

## FIRST QUARTER RESULTS \* FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT



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\* Asterisks denote mandatory information

<b>Name of Announcer *</b>	YHI INTERNATIONAL LIMITED
<b>Company Registration No.</b>	200007455H
<b>Announcement submitted on behalf of</b>	YHI INTERNATIONAL LIMITED
<b>Announcement is submitted with respect to *</b>	YHI INTERNATIONAL LIMITED
<b>Announcement is submitted by *</b>	Tay Tian Hoe Richard
<b>Designation *</b>	Executive Chairman and Group Managing Director
<b>Date &amp; Time of Broadcast</b>	15-May-2013 19:09:51
<b>Announcement No.</b>	00197

## &gt;&gt; ANNOUNCEMENT DETAILS

The details of the announcement start here ...

<b>For the Financial Period Ended *</b>	31-03-2013
<b>Description</b>	Q1 unaudited financial statement and press release for the period ended 31 March 2013
<b>Attachments</b>	 YHIPressRelease1Q2013.pdf  YHIFY2013Q1Results.pdf Total size = <b>352K</b> (2048K size limit recommended)



## Unaudited First Quarter 2013 Financial Statements

### 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 (1Q FY2013 vs 1Q FY2012)

	Group 01/01/13 – 31/03/13 S\$ '000	Group 01/01/12 – 31/03/12 S\$ '000	Incr/(Decr) %
Sales	120,421	137,901	(12.7%)
Cost of sales	(94,423)	(106,946)	(11.7%)
Gross profit	25,998	30,955	(16.0%)
Other gains - net	562	423	32.9%
Expenses			
- Distribution	(11,345)	(11,068)	2.5%
- Administrative	(10,671)	(10,998)	(3.0%)
- Finance	(1,234)	(1,410)	(12.5%)
Share of profit of associated companies	84	50	68.0%
Profit before income tax	3,394	7,952	(57.3%)
Income tax expense	(1,550)	(2,040)	(24.0%)
<b>Net profit</b>	<b>1,844</b>	<b>5,912</b>	<b>(68.8%)</b>
<b>Attributable to:</b>			
Equity holders of the Company	1,465	5,524	(73.5%)
Non-controlling interests	379	388	(2.3%)
	<b>1,844</b>	<b>5,912</b>	<b>(68.8%)</b>

**NOTES TO CONSOLIDATED INCOME STATEMENT (1Q FY2013 vs 1Q FY2012)**

	<b>Group</b>	<b>Group</b>	
	<b>01/01/13 –</b>	<b>01/01/12 –</b>	
	<b>31/03/13</b>	<b>31/03/12</b>	<b>Incr/(Decr)</b>
	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>%</b>
Interest income	<b>81</b>	56	44.6%
Interest on borrowings	<b>(1,234)</b>	(1,410)	(12.5%)
Depreciation charges of property, plant and equipment	<b>(4,308)</b>	(3,451)	24.8%
Amortisation of intangible assets	<b>(16)</b>	(16)	-
Allowance for impairment of doubtful trade receivables	<b>(91)</b>	(205)	(55.6%)
Write down of inventory	<b>(119)</b>	(235)	(49.4%)
Currency exchange loss - net	<b>(58)</b>	(439)	(86.8%)
Share of profit of associated companies	<b>84</b>	50	68.0%
Gain on disposal of property, plant and equipment	<b>19</b>	23	(17.4%)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (1Q FY2013 vs 1Q FY2012)**

	<b>Group 01/01/13- 31/03/13 S\$ '000</b>	<b>Group 01/01/12- 31/03/12 S\$ '000</b>	<b>Incr/(Decr) %</b>
<b>Profit for the period</b>	<b>1,844</b>	5,912	(68.8%)
<b>Other comprehensive income, net of tax:</b>			
- Currency translation differences	<b>2,762</b>	(2,661)	NM
<b>Total comprehensive income for the period</b>	<b>4,606</b>	3,251	41.7%
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	<b>3,774</b>	2,636	43.2%
Non-controlling interests	<b>832</b>	615	35.3%
	<b>4,606</b>	3,251	41.7%

