

[Print this page](#)**Full Year * 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 *	31-12-2005
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Full Year Unaudited Financial Statement And Dividend Announcement For Year Ended 31 December 2005

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 (Full Year 2005 vs Full Year 2004)

	Group 01/01/05- 31/12/05 S\$ '000	Group 01/01/04- 30/12/04 S\$ '000	Incr/(Decr) %
Sales	334,795	291,325	14.9%
Cost of sales	(249,081)	(215,281)	15.7%
Gross profit	85,714	76,044	12.7%
Other operating income	1,027	641	60.2%
Distribution costs	(24,208)	(24,338)	(0.5%)
Administrative expenses	(24,395)	(22,062)	10.6%
Other operating expenses	(3,306)	(2,374)	39.3%
Profit from operations	34,832	27,911	24.8%
Finance cost	(2,378)	(1,636)	45.4%
Profit before income tax	32,454	26,275	23.5%
Income tax expense	(6,556)	(5,623)	16.6%
Net profit	25,898	20,652	25.4%
Attributable to:			
Equity holders of the Company	25,471	20,347	25.2%
Minority interests	427	305	40.0%
	25,898	20,652	25.4%

NOTES TO CONSOLIDATED INCOME STATEMENT (Full Year 2005 vs Full Year 2004)

	Group 01/01/05- 31/12/05 S\$ '000	Group 01/01/04- 31/12/04 S\$ '000	Incr/(Decr) %
Interest income	358	76	371.1%
Interest on borrowings	(2,378)	(1,636)	45.4%
Depreciation	(6,207)	(5,107)	21.5%
Amortisation charge*	-	(101)	NM
Allowance for impairment of doubtful receivables and bad debts written off	(1,022)	(1,980)	(48.4%)
Allowance for slow-moving and obsolete inventories	(327)	(1,401)	(76.7%)
Inventories written off	(796)	(627)	27.0%
Net foreign exchange loss	(683)	(209)	226.8%
Gain on disposal of property, plant and equipment	37	42	(11.9%)
Adjustment for overprovision of tax in respect of prior years	-	11	NM

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

	Group 31/12/05 S\$ '000	Group 31/12/04 S\$ '000	Company 31/12/05 S\$ '000	Company 31/12/04 S\$ '000
Current assets				
Cash and cash equivalents	27,739	19,142	8,038	9,643
Trade and other receivables	59,618	52,172	38,481	37,754
Inventories	60,823	55,537	-	-
Financial assets held for trading	90	-	-	-
Other current assets	5,171	3,800	23	29
	153,441	130,651	46,542	47,426
Non-current assets				
Investment in subsidiaries	-	-	57,759	45,049
Available-for-sale financial assets	3,775	3,743	-	-
Property, plant and equipment	56,888	51,507	397	517
Intangible assets	5,303	861	-	-
Deferred income tax assets	2,378	2,118	-	-
	68,344	58,229	58,156	45,566
Total assets	221,785	188,880	104,698	92,992
Current liabilities				
Trade and other payables	47,051	37,315	4,646	5,349
Borrowings	34,455	30,446	-	5
Financial liabilities held for trading	51	-	-	-
Current income tax liabilities	2,651	2,601	596	291
Provision for other liability	-	297	-	-
	84,208	70,659	5,242	5,645
Non-current liabilities				
Borrowings	2,297	8,867	-	-
Deferred income tax liabilities	1,968	1,950	-	-
	4,265	10,817	-	-
Total liabilities	88,473	81,476	5,242	5,645
Net assets	133,312	107,404	99,456	87,347
Capital and 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 reserve	234	(1,229)	-	-
Retained earnings	49,861	27,186	22,455	10,346
General reserve	2,806	1,740	-	-
	129,902	104,698	99,456	87,347
Minority interests	3,410	2,706	-	-
Total equity	133,312	107,404	99,456	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 31/12/05		Group As at 31/12/04	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
29,205	5,250	30,446	-

