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Second Quarter Results * Financial Statement And Related 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 * | Tay Tian Hoe Richard |
| Designation * | Executive Chairman and Group Managing Director |
| Date & Time of Broadcast | 11-Aug-2011 17:08:42 |
| Announcement No. | 00033 |

>> Announcement Details

The details of the announcement start here ...

| | |
|----------------------------------|--|
| For the Financial Period Ended * | 30-06-2011 |
| Description | Unaudited Second Quarter 2011 Financial Statements and Press Release |

Attachments

 [YHIPressRelease1H2011.pdf](#)
 [Q2FY11Results.pdf](#)
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Unaudited Second Quarter 2011 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 (2Q FY2011 vs 2Q FY2010)

| | Group 01/04/11- 30/06/11 S\$ '000 | Group 01/04/10- 30/06/10 S\$ '000 | Incr/(Decr) % |
|---|--|--|------------------|
| Sales | 134,287 | 120,593 | 11.4% |
| Cost of sales | (102,008) | (92,146) | 10.7% |
| Gross profit | 32,279 | 28,447 | 13.5% |
| Other gains - net | 580 | 415 | 39.8% |
| Expenses | | | |
| - Distribution | (11,140) | (10,414) | 7.0% |
| - Administrative | (11,169) | (11,426) | (2.2%) |
| - Finance | (1,104) | (859) | 28.5% |
| Share of profit of associated companies | 673 | 2,121 | (68.3%) |
| Profit before income tax | 10,119 | 8,284 | 22.2% |
| Income tax expense | (2,675) | (1,841) | 45.3% |
| Total profit | 7,444 | 6,443 | 15.5% |
| Attributable to: | | | |
| Equity holders of the Company | 6,685 | 5,935 | 12.6% |
| Non-controlling interests | 759 | 508 | 49.4% |
| | 7,444 | 6,443 | 15.5% |

NOTES TO CONSOLIDATED INCOME STATEMENT (2Q FY2011 vs 2Q FY2010)

| | Group 01/04/11- 30/06/11 S\$ '000 | Group 01/04/10- 30/06/10 S\$ '000 | Incr/(Decr) % |
|--|--|--|------------------|
| Interest income | 91 | 48 | 90.0% |
| Interest on borrowings | (1,104) | (859) | 28.5% |
| Depreciation of property, plant and equipment | (3,862) | (2,889) | 33.7% |
| Amortisation of intangible assets | (15) | (15) | - |
| Allowance for impairment of doubtful receivables and bad debts written off | (68) | (551) | 87.7% |
| Write down of inventory | (225) | (269) | (16.4%) |
| Currency exchange losses – net | (277) | (1,377) | 79.9% |
| Share of profit of associated companies | 673 | 2,121 | (68.3%) |
| Gain / (loss) on disposal of property, plant and equipment | 42 | (163) | NM |

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (2Q FY2011 vs 2Q FY2010)

| | Group 01/04/11- 30/06/11 S\$ '000 | Group 01/04/10- 30/06/10 S\$ '000 | Incr/(Decr) % |
|--|--|--|------------------|
| Profit for the period | 7,444 | 6,443 | 15.5% |
| Other comprehensive income, net of tax: | | | |
| - Currency translation differences | (838) | (1,714) | (51.1%) |
| Total comprehensive income for the period | 6,606 | 4,729 | 39.7% |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | 5,739 | 4,632 | 23.9% |
| Non-controlling interests | 867 | 97 | NM |
| | 6,606 | 4,729 | 39.7% |

1(a)(ii) CONSOLIDATED INCOME STATEMENT (1H FY2011 vs 1H FY2010)

| | Group 01/01/11- 30/06/11 S\$ '000 | Group 01/01/10- 30/06/10 S\$ '000 | Incr/(Decr) % |
|---|--|--|------------------|
| Sales | 263,238 | 234,702 | 12.2% |
| Cost of sales | (200,507) | (179,774) | 11.5% |
| Gross profit | 62,731 | 54,928 | 14.2% |
| Other gains - net | 1,308 | 715 | 82.9% |
| Expenses | | | |
| - Distribution | (22,488) | (19,740) | 13.9% |
| - Administrative | (21,630) | (20,856) | 3.7% |
| - Finance | (2,098) | (1,637) | 28.2% |
| Share of profit of associated companies | 1,287 | 2,222 | (42.1%) |
| Profit before income tax | 19,110 | 15,632 | 22.2% |
| Income tax expense | (4,869) | (3,779) | 28.8% |
| Total profit | 14,241 | 11,853 | 20.1% |
| Attributable to: | | | |
| Equity holders of the Company | 13,032 | 10,735 | 21.4% |
| Non-controlling interests | 1,209 | 1,118 | 8.1% |
| | 14,241 | 11,853 | 20.1% |