NM – Not meaningful

**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**

**STATEMENT OF FINANCIAL POSITION**

	<b>Group 31/03/13</b>	Group 31/12/12	<b>Company 31/03/13</b>	Company 31/12/12
	<b>S\$ '000</b>	S\$ '000	<b>S\$ '000</b>	S\$ '000
<b>Current assets</b>				
Cash and cash equivalents	43,613	42,470	1,991	2,112
Trade and other receivables	90,751	86,325	50,071	50,530
Inventories	125,108	134,210	-	-
Other current assets	16,869	14,786	7	13
	<b>276,341</b>	277,791	<b>52,069</b>	52,655
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	100,122	100,122
Investments in associated companies	16,221	16,137	-	-
Transferable club membership, at cost	181	181	-	-
Property, plant and equipment	142,906	141,908	25	38
Intangible assets	3,221	3,231	-	-
Deferred income tax assets	4,195	4,157	-	-
Derivative financial instruments	-	104	-	104
	<b>166,724</b>	165,718	<b>100,147</b>	100,264
<b>Total assets</b>	<b>443,065</b>	443,509	<b>152,216</b>	152,919
<b>Current liabilities</b>				
Trade and other payables	45,200	45,505	3,941	3,682
Borrowings	79,984	86,878	6,400	6,400
Derivative financial instrument	85	23	85	23
Current income tax liabilities	1,447	2,209	549	314
	<b>126,716</b>	134,615	<b>10,975</b>	10,419
<b>Non-current liabilities</b>				
Borrowings	48,474	45,589	16,200	17,800
Derivative financial instrument	22	-	22	-
Deferred income tax liabilities	2,236	2,216	-	-
	<b>50,732</b>	47,805	<b>16,222</b>	17,800
<b>Total liabilities</b>	<b>177,448</b>	182,420	<b>27,197</b>	28,219
<b>Net assets</b>	<b>265,617</b>	261,089	<b>125,019</b>	124,700
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	77,001	77,001	77,001	77,001
Other reserves	(3,852)	(6,161)	-	-
Retained earnings	177,866	176,401	48,018	47,699
	<b>251,015</b>	247,241	<b>125,019</b>	124,700
<b>Non-controlling interests</b>	<b>14,602</b>	13,848	-	-
<b>Total equity</b>	<b>265,617</b>	261,089	<b>125,019</b>	124,700

## 1(b)(ii) Aggregate amount of Group's borrowings and debt securities

### Amount repayable in one year or less, or on demand

Group As at 31/03/13		Group As at 31/12/12	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
79,984	-	86,878	-

### Amount repayable after one year

Group As at 31/03/13		Group As at 31/12/12	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
48,474	-	45,589	-

### 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 (2012: 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 (1Q FY2013 vs 1Q FY2012)**

	<b>Group 01/01/13- 31/03/13 S\$ '000</b>	<b>Group 01/01/12- 31/03/12 S\$ '000</b>
<b>Cash flows from operating activities</b>		
Net profit	1,844	5,912
Adjustments for:		
Income tax	1,550	2,040
Depreciation of property, plant and equipment	4,308	3,451
Amortisation of intangible assets	16	16
Gain on disposal of property, plant and equipment	(19)	(23)
Interest expense	1,234	1,410
Interest income	(81)	(56)
Share of profit of associated companies	(84)	(50)
Fair value loss / (gain) on derivative financial instrument	189	(623)
Unrealised currency translation differences	1,244	(529)
Operating cash flow before working capital changes	<u>10,201</u>	<u>11,548</u>
Changes in working capital, net of effects from disposal of subsidiary:		
Inventories	9,102	8,863
Trade and other receivables	(4,426)	(4,449)
Other current assets	(2,083)	(2,992)
Trade and other payables	1,069	(7,646)
Cash generated from operations	<u>13,863</u>	<u>5,324</u>
Interest received	81	56
Income tax paid	(2,264)	(2,263)
<b>Net cash provided by operating activities</b>	<u>11,680</u>	<u>3,117</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	158	27
Proceeds from disposal of financial assets, available-for-sale	-	7,824
Purchase of property, plant and equipment	(5,599)	(14,102)
<b>Net cash used in investing activities</b>	<u>(5,441)</u>	<u>(6,251)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(1,178)	(1,313)
Proceed from borrowings	-	42,000
Repayment of borrowings	(4,675)	(33,433)
Repayments of finance lease liabilities	906	945
Dividends paid to non-controlling interests	(78)	(193)
<b>Net cash (used in) / provided by financing activities</b>	<u>(5,025)</u>	<u>8,006</u>
<b>Net increase in cash and cash equivalents held</b>	<u>1,214</u>	<u>4,872</u>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>38,400</u>	<u>55,590</u>
Effects of currency translation on cash and cash equivalents	242	(383)
<b>Cash and cash equivalents at the end of the financial period</b>	<u>39,856</u>	<u>60,079</u>

