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**Third 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
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**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2012
Description	Unaudited Third Quarter 2012 Financial Statements and Press Release

**Attachments**

 [YHIQ3FY12Results.pdf](#)  
 [YHIPressRelease3Q2012.pdf](#)  
 Total size = **332K**  
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## Unaudited Third Quarter 2012 Financial Statements

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

1(a) An income statement and statement of comprehensive income , or a statement of comprehensive income 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 FY2012 vs 3Q FY2011)

	Group 01/07/12- 30/09/12 S\$ '000	Group 01/07/11- 30/09/11 S\$ '000	Incr/(Decr) %
Sales	136,735	141,233	(3.2%)
Cost of sales	(106,073)	(109,858)	(3.4%)
Gross profit	30,662	31,375	(2.3%)
Other gains - net	591	8,512	(93.1%)
Expenses			
- Distribution	(11,583)	(11,439)	1.3%
- Administrative	(11,238)	(10,489)	7.1%
- Finance	(1,382)	(1,346)	2.7%
Share of loss of associated company	(20)	(30)	(33.3%)
Profit before income tax	7,030	16,583	(57.6%)
Income tax expense	(2,351)	(3,772)	(37.7%)
<b>Total profit</b>	<b>4,679</b>	<b>12,811</b>	<b>(63.5%)</b>
<b>Attributable to:</b>			
Equity holders of the Company	3,902	12,217	(68.1%)
Non-controlling interests	777	594	30.8%
	<b>4,679</b>	<b>12,811</b>	<b>(63.5%)</b>

## NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2012 vs 3Q FY2011)

	Group 01/07/12- 30/09/12 S\$ '000	Group 01/07/11- 30/09/11 S\$ '000	Incr/(Decr) %
Interest income	65	151	(57.0%)
Interest on borrowings	(1,382)	(1,346)	2.7%
Depreciation of property, plant and equipment	(3,759)	(2,063)	82.2%
Amortisation of intangible assets	(16)	(16)	-
Allowance for impairment of doubtful receivables and bad debts written off	(20)	(555)	(96.4%)
Write down of inventory	(21)	(426)	(95.1%)
Currency exchange (loss) / gain – net	(482)	973	NM
Share of loss of associated company	(20)	(30)	(33.3%)
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	77	26	NM

NM – Not meaningful

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (3Q FY2012 vs 3Q FY2011)

	Group 01/07/12- 30/09/12 S\$ '000	Group 01/07/11- 30/09/11 S\$ '000	Incr/(Decr) %
<b>Profit for the period</b>	<b>4,679</b>	12,811	(63.5%)
<b>Other comprehensive income, net of tax:</b>			
- Currency translation differences	(3,955)	3,989	NM
<b>Total comprehensive income for the period</b>	<b>724</b>	16,800	(95.7%)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	(202)	16,402	NM
Non-controlling interests	926	398	NM
	<b>724</b>	16,800	(95.7%)

**1(a)(ii) CONSOLIDATED INCOME STATEMENT (YTD SEP FY2012 vs YTD SEP FY2011)**

	<b>Group</b> <b>01/01/12-</b> <b>30/09/12</b> <b>S\$ '000</b>	Group 01/01/11- 30/09/11 S\$ '000	Incr/(Decr) %
Sales	<b>414,162</b>	404,471	2.4%
Cost of sales	<b>(319,023)</b>	(310,365)	2.8%
Gross profit	<b>95,139</b>	94,106	1.1%
Other gains - net	<b>1,519</b>	9,820	(84.5%)
Expenses			
- Distribution	<b>(34,651)</b>	(33,927)	2.1%
- Administrative	<b>(33,579)</b>	(32,119)	4.5%
- Finance	<b>(4,197)</b>	(3,444)	21.9%
Share of profit of associated company	<b>837</b>	1,257	(33.4%)
Profit before income tax	<b>25,068</b>	35,693	(29.8%)
Income tax expense	<b>(7,726)</b>	(8,641)	(10.6%)
<b>Total profit</b>	<b>17,342</b>	27,052	(35.9%)
<b>Attributable to:</b>			
Equity holders of the Company	<b>15,577</b>	25,249	(38.3%)
Non-controlling interests	<b>1,765</b>	1,803	(2.1%)
	<b>17,342</b>	27,052	(35.9%)