Amount repayable after one year

Group As at 31/12/05		Group As at 31/12/04	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
2,297	-	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; and
- (v) banker's guarantees, up to S\$11.6 million (2004: S\$8.3 million), given as security to banks which granted banking facilities to certain subsidiaries. The banker's guarantees are in turn secured by a first and floating charge on all the assets of a subsidiary as referred to in 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 (FY2005 vs FY2004)

	Group 01/01/05- 31/12/05 S\$ '000	Group 01/01/04- 31/12/04 S\$ '000
Cash flows from operating activities		
Profit before tax	32,454	26,275
Adjustments for:		
– Depreciation of property, plant and equipment	6,207	5,107
– Interest expense	2,378	1,636
– Interest income	(358)	(76)
– Gain on disposal of property, plant and equipment	(37)	(42)
– Amortisation of goodwill on consolidation	-	183
– Amortisation of negative goodwill on consolidation	-	(82)
– Changes in fair values of financial assets and liabilities held for trading	(39)	-
– Exchange differences	239	(275)
Operating cash flow before working capital changes	40,844	32,726
Changes in operating assets and liabilities, net of effects from purchase of subsidiary		
– Trade and other receivables	(5,196)	(8,240)
– Inventories	(1,967)	(18,308)
– Other current assets	(1,157)	(1,340)
– Trade and other payables and provision	8,745	11,838
Cash generated from operations	41,269	16,676
Interest received	358	76
Income tax paid	(6,732)	(5,320)
Net cash from operating activities	34,895	11,432
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(2,905)	803
Proceeds from sale of property, plant and equipment	942	93
Purchase of property, plant and equipment	(11,684)	(13,809)
Purchase of other investments	(32)	(3,615)
Acquisition of minority interest in a subsidiary	(804)	(78)
Net proceed from minority interest	-	64
Net cash used in investing activities	(14,483)	(16,542)
Cash flows from financing activities		
(Repayments of)/proceeds from trust receipts loans	(4,940)	2,276
Interest paid	(2,378)	(1,670)
Repayments of finance lease liabilities	(196)	(301)
Proceeds from bank loans	5,718	5,977
Repayments of bank loans	(5,543)	(3,328)
Dividends paid to shareholders	(3,399)	(3,775)
Net cash used in financing activities	(10,738)	(821)
Net increase/(decrease) in cash and cash equivalents held	9,674	(5,931)
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	147	(188)
Cash and cash equivalents at the end of the financial period	27,596	17,775

Explanatory Notes: -

Cash and cash equivalents comprise: -

	Group 01/12/05- 31/12/05 S\$ '000	Group 01/01/04- 31/12/04 S\$ '000
Cash and bank balances	27,739	19,142
Less: Bank overdrafts	(143)	(1,367)
	27,596	17,775

The aggregate effects of acquisition of subsidiary for the year ended 31 December 2005 is as follows:

	Fair value S\$ '000	Carrying amount in acquiree's books S\$ '000
Cash and cash equivalents	215	215
Trade and other receivables	1,750	1,750
Inventories	3,319	3,319
Property, plant and equipment	170	170
Other current assets	214	214
Deferred income tax assets	192	192
Total assets	5,860	5,860
Trade and other payables	(1,792)	(1,792)
Borrowings	(3,110)	(3,110)
Total liabilities	(4,902)	(4,902)
Net assets	958	958
Less: Minority Interest	(469)	(469)
Net assets purchased	489	489
Trademark	1,861	
Net identifiable assets purchased	2,350	
Goodwill	770	
Total cash consideration	3,120	
Less: Cash and cash equivalents in subsidiary acquired	(215)	
Net cash outflow from acquisition of a subsidiary	2,905	

