

[Print this page](#)**Third Quarter * Financial Statement And Dividend Announcement**

* Asterisks denote mandatory information


Name of Announcer *	YHI INTERNATIONAL LIMITED
Company Registration No.	200007455H
Announcement submitted on behalf of	YHI INTERNATIONAL LIMITED
Announcement is submitted with respect to *	YHI INTERNATIONAL LIMITED
Announcement is submitted by *	YUEN SOU WAI
Designation *	EXECUTIVE DIRECTOR
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2005
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Third Quarter 2005 Financial Statement

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

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

1(a)(i) CONSOLIDATED INCOME STATEMENT (3Q FY2005 vs 3Q FY2004)

	Group 01/07/05- 30/09/05 S\$'000	Group 01/07/04- 30/09/04 S\$'000	Incr/(Decr) %
Sales	82,962	81,318	2.0%
Cost of sales	(62,068)	(59,510)	4.3%
Gross profit	20,894	21,808	(4.2%)
Other operating income	349	129	170.5%
Distribution costs	(5,620)	(6,726)	(16.4%)
Administrative expenses	(6,349)	(6,457)	(1.7%)
Other operating expenses	(968)	(667)	45.1%
Operating profit	8,306	8,087	2.7%
Finance cost	(585)	(442)	32.4%
Profit before tax	7,721	7,645	1.0%
Tax	(1,444)	(1,807)	(20.1%)
Profit for the period	6,277	5,838	7.5%
Attributable to:			
Equity holders of the Company	6,006	5,953	0.9%
Minority interests	271	(115)	335.7%
	6,277	5,838	7.5%

NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2005 vs 3Q FY2004)

	Group 01/07/05- 30/09/05 S\$'000	Group 01/07/04- 30/09/04 S\$'000	Incr/(Decr) %
Interest income	84	14	500.0%
Interest on borrowings	(585)	(442)	32.4%
Depreciation	(1,518)	(1,334)	13.8%
Amortisation charge*	-	(25)	NM
Allowance for doubtful receivables and bad debts written off	(192)	(448)	(57.1%)
Allowance for slow-moving and obsolete inventories	(326)	(569)	(42.7)
Inventories written off	(97)	(21)	361.9%
Foreign exchange loss	(363)	(171)	112.3%
Gain on disposal of property, plant and equipment	16	6	166.7%

NM – Not meaningful

*With the adoption of FRS 103 at 1 January 2005, the amortisation of goodwill arising from business combination is no longer applicable.

1(a)(ii) CONSOLIDATED INCOME STATEMENT (YTD Sep FY2005 vs YTD Sep FY2004)

	Group 01/01/05- 30/09/05 S\$'000	Group 01/01/04- 30/09/04 S\$'000	Incr/(Decr) %
Sales	246,597	221,761	11.2%
Cost of sales	(184,107)	(163,112)	12.9%
Gross profit	62,490	58,649	6.5%
Other operating income	665	555	19.8%
Distribution costs	(18,374)	(19,605)	(6.3%)
Administrative expenses	(18,974)	(17,276)	9.8%
Other operating expenses	(1,503)	(1,598)	(5.9%)
Operating profit	24,304	20,725	17.3%
Finance cost	(1,763)	(1,191)	48.0%
Profit before tax	22,541	19,534	15.4%
Tax	(5,179)	(4,401)	17.7%
Profit for the period	17,362	15,133	14.7%
Attributable to:			
Equity holders of the Company	17,006	14,956	13.7%
Minority interests	356	177	101.1%
	17,362	15,133	14.7%

NOTES TO CONSOLIDATED INCOME STATEMENT (YTD Sep FY2005 vs YTD Sep FY2004)

	Group 01/01/05- 30/09/05 S\$'000	Group 01/01/04- 30/09/04 S\$'000	Incr/(Decr) %
Interest income	233	50	366.0%
Interest on borrowings	(1,763)	(1,191)	48.0%
Depreciation	(4,480)	(3,644)	22.9%
Amortisation charge*	-	(75)	NM
Allowance for doubtful receivables and bad debts written off	(958)	(1,961)	(51.1%)
Allowance for slow-moving and obsolete inventories	(785)	(1,242)	(36.8%)
Inventories written off	(278)	(56)	396.4%
Foreign exchange gain/(loss)	245	(77)	418.2%
Gain on disposal of property, plant and equipment	32	32	-

NM – Not meaningful

*With the adoption of FRS 103 at 1 January 2005, the amortisation of goodwill arising from business combination is no longer applicable.

