



HAW PAR CORPORATION LIMITED

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

Unaudited Second Quarter Financial Results for the Period Ended 30 June 2017

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			6 Months Ended 30 June		
	2017	2016	+ / (-)	2017	2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	60,527	52,634	15.0	121,376	104,952	15.6
Cost of sales	(21,797)	(21,340)	2.1	(43,843)	(41,279)	6.2
Gross profit	38,730	31,294	23.8	77,533	63,673	21.8
Other income	35,255	35,535	(0.8)	36,395	37,496	(2.9)
Distribution and marketing expenses	(14,552)	(12,326)	18.1	(29,449)	(24,751)	19.0
General and administrative expenses	(3,837)	(3,377)	13.6	(7,972)	(7,602)	4.9
Finance expenses	(95)	(96)	(1.0)	(189)	(190)	(0.5)
Profit from operations	55,501	51,030	8.8	76,318	68,626	11.2
Share of profit of associated company	184	107	72.0	463	380	21.8
Profit before taxation	55,685	51,137	8.9	76,781	69,006	11.3
Taxation	(3,784)	(2,781)	36.1	(7,598)	(6,462)	17.6
Profit for the period, net of tax	51,901	48,356	7.3	69,183	62,544	10.6

A consolidated statement of comprehensive income for the 2nd quarter and 6 months ended 30 June 2017:

	Group			Group		
	2nd Quarter Ended 30 June			6 Months Ended 30 June		
	2017	2016	+ / (-)	2017	2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period, net of tax	51,901	48,356	7.3	69,183	62,544	10.6
Other comprehensive income/(expense), after tax, <i>Items that may be reclassified subsequently to profit or loss:</i>						
Currency translation differences on consolidation of foreign entities (net)	1,332	(917)	N/M	145	(1,049)	N/M
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Fair value changes on financial assets at fair value through other comprehensive income (net)	120,076	(93,009)	N/M	309,424	(194,923)	N/M
Other comprehensive income/(expense) for the period, net of tax	121,408	(93,926)	N/M	309,569	(195,972)	N/M
Total comprehensive income/(expense) for the period	173,309	(45,570)	N/M	378,752	(133,428)	N/M

N/M - not meaningful

1(a) Notes to the Income Statement

	Group			Group		
	2nd Quarter Ended 30 June			6 Months Ended 30 June		
	2017	2016	+ / (-)	2017	2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(i) Other income						
Investment income	33,987	33,246	2.2	33,987	33,620	1.1
Interest income	891	881	1.1	1,710	1,863	(8.2)
Miscellaneous income	377	1,408	(73.2)	698	2,013	(65.3)
	35,255	35,535	(0.8)	36,395	37,496	(2.9)
(ii) The following were charged/(credited) to the income statement :						
Interest on borrowings	95	96	(1.0)	189	190	(0.5)
Depreciation of property, plant and equipment	788	750	5.1	1,597	1,526	4.7
Inventories written down	10	9	11.1	205	15	1,266.7
Foreign exchange loss, net	303	258	17.4	1,468	2,051	(28.4)
Prior years' under/(over) provision of current taxation	226	(184)	N/M	234	116	101.7
Prior years' overprovision of deferred taxation	-	(5)	N/M	-	(5)	N/M
Loss on disposal and write-off of property, plant and equipment	-	19	N/M	2	21	(90.5)

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	
	30/6/2017 S\$'000	31/12/2016 S\$'000	30/6/2017 S\$'000	31/12/2016 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	25,311	23,450	-	-
Investment properties	211,637	211,362	-	-
Investment in subsidiaries	-	-	375,357	375,357
Investment in associated company	4,776	4,313	2,895	2,895
Financial assets (FVOCI)	1,917,450	1,630,061	234	231
Deferred income tax assets	555	539	-	-
Intangible assets	11,116	11,116	-	-
	2,170,845	1,880,841	378,486	378,483
Current assets				
Financial assets (FVOCI)	454,880	397,270	-	-
Inventories	12,087	11,523	-	-
Trade and other receivables	44,313	33,508	131,181	131,605
Cash and bank balances	329,665	313,012	311,039	283,955
	840,945	755,313	442,220	415,560
Total assets	3,011,790	2,636,154	820,706	794,043
LIABILITIES				
Current liabilities				
Trade and other payables	55,352	52,992	76,181	34,954
Current income tax liabilities	11,706	10,981	566	621
Borrowings	46,925	45,799	46,925	45,799
	113,983	109,772	123,672	81,374
Non-current liabilities				
Deferred income tax liabilities	60,090	50,832	-	-
	60,090	50,832	-	-
Total liabilities	174,073	160,604	123,672	81,374
NET ASSETS	2,837,717	2,475,550	697,034	712,669
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	256,491	251,359	256,491	251,359
Retained profits	1,119,866	1,072,672	436,160	457,202
Other reserves	1,461,360	1,151,519	4,383	4,108
Total equity	2,837,717	2,475,550	697,034	712,669

