

# YHI INTERNATIONAL LIMITED

## Unaudited First 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 (1Q FY2008 vs 1Q FY2007)

	Group 01/01/08- 31/03/08 S\$ '000	Group 01/01/07- 31/03/07 S\$ '000	Incr/(Decr) %
Sales	111,583	96,009	16.2%
Cost of sales	(83,733)	(74,874)	11.8%
Gross profit	27,850	21,135	31.8%
Other gains	255	241	5.8%
Expenses			
- Distribution	(8,429)	(6,817)	23.6%
- Administrative	(10,980)	(7,397)	48.4%
- Finance	(1,618)	(905)	78.8%
Share of profit of associated companies	493	875	(43.7%)
Profit before income tax	7,571	7,132	6.2%
Income tax expense	(1,819)	(1,682)	8.1%
<b>Net profit</b>	<b>5,752</b>	<b>5,450</b>	<b>5.5%</b>
<b>Attributable to:</b>			
Equity holders of the Company	5,193	5,183	0.2%
Minority interests	559	267	109.4%
	<b>5,752</b>	<b>5,450</b>	<b>5.5%</b>

#### NOTES TO CONSOLIDATED INCOME STATEMENT (1Q FY2008 vs 1Q FY2007)

	Group 01/01/08- 31/03/08 S\$ '000	Group 01/01/07- 31/03/07 S\$ '000	Incr/(Decr) %
Interest income	68	63	7.9%
Interest on borrowings	(1,618)	(905)	78.8%
Depreciation	(2,820)	(2,428)	16.1%
Written back / (Allowance for) impairment of doubtful receivables and bad debts written off	102	(369)	(127.6%)
Written down of inventory	(477)	(178)	168.0%
Foreign exchange loss	(1,539)	(10)	NM
Share of profit of associated companies	493	875	(43.7%)
Gain on disposal of property, plant and equipment	-	31	NM

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**

	<b>Group</b> <b>31/03/08</b> <b>S\$ '000</b>	Group 31/12/07 S\$ '000	<b>Company</b> <b>31/03/08</b> <b>S\$ '000</b>	Company 31/12/07 S\$ '000
<b>Current assets</b>				
Cash and cash equivalents	22,406	23,360	146	471
Trade and other receivables	93,065	84,253	50,506	50,164
Inventories	91,174	92,971	-	-
Other current assets	10,296	9,864	46	39
	<b>216,941</b>	210,448	<b>50,698</b>	50,674
<b>Non-current assets</b>				
Financial assets, available-for-sale	6,830	6,830	-	-
Transferable club membership, at cost	131	131	-	-
Investment in associated companies	17,143	16,650	-	-
Investment in subsidiaries	-	-	72,917	72,917
Property, plant and equipment	86,722	88,643	307	351
Intangible assets	5,303	5,303	-	-
Deferred income tax assets	3,515	3,489	-	-
	<b>119,644</b>	121,046	<b>73,224</b>	73,268
<b>Total assets</b>	<b>336,585</b>	331,494	<b>123,922</b>	123,942
<b>Current liabilities</b>				
Trade and other payables	51,260	59,837	4,612	5,053
Current income tax liabilities	4,668	3,765	752	843
Borrowings	91,805	85,209	-	-
	<b>147,733</b>	148,811	<b>5,364</b>	5,896
<b>Non-current liabilities</b>				
Borrowings	9,587	8,307	-	-
Deferred income tax liabilities	1,256	1,305	-	-
	<b>10,843</b>	9,612	-	-
<b>Total liabilities</b>	<b>158,576</b>	158,423	<b>5,364</b>	5,896
<b>Net assets</b>	<b>178,009</b>	173,071	<b>118,558</b>	118,046
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital	77,001	77,001	77,001	77,001
Other reserves	359	1,125	-	-
Retained earnings	95,176	89,983	41,557	41,045
	<b>172,536</b>	168,109	<b>118,558</b>	118,046
<b>Minority interests</b>	<b>5,473</b>	4,962	-	-
<b>Total equity</b>	<b>178,009</b>	173,071	<b>118,558</b>	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 31/03/08		Group As at 31/12/07	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
91,805	-	85,209	-

### Amount repayable after one year

Group As at 31/03/08		Group As at 31/12/07	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
9,587	-	8,307	-

### Details of any collateral

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

- (i) a first legal mortgage on certain of the 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 (1Q FY2008 vs 1Q FY2007)**