NOTES TO CONSOLIDATED INCOME STATEMENT (1H FY2011 vs 1H FY2010)

| | Group 01/01/11- 30/06/11 S\$ '000 | Group 01/01/10- 30/06/10 S\$ '000 | Incr/(Decr) % |
|--|--|--|------------------|
| Interest income | 157 | 89 | 96.3% |
| Interest on borrowings | (2,098) | (1,637) | 28.2% |
| Depreciation of property, plant and equipment | (6,761) | (5,833) | 15.9% |
| Amortisation of intangible assets | (31) | (31) | - |
| Allowance for impairment of doubtful receivables and bad debts written off | (670) | (1,038) | (35.5%) |
| Write down of inventory | (772) | (770) | 0.3% |
| Currency exchange losses – net | (323) | (1,664) | (80.6%) |
| Share of profit of associated companies | 1,287 | 2,222 | (42.1%) |
| Gain / (loss) on disposal of property, plant and equipment | 70 | (153) | NM |

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (1H FY2011 vs 1H FY2010)

| | Group 01/01/11- 30/06/11 S\$ '000 | Group 01/01/10- 30/06/10 S\$ '000 | Incr/(Decr) % |
|--|--|--|------------------|
| Profit for the period | 14,241 | 11,853 | 20.1% |
| Other comprehensive income, net of tax: | | | |
| - Currency translation differences | (3,407) | (378) | NM |
| Total comprehensive income for the period | 10,834 | 11,475 | (5.6%) |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | 9,642 | 10,815 | (10.8%) |
| Non-controlling interests | 1,192 | 660 | 80.8% |
| | 10,834 | 11,475 | (5.6%) |

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

STATEMENTS OF FINANCIAL POSITION

| | Group 30/06/11 S\$ '000 | Group 31/12/10 S\$ '000 | Company 30/06/11 S\$ '000 | Company 31/12/10 S\$ '000 |
|--|--|-------------------------------|--|---------------------------------|
| Current assets | | | | |
| Cash and cash equivalents | 37,658 | 43,942 | 2,127 | 558 |
| Trade and other receivables | 99,922 | 86,280 | 34,882 | 34,500 |
| Inventories | 100,632 | 99,094 | - | - |
| Other current assets | 19,917 | 13,536 | 40 | 16 |
| | 258,129 | 242,852 | 37,049 | 35,074 |
| Non-current assets | | | | |
| Financial assets, available-for-sale | 8,713 | 8,713 | - | - |
| Transferable club membership, at cost | 221 | 221 | - | - |
| Investment in associated companies | 22,009 | 20,722 | - | - |
| Investment in subsidiaries | - | - | 95,697 | 95,697 |
| Property, plant and equipment | 85,032 | 80,931 | 97 | 153 |
| Intangible assets | 3,944 | 3,975 | - | - |
| Deferred income tax assets | 4,123 | 4,389 | - | - |
| | 124,042 | 118,951 | 95,794 | 95,850 |
| Total assets | 382,171 | 361,803 | 132,843 | 130,924 |
| Current liabilities | | | | |
| Trade and other payables | 45,955 | 50,639 | 2,028 | 4,852 |
| Current income tax liabilities | 3,214 | 3,186 | - | 348 |
| Borrowings | 83,454 | 66,459 | 1,942 | - |
| | 132,623 | 120,284 | 3,970 | 5,200 |
| Non-current liabilities | | | | |
| Borrowings | 17,165 | 9,107 | 7,766 | - |
| Deferred income tax liabilities | 2,261 | 2,349 | - | - |
| | 19,426 | 11,456 | 7,766 | - |
| Total liabilities | 152,049 | 131,740 | 11,736 | 5,200 |
| Net assets | 230,122 | 230,063 | 121,107 | 125,724 |
| Capital and reserves attributable to the Company's equity holders | | | | |
| Share capital | 77,001 | 77,001 | 77,001 | 77,001 |
| Other reserves | (2,115) | 1,275 | - | - |
| Retained profits | 144,775 | 141,623 | 44,106 | 48,723 |
| | 219,661 | 219,899 | 121,107 | 125,724 |
| Non-controlling interests | 10,461 | 10,164 | - | - |
| Total equity | 230,122 | 230,063 | 121,107 | 125,724 |

