

[Print this page](#)**First Quarter * Financial Statement And Dividend Announcement**

* Asterisks denote mandatory information

Name of Announcer *	YHI INTERNATIONAL LIMITED
Company Registration No.	200007455H
Announcement submitted on behalf of	YHI INTERNATIONAL LIMITED
Announcement is submitted with respect to *	YHI INTERNATIONAL LIMITED
Announcement is submitted by *	Yuen Sou Wai
Designation *	Executive Director
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>> Announcement Details

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For the Financial Period Ended *	31-03-2007
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YHI INTERNATIONAL LIMITED

Unaudited First Quarter 2007 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 FY2007 vs 1Q FY2006)

	Group 01/01/07- 31/03/07 S\$ '000	Group 01/01/06 - 31/03/06 S\$ '000	Incr/(Decr) %
Sales	96,009	95,799	0.2%
Cost of sales	(74,874)	(73,017)	2.5%
Gross profit	21,135	22,782	(7.2%)
Other gains	241	93	159.1%
Expenses			
- Distribution	(6,817)	(7,234)	(5.8%)
- Administrative	(7,397)	(8,104)	(8.7%)
- Finance	(905)	(658)	37.5%
Share of profit of associated companies	875	-	NM
Profit before income tax	7,132	6,879	3.7%
Income tax expense	(1,682)	(1,500)	12.1%
Net profit	5,450	5,379	1.3%
Attributable to:			
Equity holders of the Company	5,183	5,105	1.5%
Minority interests	267	274	(2.6%)
	5,450	5,379	1.3%

NOTES TO CONSOLIDATED INCOME STATEMENT (1Q FY2007 vs 1Q FY2006)

	Group 01/01/07- 31/03/07 S\$ '000	Group 01/01/06 - 31/03/06 S\$ '000	Incr/(Decr) %
Interest income	63	90	(30.0%)
Interest on borrowings	(905)	(658)	37.5%
Depreciation	(2,428)	(1,679)	44.6%
Allowance for impairment of doubtful receivables and bad debts written off	(369)	(588)	(37.2%)
Written down of inventory	(178)	(298)	(40.3%)
Net foreign exchange loss	(10)	(172)	(94.2%)
Share of profit of associated companies	875	-	NM
Gain/(loss) on disposal of property, plant and equipment	31	(78)	(139.7%)

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 31/03/07 S\$ '000	Group 31/12/06 S\$ '000	Company 31/03/07 S\$ '000	Company 31/12/06 S\$ '000
Current assets				
Cash and cash equivalents	16,432	19,890	365	529
Trade and other receivables	79,137	66,627	47,783	47,541
Inventories	72,137	67,746	-	-
Derivatives	-	283	-	-
Other current assets	6,134	6,129	31	31
	173,840	160,675	48,179	48,101
Non-current assets				
Financial assets, available-for-sale	5,512	5,146	-	-
Investment in associated companies	15,049	14,174	-	-
Investment in subsidiaries	-	-	66,226	66,226
Property, plant and equipment	83,024	83,512	487	531
Intangible assets	5,303	5,303	-	-
Deferred income tax assets	2,868	2,862	-	-
	111,756	110,997	66,713	66,757
Total assets	285,596	271,672	114,892	114,858
Current liabilities				
Trade and other payables	56,739	54,091	4,203	4,478
Current income tax liabilities	4,416	3,398	1,159	1,259
Borrowings	58,288	53,267	-	-
Derivatives	-	210	-	-
	119,443	110,966	5,362	5,737
Non-current liabilities				
Borrowings	6,300	6,159	-	-
Deferred income tax liabilities	1,698	1,784	-	-
	7,998	7,943	-	-
Total liabilities	127,441	118,909	5,362	5,737
Net assets	158,155	152,763	109,530	109,121
Capital and reserves attributable to the Company's equity holders				
Share capital	77,001	77,001	77,001	77,001
Other reserves	(2)	(290)	-	-
Retained earnings	76,573	71,390	32,529	32,120
	153,572	148,101	109,530	109,121
Minority interests	4,583	4,662	-	-
Total equity	158,155	152,763	109,530	109,121

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 31/03/07		Group As at 31/12/06	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
58,288	-	53,267	-

Amount repayable after one year

Group As at 31/03/07		Group As at 31/12/06	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
6,300	-	6,159	-

Details of any collateral

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

- (i) a first legal mortgage on 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\$11.6 million (2006: 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 FY2007 vs 1Q FY2006)