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

	Share capital S\$ '000	Share premium S\$ '000	Foreign currency translation reserve S\$ '000	General reserve S\$ '000	Retained earnings S\$ '000	Minority interests S\$ '000	Total S\$ '000
The Group							
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 (adjusted prospectively)	-	-	-	-	690	-	690
- Effect of adopting FRS 39 (revised 2004) (adjusted prospectively)	-	-	-	-	500	-	500
- As restated	48,716	28,285	(1,229)	1,740	28,376	2,706	108,594
Gains and losses recognised directly in equity - Currency translation differences	-	-	1,463	3	-	(192)	1,274
Net profit	-	-	-	-	25,471	427	25,898
Total recognised gains	-	-	1,463	3	25,471	235	27,172
Issue of bonus shares	9,743	(9,743)	-	-	-	-	-
Transfer to general reserve	-	-	-	1,063	(1,063)	-	-
Dividends relating to 2004	-	-	-	-	(2,923)	-	(2,923)
Acquisition of a subsidiary	-	-	-	-	-	469	469
Balance at 31 December 2005	58,459	18,542	234	2,806	49,861	3,410	133,312

	Share capital S\$'000	Share premium S\$'000	Foreign currency translation reserve S\$'000	General reserve S\$'000	Retained earnings S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 1 January 2004							
	48,716	28,285	180	723	9,317	1,437	88,658
Gains and losses recognised directly in equity - Currency translation differences	-	-	(1,409)	-	-	155	(1,254)
Net profit	-	-	-	-	20,347	305	20,652
Total recognised gains	-	-	(1,409)	-	20,347	460	19,398
Transfer to general reserve	-	-	-	1,017	(1,017)	-	-
Dividends relating to 2003	-	-	-	-	(1,461)	-	(1,461)
Acquisition of subsidiaries	-	-	-	-	-	809	809
Balance at 31 December 2004	48,716	28,285	(1,229)	1,740	27,186	2,706	107,404

STATEMENT OF CHANGES IN EQUITY

	Share capital S\$ '000	Share premium S\$ '000	Retained earnings S\$ '000	Total S\$ '000
The Company				
Balance at 1 January 2005	48,716	28,285	10,346	87,347
Issue of bonus shares	9,743	(9,743)	-	-
Net profit	-	-	15,032	15,032
Dividends relating to 2004	-	-	(2,923)	(2,923)
Balance at 31 December 2005	58,459	18,542	22,455	99,456
2004				
	Share capital S\$ '000	Share premium S\$ '000	Retained earnings S\$ '000	Total S\$ '000
Balance at 1 January 2004	48,716	28,285	1,737	78,738
Net profit	-	-	10,070	10,070
Dividends relating to 2003	-	-	(1,461)	(1,461)
Balance at 31 December 2004	48,716	28,285	10,346	87,347

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) Issue of bonus shares

On 17 May 2005, the Company issued 97,431,938 new ordinary shares of S\$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 S\$0.10 each held by the shareholders of the Company as at 12 May 2005 (book closure date). Accordingly the Company capitalised the sum of S\$9,743,194 from its share premium account and applied towards paying up in full for the Bonus Issue.

(c) Changes In Issued And Fully Paid Ordinary Shares

The company issued the following shares during the period ended 31 December 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 S\$0.20 each into two ordinary shares of S\$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 S\$0.10 each as at 17 May 2005	97,431,938	9,743,194
Total number of ordinary shares of S\$0.10 each issued and fully paid as at 31 December 2005	584,591,628	58,459,163

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>
<u>Description of change</u>	<u>(revised 2004)</u>		
<u>Consolidated balance sheet items as at 31 December 2005</u>			
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 31 December 2005, except that the amortisation of goodwill is now no longer required. In the previous corresponding period ended 31 December 2004, the amortisation charge of goodwill to the consolidated income statement amounted to S\$101,000.

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

	Group (Actual) 01/01/05- 31/12/05	Group (Restated) 01/01/04- 31/12/04	Group (Actual) 01/01/04- 31/12/04
(a) Based on the number of ordinary shares on issue (cents)	4.36	3.48	8.35
(b) On fully diluted basis (cents)	NA	NA	NA

