



YHI INTERNATIONAL LIMITED
 (Company Registration No. 200007455H)
 (Incorporated In the Republic of Singapore)

**Unaudited Third Quarter 2011 Financial Statements and Dividend Announcement
 for the Period Ended 30 September 2011**

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 FY2011 vs 3Q FY2010)

	Group 01/07/11- 30/09/11 S\$ '000	Group 01/07/10- 30/09/10 S\$ '000	Incr/(Decr) %
Sales	141,233	132,273	6.8%
Cost of sales	(109,858)	(101,169)	8.6%
Gross profit	31,375	31,104	0.9%
Other gains - net	8,512	605	NM
Expenses			
- Distribution	(11,439)	(10,788)	6.0%
- Administrative	(10,489)	(10,251)	2.3%
- Finance	(1,346)	(940)	43.2%
Share of (loss) / profit of associated companies	(30)	835	NM
Profit before income tax	16,583	10,565	57.0%
Income tax expense	(3,772)	(1,671)	NM
Net profit	12,811	8,894	44.0%
Attributable to:			
Equity holders of the Company	12,217	8,276	47.6%
Non-controlling interests	594	618	(3.9%)
	12,811	8,894	44.0%

NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2011 vs 3Q FY2010)

	Group 01/07/11- 30/09/11 S\$ '000	Group 01/07/10- 30/09/10 S\$ '000	Incr/(Decr) %
Interest income	151	52	NM
Interest on borrowings	(1,346)	(940)	43.2%
Depreciation of property, plant and equipment	(2,063)	(2,837)	(27.3%)
Amortisation of intangible assets	(16)	(16)	-
Allowance for impairment of doubtful receivables and bad debts written off	(555)	(484)	14.7%
Write down of inventory	(426)	(296)	43.9%
Currency exchange gain – net	973	-	NM
Share of (loss) / profit of associated companies	(30)	835	NM
Gain on disposal of available-for-sale financial assets	5,623	-	NM
Gain on disposal of investments in associated companies	2,296	-	NM
Loss on disposal of transferable club membership	(20)	-	NM
Gain on disposal of property, plant and equipment	26	121	(78.5%)

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (3Q FY2011 vs 3Q FY2010)

	Group 01/07/11- 30/09/11 S\$ '000	Group 01/07/10- 30/09/10 S\$ '000	Incr/(Decr) %
Profit for the period	12,811	8,894	44.0%
Other comprehensive income, net of tax:			
- Currency translation differences	3,989	(2,731)	NM
Total comprehensive income for the period	16,800	6,163	NM
Total comprehensive income attributable to:			
Equity holders of the Company	16,402	5,216	NM
Non-controlling interests	398	947	(58.0%)
	16,800	6,163	NM

1(a)(ii) CONSOLIDATED INCOME STATEMENT (YTD SEP FY2011 vs YTD SEP FY2010)

	Group 01/01/11- 30/09/11 S\$ '000	Group 01/01/10- 30/09/10 S\$ '000	Incr/(Decr) %
Sales	404,471	366,974	10.2%
Cost of sales	(310,365)	(280,943)	10.5%
Gross profit	94,106	86,031	9.4%
Other gains - net	9,820	1,321	NM
Expenses			
- Distribution	(33,927)	(30,529)	11.1%
- Administrative	(32,119)	(31,106)	3.3%
- Finance	(3,444)	(2,577)	33.6%
Share of profit of associated companies	1,257	3,058	(58.9%)
Profit before income tax	35,693	26,198	36.2%
Income tax expense	(8,641)	(5,451)	58.5%
Net Profit	27,052	20,747	30.4%
Attributable to:			
Equity holders of the Company	25,249	19,011	32.8%
Non-controlling interests	1,803	1,736	3.9%
	27,052	20,747	30.4%

NOTES TO CONSOLIDATED INCOME STATEMENT (YTD SEP FY2011 vs YTD SEP FY2010)

