

**YHI INTERNATIONAL LIMITED**

(Company Registration No. 200007455H)

(Incorporated In the Republic of Singapore)

Unaudited Third Quarter 2014 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 (3Q FY2014 vs 3Q FY2013)

	Group 01/07/14- 30/09/14 S\$ '000	Group 01/07/13- 30/09/13 S\$ '000	Incr/(Decr) %
Sales	133,058	138,863	(4.2%)
Cost of sales	(102,270)	(109,855)	(6.9%)
Gross profit	30,788	29,008	6.1%
Other gains – net	644	503	28.0%
Expenses			
- Distribution	(14,185)	(12,685)	11.8%
- Administrative	(11,534)	(11,856)	(2.7%)
- Finance	(1,098)	(1,216)	(9.7%)
Share of profit of associated company	3	28	(89.3%)
Profit before income tax	4,618	3,782	22.1%
Income tax expense	(1,951)	(1,375)	41.9%
Net profit	2,667	2,407	10.8%
Profit Attributable to:			
Equity holders of the Company	2,225	2,014	10.5%
Non-controlling interests	442	393	12.5%
	2,667	2,407	10.8%

NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2014 vs 3Q FY2013)

	Group 01/07/14- 30/09/14 S\$ '000	Group 01/07/13- 30/09/13 S\$ '000	Incr/(Decr) %
Interest income	111	71	56.3%
Interest on borrowings	(1,097)	(1,216)	(9.8%)
Depreciation and impairment charges of property, plant and equipment	(3,902)	(4,460)	(12.5%)
Amortisation of intangible assets	(16)	(16)	NM
Allowance for impairment of doubtful trade receivables	(691)	(487)	41.9%
Allowance for inventory obsolescence	(415)	(535)	(22.4%)
Currency exchange loss - net	(485)	(662)	(26.7%)
Share of profit of associated company	3	28	(89.3%)
Gain on disposal of property, plant and equipment	43	17	NM

NM – Not meaningful

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2014 vs 3Q FY2013) (Cont'd)****Income Tax Expenses**

Tax expense attributable to profit is made up of:

Current income tax

- Singapore
- Foreign

Deferred income tax

(Over)/under provision in previous financial year

- Current income tax
- Deferred income tax

	Group 01/07/14- 30/09/14 S\$ '000	Group 01/07/13- 30/09/13 S\$ '000	Incr/(Decr) %
	308	321	(4.0%)
	1,628	1,126	44.6%
	1,936	1,447	33.8%
	(36)	(215)	(83.3%)
	1,900	1,232	54.2%
	(5)	139	NM
	56	4	NM
	1,951	1,375	41.9%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (3Q FY2014 vs 3Q FY2013)**Profit for the period****Other comprehensive income, net of tax:**

Items that may be reclassified subsequently to profit or loss

- Currency translation differences

Total comprehensive income for the period**Total comprehensive income attributable to:**

- Equity holders of the Company
- Non-controlling interests

	Group 01/07/14- 30/09/14 S\$ '000	Group 01/07/13- 30/09/13 S\$ '000	Incr/(Decr) %
	2,667	2,407	10.8%
	(776)	(1,216)	(36.2%)
	1,891	1,191	58.8%
	2,039	655	NM
	(148)	536	NM
	1,891	1,191	58.8%


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1(a)(i) CONSOLIDATED INCOME STATEMENT (YTD SEP FY2014 vs YTD SEP FY2013)

	Group 01/01/14- 30/09/14 S\$ '000	Group 01/01/13- 30/09/13 S\$ '000	Incr/(Decr) %
Sales	385,533	389,225	(0.9%)
Cost of sales	(299,497)	(306,376)	(2.2%)
Gross profit	86,036	82,849	3.8%
Other gains - net	2,116	1,601	32.2%
Expenses			
- Distribution	(40,001)	(36,814)	8.7%
- Administrative	(32,209)	(33,153)	(2.8%)
- Finance	(3,546)	(3,741)	(5.2%)
Share of profit of associated company	699	478	46.2%
Profit before income tax	13,095	11,220	16.7%
Income tax expense	(5,686)	(4,438)	28.1%
Net profit	7,409	6,782	9.2%
Profit Attributable to:			
Equity holders of the Company	6,384	5,546	15.1%
Non-controlling interests	1,025	1,236	(17.1%)
	7,409	6,782	9.2%

