

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**Unaudited Second Quarter 2018 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 FY2018 vs 2Q FY2017)**

	Group 01/04/18- 30/06/18 S\$ '000	Group 01/04/17- 30/06/17 S\$ '000	Incr/(Decr) %
Sales	116,959	108,959	7.3%
Cost of sales	(91,998)	(82,659)	11.3%
Gross profit	24,961	26,300	(5.1%)
Other gains	1,656	184	800.0%
Expenses			
- Distribution	(11,014)	(10,656)	3.4%
- Administrative	(10,219)	(12,423)	(17.7%)
- Finance	(885)	(841)	5.2%
Share of profit of an associated company	681	712	(4.4%)
Profit before income tax	5,180	3,276	58.1%
Income tax expense	(1,095)	(1,134)	(3.4%)
Net profit	4,085	2,142	90.7%
Profit Attributable to:			
Equity holders of the Company	3,921	1,899	106.5%
Non-controlling interests	164	243	(32.5%)
	4,085	2,142	90.7%

NOTES TO CONSOLIDATED INCOME STATEMENT (2Q FY2018 vs 2Q FY2017)

	Group 01/04/18- 30/06/18 S\$ '000	Group 01/04/17- 30/06/17 S\$ '000	Incr/(Decr) %
Interest income	126	135	(6.7%)
Rental income	955	166	NM
Interest on borrowings	(885)	(841)	5.2%
Depreciation of property, plant and equipment	(2,622)	(2,802)	(6.4%)
Amortisation of intangible assets	(121)	(16)	NM
Allowance for impairment of doubtful trade receivables	(438)	(437)	0.2%
Write-down of inventories	(732)	(878)	(16.6%)
Currency exchange gain - net	979	122	NM
Share of profit of an associated company	681	712	(4.4%)
Gain on disposal of property, plant and equipment	37	52	(28.8%)
Impairment of plant and equipment	-	(1,386)	NM

NM – Not meaningful

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**NOTES TO CONSOLIDATED INCOME STATEMENT (2Q FY2018 vs 2Q FY2017) (Cont'd)**

Income Tax Expenses	Group 01/04/18- 30/06/18 S\$ '000	Group 01/04/17- 30/06/17 S\$ '000	Incr/(Decr) %
Tax expense attributable to profit is made up of:			
Current income tax			
- Singapore	205	47	NM
- Foreign	971	1,225	(20.7%)
	1,176	1,272	(7.5%)
Deferred income tax	7	(137)	NM
	1,183	1,135	4.2%
Over provision in previous financial year			
- Current income tax	(88)	(1)	NM
	1,095	1,134	(3.4%)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (2Q FY2018 vs 2Q FY2017)

	Group 01/04/18- 30/06/18 S\$ '000	Group 01/04/17- 30/06/17 S\$ '000	Incr/(Decr) %
Profit for the period	4,085	2,142	90.7%
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	*(1,373)	# 1,103	NM
Total comprehensive income for the period	2,712	3,245	(16.4%)
Total comprehensive income to:			
Equity holders of the Company	2,590	3,170	(18.3%)
Non-controlling interests	122	75	62.7%
	2,712	3,245	(16.4%)

* Consist of foreign currency losses mainly resulting from the weakening of RMB and MYR against SGD.

Consist of foreign currency losses mainly resulting from the strengthening of RMB and MYR against SGD.

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**1(a)(ii) CONSOLIDATED INCOME STATEMENT (1H FY2018 vs 1H FY2017)**

	Group 01/01/18- 30/06/18 S\$ '000	Group 01/01/17- 30/06/17 S\$ '000	Incr/(Decr) %
Sales	224,468	218,070	2.9%
Cost of sales	(175,018)	(166,191)	5.3%
Gross profit	49,450	51,879	(4.7%)
Other gains	6,241	879	610.0%
Expenses			
- Distribution	(21,341)	(21,146)	0.9%
- Administrative	(21,930)	(24,945)	(12.1%)
- Finance	(1,772)	(1,854)	(4.4%)
Share of profit of an associated company	1,623	1,520	6.8%
Profit before income tax	12,271	6,333	93.8%
Income tax expense	(3,069)	(2,137)	43.6%
Net profit	9,202	4,196	119.3%
Profit Attributable to:			
Equity holders of the Company	8,375	3,746	123.6%
Non-controlling interests	827	450	83.8%
	9,202	4,196	119.3%

