

HAW PAR CORPORATION LIMITED

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

Unaudited Third Quarter Financial Results for the Period Ended 30 September 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		
	3rd Quarter Ended 30 September			9 Months Ended 30 September		
	2017	2016	+ / (-)	2017	2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	53,393	49,714	7.4	174,769	154,666	13.0
Cost of sales	(19,357)	(17,317)	11.8	(63,200)	(58,596)	7.9
Gross profit	34,036	32,397	5.1	111,569	96,070	16.1
Other income	26,857	26,156	2.7	63,252	63,652	(0.6)
Distribution and marketing expenses	(13,083)	(10,876)	20.3	(42,532)	(35,627)	19.4
General and administrative expenses	(4,252)	(2,290)	85.7	(12,224)	(9,892)	23.6
Finance expenses	(94)	(103)	(8.7)	(283)	(293)	(3.4)
Profit from operations	43,464	45,284	(4.0)	119,782	113,910	5.2
Share of profit of associated company	160	200	(20.0)	623	580	7.4
Profit before taxation	43,624	45,484	(4.1)	120,405	114,490	5.2
Taxation	(3,118)	(3,125)	(0.2)	(10,716)	(9,587)	11.8
Profit for the period, net of tax	40,506	42,359	(4.4)	109,689	104,903	4.6

A consolidated statement of comprehensive income for the 3rd quarter and 9 months ended 30 September 2017:

	Group			Group		
	3rd Quarter Ended 30 September			9 Months Ended 30 September		
	2017	2016	+ / (-)	2017	2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period, net of tax	40,506	42,359	(4.4)	109,689	104,903	4.6
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)	(342)	(311)	10.0	(197)	(1,360)	(85.5)
Reclassification of currency translation reserve to profit or loss on deregistration of subsidiary company	-	(302)	N/M	-	(302)	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)	84,653	26,013	225.4	394,077	(168,910)	N/M
Other comprehensive income/(expense) for the period, net of tax	84,311	25,400	231.9	393,880	(170,572)	N/M
Total comprehensive income/(expense) for the period	124,817	67,759	84.2	503,569	(65,669)	N/M

N/M - not meaningful

1(a) Notes to the Income Statement

	Group			Group		
	3rd Quarter Ended 30 September			9 Months Ended 30 September		
	2017	2016	+ / (-)	2017	2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(i) Other income						
Investment income	25,635	24,639	4.0	59,622	58,259	2.3
Interest income	924	753	22.7	2,634	2,616	0.7
Reclassification of currency translation reserve to profit or loss on deregistration of subsidiary company	-	302	N/M	-	302	N/M
Miscellaneous income	298	462	(35.5)	996	2,475	(59.8)
	26,857	26,156	2.7	63,252	63,652	(0.6)
(ii) The following were charged/(credited) to the income statement :						
Interest on borrowings	94	103	(8.7)	283	293	(3.4)
Depreciation of property, plant and equipment	903	764	18.2	2,500	2,290	9.2
Inventories written down	4	55	(92.7)	209	70	198.6
Foreign exchange loss/(gain), net	1,480	(409)	N/M	2,948	1,642	79.5
Prior years' (over)/under provision of current taxation	(423)	(1)	N/M	(189)	115	N/M
Prior years' overprovision of deferred taxation	-	(1)	N/M	-	(6)	N/M
Loss/(gain) on disposal and write-off of property, plant and equipment	4	(121)	N/M	6	(100)	N/M