	Group 01/01/11- 30/09/11 S\$ '000	Group 01/01/10- 30/09/10 S\$ '000	Incr/(Decr) %
Interest income	308	141	NM
Interest on borrowings	(3,444)	(2,577)	33.6%
Depreciation of property, plant and equipment	(8,824)	(8,670)	1.8%
Amortisation of intangible assets	(47)	(47)	-
Allowance for impairment of doubtful receivables and bad debts written off	(1,225)	(1,522)	(19.5%)
Write down of inventory	(1,198)	(1,067)	12.3%
Currency exchange gain / (loss) – net	650	(1,664)	NM
Share of profit of associated companies	1,257	3,058	(58.9%)
Gain on disposal of available-for-sale financial assets	5,623	-	NM
Gain on disposal of investments in associated companies	2,296	-	NM
Loss on disposal of transferable club membership	(20)	-	NM
Gain / (loss) on disposal of property, plant and equipment	96	(32)	NM

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(YTD SEP FY2011 vs YTD SEP FY2010)

	Group 01/01/11- 30/09/11 S\$ '000	Group 01/01/10- 30/09/10 S\$ '000	Incr/(Decr) %
Profit for the period	27,052	20,747	30.4%
Other comprehensive income, net of tax:			
- Currency translation differences	582	(3,109)	NM
Total comprehensive income for the period	27,634	17,638	56.7%
Total comprehensive income attributable to:			
Equity holders of the Company	26,044	16,031	62.5%
Non-controlling interests	1,590	1,607	(1.1%)
	27,634	17,638	56.7%

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 30/09/11 S\$ '000	Group 31/12/10 S\$ '000	Company 30/09/11 S\$ '000	Company 31/12/10 S\$ '000
Current assets				
Cash and cash equivalents	43,466	43,942	1,885	558
Trade and other receivables	127,020	86,280	46,653	34,500
Inventories	103,471	99,094	-	-
Other current assets	20,578	13,536	39	16
	294,535	242,852	48,577	35,074
Non-current assets				
Financial assets, available-for-sale	-	8,713	-	-
Transferable club membership, at cost	181	221	-	-
Investment in associated companies	16,275	20,722	-	-
Investment in subsidiaries	-	-	95,697	95,697
Property, plant and equipment	96,107	80,931	100	153
Intangible assets	3,928	3,975	-	-
Deferred income tax assets	4,277	4,389	-	-
	120,768	118,951	95,797	95,850
Total assets	415,303	361,803	144,374	130,924
Current liabilities				
Trade and other payables	49,617	50,639	3,655	4,852
Current income tax liabilities	4,936	3,186	-	348
Borrowings	88,976	66,459	4,000	-
	143,529	120,284	7,655	5,200
Non-current liabilities				
Borrowings	22,950	9,107	15,000	-
Deferred income tax liabilities	2,271	2,349	-	-
	25,221	11,456	15,000	-
Total liabilities	168,750	131,740	22,655	5,200
Net assets	246,553	230,063	121,719	125,724
Capital and reserves attributable to the Company's equity holders				
Share capital	77,001	77,001	77,001	77,001
Other reserves	2,070	1,275	-	-
Retained profits	156,992	141,623	44,718	48,723
	236,063	219,899	121,719	125,724
Non-controlling interests	10,490	10,164	-	-
Total equity	246,553	230,063	121,719	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 30/09/11		Group As at 31/12/10	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
88,976	-	66,459	-

Amount repayable after one year

Group As at 30/09/11		Group As at 31/12/10	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
22,950	-	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\$8.0 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 (3Q FY2011 vs 3Q FY2010)

	Group 01/07/11- 30/09/11 S\$ '000	Group 01/07/10- 30/09/10 S\$ '000
Cash flows from operating activities		
Net profit	12,811	8,894
Adjustments for:		
Income tax	3,772	1,671
Depreciation of property, plant and equipment	2,063	2,837
Amortisation of intangible assets	16	16
Gain on disposal of property, plant and equipment	(26)	(121)
Gain on disposal of available-for-sale financial assets	(5,623)	-
Gain on disposal of investments in associated companies	(2,296)	-
Loss on disposal of transferable club membership	20	-
Interest expense	1,346	940
Interest income	(151)	(52)
Share of loss / (profit) of associated companies	30	(835)
Unrealised currency translation differences	436	(10)
Operating cash flow before working capital changes	<u>12,398</u>	<u>13,340</u>
Changes in working capital, net of effects from disposal of subsidiary:		
Inventories	(2,839)	(71)
Trade and other receivables	(4,762)	(8,807)
Other current assets	(661)	438
Trade and other payables	3,729	2,327
Cash generated from operations	<u>7,865</u>	<u>7,227</u>
Interest received	151	52
Income tax paid	(2,084)	(1,696)
Net cash provided by operating activities	<u>5,932</u>	<u>5,583</u>
Cash flows from investing activities		
Proceeds from sales of transferable club membership	20	-
Proceeds from sale of property, plant and equipment	169	220
Purchase of property, plant and equipment	(10,863)	(7,616)
Net cash used in investing activities	<u>(10,674)</u>	<u>(7,396)</u>
Cash flows from financing activities		
Interest paid	(1,347)	(946)
Proceeds from borrowings	13,026	8,486
Repayment of borrowings	(2,384)	(1,790)
(Repayment of) / Proceeds from finance lease liabilities	(310)	534
Dividends paid to non-controlling interests	(369)	-
Net cash provided by financing activities	<u>8,616</u>	<u>6,284</u>
Net increase in cash and cash equivalents held	3,874	4,471
Cash and cash equivalents at the beginning of the financial period	36,274	35,110
Effects of currency translation on cash and cash equivalents	959	(371)
Cash and cash equivalents at the end of the financial period	<u>41,107</u>	<u>39,210</u>