1(b)(i) A balance sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

BALANCE SHEETS

	Group 30/09/05 S\$'000	Group 31/12/04 S\$'000	Company 30/09/05 S\$'000	Company 31/12/04 S\$'000
Current assets				
Cash and cash equivalents	33,113	19,142	8,641	9,643
Trade and other receivables	64,945	52,172	24,953	37,754
Inventories	51,613	55,537	-	-
Other current assets	3,725	3,800	37	29
	153,396	130,651	33,631	47,426
Non-current assets				
Investment in subsidiaries	-	-	54,640	45,049
Available-for-sale financial assets	3,774	3,743	-	-
Property, plant and equipment	54,071	51,507	426	517
Intangible assets	2,672	861	-	-
Deferred income tax assets	2,077	2,118	-	-
	62,594	58,229	55,066	45,566
Total assets	215,990	188,880	88,697	92,992
Current liabilities				
Trade and other payables	45,736	37,315	404	5,349
Borrowings	30,901	30,446	-	5
Current income tax liabilities	2,304	2,601	293	291
Provision for other liability	-	297	-	-
	78,941	70,659	697	5,645
Non-current liabilities				
Borrowings	9,184	8,867	-	-
Deferred income tax liabilities	2,045	1,950	-	-
	11,229	10,817	-	-
Total liabilities	90,170	81,476	697	5,645
Net assets	125,820	107,404	88,000	87,347
Capital & Reserves attributable to the Company's Equity Holders				
Share capital	58,459	48,716	58,459	48,716
Share premium	18,542	28,285	18,542	28,285
Foreign currency translation account	1,570	(1,229)	-	-
Retained earnings	42,386	27,186	10,999	10,346
General reserve	1,829	1,740	-	-
	122,786	104,698	88,000	87,347
Minority interests	3,034	2,706	-	-
Total Equity	125,820	107,404	88,000	87,347

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

Amount repayable in one year or less, or on demand

Group As at 30/09/05		Group As at 31/12/04	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
30,901	-	30,446	-

Amount repayable after one year

Group As at 30/09/05		Group As at 31/12/04	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,934	5,250	3,617	5,250

Details of any collateral

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

- (i) a first legal mortgage on the Group's freehold and leasehold properties;
- (ii) a first legal charge on office equipment, plant and machinery of a subsidiary;
- (iii) a first and floating charge on all the assets of a subsidiary;
- (iv) corporate guarantee from the Company;
- (v) banker's guarantee, up to \$8.3 million (2004: \$8.3 million), given as security to another financial institution which granted banking facilities to a subsidiary. The banker's guarantee is in turn secured by a first and floating charge on all the assets of a subsidiary as referred to paragraph (iii) above.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

1(c)(i) CONSOLIDATED CASH FLOW STATEMENT (3Q FY2005 vs 3Q FY2004)

	Group 01/07/05- 30/09/05 S\$000	Group 01/07/04- 30/09/04 S\$000
Cash flows from operating activities		
Profit before tax	7,721	7,645
Adjustments for:		
Depreciation of property, plant and equipment	1,518	1,334
Interest expense	585	442
Interest income	(84)	(14)
Net gain on disposal of property, plant and equipment	(16)	(6)
Amortisation of goodwill on consolidation	-	38
Amortisation of negative goodwill on consolidation	-	(13)
Exchange differences	302	(50)
Operating cash flow before working capital changes	10,026	9,376
Changes in operating assets and liabilities		
Trade and other receivables	(3,551)	(7,821)
Inventories	(1,548)	2,506
Other current assets	344	267
Trade and other payables and provision	4,147	3,421
Cash generated from operations	9,418	7,749
Interest received	84	14
Income tax paid	(1,895)	(1,592)
Net cash from operating activities	7,607	6,171
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	5	6
Purchase of property, plant and equipment	(2,349)	(5,398)
Purchase of other investments	(31)	(37)
Acquisition of additional interest in a subsidiary	-	(78)
Net proceed from minority interest	-	483
Net cash used in investing activities	(2,375)	(5,024)
Cash flows from financing activities		
Repayments of long-term bank loans	(206)	(1,171)
Repayments of trust receipts loans	(420)	(8,537)
Interest paid	(590)	(469)
Repayments of finance lease liabilities	(124)	(37)
Proceeds from/(repayments of) short-term bank loans	(1,365)	5,130
Net cash from/(used in) financing activities	(2,705)	(5,084)
Net increase/(decrease) in cash and cash equivalents held	2,527	(3,937)
Cash and cash equivalents at the beginning of the financial period	29,683	17,250
Effects of exchange rate changes on cash and cash equivalents	112	(63)
Cash and cash equivalents at the end of the financial period	32,322	13,250