**NOTES TO CONSOLIDATED INCOME STATEMENT (YTD SEP FY2012 vs YTD SEP FY2011)**

	<b>Group</b> <b>01/01/12-</b> <b>30/09/12</b> <b>S\$ '000</b>	Group 01/01/11- 30/09/11 S\$ '000	Incr/(Decr) %
Interest income	<b>212</b>	308	(31.2%)
Interest on borrowings	<b>(4,197)</b>	(3,444)	21.9%
Depreciation of property, plant and equipment	<b>(11,119)</b>	(8,824)	26.0%
Amortisation of intangible assets	<b>(47)</b>	(47)	-
Allowance for impairment of doubtful receivables and bad debts written off	<b>(891)</b>	(1,225)	(27.3%)
Write down of inventory	<b>(893)</b>	(1,198)	(25.5%)
Currency exchange (loss) / gain – net	<b>(592)</b>	650	NM
Share of profit of associated company	<b>837</b>	1,257	(33.4%)
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	<b>151</b>	96	57.3%

NM – Not meaningful

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (YTD SEP FY2012 vs YTD SEP FY2011)**

	<b>Group 01/01/12- 30/09/12 S\$ '000</b>	Group 01/01/11- 30/09/11 S\$ '000	Incr/(Decr) %
<b>Profit for the period</b>	<b>17,342</b>	27,052	(35.9%)
<b>Other comprehensive income, net of tax:</b>			
- Currency translation differences	<b>(7,578)</b>	582	NM
<b>Total comprehensive income for the period</b>	<b>9,764</b>	27,634	(64.7%)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	<b>7,866</b>	26,044	(69.8%)
Non-controlling interests	<b>1,898</b>	1,590	(19.4%)
	<b>9,764</b>	27,634	(64.7%)

**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**

	<b>Group 30/09/12</b>	Group 31/12/11	<b>Company 30/09/12</b>	Company 31/12/11
	<b>S\$ '000</b>	S\$ '000	<b>S\$ '000</b>	S\$ '000
<b>Current assets</b>				
Cash and cash equivalents	45,931	58,179	2,080	3,595
Trade and other receivables	98,240	109,838	46,617	53,630
Inventories	127,909	117,740	-	-
Other current assets	21,798	15,784	401	14
	<b>293,878</b>	301,541	<b>49,098</b>	57,239
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	100,122	95,697
Investments in associated companies	16,335	15,498	-	-
Transferable club membership, at cost	181	181	-	-
Property, plant and equipment	128,474	118,845	50	88
Intangible assets	3,099	3,143	-	-
Deferred income tax assets	4,168	4,484	-	-
Derivative financial instrument	83	-	83	-
	<b>152,340</b>	142,151	<b>100,255</b>	95,785
<b>Total assets</b>	<b>446,218</b>	443,692	<b>149,353</b>	153,024
<b>Current liabilities</b>				
Trade and other payables	42,617	56,687	2,511	5,647
Borrowings	92,465	96,446	6,400	4,000
Derivative financial instrument	40	382	40	382
Current income tax liabilities	2,383	5,471	-	494
	<b>137,505</b>	158,986	<b>8,951</b>	10,523
<b>Non-current liabilities</b>				
Borrowings	48,846	21,618	19,400	14,000
Derivative financial instrument	-	637	-	637
Deferred income tax liabilities	1,963	1,880	-	-
	<b>50,809</b>	24,135	<b>19,400</b>	14,637
<b>Total liabilities</b>	<b>188,314</b>	183,121	<b>28,351</b>	25,160
<b>Net assets</b>	<b>257,904</b>	260,571	<b>121,002</b>	127,864
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	77,001	77,001	77,001	77,001
Other reserves	(6,056)	1,655	-	-
Retained earnings	173,810	169,691	44,001	50,863
	<b>244,755</b>	248,347	<b>121,002</b>	127,864
<b>Non-controlling interests</b>	<b>13,149</b>	12,224	-	-
<b>Total equity</b>	<b>257,904</b>	260,571	<b>121,002</b>	127,864

