



## Unaudited First Quarter 2019 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 FY2019 vs 1Q FY2018)

	Group 01/01/19- 31/03/19 S\$ '000	Group 01/01/18- 31/03/18 S\$ '000	Incr/(Decr) %
Sales	107,758	107,509	0.2%
Cost of sales	(84,519)	(83,020)	1.8%
Gross profit	23,239	24,489	(5.1%)
Other gains	1,282	4,585	(72.0%)
Credit loss allowance on trade receivables	(372)	(383)	(2.9%)
Expenses			
- Distribution	(9,185)	(9,944)	(7.6%)
- Administrative	(11,500)	(11,711)	(1.8%)
- Finance	(1,070)	(887)	20.6%
Share of profit of an associated company	698	942	(25.9%)
Profit before income tax	3,092	7,091	(56.4%)
Income tax expense	(939)	(1,974)	(52.4%)
<b>Net profit</b>	<b>2,153</b>	<b>5,117</b>	<b>(57.9%)</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	2,076	4,454	(53.4%)
Non-controlling interests	77	663	(88.4%)
	<b>2,153</b>	<b>5,117</b>	<b>(57.9%)</b>

#### NOTES TO CONSOLIDATED INCOME STATEMENT (1Q FY2019 vs 1Q FY2018)

	Group 01/01/19- 31/03/19 S\$ '000	Group 01/01/18- 31/03/18 S\$ '000	Incr/(Decr) %
Interest income	98	139	(29.5%)
Rental income	852	1,013	(15.9%)
Interest on borrowings	(1,070)	(887)	20.6%
Depreciation of property, plant and equipment and investment property	(2,708)	(2,610)	3.8%
Depreciation of right-of-use assets **	(1,377)	-	NM
Amortisation of intangible assets	(131)	(119)	10.1%
Credit loss allowance on trade receivables	(372)	(383)	(2.9%)
Write-down of inventories	(381)	(384)	(0.8%)
Currency exchange loss - net	(479)	(833)	(42.5%)
Share of profit of an associated company	698	942	(25.9%)
Gain on disposal of property, plant and equipment	10	54	(81.5%)
Gain on disposal of non-current assets held for sale	-	3,075	NM

NM – Not meaningful

\*\* Note: Please refer to Note 5 (page 8) on the adoption of new accounting standard SFRS (I) 16 Lease with effect from 1 Jan 2019.



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**NOTES TO CONSOLIDATED INCOME STATEMENT (1Q FY2019 vs 1Q FY2018) (Cont'd)**

<b>Income Tax Expenses</b>	<b>Group 01/01/19- 31/03/19 S\$ '000</b>	<b>Group 01/01/18- 31/03/18 S\$ '000</b>	<b>Incr/(Decr)  %</b>
Tax expense attributable to profit is made up of:			
Current income tax			
- Singapore	173	49	253.1%
- Foreign	640	854	(25.1%)
	<b>813</b>	903	(10.0%)
Deferred income tax	78	1,180	(93.4%)
	<b>891</b>	2,083	(57.2%)
Under/(over) provision in previous financial year			
- Current income tax	19	(109)	NM
- Deferred income tax	29	-	NM
	<b>939</b>	1,974	(52.4%)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (1Q FY2019 vs 1Q FY2018)**

	<b>Group 01/01/19- 31/03/19 S\$ '000</b>	<b>Group 01/01/18- 31/03/18 S\$ '000</b>	<b>Incr/(Decr)  %</b>
<b>Profit for the period</b>	<b>2,153</b>	5,117	(57.9%)
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	*1,245	#2,123	(41.4%)
Items that will not be reclassified subsequently to profit or loss			
- Currency translation differences	(587)	(47)	1,148.9%
<b>Total comprehensive income for the period</b>	<b>2,811</b>	7,193	(60.9%)
<b>Total comprehensive income to:</b>			
Equity holders of the Company	3,321	6,577	(49.5%)
Non-controlling interests	(510)	616	NM
	<b>2,811</b>	7,193	(60.9%)

\* Consist of foreign currency gain mainly resulting from the strengthening of RMB against SGD.