Explanatory Notes: -

Cash and cash equivalents comprise: -

	Group 01/07/05- 30/09/05 S\$000	Group 01/07/04- 30/09/04 S\$000
Cash and bank balances	33,113	13,917
Less: Bank overdrafts	(791)	(667)
	<u>32,322</u>	<u>13,250</u>

1(c)(ii) CONSOLIDATED CASH FLOW STATEMENT (YTD Sep FY2005 vs YTD Sep FY2004)

	Group 01/01/05- 30/09/05 S\$000	Group 01/01/04- 30/09/04 S\$000
Cash flows from operating activities		
Profit before tax	22,541	19,534
Adjustments for:		
Depreciation of property, plant and equipment	4,480	3,644
Interest expense	1,763	1,191
Interest income	(233)	(50)
Net gain on disposal of property, plant and equipment	(32)	(32)
Amortisation of goodwill on consolidation	-	137
Amortisation of negative goodwill on consolidation	-	(62)
Exchange differences	777	102
Operating cash flow before working capital changes	<u>29,296</u>	<u>24,464</u>
Changes in operating assets and liabilities		
Trade and other receivables	(12,273)	(16,061)
Inventories	3,924	(10,010)
Other current assets	75	(305)
Trade and other payables and provision	9,367	15,328
Cash generated from operations	<u>30,389</u>	<u>13,416</u>
Interest received	233	50
Income tax paid	(5,384)	(3,555)
Net cash from operating activities	<u>25,238</u>	<u>9,911</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	833	72
Purchase of property, plant and equipment	(6,758)	(13,355)
Purchase of other investments	(31)	(3,616)
Cash and cash equivalents in subsidiaries acquired	-	342
Acquisition of additional interest in a subsidiary	(804)	(78)
Net proceed from minority interest	-	546
Net cash used in investing activities	<u>(6,760)</u>	<u>(16,089)</u>
Cash flows from financing activities		
Repayments of long-term bank loans	(615)	(2,215)
Proceeds from/(repayments of) trust receipts loans	3,445	(1,780)
Interest paid	(1,762)	(1,181)
Repayments of finance lease liabilities	(170)	(265)
Dividends paid to shareholders	(3,287)	(3,775)
(Repayments of)/proceeds from short-term bank loans	(1,801)	4,807
Net cash used in financing activities	<u>(4,190)</u>	<u>(4,409)</u>
Net increase/(decrease) in cash and cash equivalents held	14,288	(10,587)
Cash and cash equivalents at the beginning of the financial period	17,775	23,894
Effects of exchange rate changes on cash and cash equivalents	259	(57)
Cash and cash equivalents at the end of the financial period	<u>32,322</u>	<u>13,250</u>

Explanatory Notes: -

- (i) The cash flow for the 9 months period ended 30 September 2005 was based on the cash flow movement from 1 January 2005, after adjusting for the impact of the revised FRS.
- (ii) Cash and cash equivalents comprise: -

	Group 01/01/05- 30/09/05 S\$000	Group 01/01/04- 30/09/04 S\$000
Cash and bank balances	33,113	13,917
Less: Bank overdrafts	(791)	(667)
	32,322	13,250
Acquisition of subsidiary: -		
Net identifiable assets	-	1,211
Less: Minority interest	-	(342)
Net identifiable assets purchased	-	869
Total cash consideration	-	869
Less: Cash and cash equivalents in a subsidiary acquired	-	(1,211)
Net cash inflow from acquisition of a subsidiary	-	(342)