## 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 30/09/12		Group As at 31/12/11	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
92,465	-	96,446	-

### Amount repayable after one year

Group As at 30/09/12		Group As at 31/12/11	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
48,846	-	21,618	-

### 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 certain subsidiaries;
- (iii) a fixed and floating charge on all the assets of certain subsidiaries;
- (iv) corporate guarantee from the Company; and
- (v) banker's guarantees, up to S\$8.0 million (2011: S\$8.0 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.

**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 FY2012 vs 3Q FY2011)**

	<b>Group 01/07/12- 30/09/12 S\$ '000</b>	<b>Group 01/07/11- 30/09/11 S\$ '000</b>
<b>Cash flows from operating activities</b>		
Net profit	4,679	12,811
Adjustments for:		
Income tax	2,351	3,772
Depreciation of property, plant and equipment	3,759	2,063
Amortisation of intangible assets	16	16
Gain on disposal of property, plant and equipment	(77)	(26)
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	1,382	1,346
Interest income	(65)	(151)
Share of loss of associated companies	20	30
Fair value gain on derivative financial instrument	(562)	-
Unrealised currency translation differences	(1,127)	436
Operating cash flow before working capital changes	<u>10,376</u>	<u>12,398</u>
Changes in working capital, net of effects from disposal of subsidiary:		
Inventories	(9,689)	(2,839)
Trade and other receivables	4,762	(4,762)
Other current assets	(544)	(661)
Trade and other payables	(751)	3,729
Cash generated from operations	<u>4,154</u>	<u>7,865</u>
Interest received	65	151
Income tax paid	(3,710)	(2,084)
<b>Net cash provided by operating activities</b>	<u>509</u>	<u>5,932</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales of transferable club membership	-	20
Proceeds from sale of property, plant and equipment	343	169
Purchase of property, plant and equipment	(5,304)	(10,863)
<b>Net cash used in investing activities</b>	<u>(4,961)</u>	<u>(10,674)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(1,318)	(1,347)
Proceeds from borrowings	13,297	13,026
Repayment of borrowings	(2,773)	(2,384)
Repayment of finance lease liabilities	(325)	(310)
Dividends paid to non-controlling interests	-	(369)
<b>Net cash provided by financing activities</b>	<u>8,881</u>	<u>8,616</u>
<b>Net increase in cash and cash equivalents held</b>	<u>4,429</u>	<u>3,874</u>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>38,297</u>	<u>36,274</u>
Effects of currency translation on cash and cash equivalents	(498)	959
<b>Cash and cash equivalents at the end of the financial period</b>	<u>42,228</u>	<u>41,107</u>

**Explanatory Notes:**

Cash and cash equivalents comprise:-

	<b>Group 01/07/12- 30/09/12 S\$ '000</b>	<b>Group 01/07/11- 30/09/11 S\$ '000</b>
Cash and bank balances	45,931	43,466
Less: Bank overdrafts	(3,703)	(2,359)
	<u>42,228</u>	<u>41,107</u>



1(c)(ii) CONSOLIDATED STATEMENT OF CASH FLOWS (YTD SEP FY2012 vs YTD SEP FY2011)

