

# YHS YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

Unaudited Financial Statements Announcement for the period ended 30 June 2019

## PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

### 1(a)(i) Consolidated Statement of Comprehensive Income

	6 Months		3 Months	
	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018	01.04.2019 to 30.06.2019	01.04.2018 to 30.06.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	186,379	183,857	93,780	92,083
Cost of sales	(124,725)	(124,067)	(63,684)	(63,505)
Gross profit	61,654	59,790	30,096	28,578
Other income	3,652	2,679	1,834	1,386
Other gains and (losses) - net				
- Gains on disposal and fair value gains on financial assets	3,632	3,628	1,299	3,581
- Others	13,940	3,238	271	5,196
Expenses				
- Advertising and promotion	(16,343)	(11,880)	(6,897)	(6,955)
- Marketing	(724)	(698)	(344)	(336)
- Selling and distribution	(30,973)	(32,129)	(14,512)	(16,328)
- Administrative	(15,921)	(15,598)	(6,409)	(8,322)
- Finance	(365)	-	(183)	-
Share of profit of associated companies and a joint venture	417	1,633	273	1,482
<b>Profit before income tax</b>	<b>18,969</b>	<b>10,663</b>	<b>5,428</b>	<b>8,282</b>
Income tax (expense)/credit	(4,378)	(560)	(996)	469
<b>Net profit for the period attributable to equity holders of the Company</b>	<b>14,591</b>	<b>10,103</b>	<b>4,432</b>	<b>8,751</b>
Other comprehensive (losses)/income				
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- Fair value (losses)/gains	(52)	(163)	134	(4)
- Reclassification	56	438	14	230
Currency translation (losses)/gains arising from consolidation	(2,153)	5,078	(3,063)	5,017
<b>Other comprehensive (losses)/income for the period, net of tax</b>	<b>(2,149)</b>	<b>5,353</b>	<b>(2,915)</b>	<b>5,243</b>
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>12,442</b>	<b>15,456</b>	<b>1,517</b>	<b>13,994</b>

# 1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Net profit for the period is derived after (crediting)/charging the following:

	6 Months		3 Months	
	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018	01.04.2019 to 30.06.2019	01.04.2018 to 30.06.2018
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Revenue</u>				
Dividend income	-	(204)	-	(201)
<u>Cost of sales</u>				
Depreciation	3,159	3,913	1,642	1,935
Amortisation of intangible assets	86	-	52	-
Write-down of inventories, net	1,083	1,578	468	764
<u>Marketing expense</u>				
Depreciation	6	8	4	4
<u>Selling and distribution expenses</u>				
Depreciation	2,184	1,376	1,097	682
Impairment of/(Write-back of impairment on) trade receivables - net	139	117	(38)	84
<u>Administrative expense</u>				
Depreciation	2,329	2,205	1,127	1,113
<u>Other (gains) and losses - net</u>				
Property, plant and equipment written-off	9	34	2	33
Gains on disposal of financial assets designated as fair value through profit or loss at initial recognition	(1,078)	-	(1,078)	-
Fair value gains on financial assets designated as fair value through profit or loss at initial recognition - net	(2,554)	(3,628)	(221)	(3,581)
Currency translation gain - net	(5)	(185)	(151)	(2,307)
Gain on disposal of property, plant and equipment	(13,719)	(2,875)	(15)	(2,876)
Gain on disposal of an investment property	(28)	-	-	-
<u>Other income</u>				
Interest income	(2,486)	(1,411)	(1,285)	(748)
<u>Finance expense</u>				
Interest expense on lease liabilities	365	-	183	-
<u>Income tax</u>				
Under provision of tax in respect of prior years	701	212	213	-

