

YHI INTERNATIONAL LIMITED

Unaudited Second Quarter 2008 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 (2Q FY2008 vs 2Q FY2007)

	Group 01/04/08- 30/06/08 S\$ '000	Group 01/04/07- 30/06/07 S\$ '000	Incr/(Decr) %
Sales	120,183	108,502	10.8%
Cost of sales	(89,225)	(83,486)	6.9%
Gross profit	30,958	25,016	23.8%
Other gains	616	717	(14.1%)
Expenses			
- Distribution	(10,223)	(7,922)	29.0%
- Administrative	(10,738)	(9,054)	18.6%
- Finance	(1,696)	(1,140)	48.8%
Share of profit of associated companies	511	659	(22.5%)
Profit before income tax	9,428	8,276	13.9%
Income tax expense	(2,266)	(1,544)	46.8%
Net profit	7,162	6,732	6.4%
Attributable to:			
Equity holders of the Company	6,493	6,405	1.4%
Minority interests	669	327	104.6%
	7,162	6,732	6.4%

NOTES TO CONSOLIDATED INCOME STATEMENT (2Q FY2008 vs 2Q FY2007)

	Group 01/04/08- 30/06/08 S\$ '000	Group 01/04/07- 30/06/07 S\$ '000	Incr/(Decr) %
Interest income	183	109	67.9%
Interest on borrowings	(1,696)	(1,140)	48.8%
Depreciation	(2,837)	(2,390)	18.7%
Allowance for impairment of doubtful receivables and bad debts written off	(569)	(507)	12.2%
Written down of inventory	(381)	(703)	(45.8%)
Net foreign exchange loss	(790)	(32)	NM
Share of profit of associated companies	511	659	(22.5%)
Gain on disposal of property, plant and equipment	192	67	186.6%

NM – Not meaningful

1(a)(ii) CONSOLIDATED INCOME STATEMENT (1H FY2008 vs 1H FY2007)

	Group 01/01/08- 30/06/08 S\$'000	Group 01/01/07- 30/06/07 S\$'000	Incr/(Decr) %
Sales	231,767	204,511	13.3%
Cost of sales	(172,959)	(158,360)	9.2%
Gross profit	58,808	46,151	27.4%
Other gains	871	958	(9.1%)
Expenses			
- Distribution	(18,652)	(14,739)	26.5%
- Administrative	(21,716)	(16,451)	32.0%
- Finance	(3,315)	(2,045)	62.1%
Share of profit of associated companies	1,004	1,534	(34.6%)
Profit before income tax	17,000	15,408	10.3%
Income tax expense	(4,084)	(3,226)	26.6%
Net profit	12,916	12,182	6.0%
Attributable to:			
Equity holders of the Company	11,688	11,588	0.9%
Minority interests	1,228	594	106.7%
	12,916	12,182	6.0%

NOTES TO CONSOLIDATED INCOME STATEMENT (1H FY2008 vs 1H FY2007)

	Group 01/01/08- 30/06/08 S\$'000	Group 01/01/07- 30/06/07 S\$'000	Incr/(Decr) %
Interest income	252	172	46.5%
Interest on borrowings	(3,315)	(2,045)	62.1%
Depreciation	(5,656)	(4,818)	17.4%
Allowance for impairment of doubtful receivables and bad debts written off	(467)	(876)	(46.7%)
Written down of inventory	(859)	(881)	(2.5%)
Net foreign exchange loss	(2,329)	(42)	NM
Share of profit of associated companies	1,004	1,534	(34.6%)
Gain on disposal of property, plant and equipment	192	98	95.9%

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 30/06/08	Group 31/12/07	Company 30/06/08	Company 31/12/07
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Current assets				
Cash and cash equivalents	29,913	23,360	333	471
Trade and other receivables	94,076	84,253	30,103	50,164
Inventories	93,027	92,971	-	-
Other current assets	9,975	9,864	34	39
	226,991	210,448	30,470	50,674
Non-current assets				
Financial assets, available-for-sale	6,830	6,830	-	-
Transferable club membership, at cost	131	131	-	-
Investment in associated companies	17,654	16,650	-	-
Investment in subsidiaries	-	-	83,818	72,917
Property, plant and equipment	86,183	88,643	218	351
Intangible assets	5,303	5,303	-	-
Deferred income tax assets	3,571	3,489	-	-
	119,672	121,046	84,036	73,268
Total assets	346,663	331,494	114,506	123,942
Current liabilities				
Trade and other payables	50,897	59,837	502	5,053
Current income tax liabilities	4,079	3,765	527	843
Borrowings	103,806	85,209	-	-
	158,782	148,811	1,029	5,896
Non-current liabilities				
Borrowings	10,211	8,307	-	-
Deferred income tax liabilities	1,153	1,305	-	-
	11,364	9,612	-	-
Total liabilities	170,146	158,423	1,029	5,896
Net assets	176,517	173,071	113,477	118,046
Capital and reserves attributable to the Company's equity holders				
Share capital	77,001	77,001	77,001	77,001
Other reserves	119	1,125	-	-
Retained earnings	93,779	89,983	36,476	41,045
	170,899	168,109	113,477	118,046
Minority interests	5,618	4,962	-	-
Total equity	176,517	173,071	113,477	118,046