**Explanatory Notes:-**

Cash and cash equivalents comprise:-

Cash and bank balances  
Less: Bank overdrafts

<b>Group</b> <b>01/01/13 -</b> <b>1/03/13</b> <b>S\$ '000</b>	<b>Group</b> <b>01/01/12-</b> <b>31/03/12</b> <b>S\$ '000</b>
<b>43,613</b>	<b>62,733</b>
<b>(3,757)</b>	<b>(2,654)</b>
<b>39,856</b>	<b>60,079</b>

**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→

	<b>Share capital</b> <b>S\$ '000</b>	<b>Other reserves</b> <b>S\$ '000</b>	<b>Retained earnings</b> <b>S\$ '000</b>	<b>Sub-total</b> <b>S\$ '000</b>	<b>Non-controlling interests</b> <b>S\$ '000</b>	<b>Total</b> <b>S\$ '000</b>
<b>The Group</b>						
<b>Balance at 1 January 2013</b>	<b>77,001</b>	<b>(6,161)</b>	<b>176,401</b>	<b>247,241</b>	<b>13,848</b>	<b>261,089</b>
Total comprehensive income for the period	-	2,309	1,465	3,774	832	4,606
Dividends relating to 2012 paid	-	-	-	-	(78)	(78)
<b>Balance at 31 March 2013</b>	<b>77,001</b>	<b>(3,852)</b>	<b>177,866</b>	<b>251,015</b>	<b>14,602</b>	<b>265,617</b>

	<b>Share capital</b> <b>S\$ '000</b>	<b>Other reserves</b> <b>S\$ '000</b>	<b>Retained earnings</b> <b>S\$ '000</b>	<b>Sub-total</b> <b>S\$ '000</b>	<b>Non-controlling interests</b> <b>S\$ '000</b>	<b>Total</b> <b>S\$ '000</b>
<b>The Group</b>						
<b>Balance at 1 January 2012</b>	<b>77,001</b>	<b>1,655</b>	<b>169,691</b>	<b>248,347</b>	<b>12,224</b>	<b>260,571</b>
Total comprehensive income for the period	-	(2,888)	5,524	2,636	615	3,251
Dividends relating to 2011 paid	-	-	-	-	(193)	(193)
<b>Balance at 31 March 2012</b>	<b>77,001</b>	<b>(1,233)</b>	<b>175,215</b>	<b>250,983</b>	<b>12,646</b>	<b>263,629</b>

	<b>Share capital</b> <b>S\$ '000</b>	<b>Retained earnings</b> <b>S\$ '000</b>	<b>Total</b> <b>S\$ '000</b>
<b>The Company</b>			
<b>Balance at 1 January 2013</b>	<b>77,001</b>	<b>47,699</b>	<b>124,700</b>
Total comprehensive income for the period	-	319	319
<b>Balance at 31 March 2013</b>	<b>77,001</b>	<b>48,018</b>	<b>125,019</b>

	<b>Share capital</b> <b>S\$ '000</b>	<b>Retained earnings</b> <b>S\$ '000</b>	<b>Total</b> <b>S\$ '000</b>
<b>The Company</b>			
<b>Balance at 1 January 2012</b>	<b>77,001</b>	<b>50,863</b>	<b>127,864</b>
Total comprehensive income for the period	-	(89)	(89)
<b>Balance at 31 March 2012</b>	<b>77,001</b>	<b>50,774</b>	<b>127,775</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 2012. The share capital of the Company as at 31 March 2013 was 584,591,628 ordinary shares.