Explanatory Notes:

Cash and cash equivalents comprise:-

	Group 01/07/11- 30/09/11 S\$ '000	Group 01/07/10- 30/09/10 S\$ '000
Cash and bank balances	43,466	39,928
Less: Bank overdrafts	(2,359)	(718)
	<u>41,107</u>	<u>39,210</u>

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

	Group 01/01/11- 30/09/11 S\$ '000	Group 01/01/10- 30/09/10 S\$ '000
Cash flows from operating activities		
Net profit	27,052	20,747
Adjustments for:		
Income tax	8,641	5,451
Depreciation of property, plant and equipment	8,824	8,670
Amortisation of intangible assets	47	47
(Gain) / loss on disposal of property, plant and equipment	(96)	32
Gain on disposal of available-for-sale financial assets	(5,623)	-
Gain on disposal of investments in associated companies	(2,296)	-
Loss on disposal of transferable club membership	20	-
Interest expense	3,444	2,577
Interest income	(308)	(141)
Share of profit of associated companies	(1,257)	(3,058)
Unrealised currency translation differences	(210)	(147)
Operating cash flow before working capital changes	<u>38,238</u>	<u>34,178</u>
Changes in working capital, net of effects from disposal of subsidiary:		
Inventories	(4,377)	7,720
Trade and other receivables	(18,404)	(13,672)
Other current assets	(7,042)	(2,608)
Trade and other payables	(1,231)	6,742
Cash generated from operations	<u>7,184</u>	<u>32,360</u>
Interest received	308	141
Income tax paid	(6,756)	(5,401)
Net cash provided by operating activities	<u>736</u>	<u>27,100</u>
Cash flows from investing activities		
Proceeds from sales of transferable club membership	20	-
Proceeds from sale of property, plant and equipment	1,868	733
Purchase of property, plant and equipment	(25,039)	(9,878)
Acquisition of financial assets, available-for-sale	-	(89)
Net cash used in investing activities	<u>(23,151)</u>	<u>(9,234)</u>
Cash flows from financing activities		
Interest paid	(3,436)	(2,567)
Proceeds from borrowings	44,799	9,762
Repayment of borrowings	(10,928)	(15,116)
Proceeds from finance lease liabilities	1,607	298
Dividends paid to equity holders of the Company	(9,880)	(6,723)
Dividends paid to non-controlling interests	(1,264)	(685)
Net cash provided by / (used in) financing activities	<u>20,898</u>	<u>(15,031)</u>
Net (decrease) / increase in cash and cash equivalents held	(1,517)	2,835
Cash and cash equivalents at the beginning of the financial period	42,412	36,943
Effects of currency translation on cash and cash equivalents	212	(568)
Cash and cash equivalents at the end of the financial period	<u>41,107</u>	<u>39,210</u>

Explanatory Notes:

Cash and cash equivalents comprise:-

	Group 01/01/11- 30/09/11 S\$ '000	Group 01/01/10- 30/09/10 S\$ '000
Cash and bank balances	43,466	39,928
Less: Bank overdrafts	(2,359)	(718)
	<u>41,107</u>	<u>39,210</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