	Group 01/01/12- 30/09/12 S\$ '000	Group 01/01/11- 30/09/11 S\$ '000
<b>Cash flows from operating activities</b>		
Net profit	17,342	27,052
Adjustments for:		
Income tax	7,726	8,641
Depreciation of property, plant and equipment	11,119	8,824
Amortisation of intangible assets	47	47
Gain on disposal of property, plant and equipment	(151)	(96)
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	4,197	3,444
Interest income	(212)	(308)
Share of profit of associated companies	(837)	(1,257)
Gain on derivative instrument	(1,061)	-
Unrealised currency translation differences	(2,938)	(210)
Operating cash flow before working capital changes	<u>35,232</u>	<u>38,238</u>
Changes in working capital, net of effects from disposal of subsidiary:		
Inventories	(10,169)	(4,377)
Trade and other receivables	3,773	(18,404)
Other current assets	(6,014)	(7,042)
Trade and other payables	(13,870)	(1,231)
Cash generated from operations	<u>8,952</u>	<u>7,184</u>
Interest received	212	308
Income tax paid	(10,407)	(6,756)
<b>Net cash (used in) / provided by operating activities</b>	<u>(1,243)</u>	<u>736</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales of transferable club membership	-	20
Proceeds from sale of property, plant and equipment	556	1,868
Purchase of property, plant and equipment	(24,449)	(25,039)
Proceeds from disposal of financial assets, available-for-sale	7,824	-
<b>Net cash used in investing activities</b>	<u>(16,069)</u>	<u>(23,151)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(4,152)	(3,436)
Proceeds from borrowings	60,836	44,799
Repayment of borrowings	(39,827)	(10,928)
Proceeds from finance lease liabilities	502	1,607
Dividends paid to equity holders of the Company	(11,458)	(9,880)
Dividends paid to non-controlling interests	(973)	(1,264)
<b>Net cash provided by financing activities</b>	<u>4,928</u>	<u>20,898</u>
<b>Net decrease in cash and cash equivalents held</b>	<u>(12,384)</u>	<u>(1,517)</u>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>55,590</u>	<u>42,412</u>
Effects of currency translation on cash and cash equivalents	(978)	212
<b>Cash and cash equivalents at the end of the financial period</b>	<u>42,228</u>	<u>41,107</u>

**Explanatory Notes:**

Cash and cash equivalents comprise:-

	Group 01/01/12- 30/09/12 S\$ '000	Group 01/01/11- 30/09/11 S\$ '000
Cash and bank balances	45,931	43,466
Less: Bank overdrafts	(3,703)	(2,359)
	<u>42,228</u>	<u>41,107</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	Sub-total S\$ '000	Non-controlling interests S\$ '000	Total equity S\$ '000
<b>The Group</b>						
<b>Balance at 1 January 2012</b>	77,001	1,655	169,691	248,347	12,224	260,571
Total comprehensive income for the period	-	(7,711)	15,577	7,866	1,898	9,764
Dividends relating to 2011 paid	-	-	(11,458)	(11,458)	(973)	(12,431)
<b>Balance at 30 September 2012</b>	<b>77,001</b>	<b>(6,056)</b>	<b>173,810</b>	<b>244,755</b>	<b>13,149</b>	<b>257,904</b>

	Share capital S\$ '000	Other reserves S\$ '000	Retained profits S\$ '000	Sub-total S\$ '000	Non-controlling interests S\$ '000	Total equity S\$ '000
<b>The Group</b>						
<b>Balance at 1 January 2011</b>	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)
<b>Balance at 30 September 2011</b>	<b>77,001</b>	<b>2,070</b>	<b>156,992</b>	<b>236,063</b>	<b>10,490</b>	<b>246,553</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital S\$ '000	Retained profits S\$ '000	Total equity S\$ '000
<b>The Company</b>			
<b>Balance at 1 January 2012</b>	77,001	50,863	127,864
Total comprehensive income for the period	-	4,596	4,596
Dividends relating to 2011 paid	-	(11,458)	(11,458)
<b>Balance at 30 September 2012</b>	<b>77,001</b>	<b>44,001</b>	<b>121,002</b>

	Share capital S\$ '000	Retained profits S\$ '000	Total equity S\$ '000
<b>The Company</b>			
<b>Balance at 1 January 2011</b>	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)
<b>Balance at 30 September 2011</b>	<b>77,001</b>	<b>44,718</b>	<b>121,719</b>

**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 2011. The share capital of the Company as at 30 September 2012 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**

	<b>Company 30/09/12</b>	<b>Company 31/12/11</b>
Ordinary shares	<b>584,591,628</b>	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**

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 2011.

