

[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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The details of the announcement start here ...

For the Financial Period Ended *	30-09-2006
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YHI INTERNATIONAL LIMITED

UNAUDITED THIRD QUARTER 2006 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 FY2006 vs 3Q FY2005)

	Group 01/07/06 - 30/09/06 S\$ '000	Group 01/07/05 - 30/09/05 S\$ '000	Incr/(Decr) %
Sales	96,281	82,962	16.1%
Cost of sales	(73,030)	(62,068)	17.7%
Gross profit	23,251	20,894	11.3%
Other operating income	137	349	(60.7%)
Distribution expenses	(6,704)	(5,620)	19.3%
Administrative expenses	(6,802)	(6,349)	7.1%
Other operating expenses	(774)	(968)	(20.0%)
Profit from operations	9,108	8,306	9.7%
Finance expenses	(1,003)	(585)	71.5%
Share of profit of associated companies	6	-	NM
Profit before income tax	8,111	7,721	5.1%
Income tax expense	(1,761)	(1,444)	22.0%
Net profit	6,350	6,277	1.2%
Attributable to:			
Equity holders of the Company	6,011	6,006	0.1%
Minority interests	339	271	25.1%
	6,350	6,277	1.2%

NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2006 vs 3Q FY2005)

	Group 01/07/06- 30/09/06 S\$ '000	Group 01/07/05- 30/09/05 S\$ '000	Incr/(Decr) %
Interest income	71	84	(15.5%)
Interest on borrowings	(1,003)	(585)	71.4%
Depreciation	(1,876)	(1,518)	23.6%
Allowance for impairment of doubtful receivables and bad debts written off	(246)	(192)	28.1%
Written back/(Allowance for) slow-moving and obsolete inventories	632	(326)	(293.9%)
Inventories written off	-	(97)	NM
Foreign exchange loss	(49)	(363)	(86.5%)
Share of profit of associated companies	6	-	NM
Gain/(Loss) on disposal of property, plant and equipment	(40)	16	(350.0%)

NM – Not meaningful

1(a)(ii) CONSOLIDATED INCOME STATEMENT (YTD SEP FY2006 vs YTD SEP FY2005)

	Group 01/01/06 - 30/09/06 S\$ '000	Group 01/01/05 - 30/09/05 S\$ '000	Incr/(Decr) %
Sales	294,011	246,597	19.2%
Cost of sales	(225,777)	(184,107)	22.6%
Gross profit	68,234	62,490	9.2%
Other operating income	1,492	665	124.4%
Distribution costs	(19,779)	(18,374)	7.6%
Administrative expenses	(21,127)	(18,974)	11.3%
Other operating expenses	(3,208)	(1,503)	113.4%
Operating profit	25,612	24,304	5.4%
Finance cost	(2,373)	(1,763)	34.6%
Share of profit of associated companies (see * below)	5,396	-	NM
Profit before income tax	28,635	22,541	27.0%
Income tax expense	(5,232)	(5,179)	1.0%
Net profit	23,403	17,362	34.8%
Attributable to:			
Equity holders of the Company	22,083	17,006	29.9%
Minority interests	1,320	356	270.8%
	23,403	17,362	34.8%

NOTES TO CONSOLIDATED INCOME STATEMENT (YTD SEP FY2006 vs YTD SEP FY2005)

	Group 01/01/06 - 30/09/06 S\$ '000	Group 01/01/05 - 30/09/05 S\$ '000	Incr/(Decr) %
Interest income	256	233	9.9%
Interest on borrowings	(2,373)	(1,763)	34.6%
Depreciation	(5,144)	(4,480)	14.8%
Allowance for impairment of doubtful receivables and bad debts written off	(687)	(958)	(28.3%)
Allowance for slow-moving and obsolete inventories	(125)	(785)	(84.1%)
Inventories written off	-	(278)	NM
Foreign exchange (loss)/gain	(306)	245	(224.9%)
*Share of profit of associated companies			
– Recognition of negative goodwill	5,390	-	NM
– Share of current year profit	6	-	NM
Gain on disposal of property, plant and equipment	986	32	2981.3%