←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	-	795	25,249	26,044	1,590	27,634
Interim dividends paid	-	-	-	-	(369)	(369)
Dividends relating to 2010 paid	-	-	(9,880)	(9,880)	(895)	(10,775)
Balance at 30 September 2011	77,001	2,070	156,992	236,063	10,490	246,553

	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	-	(2,980)	19,011	16,031	1,607	17,638
Dividends relating to 2009 paid	-	-	(6,723)	(6,723)	(685)	(7,408)
Balance at 30 September 2010	77,001	(381)	129,344	205,964	8,723	214,687

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	-	5,875	5,875
Dividends relating to 2010 paid	-	(9,880)	(9,880)
Balance at 30 September 2011	77,001	44,718	121,719

	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	-	2,906	2,906
Dividends relating to 2009 paid	-	(6,723)	(6,723)
Balance at 30 September 2010	77,001	44,688	121,689

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 September 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 30/09/11	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 01/07/11 - 30/09/11	Group 01/07/10 - 30/09/10	Group 01/01/11 - 30/09/11	Group 01/01/10 - 30/09/10
(a) Based on the number of ordinary shares on issue (cents)	2.09	1.42	4.32	3.25
(b) On fully diluted basis (cents)	2.09	1.42	4.32	3.25

- (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 30/09/11	Group 31/12/10	Company 30/09/11	Company 31/12/10
Net asset value per ordinary share (cents)	40.38	37.62	20.82	21.51

- (i) The Group and Company net asset value per share as at 30 September 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 THIRD QUARTER FINANCIAL RESULTS

Turnover

The Group's turnover rose by 6.8% (or \$9.0 million) to \$141.2 million (3Q2011) from \$132.3 million (3Q2010) mainly due to higher demand for our products as compared to the corresponding period last year.

Both distribution & manufacturing segments reported higher turnover in 3Q2011. Distribution turnover increased by 8.0% (or \$7.2 million) to \$97.5 million (3Q2011) from \$90.3 million (3Q2010). The increase is primarily due to higher tyres sales in the ASEAN markets. Manufacturing turnover increased by 4.0% (or \$1.7 million) to \$43.7 million (3Q2011) from \$42.0 million (3Q2010).

Gross Profit

Gross Profit rose slightly by 0.9% (or \$0.3 million) to \$31.4 million (3Q2011) from \$31.1 million (3Q2010). Distribution business achieved higher gross profit from higher sales volume and better margins but manufacturing business recorded lower gross profit and margins due mainly to higher manufacturing costs particularly from higher aluminium prices. Consequently, the Group's gross profit margin declined to 22.2% in 3Q2011 compared to 23.5% in 3Q2010.

Other Gains

Other gains were \$8.5 million compared to \$0.6 million in the corresponding period last year. The increase was mainly due to disposal gains of \$7.9 million in our 10% investment in Hangzhou Yokohama Tire Co., Ltd and 49% investment in Associated Company Yokohama Tire Sales (Shanghai) Co., Ltd in 3Q2011.

Operating Expenses

Distribution expenses increased by 6.0% (or \$0.6 million) to \$11.4 million (3Q2011) from \$10.8 million (3Q2010), mainly due to higher delivery charges, advertising & promotional expenses and higher staff costs in tandem with higher turnover in 3Q2011.

Administrative expenses increased by 2.3% (or \$0.2 million) to \$10.5 million (3Q2011) from \$10.3 million (3Q2010) mainly due to higher staff costs and warehouse rental in 3Q2011 as compared to 3Q2010.

Financing costs increased by 43.2% (or \$0.4 million) to \$1.3 million (3Q2011) from \$0.9 million (3Q2010) primarily due to higher usage of working capital financing in tandem with higher turnover and interest incurred on long term loans for capital expenditure.

Share of Profit of Associated Companies

Our share of loss was \$30,000 in 3Q2011 compared to a share of profit of \$0.8 million in 3Q2010. This is mainly due to the divestment of our 49% equity interest in Yokohama Tire Sales (Shanghai) Co., Ltd which ceased to be an associated company in July 2011. Consequently, no equity accounting is required for its financial performance in 3Q2011. Our share of profit in Yokohama Tire Sales (Shanghai) Co., Ltd was \$0.8 million in 3Q2010.