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

STATEMENT OF CHANGES IN EQUITY

	2005						
	Share capital S\$'000	Share premium S\$'000	Foreign currency translation account S\$'000	General reserve S\$'000	Retained profits S\$'000	Minority interests S\$'000	Total S\$'000
<u>The Group</u>							
Balance at 1 January 2005							
As previously reported	48,716	28,285	(1,229)	1,740	27,186	2,706	107,404
Effect of adopting FRS 103	-	-	-	-	690	-	690
Effect of adopting FRS 39 (revised 2004)	-	-	-	-	500	-	500
As restated	48,716	28,285	(1,229)	1,740	28,376	2,706	108,594
Bonus issue	9,743	(9,743)	-	-	-	-	-
Net profit for the financial period	-	-	-	-	17,006	356	17,362
Transfer to general reserve	-	-	-	73	(73)	-	-
Dividends relating to 2004	-	-	-	-	(2,923)	-	(2,923)
Foreign currency translation differences	-	-	2,799	16	-	(28)	2,787
Balance at 30 September 2005	58,459	18,542	1,570	1,829	42,386	3,034	125,820
	2004						
	Share capital S\$'000	Share premium S\$'000	Foreign currency translation account S\$'000	General reserve S\$'000	Retained profits S\$'000	Minority interests S\$'000	Total S\$'000
<u>The Group</u>							
Balance at 1 January 2004	48,716	28,285	180	723	9,317	1,437	88,658
Net profit for the financial period	-	-	-	-	14,956	177	15,133
Transfer to general reserve	-	-	-	98	(98)	-	-
Dividends relating to 2003	-	-	-	-	(1,461)	-	(1,461)
Foreign currency translation differences	-	-	(281)	-	-	822	541
Balance at 30 September 2004	48,716	28,285	(101)	821	22,714	2,436	102,871

STATEMENT OF CHANGES IN EQUITY

	2005			
	Share capital	Share premium	Retained profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
Balance at 1 January 2005	48,716	28,285	10,346	87,347
Bonus issue	9,743	(9,743)	-	-
Net profit for the financial period	-	-	3,576	3,576
Dividends relating to 2004	-	-	(2,923)	(2,923)
Balance at 30 September 2005	58,459	18,542	10,999	88,000

	2004			
	Share capital	Share premium	Retained profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
Balance at 1 January 2004	48,716	28,285	1,737	78,738
Net profit for the financial period	-	-	1,393	1,393
Dividends relating to 2003	-	-	(1,461)	(1,461)
Balance at 30 September 2004	48,716	28,285	1,669	78,670

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 or 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

(a) Changes In Authorised Share Capital

On 1 February 2005, the share capital of the Company was subdivided by dividing each share of S\$0.20 each into two new shares of S\$0.10 each. The result of the Share Split would be that the Company will have an authorised capital of S\$100,000,000 divided into 1,000,000,000 shares of S\$0.10 each and an issued and paid-up capital of S\$48,715,969 divided into 487,159,690 shares of S\$0.10 each.

(b) Changes In Issued And Fully Paid Ordinary Shares

The company issued the following shares during the period ended 30 September 2005

	Number of shares	S\$
Number of ordinary shares of \$0.20 each issued and fully paid as at 1 January 2005	243,579,845	48,715,969
Sub-division of every one ordinary share of \$0.20 each into two ordinary shares of \$0.10 each ("one-into-two share split") as at 1 February 2005	243,579,845	-
Bonus issue of new ordinary shares on the basis of one bonus share for every five existing ordinary shares of \$0.10 each as at 17 May 2005	97,431,938	9,743,194
Total number of ordinary shares of \$0.10 each issued and fully paid as at 30 September 2005	584,591,628	58,459,163

(c) Bonus Issue

On 17 May 2005, the Company issued 97,431,938 new ordinary shares of \$0.10 each in the capital of the Company (the "Bonus Shares"). It was on the basis of one (1) Bonus Share for every five (5) existing ordinary shares of par value \$0.10 each held by the shareholders of the Company as at 12 May 2005 (book closure date). Accordingly the Company capitalized the sum of \$9,743,194 from its share premium account and applied towards paying up in full for the Bonus Issue.

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 nor 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

Except as disclosed in paragraph 5 below, the Group and the Company has applied the same accounting policies and methods of computation in the financial statements for the current period as those of the audited annual financial statements as at 31 December 2004.

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

In 2005, the Group and the Company adopted the Financial Reporting Standards (FRS) below. The 2004 comparatives have been amended where as required, in accordance with the relevant transitional provisions in the respective FRS.