	<b>Group 01/01/08- 31/03/08 S\$ '000</b>	<b>Group 01/01/07- 31/03/07 S\$ '000</b>
<b>Cash flows from operating activities</b>		
Net profit	5,752	5,450
Adjustments for:		
Income tax	1,819	1,682
Depreciation of property, plant and equipment	2,820	2,428
Interest expense	1,618	905
Interest income	(68)	(63)
(Gain)/loss on disposal of property, plant and equipment	-	(31)
Share of profit of associated companies	(493)	(875)
Changes in fair values of derivatives	-	73
Exchange differences	(253)	(21)
Operating cash flow before working capital changes	<u>11,195</u>	<u>9,548</u>
Changes in operating assets and liabilities:		
Trade and other receivables	(8,812)	(12,510)
Inventories	1,797	(4,391)
Other current assets	(432)	(5)
Trade and other payables	(8,232)	2,775
Cash used in operations	<u>(4,484)</u>	<u>(4,583)</u>
Interest received	68	63
Income tax paid	(995)	(769)
<b>Net cash used in operating activities</b>	<u>(5,411)</u>	<u>(5,289)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	87	65
Purchase of property, plant and equipment	(1,890)	(2,090)
Purchase of other investments	-	(366)
<b>Net cash used in investing activities</b>	<u>(1,803)</u>	<u>(2,391)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(1,545)	(887)
Proceeds from borrowings	12,928	5,950
Repayment of borrowings	(5,563)	(1,500)
Proceeds from/(Repayments of) finance lease liabilities	124	(59)
<b>Net cash provided by financing activities</b>	<u>5,944</u>	<u>3,504</u>
<b>Net decrease in cash and cash equivalents held</b>	<u>(1,270)</u>	<u>(4,176)</u>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>19,950</u>	<u>18,568</u>
Effects of exchange rate changes on cash and cash equivalents	(71)	(54)
<b>Cash and cash equivalents at the end of the financial period</b>	<u>18,609</u>	<u>14,338</u>

## Explanatory Notes:

Cash and cash equivalents comprise:-

Cash and bank balances  
Less: Bank overdrafts

<b>Group</b> <b>01/01/08-</b> <b>31/03/08</b> <b>S\$ '000</b>	<b>Group</b> <b>01/01/07-</b> <b>31/03/07</b> <b>S\$ '000</b>
<b>22,406</b>	16,432
<b>(3,797)</b>	(2,094)
<b>18,609</b>	14,338

**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

	<b>Share capital</b> <b>S\$ '000</b>	<b>Other reserves</b> <b>S\$ '000</b>	<b>Retained earnings</b> <b>S\$ '000</b>	<b>Minority interests</b> <b>S\$ '000</b>	<b>Total</b> <b>S\$ '000</b>
<b>The Group</b>					
<b>Balance at 1 January 2008</b>	77,001	1,125	89,983	4,962	173,071
Losses recognized directly in equity – Currency translation differences	-	(766)	-	(48)	(814)
Net profit	-	-	5,193	559	5,752
<b>Total recognised income/(losses)</b>	<b>-</b>	<b>(766)</b>	<b>5,193</b>	<b>511</b>	<b>4,938</b>
<b>Balance at 31 March 2008</b>	<b>77,001</b>	<b>359</b>	<b>95,176</b>	<b>5,473</b>	<b>178,009</b>

	<b>Share capital</b> <b>S\$ '000</b>	<b>Other reserves</b> <b>S\$ '000</b>	<b>Retained earnings</b> <b>S\$ '000</b>	<b>Minority interests</b> <b>S\$ '000</b>	<b>Total</b> <b>S\$ '000</b>
<b>The Group</b>					
<b>Balance at 1 January 2007</b>	77,001	(290)	71,390	4,662	152,763
Income and losses recognized directly in equity – Currency translation differences	-	288	-	(346)	(58)
Net profit	-	-	5,183	267	5,450
<b>Total recognised income/(losses)</b>	<b>-</b>	<b>288</b>	<b>5,183</b>	<b>(79)</b>	<b>5,392</b>
<b>Balance at 31 March 2007</b>	<b>77,001</b>	<b>(2)</b>	<b>76,573</b>	<b>4,583</b>	<b>158,155</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital S\$ '000	Retained earnings S\$ '000	Total S\$ '000
<b>The Company</b>			
Balance at 1 January 2008	77,001	41,045	118,046
Net profit	-	512	512
Balance at 31 March 2008	77,001	41,557	118,558