NM – Not meaningful

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 30/09/06 S\$ '000	Group 31/12/05 S\$ '000	Company 30/09/06 S\$ '000	Company 31/12/05 S\$ '000
Current assets				
Cash and cash equivalents	19,095	27,739	295	8,038
Trade and other receivables	69,782	59,618	27,901	38,481
Inventories	59,120	60,823	-	-
Financial assets held for trading	-	90	-	-
Other current assets	12,111	5,171	25	23
	160,108	153,441	28,221	46,542
Non-current assets				
Investment in subsidiaries	-	-	66,226	57,759
Investment in associated companies	14,039	-	-	-
Available-for-sale financial assets	5,146	3,775	-	-
Property, plant and equipment	77,319	56,888	577	397
Intangible assets	5,303	5,303	-	-
Deferred income tax assets	2,273	2,378	-	-
	104,080	68,344	66,803	58,156
Total assets	264,188	221,785	95,024	104,698
Current liabilities				
Trade and other payables	50,013	47,051	498	4,646
Borrowings	55,634	34,455	-	-
Financial liabilities held for trading	-	51	-	-
Current income tax liabilities	2,604	2,651	344	596
	108,251	84,208	842	5,242
Non-current liabilities				
Borrowings	6,236	2,297	-	-
Deferred income tax liabilities	1,787	1,968	-	-
	8,023	4,265	-	-
Total liabilities	116,274	88,473	842	5,242
Net assets	147,914	133,312	94,182	99,456
Capital and reserves attributable to the Company's equity holders				
Share capital *	77,001	77,001	77,001	77,001
Foreign currency translation reserve	(2,106)	234	-	-
Retained earnings	66,094	49,861	17,181	22,455
General reserve	2,765	2,806	-	-
	143,754	129,902	94,182	99,456
Minority interests	4,160	3,410	-	-
Total equity	147,914	133,312	94,182	99,456

* Pursuant to The Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account has been transferred to the share capital account as at that date.

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 30/09/06		Group As at 31/12/05	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
55,634	-	29,205	5,250

Amount repayable after one year

Group As at 30/09/06		Group As at 31/12/05	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
6,236	-	2,297	-

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 (2005: S\$11.6 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 (3Q FY2006 vs 3Q FY2005)

	Group 01/07/06 - 30/09/06 S\$ '000	Group 01/07/05 - 30/09/05 S\$ '000
Cash flows from operating activities		
Profit before tax	8,111	7,721
Adjustments for:		
– Depreciation of property, plant and equipment	1,876	1,518
– Interest expense	1,003	585
– Interest income	(71)	(84)
– Loss/(Gain) on disposal of property, plant and equipment	40	(16)
– Share of profit of associated companies	(6)	-
– Exchange differences	565	302
Operating cash flow before working capital changes	<u>11,518</u>	<u>10,026</u>
Changes in operating assets and liabilities, net of effects from purchase of subsidiary		
– Trade and other receivables	513	(3,551)
– Inventories	(2,160)	(1,548)
– Other current assets	2,155	344
– Trade and other payables and provision	(2,110)	4,147
Cash generated from operations	<u>9,916</u>	<u>9,418</u>
Interest received	71	84
Income tax paid	(2,073)	(1,895)
Net cash from operating activities	<u>7,914</u>	<u>7,607</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	5
Purchase of property, plant and equipment	(7,859)	(2,349)
Purchase of available-for-sale financial assets	(1,371)	(31)
Net cash used in investing activities	<u>(9,230)</u>	<u>(2,375)</u>
Cash flows from financing activities		
Repayment of trust receipts loans	(3,182)	(420)
Interest paid	(1,003)	(590)
Repayments of finance lease liabilities	(77)	(124)
Repayments of long-term bank loans	(177)	(206)
Proceeds from/(repayment of) short-term bank loans	193	(1,365)
Net cash used in financing activities	<u>(4,246)</u>	<u>(2,705)</u>
Net (decrease)/increase in cash and cash equivalents held	(5,562)	2,527
Cash and cash equivalents at the beginning of the financial period	23,377	29,683
Effects of exchange rate changes on cash and cash equivalents	8	112
Cash and cash equivalents at the end of the financial period	<u>17,823</u>	<u>32,322</u>

