

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)  
(Incorporated In the Republic of Singapore)**Unaudited First Quarter 2018 Financial Statements****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year****1(a)(i) CONSOLIDATED INCOME STATEMENT (1Q FY2018 vs 1Q FY2017)**

	<b>Group 01/01/18- 31/03/18 S\$ '000</b>	<b>Group 01/01/17- 31/03/17 S\$ '000</b>	<b>Incr/(Decr) %</b>
Sales	107,509	109,111	(1.5%)
Cost of sales	<b>(83,020)</b>	(83,532)	(0.6%)
Gross profit	<b>24,489</b>	25,579	(4.3%)
Other gains	<b>4,585</b>	695	559.7%
Expenses			
- Distribution	<b>(10,327)</b>	(10,490)	(1.6%)
- Administrative	<b>(11,711)</b>	(12,522)	(6.5%)
- Finance	<b>(887)</b>	(1,013)	(12.4%)
Share of profit of an associated company	<b>942</b>	808	16.6%
Profit before income tax	<b>7,091</b>	3,057	132.0%
Income tax expense	<b>(1,974)</b>	(1,003)	96.8%
<b>Net profit</b>	<b>5,117</b>	2,054	149.1%
<b>Profit Attributable to:</b>			
Equity holders of the Company	<b>4,454</b>	1,847	141.1%
Non-controlling interests	<b>663</b>	207	220.3%
	<b>5,117</b>	2,054	149.1%

**NOTES TO CONSOLIDATED INCOME STATEMENT (1Q FY2018 vs 1Q FY2017)**

	<b>Group 01/01/18- 31/03/18 S\$ '000</b>	<b>Group 01/01/17- 31/03/17 S\$ '000</b>	<b>Incr/(Decr) %</b>
Interest income	139	105	32.4%
Rental income	1,013	159	537.1%
Interest on borrowings	<b>(887)</b>	(1,013)	(12.4%)
Depreciation of property, plant and equipment	<b>(2,610)</b>	(3,175)	(17.8%)
Amortisation of intangible assets	<b>(119)</b>	(16)	643.7%
Allowance for impairment of doubtful trade receivables	<b>(383)</b>	(785)	(51.2%)
Write-down of inventories	<b>(384)</b>	(714)	(46.2%)
Currency exchange loss - net	<b>(833)</b>	(716)	16.3%
Share of profit of an associated company	<b>942</b>	808	16.6%
Gain on disposal of property, plant and equipment	<b>54</b>	57	(5.3%)
Gain on disposal of non-current assets held for sale	<b>3,075</b>	-	NM

NM – Not meaningful

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)  
(Incorporated In the Republic of Singapore)**NOTES TO CONSOLIDATED INCOME STATEMENT (1Q FY2018 vs 1Q FY2017) (Cont'd)**

<b>Income Tax Expenses</b>	<b>Group 01/01/18- 31/03/18 S\$ '000</b>	<b>Group 01/01/17- 31/03/17 S\$ '000</b>	<b>Incr/(Decr)  %</b>
Tax expense attributable to profit is made up of:			
Current income tax			
- Singapore	49	70	(30.0%)
- Foreign	854	666	28.2%
	<b>903</b>	736	22.7%
Deferred income tax	<b>1,180</b>	219	438.8%
	<b>2,083</b>	955	118.1%
(Over)/under provision in previous financial year			
- Current income tax	<b>(109)</b>	48	NM
	<b>1,974</b>	1,003	96.8%

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (1Q FY2018 vs 1Q FY2017)**

	<b>Group 01/01/18- 31/03/18 S\$ '000</b>	<b>Group 01/01/17- 31/03/17 S\$ '000</b>	<b>Incr/(Decr)  %</b>
<b>Profit for the period</b>	<b>5,117</b>	2,054	149.1%
<b>Other comprehensive income/(loss):</b>			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	<b>*2,076</b>	# (3,431)	NM
<b>Total comprehensive income/(loss) for the period</b>	<b>7,193</b>	(1,377)	NM
<b>Total comprehensive income/(loss) to:</b>			
Equity holders of the Company	<b>6,577</b>	(1,644)	NM
Non-controlling interests	<b>616</b>	267	130.7%
	<b>7,193</b>	(1,377)	NM

\* Consist of foreign currency losses mainly resulting from the strengthening of RMB and MYR against SGD.