NOTES TO CONSOLIDATED INCOME STATEMENT (YTD SEP FY2014 vs YTD SEP FY2013)

	Group 01/01/14- 30/09/14 S\$ '000	Group 01/01/13- 30/09/13 S\$ '000	Incr/(Decr) %
Interest income	332	209	58.9%
Interest on borrowings	(3,545)	(3,741)	(5.2%)
Depreciation and impairment charges of property, plant and equipment	(12,462)	(13,143)	(5.2%)
Amortisation of intangible assets	(47)	(47)	NM
Allowance for impairment of doubtful trade receivables	(2,209)	(1,101)	NM
Allowance for inventory obsolescence	(973)	(1,409)	(30.9%)
Currency exchange gain/(loss) - net	163	(424)	NM
Share of profit of associated company	699	478	46.2%
Gain on disposal of property, plant and equipment	171	72	NM

NM – Not meaningful

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NOTES TO CONSOLIDATED INCOME STATEMENT (YTD SEP FY2014 vs YTD SEP FY2013) (Cont'd)

Income Tax Expenses	Group 01/01/14- 30/09/14 S\$ '000	Group 01/01/13- 30/09/13 S\$ '000	Incr/(Decr) %
Tax expense attributable to profit is made up of:			
Current income tax			
- Singapore	850	824	3.2%
- Foreign	4,514	3,761	20.0%
	5,364	4,585	17.0%
Deferred income tax	13	(326)	NM
	5,377	4,259	26.3%
Under provision in previous financial year			
- Current income tax	112	173	(35.3%)
- Deferred income tax	197	6	NM
	5,686	4,438	28.1%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (YTD SEP FY2014 vs YTD SEP FY2013)

	Group 01/01/14- 30/09/14 S\$ '000	Group 01/01/13- 30/09/13 S\$ '000	Incr/(Decr) %
Profit for the period	7,409	6,782	9.2%
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	167	(31)	NM
Total comprehensive income for the period	7,576	6,751	12.2%
Total comprehensive income attributable to:			
Equity holders of the Company	6,533	6,032	8.3%
Non-controlling interests	1,043	719	45.1%
	7,576	6,751	12.2%

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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**

	Group 30/09/14	Group 31/12/13	Company 30/09/14	Company 31/12/13
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
ASSETS				
Current assets				
Cash and cash equivalents	57,433	57,426	4,714	2,480
Trade and other receivables	97,706	83,696	42,118	43,789
Inventories	118,898	131,096	-	-
Other current assets	12,634	13,345	3	14
	286,671	285,563	46,835	46,283
Non-current assets held-for-sale	8,660	-	-	-
	295,331	285,563	46,835	46,283
Non-current assets				
Transferable club membership, at cost	146	146	-	-
Investment in an associated company	17,441	16,741	-	-
Investments in subsidiaries	-	-	100,122	100,122
Property, plant and equipment	121,762	136,857	315	-
Intangible assets	3,185	3,174	-	-
Deferred income tax assets	4,114	4,187	-	-
	146,648	161,105	100,437	100,122
Total assets	441,979	446,668	147,272	146,405
LIABILITIES				
Current liabilities				
Trade and other payables	41,450	41,734	3,770	2,229
Current income tax liabilities	2,021	1,189	85	148
Borrowings	99,308	98,646	6,400	6,400
Derivative financial instrument	147	153	147	153
	142,926	141,722	10,402	8,930
Non-current liabilities				
Borrowings	31,847	40,790	6,600	11,400
Deferred income tax liabilities	2,182	1,987	-	-
Derivative financial instrument	74	134	74	134
	34,103	42,911	6,674	11,534
Total liabilities	177,029	184,633	17,076	20,464
Net assets	264,950	262,035	130,196	125,941
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	77,001	77,001	77,001	77,001
Other reserves	(6,443)	(6,592)	-	-
Retained profits	181,350	178,941	53,195	48,940
	251,908	249,350	130,196	125,941
Non-controlling interests	13,042	12,685	-	-
Total equity	264,950	262,035	130,196	125,941

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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 30/09/14		Group As at 31/12/13	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
99,308	-	98,646	-

Amount repayable after one year

Group As at 30/09/14		Group As at 31/12/13	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
31,847	-	40,790	-

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\$5.4 million (2013: S\$5.4 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.



