

YHI INTERNATIONAL LIMITED

Unaudited First Quarter 2006 Financial Statement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (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 FY2006 vs 1Q FY2005)

	Group 01/01/06- 31/03/06 S\$ '000	Group 01/01/05- 30/03/05 S\$ '000	Incr/(Decr) %
Sales	95,799	78,090	22.7%
Cost of sales	(73,017)	(58,487)	24.8%
Gross profit	22,782	19,603	16.2%
Other operating income	93	157	(40.8%)
Distribution expenses	(7,234)	(6,308)	14.7%
Administrative expenses	(6,737)	(5,759)	17.0%
Other operating expenses	(1,367)	(428)	219.4%
Profit from operations	7,537	7,265	3.7%
Finance expenses	(658)	(527)	24.9%
Profit before income tax	6,879	6,738	2.1%
Income tax expense	(1,500)	(1,715)	(12.5%)
Net profit	5,379	5,023	7.1%
Attributable to:			
Equity holders of the Company	5,105	5,125	(0.4%)
Minority interests	274	(102)	368.6%
	5,379	5,023	7.1%

NOTES TO CONSOLIDATED INCOME STATEMENT (1QFY 2006 vs 1QFY 2005)

	Group 01/01/06- 31/03/06 S\$ '000	Group 01/01/05- 31/03/05 S\$ '000	Incr/(Decr) %
Interest income	90	65	38.5%
Interest on borrowings	(658)	(527)	24.9%
Depreciation	(1,679)	(1,432)	17.2%
Allowance for impairment of doubtful receivables and bad debts written off	(588)	(513)	14.6%
Allowance for slow-moving and obsolete inventories	(298)	(246)	21.1%
Inventories written off	-	(40)	NM
Net foreign exchange (loss)/gain	(172)	108	(259.3%)
(Loss)/gain on disposal of property, plant and equipment	(78)	4	(2,050.0%)

NM – Not meaningful

1(b)(i) A balance sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

BALANCE SHEETS

	Group 31/03/06 S\$ '000	Group 31/12/05 S\$ '000	Company 31/03/06 S\$ '000	Company 31/12/05 S\$ '000
Current assets				
Cash and cash equivalents	20,214	27,739	2,415	8,038
Trade and other receivables	69,291	59,618	43,948	38,481
Inventories	63,228	60,823	-	-
Financial assets held for trading	-	90	-	-
Other current assets	9,849	5,171	19	23
	162,582	153,441	46,382	46,542
Non-current assets				
Investment in subsidiaries	-	-	57,759	57,759
Investment in an associated company	2,391	-	-	-
Available-for-sale financial assets	7,268	3,775	-	-
Property, plant and equipment	63,943	56,888	367	397
Intangible assets	5,303	5,303	-	-
Deferred income tax assets	2,296	2,378	-	-
	81,201	68,344	58,126	58,156
Total assets	243,783	221,785	104,508	104,698
Current liabilities				
Trade and other payables	52,898	47,051	4,370	4,646
Borrowings	43,696	34,455	-	-
Financial liabilities held for trading	-	51	-	-
Current income tax liabilities	3,481	2,651	632	596
Provision for other liability	-	-	-	-
	100,075	84,208	5,002	5,242
Non-current liabilities				
Borrowings	5,640	2,297	-	-
Deferred income tax liabilities	1,862	1,968	-	-
	7,502	4,265	-	-
Total liabilities	107,577	88,473	5,002	5,242
Net assets	136,206	133,312	99,506	99,456
Capital and reserves attributable to the Company's equity holders				
Share capital *	77,001	77,001	77,001	77,001
Foreign currency translation reserve	(1,520)	234	-	-
Retained earnings	54,792	49,861	22,505	22,455
General reserve	2,949	2,806	-	-
	133,222	129,902	99,506	99,456
Minority interests	2,984	3,410	-	-
Total equity	136,206	133,312	99,506	99,456

* Pursuant to The Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account has been transferred to the share capital account as at that date.