NA – Not Applicable

- (i) The Group Actual earnings per share at 4.36 cents for the period from 1 January 2005 to 31 December 2005 is based on the actual number of shares in issue of 584,591,628 ordinary shares.
- (ii) The Group Restated earnings per share at 3.48 cents for the period from 1 January 2004 to 31 December 2004 is 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 8.35 cents for the period from 1 January 2004 to 31 December 2004 is based on the actual number of shares in issue at that point of time 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) 31/12/05	Group (Restated) 31/12/04	Group (Actual) 31/12/04	Company (Actual) 31/12/05	Company (Restated) 31/12/04	Company (Actual) 31/12/04
Net asset value per ordinary share (cents)	22.22	17.91	42.98	17.01	14.94	35.86

- (i) The Group and Company Actual net asset value per share as at 31 December 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 TWELVE MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION

The Board is pleased to announce a successful year with an increase of approximately 25.2% in the Group's net profit from S\$20.3 million in FY2004 to S\$25.5 million in FY2005. Both the distribution and manufacturing business segments recorded good growth in the face of increasing competitive environment. Net profit from the distribution business which accounted for 57.6% of Group's total profit in FY2005 increased by S\$3.4 million from FY2004. Net Profit from the manufacturing business which accounted for 42.4% of Group's total profit in FY2005 increased by S\$1.8 million from FY2004.

The Group's turnover for FY2005 of S\$334.8 million was S\$43.5 million or 14.9% higher than the turnover of S\$291.3 million recorded in FY2004, attributable to increase in both distribution and manufacturing businesses.

Turnover from the distribution business increased by S\$29.9 million or 14.4% from S\$207.1 million in FY2004 to S\$237.0 million in FY2005. The increase was primarily driven by stronger tyre sales volumes in Asean, PRC and Oceania.

Turnover from the manufacturing business increased by S\$13.6 million or 16.2% from S\$84.2 million in FY2004 to S\$97.8 million in FY2005. This increase was primary due to operation of 6 production lines in our Shanghai factory in FY2005 as compared to FY2004, when additional lines were phased into full production gradually by stages towards the later part of FY2004.

Gross profit increased by approximately S\$9.7 million from S\$76.0 million in FY2004 to S\$85.7 million in FY2005. The overall increase was due to higher turnover achieved. The increase in administrative expenses in FY2005 as compared with FY2004 was in line with increased operating activities in the PRC and USA subsidiaries. As for the increase in other operating expenses, it was

primarily due to higher depreciation charges and foreign exchange loss incurred in trade related activities. Higher finance costs were primarily due to higher cost of borrowings.

The Group's profit before taxation increased by approximately S\$6.2 million or 23.5% to S\$32.5 million in FY2005 as compared to S\$26.3 million in FY2004.

In FY2005, cash flow generated from operating activities had been healthy and this cash will be utilised partially to fund some of the major capital spendings relating to expansion plans in early FY2006.

Total current assets increased by approximately S\$22.8 million mainly due to increase in receivables of approximately S\$7.4 million and in inventories of approximately S\$5.3 million together with an increase of S\$8.6 million in cash. As compared to FY2004, the increase in receivables and inventories was primarily due to increased trade activities and to acquisition of our USA subsidiary. The increase in other current assets was primarily due to initial deposits made in relation to downpayment on new machinery pertaining to our expansion plans.

Included in intangible assets were S\$3.4 million in goodwill and S\$1.9 million of acquired trademark. The trademark arose as a result of acquisition of a subsidiary in USA during the year. Goodwill increased by S\$2.5 million from S\$0.9 million in FY2004 to S\$3.4 million in FY2005 due to S\$0.7 million arising from FRS 103 adjustment for negative goodwill reclassified to retained earnings as highlighted in paragraph 5(b)(ii), and S\$1.8 million in goodwill arising from purchase of minority interest in our PRC subsidiary and acquisition of our USA subsidiary.

The increase in current liabilities of about S\$13.5 million was primarily due to increase in trade and other payables of approximately S\$9.7 million from higher trading activities and an increase of S\$4.0 million in current borrowings. The decrease in non-current borrowings was due to loan reclassified to current borrowings as the maturity now fall within a year.

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 in our 3Q FY2005 announcement.