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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 FY2014 vs 3Q FY2013)

	Group 01/07/14- 30/09/14 S\$ '000	Group 01/07/13- 30/09/13 S\$ '000
Cash flows from operating activities		
Net profit	2,667	2,407
Adjustments for:		
Income tax	1,951	1,375
Depreciation of property, plant and equipment	3,902	4,460
Amortisation of intangible assets	16	16
Gain on disposal of property, plant and equipment	(43)	(17)
Interest expense	1,097	1,216
Interest income	(111)	(71)
Share of profit of associated company	(3)	(28)
Fair value loss/(gain) on derivative financial instruments	17	(3)
Unrealised currency translation differences	(1,788)	285
Operating cash flow before working capital changes	<u>7,705</u>	<u>9,640</u>
Changes in working capital, net of effects from disposal of subsidiary:		
Inventories	(9,739)	(5,304)
Trade and other receivables	1,108	(2,292)
Other current assets	1,355	(29)
Trade and other payables	1,827	(1,390)
Cash generated from operations	<u>2,256</u>	<u>625</u>
Interest received	111	71
Income tax paid	(1,976)	(2,007)
Net cash provided by / (used in) operating activities	<u>391</u>	<u>(1,311)</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	77	357
Purchase of property, plant and equipment	(1,671)	(990)
Net cash used in investing activities	<u>(1,594)</u>	<u>(633)</u>
Cash flows from financing activities		
Interest paid	(966)	(1,206)
Proceeds from borrowings	1,874	14,385
Repayments of borrowings	(638)	(2,990)
Repayments of finance lease liabilities	(365)	(557)
Net cash (used in) / provided by financing activities	<u>(95)</u>	<u>9,632</u>
Net (decrease) / increase in cash and cash equivalents	<u>(1,298)</u>	<u>7,688</u>
Cash and cash equivalents at beginning of the financial period	<u>56,394</u>	<u>41,909</u>
Effects of currency translation on cash and cash equivalents	252	(206)
Cash and cash equivalents at end of the financial period	<u>55,348</u>	<u>49,391</u>
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	57,433	53,019
Less: Bank overdrafts	(2,085)	(3,628)
Cash and cash equivalents as per consolidated statement of cash flows	<u>55,348</u>	<u>49,391</u>


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1(c)(ii) CONSOLIDATED STATEMENT OF CASH FLOWS (YTD SEP FY2014 vs YTD SEP FY2013)

	Group 01/01/14- 30/09/14 S\$ '000	Group 01/01/13- 30/09/13 S\$ '000
Cash flows from operating activities		
Net profit	7,409	6,782
Adjustments for:		
Income tax	5,686	4,438
Depreciation of property, plant and equipment	12,462	13,143
Amortisation of intangible assets	47	47
Gain on disposal of property, plant and equipment	(171)	(72)
Interest expense	3,545	3,741
Interest income	(332)	(209)
Share of profit of associated company	(699)	(478)
Fair value (gain)/loss on derivative financial instruments	(67)	397
Unrealised currency translation differences	(144)	(1,520)
Operating cash flow before working capital changes	<u>27,736</u>	<u>26,269</u>
Changes in working capital, net of effects from disposal of subsidiary:		
Inventories	12,198	6,509
Trade and other receivables	(12,911)	(9,960)
Other current assets	(389)	581
Trade and other payables	719	(1,612)
Cash generated from operations	<u>27,353</u>	<u>21,787</u>
Interest received	332	209
Income tax paid	(4,820)	(5,940)
Net cash provided by operating activities	<u>22,865</u>	<u>16,056</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	968	1,065
Purchase of property, plant and equipment	(7,495)	(8,221)
Net cash used in investing activities	<u>(6,527)</u>	<u>(7,156)</u>
Cash flows from financing activities		
Interest paid	(3,251)	(3,700)
Proceeds from borrowings	7,534	26,379
Repayments of borrowings	(13,273)	(11,866)
Repayments of finance lease liabilities	(1,280)	(409)
Dividends paid to equity holders of the Company	(3,975)	(7,307)
Dividends paid to non-controlling interests	(686)	(968)
Net cash (used in) / provided by financing activities	<u>(14,931)</u>	<u>2,129</u>
Net increase in cash and cash equivalents	1,407	11,029
Cash and cash equivalents at beginning of the financial period	53,791	38,400
Effects of currency translation on cash and cash equivalents	150	(38)
Cash and cash equivalents at end of the financial period	<u>55,348</u>	<u>49,391</u>
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	57,433	53,019
Less: Bank overdrafts	(2,085)	(3,628)
Cash and cash equivalents as per consolidated statement of cash flows	<u>55,348</u>	<u>49,391</u>