# Consist of foreign currency losses mainly resulting from the weakening of RMB and MYR against SGD.

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)  
(Incorporated In the Republic of Singapore)**1(b) 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****STATEMENT OF FINANCIAL POSITION**

	<b>Group</b> <b>31/03/18</b>	Group 31/12/17	<b>Company</b> <b>31/03/18</b>	Company 31/12/17
	<b>S\$ '000</b>	S\$ '000	<b>S\$ '000</b>	S\$ '000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	60,230	54,360	3,622	3,178
Trade and other receivables	105,663	100,149	35,233	35,943
Inventories	109,371	111,721	-	-
Derivative financial instruments	118	115	-	-
	<b>275,382</b>	266,345	<b>38,855</b>	39,121
Non-current assets held for sale	-	712	-	-
	<b>275,382</b>	267,057	<b>38,855</b>	39,121
<b>Non-current assets</b>				
Transferable club membership, at cost	127	38	-	-
Investment in an associated company	19,232	17,896	-	-
Investments in subsidiaries	-	-	100,325	100,325
Property, plant and equipment	82,141	82,302	70	88
Investment property	11,084	11,011	-	-
Intangible assets	4,843	4,914	-	-
Deferred income tax assets	3,076	4,243	-	-
Other long-term receivables	-	13	-	-
	<b>120,503</b>	120,417	<b>100,395</b>	100,413
<b>Total assets</b>	<b>395,885</b>	387,474	<b>139,250</b>	139,534
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	36,092	36,506	1,230	1,224
Current income tax liabilities	1,481	2,052	-	-
Borrowings	75,041	70,488	-	-
	<b>112,614</b>	109,046	<b>1,230</b>	1,224
<b>Non-current liabilities</b>				
Borrowings	12,945	14,888	-	-
Deferred income tax liabilities	2,565	2,500	-	-
Other non-current liabilities	152	233	-	-
	<b>15,662</b>	17,621	-	-
<b>Total liabilities</b>	<b>128,276</b>	126,667	<b>1,230</b>	1,224
<b>NET ASSETS</b>	<b>267,609</b>	260,807	<b>138,020</b>	138,310
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	77,001	77,001	77,001	77,001
Other reserves	5,959	3,836	-	-
Retained profits	171,401	167,338	61,019	61,309
	<b>254,361</b>	248,175	<b>138,020</b>	138,310
Non-controlling interests	13,248	12,632	-	-
<b>Total equity</b>	<b>267,609</b>	260,807	<b>138,020</b>	138,310

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**1(c) Aggregate amount of Group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

Group As at 31/03/18		Group As at 31/12/17	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
75,041	-	70,488	-

**Amount repayable after one year**

Group As at 31/03/18		Group As at 31/12/17	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
12,945	-	14,888	-

**Details of any collateral**

The Group's borrowings are secured by the following:-

- (i) a first legal mortgage on certain subsidiaries' freehold and leasehold properties;
- (ii) a first legal charge on office equipment, plant and machinery of certain subsidiaries;
- (iii) a fixed and floating charge on all the assets of certain subsidiaries;
- (iv) corporate guarantee from the Company; and
- (v) banker's guarantees, up to S\$6.0 million (2017: S\$6.2 million), given as security to banks which granted banking facilities to certain subsidiaries. The banker's guarantees are in turn secured by a fixed and floating charge on all the assets of a subsidiary.


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**1(d) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**
**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (1Q FY2018 vs 1Q FY2017)**