Income Tax Expense

Income tax expense was \$3.8 million in 3Q2011 compared to \$1.7 million in 3Q2010. The increase was mainly due to Withholding Tax of \$1.4 million due on disposal gains of our China investments in Yokohama Tire Sales (Shanghai) Co., Ltd and Hangzhou Yokohama Tire Co., Ltd. In addition, there was a tax refund of \$0.7 million received by our Suzhou Subsidiary in 3Q2010.

Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company rose by about 47.6% (or \$3.9 million) to \$12.2 million in 3Q2011 from \$8.3 million in 3Q2010.

REVIEW OF NINE-MONTH YEAR-TO-DATE FINANCIAL RESULTS **(YTD SEP 2011 VS YTD SEP 2010)**

Turnover

The Group's turnover for the first nine months of FY2011 was \$404.5 million, an increase of 10.2% (or \$37.5 million) over \$367.0 million recorded in the first nine months of FY2010 mainly due to better consumer demand for our products.

Turnover from the distribution segment increased by 11.6% (or \$30.2 million) to \$289.6 million in the first nine months of FY2011 compared to \$259.4 million in the previous corresponding period. Manufacturing segment recorded a 6.8% (or \$7.3 million) rise in turnover in the first nine months of FY2011 to \$114.9 million from \$107.6 million in the corresponding period in FY2010.

Gross Profit

Gross Profit increased by 9.4% (or \$8.1 million) to \$94.1 million in the first nine months of FY2011 compared to \$86.0 million in the previous corresponding period. The increase was primarily due to higher gross profit from higher sales volumes and better margins in the Distribution business. Manufacturing business reported lower gross profit & margins mainly due to higher manufacturing costs particularly from higher aluminium prices. Consequently, the Group's gross profit margin decreased slightly to 23.3% in the first nine months of FY2011 compared to 23.4% in the corresponding period in FY2010.

Other Gains

Other gains were \$9.8 million in the first nine months of FY2011 compared to \$1.3 million in the previous corresponding period mainly due to disposal gains of \$7.9 million in our 10% investment in Hangzhou Yokohama Tire Co., Ltd and 49% investment in Associated Company Yokohama Tire Sales (Shanghai) Co., Ltd in July 2011.

Operating Expenses

Distribution expenses increased by 11.1% (or \$3.4 million) in the first nine months of FY2011 to \$33.9 million compared to \$30.5 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 higher turnover.

Administrative expenses increased by 3.3% (or \$1.0 million) in the first nine months of FY2011 to \$32.1 million compared to \$31.1 million in the corresponding period last year mainly due to higher staff costs, warehouse rental and other general operating expenses.

Financing costs increased by 33.6% (or \$0.8 million) in the first nine months of FY2011 to \$3.4 million compared to \$2.6 million in the corresponding period last year. The increase was due to higher usage of working capital financing in tandem with higher turnover and interest incurred on long term loans for capital expenditure.

Share of Profit of Associated Companies

Share of profit was \$1.3 million in the first nine months of FY2011 compared to \$3.1 million in first nine months of FY2010. The lower share of profit was due to the divestment of our 49% equity interest in Yokohama Tire Sales (Shanghai) Co., Ltd which ceased to be an associated company in July 2011. Consequently, no equity accounting is required for its financial performance since July 2011. Our share of profit in Yokohama Tire Sales (Shanghai) Co., Ltd was \$2.1 million for the nine months in 2010.

Income Tax Expense

Income tax expense was \$8.6 million in the first nine months of FY2011 compared to \$5.5 million in the previous corresponding period. The increase was mainly due to Withholding Tax of \$1.4 million due on disposal gains of our China investments in Yokohama Tire Sales (Shanghai) Co., Ltd and Hangzhou Yokohama Tire Co., Ltd in July 2011. In addition, there was a tax refund of \$0.7 million received by our Suzhou Subsidiary in 3Q2010.

Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company rose by 32.8% (or about \$ 6.2 million) to about \$25.2 million in the first nine months of FY2011 compared to \$19.0 million in the corresponding period last year.

STATEMENT OF FINANCIAL POSITION REVIEW

As at 30 September 2011, total assets amounted to about \$415.3 million comprising \$294.5 million of current asset and \$120.8 million of non-current assets. Total liabilities amounted to about \$168.7 million comprising current liabilities of \$143.5 million and non-current liabilities of \$25.2 million. Shareholders' equity including non-controlling interests amounted to \$246.6 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 \$127.0 million mainly due to increase of other receivables on sale proceeds of \$22.5 million from divestment in our 10% equity interest in Hangzhou Yokohama Tire Co., Ltd and 49% equity interest in Associated Company Yokohama Tire Sales (Shanghai) Co., Ltd in 3Q2011. Higher turnover in 2011 also contributed to higher trade receivables. These trade receivables remained outstanding at the end of September 2011 but they were still within the acceptable credit terms.