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

Amount repayable in one year or less, or on demand

Group As at 30/06/08		Group As at 31/12/07	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
103,806	-	85,209	-

Amount repayable after one year

Group As at 30/06/08		Group As at 31/12/07	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
10,211	-	8,307	-

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 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\$20.1 million (2007: S\$20.1 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 (2Q FY2008 vs 2Q FY2007)

	Group 01/04/08- 30/06/08 S\$ '000	Group 01/04/07- 30/06/07 S\$ '000
Cash flows from operating activities		
Net profit	7,162	6,732
Adjustments for:		
Income tax	2,266	1,544
Depreciation of property, plant and equipment	2,837	2,390
Interest expense	1,696	1,140
Interest income	(183)	(109)
Gain on disposal of property, plant and equipment	(192)	(67)
Share of profit of associated companies	(511)	(659)
Exchange differences	(482)	320
Operating cash flow before working capital changes	<u>12,593</u>	<u>11,291</u>
Changes in operating assets and liabilities:		
Trade and other receivables	(1,011)	(7,824)
Inventories	(1,852)	(4,096)
Other current assets	321	(2,290)
Trade and other payables	(208)	7,493
Cash generated from operations	<u>9,843</u>	<u>4,574</u>
Interest received	183	109
Income tax paid	(2,965)	(2,716)
Net cash provided by operating activities	<u>7,061</u>	<u>1,967</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	405	203
Purchase of property, plant and equipment	(2,652)	(8,792)
Acquisition of other investments	-	(15)
Net cash used in investing activities	<u>(2,247)</u>	<u>(8,604)</u>
Cash flows from financing activities		
Dividends paid to shareholders	(7,892)	(7,015)
Dividends paid to minority interests	(471)	(572)
Interest paid	(1,742)	(1,122)
Proceeds from borrowings	16,799	25,953
Repayment of borrowings	(3,571)	(1,000)
Repayments of finance lease	(31)	(19)
Net cash provided by financing activities	<u>3,092</u>	<u>16,225</u>
Net increase in cash and cash equivalents held	7,906	9,588
Cash and cash equivalents at the beginning of the financial period	18,609	14,338
Effects of exchange rate changes on cash and cash equivalents	199	334
Cash and cash equivalents at the end of the financial period	<u>26,714</u>	<u>24,260</u>

Explanatory Notes:

Cash and cash equivalents comprise:-

	Group 01/04/08- 30/06/08 S\$ '000	Group 01/04/07- 30/06/07 S\$ '000
Cash and bank balances	29,913	28,017
Less: Bank overdrafts	(3,199)	(3,757)
	<u>26,714</u>	<u>24,260</u>

1(c)(ii) CONSOLIDATED CASH FLOW STATEMENT (1H FY2008 vs 1H FY2007)

	Group 01/01/08- 30/06/08 S\$ '000	Group 01/01/07- 30/06/07 S\$ '000
Cash flows from operating activities		
Net profit	12,916	12,182
Adjustments for:		
Income tax	4,084	3,226
Depreciation of property, plant and equipment	5,656	4,818
Interest expense	3,315	2,045
Interest income	(252)	(172)
Gain on disposal of property, plant and equipment	(192)	(98)
Share of profit of associated companies	(1,004)	(1,534)
Changes in fair values of derivatives	-	73
Exchange differences	(735)	298
Operating cash flow before working capital changes	<u>23,788</u>	<u>20,838</u>
Changes in operating assets and liabilities:		
Trade and other receivables	(9,823)	(20,334)
Inventories	(56)	(8,487)
Other current assets	(111)	(2,295)
Trade and other payables	(8,440)	10,268
Cash generated from/(used in) operations	<u>5,358</u>	<u>(10)</u>
Interest received	252	172
Income tax paid	(3,960)	(3,484)
Net cash provided by/(used in) operating activities	<u>1,650</u>	<u>(3,322)</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	492	268
Purchase of property, plant and equipment	(4,542)	(10,882)
Acquisition of other investments	-	(381)
Net cash used in investing activities	<u>(4,050)</u>	<u>(10,995)</u>
Cash flows from financing activities		
Dividends paid to shareholders	(7,892)	(7,015)
Dividends paid to minority interests	(471)	(572)
Interest paid	(3,287)	(2,010)
Proceeds from borrowings	29,727	31,903
Repayment of borrowings	(9,134)	(2,500)
Proceeds from/(repayments of) finance lease	92	(78)
Net cash provided by financing activities	<u>9,035</u>	<u>19,728</u>
Net increase in cash and cash equivalents held	6,635	5,411
Cash and cash equivalents at the beginning of the financial period	19,950	18,568
Effects of exchange rate changes on cash and cash equivalents	129	281
Cash and cash equivalents at the end of the financial period	<u>26,714</u>	<u>24,260</u>

