m. Profits from operations increased by 15.3% to \$74.0m with higher contribution from Healthcare division and higher dividend income. Net earnings for the period will be finalised after HHBP's results become available.

Healthcare division's revenue and profit from operations increased by 25.6% and 40.6% to \$67.2m and \$19.4m respectively compared to 6M2013 due to increased advertising and promotional efforts. Leisure division's profits of \$1.8m decreased 38.8% compared to 2Q2013. Property division's profits decreased 6.7% to \$6.1m due to lower occupancy.

Non-current and current available-for-sale financial assets increased \$213.2m mainly due to increase in fair value of quoted securities and purchase of new investments of \$33.8m.

Trade and other receivables increased by 18.1% from \$22.7m to \$26.8m mainly due to increase in revenue from Healthcare division.

Current income tax liabilities increased 19.2% due to increase in taxable profit and timing differences of tax payment to the various tax authorities.

Borrowings increased from \$23.8m to \$51.7m mainly due to financing of foreign currency denominated assets.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement was made previously in respect of 2Q 2014 results.

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.**

Global macroeconomic environment continues to be uncertain with increasing conflicts that may affect economic growth in some of our key markets which could impact our operating divisions.

Direct competition will continue to affect the Leisure division.

11. If a decision regarding dividend has been made: -

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and -

(b) (i) Amount per share :

(ii) Previous corresponding period:

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated.)

	2014	2013
Name of Dividend	First & Interim	First & Interim
Dividend Type	Cash	Cash
Dividend amount per share	6 cents per ordinary share tax-exempt (one-tier)	6 cents per ordinary share tax-exempt (one-tier)
Tax Rate	Tax-Exempt (one-tier)	Tax-Exempt (one-tier)

(d) The date the dividend is payable

First & Interim Dividend - 4 September 2014

(e) The date on which Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend are determined.

The Share Transfer Books and Register of Members of the Company will be closed on 25 August 2014, 5.00 p.m. . Duly completed transfers in respect of ordinary shares in the capital of the Company (“Shares”) received by the Company’s Registrar up to 5.00 p.m. on 25 August 2014 will be registered to determine shareholders’ entitlement to the First & Interim Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited which are credited with Shares as at 5.00 p.m. on 25 August 2014 will be entitled to such dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

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 does not have any general mandate from shareholders pursuant to Rule 920.

14. Negative confirmation pursuant to Rule 705 (5) of the Listing Manual

CONFIRMATION BY THE BOARD

The Board of Directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the 6 months ended 30 June 2014 to be false or misleading.

BY ORDER OF THE BOARD

Zann Lim
Company Secretary
13 August 2014