	Group		Company	
	As at	As at	As at	As at
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	262,993	282,729	15,287	18,916
Trade and other receivables	85,248	70,186	70,057	65,333
Inventories	45,294	61,550	-	-
Current income tax recoverable	2,002	1,881	-	-
Other financial assets	30,382	-	-	-
Non-current assets classified as held-for-sale	457	838	-	-
	<b>426,376</b>	<b>417,184</b>	<b>85,344</b>	<b>84,249</b>
<b>Non-current assets</b>				
Other financial assets	58	10,457	-	10,326
Loans to subsidiaries	-	-	41,052	41,052
Investments in associated companies	5,239	4,884	-	-
Investment in a joint venture	662	658	-	-
Investments in subsidiaries	-	-	317,758	317,758
Investment properties	49,536	59,131	80,257	65,000
Property, plant and equipment	225,041	212,268	2,837	3,102
Intangible assets	4,036	-	-	-
Deferred income tax assets	2,386	3,856	-	-
	<b>286,958</b>	<b>291,254</b>	<b>441,904</b>	<b>437,238</b>
<b>Total assets</b>	<b>713,334</b>	<b>708,438</b>	<b>527,248</b>	<b>521,487</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	56,171	59,967	54,838	45,638
Current income tax liabilities	5,725	1,250	186	133
Lease liabilities	2,583	-	255	-
	<b>64,479</b>	<b>61,217</b>	<b>55,279</b>	<b>45,771</b>
<b>Non-current liabilities</b>				
Lease liabilities	19,826	-	14,752	-
Provisions for other liabilities and charges	1,838	1,836	-	-
Deferred income tax liabilities	9,026	12,253	578	572
	<b>30,690</b>	<b>14,089</b>	<b>15,330</b>	<b>572</b>
<b>Total liabilities</b>	<b>95,169</b>	<b>75,306</b>	<b>70,609</b>	<b>46,343</b>
<b>NET ASSETS</b>	<b>618,165</b>	<b>633,132</b>	<b>456,639</b>	<b>475,144</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	228,245	228,245	228,245	228,245
Capital reserve	6,066	6,066	-	-
Other reserves	(46,332)	(40,838)	-	-
Retained profits	430,186	439,659	228,394	246,899
<b>TOTAL EQUITY</b>	<b>618,165</b>	<b>633,132</b>	<b>456,639</b>	<b>475,144</b>

**1(b)(i) Aggregate amount of group's borrowings and debt securities**

The Group and the Company do not have any borrowings and debt securities.

**Details of any collateral**

Not applicable.



**1(c) Consolidated Statement of Cash Flows**

**Cash flows from operating activities**

Net profit for the period

Adjustments for :

Income tax expense/(credit)

Depreciation of property, plant and equipment

Dividend income

Share-based payment expense

Property, plant and equipment written-off

Unrealised currency translation differences

Gain on disposal of property, plant and equipment

Gain on disposal of an investment property

Fair value gains on financial assets designated as fair value through profit or loss at initial recognition - net

Amortisation of intangible assets

Gains on disposal of financial assets designated as fair value through profit or loss at initial recognition

Interest expense

Interest income

Provision for retirement benefits

Share of profit of associated companies and a joint venture

Changes in working capital :

Trade and other receivables

Inventories

Trade and other payables

Cash generated from/(used in) operations

Income tax paid

Retirement benefits paid

**Net cash provided by/(used in) operating activities**

6 Months		3 Months	
30.06.2019	30.06.2018	30.06.2019	30.06.2018
S\$'000	S\$'000	S\$'000	S\$'000
14,591	10,103	4,432	8,751
4,378	560	996	(469)
7,678	7,502	3,870	3,734
-	(204)	-	(201)
-	124	-	58
9	34	2	33
159	(680)	(525)	140
(13,719)	(2,875)	(15)	(2,876)
(28)	-	-	-
(2,554)	(3,628)	(221)	(3,581)
86	-	52	-
(1,078)	-	(1,078)	-
365	-	183	-
(2,486)	(1,411)	(1,285)	(748)
102	150	51	76
(417)	(1,633)	(273)	(1,482)
7,086	8,042	6,189	3,435
(17,194)	1,530	(16,485)	(991)
15,908	3,624	6,027	1,500
(3,469)	(10,745)	1,286	(408)
2,331	2,451	(2,983)	3,536
(835)	(520)	(246)	(278)
(92)	(114)	(28)	(100)
1,404	1,817	(3,257)	3,158