NOTES TO CONSOLIDATED INCOME STATEMENT (1H FY2018 vs 1H FY2017)

	Group 01/01/18- 30/06/18 S\$ '000	Group 01/01/17- 30/06/17 S\$ '000	Incr/(Decr) %
Interest income	265	240	10.4%
Rental income	1,968	325	NM
Interest on borrowings	(1,772)	(1,854)	(4.4%)
Depreciation of property, plant and equipment	(5,232)	(5,977)	(12.5%)
Amortisation of intangible assets	(240)	(32)	NM
Allowance for impairment of doubtful trade receivables	(821)	(1,222)	(32.8%)
Write-down of inventories	(1,116)	(1,592)	(29.9%)
Currency exchange gain/(loss) - net	146	(594)	NM
Share of profit of an associated company	1,623	1,520	6.8%
Gain on disposal of property, plant and equipment	91	109	(16.5%)
Gain on disposal of non-current assets held for sale	3,075	-	NM
Impairment of plant and equipment	-	(1,386)	NM

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NOTES TO CONSOLIDATED INCOME STATEMENT (1H FY2018 vs 1H FY2017) (Cont'd)

Income Tax Expenses	Group 01/01/18- 30/06/18 S\$ '000	Group 01/01/17- 30/06/17 S\$ '000	Incr/(Decr) %
Tax expense attributable to profit is made up of:			
Current income tax			
- Singapore	254	117	NM
- Foreign	1,825	1,891	(3.5%)
	2,079	2,008	3.5%
Deferred income tax	1,187	82	NM
	3,266	2,090	56.3%
(Over)/under provision in previous financial year			
- Current income tax	(197)	47	NM
	3,069	2,137	43.6%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (1H FY2018 vs 1H FY2017)

	Group 01/01/18- 30/06/18 S\$ '000	Group 01/01/17- 30/06/17 S\$ '000	Incr/(Decr) %
Profit for the period	9,202	4,196	119.3%
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	*703	# (2,328)	NM
Total comprehensive income for the period	9,905	1,868	NM
Total comprehensive income to:			
Equity holders of the Company	9,167	1,526	NM
Non-controlling interests	738	342	NM
	9,905	1,868	NM

* Consist of foreign currency gains mainly resulting from the strengthening of RMB and MYR against SGD, offset by weakening of AUD against SGD.

Consist of foreign currency losses mainly resulting from the weakening of RMB and MYR against SGD.

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**1(b) 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 30/06/18 S\$ '000	Group 31/12/17 S\$ '000	Company 30/06/18 S\$ '000	Company 31/12/17 S\$ '000
ASSETS				
Current assets				
Cash and cash equivalents	60,392	54,360	3,056	3,178
Trade and other receivables	109,303	100,149	36,048	35,943
Inventories	114,537	111,721	-	-
Derivative financial instruments	118	115	-	-
	284,350	266,345	39,104	39,121
Non-current assets held for sale	-	712	-	-
	284,350	267,057	39,104	39,121
Non-current assets				
Transferable club membership, at cost	127	38	-	-
Investment in an associated company	19,248	17,896	-	-
Investments in subsidiaries	-	-	100,325	100,325
Property, plant and equipment	80,709	82,302	53	88
Investment property	10,895	11,011	-	-
Intangible assets	4,716	4,914	-	-
Deferred income tax assets	3,086	4,243	-	-
Other long-term receivables	-	13	-	-
	118,781	120,417	100,378	100,413
Total assets	403,131	387,474	139,482	139,534
LIABILITIES				
Current liabilities				
Trade and other payables	38,597	36,506	555	1,224
Current income tax liabilities	941	2,052	-	-
Borrowings	84,183	70,488	-	-
	123,721	109,046	555	1,224
Non-current liabilities				
Borrowings	11,925	14,888	-	-
Deferred income tax liabilities	2,580	2,500	-	-
Other non-current liabilities	166	233	-	-
	14,671	17,621	-	-
Total liabilities	138,392	126,667	555	1,224
NET ASSETS	264,739	260,807	138,927	138,310
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	77,001	77,001	77,001	77,001
Other reserves	4,628	3,836	-	-
Retained profits	170,938	167,338	61,926	61,309
	252,567	248,175	138,927	138,310
Non-controlling interests	12,172	12,632	-	-
Total equity	264,739	260,807	138,927	138,310

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1(c) Aggregate amount of Group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

Group As at 30/06/18		Group As at 31/12/17	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
84,183	-	70,488	-

Amount repayable after one year

Group As at 30/06/18		Group As at 31/12/17	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
11,925	-	14,888	-

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\$6.0 million (2017: S\$6.2 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.