Inventories

Inventories increased from \$99.1 million to \$103.5 million in anticipation of higher sales in 4Q2011.

Other current assets

Other current assets rose from \$13.5 million to \$20.6 million mainly due to increased prepayments for machineries, aluminium ingot and additional moulds for alloy wheels manufacturing.

Financial assets, available-for-sale

The decrease in financial assets, available-for-sale relates to divestment of our 10% equity interest in Hangzhou Yokohama Tire Co., Ltd in July 2011.

Investment in associated companies

Investment in associated companies decreased from S\$20.7 million to \$16.3 million due to divestment of our 49% equity interest in associated company Yokohama Tire Sales (Shanghai) Co., Ltd in July 2011.

Property, plant and equipment ("PPE")

Property, plant and equipment increased by about \$15.2 million mainly due to addition of PPE offset by depreciation charged for nine months of FY2011.

Trade and other payables

Trade and other payables decreased from \$50.6 million to \$49.6 million mainly due to payments made to trade suppliers.

Current income tax liabilities

Current income tax liabilities increased from \$3.2 million to \$4.9 million mainly due to withholding tax of \$1.4 million due on disposal gains of our China investments in Yokohama Tire Sales (Shanghai) Co., Ltd and Hangzhou Yokohama Tire Co., Ltd in July 2011.

Borrowings (current & non-current)

Borrowings increased from \$75.6 million to \$111.9 million mainly due to additional borrowings for capital expenditures in PPE and working capital financing in the first nine months of FY2011.

Other reserves

Other reserves increased from \$1.3 million to \$2.1 million mainly due to translation gain of our equity investments in China subsidiaries. Exchange rate of RMB against SGD has strengthened from 1 RMB : SGD 0.1959 as at end December 2010 to 1 RMB: SGD 0.2019 as at end September 2011.

STATEMENT OF CASH FLOWS REVIEW

\$0.7 million was generated by operating activities in the first nine months of FY2011. The Group utilized about \$23.2 million in the investing activities mainly for purchasing of Property, Plant and Equipment ("PPE") A total of \$20.9 million was provided by the financing activities mainly for purchasing of PPE. Cash and cash equivalents amounted to \$41.1 million at the end of September 2011 compared to \$39.2 million reported at end September 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 rest of the year 2011 and in 2012.

With volatile crude oil, rubber and aluminium prices, coupled with volatility in currencies, 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 labour shortage, our fourth production line in Sepang, Malaysia is expected to start operation only in early 2012. The construction work of the new painting-line building at our Shanghai factory was completed at the end of third quarter 2011. The installation of machineries for the Original Equipment Manufacturer ("OEM") segment has begun and will be completed for trial production by the end of fourth quarter of 2011.

The Group has recently announced the signing of three agreements to broaden its product offerings in China. The first is an agreement to supply Advanti alloy wheels to Michelin China's TyrePlus chain stores; second, with Japan-based Toyo Tire & Rubber Co. Ltd, to distribute Nitto brand of tyres, and a third with Italy-based FIAMM Group to distribute FIAMM brand of batteries. For further details, please refer to our announcement released in the SGX-NET on 25 October 2011. The Group will continue to develop business opportunities adopting the multi-product, multi-brand & multi-category marketing strategy to sell tyres, alloy wheels and batteries in its existing sales network where appropriate.

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

With regard to the recent floods in Thailand, the Group wishes to clarify that our Thailand distribution office cum warehouse is located at the Eastern part of Bangkok near Suvarnabhumi International Airport. At this juncture, the floods have not affected our Thailand office and we have taken precautionary measures to mitigate the impact from the floods flowing down from the Northern part of Bangkok. The Group will continue to monitor the flood situation and provide an update where appropriate.

The Group will continue to monitor its businesses closely and stay focus to develop business opportunities where appropriate to achieve greater returns to our shareholders.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been recommended for the period ended 30 September 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
9/11/2011

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 9/11/2011 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 September 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