**1(c) Consolidated Statement of Cash Flows (continued)**

	6 Months		3 Months	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities</b>				
Dividends received	-	3	-	-
Payments for intangible assets	(2,403)	-	-	-
Proceeds from disposal of property, plant and equipment	14,620	51	11	32
Proceeds from disposal of an investment property	9,076	-	-	-
Proceeds from disposal of financial assets, at fair value through profit or loss	13,599	-	13,499	-
Payments for purchases of property, plant and equipment	(3,271)	(9,054)	(1,876)	(7,345)
Additions to financial assets, at fair value through profit or loss	(30,000)	-	-	-
Interest received	2,486	1,411	1,285	748
<b>Net cash provided by/(used in) investing activities</b>	<b>4,107</b>	<b>(7,589)</b>	<b>12,919</b>	<b>(6,565)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(23,196)	(11,588)	(23,196)	(11,588)
Interest paid	(365)	-	(183)	-
Repayments of lease liabilities	(1,277)	-	(677)	-
<b>Net cash used in financing activities</b>	<b>(24,838)</b>	<b>(11,588)</b>	<b>(24,056)</b>	<b>(11,588)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(19,327)</b>	<b>(17,360)</b>	<b>(14,394)</b>	<b>(14,995)</b>
Cash and cash equivalents at beginning of financial period	282,729	294,843	277,630	292,363
Effects of currency translation on cash and cash equivalents	(409)	566	(243)	681
<b>Cash and cash equivalents at end of financial period</b>	<b>262,993</b>	<b>278,049</b>	<b>262,993</b>	<b>278,049</b>

1(d)(i) Consolidated Statement of Changes in Equity

For the financial period ended 30 June 2019

	Attributable to equity holders of the Company								
	Foreign				Share-based				
	Share capital	Capital reserve	Property revaluation reserve	currency translation reserve	General reserve	payment reserve	Hedging reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 31 December 2018	228,245	6,066	6,669	(9,172)	(38,335)	-	-	439,659	633,132
Adoption of SFRS(I) 16 <sup>A</sup>	-	-	-	-	-	-	-	(4,213)	(4,213)
Balance at 1 January 2019	228,245	6,066	6,669	(9,172)	(38,335)	-	-	435,446	628,919
Profit for the period	-	-	-	-	-	-	-	14,591	14,591
Other comprehensive losses for the period	-	-	-	(2,153)	-	-	4	-	(2,149)
Transfer to retained profits on realisation	-	-	(3,337)	-	(8)	-	-	3,345	-
Total comprehensive income for the period	-	-	(3,337)	(2,153)	(8)	-	4	17,936	12,442
Dividends paid	-	-	-	-	-	-	-	(23,196)	(23,196)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	(23,196)	(23,196)
Balance at 30 June 2019	228,245	6,066	3,332	(11,325)	(38,343)	-	4	430,186	618,165

<sup>^</sup> : Refer to Note 5 for impact on adoption of SFRS(I) 16.

**1(d)(i) Consolidated Statement of Changes in Equity (continued)**

For the financial period ended 30 June 2018

	Attributable to equity holders of the Company								
	Foreign				Share-based				
	Share capital	Capital reserve	Property revaluation reserve	currency translation reserve	General reserve	payment reserve	Hedging reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	227,563	6,066	6,697	(14,358)	(38,315)	558	(340)	468,622	656,493
Profit for the period	-	-	-	-	-	-	-	10,103	10,103
Other comprehensive income for the period	-	-	-	5,078	-	-	275	-	5,353
Transfer to retained profits on realisation	-	-	(11)	-	(8)	-	-	19	-
Total comprehensive income for the period	-	-	(11)	5,078	(8)	-	275	10,122	15,456
Employee share-based compensation scheme									
- Value of employee services	-	-	-	-	-	124	-	-	124
- Issue of new shares	682	-	-	-	-	(682)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(11,588)	(11,588)
Total transactions with owners, recognised directly in equity	682	-	-	-	-	(558)	-	(11,588)	(11,464)
Balance at 30 June 2018	228,245	6,066	6,686	(9,280)	(38,323)	-	(65)	467,156	660,485



## 1(d)(i) Consolidated Statement of Changes in Equity (continued)

For the quarter ended 30 June 2019

## Attributable to equity holders of the Company

	Share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Share-based payment reserve \$'000	Hedging reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 April 2019	228,245	6,066	3,337	(8,262)	(38,339)	-	(144)	448,941	639,844
Profit for the quarter	-	-	-	-	-	-	-	4,432	4,432
Other comprehensive losses for the quarter	-	-	-	(3,063)	-	-	148	-	(2,915)
Transfer to retained profits on realisation	-	-	(5)	-	(4)	-	-	9	-
Total comprehensive income for the quarter	-	-	(5)	(3,063)	(4)	-	148	4,441	1,517
Dividends paid	-	-	-	-	-	-	-	(23,196)	(23,196)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	(23,196)	(23,196)
Balance at 30 June 2019	228,245	6,066	3,332	(11,325)	(38,343)	-	4	430,186	618,165



1(d)(i) Consolidated Statement of Changes in Equity (continued)