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

Distribution sales particularly tyres are expected to continue to increase in our Asean operations where the distribution of Yokohama tyres remains to be the main focus. In addition, our Oceanic operations are also expected to sell more tyres that are sourced from various tyre manufacturers based in Indonesia, Korea and Taiwan. In FY2005, our Group achieved good tyre sales in the PRC due to additional supply of Yokohama tyres from Hangzhou Yokohama Tire Co Ltd. This arrangement will continue into early part of FY2006. Thereafter, as a result of a PRC joint venture between our Group and Yokohama Rubber Co Ltd, the PRC joint venture company, Yokohama Tire (Shanghai) Sales Co Ltd, will be responsible to carry out distribution of Yokohama tyre products ranging from passenger cars, light truck radials and truck & bus radials in the PRC. The PRC joint venture is synergistic to our core tyre distribution business. Through our 49% stake in the PRC joint venture, we believe that it will bring good future benefits to our Group. This is because currently we are only distributing Yokohama passenger car tyres in the PRC. We expect future benefits to be significant only from FY2007 when Yokohama Rubber Co Ltd puts in place its expansion plans in the PRC.

The construction of our Sepang factory in Malaysia experienced a slow down in Q4 FY2005 due to bad weather conditions as a result of the monsoon season. We anticipate that the factory would likely to be operational by first half of FY2006. However, our manufacturing business segment is poised to experience good sales growth in FY2006 when the first phase of our new Suzhou and Sepang factories become operational from second half of FY2006 and with the addition of a second production line in our Taiwan factory. We expect to have at least 4 new production lines in full

operational capacity by end of FY2006 due to fulfillment of existing and additional demand of customers orders in the global aftermarket wheel business. Our manufacturing business segment will continue to expand and be the main growth driver for the earnings of our Group. We will continue to seek and form strategic alliances with reputable partners in the global aftermarket wheel business to establish strong distribution channels for wheels manufactured by our Group as part of our seamless supply chain strategy.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Rate	10% or 1.0 cents per ordinary share
Par value of shares as at 31 December 2005	S\$0.10
Tax Rate	One Tier Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Rate	6% or 0.6 cents per ordinary share
Par value of shares	S\$0.10
Tax Rate	One Tier Tax exempt

(c) Date payable

Notice will be given later regarding the dividend payment date.

(d) Books closure date

Notice will be given later regarding the date of closure of transfer book and register of members.

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

Not applicable.

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**

Results Of Operations By Business Segments

The Group is organised into two main business segments, namely Distribution and Manufacturing.

- (a) The segmental income statements of the Group for FY2005 and FY2004 are prepared on an actual basis.
- (b) The segmental balance sheet items of the Group as at 31 December 2005 and as at 31 December 2004 respectively are prepared on an actual basis.

Group Period from 01/01/05-31/12/05	Distribution S\$ '000	Manufacturing S\$ '000	Elimination S\$ '000	Group 01/01/05- 31/12/05 S\$ '000
Sales :				
- external sales	237,009	97,786		334,795
- inter-segment sales	-	14,736	(14,736)	-
	237,009	112,522	(14,736)	334,795
Segment result	23,024	11,913		34,937
Unallocated costs				(105)
Profit from operations				34,832
Finance cost				(2,378)
Profit before income tax				32,454
Income tax expense				(6,556)
Net profit				25,898
Minority interest				(427)
Net profit				25,471
Segment assets	120,083	96,600	(5,733)	210,950
Unallocated assets				10,835
Consolidated total assets				221,785
Segment liabilities	61,792	34,290	(50,259)	45,823
Unallocated liabilities				42,650
Consolidated total liabilities				88,473
Other segment items				
Capital expenditure	1,234	9,869		11,103
Depreciation	1,718	4,489		6,207
Allowance for slow-moving and obsolete inventories	(94)	421		327
Inventories written off	531	265		796

