

HAW PAR CORPORATION LIMITED

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

Unaudited First Quarter Financial Results for the Period Ended 31 March 2018

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

	Group		
	Period Ended 31 March		
	2018	2017¹	+ / (-)
	S\$'000	S\$'000	%
		(Restated)	
Revenue	60,017	60,849	(1.4)
Cost of sales	(21,838)	(22,648)	(3.6)
Gross profit	38,179	38,201	(0.1)
Other income	2,634	1,140	131.1
Distribution and marketing expenses	(13,054)	(14,897)	(12.4)
General and administrative expenses	(3,988)	(4,135)	(3.6)
Finance expenses	(91)	(94)	(3.2)
Profit from operations	23,680	20,215	17.1
Share of profit of associated company	288	279	3.2
Profit before taxation	23,968	20,494	17.0
Taxation	(4,628)	(3,814)	21.3
Profit for the period, net of tax	19,340	16,680	15.9

A consolidated statement of comprehensive income for the quarter ended 31 March 2018:

	Group		
	Period Ended 31 March		
	2018	2017¹	+ / (-)
	S\$'000	S\$'000	%
		(Restated)	
Profit for the period, net of tax	19,340	16,680	15.9
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)	352	(833)	N/M
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value changes on investments	127,415	189,348	(32.7)
Other comprehensive income for the period, net of tax	127,767	188,515	(32.2)
Total comprehensive income for the period	147,107	205,195	(28.3)

Note:

¹ The results for first quarter ended 31 March 2017 are restated following adoption of the new financial reporting framework, Singapore Financial Reporting Standards International ("SFRS(I)s") on 1 January 2018. Please refer to Note 5 for the details on financial impact from the adoption of SFRS(I)s.

N/M - not meaningful

1(a) Notes to the Income Statement

	Group		
	Period Ended 31 March		
	2018	2017	+ / (-)
	S\$'000	S\$'000	%
		(Restated)	
(i) Other income			
Interest income	1,361	819	66.2
Miscellaneous income	1,273	321	296.6
	2,634	1,140	131.1
(ii) The following were charged/(credited) to the income statement :			
Interest on borrowings	91	94	(3.2)
Depreciation of property, plant and equipment and investment properties	1,555	1,411	10.2
Inventories written down	10	195	(94.9)
Foreign exchange loss, net	1,257	1,165	7.9
Prior years' (over)/under provision of current taxation	(4)	8	N/M
Loss on disposal and write-off of property, plant and equipment	1	2	(50.0)

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		
	31/3/2018 S\$'000	31/12/2017 ¹ S\$'000 (Restated)	1/1/2017 ¹ S\$'000 (Restated)	31/3/2018 S\$'000	31/12/2017 ¹ S\$'000	1/1/2017 ¹ S\$'000
ASSETS						
Cash and bank balances	456,467	400,983	313,012	419,065	361,800	283,955
Trade and other receivables	42,747	32,345	33,814	62,669	135,572	131,836
Inventories	17,186	17,126	11,523	-	-	-
Deferred income tax assets	911	740	539	-	-	-
Associate	5,138	4,850	4,313	2,895	2,895	2,895
Subsidiaries	-	-	-	560,334	560,334	375,357
Investment properties	58,433	58,766	60,757	-	-	-
Property, plant and equipment	28,124	28,561	23,450	-	-	-
Intangible assets	11,116	11,116	11,116	-	-	-
Strategic investments	2,702,737	2,710,474	2,027,025	-	-	-
Total assets	3,322,859	3,264,961	2,485,549	1,044,963	1,060,601	794,043
LIABILITIES						
Trade and other payables	54,748	58,633	52,992	41,997	37,872	34,954
Borrowings	23,440	45,048	45,799	23,440	45,048	45,799
Current income tax liabilities	15,293	11,265	10,981	945	781	621
Deferred income tax liabilities	1,976	71,722	50,832	-	-	-
Total liabilities	95,457	186,668	160,604	66,382	83,701	81,374
NET ASSETS	3,227,402	3,078,293	2,324,945	978,581	976,900	712,669
EQUITY						
Equity attributable to equity holders of the Company						
Share capital	259,945	257,943	251,359	259,945	257,943	251,359
Retained profits	1,070,989	1,006,719	906,916	718,565	714,155	457,202
Other reserves	1,896,468	1,813,631	1,166,670	71	4,802	4,108
Total equity	3,227,402	3,078,293	2,324,945	978,581	976,900	712,669

¹ The statement of financial position as at 31 December 2017 and 1 January 2017 are restated following adoption of the new financial reporting framework, Singapore Financial Reporting Standards International ("SFRS(I)s") on 1 January 2018. Please refer to Note 5 for the details on financial impact from the adoption of SFRS(I)s.