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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 earnings S\$ '000	Sub-total S\$ '000	Non-controlling interests S\$ '000	Total S\$ '000
The Group						
Balance at 1 January 2014	77,001	(6,592)	178,941	249,350	12,685	262,035
Total comprehensive income for the period	-	149	6,384	6,533	1,043	7,576
Dividends relating to 2013 paid	-	-	(3,975)	(3,975)	(686)	(4,661)
Balance at 30 September 2014	77,001	(6,443)	181,350	251,908	13,042	264,950

	Share capital S\$ '000	Other reserves S\$ '000	Retained earnings S\$ '000	Sub-total S\$ '000	Non-controlling interests S\$ '000	Total S\$ '000
The Group						
Balance at 1 January 2013	77,001	(6,161)	176,401	247,241	13,848	261,089
Total comprehensive income for the period	-	486	5,546	6,032	719	6,751
Dividends relating to 2012 paid	-	-	(7,307)	(7,307)	(968)	(8,275)
Balance at 30 September 2013	77,001	(5,675)	174,640	245,966	13,599	259,565

	Share Capital S\$ '000	Retained earnings S\$ '000	Total S\$ '000
The Company			
Balance at 1 January 2014	77,001	48,940	125,941
Total comprehensive income for the period	-	8,230	8,230
Dividends relating to 2013 paid	-	(3,975)	(3,975)
Balance at 30 September 2014	77,001	53,195	130,196

	Share Capital S\$ '000	Retained earnings S\$ '000	Total S\$ '000
The Company			
Balance at 1 January 2013	77,001	47,699	124,700
Total comprehensive income for the period	-	5,633	5,633
Dividends relating to 2012 paid	-	(7,307)	(7,307)
Balance at 30 September 2013	77,001	46,025	123,026

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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 2013. The share capital of the Company as at 30 September 2014 was 584,591,628 ordinary shares. There is no share option issued during the period.

The Company did not hold any treasury shares as at 30 September 2014 and 31 December 2013.

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

	Company 30/09/14	Company 31/12/13
Total numbers of issued shares	584,591,628	584,591,628
Less: Treasury shares	-	-
Total numbers of issued shares excluding treasury 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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2014.

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 or reviewed by the Company's auditors.

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 2014, the Group has adopted the following revised FRS:-

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FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

FRS 110 replaces all of the guidance on control and consolidation in FRS 27 “Consolidated and Separate Financial Statements” and INT FRS 12 “Consolidation-Special Purpose Entities”. The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. FRS 110 is not expected to have any significant financial impact to the Group.

FRS 112 disclosure of Interest in Other Entities (effective for annual periods beginning on or after 1 January 2014)

FRS 112 requires disclosure of information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entity’s interest in subsidiaries, associates, joint arrangement and unconsolidated structure entities. The Group will apply FRS 112 prospectively from 1 January 2014. FRS 112 will not result in any changes to the Group’s accounting policies but will require more disclosure in the financial statements.

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**

	Group 01/07/14 - 30/09/14	Group 01/07/13 - 30/09/13	Group 01/01/14 - 30/09/14	Group 01/01/13 - 30/09/13
(a) Based on the number of ordinary shares on issue (cents)	0.38	0.35	1.09	0.95
(b) On fully diluted basis (cents)	0.38	0.35	1.09	0.95
Weighted average number of ordinary shares	584,591,628	584,591,628	584,591,628	584,591,628

- (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**

	Group 30/09/14	Group 31/12/13	Company 30/09/14	Company 31/12/13
Net asset value per ordinary share (cents)	43.09	42.65	22.27	21.54

- (i) The Group and Company net asset value per share as at 30 September 2014 and as at 31 December 2013 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.



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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 4.2% (or \$5.9 million) decrease in turnover to \$133.0 million (3Q2014) from \$138.9 million (3Q2013) mainly due to lower sales in both distribution and manufacturing business as compared to the corresponding period last year.