Explanatory Notes:-

Cash and cash equivalents comprise:-

	Group 01/07/06 - 30/09/06 S\$ '000	Group 01/07/05 - 30/09/05 S\$ '000
Cash and bank balances	19,095	33,113
Less: Bank overdrafts	(1,272)	(791)
	<u>17,823</u>	<u>32,322</u>

1(c)(ii) CONSOLIDATED CASH FLOW STATEMENT (YTD SEP FY2006 vs YTD SEP FY2005)

	Group 01/01/06 - 30/09/06 S\$ '000	Group 01/01/05 - 30/09/05 S\$ '000
Cash flows from operating activities		
Profit before tax	28,635	22,541
Adjustments for:		
Depreciation of property, plant and equipment	5,144	4,480
Interest expense	2,373	1,763
Interest income	(256)	(233)
Gain on disposal of property, plant and equipment	(986)	(32)
Share of profit of associated companies	(5,396)	-
Exchange differences	(774)	777
Operating cash flow before working capital changes	<u>28,740</u>	<u>29,296</u>
Changes in operating assets and liabilities		
Trade and other receivables	(10,164)	(12,273)
Inventories	1,703	3,924
Other current assets	(6,940)	75
Trade and other payables and provision	3,692	9,367
Cash generated from operations	<u>17,031</u>	<u>30,389</u>
Interest received	256	233
Income tax paid	(5,445)	(5,384)
Net cash from operating activities	<u>11,842</u>	<u>25,238</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	2,269	833
Purchase of property, plant and equipment	(28,883)	(6,758)
Purchase of available-for-sale financial assets	(1,371)	(31)
Purchase of investment in associated companies	(8,643)	-
Acquisition of additional interest in a subsidiary	-	(804)
Net cash used in investing activities	<u>(36,628)</u>	<u>(6,760)</u>
Cash flows from financing activities		
Proceeds from/(Repayments of) long-term bank loans	6,799	(615)
Proceeds from trust receipts loans	5,873	3,445
Interest paid	(2,365)	(1,762)
Repayments of finance lease liabilities	(278)	(170)
Dividends paid to shareholders	(5,845)	(3,287)
Proceeds from/(Repayments of) short-term bank loans	11,315	(1,801)
Net cash from/(used in) financing activities	<u>15,499</u>	<u>(4,190)</u>
Net (decrease)/increase in cash and cash equivalents held	<u>(9,287)</u>	<u>14,288</u>
Cash and cash equivalents at the beginning of the financial period	<u>27,596</u>	<u>17,775</u>
Effects of exchange rate changes on cash and cash equivalents	(486)	259
Cash and cash equivalents at the end of the financial period	<u>17,823</u>	<u>32,322</u>
Explanatory Notes:-		
Cash and cash equivalents comprise:-		
	Group 01/01/06 - 30/09/06 S\$ '000	Group 01/01/05 - 30/09/05 S\$ '000
Cash and bank balances	19,095	33,113
Less: Bank overdrafts	(1,272)	(791)
	<u>17,823</u>	<u>32,322</u>

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 2006	58,459	18,542	234	2,806	49,861	3,410	133,312
Gains and losses recognised directly in equity - Currency translation differences	-	-	(2,340)	(46)	-	(570)	(2,956)
Net profit	-	-	-	-	22,083	1,320	23,403
Total recognised gains	-	-	(2,340)	(46)	22,083	750	20,447
Transfer of share premium reserve to share capital account (See note below)	18,542	(18,542)	-	-	-	-	-
Dividend relating to 2005	-	-	-	-	(5,845)	-	(5,845)
Transfer to general reserve	-	-	-	5	(5)	-	-
Balance at 30 Sep 2006	77,001	-	(2,106)	2,765	66,094	4,160	147,914
2005							
	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 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 (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	-	-	2,799	16	-	(28)	2,787
Net profit	-	-	-	-	17,006	356	17,362
Bonus issue	9,743	(9,743)	-	-	-	-	-
Dividend relating to 2004	-	-	-	-	(2,923)	-	(2,923)
Transfer to general reserve	-	-	-	73	(73)	-	-
Balance at 30 Sep 2005	58,459	18,542	1,570	1,829	42,386	3,034	125,820