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Group As at 31/03/06		Group As at 31/12/05	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
38,446	5,250	29,205	5,250

Amount repayable after one year

Group As at 31/03/06		Group As at 31/12/05	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
5,640	-	2,297	-

Details of any collateral

The Group's borrowings are secured by the following: -

- (i) a first legal mortgage on the Group's freehold and leasehold properties;
- (ii) a first legal charge on office equipment, plant and machinery of a subsidiary;
- (iii) a first and floating charge on all the assets of a subsidiary;
- (iv) corporate guarantee from the Company; and
- (v) banker's guarantees, up to S\$11.6 million (2005: S\$11.6 million), given as security to banks which granted banking facilities to certain subsidiaries. The banker's guarantees are in turn secured by a first and floating charge on all the assets of a subsidiary as referred to in paragraph (iii) above.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

1(c)(i) CONSOLIDATED CASH FLOW STATEMENT (1Q FY2006 vs 1QFY 2005)

	Group 01/01/06- 31/03/06 S\$ '000	Group 01/01/05- 31/03/05 S\$ '000
Cash flows from operating activities		
Profit before tax	6,879	6,738
Adjustments for:		
– Depreciation of property, plant and equipment	1,679	1,432
– Interest expense	658	527
– Interest income	(90)	(65)
– Loss/(gain) on disposal of property, plant and equipment	78	(4)
– Exchange differences	(632)	126
Operating cash flow before working capital changes	8,572	8,754
Changes in operating assets and liabilities		
– Trade and other receivables	(9,673)	(8,979)
– Inventories	(2,405)	5,904
– Other current assets	(4,678)	(1,025)
– Trade and other payables and provision	6,867	6,009
Cash generated from operations	(1,317)	10,663
Interest received	90	65
Income tax paid	(770)	(898)
Net cash (used in)/from operating activities	(1,997)	9,830
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	57	11
Purchase of property, plant and equipment	(11,190)	(2,461)
Purchase of other investments	(3,493)	-
Purchase of investment in an associated company	(2,391)	-
Net cash used in investing activities	(17,017)	(2,450)
Cash flows from financing activities		
(Repayments of)/proceeds from trust receipts loans	(289)	329
Interest paid	(634)	(537)
Repayments of finance lease liabilities	(181)	(39)
Proceeds from/(repayments of) long-term bank loans	7,157	(232)
Proceeds from short-term bank loans	4,943	987
Net cash used in financing activities	10,996	508
Net (decrease)/increase in cash and cash equivalents held	(8,018)	7,888
Cash and cash equivalents at the beginning of the financial period	27,596	17,775
Effects of exchange rate changes on cash and cash equivalents	(360)	17
Cash and cash equivalents at the end of the financial period	19,218	25,680

Explanatory Notes: -

Cash and cash equivalents comprise: -

	Group 31/03/06 S\$ '000	Group 31/03/05 S\$ '000
Cash and bank balances	20,214	26,779
Less: Bank overdrafts	(996)	(1,099)
	19,218	25,680