**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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

**EARNINGS PER SHARE**

	<b>Group</b> <b>01/07/12 -</b> <b>30/09/12</b>	Group 01/07/11 - 30/09/11	<b>Group</b> <b>01/01/12 -</b> <b>30/09/12</b>	Group 01/01/11 - 30/09/11
(a) Based on the number of ordinary shares on issue (cents)	<b>0.67</b>	2.09	<b>2.66</b>	4.32
(b) On fully diluted basis (cents)	<b>0.67</b>	2.09	<b>2.66</b>	4.32

- (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**

	<b>Group</b> <b>30/09/12</b>	Group 31/12/11	<b>Company</b> <b>30/09/12</b>	Company 31/12/11
Net asset value per ordinary share (cents)	<b>41.87</b>	42.48	<b>20.70</b>	21.87

- (i) The Group and Company net asset value per share as at 30 September 2012 and as at 31 December 2011 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 reported a 3.2% (or \$4.5 million) decrease in turnover to \$136.7 million (3Q2012) from \$141.2 million (3Q2011) mainly due to lower sales in our manufacturing segment in 3Q2012.

YHI's distribution segment recorded higher turnover in 3Q2012. Distribution segment, accounted for 73.8% of the Group's total turnover, recorded a 3.5% rise in turnover, rising from \$97.5 million (3Q2011) to \$100.9 million (3Q2012). The manufacturing segment, accounted for 26.2% of the Group's total turnover, recorded a decrease of 18.1% in turnover, from \$43.7 million (3Q2011) to \$35.8 million (3Q2012). The decrease in manufacturing turnover was mainly due to lower turnover reported by our China manufacturing which saw a drop of 27.9% (or \$9.1 million) in turnover to \$23.5 million.

### Gross Profit

Gross Profit decreased by 2.3% (or \$0.7 million) to \$30.7 million (3Q2012) from \$31.4 million (3Q2011). The lower gross profit was mainly due to lower sales and gross profit margins in our manufacturing segment. The Group's gross profit margin increased marginally to 22.4% in 3Q2012 compared to 22.2% in 3Q2011.

### Other Gains

Other gains were \$0.5 million compared to \$8.5 million in the corresponding period last year. The decrease was mainly due to one-time 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 that was reported in 3Q2011.

### Operating expenses

Distribution expenses increased by 1.3% (or \$0.2 million) to \$11.6 million (3Q2012) from \$11.4 million (3Q2011), mainly due to higher staff cost in 3Q2012.

Administrative expenses increased by 7.1% (or \$0.7 million) to \$11.2 million (3Q2012) from \$10.5 million (3Q2011) mainly due to higher staff costs, repair & maintenance expenses and unrealized foreign exchange loss resulted from the weakening of USD receivables.

Financing costs increased by 2.7% (or \$0.1 million) to \$1.4 million (3Q2012) from \$1.3 million (3Q2011), primarily due to higher bank borrowings.

### Share of loss of Associated Company

Our associated company reported lower loss in 3Q2012 and consequently our share of loss was slightly lower at \$0.02 million compared to \$0.03 million in 3Q2011.

### Income Tax expense

Income tax decreased by 37.7% mainly due to lower profit before tax in 3Q2012. The increase in effective income tax rate was mainly due to full income tax rate payable by our Suzhou factory in FY2012 compared to the concessional income tax rate in FY2011. Additionally, there was under-provision of income tax expense in FY2011 that was charged in FY2012.