	<b>Group 01/01/18- 31/03/18 S\$ '000</b>	<b>Group 01/01/17- 31/03/17 S\$ '000</b>
<b>Cash flows from operating activities</b>		
Net profit	5,117	2,054
Adjustments for:		
-Income tax expenses	1,974	1,003
-Depreciation of property, plant and equipment	2,610	3,175
-Amortisation of intangible assets	119	16
-Gain on disposal of property, plant and equipment	(54)	(57)
-Gain on disposal of non-current assets held for sale	(3,075)	-
-Interest expense	887	1,013
-Interest income	(139)	(105)
-Share of profit of an associated company	(942)	(808)
-Fair value (gain)/loss on derivative financial instruments	(4)	3
-Unrealised currency translation differences	328	56
Operating cash flow before working capital changes	<u>6,821</u>	<u>6,350</u>
Changes in working capital:		
-Inventories	2,009	13,040
-Trade and other receivables	(3,904)	2,810
-Other current assets	(2,233)	3,125
-Trade and other payables	(514)	(10,665)
Cash generated from operations	<u>2,179</u>	<u>14,660</u>
Interest received	139	105
Income tax paid	(1,329)	(981)
<b>Net cash provided by operating activities</b>	<u>989</u>	<u>13,784</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	317	533
Proceed from sale of non-current assets held for sale	3,986	-
Purchase of property, plant and equipment	(1,658)	(1,303)
Purchase of intangible assets	(56)	(321)
Purchase of transferable club memberships	(89)	-
<b>Net cash from/(used in) investing activities</b>	<u>2,500</u>	<u>(1,091)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(887)	(1,013)
Proceeds from borrowings	9,949	9,630
Repayments of borrowings	(7,099)	(14,859)
Repayments of finance lease liabilities	(7)	(18)
<b>Net cash from/(used in) financing activities</b>	<u>1,956</u>	<u>(6,260)</u>
<b>Net increase in cash and cash equivalents</b>	<b>5,445</b>	<b>6,433</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>53,997</b>	<b>50,386</b>
Effects of currency translation on cash and cash equivalents	503	(871)
<b>Cash and cash equivalents at end of the financial period</b>	<u><b>59,945</b></u>	<u><b>55,948</b></u>



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Consolidated cash and cash equivalents are represented by:

Cash and bank balances

Less: Bank overdrafts

**Cash and cash equivalents as per consolidated statement of cash flows**

<b>Group</b> <b>01/01/18-</b> <b>31/3/18</b> <b>S\$ '000</b>	Group 01/01/17- 31/3/17 S\$ '000
<b>60,230</b>	57,072
<b>(285)</b>	(1,124)
<b>59,945</b>	55,948

**1(e) 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**

**STATEMENT OF CHANGES IN EQUITY**

←Attributable to equity holders of the Company→

	Share capital S\$ '000	Other reserves S\$ '000	Retained profits S\$ '000	Sub-total S\$ '000	Non- controlling interests S\$ '000	Total S\$ '000
<b>The Group</b>						
<b>Balance at 1 January 2018</b>	77,001	3,836	167,338	248,175	12,632	260,807
Effects on adoption of SFRS (I) 9	-	-	(391)	(391)	-	(391)
<b>Balance at 1 January 2018 (restated)</b>	77,001	3,836	166,947	247,784	12,632	260,416
Profit for the period	-	-	4,454	4,454	663	5,117
Other comprehensive income/(loss) for the period	-	2,123	-	2,123	(47)	2,076
<b>Total comprehensive income for the period</b>	-	2,123	4,454	6,577	616	7,193
<b>Balance at 31 March 2018</b>	77,001	5,959	171,401	254,361	13,248	267,609

	Share capital S\$ '000	Other reserves S\$ '000	Retained profits S\$ '000	Sub-total S\$ '000	Non- controlling interests S\$ '000	Total S\$ '000
<b>The Group</b>						
<b>Balance at 1 January 2017</b>	77,001	(19,911)	185,422	242,512	13,557	256,069
Effects on transition to SFRS (I)	-	24,733	(24,658)	75	(75)	-
<b>Balance at 1 January 2017 (restated)</b>	77,001	4,822	160,764	242,587	13,482	256,069
Profit for the period	-	-	1,847	1,847	207	2,054
Other comprehensive (loss)/income for the period	-	(3,491)	-	(3,491)	60	(3,431)
<b>Total comprehensive (loss)/income for the period</b>	-	(3,491)	1,847	(1,644)	267	(1,377)
<b>Balance at 31 March 2017</b>	77,001	1,331	162,611	240,943	13,749	254,692

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**STATEMENT OF CHANGES IN EQUITY (Cont'd)**

	Share capital S\$ '000	Retained profits S\$ '000	Total S\$ '000
<b>The Company</b>			
<b>Balance at 1 January 2018</b>	77,001	61,309	138,310
Total comprehensive loss for the period	-	(290)	(290)
<b>Balance at 31 March 2018</b>	<b>77,001</b>	<b>61,019</b>	<b>138,020</b>

	Share capital S\$ '000	Retained profits S\$ '000	Total S\$ '000
<b>The Company</b>			
<b>Balance at 1 January 2017</b>	77,001	58,728	135,729
Total comprehensive loss for the period	-	(59)	(59)
<b>Balance at 31 March 2017</b>	<b>77,001</b>	<b>58,669</b>	<b>135,670</b>

- 1(f) 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 or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

There was no change in the Company's number of shares since 31 December 2017. The share capital of the Company as at 31 March 2018 was 292,295,811 Consolidated Shares. There is no share option issued during the period.