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 30/06/11 | | Group As at 31/12/10 | |
|-------------------------|-----------------------|-------------------------|-----------------------|
| Secured S\$ '000 | Unsecured S\$ '000 | Secured S\$ '000 | Unsecured S\$ '000 |
| 83,454 | - | 66,459 | - |

Amount repayable after one year

| Group As at 30/06/11 | | Group As at 31/12/10 | |
|-------------------------|-----------------------|-------------------------|-----------------------|
| Secured S\$ '000 | Unsecured S\$ '000 | Secured S\$ '000 | Unsecured S\$ '000 |
| 17,165 | - | 9,107 | - |

Details of any collateral

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

- (i) a first legal mortgage on certain subsidiaries' freehold and leasehold properties;
- (ii) a first legal charge on office equipment, plant and machinery of a subsidiary;
- (iii) a first fixed and floating charge on all the assets of a certain subsidiary;
- (iv) corporate guarantee from the Company; and
- (v) banker's guarantees, up to S\$4.1 million (2010: S\$1.4 million), given as security to banks which granted banking facilities to certain subsidiaries. The banker's guarantees are in turn secured by a fixed and floating charge on all the assets of a subsidiary as referred to in paragraph (iii) above.

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

1(c)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (2Q FY2011 vs 2Q FY2010)

| | Group 01/04/11- 30/06/11 S\$ '000 | Group 01/04/10- 30/06/10 S\$ '000 |
|---|--|--|
| Cash flows from operating activities | | |
| Net profit | 7,444 | 6,443 |
| Adjustments for: | | |
| Income tax | 2,675 | 1,841 |
| Depreciation of property, plant and equipment | 3,862 | 2,889 |
| Amortisation of intangible assets | 15 | 15 |
| (Gain) / loss on disposal of property, plant and equipment | (42) | 163 |
| Interest expense | 1,104 | 859 |
| Interest income | (91) | (48) |
| Share of profit of associated companies | (673) | (2,121) |
| Unrealised currency translation differences | 81 | (672) |
| Operating cash flow before working capital changes | <u>14,375</u> | <u>9,369</u> |
| Changes in working capital, net of effects from disposal of subsidiary: | | |
| Inventories | (6,574) | (633) |
| Trade and other receivables | (1,777) | 602 |
| Other current assets | (5,282) | 1,066 |
| Trade and other payables | 511 | 4,747 |
| Cash generated from operations | <u>1,253</u> | <u>15,151</u> |
| Interest received | 91 | 48 |
| Income tax paid | (2,904) | (2,329) |
| Net cash (used in) / provided by operating activities | <u>(1,560)</u> | <u>12,870</u> |
| Cash flows from investing activities | | |
| Purchase of transferable club membership | - | (92) |
| Proceeds from sale of property, plant and equipment | 623 | 481 |
| Purchase of property, plant and equipment | (11,722) | (1,478) |
| Net cash used in investing activities | <u>(11,099)</u> | <u>(1,089)</u> |
| Cash flows from financing activities | | |
| Interest paid | (1,093) | (863) |
| Proceeds from borrowings | 31,773 | 1,276 |
| Repayment of borrowings | (1,016) | (11,829) |
| Proceeds from / (repayment of) finance lease liabilities | 2,149 | (146) |
| Dividends paid to equity holders of the Company | (9,880) | (6,723) |
| Dividends paid to non-controlling interests | (751) | - |
| Net cash provided by / (used in) financing activities | <u>21,182</u> | <u>(18,285)</u> |
| Net increase / (decrease) in cash and cash equivalents held | 8,523 | (6,504) |
| Cash and cash equivalents at the beginning of the financial period | 27,966 | 42,068 |
| Effects of currency translation on cash and cash equivalents | (215) | (454) |
| Cash and cash equivalents at the end of the financial period | <u>36,274</u> | <u>35,110</u> |

Explanatory Notes:

Cash and cash equivalents comprise:-

| | Group 01/04/11- 30/06/11 S\$ '000 | Group 01/04/10- 30/06/10 S\$ '000 |
|------------------------|--|--|
| Cash and bank balances | <u>37,658</u> | <u>36,569</u> |
| Less: Bank overdrafts | <u>(1,384)</u> | <u>(1,459)</u> |
| | <u>36,274</u> | <u>35,110</u> |

1(c)(ii) CONSOLIDATED STATEMENT OF CASH FLOWS (1H FY2011 vs 1H FY2010)

| | Group 01/01/11- 30/06/11 S\$ '000 | Group 01/01/10- 30/06/10 S\$ '000 |
|---|--|--|
| Cash flows from operating activities | | |
| Net profit | 14,241 | 11,853 |
| Adjustments for: | | |
| Income tax | 4,869 | 3,779 |
| Depreciation of property, plant and equipment | 6,761 | 5,833 |
| Amortisation of intangible assets | 31 | 31 |
| (Gain) / loss on disposal of property, plant and equipment | (70) | 153 |
| Interest expense | 2,098 | 1,637 |
| Interest income | (157) | (89) |
| Share of profit of associated companies | (1,287) | (2,222) |
| Unrealised currency translation differences | (646) | (136) |
| Operating cash flow before working capital changes | 25,840 | 20,839 |
| Changes in working capital, net of effects from disposal of subsidiary: | | |
| Inventories | (1,538) | 7,792 |
| Trade and other receivables | (13,642) | (4,865) |
| Other current assets | (6,381) | (3,046) |
| Trade and other payables | (4,960) | 4,413 |
| Cash generated from operations | (681) | 25,133 |
| Interest received | 157 | 89 |
| Income tax paid | (4,672) | (3,705) |
| Net cash (used in) / provided by operating activities | (5,196) | 21,517 |
| Cash flows from investing activities | | |
| Purchase of transferable club membership | - | (92) |
| Proceeds from sale of property, plant and equipment | 1,699 | 514 |
| Purchase of property, plant and equipment | (14,176) | (2,260) |
| Net cash used in investing activities | (12,477) | (1,838) |
| Cash flows from financing activities | | |
| Interest paid | (2,089) | (1,621) |
| Proceeds from borrowings | 31,773 | 1,276 |
| Repayment of borrowings | (8,544) | (13,326) |
| Proceeds from / (repayment of) finance lease liabilities | 1,917 | (236) |
| Dividends paid to equity holders of the Company | (9,880) | (6,723) |
| Dividends paid to non-controlling interests | (895) | (685) |
| Net cash provided by / (used in) financing activities | 12,282 | (21,315) |
| Net decrease in cash and cash equivalents held | (5,391) | (1,636) |
| Cash and cash equivalents at the beginning of the financial period | 42,412 | 36,943 |
| Effects of currency translation on cash and cash equivalents | (747) | (197) |
| Cash and cash equivalents at the end of the financial period | 36,274 | 35,110 |

Explanatory Notes:

Cash and cash equivalents comprise:-

| | Group 01/01/11- 30/06/11 S\$ '000 | Group 01/01/10- 30/06/10 S\$ '000 |
|------------------------|--|--|
| Cash and bank balances | 37,658 | 36,569 |
| Less: Bank overdrafts | (1,384) | (1,459) |
| | 36,274 | 35,110 |

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

←Attributable to equity holders of the Company→

| | Share capital S\$ '000 | Other reserves S\$ '000 | Retained profits S\$ '000 | Total S\$ '000 | Non-controlling interests S\$ '000 | Total equity S\$ '000 |
|---|---------------------------|----------------------------|------------------------------|-------------------|---------------------------------------|--------------------------|
| The Group | | | | | | |
| Balance at 1 January 2011 | 77,001 | 1,275 | 141,623 | 219,899 | 10,164 | 230,063 |
| Total comprehensive income for the period | - | (3,390) | 13,032 | 9,642 | 1,192 | 10,834 |
| Dividends relating to 2010 paid | - | - | (9,880) | (9,880) | (895) | (10,775) |
| Balance at 30 June 2011 | 77,001 | (2,115) | 144,775 | 219,661 | 10,461 | 230,122 |