# Consist of foreign currency gain 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(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**

	<b>Group</b> <b>31/03/19</b> <b>S\$ '000</b>	Group 31/12/18 S\$ '000	<b>Company</b> <b>31/03/19</b> <b>S\$ '000</b>	Company 31/12/18 S\$ '000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	50,641	51,102	4,795	4,430
Trade and other receivables	98,535	100,800	34,158	34,855
Inventories	110,291	119,992	-	-
Derivative financial instruments	116	115	-	-
	<b>259,583</b>	272,009	<b>38,953</b>	39,285
<b>Non-current assets</b>				
Transferable club membership, at cost	172	172	-	-
Investment in an associated company	19,033	18,629	-	-
Investments in subsidiaries	-	-	100,325	100,325
Property, plant and equipment	83,550	84,999	2	20
Right-of-use assets **	25,143	-	-	-
Investment property	10,316	10,334	-	-
Intangible assets	4,338	4,445	-	-
Deferred income tax assets	3,329	3,380	-	-
	<b>145,881</b>	121,959	<b>100,327</b>	100,345
<b>Total assets</b>	<b>405,464</b>	393,968	<b>139,280</b>	139,630
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	35,385	43,427	1,479	1,407
Current income tax liabilities	95	709	-	159
Borrowings	68,517	75,362	-	-
Lease liabilities **	3,810	-	-	-
	<b>107,807</b>	119,498	<b>1,479</b>	1,566
<b>Non-current liabilities</b>				
Borrowings	6,830	8,145	-	-
Lease liabilities **	21,539	-	-	-
Deferred income tax liabilities	2,196	2,149	-	-
Other non-current liabilities	162	57	-	-
	<b>30,727</b>	10,351	-	-
<b>Total liabilities</b>	<b>138,534</b>	129,849	<b>1,479</b>	1,566
<b>NET ASSETS</b>	<b>266,930</b>	264,119	<b>137,801</b>	138,064
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	77,001	77,001	77,001	77,001
Other reserves	1,035	(210)	-	-
Retained profits	178,225	176,149	60,800	61,063
	<b>256,261</b>	252,940	<b>137,801</b>	138,064
Non-controlling interests	10,669	11,179	-	-
<b>Total equity</b>	<b>266,930</b>	264,119	<b>137,801</b>	138,064

\*\* Note: Please refer to Note 5 (page 8) on the adoption of new accounting standard SFRS (I) 16 Lease with effect from 1 Jan 2019.

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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 31/03/19		Group As at 31/12/18	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
68,517	-	75,362	-

**Amount repayable after one year**

Group As at 31/03/19		Group As at 31/12/18	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
6,830	-	8,145	-

**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\$6.6 million (2018: S\$6.6 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(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 (1Q FY2019 vs 1Q FY2018)**

	<b>Group 01/01/19- 31/03/19 S\$ '000</b>	<b>Group 01/01/18- 31/03/18 S\$ '000</b>
<b>Cash flows from operating activities</b>		
Net profit	2,153	5,117
Adjustments for:		
-Income tax expenses	939	1,974
-Depreciation of property, plant and equipment and investment property	2,708	2,610
-Depreciation of right-of-use assets	1,377	-
-Amortisation of intangible assets	131	119
-Gain on disposal of property, plant and equipment	(10)	(54)
-Gain on disposal of non-current assets held for sale	-	(3,075)
-Interest expense	1,070	887
-Interest income	(98)	(139)
-Share of profit of an associated company	(698)	(942)
-Fair value gain on derivative financial instruments	(1)	(4)
-Unrealised currency translation differences	(480)	328
Operating cash flow before working capital changes	<u>7,091</u>	<u>6,821</u>
Changes in working capital:		
-Inventories	10,018	2,009
-Trade and other receivables	1,954	(6,137)
-Trade and other payables	(7,977)	(514)
Cash generated from operations	<u>11,086</u>	<u>2,179</u>
Interest received	98	139
Income tax paid	(914)	(1,329)
<b>Net cash provided by operating activities</b>	<u>10,270</u>	<u>989</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	269	317
Proceed from sale of non-current assets held for sale	-	3,986
Purchase of property, plant and equipment	(976)	(1,658)
Purchase of intangible assets	-	(56)
Purchase of transferable club memberships	-	(89)
<b>Net cash (used in)/ from investing activities</b>	<u>(707)</u>	<u>2,500</u>
<b>Cash flows from financing activities</b>		
Interest paid	(1,070)	(887)
Proceeds from borrowings	9,360	9,949
Repayments of borrowings	(17,424)	(7,099)
Repayments of finance lease liabilities	-	(7)
Principal element of lease payments	(1,266)	-
<b>Net cash (used in)/from financing activities</b>	<u>(10,400)</u>	<u>1,956</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(837)</b>	<b>5,445</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>50,820</b>	<b>53,997</b>
Effects of currency translation on cash and cash equivalents	186	503
<b>Cash and cash equivalents at end of the financial period</b>	<u><b>50,169</b></u>	<u><b>59,945</b></u>