Distribution business, accounting for 68.9% of the Group's total turnover, recorded a decrease of 1.5% (or \$1.4 million) in turnover, from \$93.1 million (3Q2013) to \$91.7 million (3Q2014). Manufacturing business, accounting for 31.1% of the Group's total turnover, recorded a decrease of 9.8% (or \$4.5 million) in turnover, from \$45.8 million (3Q2013) to \$41.3 million (3Q2014).

Gross Profit

Gross Profit increased by 6.1% to \$30.8 million (3Q2014) from \$29.0 million (3Q2013). The Group's gross profit margin increased by 2.2% to 23.1% in 3Q2014 compared to 20.9% in 3Q2013 mainly due to improved margins from both the distribution and manufacturing business.

Other Gains

Other gains increased by 28.0% (or \$0.1 million) to \$0.6 million (3Q2014) from \$0.5 million (3Q2013) mainly due to higher Buggies rental income.

Operating Expenses

Distribution expenses increased by 11.8% (or \$1.5 million) in 3Q2014 to \$14.2 million compared to \$12.7 million in 3Q2013 mainly due to higher promotional expenses incurred, higher provision for doubtful debts and increased in staff costs.

Administrative expenses decreased by 2.7% (or \$0.4 million) in 3Q2014 to \$11.5 million compared to \$11.9 million in 3Q2013 mainly due to lower miscellaneous administrative expenses incurred compared to the corresponding period.

Financing cost decreased by 8.3% (or \$0.1 million) in 3Q2014 to \$1.1 million compared to \$1.2 million in 3Q2013 mainly due to lower borrowings in certain subsidiaries.

Share of Profit of Associated Company

Our associated company reported weaker performance and our share of profit was \$3,000 in 3Q2014 compared to \$28,000 in 3Q2013.

Income Tax expense

3Q2014 income tax expense increased by 41.9% mainly due to higher profit before tax. The high effective income tax rate is mainly due to losses in certain subsidiaries lowering the Group's profit before tax.

Net Profit after Tax

Net profit after tax attributable to shareholders of the Company increased by 10.5% (or \$0.2 million) to \$2.2 million in 3Q2014 from \$2.0 million in 3Q2013.



YHI INTERNATIONAL LIMITED

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

REVIEW OF NINE-MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (9M2014 VS 9M2013)

Turnover

The Group reported a 0.9% (or \$3.7 million) decrease in turnover to \$385.5 million (9M2014) from \$389.2 million (9M2013) mainly due to lower sales in our distribution business as compared to the corresponding period last year.

Distribution business, accounting for 70.8% of the Group's total turnover, recorded a decrease of 2.7% (or \$7.7 million) in turnover, from \$280.7 million (9M2013) to \$273.0 million (9M2014). Manufacturing business, accounting for 29.2% of the Group's total turnover, recorded an increase of 3.7% (or \$4.0 million) in turnover, from \$108.5 million (9M2013) to \$112.5 million (9M2014).

Gross Profit

Gross Profit increased by 3.8% (or \$3.2 million) to \$86.0 million (9M2014) from \$82.8 million (9M2013). The Group's gross profit margin increased by 1.0% to 22.3% in 9M2014 compared to 21.3% in 9M2013 mainly due to improved margins from both the distribution and manufacturing business.

Other Gains

Other gains increased by 32.2% (or \$0.5 million) to \$2.1 million (9M2014) from \$1.6 million (9M2013) mainly due to insurance claims received and income from Buggies rental business in 9M2014.

Operating Expenses

Distribution expenses increased by 8.7% (or \$3.2 million) in 9M2014 to \$40.0 million compared to \$36.8 million in 9M2013 mainly due to higher promotional expenses incurred, higher provision for doubtful debts and increased in staff costs.

Administrative expenses decreased by 2.8% (or \$1.0 million) in 9M2014 to \$32.2 million compared to \$33.2 million in 9M2013 mainly due to unrealised currency translation gain in 9M2014 compared to unrealised loss in 9M2013 and lower miscellaneous administrative expenses incurred in 9M2014.

Financing costs decreased by 5.2% (or \$0.2 million) in 9M2014 to \$3.5 million compared to \$3.7 million in 9M2013. The decrease was due to lower borrowings in certain subsidiaries in the period under review.

Share of Profit of Associated Company

Our associated company reported better performance and our share of profit was \$0.7 million in 9M2014 compared to \$0.5 million in 9M2013.