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 2006	58,459	18,542	22,455	99,456
Net profit	-	-	571	571
Transfer of share premium reserve to share capital account (See note below)	18,542	(18,542)	-	-
Dividend relating to 2005	-	-	(5,845)	(5,845)
Balance at 30 Sep 2006	77,001	-	17,181	94,182
2005				
	Share capital S\$ '000	Share premium S\$ '000	Retained earnings S\$ '000	Total S\$ '000
Balance at 1 January 2005	48,716	28,285	10,346	87,347
Net profit	-	-	3,576	3,576
Bonus issue	9,743	(9,743)	-	-
Dividend relating to 2004	-	-	(2,923)	(2,923)
Balance at 30 Sep 2005	58,459	18,542	10,999	88,000

Note

Pursuant to The Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account has been transferred to the share capital account as at that date.

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

There was no change in the Company's number of shares since 31 December 2005. The share capital of the Company as at 30 September 2006 was 584,591,628 ordinary shares.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2005.

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

Not applicable.

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 01/07/06 - 30/09/06	Group 01/07/05 - 30/09/05	Group 01/01/06 - 30/09/06	Group 01/01/05 - 30/09/05
(a) Based on the number of ordinary shares on issue (cents)	1.03	1.03	3.78	2.91
(b) On fully diluted basis (cents)	NA	NA	NA	NA

NA – Not Applicable

- (i) The Group earnings per share for current and preceding periods are based on the actual number of shares in issue of 584,591,628 ordinary shares.
- (ii) 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 30/09/06	Group 31/12/05	Company 30/09/06	Company 31/12/05
Net asset value per ordinary share (cents)	24.59	22.22	16.11	17.01

The Group and Company net asset value per share as at 30 September 2006 and as at 31 December 2005 are based on the actual number of shares in issue of 584,591,628 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 (3Q FY2006 VS 3Q FY2005)

The Group's turnover increased by S\$13.4 million or 16.1% from S\$82.9 million in 3Q of FY2005 to S\$96.3 million in 3Q of FY2006. Both distribution and manufacturing business segments registered growth.

Turnover from the distribution business segment increased by approximately S\$4.3 million or 7.2% from S\$59.5 million in 3Q of FY2005 to S\$63.8 million in 3Q of FY2006. This was primarily due to sales from our new USA subsidiary previously not included in FY2005.

Turnover from the manufacturing business segment increased by approximately S\$9.1 million or 38.9% from S\$23.4 million in 3Q of FY2005 to S\$32.5 million in 3Q of FY2006. This was due to the increase in turnover from our operations in Taiwan and also the commencement of 2 production lines in our new factory in Suzhou, PRC.

In 3Q of FY2006, gross profit margin was about 24.1% as compared to about 25.2% in the same period in FY2005. The decrease was attributable to the manufacturing business segment which was affected by the rising aluminum prices which occurred from late FY2005.

The increase in administrative and distribution expenses in 3Q of FY2006 as compared to the same period of FY2005 was primarily due to higher operating activities and start-up costs of new factories in the PRC and Malaysia. Finance expenses increased as a result of higher borrowing costs from bank loans to fund expansion plans in Sepang, Malaysia and Suzhou, PRC.

The Group's profit before taxation increased by approximately S\$0.4 million or 5.1% to S\$8.1 million in 3Q of FY2006 as compared to S\$7.7 million in the corresponding period in 3Q of FY2005.

REVIEW OF NINE MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (YTD SEP FY2006 VS YTD SEP FY2005)

The Group's turnover of S\$294.0 million for the first 9 months of FY2006 was S\$47.4 million or 19.2% higher than the S\$246.6 million recorded in first 9 months of FY2005.

Turnover from the distribution business segment increased by approximately S\$40.1 million or 23.0% from S\$174.2 million in the 9 months of FY2005 to S\$214.3 million in the first 9 months of FY2006. The increase was primarily due to higher tyre sales in our traditionally strong ASEAN and Oceanic operations. In addition, higher sales were achieved by our new USA subsidiary previously not included in FY2005.