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**1(d) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year****1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (2Q FY2018 vs 2Q FY2017)**

	Group 01/04/18- 30/06/18 S\$ '000	Group 01/04/17- 30/06/17 S\$ '000
Cash flows from operating activities		
Net profit	4,085	2,142
Adjustments for:		
-Income tax expenses	1,095	1,134
-Depreciation of property, plant and equipment	2,622	2,802
-Amortisation of intangible assets	121	16
-Gain on disposal of property, plant and equipment	(37)	(52)
-Interest expense	885	841
-Interest income	(126)	(135)
-Share of profit of an associated company	(681)	(712)
-Fair value loss/(gain) on derivative financial instruments	1	(2)
-Impairment of plant and equipment	-	1,386
-Unrealised currency translation differences	(841)	(227)
Operating cash flow before working capital changes	7,124	7,193
Changes in working capital:		
-Inventories	(5,374)	(5,617)
-Trade and other receivables	(4,458)	(1,990)
-Other current assets	630	415
-Trade and other payables	2,683	7,746
Cash generated from operations	605	7,747
Interest received	126	135
Income tax paid	(1,616)	(777)
Net cash (used in)/provided by operating activities	(885)	7,105
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	169	842
Purchase of property, plant and equipment	(1,352)	(1,551)
Purchase of intangible assets	-	(174)
Net cash used in investing activities	(1,183)	(883)
Cash flows from financing activities		
Dividends paid to equity holder of the Company	(4,384)	(1,871)
Dividends paid to non-controlling interests	(1,198)	(1,215)
Interest paid	(885)	(841)
Proceeds from borrowings	10,813	2,249
Repayments of borrowings	(2,014)	(2,208)
Repayments of finance lease liabilities	(8)	(13)
Acquisition of additional interests in subsidiary	-	(202)
Net cash from/(used in) financing activities	2,324	(4,101)
Net increase in cash and cash equivalents	256	2,121
Cash and cash equivalents at beginning of the financial period	59,945	55,948
Effects of currency translation on cash and cash equivalents	45	291
Cash and cash equivalents at end of the financial period	60,246	58,360



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Consolidated cash and cash equivalents are represented by:

Cash and bank balances

Less: Bank overdrafts

Cash and cash equivalents as per consolidated statement of cash flows

Group	Group
01/04/18-	01/04/17-
30/06/18	30/06/17
S\$ '000	S\$ '000
60,392	59,343
(146)	(983)
60,246	58,360

1(d)(ii) CONSOLIDATED STATEMENT OF CASH FLOWS (1H FY2018 vs 1H FY2017)

	Group	Group
	01/01/18-	01/01/17-
	30/06/18	30/06/17
	S\$ '000	S\$ '000
Cash flows from operating activities		
Net profit	9,202	4,196
Adjustments for:		
-Income tax expenses	3,069	2,137
-Depreciation of property, plant and equipment	5,232	5,977
-Amortisation of intangible assets	240	32
-Gain on disposal of property, plant and equipment	(91)	(109)
-Gain on disposal of non-current assets held for sale	(3,075)	-
-Interest expense	1,772	1,854
-Interest income	(265)	(240)
-Share of profit of an associated company	(1,623)	(1,520)
-Fair value (gain)/loss on derivative financial instruments	(3)	1
-Impairment of plant and equipment	-	1,386
-Unrealised currency translation differences	(513)	(171)
Operating cash flow before working capital changes	13,945	13,543
Changes in working capital:		
-Inventories	(3,365)	7,423
-Trade and other receivables	(8,362)	820
-Other current assets	(1,603)	3,540
-Trade and other payables	2,169	(2,919)
Cash generated from operations	2,784	22,407
Interest received	265	240
Income tax paid	(2,945)	(1,758)
Net cash provided by operating activities	104	20,889
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	486	1,375
Proceed from sale of non-current assets held for sale	3,986	-
Purchase of property, plant and equipment	(3,010)	(2,854)
Purchase of intangible assets	(56)	(495)
Purchase of transferable club memberships	(89)	-
Net cash from/(used in) investing activities	1,317	(1,974)
Cash flows from financing activities		
Dividends paid to equity holder of the Company	(4,384)	(1,871)
Dividends paid to non-controlling interests	(1,198)	(1,215)
Interest paid	(1,772)	(1,854)
Proceeds from borrowings	20,762	11,879
Repayments of borrowings	(9,113)	(17,067)
Repayments of finance lease liabilities	(15)	(31)
Acquisition of additional interests in subsidiary	-	(202)
Net cash from/(used in) financing activities	4,280	(10,361)