**1(d)(iii) 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 31/03/13</b>	<b>Company 31/12/12</b>
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 2013, the Group has adopted the following revised FRS:-

Amendments to FRS 1 - Presentation of items of Other Comprehensive Income

The amendment requires items presented in other comprehensive income ("OCI") to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on property, plant and equipment will be presented separately from items that may be recycled in the future, such as currency translation differences that are charged to translation reserve. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

### Amendment to FRS 1, "Presentation of financial statements"

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either:

- as required by FRS 8 "Accounting policies, changes in accounting estimates and errors"; or
- voluntarily.

### Amendment to FRS 34, "Interim financial reporting"

The amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.

### FRS 113 Fair value measurement

FRS 113, "Fair value measurement", explains how to measure fair value and aims to enhance fair value disclosures; it does not provide guidance on when to measure fair value or when additional fair value measurements are required. The project converges FRS and US GAAP on how to measure fair value, but there will continue to be differences in certain respects, including when fair value measurements are required and when gains and losses can be recognised.

The adoption of the above FRS did not materially impact the financial statements of the Group.

## **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 01/01/13 - 31/03/13</b>	Group 01/01/12 - 31/03/12
(a) Based on the number of ordinary shares on issue (cents)	<b>0.25</b>	0.94
(b) On fully diluted basis (cents)	<b>0.25</b>	0.94

- (i) The Group earnings per share for current and preceding financial year 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 31/03/13</b>	Group 31/12/12	<b>Company 31/03/13</b>	Company 31/12/12
Net asset value per ordinary share (cents)	<b>42.94</b>	42.29	<b>21.39</b>	21.33

- (i) The Group and Company net asset value per share as at 31 March 2013 and as at 31 December 2012 are based on the actual number of shares in issue of 584,591,628 ordinary shares.
- (ii) There was no material impact on prior year 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**

#### Turnover

The Group reported a 12.7% (or \$17.5 million) decrease in turnover to \$120.4million (1Q2013) from \$137.9 million (1Q2012) mainly due to lower demand for our products in both Distribution and Manufacturing segments as compared to the corresponding period last year.

Distribution segment, which accounted for 75.8% of the Group's total turnover, recorded a decrease of 8.8% (or \$8.8 million) in turnover to \$91.3 million (1Q2013). Manufacturing segment, which accounted for 24.2% of the Group's total turnover, recorded a decrease of 23.0% (or \$8.7 million) in turnover, from \$37.8 million (1Q2012) to \$29.1 million (1Q2013).

#### Gross Profit

Gross Profit decreased by 16.0% (or \$5.0 million) to \$26.0 million (1Q2013) from \$31.0 million (1Q2012). The lower gross profit was mainly due to lower turnover and gross profit margin reported in 1Q2013. The Group's gross profit margin declined to 21.6% in 1Q2013 compared to 22.4% in 1Q2012 mainly due to lower margins from manufacturing segment.

#### Other Gains

Other gains increased from \$0.4 million to \$0.6 million mainly due to the increase in the amount received from warranty claims on buggy parts.

#### Operating Expenses

Distribution expenses increased by 2.5% (or \$0.3 million) in 1Q2013 to \$11.3 million compared to \$11.0 million in 1Q2012 mainly due to higher staff costs.

Administrative expenses decreased by 3.0% (or \$0.3 million) in 1Q2013 to \$10.7 million compared to \$11.0 million in 1Q2012 mainly due to lower rental expenses in Singapore.

Financing costs decreased by 12.5% (or \$0.2 million) in 1Q2013 to \$1.2 million compared to \$1.4 million in 1Q2012. The decrease was due to lower borrowings in certain subsidiaries in the period under review.

#### Share of Profit of Associated Companies

Share of profit of the associated company increased from \$0.05 million in 1Q2012 to \$0.08 million in 1Q2013 as a result of better performance that was reported by our associated company.

#### Income Tax expense

Income tax expense decreased by 24.0% mainly due to lower profit before tax in 1Q2013. The increase in Group's effective income tax rate was mainly due to losses in certain subsidiaries resulting in lower profit before tax for the Group in 1Q2013.

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

Net profit after tax and non-controlling interests attributable to shareholders of the Company decreased by 73.5% (or \$4.0 million), to \$1.5 million in 1Q2013 from \$5.5 million in 1Q2012.