- 1(g) State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares, excluding treasury shares of the issuer, 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**

The Company did not hold any treasury shares as at 31 March 2018 and 31 December 2017.

- 1(h)(i) 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**

	Company 31/03/18	Company 31/12/17
Total numbers of issued shares (consolidated)	292,295,811	292,295,811
Less: Treasury shares	-	-
Total numbers of issued shares excluding treasury shares	<b>292,295,811</b>	<b>292,295,811</b>

- 1(h)(ii) A statement showing all sales, transfers, disposals, 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 31 March 2018.



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2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures 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 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**

Except for those as disclosed under paragraph 5, the accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements.

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 has adopted a new accounting framework, Singapore Financial Reporting Standards (International) SFRS(I), together into the new SFRS(I)s effective on that date. The impact of the adoption are as follows:

(1) Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018.

In adopting SFRS(I), 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 has also concurrently apply SFRS(I) 9 Financial Instruments, SFRS(I) 15 Revenue from Contracts with Customers and SFRS(I) INT 22 Foreign Currency Translations and Advance Consideration. The estimated impact arising from the adoption of SFRS(I) 1 on the Group's financial information are set out as follows:

Application of SFRS(I)

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I). The Group elected an optional exemption to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, other reserves and retained profits as at 1 January 2017 and 31 December 2017 was increased/decreased by \$24,733,000 respectively.



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## Application of SFRS(I) (Cont'd)

<b>EQUITY</b>	Group 31/12/17	Group 1/1/17	Group 31/12/17
<b>Capital and reserves attributable to equity holders of the Company</b>	Reported under SFRS	Effect of transition to SFRS(I)	<b>Reported under SFRS(I)</b>
	S\$ '000	S\$ '000	<b>S\$ '000</b>
Share Capital	77,001	-	<b>77,001</b>
Other reserve	(20,897)	24,733	<b>3,836</b>
Retained Profits	191,996	(24,658)	<b>167,338</b>
	248,100	75	<b>248,175</b>
Non-controlling interests	12,707	(75)	<b>12,632</b>
Total Equity	260,807	-	<b>260,807</b>

The impact to other reserves and retained earnings for the three month period ended 31 March 2017 is set out in Statement of Changes in Equity.

(2) SFRS(I) 9 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

SFRS(I) 9 introduces new requirement for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirement in SFRS(I) 9 are based on an expected credit loss model and replace the FRS39 incurred loss model.

On the initial adoption of SFRS(I) 9 on 1 January 2018, the allowance for doubtful debts as at 1 January 2018 increased by \$391,000, which was adjusted against Retained Earnings. As a result, Retained Earnings as at 1 January 2018 decreased from \$167,338,000 to \$166,947,000.

(3) SFRS(I) 15 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

SFRS(I) 15 replaces SFRS(I) 1-11 Construction contracts, SFRS(I) 1-18 Revenue, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The adoption of SFRS(I) 15 had not resulted in material impact. Hence, financial information for prior periods were not restated.

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(4) SFRS(I) INT 22 Foreign Currency Translations and Advance Consideration (effective for annual periods beginning on or after 1 January 2018)

The interpretation applies to a foreign currency transaction (or part of it) when an entity recognizes a non-monetary assets and non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related assets, expense or income (or deferred revenue). All non-monetary assets and non-monetary liability apply the spot exchange rate between functional currency and the foreign currency at the date of the transaction and not retranslated at period end. This interpretation not required to income taxes and insurance contracts.

The Group adopted SFRS(I) INT 22 prospectively to all assets, expenses and income in the scope of the Interpretation initially recognised on or after 1 January 2018.