### Net Profit after Tax and Non-controlling Interests ("NPAT&MI")

Net profit after tax and non-controlling interests attributable to shareholders of the Company decreased 68.1% (or \$8.3 million) to \$3.9 million in 3Q2012 from \$12.2 million in 3Q2011. Excluding the one-time net disposal gains of \$7.3 million (net of tax & NCI) on Yokohama investments in China reported in 3Q2011, the adjusted 3Q2012 net profit after tax and non-controlling interests would have been \$4.9 million, compared to \$3.9 million in 3Q2012, a decrease of 20.4% (or \$1.0 million).

## **REVIEW OF NINE-MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (YTD SEP 2012 VS YTD SEP 2011)**

### Turnover

The Group's turnover for the first nine months of FY2012 was \$414.2 million, an increase of 2.4% (or \$9.7 million) over \$404.5 million recorded in the first nine months of FY2011. The increase was mainly due to higher turnover in our distribution segment offset by lower turnover in our manufacturing segment.

Our distribution segment, accounted for 72.9% of the Group's total turnover, recorded a 4.3% (or \$12.4 million) rise in turnover to \$302.0 million. Manufacturing segment, accounted for 27.1% of the Group's total turnover, recorded a decrease of 2.4% (or \$2.7 million) in turnover to \$112.2 million. The decrease in manufacturing turnover was mainly due to our China manufacturing which reported a decrease of 12.8% (or \$10.2 million) in turnover to \$69.5 million.

### Gross Profit

Gross Profit rose by 1.1% (or \$1.0 million) to \$95.1 million in the first nine months of FY2012 compared to \$94.1 million in the corresponding period last year. The higher gross profit was mainly due to higher sales in our distribution segment. However, the Group's gross profit margin declined to 23.0% in the first nine months of FY2012 compared to 23.3% in the corresponding period last year mainly due to lower margins from our distribution segment.

### Operating Expenses

Distribution expenses increased by 2.1% (or \$0.7 million) in the first nine months of FY2012 to \$34.6 million compared to \$33.9 million in the corresponding period last year mainly due to higher sales related variable expenses and higher staff costs in tandem with higher turnover.

Administrative expenses increased by 4.5% (or \$1.5 million) in the first nine months of FY2012 to \$33.6 million compared to \$32.1 million in the corresponding period last year mainly due to higher staff costs, repairs & maintenance expenses and unrealized foreign exchange loss resulted from the weakening of USD receivables.

Financing costs increased by 21.9% (or \$0.8 million) in the first nine months of FY2012 to \$4.2 million compared to \$3.4 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 expense incurred on long term loans for capital expenditure.

### Other Gains

Other gains decreased from \$9.8 million to \$1.5 million for the first nine months of FY2012. The decrease was mainly due to one-time 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 that was reported in 3Q2011.

### Share of profit of Associated Company

Our share of profit of associated company was \$0.8 million compared to \$1.3 million in the correspondence period last year. The higher share of profit in FY2011 included share of profit from our Yokohama investment in China that was subsequently divested in 3Q2011.

### Income Tax expense

Income tax decreased by 10.6% mainly due to lower profit before tax in the period under review. The increase in effective income tax rate was mainly due to full income tax rate payable by our Suzhou factory in FY2012 compared to the concessional income tax rate in FY2011. Additionally, there was under-provision of income tax expense in FY2011 that was charged in FY2012.

### Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company decreased 38.3% (or \$9.6 million) to \$15.6 million in the first nine months of FY2012 from \$25.2 million in the corresponding period last year. Excluding the one-time net disposal gains of \$7.3 million (net of tax & NCI) on Yokohama investments in China reported in 3Q2011, the adjusted year-to-date net profit after tax and

non-controlling interests would have been \$17.9 million, compared to \$15.6 million year-to-date in 2012, a decrease of 12.8% (or \$2.3 million).