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

Amount repayable in one year or less, or on demand

As at 30/6/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
46,925	-	45,799	-

Amount repayable after one year

As at 30/6/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

The Group has provided certain investment properties and certain financial assets (FVOCI) to secure its borrowings.

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	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before tax	55,685	51,137	76,781	69,006
Adjustments for:				
Investment income	(33,987)	(33,246)	(33,987)	(33,620)
Interest income	(891)	(881)	(1,710)	(1,863)
Depreciation of property, plant and equipment	788	750	1,597	1,526
Share of profits of associated company	(184)	(107)	(463)	(380)
Expensing of share options	157	89	272	159
Inventories written down	10	9	205	15
Finance expenses	95	96	189	190
Loss on disposal and write-off of property, plant and equipment	-	19	2	21
Unrealised currency translation losses	308	296	1,303	841
Operating profit before working capital changes	21,981	18,162	44,189	35,895
(Increase)/decrease in inventories	(1,786)	80	(769)	1,720
(Increase)/decrease in trade and other receivables	(2,673)	2,035	(10,946)	(4,282)
Increase/(decrease) in trade and other payables	6,655	3,550	2,377	(912)
Cash generated from operations	24,177	23,827	34,851	32,421
Investment income received	8,803	24,639	8,803	28,559
Interest income received	856	1,025	1,842	1,929
Net taxation paid	(4,918)	(4,113)	(6,929)	(5,987)
Net cash provided by operating activities	28,918	45,378	38,567	56,922
Cash flows from investing activities:				
Proceeds from disposal of financial assets (FVOCI)	-	-	-	12,311
Purchase of property, plant and equipment	(2,747)	(442)	(3,639)	(1,380)
Improvements to investment properties	(65)	(10)	(65)	(10)
Net cash (used in)/provided by investing activities	(2,812)	(452)	(3,704)	10,921
Cash flows from financing activities:				
Payment of dividends to shareholders of the Company	(21,989)	(63,576)	(21,989)	(63,576)
Proceeds from issue of share capital	2,609	469	5,132	771
Interest expense paid	(64)	(67)	(190)	(162)
Net cash used in financing activities	(19,444)	(63,174)	(17,047)	(62,967)
Net increase/(decrease) in cash and cash equivalents	6,662	(18,248)	17,816	4,876
Cash and cash equivalents at beginning of the period	322,505	336,547	312,596	314,208
Effects of currency translation on cash and cash equivalents	78	(407)	(1,167)	(1,192)
Cash and cash equivalents at end of the financial period	329,245	317,892	329,245	317,892
Cash and cash equivalents comprised the following:				
Cash and bank balances	329,665	319,415	329,665	319,415
Less: Bank deposits pledged for banker's guarantee	(420)	(1,523)	(420)	(1,523)
	329,245	317,892	329,245	317,892

Note: During the quarter, approximately \$25.2m (2016: \$8.6m) of investment income was received as non-cash financial assets (FVOCI) in lieu of cash 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
<u>The Group</u>						
2017						
Balance at 1 January 2017	251,359	1,143,580	23,090	(15,151)	1,072,672	2,475,550
Issue of share capital	5,132	-	-	-	-	5,132
Expensing of share options	-	-	272	-	-	272
Dividends paid	-	-	-	-	(21,989)	(21,989)
Total comprehensive income for the period	-	309,424	-	145	69,183	378,752
Balance at 30 June 2017	256,491	1,453,004	23,362	(15,006)	1,119,866	2,837,717
2016						
Balance at 1 January 2016	249,895	1,245,747	22,665	(13,441)	1,030,257	2,535,123
Issue of share capital	771	-	-	-	-	771
Expensing of share options	-	-	159	-	-	159
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained profits	-	(2,879)	-	-	2,879	-
Dividends paid	-	-	-	-	(63,576)	(63,576)
Total comprehensive (expense)/income for the period	-	(194,923)	-	(1,049)	62,544	(133,428)
Balance at 30 June 2016	250,666	1,047,945	22,824	(14,490)	1,032,104	2,339,049