Income Tax expense

9M2014 income tax expense increased by 28.1% mainly due to higher profit before tax and under provision in taxation in previous financial year. The high effective income tax rate is mainly due to losses in certain subsidiaries lowering the Group's profit before tax.

Net Profit after Tax

Net profit after tax attributable to shareholders of the Company increased by 15.1% (or \$0.8 million) to \$6.3 million in 9M2014 from \$5.5 million in 9M2013.



YHI INTERNATIONAL LIMITED

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STATEMENT OF FINANCIAL POSITION REVIEW

As at 30 September 2014, total assets amounted to about \$442.0 million comprising \$295.3 million of current assets and \$146.7 million of non-current assets. Total liabilities amounted to about \$177.0 million comprising current liabilities of \$143.0 million and non-current liabilities of \$34.0 million. Shareholders' equity including non-controlling interests amounted to \$265.0 million.

The substantial changes in the statement of financial position compared to 31 December 2013 are as follows:

Trade and other receivables

Trade and other receivables increased from \$83.7 million to \$97.7 million mainly due to higher manufacturing sales generated in 9M2014 and slower collections from certain distribution customers. Except for those trade receivables where specific provision has been made, most of the trade receivables remained outstanding at the end of September 2014 were still within the acceptable credit terms.

Inventories

Inventories decreased from \$131.1 million to \$118.9 million mainly due to better inventory management.

Non-current assets held-for-sale

Non-current assets held-for-sale of \$8.6 million are mainly Freehold Land and Buildings at Sepang plant which were reclassified as Non-current assets held-for-sale after the relocation of manufacturing facilities from Sepang to Malacca.

Property, plant and equipment

Property, plant and equipment ("PPE") decreased by \$15.1 million to \$121.8 million from \$136.9 million mainly due to reclassification of assets of Sepang plant as Non-current assets held-for-sale and the additions of PPE offset by depreciation charged for the period ended 30 September 2014.

Borrowings (current & non-current)

Borrowings decreased from \$139.4 million to \$131.2 million mainly due to repayment of bank borrowings during the period ended 30 September 2014.

Current Income tax liabilities

Income tax liability increased from \$1.2 million to \$2.0 million mainly due to higher income tax expenses for the period.

STATEMENT OF CASH FLOWS REVIEW

\$22.9 million was generated by operating activities in 9M2014. The Group utilised \$6.5 million in the investing activities mainly for the purchase of plant and equipment. A total of \$14.9 million was used in the financing activities mainly for the repayment of bank borrowings. Cash and cash equivalents amounted to \$55.3 million at the end of September 2014 compared to \$53.8 million reported at end of December 2013.

**YHI INTERNATIONAL LIMITED**

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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

The operating environment for our manufacturing business is expected to remain challenging. The economic slowdown in our key markets in Europe and China is expected to dampen demand for our alloy wheels.

The Group announced on 1 September 2014 that YHI Manufacturing (Malaysia) Sdn Bhd, a wholly-owned subsidiary, had entered into a conditional Sale and Purchase Agreement (the "SPA") with Mission Foods Malaysia Sdn Bhd (the "Purchaser") for the sale of the Group's factory in Sepang. As an update, the Group has met most of the key conditions precedent of the SPA and is now waiting for approval from the relevant state authority for the transfer of the land title in favour of the Purchaser.

With the reorganization of our manufacturing business in both Malaysia and China, we expect to improve production efficiency and reduce operating costs progressively. We will continue to focus on brand building, product innovation & design and improvements in our production technology to strengthen our competitiveness in the market.

The operating environment of our distribution business is expected to remain competitive. The prevailing weak global demand for tyres has impacted our tyres distribution business in Malaysia, Thailand, Indonesia and Australia.

The Group will continue to leverage on its stable of products to develop and grow its distribution business adopting the multi-product, multi-brand and multi-category ("3M") growth strategies. The Company will also continue to focus on the 3R policy vigilantly to reduce inventory, reduce accounts receivables and reduce operating costs.

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.



YHI INTERNATIONAL LIMITED

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12. If no dividend has been declared (recommended), a statement to that effect

No dividend has been recommended for the period ended 30 September 2014.

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

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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 nine months ended 30 September 2014 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.

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
13/11/2014

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 13/11/2014 to the SGX.