For the quarter ended 30 June 2018

	Attributable to equity holders of the Company								
	Foreign								
	Share capital	Capital reserve	Property revaluation reserve	currency translation reserve	General reserve	Share-based payment reserve	Hedging reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2018	227,563	6,066	6,691	(14,297)	(38,319)	624	(291)	469,984	658,021
Profit for the quarter	-	-	-	-	-	-	-	8,751	8,751
Other comprehensive income for the quarter	-	-	-	5,017	-	-	226	-	5,243
Transfer to retained profits on realisation	-	-	(5)	-	(4)	-	-	9	-
Total comprehensive income for the quarter	-	-	(5)	5,017	(4)	-	226	8,760	13,994
Employee share-based compensation scheme									
- Value of employee services	-	-	-	-	-	58	-	-	58
- Issue of new shares	682	-	-	-	-	(682)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(11,588)	(11,588)
Total transactions with owners, recognised directly in equity	682	-	-	-	-	(624)	-	(11,588)	(11,530)
Balance at 30 June 2018	228,245	6,066	6,686	(9,280)	(38,323)	-	(65)	467,156	660,485

**1(d)(i) Statement of Changes in Equity of the Company**

For the financial period ended 30 June 2019

	Share capital \$'000	Share- based payment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2019	228,245	-	246,899	475,144
Profit and total comprehensive income for the period	-	-	4,691	4,691
Dividends paid	-	-	(23,196)	(23,196)
Total transactions with owners, recognised directly in equity	-	-	(23,196)	(23,196)
Balance at 30 June 2019	228,245	-	228,394	456,639

For the financial period ended 30 June 2018

	Share capital \$'000	Share- based payment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2018	227,563	558	252,235	480,356
Profit and total comprehensive income for the period	-	-	4,122	4,122
Employee share-based compensation scheme	-	124	-	124
- Value of employee services	682	(682)	-	-
- Issue of new shares	-	-	(11,588)	(11,588)
Dividends paid	-	-	(11,588)	(11,588)
Total transactions with owners, recognised directly in equity	682	(558)	(11,588)	(11,464)
Balance at 30 June 2018	228,245	-	244,769	473,014

**1(d)(i) Statement of Changes in Equity of the Company (continued)**

For the quarter ended 30 June 2019

	Share capital \$'000	Share- based payment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 April 2019	228,245	-	248,814	477,059
Profit and total comprehensive income for the quarter	-	-	2,776	2,776
Dividends paid	-	-	(23,196)	(23,196)
Total transactions with owners, recognised directly in equity	-	-	(23,196)	(23,196)
Balance at 30 June 2019	228,245	-	228,394	456,639

For the quarter ended 30 June 2018

	Share capital \$'000	Share- based payment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 April 2018	227,563	624	252,895	481,082
Profit and total comprehensive income for the quarter	-	-	3,462	3,462
Employee share-based compensation scheme	-	58	-	58
- Value of employee services	682	(682)	-	-
- Issue of new shares	-	-	(11,588)	(11,588)
Dividends paid	-	-	(11,588)	(11,588)
Total transactions with owners, recognised directly in equity	682	(624)	(11,588)	(11,530)
Balance at 30 June 2018	228,245	-	244,769	473,014

- 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 year 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 year of the immediately preceding financial year.**

**Issued and fully paid ordinary shares ('000):**

**As at beginning and end of period**

3 months ended 30.06.2019	3 months ended 31.03.2019
579,911	579,911

The Company does not have any convertibles.

- 1(d)(iii) To show number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at end of the current financial period and as at end of the immediately preceding year.**

The Company does not have any treasury shares.

- 1(d)(iv) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at end of the immediately preceding year:-**

Number of issued shares excluding treasury shares ('000)

30.06.2019	31.12.2018
579,911	579,911

The Company does not have any treasury shares.

- 1(d)(v) 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 30 June 2019 (31 December 2018: Nil).

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

The figures have not been audited or 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.**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2018 except as explained in Note 5 below.

**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 Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases effective on 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for leases will be measured on transition as if the new rules had always been applied.

The Group has recognised right-of-use assets of \$17,417,000 on 1 January 2019, lease liabilities of \$22,513,000 and deferred income tax assets of \$883,000. As a result, retained profits was \$4,213,000 lower on 1 January 2019.

The Company has recognised right-of-use assets and lease liabilities of \$15,149,000 on 1 January 2019 for its investment property.