FRS 1 (revised 2004) Presentation of Financial Statements
FRS 2 (revised 2004) Inventories
FRS 8 (revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004) Events after the Balance Sheet Date
FRS 16 (revised 2004) Property, Plant and Equipment
FRS 17 (revised 2004) Leases
FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004) Related Party Disclosures
FRS 27 (revised 2004) Consolidated and Separate Financial Statements
FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004) Earnings per Share
FRS 36 (revised 2004) Impairment of Assets
FRS 38 (revised 2004) Intangible Assets
FRS 39(revised 2004) Financial Instruments: Recognition and Measurement
FRS 103 Business Combinations

Set out below is a brief description of those FRS which have impact on the financial statements of the Group and the Company.

(a) FRS 39 (revised 2004) and FRS 32 (revised 2004) have affected:

(i) Classification and consequential accounting of financial assets and financial liabilities

FRS 39 requires all financial assets and liabilities to be classified into appropriate categories at initial recognition and re-evaluate this designation at every reporting date. The classification depends on the purpose for which the financial asset or liabilities were acquired or incurred. The categories and the respective subsequent measurement rules are as follows:

- Financial assets or financial liabilities at fair value through profit or loss.

The Group's investment in quoted equity investments and derivative contracts that are not hedges are classified in this category. The Group's investment in equity investment is classified in this category if they were acquired principally for the purpose of selling in the short term. They are initially recognised at fair value and subsequently re-measured to fair value at the balance sheet date with all gains and losses recognised in profit or loss in the period in which the change in fair value arise.

The Group does not have any equity investments which are reclassified in this category.

- Loans and receivables

These include the Group's trade and other receivables and cash and bank balances. They are initially recognised at its fair value plus transaction costs and subsequently accounted for at amortised cost using the effective interest method, less impairment (see note (ii) below).

Previously, the Group's trade and other receivables were stated at the gross proceeds receivable less an allowance for doubtful receivable. Cash and bank balances were recognised at cost. Interest-free loans from the Company to its subsidiaries were stated at gross receivables in the Company's balance sheet.

- Held-to-maturity investments.

These include the Group's investments in fixed and variable rate bonds which the Group's management has the intention and ability to hold to maturity. They are initially recognised at its fair value plus transaction costs and subsequently accounted for at amortised cost using the effective interest method, less impairment (see note (ii) below).

The Group does not have any investment which is classified in this category.

- Available-for-sale financial assets

These include the Group's investments that are not classified in the 3 categories above, namely the investment in equity interest of other companies. They are initially recognised at its fair value subsequently measured at the fair values at the balance sheet date with all gains and losses other than impairment loss taken to equity. Impairment losses are taken to the income statement in the period it arises. On disposal, gains and losses previously taken to equity are included in the income statement.

Previously, such investments of the Group were stated at cost less provision for diminution in value that was other than temporary, which was charged to the income statement when it arose. Any reversal of the provision was also included in the income statement.

- Other financial liabilities

These are financial liabilities that are not held for trading nor designated as fair value through profit or loss. These include the Group's trade and other payables and bank borrowings. They are initially recognised at its fair value less transaction costs and subsequently accounted for at amortised cost using the effective interest method.

Previously, trade and other payables were stated at cost. Bank borrowings were already recognised in accordance with the revised standard.

(ii) Impairment and uncollectibility of financial assets

FRS 39 (revised 2004) requires the Group to assess at each balance sheet date if there is any objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Impairment of trade receivables is established when there is objective that the Group will not be able to collect all amounts due according to the original terms of receivables. The impairment charge is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The impairment charge is recognised in the income statement.

Previously, the Group maintains a general provision against its trade and other receivables for risks that are not specifically identified to any customer.

(iii) Fair values of financial assets and liabilities

At each balance sheet date, the fair values of quoted financial assets and liabilities are based on current bid prices. If the market for a financial asset or liabilities is not active (and for unquoted financial assets and liabilities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Previously, the Group used the last transacted prices of quoted financial assets or liabilities as the market value. Fair values of unquoted financial assets were not measured as it was not practicable to determine with sufficient reliability the fair value of these investments.

(b) The adoption of FRS 103, FRS 36 (revised 2004) and FRS 38 (revised 2004) simultaneously and prospectively from 1 January 2005, resulted in a change in the accounting policy for the following:

(i) Goodwill

Until 31 December 2004, goodwill was amortised on a straight-line basis over a period of 10 years; and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating-unit in which the goodwill is attached to.