| | Share capital S\$ '000 | Other reserves S\$ '000 | Retained profits S\$ '000 | Total S\$ '000 | Non-controlling interests S\$ '000 | Total equity S\$ '000 |
|---|---------------------------|----------------------------|------------------------------|-------------------|---------------------------------------|--------------------------|
| The Group | | | | | | |
| Balance at 1 January 2010 | 77,001 | 2,599 | 117,056 | 196,656 | 7,801 | 204,457 |
| Total comprehensive income for the period | - | 80 | 10,735 | 10,815 | 660 | 11,475 |
| Dividends relating to 2009 paid | - | - | (6,723) | (6,723) | (685) | (7,408) |
| Balance at 30 June 2010 | 77,001 | 2,679 | 121,068 | 200,748 | 7,776 | 208,524 |

STATEMENT OF CHANGES IN EQUITY

| | Share capital S\$ '000 | Retained profits S\$ '000 | Total equity S\$ '000 |
|---|---------------------------|------------------------------|--------------------------|
| The Company | | | |
| Balance at 1 January 2011 | 77,001 | 48,723 | 125,724 |
| Total comprehensive income for the period | - | 5,263 | 5,263 |
| Dividends relating to 2010 paid | - | (9,880) | (9,880) |
| Balance at 30 June 2011 | 77,001 | 44,106 | 121,107 |

| | Share capital S\$ '000 | Retained profits S\$ '000 | Total equity S\$ '000 |
|---|---------------------------|------------------------------|--------------------------|
| The Company | | | |
| Balance at 1 January 2010 | 77,001 | 48,505 | 125,506 |
| Total comprehensive income for the period | - | 2,975 | 2,975 |
| Dividends relating to 2009 paid | - | (6,723) | (6,723) |
| Balance at 30 June 2010 | 77,001 | 44,757 | 121,758 |

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares, excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There was no change in the Company's number of shares since 31 December 2010. The share capital of the Company as at 30 June 2011 was 584,591,628 ordinary shares.

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

| | Company 30/06/11 | Company 31/12/10 |
|-----------------|-----------------------------|-----------------------------|
| Ordinary shares | 584,591,628 | 584,591,628 |

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

On 1 January 2011, the Group has adopted the following revised FRS:-

Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011)

The management anticipates that the adoption of the above amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

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 01/04/11 - 30/06/11 | Group 01/04/10 - 30/06/10 | Group 01/01/11 - 30/06/11 | Group 01/01/10 - 30/06/10 |
|---|--|---------------------------------|--|---------------------------------|
| (a) Based on the number of ordinary shares on issue (cents) | 1.14 | 1.02 | 2.23 | 1.84 |
| (b) On fully diluted basis (cents) | 1.14 | 1.02 | 2.23 | 1.84 |

- (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 is the same as basic earnings per share. There are no dilutive potential ordinary shares as there are no outstanding share options at the beginning and end of the financial year.
- (iii) There was no material impact on prior period EPS on adoption of the revised FRS as disclosed in paragraph 5.

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

NET ASSET VALUE PER SHARE

| | Group 30/06/11 | Group 31/12/10 | Company 30/06/11 | Company 31/12/10 |
|--|--------------------------|-------------------|----------------------------|---------------------|
| Net asset value per ordinary share (cents) | 37.58 | 37.62 | 20.72 | 21.51 |

- (i) The Group and Company net asset value per share as at 30 June 2011 and as at 31 December 2010 are based on the actual number of shares in issue of 584,591,628 ordinary shares.
- (ii) There was no material impact on prior period net asset value per share on adoption of the revised FRS as disclosed in paragraph 5.

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 SECOND QUARTER FINANCIAL RESULTS

Turnover

The Group's turnover rose by 11.4% (or \$13.7 million) to \$134.3 million (2Q2011) from \$120.6 million (2Q2010) mainly due to higher demand for our products as compared to the corresponding period last year.

Both distribution & manufacturing segments reported higher turnover in 2Q2011. Distribution turnover increased by 10.5% (or \$9.3 million) to \$97.9 million (2Q2011) from \$88.6 million (2Q2010). The increase is primarily due to higher tyres sales in the ASEAN markets. Manufacturing turnover increased by 13.8% (or \$4.4 million) to \$36.4 million (2Q2011) from \$32.0 million (2Q2010).