Operating cash flows will increase and financing cash flows will decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

**Earnings per ordinary share of the Group**

	Group 6 Months		Group 3 Months	
	01.01.2019 to 30.06.2019	01.01.2018 to 30.06.2018	01.04.2019 to 30.06.2019	01.04.2018 to 30.06.2018
Earnings per ordinary share for the period based on net profit attributable to equity holders of the Company during the period:-				
(a) Based on weighted average number of ordinary shares in issue (cents)	2.52	1.74	0.76	1.51
(b) On a fully diluted basis (cents)	2.52	1.74	0.76	1.51
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	579,911	579,456	579,911	579,518
Weighted average number of ordinary shares in issue for calculation of diluted earnings per share ('000)	579,911	579,918	579,911	579,916



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

Net asset value per ordinary share based on total number of issued shares excluding treasury shares as at the end of the reporting period

Group		Company	
30.06.2019 Cents	31.12.2018 Cents	30.06.2019 Cents	31.12.2018 Cents
106.60	109.18	78.74	81.93

Included in net asset value per ordinary share of the Group is 45.35 cents of cash and cash equivalents per ordinary share as at 30 June 2019 (31 December 2018: 48.75 cents of cash and cash equivalents per ordinary share).

**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.

**8(a) Year to Date Results - 6 months ended 30 June 2019 vs. 6 months ended 30 June 2018**

***Group performance***

The revenue and gross profit increased by 1.4% and 3.1% to \$186.38 million and \$61.65 million respectively for the financial period ended 30 June 2019 as compared to the corresponding financial period last year mainly due to higher sales in Singapore, Cambodia and Europe during the current financial period. Overall, net profit after tax of the Group increased by \$4.49 million from \$10.10 million recorded in the corresponding financial period last year to \$14.59 million in the current financial period. During the current financial period, we have rationalised our property portfolio to reduce our operating costs base including the disposal of a United States property. Accordingly, this has contributed to higher gain on disposal of property, plant and equipment in other gains. To continue to invest in our brand and protect our market share, we have increased advertising and promotion expenses during the festive seasons in our key markets.

**8(b) Second Quarter Results - 3 months ended 30 June 2019 vs. 3 months ended 30 June 2018**

***Group performance***

The revenue and gross profit increased by 1.8% and 5.3% to \$93.78 million and \$30.10 million respectively for the financial quarter ended 30 June 2019 as compared to the corresponding financial quarter last year mainly due to higher sales in Singapore, Cambodia, Europe and China during the current financial quarter. Overall, net profit after tax of the Group decreased by \$4.32 million from \$8.75 million recorded in the corresponding financial quarter last year to \$4.43 million in the current financial quarter. This was mainly due to lower other gains from financial assets, foreign currency translation and disposal of property, plant and equipment; lower share of profit of associated companies; and partially offset by absence of income tax credit in the current financial quarter. In the corresponding financial quarter last year, there was an income tax credit of \$0.47 million mainly due to non-taxable gains recognised, operating losses incurred by certain subsidiaries and utilisation of previously unrecognised tax losses.

**8(c) Balance Sheets – 30 June 2019 vs. 31 December 2018**

***Group***

Cash and cash equivalents decreased by \$19.74 million from \$282.73 million as at 31 December 2018 to \$262.99 million as at 30 June 2019. The decrease was mainly due to additional investments in other financial assets, dividends paid to equity holders of the Company and partially offset by proceeds from disposal of financial assets, investment property and property, plant and equipment. Please refer to Note 8(d) for more details.

Trade and other receivables increased by \$15.06 million from \$70.19 million as at 31 December 2018 to \$85.25 million as at 30 June 2019. The increase was mainly due to timing of sales.

Inventories decreased by \$16.26 million from \$61.55 million as at 31 December 2018 to \$45.29 million as at 30 June 2019. The decrease was mainly due to the sell-down of stocks after the festive seasons and for the transition to commencement of sugar tax on 1 July 2019 in Malaysia.

Total other financial assets increased by \$19.98 million from \$10.46 million as at 31 December 2018 to \$30.44 million as at 30 June 2019 mainly due to net investments made during the financial period.

Investment properties decreased by \$9.59 million from \$59.13 million as at 31 December 2018 to \$49.54 million as at 30 June 2019 mainly due to disposal of a property in United States.