**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 SHARE**

	<b>Group</b> <b>01/01/18 -</b> <b>31/03/18</b>	Group 01/01/17 - 31/03/17
(a) Based on the number of ordinary shares on issue (cents)	<b>1.52</b>	0.63
(b) On fully diluted basis (cents)	<b>1.52</b>	0.63
Weighted average number of ordinary shares	<b>292,295,811</b>	292,295,811

- (i) The Group's earnings per share for current and preceding financial year are based on the 292,295,811 ordinary shares.
- (ii) Diluted earnings per share is the same as basic earnings per share. There are no dilutive potential ordinary shares as there are no outstanding share options at the beginning and end of the financial year.
- (iii) There was no material impact on prior period EPS on adoption of the revised FRS as disclosed in paragraph 5.

**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 SHARE**

	<b>Group</b> <b>31/03/18</b>	(Restated) Group 31/12/17	<b>Company</b> <b>31/03/18</b>	Company 31/12/17
Net asset value per ordinary share (cents)	<b>87.02</b>	84.91	<b>47.22</b>	47.32

- (i) The Group and Company net asset value per share as at 31 March 2018 and as at 31 December 2017 are based on the actual number of consolidated shares of 292,295,811 ordinary shares.
- (ii) Prior period net asset value per share were restated from 84.88 cents to 84.91 cents on adoption of the revised SFRS(I)s as disclosed in paragraph 5.



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8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

### **REVIEW OF FIRST QUARTER FINANCIAL RESULTS**

#### Turnover

The Group reported a 1.5% (or \$1.6 million) decrease in turnover to \$107.5 million (1Q2018) from \$109.1 million (1Q2017) mainly due to lower sales in our distribution business, despite higher sales recorded by our manufacturing business as compared to corresponding period last year.

Distribution business, accounting for 71.0% of the Group's total turnover, recorded a decrease of 6.2% (or \$5.1 million) in turnover, from \$81.4 million (1Q2017) to \$76.3 million (1Q2018) mainly due to lower sales in our tyre and wheel division. Our wheel manufacturing business, accounting for 29.0% of the Group's total turnover, recorded an increase of 12.6% (or \$3.5 million) in turnover, from \$27.7 million (1Q2017) to \$31.2 million (1Q2018).

#### Gross Profit

Gross Profit decreased by 4.3% (or \$1.1 million) to \$24.5 million (1Q2018) from \$25.6 million (1Q2017). The Group's gross profit margin decreased to 22.8% in 1Q2018 compared to 23.4% in 1Q2017 mainly due to lower gross profit margin from our manufacturing business. Manufacturing business recorded lower gross profit margin mainly due to higher aluminium prices in 1Q2018 compared to the same period in last year.

#### Other Gains

Other gains increased from \$0.7 million in 1Q2017 to \$4.6 million in 1Q2018. The sales of our freehold warehouse and office building at our Australia subsidiary was completed at end of February 2018 and accordingly the Group recognised a gain on disposal of \$3.1 million (before tax and minority interest). Lease rental income from Shanghai factory also contributed \$0.8 million (gross, before expenses) in 1Q2018.

#### Operating Expenses

Distribution expenses decreased by 1.6% (or \$0.2 million) in 1Q2018 to \$10.3 million compared to \$10.5 million in 1Q2017 mainly due to lower carriage outwards and advertising expenses in line with lower sales.

Administrative expenses decreased by 6.5% (or \$0.8 million) in 1Q2018 to \$11.7 million compared to \$12.5 million in 1Q2017 mainly due to 1Q2017 reported depreciation charge reclassified from cost of goods sold to administrative expenses arising from the cessation of production at our Shanghai factory. These machines were subsequently installed in Suzhou and Malaysia factories for production and its related depreciation was included in cost of goods sold in 1Q2018.

Financing costs decreased by 12.4% (or \$0.1 million) in 1Q2018 to \$0.9 million compared to \$1.0 million in 1Q2017 mainly due to lower interest costs incurred.

#### Share of Profit of an Associated Company

Our associated company reported better profit and our share of profit was \$0.9 million in 1Q2018 compared to \$0.8 million in 1Q2017.



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### Income Tax expense

Income tax expense increased by 96.8% (or \$1.0 million) mainly due to higher Group profit before tax for the period.

### Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by \$2.7 million (or 141.1%) to \$4.5 million in 1Q2018 from \$1.8 million in 1Q2017.