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

	Share <u>capital</u> S\$ '000	Share <u>premium</u> S\$ '000	Foreign currency <u>translation</u> <u>reserve</u> S\$ '000	General <u>reserve</u> S\$ '000	Retained <u>earnings</u> S\$ '000	Minority <u>interests</u> S\$ '000	<u>Total</u> S\$ '000
The Group							
Balance at 1 January 2006	58,459	18,542	234	2,806	49,861	3,410	133,312
Gains and losses recognised directly in equity - Currency translation differences	-	-	(1,754)	(31)	-	(700)	(2,485)
Net profit	-	-	-	-	5,105	274	5,379
Total recognised (loss)/gains	-	-	(1,754)	(31)	5,105	(426)	2,894
Transfer of share premium reserve to share capital account (See note below)	18,542	(18,542)	-	-	-	-	-
Transfer to general reserve	-	-	-	174	(174)	-	-
Balance at 31 March 2006	77,001	-	(1,520)	2,949	54,792	2,984	136,206
	Share <u>capital</u> S\$ '000	Share <u>premium</u> S\$ '000	Foreign currency <u>translation</u> <u>reserve</u> S\$ '000	General <u>reserve</u> S\$ '000	Retained <u>earnings</u> S\$ '000	Minority <u>interests</u> S\$ '000	<u>Total</u> S\$ '000
Balance at 1 January 2005							
- As previously reported	48,716	28,285	(1,229)	1,740	27,186	2,706	107,404
- Effect of adopting FRS 103 (adjusted prospectively)	-	-	-	-	690	-	690
- Effect of adopting FRS 39 (adjusted prospectively)	-	-	-	-	500	-	500
- As restated	48,716	28,285	(1,229)	1,740	28,376	2,706	108,594
Gains and losses recognised directly in equity - Currency translation differences	-	-	290	-	-	65	355
Net profit	-	-	-	-	5,125	(102)	5,023
Balance at 31 March 2005	48,716	28,285	(939)	1,740	33,501	2,669	113,972

Note

With effect from 30 January 2006, the concepts of "par value" and "authorised capital" were abolished under the Companies (Amendment) Act 2005. The amount standing to the credit of the Company's share premium account as at 30 January 2006 has become part of the Company's share capital as at that date.

STATEMENT OF CHANGES IN EQUITY

	Share capital S\$ '000	Share premium S\$ '000	Retained earnings S\$ '000	Total S\$ '000
The Company				
Balance at 1 January 2006	58,459	18,542	22,455	99,456
Net profit	-	-	50	50
Transfer of share premium reserve to share capital account (See note below)	18,542	(18,542)	-	-
Balance at 31 March 2006	77,001	-	22,505	99,506
	Share capital S\$ '000	Share premium S\$ '000	Retained earnings S\$ '000	Total S\$ '000
Balance at 1 January 2005	48,716	28,285	10,346	87,347
Net profit	-	-	193	193
Balance at 31 March 2005	48,716	28,285	10,539	87,540

Note

With effect from 30 January 2006, the concepts of "par value" and "authorised capital" were abolished under the Companies (Amendment) Act 2005. The amount standing to the credit of the Company's share premium account as at 30 January 2006 has become part of the Company's share capital as at that date.

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 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 2005. The share capital of the Company as at 31 March 2006 was 584,591,628 ordinary shares.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2005.

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

Not applicable.

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

EARNINGS PER SHARE

	Group (Actual) 01/01/06- 31/03/06	Group (Restated) 01/01/05- 31/03/05	Group (Actual) 01/01/05- 31/03/05
(a) Based on the number of ordinary shares on issue (cents)	0.87	0.88	1.05
(b) On fully diluted basis (cents)	NA	NA	NA

NA – Not Applicable

- (i) The Group Actual earnings per share at 0.87 cents for the period from 1 January 2006 to 31 March 2006 is based on the actual number of shares in issue of 584,591,628 ordinary shares.
- (ii) The Group Restated earnings per share at 0.88 cents for Q1 FY2005 is restated for comparative purposes based on 584,591,628 ordinary shares to reflect the bonus shares as incurred on 17 May 2005.
- (iii) The Group Actual earnings per share at 1.05 cents for the period from 1 January 2005 to 31 March 2005 is based on the actual number of shares in issue of 487,159,690 ordinary shares.
- (iv) Diluted earnings per share have not been calculated, as no diluting events existed during these periods. No share options were granted to any employees during these periods.

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

NET ASSET VALUE PER SHARE

	Group (Actual) 31/03/06	Group (Actual) 31/12/05	Company (Actual) 31/03/06	Company (Actual) 31/12/05
Net asset value per ordinary share (cents)	22.79	22.22	17.02	17.01

The Group and Company Actual net asset value per share as at 31 March 2006 and as at 31 December 2005 are based on the actual number of shares in issue of 584,591,628 ordinary shares.