Gross Profit

Gross Profit rose by 13.5% (or \$3.8 million) to \$32.3 million (2Q2011) from \$28.5 million (2Q2010). The increase was primarily due to higher turnover in both distribution and manufacturing business segments. The Group's gross profit margin improved slightly to 24.0% in 2Q2011 compared to 23.6% in 2Q2010.

Other Gains

Other gains increased by 39.8% (or \$0.2 million) to \$0.6 million mainly due to fee income received from an associated company in 2Q2011.

Operating Expenses

Distribution expenses increased by 7.0% (or \$0.7 million) to \$11.1 million (2Q2011) from \$10.4 million (2Q2010) mainly due to higher delivery charges, sales related variable expenses and higher staff costs in tandem with higher turnover in 2Q2011.

Administrative expenses decreased by 2.2% (or \$0.2 million) to \$11.2 million (2Q2011) from \$11.4 million (2Q2010) mainly due to lower currency exchange losses in 2Q2011 as compared to 2Q2010.

Financing costs increased by 28.5% (or \$0.2m) to \$1.1 million (2Q2011) from \$0.9 million (2Q2010), primarily due to higher usage of working capital financing.

Share of Profit of Associated Companies

Our associated companies reported lower profit in 2Q2011 and consequently our share of profit was lower at \$0.7 million compared to \$2.1 million in 2Q2010.

Net Profit after Tax and Non-controlling Interest

Net profit after tax and non-controlling interest attributable to shareholders of the Company rose by about 12.6% (or \$0.8million) to \$6.7 million in 2Q2011 from \$5.9 million in 2Q2010.

REVIEW OF SIX-MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (1H FY2011 VS 1H FY2010)

Turnover

The Group's turnover for the first half of FY2011 was \$263.2 million, an increase of 12.2% (or \$28.5 million) over \$234.7 million recorded in the first half of FY2010.

Turnover from the distribution segment increased by 13.6% (or \$23.0 million) to \$192.1 million in the first half of FY2011 compared to \$169.1 million in the previous corresponding period. Manufacturing segment recorded a 8.4% (or \$5.5 million) rise in turnover in the first half of FY2011 to \$71.1 million from \$65.6 million in the corresponding period in FY2010.

Gross Profit

Gross Profit increased by 14.2% (or \$7.8 million) to \$62.7 million in the first half of FY2011 compared to \$54.9 million in the previous corresponding period. The increase was primarily due to higher sales volumes in both the distribution and manufacturing business segments. The Group's gross profit margin increased slightly to 23.8% in the first half of FY2011 compared to 23.4% in the corresponding period in FY2010.

Other Gains

Other gains increased by 82.9% (or \$0.6 million) to \$1.3 million mainly due to insurance claim received on business disruption as a result of the devastating floods in Brisbane and fee income received from an associated company in the first half of FY2011 compared to first half last year.

Operating Expenses

Distribution expenses increased by 13.9% (or \$2.7 million) in the first half of FY2011 to \$22.4 million compared to \$19.7 million in the corresponding period last year mainly due to higher delivery charges, sales related variable expenses and higher staff costs which rose in tandem with the higher turnover.

Administrative expenses increased by 3.7% (or \$0.8 million) in the first half of FY2011 to \$21.6 million compared to \$20.8 million in the corresponding period last year mainly due to higher staff costs, warehouse rental and other general operating expenses.

Financing costs increased by 28.2% (or \$0.5 million) in the first half of FY2011 to \$2.1 million compared to \$1.6 million in the corresponding period last year due to higher usage of working capital financing.

Share of Profit of Associated Companies

Share of profit from associated companies were \$1.3 million in the first half of FY2011 compared to \$2.2 million in first half of FY2010 due to lower profit reported by our associated companies.

Net Profit after Tax and Non-controlling Interest

Net profit after tax and non-controlling interest attributable to shareholders of the Company rose by 21.4% (or about \$ 2.3 million) to about \$13.0 million in the first half of FY2011 compared to \$10.7 million in the corresponding period last year.

STATEMENT OF FINANCIAL POSITION REVIEW

As at 30 June 2011, total assets amounted to about \$382.1 million comprising \$258.1 million of current asset and \$124.0 million of non-current assets. Total liabilities amounted to about \$152.0 million comprising current liabilities of \$132.6 million and non-current liabilities of \$19.4 million. Shareholders' equity including non-controlling interests amounted to \$230.1 million.