Explanatory Notes:

Cash and cash equivalents comprise:-

	Group 01/01/08- 30/06/08 S\$ '000	Group 01/01/07- 30/06/07 S\$ '000
Cash and bank balances	29,913	28,017
Less: Bank overdrafts	(3,199)	(3,757)
	<u>26,714</u>	<u>24,260</u>

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 capital S\$ '000	Other reserves S\$ '000	Retained earnings S\$ '000	Minority interests S\$ '000	Total S\$ '000
The Group					
Balance at 1 January 2008	77,001	1,125	89,983	4,962	173,071
Losses recognized directly in equity – Currency translation differences	-	(1,006)	-	(101)	(1,107)
Net profit	-	-	11,688	1,228	12,916
Total recognised income/(losses)	-	(1,006)	11,688	1,127	11,809
Dividends paid	-	-	(7,892)	(471)	(8,363)
Balance at 30 June 2008	77,001	119	93,779	5,618	176,517

	Share capital S\$ '000	Other reserves S\$ '000	Retained earnings S\$ '000	Minority interests S\$ '000	Total S\$ '000
The Group					
Balance at 1 January 2007	77,001	(290)	71,390	4,662	152,763
Income and losses recognized directly in equity – Currency translation differences	-	2,674	-	(89)	2,585
Net profit	-	-	11,588	594	12,182
Total recognised gains	-	2,674	11,588	505	14,767
Dividends paid	-	-	(7,015)	(572)	(7,587)
Balance at 30 June 2007	77,001	2,384	75,963	4,595	159,943

	Share capital S\$ '000	Retained earnings S\$ '000	Total S\$ '000
The Company			
Balance at 1 January 2008	77,001	41,045	118,046
Net profit	-	3,323	3,323
Dividends paid	-	(7,892)	(7,892)
Balance at 30 June 2008	77,001	36,476	113,477

	Share capital S\$ '000	Retained earnings S\$ '000	Total S\$ '000
The Company			
Balance at 1 January 2007	77,001	32,120	109,121
Net profit	-	1,330	1,330
Dividends paid	-	(7,015)	(7,015)
Balance at 30 June 2007	77,001	26,435	103,436

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares, excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There was no change in the Company's number of shares since 31 December 2007. The share capital of the Company as at 30 June 2008 was 584,591,628 ordinary shares.

1(d)(iii) To show the 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 30/06/08	Company 31/12/07
Ordinary shares	584,591,628	584,591,628

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not Applicable.

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

The figures have not been audited nor reviewed.

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

Not Applicable.

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

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 2007.

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 01/04/08 - 30/06/08	Group 01/04/07 - 30/06/07	Group 01/01/08 - 30/06/08	Group 01/01/07 - 30/06/07
(a) Based on the number of ordinary shares on issue (cents)	1.11	1.10	2.00	1.98
(b) On fully diluted basis (cents)	1.11	1.10	2.00	1.98

- (i) The Group earnings per share for current and preceding periods are based on the actual number of shares in issue of 584,591,628 ordinary shares.
- (ii) Diluted earnings per share is the same as basic earnings per share. There are no dilutive potential ordinary shares as there are no outstanding share options at the beginning and end of the financial year.

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

NET ASSET VALUE PER SHARE

	Group 30/06/08	Group 31/12/07	Company 30/06/08	Company 31/12/07
Net asset value per ordinary share (cents)	29.23	28.76	19.41	20.19

The Group and Company net asset value per share as at 30 June 2008 and as at 31 December 2007 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 SECOND QUARTER FINANCIAL RESULTS

Group's turnover for 2Q of FY2008 at S\$120.2 million was S\$11.7 million or 10.8% higher than the S\$108.5 million achieved in 2Q of FY2007.

Turnover from the manufacturing business increased by S\$1.4 million or 3.6 % from S\$39.3 million in 2Q of FY2007 to S\$40.7 million in 2Q of FY2008.

Turnover from the distribution business increased by approximately S\$10.3 million or 14.9% from S\$69.2 million in 2Q of FY2007 to S\$79.5 million in 2Q of FY2008. The increase was primarily driven by stronger tyre sales.

Gross profit increased by approximately S\$5.9 million or 23.8% from S\$25.0 million in 2Q of FY2007 to S\$30.9 million in 2Q of FY2008, attributable to higher sales volumes and better margins achieved in distribution business.