### Non-controlling Interests

Net profit after tax and non-controlling interests attributable to non-controlling interest of the Company increased by \$0.4 million (or 220.3%) to \$0.6 million in 1Q2018 from \$0.2 million in 1Q2017 mainly due to disposal gain of freehold warehouse and office building at our Australia subsidiary attributable to non-controlling interest of the Company.

## **STATEMENT OF FINANCIAL POSITION REVIEW**

As at 31 March 2018, total assets amounted to about \$395.9 million comprising \$275.4 million of current assets and \$120.5 million of non-current assets. Total liabilities amounted to about \$128.3 million comprising current liabilities of \$112.6 million and non-current liabilities of \$15.7 million. Shareholders' equity including non-controlling interests amounted to \$267.6 million.

The substantial changes in the statement of financial position compared to 31 March 2017 are as follows:

### Non-current assets held for sale

Non-current assets held for sale decreased from of \$0.7 million to \$ NIL mainly due to the completion of disposal of freehold warehouse and office building at our Australia subsidiary in 1Q2018.

### Transferable club membership, at cost

Transferable club membership, at cost increased from \$38K to \$127K mainly due to purchase of Country Club memberships.

### Deferred income tax assets

Deferred income tax assets decreased from \$4.2 million to \$3.1 million mainly due to reversal of capital gains tax payable on completion of the disposal of freehold warehouse and office building at our Australia subsidiary in 1Q2018.

### Borrowings (current & non-current)

Borrowings increased from \$85.4 million to \$88.0 million due to increase short-term bank borrowings for payments to trade suppliers in 1Q2018.

### Current income tax liabilities

Income tax liabilities decreased from \$2.1 million to \$1.5 million mainly due to income tax paid during the period.



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### Other reserves

The Group elect to set the cumulative translation difference for all foreign operations to be zero as at the date of transition to SFRS(I)s on 1 January 2017. As a result, other reserves and retained profits as at 1 January 2017 and 31 December 2017 was increased / (decreased) by \$24.7 million respectively.

Other reserves, consist of foreign currency translation losses on overseas investments, increased from \$3.8 million to \$6.0 million mainly due to the strengthening of RMB and MYR against SGD.

### **STATEMENT OF CASH FLOW REVIEW**

\$1.0 million was provided by operating activities in 1Q2018. The Group generated \$2.5 million from investing activities mainly from the sale of our Australia warehouse and office building. A total of \$2.0 million was raised for financing activities mainly from short term bank borrowings to pay trade suppliers. Cash and cash equivalents amounted to \$60.0 million as at 31 March 2018 compared to \$54.0 million reported as at 31 December 2017.

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

There is no forecast or prospect statement previously disclosed.

**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 overall business operating environment is expected to remain challenging in view of the intense competition in the regions.

We expect the high aluminium prices and weak US Dollars to continue to impact the margins of our manufacturing business in 2018.

For our manufacturing business, the strategy is to focus on growing our customer base through a concerted approach of being innovative in R&D design, complemented by high technical competencies in production processes to increase product quality and offering to our customers.

For our distribution business, the tyre business continues to face challenges amid the prevailing overcapacity of the tyre market. Tyre prices are expected to remain competitive and dependent on market balance between supply and demand. Our strategy is to leverage on technology to strengthen our existing distribution channels and explore new sales channels and business opportunities to grow the distribution business.

The Group will continue to execute its 3"R" reduction policy to reduce inventory, reduce account receivables and reduce operating costs to enhance operating efficiencies and simultaneously executing its multi-product, multi-brand and multi-category (3"M") business strategies amid a challenging business environment.



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**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable.

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

No dividend has been recommended for the period 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, please make a statement to that effect**

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**14. Statement Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited**

We, Tay Tian Hoe Richard and Tay Tiang Guan, being two of the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the three months ended 31 March 2018 to be false or misleading in any material aspect.

**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 confirmed that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**16. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable to Q1, Q2, & Q3 results.



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**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable to Q1, Q2, & Q3 results.

**18. A breakdown of sales**

A breakdown of sales:-

Not applicable to Q1, Q2, & Q3 results.

**19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable to Q1, Q2, & Q3 results.

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable to Q1, Q2, & Q3 results.

**BY ORDER OF THE BOARD**

Tay Tian Hoe Richard  
Executive Chairman and Group Managing Director  
14/05/2018

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 14/05/2018 to the SGX.