The substantial changes in the statement of financial position compared to 31 December 2010 are as follows:

Trade and other receivables

Trade and other receivables increased from \$86.3 million to \$99.9 million mainly due to higher sales generated in 2Q2011. These trade receivables remained outstanding at the end of June 2011 but they were still within the acceptable credit terms.

Inventories

Inventories increased from \$99.1 million to \$100.6 in anticipation of higher sales in 3Q2011.

Other current assets

Other current assets rose from \$13.5 million to \$19.9 million mainly due to increased prepayments for machineries, aluminium ingot and additional moulds for alloy wheels manufacturing.

Investment in associated companies

Investment in associated companies rose to \$22.0 million from S\$20.7 million as a result of our share of profit in associated companies.

Property, plant and equipment (“PPE”)

Property, plant and equipment increased by about \$4.1 million mainly due to addition of PPE offset by depreciation charged for the first half of FY2011.

Trade and other payables

Trade and other payables decreased from \$50.6 million to \$46.0 million mainly due to trade payments to suppliers in the first half of FY2011.

Borrowings (current & non-current)

Borrowings increased from \$75.6 million to \$100.6 million mainly due to capital expenditures for PPE and working capital financing in the first half of FY2011.

Other reserves

Other reserves decreased by \$3.4 million mainly due to translation loss of our investments in China. Exchange rate of RMB against SGD has weakened from 1 RMB: SGD 0.1959 as at end December 2010 to 1 RMB: SGD 0.1912 as at end June 2011.

STATEMENT OF CASH FLOWS REVIEW

\$5.2 million was used in operating activities in the first half of FY2011. The Group utilized about \$12.5 million in the investing activities mainly for the purchase of plants and equipments. A total of \$12.3 million was provided by the financing activities mainly for the purchase of PPE. Cash and cash equivalents amounted to \$36.3 million at the end of June 2011 compared to \$35.1 million reported at June 2010.

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

Uncertainties over the sovereign debt crisis in Europe, a slower economic growth in the United States and China have raised concerns over the outlook of the global economy for the second half of 2011.

With volatile crude oil, rubber & aluminium prices and the weakening of US\$, we expect our business operating environments to remain challenging in 2011. Nevertheless, the Group will continue its efforts on cost improvement initiatives, raise productivity & operating efficiency and to adopt appropriate hedging strategies to mitigate the impact arising from these challenges.

Due to delay in the commissioning of machineries, our fourth production line in Sepang, Malaysia, will only be operational in the third quarter instead of the second quarter previously announced.

The construction work of the new painting-line building at our Shanghai factory is on schedule to complete by the end of third quarter. We expect the installation of machineries for the Original Equipment Manufacturer (“OEM”) segment to complete and ready for trial production in the fourth quarter of 2011.

For our distribution business, the Group is actively implementing the multi-product, multi-brand & multi-category marketing strategy to sell tyres, alloy rims and batteries in the existing sales network and also planning for setting up new sales network in the emerging markets. The Group targets to set up a new subsidiary in Vietnam in the fourth quarter of this year.

The Group had previously announced that the Brisbane branch was affected by the devastating floods and was operating at a temporary office pending for renovation work at the office. As an update, the renovation work was completed and the Brisbane branch has resumed normal operation since May 2011. We were fully covered by flood insurance and the insurance claim was fully reimbursed by the insurance company in 2Q2011.

We expect our distribution business to continue to be the key contributor for the Group.

Moving forward, the Group will continue to develop business opportunities and monitor its business operations closely, particularly on the risks of raw material costs and currency volatility.

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 June 2011.

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

Total Annual Dividend

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

BY ORDER OF THE BOARD

Tay Tian Hoe Richard
Executive Chairman and Group Managing Director
11/08/2011

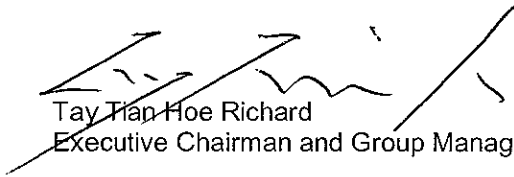
Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 11/08/2011 to the SGX.

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 June 2011, to be false or misleading in any material aspect.

On Behalf of the Board of Directors



Tay Tian Hoe Richard
Executive Chairman and Group Managing Director



Tay Tiang Guan
Executive Director