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<b>Group</b>	<b>Group</b>
<b>01/01/19- 31/03/19</b>	<b>01/01/18- 31/03/18</b>
<b>S\$ '000</b>	<b>S\$ '000</b>
<b>50,641</b>	60,230
<b>(472)</b>	(285)
<b>50,169</b>	59,945

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**

**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→

	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained profits</b>	<b>Sub-total</b>	<b>Non-controlling interests</b>	<b>Total</b>
	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>
<b>The Group</b>						
<b>Balance at 1 January 2019</b>	<b>77,001</b>	<b>(210)</b>	<b>176,149</b>	<b>252,940</b>	<b>11,179</b>	<b>264,119</b>
Profit for the period	-	-	2,076	2,076	77	2,153
Other comprehensive income/(loss) for the period	-	1,245	-	1,245	(587)	658
<b>Total comprehensive income/ (loss) for the period</b>	<b>-</b>	<b>1,245</b>	<b>2,076</b>	<b>3,321</b>	<b>(510)</b>	<b>2,811</b>
<b>Balance at 31 March 2019</b>	<b>77,001</b>	<b>1,035</b>	<b>178,225</b>	<b>256,261</b>	<b>10,669</b>	<b>266,930</b>
<b>The Group</b>						
<b>Balance at 1 January 2018</b>	<b>77,001</b>	<b>3,836</b>	<b>167,338</b>	<b>248,175</b>	<b>12,632</b>	<b>260,807</b>
Effects on adoption of SFRS (I) 9	-	-	(391)	(391)	-	(391)
<b>Balance at 1 January 2018 (restated)</b>	<b>77,001</b>	<b>3,836</b>	<b>166,947</b>	<b>247,784</b>	<b>12,632</b>	<b>260,416</b>
Profit for the period	-	-	4,454	4,454	663	5,117
Other comprehensive income/(loss) for the period	-	2,123	-	2,123	(47)	2,076
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>2,123</b>	<b>4,454</b>	<b>6,577</b>	<b>616</b>	<b>7,193</b>
<b>Balance at 31 March 2018</b>	<b>77,001</b>	<b>5,959</b>	<b>171,401</b>	<b>254,361</b>	<b>13,248</b>	<b>267,609</b>



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**STATEMENT OF CHANGES IN EQUITY (Cont'd)**

	Share capital S\$ '000	Retained profits S\$ '000	Total S\$ '000
<b>The Company</b>			
Balance at 1 January 2019	77,001	61,063	138,064
Total comprehensive loss for the period	-	(263)	(263)
<b>Balance at 31 March 2019</b>	<b>77,001</b>	<b>60,800</b>	<b>137,801</b>

	Share capital S\$ '000	Retained profits S\$ '000	Total S\$ '000
<b>The Company</b>			
Balance at 1 January 2018	77,001	61,309	138,310
Total comprehensive loss for the period	-	(290)	(290)
<b>Balance at 31 March 2018</b>	<b>77,001</b>	<b>61,019</b>	<b>138,020</b>

**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 2018. The share capital of the Company as at 31 March 2019 was 292,295,811 ordinary 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 31 March 2019 and 31 December 2018.

**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 31/03/19	Company 31/12/18
Total numbers of issued shares	292,295,811	292,295,811
Less: Treasury shares	-	-
Total numbers of issued shares excluding treasury shares	<b>292,295,811</b>	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 31 March 2019.

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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**

- (1) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

The Group has adopted SFRS(I) 16 Leases with effect from 1 January 2019. On adoption of SFRS(I) 16, almost all leases are being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group has elected not to restate comparative amounts for the 2018 reporting period as permitted under the specific transition provisions in the standard.