Property, plant and equipment and total lease liabilities increased by \$12.77 million and \$22.41 million respectively mainly due to the recognition of right-of-use assets and corresponding lease liabilities on the adoption of SFRS(I) 16 Leases on 1 January 2019. In addition to this, the increase in property, plant and equipment was partially offset by current period's depreciation charge.

***Company***

Other financial assets decreased by \$10.33 due to disposal of financial assets, at fair value through profit or loss.

Investment properties and total lease liabilities increased by \$15.26 million and \$15.01 million respectively from the adoption of SFRS(I) 16 Leases on 1 January 2019.

Trade and other payables increased by \$9.20 million from \$45.64 million as at 31 December 2018 to \$54.84 million as at 30 June 2019 mainly due to increase in advance from subsidiaries.

Included in trade and other receivables and trade and other payables of the Company as at 30 June 2019 are intercompany balances of \$64.8 million and \$53.5 million respectively (31 December 2018: \$64.7 million and \$43.4 million respectively).



**8(d) Consolidated Statement of Cash Flows**

**Year to Date - 6 months ended 30 June 2019 vs. 6 months ended 30 June 2018**

The Group registered a net decrease in cash and cash equivalents of \$19.74 million for the financial period ended 30 June 2019.

Net operating cash inflow for the Group of \$1.40 million was mainly contributed by the F&B division.

Net cash inflow from investing activities of \$4.11 million was mainly due to proceeds from disposal of United States property and other non-current assets of \$23.70 million, proceeds from disposal of financial assets of \$13.60 million, and partially offset by additions to other financial assets of \$30.00 million and payments for purchases of property, plant and equipment of \$3.27 million.

Net cash outflow from financing activities of \$24.84 million was mainly due to dividends paid to equity holders of the Company.

**Second Quarter - 3 months ended 30 June 2019 vs. 3 months ended 30 June 2018**

The Group registered a net decrease in cash and cash equivalents of \$14.64 million for the financial quarter ended 30 June 2019.

Net operating cash outflow for the Group of \$3.26 million was mainly contributed by the F&B division and was due to increase in trade receivables from timing of sales.

Net cash inflow from investing activities of \$12.92 million was mainly due to proceeds from disposal of financial assets of \$13.50 million.

Net cash outflow from financing activities of \$24.06 million was mainly due to dividends paid to equity holders of the Company.

**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 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 year and the next 12 months.**

In the next 12 months, the Group expects the F&B margins to remain under pressure from the weak consumption outlook for our key markets and competitive selling prices. Fluctuations in raw material prices will also impact the F&B results. In addition, we note significant fluctuations in regional currencies particularly with regards to the Malaysian Ringgit, the Indonesian Rupiah and the Chinese Yuan which will also affect the Group's results. We will continue to grow our sales by rejuvenating our brand; growing our food business; and developing our agency business while we expand our product offerings to cater to the evolving and rapidly changing consumer tastes. On the operational front, we will continue to enhance operational efficiencies, mitigate risks from market fluctuations and make improvements on a continuous basis.

In the recent years, regulators have focused their efforts on promoting lower sugar consumption. Accordingly, we will continue to reformulate our beverage products to promote healthier consumption. In Malaysia, the Group has taken actions to mitigate the effects of the excise tax which has been imposed on sweetened beverages.

*This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events*

**11. Contingent Liability**

None.

## 12. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	Special
Dividend type	Cash
Dividend amount	S\$0.01 per ordinary share
Tax rate	Tax-exempt (1-tier)

The directors are pleased to declare a tax exempt (1-tier) special dividend of 1 cent per ordinary share.

### (b) Corresponding Period of the Immediately Preceding Financial Period

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

### (c) Date payable

The special dividend of 1 cent per ordinary share will be paid on 30 August 2019.

### (d) Books closure date

The transfer book and register of members of the Company will be closed on 21 August 2019 for the preparation of the special dividends. Duly completed registrable transfers of the ordinary shares in the capital of the Company received by the Company's registrar up to 5.00 pm on 21 August 2019 will be registered to determine members' entitlements to the dividend.

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

Not applicable.

## 14. Interested Person Transactions

The Company does not have a shareholders' mandate for interested person transactions.

## 15. Confirmation that 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 has procured undertakings from all its directors and executive officers required under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Winston Paul Wong Chi Huang  
Company Secretary  
5 August 2019



**STATEMENT PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

The directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the period ended 30 June 2019 to be false or misleading in any material respect.

On behalf of the Directors



MELVIN TEO TZAI WIN  
Director

5 August 2019



KOH BOON HWEE  
Director