Group Period from 01/01/04-31/12/04	Distribution S\$ '000	Manufacturing S\$ '000	Elimination S\$ '000	Group 01/01/04-31/12/04 S\$ '000
Sales :				
- external sales	207,158	84,167		291,325
- inter-segment sales	-	13,928	(13,928)	-
	<u>207,158</u>	<u>98,095</u>	<u>(13,928)</u>	<u>291,325</u>
Segment result	17,836	10,165		28,001
Unallocated costs				(90)
Profit from operations				<u>27,911</u>
Finance cost				(1,636)
Profit before income tax				<u>26,275</u>
Income tax expense				(5,623)
Net profit				<u>20,652</u>
Minority interest				(305)
Net profit				<u><u>20,347</u></u>
Segment assets	112,380	69,408	(5,213)	176,575
Unallocated assets				<u>12,305</u>
Consolidated total assets				<u><u>188,880</u></u>
Segment liabilities	60,390	20,532	(43,409)	37,513
Unallocated liabilities				<u>43,963</u>
Consolidated total liabilities				<u><u>81,476</u></u>
Other segment items				
Capital expenditure	1,855	13,675		15,530
Depreciation	1,545	3,562		5,107
Amortisation	175	(74)		101
Allowance for slow-moving and obsolete inventories	1,202	199		1,401
Inventories written off	259	368		627

The Group's business segments operate in following geographical areas:-

	Sales		Total assets		Capital expenditure	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
	Group	Group	Group	Group	Group	Group
	01/01/05- 31/12/05	01/01/04- 31/12/04	31/12/05	31/12/04	01/01/05- 31/12/05	01/01/05- 31/12/05
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Singapore	96,994	87,595	45,757	41,877	182	776
Malaysia	26,487	27,825	14,492	12,965	2,170	189
USA	2,889	-	8,137	-	1	-
China/Hong Kong	142,208	122,026	108,379	84,615	7,864	13,507
Taiwan	18,615	21,932	8,750	9,556	133	338
Japan	4,846	3,222	1,073	1,016	7	187
Australia	40,058	29,401	24,736	20,545	564	485
New Zealand	17,434	13,252	11,598	10,536	182	48
Unallocated corporate assets	-	-	13,472	16,199	-	-
	349,531	305,253	236,394	197,309	11,103	15,530
Elimination	(14,736)	(13,928)	(14,609)	(8,429)	-	-
	334,795	291,325	221,785	188,880	11,103	15,530

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

Please refer to the item no. 8.

15. A breakdown of sales

A breakdown of sales:-

	Group	Group	Incr/(Decr) %
	01/01/05- 31/12/05	01/01/04- 31/12/04	
	S\$ '000	S\$ '000	
(a) Sales reported for the first half year	163,635	140,443	16.5%
(b) Operating profit after tax before deducting minority interest report for the first half year	11,085	9,295	19.3%
(c) Sales reported for the second half year	171,160	150,882	13.4%
(d) Operating profit after tax before deducting minority interest report for the second half year	14,813	11,357	30.4%
(e) Total sales reported for the full year	334,795	291,325	14.9%
(f) Total operating profit after tax before deducting minority interest report for the full year	25,898	20,652	25.4%

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

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	5,846	2,923
Preference	-	-
Total:	5,846	2,923

17. Aggregate value of interested person transactions entered into by the Company and/or its subsidiaries during the year ended 31 December 2005 are as follows:

Interested Persons	Aggregate value of all interested persons transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate). S\$'000	Aggregate value of all interested persons transactions conducted under shareholders' Mandate (excluding transactions less than S\$100,000) S\$'000	Total S\$'000
Interest paid to holding company	187	-	187
Total	187	-	187

Explanatory Notes:

Interest paid to YHI Holdings Pte Ltd is described and disclosed under "Restructuring Exercise" as disclosed on pages 60 and 120 of our prospectus dated 24 June 2003. Under the "Restructuring Exercise", a subsidiary acquired from YHI Holdings Pte Ltd the property with a fair value of S\$5,250,000. The amount due to YHI Holdings Pte Ltd is unsecured and interest is charged at SIBOR rates.

BY ORDER OF THE BOARD

Yuen Sou Wai
Executive Director
21/02/2006

Submitted by Yuen Sou Wai, Executive Director on 21/02/2006 to the SGX.