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	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	25,670	23,450	-	-
Investment properties	211,427	211,362	-	-
Investment in subsidiaries	-	-	594,357	375,357
Investment in associated company	4,936	4,313	2,895	2,895
Financial assets (FVOCI)	1,996,012	1,630,061	234	231
Deferred income tax assets	551	539	-	-
Intangible assets	11,116	11,116	-	-
	2,249,712	1,880,841	597,486	378,483
Current assets				
Financial assets (FVOCI)	463,303	397,270	-	-
Inventories	16,143	11,523	-	-
Trade and other receivables	37,959	33,508	131,781	131,605
Cash and bank balances	350,463	313,012	323,181	283,955
	867,868	755,313	454,962	415,560
Total assets	3,117,580	2,636,154	1,052,448	794,043
LIABILITIES				
Current liabilities				
Trade and other payables	59,421	52,992	111,712	34,954
Current income tax liabilities	9,994	10,981	385	621
Borrowings	45,048	45,799	45,048	45,799
	114,463	109,772	157,145	81,374
Non-current liabilities				
Deferred income tax liabilities	61,361	50,832	-	-
	61,361	50,832	-	-
Total liabilities	175,824	160,604	157,145	81,374
NET ASSETS	2,941,756	2,475,550	895,303	712,669
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	257,601	251,359	257,601	251,359
Retained profits	1,138,368	1,072,672	633,203	457,202
Other reserves	1,545,787	1,151,519	4,499	4,108
Total equity	2,941,756	2,475,550	895,303	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 30/9/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
45,048	-	45,799	-

Amount repayable after one year

As at 30/9/2017		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 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	
	3rd Quarter Ended 30 September 2017	2016	9 Months Ended 30 September 2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before tax	43,624	45,484	120,405	114,490
Adjustments for:				
Investment income	(25,635)	(24,639)	(59,622)	(58,259)
Interest income	(924)	(753)	(2,634)	(2,616)
Depreciation of property, plant and equipment	903	764	2,500	2,290
Share of profits of associated company	(160)	(200)	(623)	(580)
Expensing of share options	116	133	388	292
Finance expenses	94	103	283	293
Inventories written down	4	55	209	70
Loss/(gain) on disposal and write-off of property, plant and equipment	4	(121)	6	(100)
Reclassification of currency translation reserve to profit or loss on deregistration of subsidiary company	-	(302)	-	(302)
Unrealised currency translation losses/(gains)	901	(699)	2,204	142
Operating profit before working capital changes	18,927	19,825	63,116	55,720
(Increase)/decrease in inventories	(4,060)	(757)	(4,829)	963
Decrease/(increase) in trade and other receivables	6,256	(467)	(4,690)	(4,749)
Increase/(decrease) in trade and other payables	3,866	588	6,243	(324)
Cash generated from operations	24,989	19,189	59,840	51,610
Investment income received	25,635	-	34,438	28,559
Interest income received	1,022	614	2,864	2,543
Net taxation paid	(4,813)	(3,954)	(11,742)	(9,941)
Net cash provided by operating activities	46,833	15,849	85,400	72,771
Cash flows from investing activities:				
Purchase of property, plant and equipment	(1,209)	(165)	(4,848)	(1,545)
Purchase of financial assets (FVOCI)	(2,702)	(20,331)	(2,702)	(20,331)
Improvements to investment properties	-	-	(65)	(10)
Proceeds from disposal of financial assets (FVOCI)	-	-	-	12,311
Proceeds from sale of property, plant and equipment	-	156	-	156
Net cash used in investing activities	(3,911)	(20,340)	(7,615)	(9,419)
Cash flows from financing activities:				
Payment of dividends to shareholders of the Company	(22,004)	(21,929)	(43,993)	(85,505)
Proceeds from issue of share capital	1,110	417	6,242	1,188
Interest expense paid	(124)	(132)	(314)	(294)
Bank deposits released from pledge	-	1,113	-	1,113
Net cash used in financing activities	(21,018)	(20,531)	(38,065)	(83,498)
Net increase/(decrease) in cash and cash equivalents	21,904	(25,022)	39,720	(20,146)
Cash and cash equivalents at beginning of the period	329,245	317,892	312,596	314,208
Effects of currency translation on cash and cash equivalents	(1,106)	384	(2,273)	(808)
Cash and cash equivalents at end of the financial period	350,043	293,254	350,043	293,254
Cash and cash equivalents comprised the following:				
Cash and bank balances	350,463	293,664	350,463	293,664
Less: Bank deposits pledged for banker's guarantee	(420)	(410)	(420)	(410)
	350,043	293,254	350,043	293,254

