

**YHI INTERNATIONAL LIMITED**

(Company Registration No. 200007455H)

(Incorporated In the Republic of Singapore)

Unaudited First 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 (1Q FY2014 vs 1Q FY2013)

	Group 01/01/14- 31/03/14 S\$ '000	Group 01/01/13- 31/03/13 S\$ '000	Incr/(Decr) %
Sales	120,459	120,421	NM
Cost of sales	(94,197)	(94,423)	(0.2%)
Gross profit	26,262	25,998	1.0%
Other gains - net	790	562	40.6%
Expenses			
- Distribution	(12,299)	(11,345)	8.4%
- Administrative	(9,624)	(10,671)	(9.8%)
- Finance	(1,196)	(1,234)	(3.1%)
Share of profit of associated company	209	84	NM
Profit before income tax	4,142	3,394	22.0%
Income tax expense	(1,956)	(1,550)	26.2%
Net profit	2,186	1,844	18.5%
Profit Attributable to:			
Equity holders of the Company	1,934	1,465	32.0%
Non-controlling interests	252	379	(33.5%)
	2,186	1,844	18.5%

NOTES TO CONSOLIDATED INCOME STATEMENT (1Q FY2014 vs 1Q FY2013)

	Group 01/01/14- 31/03/14 S\$ '000	Group 01/01/13- 31/03/13 S\$ '000	Incr/(Decr) %
Interest income	109	81	34.6%
Interest on borrowings	(1,196)	(1,234)	(3.1%)
Depreciation and impairment charges of property, plant and equipment	(4,174)	(4,308)	(3.1%)
Amortisation of intangible assets	(16)	(16)	NM
Allowance for impairment of doubtful trade receivables	(639)	(91)	NM
Allowance for inventory obsolescence	(366)	(119)	NM
Currency exchange gain/(loss) - net	698	(58)	NM
Share of profit of associated company	209	84	NM
Gain on disposal of property, plant and equipment	70	19	NM

NM – Not meaningful

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (1Q FY2014 vs 1Q FY2013)

	Group 01/01/14- 31/03/14 S\$ '000	Group 01/01/13- 31/03/13 S\$ '000	Incr/(Decr) %
Profit for the period	2,186	1,844	18.5%
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	499	2,762	(81.9%)
Total comprehensive income for the period	2,685	4,606	(41.7%)
Total comprehensive income attributable to:			
Equity holders of the Company	1,928	3,774	(48.9%)
Non-controlling interests	757	832	(9.0%)
	2,685	4,606	(41.7%)

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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 31/03/14	Group 31/12/13	Company 31/03/14	Company 31/12/13
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
ASSETS				
Current assets				
Cash and cash equivalents	54,751	57,426	2,966	2,480
Trade and other receivables	93,578	83,696	42,407	43,789
Inventories	115,830	131,096	-	-
Other current assets	13,196	13,345	20	14
	277,355	285,563	45,393	46,283
Non-current assets				
Transferable club membership, at cost	146	146	-	-
Investments in associated company	16,950	16,741	-	-
Investments in subsidiaries	-	-	100,122	100,122
Property, plant and equipment	133,847	136,857	-	-
Intangible assets	3,229	3,174	-	-
Deferred income tax assets	3,937	4,187	-	-
	158,109	161,105	100,122	100,122
Total assets	435,464	446,668	145,515	146,405
LIABILITIES				
Current liabilities				
Trade and other payables	37,015	41,734	2,476	2,229
Current income tax liabilities	1,977	1,189	263	148
Borrowings	91,354	98,646	6,400	6,400
Derivative financial instrument	121	153	121	153
	130,467	141,722	9,260	8,930
Non-current liabilities				
Borrowings	38,075	40,790	9,800	11,400
Deferred income tax liabilities	2,069	1,987	-	-
Derivative financial instrument	133	134	133	134
	40,277	42,911	9,933	11,534
Total liabilities	170,744	184,633	19,193	20,464
Net assets	264,720	262,035	126,322	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	(6,598)	(6,592)	-	-
Retained profits	180,875	178,941	49,321	48,940
	251,278	249,350	126,322	125,941
Non-controlling interests	13,442	12,685	-	-
Total equity	264,720	262,035	126,322	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 31/03/14		Group As at 31/12/13	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
91,354	-	98,646	-

Amount repayable after one year

Group As at 31/03/14		Group As at 31/12/13	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
38,075	-	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 (1Q FY2014 vs 1Q FY2013)

	Group 01/01/14- 31/03/14 S\$ '000	Group 01/01/13- 31/03/13 S\$ '000
Cash flows from operating activities		
Net profit	2,186	1,844
Adjustments for:		
Income tax	1,956	1,550
Depreciation of property, plant and equipment	4,174	4,308
Amortisation of intangible assets	16	16
Gain on disposal of property, plant and equipment	(70)	(19)
Interest expense	1,196	1,234
Interest income	(109)	(81)
Share of profit of associated company	(209)	(84)
Fair value (gain)/loss on derivative financial instruments	(34)	189
Unrealised currency translation differences	738	1,244
Operating cash flow before working capital changes	<u>9,844</u>	<u>10,201</u>
Changes in working capital, net of effects from disposal of subsidiary:		
Inventories	15,265	9,102
Trade and other receivables	(9,881)	(4,426)
Other current assets	150	(2,083)
Trade and other payables	(3,476)	1,069
Cash generated from operations	<u>11,902</u>	<u>13,863</u>
Interest received	109	81
Income tax paid	(471)	(2,264)
Net cash provided by operating activities	<u>11,540</u>	<u>11,680</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	455	158
Purchase of property, plant and equipment	(3,427)	(5,599)
Net cash used in investing activities	<u>(2,972)</u>	<u>(5,441)</u>
Cash flows from financing activities		
Interest paid	(1,156)	(1,178)
Proceeds from borrowings	952	-
Repayments of borrowings	(10,057)	(4,675)
(Repayments of)/Increase in finance lease liabilities	(445)	906
Dividends paid to non-controlling interests	-	(78)
Net cash used in financing activities	<u>(10,706)</u>	<u>(5,025)</u>
Net (decrease)/increase in cash and cash equivalents held	<u>(2,138)</u>	<u>1,214</u>
Cash and cash equivalents at beginning of the financial period	<u>53,791</u>	<u>38,400</u>
Effects of currency translation on cash and cash equivalents	(131)	242
Cash and cash equivalents at end of the financial period	<u>51,522</u>	<u>39,856</u>
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	54,751	43,613
Less: Bank overdrafts	(3,229)	(3,757)
Cash and cash equivalents as per consolidated statement of cash flows	<u>51,522</u>	<u>39,856</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	-	(6)	1,934	1,928	757	2,685
Balance at 31 March 2014	77,001	(6,598)	180,875	251,278	13,442	264,720

	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	-	2,309	1,465	3,774	832	4,606
Dividends relating to 2012 paid	-	-	-	-	(78)	(78)
Balance at 31 March 2013	77,001	(3,852)	177,866	251,015	14,602	265,617

	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	-	381	381
Balance at 31 March 2014	77,001	49,321	126,322

	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	-	319	319
Balance at 31 March 2013	77,001	48,018	125,019

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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 31 March 2014 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

	Company 31/03/14	Company 31/12/13
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 2014, the Group has adopted the following revised FRS:-

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.

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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 01/01/14 - 31/03/14	Group 01/01/13 - 31/03/13
(a) Based on the number of ordinary shares on issue (cents)	0.33	0.25
(b) On fully diluted basis (cents)	0.33	0.25

- (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 31/03/14	Group 31/12/13	Company 31/03/14	Company 31/12/13
Net asset value per ordinary share (cents)	42.98	42.65	21.61	21.54

- (i) The Group and Company net asset value per share as at 31 March 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 FIRST QUARTER FINANCIAL RESULTS

Turnover

The Group's turnover in the First Quarter was relatively flat at \$120.5 million (1Q2014) as compared to \$120.4 million (1Q2013).

Distribution business, accounting for 72.4% of the Group's total turnover, recorded a decrease of 4.5% (or \$4.0 million) in turnover, from \$91.3 million (1Q2013) to \$87.3 million (1Q2014). Manufacturing business, accounting for 27.6% of the Group's total turnover, recorded an increase of 14.1% (or \$4.1 million) in turnover, from \$29.1 million (1Q2013) to \$33.2 million (1Q2014).

Gross Profit

Gross Profit marginally increased to \$26.3 million (1Q2014) from \$26.0 million (1Q2013). The Group's gross profit margin increased slightly by 0.2% to 21.8% in 1Q2014 compared to 21.6% in 1Q2013 mainly due to improved margins from the manufacturing business.

Other Gains

Other gains increased by 40.6% (or \$0.2 million) to \$0.8 million (1Q2014) from \$0.6 million (1Q2013) mainly due to insurance claims received in 1Q2014.

Operating Expenses

Distribution expenses increased by 8.4% (or \$1.0 million) in 1Q2014 to \$12.3 million compared to \$11.3 million in 1Q2013 mainly due to higher promotional expenses incurred and higher provision for doubtful debts.

Administrative expenses decreased by 9.8% (or \$1.1 million) in 1Q2014 to \$9.6 million compared to \$10.7 million in 1Q2013 mainly due to a gain in unrealised currency translation and lower miscellaneous administrative expenses in 1Q2014.

Financing costs decreased by 3.1% (or \$0.04 million) in 1Q2014 to \$1.1 million compared to \$1.2 million in 1Q2013. 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 \$0.2 million in 1Q2014 compared to \$0.08 million in 1Q2013.

Income Tax expense

Income tax expense increased by 26.2% mainly due to higher profit before tax in 1Q2014. 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 and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by 32.0% (or \$0.5 million) to \$1.9 million in 1Q2014 from \$1.4 million in 1Q2013.



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STATEMENT OF FINANCIAL POSITION REVIEW

As at 31 March 2014, total assets amounted to about \$435.5 million comprising \$277.4 million of current assets and \$158.1 million of non-current assets. Total liabilities amounted to about \$170.7 million comprising current liabilities of \$130.5 million and non-current liabilities of \$40.3 million. Shareholders' equity including non-controlling interests amounted to \$264.7 million.

The substantial changes in the statement of financial position compared to 31 March 2014 are as follows:

Trade and other receivables

Trade and other receivables increased from \$83.7 million to \$93.6 million mainly due to higher manufacturing sales generated in 1Q2014 as compared to 4Q2013 and slower collections from our distribution customers in Thailand, Indonesia and China. Except for these where specific provision has been made, most of the trade receivables remained outstanding at the end of March 2014 were still within the acceptable credit terms.

Inventories

Inventories decreased from \$131.1 million to \$115.8 million mainly due to better inventory management.

Property, plant and equipment

Property, plant and equipment ("PPE") decreased by \$3.1 million to \$133.8 million from \$136.9 million mainly due to additions of PPE offset by depreciation charged for the quarter ended 31 March 2014.

Trade and other payables

Trade and other payables decreased from \$41.7 million to \$37.0 million mainly due to trade payments to suppliers and settlement of PPE payable in 1Q FY2014.

Borrowings (current & non-current)

Borrowings decreased from \$139.4 million to \$129.4 million mainly due to repayment of bank borrowings during the quarter ended 31 March 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

\$11.5 million was generated by operating activities in 1Q2014. The Group utilised \$3.0 million in the investing activities mainly for the purchase of plant and equipment. A total of \$10.7 million was used in the financing activities mainly for the repayment of bank borrowings. Cash and cash equivalents amounted to \$51.5 million at the end of March 2014 compared to \$53.8 million reported at end of December 2013.



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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 near-term outlook for our manufacturing business is expected to remain challenging due to the prevailing weak global demand for the After-Market wheels. In order to mitigate the impact of the weak global demand, the Group has started to restructure and reorganize its manufacturing business. In Malaysia, we have commenced the process of moving our manufacturing facilities in Sepang to Malacca; consolidating all our manufacturing capacity in the Malacca plant. We expect to progressively raise productivity and production efficiency. In China, the two production facilities have been streamlined to cater for domestic and export markets in Shanghai and Suzhou respectively. The Group will continue to focus on brand building, product innovation & design and improvements in our production systems to enhance quality, productivity and reduce operating costs.

The operating environment of our distribution business is expected to remain competitive. The Group will continue to evaluate and pursue new growth opportunities for our stable of products in existing markets as well as to develop new business opportunities in new markets adopting our multi-product, multi-brand and multi-category (“3M”) growth strategies. In addition to the 3M growth strategies, cost management and higher operational efficiency will be our key priorities for 2014. We will vigilantly pursue our 3R policy to reduce inventory, reduce accounts receivables and reduce operating costs in 2014. The Group expects 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 2014.



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- 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 three months ended 31 March 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
12/05/2014

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 12/05/2014 to the SGX.