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	Group 01/01/18- 30/06/18 S\$ '000	Group 01/01/17- 30/06/17 S\$ '000
Net increase in cash and cash equivalents	5,701	8,554
Cash and cash equivalents at beginning of the financial period	53,997	50,386
Effects of currency translation on cash and cash equivalents	548	(580)
Cash and cash equivalents at end of the financial period	60,246	58,360
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	60,392	59,343
Less: Bank overdrafts	(146)	(983)
Cash and cash equivalents as per consolidated statement of cash flows	60,246	58,360

1(e) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENT OF CHANGES IN EQUITY

←Attributable to equity holders of the Company→

	Share capital S\$ '000	Other reserves S\$ '000	Retained profits S\$ '000	Sub-total S\$ '000	Non- controlling interests S\$ '000	Total S\$ '000
The Group						
Balance at 1 January 2018	77,001	3,836	167,338	248,175	12,632	260,807
Effects on adoption of SFRS (I) 9	-	-	(391)	(391)	-	(391)
Balance at 1 January 2018 (restated)	77,001	3,836	166,947	247,784	12,632	260,416
Profit for the period	-	-	8,375	8,375	827	9,202
Other comprehensive income/(loss) for the period	-	792	-	792	(89)	703
Total comprehensive income for the period	-	792	8,375	9,167	738	9,905
Dividend relating to 2017 paid	-	-	(4,384)	(4,384)	(1,198)	(5,582)
Balance at 30 June 2018	77,001	4,628	170,938	252,567	12,172	264,739

	Share capital S\$ '000	Other reserves S\$ '000	Retained profits S\$ '000	Sub-total S\$ '000	Non- controlling interests S\$ '000	Total S\$ '000
The Group						
Balance at 1 January 2017	77,001	(19,911)	185,422	242,512	13,557	256,069
Effects on transition to SFRS (I)	-	24,733	(24,658)	75	(75)	-
Balance at 1 January 2017 (restated)	77,001	4,822	160,764	242,587	13,482	256,069
Profit for the period	-	-	3,746	3,746	450	4,196
Other comprehensive loss for the period	-	(2,220)	-	(2,220)	(108)	(2,328)
Total comprehensive (loss)/income for the period	-	(2,220)	3,746	1,526	342	1,868
Dividend relating to 2016 paid	-	-	(1,871)	(1,871)	(1,215)	(3,086)
Balance at 30 June 2017	77,001	2,602	162,639	242,242	12,609	254,851



STATEMENT OF CHANGES IN EQUITY (Cont'd)

	Share capital S\$ '000	Retained profits S\$ '000	Total S\$ '000
The Company			
Balance at 1 January 2018	77,001	61,309	138,310
Total comprehensive income for the period	-	5,001	5,001
Dividend relating to 2017 paid	-	(4,384)	(4,384)
Balance at 30 June 2018	77,001	61,926	138,927

	Share capital S\$ '000	Retained profits S\$ '000	Total S\$ '000
The Company			
Balance at 1 January 2017	77,001	58,728	135,729
Total comprehensive income for the period	-	4,649	4,649
Dividend relating to 2016 paid	-	(1,871)	(1,871)
Balance at 30 June 2017	77,001	61,506	138,507

- 1(f) **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.**

There was no change in the Company's number of shares since 31 December 2017. The share capital of the Company as at 30 June 2018 was 292,295,811 Consolidated Shares. There is no share option issued during the period.

- 1(g) **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**

The Company did not hold any treasury shares as at 30 June 2018 and 31 December 2017.

- 1(h)(i) **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 30/06/18	Company 31/12/17
Total numbers of issued shares (consolidated)	292,295,811	292,295,811
Less: Treasury shares	-	-
Total numbers of issued shares excluding treasury shares	292,295,811	292,295,811

- 1(h)(ii) **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 2018.