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 AND FINANCIAL POSITION

The Group's turnover for 1Q of FY2006 of S\$95.8 million was S\$17.7 million or 22.7% higher than the S\$78.1 million recorded in 1Q of FY2005.

Turnover from the distribution business increased by approximately S\$17.6 million or 32.2% from S\$54.7 million in 1Q of FY2005 to S\$72.3 million in 1Q of FY2006. Tyre sales continued to experience good growth in all geographical markets where our operations are located.

Turnover from the manufacturing business increased by approximately S\$0.1 million or 0.4% from S\$23.4 million in 1Q of FY2005 to S\$23.5 million in 1Q of FY2006. Our Taiwan factory output was affected by downtime incurred in the factory relocation exercise.

The increase in distribution, administrative and other operating overhead expenses in 1Q of FY2006 as compared to the same period of FY2005 was primarily due to higher operating activities and the start-up costs of new subsidiaries previously not included in FY2005.

Although gross profit from manufacturing business was affected by the rising aluminum prices, our Group's gross profit was not significantly affected. This was because distribution business is less susceptible to fluctuations in raw material prices.

The Group's profit before income tax increased by approximately S\$0.2 million or 2.1% from S\$6.7 million in 1Q of FY2005 to S\$6.9 million in 1Q of FY2006.

Total current assets increased by approximately S\$9.1 million due to increase in trade receivables of approximately S\$9.7 million, in other current assets of approximately S\$4.7 million and in inventories of approximately S\$2.4 million together with a reduction of approximately S\$7.5 million in cash. The increase in trade receivables was in line with higher turnover. The reduction in cash was primarily due to S\$2.4 million investment in the Yokohama associated company in the PRC together with S\$3.5 million investment stake in OZ S.p.A. These investing activities were reflected by the respective increase in investment and available-for-sale financial assets in non-current assets. The increase in other current assets was mainly due to increase in initial deposits made in relation to downpayment on new machinery pertaining to our expansion plans.

The increase in current liabilities of about S\$15.9 million was primarily due to increase in payables of approximately S\$5.8 million from higher trading activities and an increase of about S\$9.2 million in current borrowings. The increase in both current and non-current borrowings was primarily due to start-up funding requirements for our expansion plans in Malaysia and PRC.

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 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

Our tyre distribution sales in ASEAN are expected to grow in tandem with the expansion plans of Yokohama Rubber Co Ltd which continues to boost its tyre production in Thailand and the Philippines. The PRC associated company, Yokohama Tire (Shanghai) Sales Co Ltd, in which the Group has a 49% stake, has commenced operation in April 2006. Accordingly, effective from Q2 FY2006, tyre sales in PRC will not form part of the Group's revenue. Yokohama Tire (Shanghai) Sales Co Ltd will be responsible to carry out distribution of Yokohama tyre products ranging from passenger cars, light truck radials and truck & bus radials in the PRC. Through our 49% stake in the associated company, we believe that it will bring good future benefits to the Group. This is because previously we were only distributing Yokohama passenger car tyres in the PRC. We expect future benefits to be significant only from FY2007 when Yokohama Rubber Co Ltd puts in place its expansion plans in the PRC.

Aluminum prices have been increasing significantly over the past few months. We will continue to monitor the volatility of aluminum prices and our production costs closely. In the meantime, we have raised our selling prices and together with better production cost management we expect to control margin compression.

Both our Sepang factory in Malaysia and Suzhou factory in the PRC are expected to be on track and the first phase will be fully operational in the second half of FY2006.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been recommended for the period ended 31 March 2006.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. 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.

14. 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.

15. A breakdown of sales

Not applicable to Q1, Q2, & Q3 results.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year S\$ '000	Previous Full Year S\$ '000
Ordinary	-	-
Preference	-	-
Total:	<hr/> -	<hr/> -

BY ORDER OF THE BOARD

Yuen Sou Wai
Executive Director
15/05/2006

Submitted by Yuen Sou Wai, Executive Director on 15/05/2006 to the SGX.