The adoption of SFRS (I) 16 has resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The impact on the statement of comprehensive income and balance sheet is as follow:

	As at 31 December 2018 S\$'000	Effect of applying SFRS(I) 16 S\$'000	As at 1 January 2019 S\$'000	Movement S\$'000	As at 31 March 2019 S\$'000
<u>Administrative expenses</u>					
Rental expenses	-	-	-	(1,556)	(1,556)
Depreciation of right-of-use assets	-	-	-	1,377	1,377
Finance expenses on lease liabilities	-	-	-	263	263
<u>Non-current asset</u>					
Right-of-use assets	-	26,542	26,542	(1,399)	25,143
<u>Current liabilities</u>					
Borrowings (Finance lease liabilities)	(36)	36	-	-	-
Lease liabilities	-	(5,104)	(5,104)	1,294	(3,810)
<u>Non-current liabilities</u>					
Borrowings (Finance lease liabilities)	(59)	59	-	-	-
Lease liabilities	-	(21,533)	(21,533)	(6)	(21,539)
<u>Equity</u>					
Currency translation reserve	-	-	-	(27)	(27)





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### SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- (i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- (ii) that the entity should assume a tax authority will examine, the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored
- (iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment,
- (iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- (v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The adoption of the interpretation did not result in the Group recognising additional tax liability.

#### 6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

##### **EARNINGS PER SHARE**

	<b>Group 01/01/19 - 31/03/19</b>	Group 01/01/18 - 31/03/18
(a) Based on the number of ordinary shares on issue (cents)	<b>0.71</b>	1.52
(b) On fully diluted basis (cents)	<b>0.71</b>	1.52
Weighted average number of ordinary shares	<b>292,295,811</b>	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 new/revised SFRS (I) and SFRS (I) INTs.

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7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

**NET ASSET VALUE PER SHARE**

	<b>Group 31/03/19</b>	Group 31/12/18	<b>Company 31/03/19</b>	Company 31/12/18
Net asset value per ordinary share (cents)	<b>87.67</b>	86.54	<b>47.14</b>	47.23

- (i) The Group and Company net asset value per share as at 31 March 2019 and as at 31 December 2018 are based on the actual number of 292,295,811 ordinary shares.
- (ii) There was no material impact on prior period net asset value per share on adoption of the new/revised SFRS(I) and SFRS (I) INTs.

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 reported a 0.2% (or \$0.3 million) increase in turnover to \$107.8 million (1Q2019) from \$107.5 million (1Q2018) mainly due to higher sales in our manufacturing business, despite lower sales recorded by our distribution business as compared to corresponding period last year.

Distribution business, accounting for 70.2% of the Group's total turnover, recorded a decrease of 0.8% (or \$0.6 million) in turnover, from \$76.3 million (1Q2018) to \$75.7 million (1Q2019) mainly due to lower sales in our tyre and wheel business. Our wheel manufacturing business, accounting for 29.8% of the Group's total turnover, recorded an increase of 2.9% (or \$0.9 million) in turnover, from \$31.2 million (1Q2018) to \$32.1 million (1Q2019).

Gross Profit

Gross Profit decreased by 5.1% (or \$1.3 million) to \$23.2 million (1Q2019) from \$24.5 million (1Q2018) and gross profit margin decreased to 21.6% in 1Q2019 compared to 22.8% in 1Q2018 mainly due to lower sales and gross profit margin from our tyre distribution business.

Other Gains

Other gains decreased from \$4.6 million in 1Q2018 to \$1.3 million in 1Q2019 mainly due to absence of the one-off disposal gain of \$3.1 million recorded by Australia subsidiary in 1Q2018.

Operating Expenses

Distribution expenses decreased by 7.6% (or \$0.7 million) in 1Q2019 to \$9.2 million compared to \$9.9 million in 1Q2018 mainly due to lower staff related costs.

Administrative expenses decreased by 1.8% (or \$0.2 million) in 1Q2019 to \$11.5 million compared to \$11.7 million in 1Q2018 mainly due to lower foreign exchange loss in 1Q2019 as compared to 1Q2018.