Note: During the financial period ended 30 September 2017, approximately \$25.2m (2016: \$33.2m) 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	6,242	-	-	-	-	6,242
Expensing of share options	-	-	388	-	-	388
Dividends paid	-	-	-	-	(43,993)	(43,993)
Total comprehensive income/(expense) for the period	-	394,077	-	(197)	109,689	503,569
Balance at 30 September 2017	257,601	1,537,657	23,478	(15,348)	1,138,368	2,941,756
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	1,188	-	-	-	-	1,188
Expensing of share options	-	-	292	-	-	292
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained profits	-	(2,879)	-	-	2,879	-
Dividends paid	-	-	-	-	(85,505)	(85,505)
Total comprehensive (expense)/income for the period	-	(168,910)	-	(1,662)	104,903	(65,669)
Balance at 30 September 2016	251,083	1,073,958	22,957	(15,103)	1,052,534	2,385,429

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	6,242	-	-	-	6,242
Expensing of share options	-	-	388	-	388
Dividends paid	-	-	-	(43,993)	(43,993)
Total comprehensive income for the period	-	3	-	219,994	219,997
Balance at 30 September 2017	257,601	(20)	4,519	633,203	895,303
2016					
Balance at 1 January 2016	249,895	27	3,706	426,306	679,934
Issue of share capital	1,188	-	-	-	1,188
Expensing of share options	-	-	292	-	292
Dividends paid	-	-	-	(85,505)	(85,505)
Total comprehensive income for the period	-	-	-	14,597	14,597
Balance at 30 September 2016	251,083	27	3,998	355,398	610,506

- 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 30 June 2017, 136,000 shares were issued pursuant to the exercise of share options.

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

	<u>30/9/2017</u>	<u>30/9/2016</u>
The Haw Par Corporation Group 2002 Share Option Scheme	<u>1,292,000</u>	<u>1,688,000</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>30/9/2017</u>	<u>31/12/2016</u>
Total number of issued shares	<u>220,100,173</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>	
	3rd Quarter Ended 30 September 2017	2016	9 Months Ended 30 September 2017	2016
Earnings per ordinary share:				
(a) Based on the weighted average number of ordinary shares on issue	18.4 cts	19.3 cts	49.9 cts	47.9 cts
(b) On a fully diluted basis	18.4 cts	19.3 cts	49.8 cts	47.8 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>	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
Net asset value per ordinary share (S\$)	13.37	11.29	4.07	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

3rd quarter ended 30 September 2017

The Group's revenue increased 7.4% to \$53.4m for the quarter mainly due to stronger Healthcare sales.

Distribution and marketing expenses increased 20.3% to \$13.1m due to increase in marketing activities at Healthcare.

General and administrative expenses increased 85.7% to \$4.3m due mainly to weaker US dollar during the quarter.

9 months ended 30 September 2017

Revenue increased 13.0% to \$174.8m due mainly to Healthcare. Demand for Tiger Balm products remained strong, especially in Asian countries where tourism numbers are increasing.

Distribution and marketing expenses increased 19.4% to \$42.5m to support the growth in key markets of Healthcare and its various new products.

Profit from operations increased 5.2% to \$119.8m as a result of higher sales, offset by higher expenses.

Statements of financial position (30 September 2017 vs 31 December 2016)

Trade and other receivables increased 13.3% to \$38.0m due mainly to higher sales of Healthcare.

Inventories increased 40.1% to \$16.1m to support increase in production capacity.

Trade and other payables increased 12.1% to \$59.4m due mainly to higher operating expenses.

The Group's net asset per share increased from \$11.29 to \$13.37 mainly due to higher valuations of the Group's financial assets on 30 September 2017, in line with the rising equity markets.

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 3Q 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 influenced by the global equity markets.

Healthcare will continue with its advertising and promotional efforts including launching new products in various key markets to support its growth.

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.)**

Not applicable.

(d) **The date the dividend is payable**

Not applicable.

(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.**

Not applicable.

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

No dividend is declared by the Company for the quarter ended 30 September 2017.

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 nine months ended 30 September 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

Zann Lim
Company Secretary
10 November 2017