In accordance with the provisions of FRS 103:

- the Group ceased amortisation of goodwill from 1 January 2005
- the accumulated amortisation as at 31 December 2004 has been eliminated by offsetting it against the cost of goodwill; and
- from the financial year commencing 1 January 2005 onwards, goodwill will be tested annually for impairment, as well as when there are indications of impairment.

(ii) Negative goodwill

Until 31 December 2004, excess of fair value of the Group's share of the net identifiable assets acquired over the cost of acquisition ("negative goodwill") is recognised in the income statement as follows:

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is taken to the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary depreciable assets acquired, is taken to the income statement over the remaining average useful life of those

assets; negative goodwill in excess of the fair values of those assets is taken to the income statement immediately.

In accordance with the transitional provision of FRS 103, unamortised negative goodwill as at 31 December 2004 is adjusted against retained earnings at 1 January 2005.

Effect of changes

Effect of changes to the financial statements arising from adoption of the respective FRS is as below: -

<u>GROUP</u>	<u>Increase/(Decrease) S\$'000</u>		
	<u>FRS 39</u>	<u>FRS 103</u>	<u>Total</u>

Description of change

Consolidated balance sheet items as at 30 September 2005

Trade and other receivables	500	-	500
Intangible assets	-	690	690
Retained earnings	500	690	1,190

The above changes in accounting policies do not have any impact on the consolidated income statement for the period ended 30 September 2005, except that the amortisation of goodwill is now no longer required. In the previous corresponding period ended 30 September 2004, the amortisation charge of goodwill to the consolidated income statement amounted to S\$75,000.

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

EARNINGS PER SHARE

	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>	<u>Group</u>
	<u>(Actual)</u>	<u>(Restated)</u>	<u>(Actual)</u>	<u>(Actual)</u>	<u>(Restated)</u>	<u>(Actual)</u>
	<u>01/07/05-</u>	<u>01/07/04-</u>	<u>01/07/04-</u>	<u>01/01/05-</u>	<u>01/01/04-</u>	<u>01/01/04-</u>
	<u>30/09/05</u>	<u>30/09/04</u>	<u>30/09/04</u>	<u>30/09/05</u>	<u>30/09/04</u>	<u>30/09/04</u>
(a) Based on the number of ordinary shares on issue (cents)	1.03	1.02	2.44	2.91	2.56	6.14
(b) On fully diluted basis (cents)	NA	NA	NA	NA	NA	NA

NA – Not Applicable

- (i) The Group Actual earnings per share at 1.03 cents and 2.91 cents for 3Q FY2005 and 9 months ended 30 September 2005 respectively are based on the actual number of shares in issue of 584,591,628 ordinary shares.
- (ii) The Group Restated earnings per share at 1.02 cents and 2.56 cents for 3Q FY2004 and 9 months ended 30 September 2004 respectively are restated for comparative purposes based on 584,591,628 ordinary shares as a result of the one-into-two share split on 1 February 2005 and bonus issue of shares on 17 May 2005.
- (iii) The Group Actual earnings per share at 2.44 cents and 6.14 cents for 3Q FY2004 and 9 months ended 30 September 2004 respectively are based on the actual number of shares in issue of 243,579,845 ordinary shares.
- (iv) Diluted earnings per share have not been calculated, as no diluting events existed during these periods. No share options were granted to any employees during these periods.

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

NET ASSET VALUE PER SHARE

	Group (Actual) 30/09/05	Group (Restated) 31/12/04	Group (Actual) 31/12/04	Company (Actual) 30/09/05	Company (Restated) 31/12/04	Company (Actual) 31/12/04
Net asset value per ordinary share (cents)	21.00	17.91	42.98	15.05	14.94	35.86

- (i) The Group and Company Actual net asset value per share as at 30 September 2005 are based on the actual number of shares in issue of 584,591,628 ordinary shares.
- (ii) The Group and Company Restated net asset value per share as at 31 December 2004 are restated for comparative purposes based on 584,591,628 ordinary shares as a result of the one-into-two share split on 1 February 2005 and bonus issue of shares on 17 May 2005.
- (iii) The Group and Company Actual net asset value per share as at 31 December 2004 are based on the actual number of shares in issue of 243,579,845 ordinary shares.

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 THIRD QUARTER FINANCIAL RESULTS AND FINANCIAL POSITION (3Q FY2005 VS 3Q FY2004)

The Group's turnover for 3Q of FY2005 of approximately S\$83.0 million was S\$1.7 million or 2.0% higher than the S\$81.3 million recorded in 3Q of FY2004.