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

Amount repayable in one year or less, or on demand

As at 31/3/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
23,440	-	45,048	-

Amount repayable after one year

As at 31/3/2018		As at 31/12/2017	
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	
	Period Ended 31 March 2018 S\$'000	2017 S\$'000 (Restated)
Cash flows from operating activities		
Profit before tax	23,968	20,494
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	1,555	1,411
Interest income	(1,361)	(819)
Share of profits of associated company	(288)	(279)
Finance expenses	91	94
Inventories written down	10	195
Loss on disposal and write-off of property, plant and equipment	1	2
Expensing of share options	-	115
Unrealised currency translation losses	957	995
Operating profit before working capital changes	24,933	22,208
(Increase)/decrease in inventories	(70)	1,017
Increase in trade and other receivables	(10,285)	(8,273)
Decrease in trade and other payables	(3,135)	(4,278)
Cash generated from operations	11,443	10,674
Interest income received	927	986
Net taxation paid	(514)	(2,011)
Net cash provided by operating activities	11,856	9,649
Cash flows from investing activities		
Proceeds from disposal of investments	66,821	-
Purchase of property, plant and equipment	(887)	(892)
Improvements to investment properties	(5)	-
Net cash provided by/(used in) investing activities	65,929	(892)
Cash flows from financing activities		
Repayment of borrowings	(23,110)	-
Proceeds from issue of share capital	2,002	2,523
Bank deposits released from pledge	222	-
Interest expense paid	(121)	(126)
Net cash (used in)/provided by financing activities	(21,007)	2,397
Net increase in cash and cash equivalents	56,778	11,154
Cash and cash equivalents at beginning of the financial year	400,562	312,596
Effects of currency translation on cash and cash equivalents	(1,076)	(1,245)
Cash and cash equivalents at end of the financial period	456,264	322,505
Cash and cash equivalents comprised the following:		
Cash and bank balances	456,467	322,920
Less: Bank deposits pledged for banker's guarantee	(203)	(415)
	456,264	322,505

1(d 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 Reserves	Foreign Currency Translation Reserve	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group						
2018						
Balance at 31 December 2017 (previously reported)	257,943	1,789,809	23,728	(14,551)	1,175,518	3,232,447
Adoption of SFRS (I)	-	-	-	14,645	(168,799)	(154,154)
Balance at 1 January 2018 (restated)	257,943	1,789,809	23,728	94	1,006,719	3,078,293
Issue of share capital	2,002	-	-	-	-	2,002
Transfer from share option reserve and capital reserve to retained profits ¹	-	-	(21,508)	-	21,508	-
Transfer of cumulative gain on disposal of investments to retained profits	-	(23,422)	-	-	23,422	-
Total comprehensive income for the financial period	-	127,415	-	352	19,340	147,107
Balance at 31 March 2018	259,945	1,893,802	2,220	446	1,070,989	3,227,402
2017						
Balance as at 1 January 2017	251,359	1,143,580	23,090	(15,151)	1,072,672	2,475,550
Adoption of SFRS (I)	-	-	-	15,151	(165,756)	(150,605)
Balance at 1 January 2017 (restated)	251,359	1,143,580	23,090	-	906,916	2,324,945
Issue of share capital	2,523	-	-	-	-	2,523
Expensing of share options	-	-	115	-	-	115
Total comprehensive income/(expense) for the financial period	-	189,348	-	(833)	16,680	205,195
Balance at 31 March 2017	253,882	1,332,928	23,205	(833)	923,596	2,532,778

¹ The share option reserve was reclassified to retained profits upon cessation of the share option scheme of the Company. Capital reserve was reclassified to retained profits due to the change in certain subsidiaries' Constitution.