## **STATEMENT OF FINANCIAL POSITION REVIEW**

As at 30 September 2012, total assets amounted to about \$446.2 million comprising \$293.9 million of current assets and \$152.3 million of non-current assets. Total liabilities amounted to about \$188.3 million comprising current liabilities of \$137.5 million and non-current liabilities of \$50.8 million. Shareholders' equity including non-controlling interests amounted to \$257.9 million.

The substantial changes in the statement of financial position compared to 31 December 2011 are as follows:

### Trade and other receivables

Trade and other receivables decreased from \$109.8 million to \$98.2 million mainly due to the settlement of outstanding receivables from the divestment of our 49% equity interest in Yokohama Tire Sales (Shanghai) co., Ltd as at 31 December 2011.

### Inventories

Inventories increased from \$117.7 million to \$127.9 million in anticipation of higher sales in 4Q2012.

### Other current assets

Other current assets increased from \$15.8 million to \$21.8 million mainly due to increase of prepayments and deposits paid for purchasing of new plants and machineries.

### Property, plant and equipment

Property, plant and equipment ("PPE") increased by \$9.6 million to \$128.5 million from \$118.8 million mainly due to additions of PPE offset by depreciation charged for the 9 months ended 30 September 2012.

### Trade and other payables

Trade and other payables decreased from \$56.7 million to \$42.6 million mainly due to trade payments to suppliers and settlement of PPE payables in the first nine months of FY2012.

### Borrowings (current & non-current)

Borrowings increased from \$118.1 million to \$141.3 million due to additional bank borrowings for purchasing of inventory and capital expenditures in property, plant and equipment for the 9 months ended 30 September 2012.

### Other reserves

Other reserves decreased by \$7.7 million mainly due to translation loss of our investments in China and Malaysia. Exchange rate of RMB and MYR against SGD has weakened as at end September 2012 from end December 2011.

## **STATEMENT OF CASH FLOWS REVIEW**

\$1.2 million was used in operating activities in the first nine months of FY2012. The Group utilised \$16.1 million in the investing activities mainly for the purchase of plant and equipment. A total of \$4.9 million was provided by the financing activities mainly for purchasing of PPE and Inventories. Cash and cash equivalents amounted to \$42.2 million at the end of September 2012 compared to \$55.6 million reported at end of December 2011.

**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 significant trends and 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**

With the continuing sovereign debts crisis in Europe, and the slower growth in China and United States, the global economy continues to remain uncertain. We expect global demand for our products to remain weak, and volatility in raw materials prices (such as aluminium) and currencies to continue in 2012.

Our manufacturing business continues to face tough operating environments. We expect demand to remain weak in our China manufacturing business and operating margins to be under pressure in the fourth quarter of the current financial year. With regard to the new Malacca factory, machineries and equipment have been fully installed. Certifications, testing of moulds and trial production will be completed with production expected to start in December.

The Group will continue with its multi-brand, multi-category and multi-product ("3M") marketing strategies to grow the distribution business in the existing sales network and expect the distribution business to continue to be the key contributor for the Group.

**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 2012.

**13. Aggregate value of interested person transactions entered into by the Company and/or its subsidiaries**

Not applicable to Q1, Q2, & Q3 results.



**14. Statement Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited**

We, Tay Tian Hoe Richard and Tay Tiang Guan, being the two Executive Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the nine months ended 30 September 2012 to be false or misleading in any material aspect.

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

**15. 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.

**16. 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.

**17. A breakdown of sales**

A breakdown of sales:-

Not applicable to Q1, Q2, & Q3 results.

**18. 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

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

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable to Q1, Q2, & Q3 results.

**BY ORDER OF THE BOARD**

Tay Tian Hoe Richard  
Executive Chairman and Group Managing Director  
08/11/2012

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 08/11/2012 to the SGX.