Turnover from the distribution business increased by approximately S\$4.8 million or 8.8% from S\$54.7 million in 3Q of FY2004 to S\$59.5 million in 3Q of FY2005.

Turnover from the manufacturing business decreased by approximately S\$3.1 million or 11.7% from S\$26.6 million in 3Q of FY2004 to S\$23.5 million in 3Q of FY2005. Both turnover and gross profit in our 3Q performance were affected by some downtime in our Shanghai operations as we integrated our existing first painting line with a second new line. The integration process had since been completed in September 2005.

Lower distribution costs were incurred in 3Q of FY2005 as compared to the same period of FY2004. This was primarily due to recovery of about S\$0.3 million on specific bad debts and lower advertising expenses due to advertising structure adjustments effective in second half of FY2005. The increase in finance costs was attributable to higher interest rates.

Compared with the same period last year, lower tax expenses were incurred due to utilization of higher tax credits from our PRC manufacturing operations. Our PRC subsidiary, YHI Advanti Manufacturing (Shanghai) is qualified for tax incentives in the PRC.

REVIEW OF NINE MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (YTD SEP FY2005 VS YTD SEP FY2004)

Both the Group's turnover and profitability in the first nine months of FY2005 were higher than the first nine months of FY2004.

The Group's turnover of S\$246.6 million for the first nine months of FY2005 was S\$24.8 million or 11.2% higher than the S\$221.8 million recorded in the first nine months of FY2004.

Turnover from the distribution business increased by approximately S\$19.8 million or 12.8% from S\$154.4 million in the first nine months of FY2004 to S\$174.2 million in the first nine months of FY2005. The increase

was primarily due to higher tyre sales volumes which continued to account for about 79% of our total distribution business.

Turnover from the manufacturing business increased by approximately S\$5.0 million or 7.4% from S\$67.4 million in the first nine months of FY2004 to S\$72.4 million in the first nine months of FY2005.

The increase in administrative expenses in the first nine months of FY2005 as compared to the same period of FY2004 was in line with increased operating and production activities in our PRC subsidiaries. Compared to the same period last year, the increase in finance cost was attributable to higher interest expenses incurred in our PRC operations.

The Group's profit before taxation increased by approximately S\$3.0 million or 15.4% to S\$22.5 million in the first nine months of FY2005 as compared to S\$19.5 million in the corresponding period in FY2004.

The Group continued to maintain a healthy balance sheet with steady cash flow generated from operating activities.

Total current assets increased by approximately S\$22.7 million mainly due to increase in receivables of approximately S\$12.8 million and in cash of approximately S\$14.0 million together with a reduction of S\$3.9 million in inventories.

Intangible assets increased by S\$1.8 million due to FRS 103 adjustment of S\$0.7 million and goodwill of S\$1.1 million arising from purchase of minority interest in a subsidiary.

The increase in current liabilities of about S\$8.3 million was primarily due to trade and other payables of approximately S\$8.4 million from increased trading activities.

The increase in foreign currency translation account as at 3Q FY2005 compared with FY2004 was primarily due to Renminbi currency appreciation.

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

In 3Q FY2005, our manufacturing business segment experienced lower sales as compared to 2Q FY2005. This was affected by some downtime in our Shanghai operations as we integrated our existing first painting line with a second new line.

10. A commentary at the date of the announcement of the 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

FY2005 is a year of consolidation for our manufacturing business segment, particularly for our existing operations at both factories located in Shanghai and Taiwan.

Demand for global alloy wheels remains buoyant and our manufacturing business segment will continue to be our growth driver in FY2006. Both our Suzhou and Sepang factories are expected to commence production by first half of FY2006. This will enhance our production capabilities with more production lines to fulfill customers' orders in the global aftermarket wheel business.

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/recommendeded, a statement to that effect

No dividend has been recommended for the period ended 30 September 2005.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. 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.

14. 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.

15. A breakdown of sales

Not applicable to Q1, Q2 & Q3 results.

16. 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.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year S\$000	Previous Full Year S\$000
Ordinary	-	-
Preference	-	-
Total:	<u>-</u>	<u>-</u>

BY ORDER OF THE BOARD

Yuen Sou Wai
Executive Director
14/11/2005