## **STATEMENT OF FINANCIAL POSITION REVIEW**

As at 31 March 2013, total assets amounted to about \$443.0 million comprising \$276.3 million of current assets and \$166.7 million of non-current assets. Total liabilities amounted to about \$177.4 million comprising current liabilities of \$126.7 million and non-current liabilities of \$50.7 million. Shareholders' equity including non-controlling interests amounted to \$265.6 million.

The substantial changes in the statement of financial position compared to 31 December 2012 are as follows:

### Trade and other receivables

Trade and other receivables increased from \$86.3 million to \$90.8 million mainly due to the Group trade receivables turnover days increased from 59 days in 4Q2012 to 66 days in 1Q2013. However, they are still within the credit period.

### Inventories

Inventories decreased from \$134.2 million to \$125.1 million mainly due to lower sales and better inventory management in 1Q2013.

### Other current assets

Other current assets increased from \$14.8 million to \$16.9 million mainly due to increased prepayments to suppliers.

### Property, plant and equipment

Property, plant and equipment ("PPE") increased by \$1.0 million to \$142.9 million from \$141.9 million mainly due to additions of PPE offset by depreciation charged for the quarter ended 31 March 2013.

### Borrowings (current & non-current)

Borrowings decreased from \$132.5 million to \$128.5 million due to repayment of bank borrowings in the quarter ended 31 March 2013.

### Current income tax liabilities

Current income tax liabilities decreased from \$2.2 million to \$1.4 million mainly due to lower income tax expenses reported.

### Other reserves

Other reserves improved by \$2.3 million mainly due to translation gain of our investments in China. Exchange rate of RMB against SGD has strengthened as at end March 2013 from end December 2012.

## **STATEMENT OF CASH FLOWS REVIEW**

\$11.7 million was generated by operating activities in 1Q2013. The Group utilized \$5.4 million in the investing activities mainly for the purchase of plant and equipment. A total of \$5.0 million was used in the financing activities mainly for the repayment of bank borrowings. Cash and cash equivalents amounted to \$39.9 million at the end of March 2013 compared to \$38.4 million reported at end of December 2012.

### **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 uncertainty in the global economy, we remain cautious over our business prospects and expect global demand to remain weak. We also expect volatility in raw materials prices such as aluminum and currencies to continue in 2013.

For our manufacturing business, the business operating environment is expected to remain challenging and operating margins to remain under pressure. Customers demand is expected to remain weak for our China manufacturing business. We will continue to develop the USA and Asia markets and also in changing the product mix targeting on higher value (bigger sizes) alloy wheels to improve margins.

We will continue our efforts in innovations, designs and improvements in its production systems to reduce operating costs and improve productivity. We have achieved a breakthrough with a new YHI "Flow Forming" technology that enables us to produce lighter and stronger alloy wheels. This new technology will lead to lower production costs and enhanced our competitiveness.

As for our Malacca factory, machines for the phase 2 expansion will be arriving by the end of May for installation and trial production is expected to start by end of June. With the phase 2 installation, our Malacca factory will have an annual production capacity of 600,000 wheels per annum.

For our distribution business, the Group will continue to develop business opportunities implementing our multi-product, multi-brand and multi-category ("3M") marketing strategies. The Group will focus on promotion and development of its portfolio of premium and proprietary brands. To enhance our development in commercial tyres, the Group has obtained an exclusive distribution rights for Otani Tires Co., Ltd in Singapore and Hong Kong, mainly for its commercial tyres. Otani Tires is an established manufacturer of various types of commercial tyres from Thailand. The Group has also recently obtained distribution rights for Double Coin Holdings Ltd in Cambodia for its commercial tyres. Double Coin Holdings Ltd is a top tier tyres manufacturer from China.

As for the Group's proprietary brand, Neuton Tyres, the Group is adding another 10 sizes of 4x4 range and 2 sizes for passenger cars range. This will bring the total sizes available to more than 70 sizes giving consumers a wider choice. The Group is also planning to add another new 19 sizes of passenger cars range to cater for the China market.

The Group will continue to monitor its business closely and develop business opportunities where appropriate. We 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 31 March 2013.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, please make a statement to that effect**

No general mandate was obtained from shareholders for IPTs.

**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 two of the 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 three months ended 31 March 2013 to be false or misleading in any material aspect.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**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**

Not applicable to Q1, Q2, & Q3 results.