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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 2018, the Group has adopted a new accounting framework, Singapore Financial Reporting Standards (International) SFRS(I), together with the new SFRS(I)s effective on that date. The impact of the adoption are as follows:

(1) Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group has also concurrently apply SFRS(I) 9 Financial Instruments, SFRS(I) 15 Revenue from Contracts with Customers and SFRS(I) INT 22 Foreign Currency Translations and Advance Consideration. The estimated impact arising from the adoption of the SFRS(I)s on the Group's financial information are set out as follows:

Application of SFRS(I)

The Group is required to retrospectively apply all SFRS(I)s effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I). The Group elected an optional exemption to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, other reserves as at 1 January 2017 was increased by \$24,733,000 and the retained profits was decreased accordingly.

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Application of SFRS(I) (Cont'd)

EQUITY	Group 31/12/17	Group 1/1/17	Group 31/12/17
Capital and reserves attributable to equity holders of the Company	Reported under SFRS	Effect of transition to SFRS(I)	Reported under SFRS(I)
	S\$ '000	S\$ '000	S\$ '000
Share Capital	77,001	-	77,001
Other reserve	(20,897)	24,733	3,836
Retained Profits	191,996	(24,658)	167,338
	248,100	75	248,175
Non-controlling interests	12,707	(75)	12,632
Total Equity	260,807	-	260,807

The impact to other reserves and retained earnings for the six months period ended 30 June 2017 is set out in Statement of Changes in Equity.

(2) SFRS(I) 9 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

SFRS(I) 9 introduces new requirement for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirement in SFRS(I) 9 are based on an expected credit loss model and replace the FRS39 incurred loss model.

On the initial adoption of SFRS(I) 9 on 1 January 2018, the allowance for doubtful debts as at 1 January 2018 increased by \$391,000, which was adjusted against Retained Earnings. As a result, Retained Earnings as at 1 January 2018 decreased from \$167,338,000 to \$166,947,000.

(3) SFRS(I) 15 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

SFRS(I) 15 replaces SFRS(I) 1-11 Construction contracts, SFRS(I) 1-18 Revenue, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The adoption of SFRS(I) 15 had not resulted in material impact. Hence, financial information for prior periods were not restated.



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(4) SFRS(I) INT 22 Foreign Currency Translations and Advance Consideration (effective for annual periods beginning on or after 1 January 2018)

The interpretation applies to a foreign currency transaction (or part of it) when an entity recognizes a non-monetary assets and non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related assets, expense or income (or deferred revenue). All non-monetary assets and non-monetary liability apply the spot exchange rate between functional currency and the foreign currency at the date of the transaction and not retranslated at period end. This interpretation not required to income taxes and insurance contracts.

The Group adopted SFRS(I) INT 22 prospectively to all assets, expenses and income in the scope of the Interpretation initially recognised on or after 1 January 2018.

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	Group	Group	Group
	01/04/18 - 30/06/18	01/04/17 - 30/06/17	01/01/18 - 30/06/18	01/01/17 - 30/06/16
(a) Based on the number of ordinary shares on issue (cents)	1.34	0.65	2.86	1.28
(b) On fully diluted basis (cents)	1.34	0.65	2.86	1.28
Weighted average number of ordinary shares	292,295,811	292,295,811	292,295,811	292,295,811

- (i) The Group's earnings per share for current and preceding financial year are based on the 292,295,811 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	(Restated) Group	Company	Company
	30/06/18	31/12/17	30/06/18	31/12/17
Net asset value per ordinary share (cents)	86.41	84.91	47.53	47.32

- (i) The Group and Company net asset value per share as at 30 June 2018 and as at 31 December 2017 are based on the actual number of consolidated shares of 292,295,811 ordinary shares.
- (ii) Prior period net asset value per share were restated from 84.88 cents to 84.91 cents on adoption of the revised SFRS(I)s 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 (2Q2018 VS 2Q2017)

Turnover

The Group reported a 7.3% (or \$8.0 million) increase in turnover to \$117.0 million (2Q2018) from \$109.0 million (2Q2017) mainly due to higher sales in both the distribution and manufacturing business as compared to the corresponding period last year.

Distribution business, accounting for 72.7% of the Group's total turnover, recorded an increase of 4.1% (or \$3.0 million) in turnover, from \$82.1 million (2Q2017) to \$85.1 million (2Q2018) mainly due to higher sales recorded by our industrial product & automotive battery division, whilst our tyre and wheel divisions reported lower sales. Our wheel manufacturing business, accounting for 27.3% of the Group's total turnover, recorded an increase of 18.6% (or \$5.0 million) in turnover, from \$26.9 million (2Q2017) to \$31.9 million (2Q2018).