The increase in distribution and administrative expenses in 2Q of FY2008 as compared to the same period of FY2007 was primarily due to higher delivery charges, together with increased expenses incurred in additional staff costs that arose in tandem with increase in business volume. The increase in finance expenses was primarily due to higher interest expenses incurred from bank borrowings to fund working capital.

Share of profit of associated companies decreased by approximately S\$0.1 million or 22.5% from S\$0.6 million in 2Q of FY2007 to S\$0.5 million in 2Q of FY2008 attributable to lower profit from O.Z. S.p.A.

The Group's profit before taxation and minority interests increased by approximately S\$1.1 million or 13.9% from S\$8.3 million in 2Q of FY2007 to S\$9.4 million in 2Q of FY2008.

REVIEW OF SIX MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (1H FY 2008 VS 1H FY 2007)

The Group's turnover of S\$231.8 million for the first half of FY2008 was S\$27.3 million or 13.3% higher than the S\$204.5 million recorded in first half of FY2007.

Turnover from the manufacturing business increased by approximately S\$5.2 million or 7.3% from S\$71.4 million in the first half of FY2007 to S\$76.6 million in the first half of FY2008, attributable to increased output from additional production capacity in Suzhou, PRC.

Turnover from the distribution business increased by approximately S\$22.1 million or 16.6% from S\$133.1 million in the first half of FY2007 to S\$155.2 million in the first half of FY2008. The increase was primarily driven by stronger tyre sales in ASEAN and Oceanic operations.

Gross profit increased by approximately S\$12.6 million or 27.4% from S\$46.2 million in the first half of FY2007 to S\$58.8 million in first half of FY2008. The increase was attributable to higher sales volumes and better gross margins achieved in distribution business.

The increase in distribution and administrative expenses was primarily due to higher operating overheads. The increase was attributable to higher fuel and delivery charges together with additional staff and other expenses that arose in tandem with increase in business volume. The increase in administrative expenses was also attributable to loss on foreign exchange for receivables as a result of unfavourable USD exchange rates against Renminbi. The increase in finance expenses was attributable to higher interest expenses incurred from bank borrowings to fund working capital and expansion projects in our PRC operations.

Share of profit of associated companies decreased by approximately S\$0.5 million or 34.6% from S\$1.5 million in 1H of FY2007 to S\$1.0 million in 1H of FY2008 attributable to lower profit from O.Z. S.p.A.

The Group's profit before taxation and minority interests increased by approximately S\$1.6 million or 10.3% to S\$17.0 million in the first half of FY2008 as compared to S\$15.4 million in the corresponding period of FY2007.

Total current assets increased by approximately S\$16.5 million mainly due to increase in receivables of approximately S\$9.8 million, increase in other current assets of approximately S\$0.1 million together with an increase of S\$6.6 million in cash. The increase in trade receivables was primarily in line with higher sales activities.

The increase in investment in associated companies of about S\$1.0 million was primarily due to share of profit in 1H of FY 2008.

The increase in current liabilities of about S\$10.0 million was primarily due to increase in current bank borrowings to fund working capital and expansion projects in our PRC operations.

Our cash flow showed a net increase in cash of about S\$6.6 million in 1H of FY2008 as compared to a net increase of approximately S\$5.4 million in 1H of FY2007 attributable to higher cash provided by operating activities.

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

Distribution business is expected to remain steady in the Group's geographical network.

Global aluminium prices remain volatile. If the aluminium prices continue to remain high, it will have an adverse impact on gross margins in our manufacturing business. The operating environment surrounding our manufacturing segment remains competitive and challenging, particularly in view of high energy, rising raw material costs and weakening of USD. The Group will continue to put in place various measures to improve its productivity and operational efficiency. To enhance our pricing strategy, the Group will continue to strengthen global brand equity for our proprietary brand "Advanti Racing".

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 2008.

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:	-	-

BY ORDER OF THE BOARD

Yuen Sou Wai
Executive Director
11/08/2008

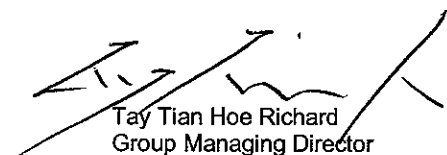
Submitted by Yuen Sou Wai, Executive Director on 11/08/2008 to the SGX.

YHI INTERNATIONAL LIMITED

Statement Pursuant to Rule 705(4) of the Listing Manual of the Singapore Exchange Securities Trading Limited

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of YHI International Limited for the quarter ended 30 June 2008, to be false or misleading in any material aspect.

On Behalf of the Board of Directors



Tay Tian Hoe Richard
Group Managing Director



Yuen Sou Wai
Executive Director & CFO