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	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Company</u>					
2017					
Balance at 1 January 2017	251,359	(23)	4,131	457,202	712,669
Issue of share capital	5,132	-	-	-	5,132
Expensing of share options	-	-	272	-	272
Dividends paid	-	-	-	(21,989)	(21,989)
Total comprehensive income for the period	-	3	-	947	950
Balance at 30 June 2017	256,491	(20)	4,403	436,160	697,034
2016					
Balance at 1 January 2016	249,895	27	3,706	426,306	679,934
Issue of share capital	771	-	-	-	771
Expensing of share options	-	-	159	-	159
Dividends paid	-	-	-	(63,576)	(63,576)
Total comprehensive income for the period	-	-	-	14,366	14,366
Balance at 30 June 2016	250,666	27	3,865	377,096	631,654

- 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 2017, 316,000 shares were issued pursuant to the exercise of share options.

As at 30 June 2017, unissued shares under the share option scheme of the Company were as follows:

	<u>30/6/2017</u>	<u>30/6/2016</u>
The Haw Par Corporation Group 2002 Share Option Scheme	<u>1,428,000</u>	<u>1,740,000</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>30/6/2017</u>	<u>31/12/2016</u>
Total number of issued shares	<u>219,964,173</u>	<u>219,330,173</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 or reviewed by the Company's auditors.

- 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 results have been prepared based on accounting policies and methods of computation consistent with those adopted in the most recently audited annual financial statements for the year ended 31 December 2016, except 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.

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS including the following:

- Amendments to FRS 7 Statement of cash flows
- Amendments to FRS 12 Income taxes

The adoption of these new standards or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

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 2017</u>	<u>2016</u>	<u>6 Months Ended 30 June 2017</u>	<u>2016</u>
Earnings per ordinary share:				
(a) Based on the weighted average number of ordinary shares on issue	23.6 cts	22.1 cts	31.5 cts	28.5 cts
(b) On a fully diluted basis	23.6 cts	22.1 cts	31.5 cts	28.5 cts

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>30/6/2017</u>	<u>31/12/2016</u>	<u>30/6/2017</u>	<u>31/12/2016</u>
Net asset value per ordinary share (S\$)	12.90	11.29	3.17	3.25

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.

Income statement and statement of comprehensive income

2nd quarter ended 30 June 2017

The Group's revenue increased 15.0% to \$60.5m for the quarter mainly due to higher sales from Healthcare. Demand for Tiger Balm products grew following the expansion in distribution network and increase in marketing activities. The Group's revenue growth was partially offset by lower revenue from Leisure.

Gross profit increased 23.8% with higher sales and absence of one-off costs incurred.

Distribution and marketing expenses increased 18.1% to \$14.6m mainly due to higher marketing expenses to drive sales growth.

General and administrative expenses increased 13.6% to \$3.8m due to higher staff costs and unfavourable exchange differences in the quarter.

6 months ended 30 June 2017

Revenue increased 15.6% to \$121.4m due to Healthcare and Property. Sales for Tiger Balm products continued to grow and occupancy for Property improved compared to last year.

Gross profit and profit from operations increased 21.8% and 11.2% respectively in first half of 2017 due to increase in revenue in Healthcare and Property.

Statements of financial position and cashflow (30 June 2017 vs 31 December 2016)

Trade and other receivables increased 32.2% to \$44.3m due to higher trade receivables as sales continued to grow.

As at 30 June 2017, net assets per share increased from \$11.29 to \$12.90, mainly due to higher fair value of the Group's financial 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 2017 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.

The Group's investments and correspondingly its net assets will continue to be affected by the volatility of global financial markets.

The key markets where Healthcare operates in depend on continued tourist inflows and geopolitical stability in order to sustain growth.

The proposed disposal of 60m UIC shares in exchange for 27.27m UOL shares is subject to shareholders' approval in August 2017. If the proposed transaction is approved, the Group's strategic investment portfolio will change accordingly to include a larger shareholding of 8.57% (from 5.51%) in UOL Group Limited.

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.)**

	2017	2016
Name of Dividend	First & Interim	First & Interim
Dividend Type	Cash	Cash
Dividend amount per share	10 cents per ordinary share tax-exempt (one-tier)	10 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 - 6 September 2017

(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 24 August 2017, 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 24 August 2017 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 24 August 2017 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 six months ended 30 June 2017 to be false or misleading.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD