

**YHI INTERNATIONAL LIMITED**

(Company Registration No. 200007455H)

(Incorporated In the Republic of Singapore)

Unaudited Second 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 (2Q FY2014 vs 2Q FY2013)

	Group 01/04/14- 30/06/14 S\$ '000	Group 01/04/13- 30/06/13 S\$ '000	Incr/(Decr) %
Sales	132,016	129,941	1.6%
Cost of sales	(103,030)	(102,098)	0.9%
Gross profit	28,986	27,843	4.1%
Other gains – net	682	536	27.2%
Expenses			
- Distribution	(13,517)	(12,784)	5.7%
- Administrative	(11,051)	(10,626)	4.0%
- Finance	(1,252)	(1,291)	(3.0%)
Share of profit of associated company	487	366	33.1%
Profit before income tax	4,335	4,044	7.2%
Income tax expense	(1,779)	(1,513)	17.6%
Net profit	2,556	2,531	1.0%
Profit Attributable to:			
Equity holders of the Company	2,225	2,067	7.6%
Non-controlling interests	331	464	(28.7%)
	2,556	2,531	1.0%

NOTES TO CONSOLIDATED INCOME STATEMENT (2Q FY2014 vs 2Q FY2013)

	Group 01/04/14- 30/06/14 S\$ '000	Group 01/04/13- 30/06/13 S\$ '000	Incr/(Decr) %
Interest income	112	57	96.5%
Interest on borrowings	(1,252)	(1,291)	(3.0%)
Depreciation and impairment charges of property, plant and equipment	(4,386)	(4,375)	0.3%
Amortisation of intangible assets	(15)	(15)	NM
Allowance for impairment of doubtful trade receivables	(879)	(523)	68.1%
Allowance for inventory obsolescence	(192)	(755)	(74.6%)
Currency exchange (loss)/gain - net	(50)	485	NM
Share of profit of associated company	487	366	33.1%
Gain on disposal of property, plant and equipment	58	36	61.1%

NM – Not meaningful

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**NOTES TO CONSOLIDATED INCOME STATEMENT (2Q FY2014 vs 2Q 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 01/04/14- 30/06/14 S\$ '000	Group 01/04/13- 30/06/13 S\$ '000	Incr/(Decr) %
	239	149	60.4%
	1,524	1,438	6.0%
	1,763	1,587	11.1%
	(178)	(105)	69.5%
	1,585	1,482	7.0%
	113	34	NM
	81	(3)	NM
	1,779	1,513	17.6%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (2Q FY2014 vs 2Q 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 01/04/14- 30/06/14 S\$ '000	Group 01/04/13- 30/06/13 S\$ '000	Incr/(Decr) %
	2,556	2,531	1.0%
	442	(1,579)	NM
	2,998	952	NM
	2,564	1,601	60.1%
	434	(649)	NM
	2,998	952	NM

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1(a)(i) CONSOLIDATED INCOME STATEMENT (1H FY2014 vs 1H FY2013)

	Group 01/01/14- 30/06/14 S\$ '000	Group 01/01/13- 30/06/13 S\$ '000	Incr/(Decr) %
Sales	252,475	250,362	0.8%
Cost of sales	(197,227)	(196,521)	(0.4%)
Gross profit	55,248	53,841	2.6%
Other gains - net	1,472	1,098	34.1%
Expenses			
- Distribution	(25,816)	(24,129)	7.0%
- Administrative	(20,675)	(21,297)	(2.9%)
- Finance	(2,448)	(2,525)	(3.0%)
Share of profit of associated company	696	450	54.7%
Profit before income tax	8,477	7,438	14.0%
Income tax expense	(3,735)	(3,063)	21.9%
Net profit	4,742	4,375	8.4%
Profit Attributable to:			
Equity holders of the Company	4,159	3,532	17.8%
Non-controlling interests	583	843	(30.8%)
	4,742	4,375	8.4%

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

	Group 01/01/14- 30/06/14 S\$ '000	Group 01/01/13- 30/06/13 S\$ '000	Incr/(Decr) %
Interest income	221	138	60.1%
Interest on borrowings	(2,448)	(2,525)	(3.0%)
Depreciation and impairment charges of property, plant and equipment	(8,560)	(8,683)	(1.4%)
Amortisation of intangible assets	(31)	(31)	NM
Allowance for impairment of doubtful trade receivables	(1,518)	(614)	NM
Allowance for inventory obsolescence	(558)	(874)	(36.2%)
Currency exchange gain - net	648	238	NM
Share of profit of associated company	696	450	54.7%
Gain on disposal of property, plant and equipment	128	55	NM

NM – Not meaningful

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**NOTES TO CONSOLIDATED INCOME STATEMENT (1H FY2014 vs 1H 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 01/01/14- 30/06/14 S\$ '000	Group 01/01/13- 30/06/13 S\$ '000	Incr/(Decr) %
	542	503	7.8%
	2,885	2,634	9.5%
	3,427	3,137	9.2%
	49	(110)	NM
	3,476	3,027	14.8%
	117	34	NM
	142	2	NM
	3,735	3,063	21.9%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (1H FY2014 vs 1H 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 01/01/14- 30/06/14 S\$ '000	Group 01/01/13- 30/06/13 S\$ '000	Incr/(Decr) %
	4,742	4,375	8.4%
	941	1,185	(20.6%)
	5,683	5,560	2.2%
	4,492	5,377	(16.5%)
	1,191	183	NM
	5,683	5,560	2.2%


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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 30/06/14	Group 31/12/13	Company 30/06/14	Company 31/12/13
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
ASSETS				
Current assets				
Cash and cash equivalents	59,042	57,426	5,147	2,480
Trade and other receivables	97,715	83,696	42,186	43,789
Inventories	109,159	131,096	-	-
Other current assets	15,089	13,345	116	14
	281,005	285,563	47,449	46,283
Non-current assets held-for-sale	8,660	-	-	-
	289,665	285,563	47,449	46,283
Non-current assets				
Transferable club membership, at cost	146	146	-	-
Investment in an associated company	17,437	16,741	-	-
Investments in subsidiaries	-	-	100,122	100,122
Property, plant and equipment	122,976	136,857	344	-
Intangible assets	3,215	3,174	-	-
Deferred income tax assets	4,105	4,187	-	-
	147,879	161,105	100,466	100,122
Total assets	437,544	446,668	147,915	146,405
LIABILITIES				
Current liabilities				
Trade and other payables	39,508	41,734	3,157	2,229
Current income tax liabilities	2,101	1,189	53	148
Borrowings	95,387	98,646	6,400	6,400
Derivative financial instrument	71	153	71	153
	137,067	141,722	9,681	8,930
Non-current liabilities				
Borrowings	35,150	40,790	8,200	11,400
Deferred income tax liabilities	2,162	1,987	-	-
Derivative financial instrument	132	134	132	134
	37,444	42,911	8,332	11,534
Total liabilities	174,511	184,633	18,013	20,464
Net assets	263,033	262,035	129,902	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	(6,259)	(6,592)	-	-
Retained profits	179,125	178,941	52,901	48,940
	249,867	249,350	129,902	125,941
Non-controlling interests	13,166	12,685	-	-
Total equity	263,033	262,035	129,902	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 30/06/14		Group As at 31/12/13	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
95,387	-	98,646	-

Amount repayable after one year

Group As at 30/06/14		Group As at 31/12/13	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
35,150	-	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 (2Q FY2014 vs 2Q FY2013)

	Group 01/04/14- 30/06/14 S\$ '000	Group 01/04/13- 30/06/13 S\$ '000
Cash flows from operating activities		
Net profit	2,556	2,531
Adjustments for:		
Income tax	1,779	1,513
Depreciation of property, plant and equipment	4,386	4,375
Amortisation of intangible assets	15	15
Gain on disposal of property, plant and equipment	(58)	(36)
Interest expense	1,252	1,291
Interest income	(112)	(57)
Share of profit of associated company	(487)	(366)
Fair value (gain)/loss on derivative financial instruments	(50)	211
Unrealised currency translation differences	899	(3,049)
Operating cash flow before working capital changes	10,180	6,428
Changes in working capital, net of effects from disposal of subsidiary:		
Inventories	6,672	2,711
Trade and other receivables	(4,138)	(3,242)
Other current assets	(1,894)	2,693
Trade and other payables	2,368	(1,291)
Cash generated from operations	13,188	7,299
Interest received	112	57
Income tax paid	(2,343)	(1,669)
Net cash provided by operating activities	10,957	5,687
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	436	550
Purchase of property, plant and equipment	(2,397)	(1,632)
Net cash used in investing activities	(1,961)	(1,082)
Cash flows from financing activities		
Interest paid	(1,129)	(1,316)
Proceeds from borrowings	4,708	11,994
Repayments of borrowings	(2,578)	(4,201)
Repayments of finance lease liabilities	(470)	(758)
Dividends paid to equity holders of the Company	(3,975)	(7,307)
Dividends paid to non-controlling interests	(710)	(890)
Net cash used in financing activities	(4,154)	(2,478)
Net increase in cash and cash equivalents	4,842	2,127
Cash and cash equivalents at beginning of the financial period	51,522	39,856
Effects of currency translation on cash and cash equivalents	29	(74)
Cash and cash equivalents at end of the financial period	56,393	41,909
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	59,042	44,930
Less: Bank overdrafts	(2,649)	(3,021)
Cash and cash equivalents as per consolidated statement of cash flows	56,393	41,909

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

	Group 01/01/14- 30/06/14 S\$ '000	Group 01/01/13- 30/06/13 S\$ '000
Cash flows from operating activities		
Net profit	4,742	4,375
Adjustments for:		
Income tax	3,735	3,063
Depreciation of property, plant and equipment	8,560	8,683
Amortisation of intangible assets	31	31
Gain on disposal of property, plant and equipment	(128)	(55)
Interest expense	2,448	2,525
Interest income	(221)	(138)
Share of profit of associated company	(696)	(450)
Fair value (gain)/loss on derivative financial instruments	(84)	400
Unrealised currency translation differences	1,637	(1,805)
Operating cash flow before working capital changes	<u>20,024</u>	<u>16,629</u>
Changes in working capital, net of effects from disposal of subsidiary:		
Inventories	21,937	11,813
Trade and other receivables	(14,019)	(7,668)
Other current assets	(1,744)	610
Trade and other payables	(1,108)	(222)
Cash generated from operations	<u>25,090</u>	<u>21,162</u>
Interest received	221	138
Income tax paid	(2,814)	(3,933)
Net cash provided by operating activities	<u>22,497</u>	<u>17,367</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	891	708
Purchase of property, plant and equipment	(5,824)	(7,231)
Net cash used in investing activities	<u>(4,933)</u>	<u>(6,523)</u>
Cash flows from financing activities		
Interest paid	(2,285)	(2,494)
Proceeds from borrowings	5,660	11,994
Repayments of borrowings	(12,635)	(8,876)
(Repayments of)/Increase in finance lease liabilities	(915)	148
Dividends paid to equity holders of the Company	(3,975)	(7,307)
Dividends paid to non-controlling interests	(710)	(968)
Net cash used in financing activities	<u>(14,860)</u>	<u>(7,503)</u>
Net increase in cash and cash equivalents	2,704	3,341
Cash and cash equivalents at beginning of the financial period	53,791	38,400
Effects of currency translation on cash and cash equivalents	(102)	168
Cash and cash equivalents at end of the financial period	<u>56,393</u>	<u>41,909</u>
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	59,042	44,930
Less: Bank overdrafts	(2,649)	(3,021)
Cash and cash equivalents as per consolidated statement of cash flows	<u>56,393</u>	<u>41,909</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	-	333	4,159	4,492	1,191	5,683
Dividends relating to 2013 paid	-	-	(3,975)	(3,975)	(710)	(4,685)
Balance at 30 June 2014	77,001	(6,259)	179,125	249,867	13,166	263,033

	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	-	1,843	3,534	5,377	183	5,560
Dividends relating to 2012 paid	-	-	(7,307)	(7,307)	(968)	(8,275)
Balance at 30 June 2013	77,001	(4,318)	172,628	245,311	13,063	258,374

	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	-	7,936	7,936
Dividends relating to 2013 paid	-	(3,975)	(3,975)
Balance at 30 June 2014	77,001	52,901	129,902

	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	-	5,433	5,433
Dividends relating to 2012 paid	-	(7,307)	(7,307)
Balance at 30 June 2013	77,001	45,825	122,826

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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 June 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 June 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 30/06/14	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 June 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 01/04/14 - 30/06/14	Group 01/04/13 - 30/06/13	Group 01/01/14 - 30/06/14	Group 01/01/13 - 30/06/13
(a) Based on the number of ordinary shares on issue (cents)	0.38	0.35	0.71	0.60
(b) On fully diluted basis (cents)	0.38	0.35	0.71	0.60
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 30/06/14	Group 31/12/13	Company 30/06/14	Company 31/12/13
Net asset value per ordinary share (cents)	42.74	42.65	22.22	21.54

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

Turnover

The Group reported a 1.6% (or \$2.1 million) increase in turnover to \$132.0 million (2Q2014) from \$129.9 million (2Q2013) mainly due to higher sales in our Manufacturing business as compared to the corresponding period last year.

Distribution business, accounting for 71.3% of the Group's total turnover, recorded a decrease of 2.3% (or \$2.2 million) in turnover, from \$96.3 million (2Q2013) to \$94.1 million (2Q2014). Manufacturing business, accounting for 28.7% of the Group's total turnover, recorded an increase of 12.8% (or \$4.3 million) in turnover, from \$33.6 million (2Q2013) to \$37.9 million (2Q2014).

Gross Profit

Gross Profit increased by 4.3% to \$29.0 million (2Q2014) from \$27.8 million (2Q2013). The Group's gross profit margin increased by 0.6% to 22.0% in 2Q2014 compared to 21.4% in 2Q2013 mainly due to improved margins from the distribution business.

Other Gains

Other gains increased by 27.2% (or \$0.1 million) to \$0.6 million (2Q2014) from \$0.5 million (2Q2013) mainly due to fair value gain on derivative financial instruments reported in 2QFY2014.

Operating Expenses

Distribution expenses increased by 5.7% (or \$0.7 million) in 2Q2014 to \$13.5 million compared to \$12.8 million in 2Q2013 mainly due to higher promotional expenses incurred and higher provision for doubtful debts.

Administrative expenses increased by 4.0% (or \$0.4 million) in 2Q2014 to \$11.0 million compared to \$10.6 million in 2Q2013 mainly due to unrealised currency translation losses compared with the corresponding period.

Financing costs was relatively flat at \$1.2 million (2Q2014) as compared to \$1.2 million (2Q2013).

Share of Profit of Associated Company

Our associated company reported better performance and our share of profit was \$0.5 million in 2Q2014 compared to \$0.4 million in 2Q2013.

Income Tax expense

2QFY2014 income tax expense increased by 17.6% 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 and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by 7.6% (or \$0.1 million) to \$2.2 million in 2Q2014 from \$2.1 million in 2Q2013.



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REVIEW OF SIX-MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (1H2014 VS 1H2013)

Turnover

The Group reported a 0.8% (or \$2.1 million) increase in turnover to \$252.5 million (1H2014) from \$250.4 million (1H2013) mainly due to higher sales in our Manufacturing business as compared to the corresponding period last year.

Distribution business, accounting for 71.8% of the Group's total turnover, recorded a decrease of 3.4% (or \$6.3 million) in turnover, from \$187.6 million (1H2013) to \$181.3 million (1H2014). Manufacturing business, accounting for 28.2% of the Group's total turnover, recorded an increase of 13.4% (or \$8.4 million) in turnover, from \$62.8 million (1H2013) to \$71.2 million (1H2014).

Gross Profit

Gross Profit marginally increased to \$55.2 million (1H2014) from \$53.8 million (1H2013). The Group's gross profit margin increased slightly by 0.4% to 21.9% in 1H2014 compared to 21.5% in 1H2013 mainly due to improved margins from both the distribution and manufacturing business.

Other Gains

Other gains increased by 34.1% (or \$0.3 million) to \$1.4 million (1H2014) from \$1.1 million (1H2013) mainly due to insurance claims received and income from Buggies rental business in 1H2014.

Operating Expenses

Distribution expenses increased by 7.0% (or \$1.7 million) in 1H2014 to \$25.8 million compared to \$24.1 million in 1H2013 mainly due to higher promotional expenses incurred and higher provision for doubtful debts.

Administrative expenses decreased by 2.9% (or \$0.6 million) in 1H2014 to \$20.6 million compared to \$21.2 million in 1H2013 mainly due to unrealised currency translation gains in 1H2014.

Financing costs decreased by 3.0% (or \$0.07 million) in 1H2014 to \$2.4 million compared to \$2.5 million in 1H2013. 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 1H2014 compared to \$0.5 million in 1H2013.

Income Tax expense

1H2014 income tax expense increased by 21.9% 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 and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by 17.8% (or \$0.6 million) to \$4.1 million in 1H2014 from \$3.5 million in 1H2013.



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STATEMENT OF FINANCIAL POSITION REVIEW

As at 30 June 2014, total assets amounted to about \$437.5 million comprising \$289.6 million of current assets and \$147.9 million of non-current assets. Total liabilities amounted to about \$174.5 million comprising current liabilities of \$137.1 million and non-current liabilities of \$37.4 million. Shareholders' equity including non-controlling interests amounted to \$263.0 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 1H2014 and slower collections from our distribution customers in Thailand, Indonesia, Australia and China. Except for these where specific provision has been made, most of the trade receivables remained outstanding at the end of June 2014 were still within the acceptable credit terms.

Inventories

Inventories decreased from \$131.1 million to \$109.2 million mainly due to better inventory management.

Other current assets

Other current assets increased from \$13.3 million to \$15.1 million mainly due to an increase in deposits paid for capital expenditure relating to our Suzhou factory expansion.

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 \$14.0 million to \$122.9 million from \$136.9 million mainly due to reclassification of assets at Sepang plant as Non-current assets held-for-sale. Depreciation has been charged for these assets for the period ended 30 June 2014.

Trade and other payables

Trade and other payables decreased from \$41.7 million to \$39.5 million mainly due to trade payments to suppliers and settlement of PPE payable in 1H2014.

Borrowings (current & non-current)

Borrowings decreased from \$139.4 million to \$130.5 million mainly due to repayment of bank borrowings during the period ended 30 June 2014.

Current Income tax liabilities

Income tax liability increased from \$1.2 million to \$2.1 million mainly due to higher income tax expenses for the period.

STATEMENT OF CASH FLOWS REVIEW

\$22.5 million was generated by operating activities in 1H2014. The Group utilised \$4.9 million in the investing activities mainly for the purchase of plant and equipment. A total of \$14.8 million was used in the financing activities mainly for the repayment of bank borrowings. Cash and cash equivalents amounted to \$56.4 million at the end of June 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 outlook for our manufacturing business is expected to remain challenging.

In Malaysia, we have completed our relocation of manufacturing facilities from Sepang to Malacca. All our wheel production is now consolidated in one location at the Malacca plant. We expect to raise productivity and production efficiency progressively at the Malacca plant in 2H2014.

The Group has put up the Sepang plant for sale and is now in a preliminary discussion with a potential buyer on the terms and conditions of the sale. The sale is subject to the finalization of the terms and conditions of the Sale & Purchase agreement.

In China, our Suzhou plant will focus on the production of After Market wheels for the export market; and our Shanghai plant will focus on the production of OEM wheels for the domestic market in China. The Group will continue to focus on brand building, product innovation & design and improvements in our production technology to enhance our competitiveness in the market.

The operating environment of our distribution business is expected to remain competitive.

The Group will continue to adopt the multi-product, multi-brand and multi-category ("3M") growth strategies and focus on the promotion and development of its portfolio of premium and proprietary brands. The Group will also continue to pursue the 3R policy vigilantly to reduce inventory, reduce accounts receivables and reduce operating costs.

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.



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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 June 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 six months ended 30 June 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
13/08/2014

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 13/08/2014 to the SGX.