Gross Profit

Gross Profit decreased by 5.1% (or \$1.3 million) to \$25.0 million (2Q2018) from \$26.3 million (2Q2017). The Group's gross profit margin decreased to 21.3% in 2Q2018 compared to 24.1% in 2Q2017 mainly due to lower gross profit margin from both the distribution and manufacturing business.

Other Gains

Other gains increased from \$0.2 million in 2Q2017 to \$1.6 million in 2Q2018 mainly due to lease rental income from Shanghai factory.

Operating Expenses

Distribution expenses increased by 3.4% (or \$0.4 million) in 2Q2018 to \$11.0 million compared to \$10.6 million in 2Q2017 mainly due to higher carriage outwards, R&D and other sales related expenses in line with higher sales.

Administrative expenses decreased by 17.7% (or \$2.2 million) in 2Q2018 to \$10.2 million compared to \$12.4 million in 2Q2017 mainly due to foreign currency exchange gain in 2Q2018 and in 2Q2017 when we reported an impairment of plant and equipment arising from the cessation of production at our Shanghai factory.

Financing costs was relatively flat at \$0.9 million in 2Q2018.

Share of Profit of an Associated Company

Our share of profit was \$0.7 million in 2Q2018, similar to 2Q2017.

Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by \$2.0 million (or 106.5 %) to \$3.9 million in 2Q2018 from \$1.9 million in 2Q2017.



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REVIEW OF SIX-MONTH YEAR-TO-DATE FINANCIAL RESULTS (1H2018 VS 1H2017)

Turnover

The Group reported a 2.9% (or \$6.4 million) increase in turnover to \$224.5 million (1H2018) from \$218.1 million (1H2017) mainly due to higher sales recorded by our manufacturing business despite lower sales reported by our distribution business as compared to the corresponding period last year.

Distribution business, accounting for 71.9% of the Group's total turnover, recorded a decrease of 1.1% (or \$2.1 million) in turnover, from \$163.5 million (1H2017) to \$161.4 million (1H2018) mainly due to lower sales in our tyre and wheel division cushioned by higher sales in our industrial products & automotive battery division. Our wheel manufacturing business, accounting for 28.1% of the Group's total turnover, recorded an increase of 15.7% (or \$8.5 million) in turnover, from \$54.6 million (1H2017) to \$63.1 million (1H2018).

Gross Profit

Gross profit decreased by 4.7% (or \$2.4 million) to \$49.5 million (1H2018) from \$51.9 million (1H2017). The Group's gross profit margin decreased to 22.0% in 1H2018 compared to 23.8% in 1H2017 mainly due to lower gross profit margin from our manufacturing business. Manufacturing business recorded lower gross profit margin mainly due to higher aluminium prices in 1H2018 compared to the same period last year.

Other Gains

Other gains increased from \$0.9 million in 1H2017 to \$6.2 million in 1H2018. The sales of our freehold warehouse and office building at our Australia subsidiary was completed at end of February 2018 and accordingly the Group recognised a gain on disposal of \$3.1 million (before tax and minority interest). Lease rental income from Shanghai factory also contributed \$1.6 million (gross, before expenses) in 1H2018.

Operating Expenses

Distribution expenses increased by 0.9% (or \$0.2 million) in 1H2018 to \$21.3 million compared to \$21.1 million in 1H2017 mainly due to higher carriage outwards, R&D and other sales related expenses in line with higher sales.

Administrative expenses decreased by 12.1% (or \$3.0 million) in 1H2018 to \$21.9 million compared to \$24.9 million in 1H2017 mainly due to foreign currency exchange gain in 1H2018 and in 1H2017 when we reported an impairment of plant and equipment and depreciation charge reclassified from cost of sales to administrative expenses arising from the cessation of production at our Shanghai factory.

Financing costs decreased by 4.4% (or \$0.1 million) in 1H2018 to \$1.8 million compared to \$1.9 million in 1H2017 mainly due to lower interest costs incurred.

Share of Profit of an Associated Company

Our associated company reported higher profit and our share of profit was \$1.6 million in 1H2018 compared to \$1.5 million in 1H2017.

Income Tax expense

Income tax expense increased by 43.6% (or \$0.9 million) mainly due to higher Group profit before tax for the period.

Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by \$4.7 million (or 123.6 %) to \$8.4 million in 1H2018 from \$3.7 million in 1H2017.