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Financing costs increased by 20.6% (or \$0.2 million) in 1Q2019 to \$1.1 million compared to \$0.9 million in 1Q2018 mainly due to recognition of lease interest as a result of the adoption of new accounting standard SFRS(I) 16 Leases with effect from 1 January 2019.

### Share of Profit of an Associated Company

Our associated company reported lower profit and our share of profit was \$0.7 million in 1Q2019 compared to \$0.9 million in 1Q2018.

### Income Tax expense

Income tax expense decreased by 52.4% (or \$1.0 million) mainly due to lower 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 decreased by 53.4% (or \$2.4 million) to \$2.1 million in 1Q2019 from \$4.5 million in 1Q2018 mainly due to absence of the one-off disposal gain recorded by our Australia subsidiary in 1Q2018.

### Non-controlling Interests

Net profit attributable to non-controlling interest of the Company decreased by \$0.5 million (or 88.4%) to \$0.1 million in 1Q2019 from \$0.6 million in 1Q2018 mainly due to absence of the one-off disposal gain recorded by our Australia subsidiary attributable to non-controlling interest of the Company in 1Q2018.

## **STATEMENT OF FINANCIAL POSITION REVIEW**

As at 31 March 2019, total assets amounted to about \$405.5 million comprising \$259.6 million of current assets and \$145.9 million of non-current assets. Total liabilities amounted to about \$138.5 million comprising current liabilities of \$107.8 million and non-current liabilities of \$30.7 million. Shareholders' equity including non-controlling interests amounted to \$267.0 million.

The substantial changes in the statement of financial position compared to 31 December 2018 are as follows:

### Right-of-use assets and Lease liabilities (current & non-current)

Right-of-use assets and lease liabilities increased from \$NIL to \$25.1 million and \$25.3 million respectively. This is due to the adoption of new accounting standard SFRS (I) 16 Leases with effect from 1 January 2019.

These right-of-use assets are mainly warehouse rental leases for our distribution business. On adoption of the standard, these leases are now required to be recognised as assets and the financial liability to pay rental is also recognised as lease liability.

The Group has elected not to restate comparative amounts for the 2018 reporting period as permitted under the specific transition provisions in the standard.

### Trade and other payables

Trade and other payables decreased from \$43.4 million to \$35.4 million due to payments to trade suppliers.

### Borrowings (current & non-current)

Borrowings decreased from \$83.5 million to \$75.3 million due to repayment of bank borrowings in 1Q2019.



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### Current income tax liabilities

Income tax liabilities decreased from \$0.7 million to \$0.1 million mainly due to income tax paid during the period.

### Other reserves

Other reserves, consist of foreign currency translation gains on overseas investments, increased from negative \$210K to positive \$1.0 million mainly due to the strengthening of RMB against SGD.

## **STATEMENT OF CASH FLOW REVIEW**

\$10.3 million was provided by operating activities in 1Q2019. The Group utilised \$0.7 million in investing activities mainly for the purchase of property, plant and equipment for our manufacturing business in Suzhou. A total of \$10.4 million was utilised in financing activities mainly due to repayment of bank borrowings. Cash and cash equivalents amounted to \$50.1 million as at 31 March 2019 compared to \$50.8 million reported as at 31 December 2018.

### **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**

On 10th May 2019, the United States raised punitive tariffs on US\$200 billion of Chinese goods to 25% from the current 10%.

For our manufacturing business, the escalated tariff has increased the uncertainty and challenges that will impact our wheels manufacturing business in China.

The prevailing excess capacity in the tyre industry is expected to continue to affect the Group's distribution business in FY2019. Rubber prices have reduced moderately in the last 2 months and we do not expect the intense price pressure to ease. The slowdown in global economy and the consolidation of some tyre manufacturers in the industry may post additional challenges for our tyre business. The Group will continue to rationalise and consolidate our distribution business to enhance efficiency and simultaneously sourcing for new products, new business opportunities and exploring new sales channels to strengthen our distribution network.

Moving forward, the Group will remain vigilant on our operating environment and be on the lookout for growth opportunities amid a slowing global economy in FY2019.

### **11. Dividend**

#### **(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

None



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**(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 2019.

**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 2019 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.

**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.



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**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  
13/05/2019

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 13/05/2019 to the SGX.