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 Reserves	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Company</u>					
2018					
Balance at 1 January 2018	257,943	33	4,769	714,155	976,900
Issue of share capital	2,002	-	-	-	2,002
Transfer from share option reserve to retained profits ¹	-	-	(4,731)	4,731	-
Total comprehensive expense for the financial period	-	-	-	(321)	(321)
Balance at 31 March 2018	259,945	33	38	718,565	978,581
2017					
Balance at 1 January 2017	251,359	(23)	4,131	457,202	712,669
Issue of share capital	2,523	-	-	-	2,523
Expensing of share options	-	-	115	-	115
Total comprehensive income/(expense) for the financial period	-	3	-	(950)	(947)
Balance at 31 March 2017	253,882	(20)	4,246	456,252	714,360

¹ The share option reserve was reclassified to retained profits upon cessation of the share option scheme of the Company.

- 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 December 2017, 236,000 shares were issued pursuant to the exercise of share options.

As at 31 March 2018, unissued shares under the share option scheme of the Company were as follows:

	<u>31/3/2018</u>	<u>31/12/2017</u>
The Haw Par Corporation Group 2002 Share Option Scheme	<u>1,003,000</u>	<u>1,243,000</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>31/3/2018</u>	<u>31/12/2017</u>
Total number of issued shares	<u>220,377,173</u>	<u>220,141,173</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 2017, 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 2018, the Group adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s"). In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening balance sheet as at 1 January 2017 has been prepared under SFRS(I)s, which is the Group's date of transition to SFRS(I)s.

Application of SFRS(I) 1

(i) Cumulative translation differences

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition on 1 January 2017. As a result, foreign currency translation reserve losses of \$15,151,000 were reclassified to retained profits as at 1 January 2017.

(ii) Change in measurement basis for Investment Properties

As permitted with the adoption of the new accounting framework SFRS(I)s, the Group has elected to change its accounting policy of carrying its investment properties at fair value to cost less accumulated depreciation and accumulated impairment losses. As a result, retained profits as at 1 January 2017 and 31 December 2017 decreased by \$150,605,000 and \$154,154,000 respectively. Profit or loss and currency translation differences on consolidation of foreign entities in Q1 2017 reduced/increased by \$602,000 and \$354,000 respectively.

On adoption of SFRS(I), the Group has elected to present its statement of financial position based on liquidity instead of a current and non-current classification, as 80% of the Group's net assets are made up of investments that have no defined operating cycle. We believe the presentation of the statement of financial position based on liquidity provides more useful and relevant information to shareholders.

The adoption of SFRS(I)s did not have any impact on the financial statements of the Company except for presentation of the statement of financial position based on liquidity.

On 1 January 2018, the Group also adopted SFRS(I)s, and amendments and interpretations of SFRS(I)s that are mandatory for application for the financial year, including SFRS(I) 15 *Revenue from contract with customers*. The adoption 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.

	Group	
	Period Ended 31 March	2017
	2018	(Restated)
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares on issue	8.8 cts	7.6 cts
(b) On a fully diluted basis	8.8 cts	7.6 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.

	Group		Company	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
		(Restated)		
Net asset value per ordinary share (S\$)	14.64	13.98	4.44	4.44

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 (1Q 2018 vs 1Q 2017)

Group revenue for the quarter was relatively stable, with sales slightly dented by a strong Singapore Dollar.

Other income increased 131.1% to \$2.6m mainly due to higher interest income and receipt of a one-off government grant.

Distribution and marketing expenses decreased 12.4% to \$13.1m as a result of lower advertisement and promotion expense.

Statements of financial position (31 March 2018 vs 31 December 2017)

Cash and cash equivalents increased 13.8% to \$456.5m due mainly to disposal of certain investments.

Trade and other receivables increased 32.2% to \$42.7m due to timing difference of sales on credit.

Borrowings decreased 48.0% to \$23.4m due to partial repayment of loan.

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 1Q 2018 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.**

Performance of Healthcare may continue to be impacted by geopolitical concerns and the strength of Singapore Dollar.

The Group's equity investments and net asset position may continue to be affected by market volatility.

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 has been declared by the Company for the quarter ended 31 March 2018.

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 three months ended 31 March 2018 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 May 2018