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Non-controlling Interests

Net profit after tax and non-controlling interests attributable to non-controlling interest of the Company increased by \$0.4 million (or 83.8%) to \$0.8 million in 2Q2018 from \$0.4 million in 1H2017 mainly due to disposal gain of freehold warehouse and office building at our Australia subsidiary attributable to non-controlling interest of the Company.

STATEMENT OF FINANCIAL POSITION REVIEW

As at 30 June 2018, total assets amounted to about \$403.1 million comprising \$284.3 million of current assets and \$118.8 million of non-current assets. Total liabilities amounted to about \$138.4 million comprising current liabilities of \$123.7 million and non-current liabilities of \$14.7 million. Shareholders' equity including non-controlling interests amounted to \$264.7 million.

The substantial changes in the statement of financial position compared to 31 December 2017 are as follows:

Non-current assets held for sale

Non-current assets held for sale decreased from of \$0.7 million to \$ NIL due to the completion of disposal of freehold warehouse and office building at our Australia subsidiary in 1H2018.

Transferable club membership, at cost

Transferable club membership, at cost increased from \$38K to \$127K mainly due to purchase of Country Club memberships.

Deferred income tax assets

Deferred income tax assets decreased from \$4.2 million to \$3.1 million mainly due to reversal of capital gains tax payable to profit or loss on completion of the disposal of freehold warehouse and office building at our Australia subsidiary in 1H2018.

Borrowings (current & non-current)

Borrowings increased from \$85.4 million to \$96.1 million due to an increase in short-term bank borrowings for payments to trade suppliers in 1H2018.

Current income tax liabilities

Income tax liabilities decreased from \$2.1 million to \$1.0 million mainly due to income tax paid during the period.

Other reserves

The Group elect to set the cumulative translation difference for all foreign operations to be zero as at the date of transition to SFRS(I)s on 1 January 2017. As a result, other reserves and retained profits as at 1 January 2017 and 31 December 2017 was increased / (decreased) by \$24.7 million respectively.

Other reserves, consist of foreign currency translation losses on overseas investments, increased from \$3.8 million to \$4.6 million mainly due to the strengthening of RMB and MYR against SGD, offset by weakening of AUD against SGD.



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STATEMENT OF CASH FLOW REVIEW

\$0.1 million was provided by operating activities in 1H2018. The Group generated \$1.3 million from investing activities mainly from the sale of our Australia warehouse and office building. A total of \$4.3 million was raised from financing activities mainly from short term bank borrowings to pay trade suppliers. Cash and cash equivalents amounted to \$60.2 million as at 30 June 2018 compared to \$54.0 million reported as at 31 December 2017.

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 escalating trade tensions and disputes between the United States and China has sparked concerns on the ramification of the potential tariffs on the global economic growth and has increased the level of uncertainty and challenges in our business operating environment.

For our manufacturing business, we expect the high aluminium prices to erode the margins of our manufacturing business. In addition, the potential tariffs as announced by the United States on the "Imports of Automobiles, including Cars, SUVs, Vans and Light Trucks, and Automotive Parts under Section 232" could potentially affect our wheels manufacturing business in China. Despite the above challenges, we will focus our efforts on creativity and innovation in our R&D design, complemented by our high technical competencies to enhance our product offering and quality to stay competitive.

For our distribution business, the intense competition in tyre prices is expected to continue in view of the low rubber prices and the prevailing overcapacity in the tyre market. We will continue to strengthen our distribution network and explore new sales channels and business opportunities to increase sales and improve product mix. Our efforts yielded positive results in our industrial product & automotive battery business which have mitigated the impact of our tyre business.

The Group will continue to execute its 3"R" reduction policy to reduce inventory, reduce account receivables and reduce operating costs to enhance operating efficiencies and simultaneously executing its multi-product, multi-brand and multi-category (3"M") business strategies amid a challenging business environment.



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11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable.

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

No dividend has been recommended for the period ended 30 June 2018.

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 30 June 2018 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Company confirmed that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. 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.



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17. 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.

18. A breakdown of sales

A breakdown of sales:-

Not applicable to Q1, Q2, & Q3 results.

19. 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.

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

Not applicable to Q1, Q2, & Q3 results.

BY ORDER OF THE BOARD

Tay Tian Hoe Richard
Executive Chairman and Group Managing Director
08/08/2018

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 08/08/2018 to the SGX.