	Share capital S\$ '000	Retained earnings S\$ '000	Total S\$ '000
<b>The Company</b>			
Balance at 1 January 2007	77,001	32,120	109,121
Net profit	-	409	409
Balance at 31 March 2007	77,001	32,529	109,530

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 31 March 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 31/03/08	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**

	<b>Group 01/01/08 - 31/03/08</b>	Group 01/01/07 - 31/03/07
(a) Based on the number of ordinary shares on issue (cents)	<b>0.89</b>	0.89
(b) On fully diluted basis (cents)	<b>0.89</b>	0.89

- (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**

	<b>Group 31/03/08</b>	Group 31/12/07	<b>Company 31/03/08</b>	Company 31/12/07
Net asset value per ordinary share (cents)	<b>29.51</b>	28.76	<b>20.28</b>	20.19

The Group and Company net asset value per share as at 31 March 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 FIRST QUARTER FINANCIAL RESULTS AND FINANCIAL POSITION**

The Group's turnover for 1Q of FY2008 at S\$111.6 million was S\$15.6 million or 16.2% higher than the S\$96.0 million recorded in 1Q of FY2007.

Turnover from the manufacturing business increased by approximately S\$3.8 million or 11.8% from S\$32.1 million in 1Q of FY2007 to S\$35.9 million in 1Q of FY2008, primarily due to increased output from additional production capacity in Suzhou, PRC.

Turnover from the distribution business increased by approximately S\$11.8 million or 18.5% from S\$63.9 million in 1Q of FY2007 to S\$75.7 million in 1Q of FY2008. The increase was primarily driven by stronger sales in tyres and rims in Asean and Oceanic region.

Gross profit increased by approximately S\$6.7 million or 31.8% from S\$21.1 million in 1Q of FY2007 to S\$27.8 million in 1Q of FY2008. The improved gross margin of about 3% was attributable to higher margins achieved in distribution business.

The increase in distribution and administrative expenses in 1Q of FY2008 as compared to the same period of FY2007 was primarily due to higher fuel and delivery charges, together with other expenses that arose in tandem with increase in business volume. The increase in administrative expenses was also attributed 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.

Share of profit of associated companies decreased by approximately S\$0.4 million or 43.7% from S\$0.9 million in 1Q of FY2007 to S\$0.5 million in 1Q of FY2008 attributable to lower profit from O.Z. S.p.A.

Profit before taxation and minority interests increased by about S\$0.4 million or 6.2% as compared to same period of FY2007.

Total current assets increased by approximately S\$6.5 million due to increase in receivables of approximately S\$8.8 million and in other current assets of approximately S\$0.4 million offset by decrease in inventories of approximately S\$1.8 million and decrease in cash of approximately S\$0.9 million. The increase in trade receivables was primarily in line with higher sales activities.

The increase in investment in associated companies of about S\$0.5 million was primarily due to share of profit in Q1 of FY 2008.

The decrease in current liabilities of about S\$1.1 million was primarily due to decrease in trade payables of approximately S\$8.6 million and an increase in current bank borrowings of approximately S\$6.6 million.

Our cash flow for the period showed a net decrease in cash of about S\$1.3 million in 1Q of FY2008 as compared to a net decrease of approximately S\$4.2 million in 1Q of FY2007 primarily due to higher cash provided by financing 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 segment sales are expected to remain steady and will continue to grow.

The operating environment surrounding our manufacturing segment continues to be competitive and challenging, particularly in view of the rising energy, raw material costs and the weakening USD exchange rates. 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. To mitigate the effect arising from these factors, the Group will continue to put in place various measures including its focus to improve its productivity and operational efficiency.

**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/recommendeded, a statement to that effect**

No dividend has been recommended for the period ended 31 March 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

	Latest Full Year S\$ '000	Previous Full Year S\$ '000
Ordinary	-	-
Preference	-	-
Total:	-	-

**BY ORDER OF THE BOARD**

Yuen Sou Wai  
Executive Director  
14/05/2008

Submitted by Yuen Sou Wai, Executive Director on 14/05/2008 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 31 March 2008, to be false or misleading in any material aspect.

On Behalf of the Board of Directors



Tay Tian Hoe Richard  
Managing Director



Yuen Sou Wai  
Executive Director & CFO