Turnover from the manufacturing business segment increased by approximately S\$7.3 million or 10.1% from S\$72.4 million in the first 9 months of FY2005 to S\$79.7 million in the first 9 months of FY2006. The increase was due to the increase in turnover from our operations in Taiwan and also the commencement of 2 production lines in our new factory in Suzhou, PRC.

Despite the rising aluminum prices in the manufacturing business segment which had affected gross margins, gross profit had increased by approximately S\$5.7 million from S\$62.5 million in 3Q of FY2005 to S\$68.2 million in 3Q of FY2006.

The increase in administrative, distribution and other operating expenses in the 9 months of FY2006 as compared to the same period of FY2005 was in line with increased operating activities and the start-up costs of new subsidiaries previously not included in FY2005. The increase in other operating income was primarily due to gain on disposal of assets.

The Group's profit before taxation increased by approximately S\$6.1 million or 27.0% to S\$28.6 million in the 9 months of FY2006 as compared to S\$22.5 million in the corresponding period in FY2005. A total of about S\$5.39 million included in the profit before tax for the 9 months of FY2006 was related to share of profit in our associated company, OZ S.p.A..

Our cashflow will continue to be utilized partially to fund expansion plans.

Total current assets increased by approximately S\$6.7 million mainly due to increase in receivables of approximately S\$10.2 million and in other current assets of approximately S\$6.9 million together with a reduction of S\$1.7 million in inventories and S\$8.6 million in cash. The increase in trade receivables was in line with higher turnover and the increase in other current assets was mainly due to increase in deposits made as down payments on new machineries for our factories in the PRC and Malaysia. Property, plant and equipment increased by approximately S\$20.4 million due to expansion plans in the new factories in the PRC and Malaysia.

The investment in associated companies included S\$2.4 million on our 49% stake in Yokohama Tire Sales (Shanghai) Co Ltd. The balance total of about S\$11.6 million (which also included S\$5.39 million of negative goodwill arising from FRS 28 adjustment) pertained to the acquisition of 35.51% stake in OZ S.p.A..

The increase in available-for-sale financial assets of approximately S\$1.4 million was attributable to additional investment in Hangzhou Yokohama Tire Co Ltd.

The increase in current liabilities of about S\$24.0 million was primarily due to increase in payables of approximately S\$3.0 million from higher trading activities and an increase of S\$21.1 million in current borrowings. The increase in total borrowings was primarily due to start-up funding requirements for the expansion plans in the PRC and Malaysia.

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 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

Our tyre distribution sales are expected to remain steady. "Neuton", our own proprietary brand of tyres has been successfully launched in the third quarter to target existing and new geographical networks. We shall expand both the product range and size of "Neuton" tyres and continue to promote it at international automotive trade fairs. We believe "Neuton" tyres will bring future benefits to the Group.

Our manufacturing business segment is operating in a challenging business environment for reasons stated below.

Global aluminum prices remain volatile and have shown further signs of increase after easing in recent months. If the aluminum prices continue to increase, it will have an adverse impact on our gross profit margins. We shall continue to monitor the aluminium prices and our production costs closely.

With good technical resource support from our existing Shanghai factory, our Suzhou factory in the PRC, is on track to commence production for 3 lines. Our Sepang factory in Malaysia is still experiencing initial start up production problems.

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 30 September 2006.

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

BY ORDER OF THE BOARD

Yuen Sou Wai
Executive Director
14/11/2006

Submitted by Yuen Sou Wai, Executive Director on 14/11/2006 to the SGX.

YHI INTERNATIONAL LIMITED

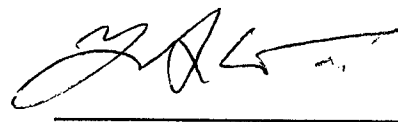
**Statement Pursuant to Rule 705(4) of the Listing Manual
of the Singapore Exchange Securities Trading Limited**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of YHI International Limited for the quarter ended 30 September 2006, to be false or misleading.

On Behalf of the Board of Directors



TAY TIAN HOE RICHARD
GROUP MANAGING DIRECTOR



YUEN SOU WAI
EXECUTIVE DIRECTOR/CFO