	Group 01/01/07- 31/03/07 S\$ '000	Group 01/01/06 - 31/03/06 S\$ '000
Cash flows from operating activities		
Net profit	5,450	5,379
Adjustments for:		
Income tax	1,682	1,500
Depreciation of property, plant and equipment	2,428	1,679
Interest expense	905	658
Interest income	(63)	(90)
(Gain)/loss on disposal of property, plant and equipment	(31)	78
Share of profit of associated companies	(875)	-
Changes in fair values of derivatives	73	39
Exchange differences	(21)	(632)
Operating cash flow before working capital changes	<u>9,548</u>	<u>8,611</u>
Changes in operating assets and liabilities:		
Trade and other receivables	(12,510)	(9,673)
Inventories	(4,391)	(2,405)
Other current assets	(5)	(4,678)
Trade and other payables	2,775	6,828
Cash used in operations	<u>(4,583)</u>	<u>(1,317)</u>
Interest received	63	90
Income tax paid	(769)	(770)
Net cash used in operating activities	<u>(5,289)</u>	<u>(1,997)</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	65	57
Purchase of property, plant and equipment	(2,090)	(11,190)
Purchase of other investments	(366)	(3,493)
Acquisition of investments in associated companies	-	(2,391)
Net cash used in investing activities	<u>(2,391)</u>	<u>(17,017)</u>
Cash flows from financing activities		
Interest paid	(887)	(634)
Proceeds from/(repayment of) trust receipts loans	1,356	(289)
Proceeds from short-term bank loans	4,022	4,943
(Repayments of)/proceeds from long-term bank loans	(928)	7,157
Repayments of finance lease liabilities	(59)	(181)
Net cash used in financing activities	<u>3,504</u>	<u>10,996</u>
Net decrease in cash and cash equivalents held	(4,176)	(8,018)
Cash and cash equivalents at the beginning of the financial period	18,568	27,596
Effects of exchange rate changes on cash and cash equivalents	(54)	(360)
Cash and cash equivalents at the end of the financial period	<u>14,338</u>	<u>19,218</u>

Explanatory Notes:

Cash and cash equivalents comprise:-

	Group 01/01/07- 31/03/07 S\$ '000	Group 01/01/06 - 31/03/06 S\$ '000
Cash and bank balances	16,432	20,214
Less: Bank overdrafts	(2,094)	(996)
	14,338	19,218

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 2007	77,001	(290)	71,390	4,662	152,763
Gains and losses recognized directly in equity – Currency translation differences	-	288	-	(346)	(58)
Net profit	-	-	5,183	267	5,450
Total recognised gains	-	288	5,183	(79)	5,392
Balance at 31 March 2007	77,001	(2)	76,573	4,583	158,155

	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 2006	77,001	3,040	49,861	3,410	133,312
Losses recognized directly in equity – Currency translation differences	-	(1,785)	-	(700)	(2,485)
Net profit	-	-	5,105	274	5,379
Total recognised gains	-	(1,785)	5,105	(426)	2,894
Transfer to other reserves	-	174	(174)	-	-
Balance at 31 March 2006	77,001	1,429	54,792	2,984	136,206

STATEMENT OF CHANGES IN EQUITY

	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	-	409	409
Balance at 31 March 2007	77,001	32,529	109,530

	Share capital S\$ '000	Retained earnings S\$ '000	Total S\$ '000
The Company			
Balance at 1 January 2006	77,001	22,455	99,456
Net profit	-	50	50
Balance at 31 March 2006	77,001	22,505	99,506

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 2006. The share capital of the Company as at 31 March 2007 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 2006.

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 01/01/07 - 31/03/07	Group 01/01/06 - 31/03/06
(a) Based on the number of ordinary shares on issue (cents)	0.89	0.87
(b) On fully diluted basis (cents)	NA	NA

NA – Not Applicable

- (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 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 31/03/07	Group 31/12/06	Company 31/03/07	Company 31/12/06
Net asset value per ordinary share (cents)	26.27	25.33	18.74	18.67

The Group and Company Actual net asset value per share as at 31 March 2007 and as at 31 December 2006 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 FY2007 of S\$96.0 million was S\$0.2 million or 0.2% higher than the S\$95.8 million recorded in 1Q of FY2006.

Turnover from the manufacturing business increased by approximately S\$8.6 million or 36.6% from S\$23.5 million in 1Q of FY2006 to S\$32.1 million in 1Q of FY2007. The increase was primarily due to increased output from additional production capacity in Suzhou, PRC.

Turnover from the distribution business decreased by approximately S\$8.4 million or 11.6% from S\$72.3 million in 1Q of FY2006 to S\$63.9 million in 1Q of FY2007. The decrease was primarily due to exclusion of Yokohama tyre sales in PRC as a result of formation of a joint venture entity in which the Group has a 49% stake.

Distribution and administrative expenses were lower in 1Q of FY2007 as compared to the same period of FY2006 mainly due to lower advertising and promotional expenses and lower allowance for impairment of doubtful receivables. Finance costs in 1Q of FY2007 were higher as compared to 1Q of FY2006 attributable to higher borrowing costs incurred.

Total Group's gross profit margin in 1Q of FY2007 decreased by about 1.8% as compared to 1Q of FY2006 attributable to lower gross margin from manufacturing business which was mainly affected by the rising aluminum prices and also operating losses due to diseconomies of scale in our Malaysia plant which is currently operating on 1 production line.

The Group's profit before taxation increased by approximately S\$0.3 million or 3.7% from S\$6.8 million in 1Q of FY2006 to S\$7.1 million in 1Q of FY2007.

Total current assets increased by approximately S\$13.1 million due to increase in receivables of approximately S\$12.5 million, and in inventories of approximately S\$4.4 million together with a reduction of S\$3.5 million in cash. The increase in trade receivables was due to timing difference and was in line with normal trading activities. The increase in inventories was primarily due to higher stockholdings in view of price increases from suppliers. The reduction in cash was primarily due to working capital changes.

The increase in available-for-sale financial assets of approximately S\$0.4 million was due to additional investment in Hangzhou Yokohama Tire Co Ltd.

The increase in investment in associated companies of about S\$0.9 million was due to share of profit contributed by our associates in OZ S.p.A and Yokohama Tire (Shanghai) Sales Co Ltd.

The increase in current liabilities of about S\$8.5 million was primarily due to increase in trade payables of approximately S\$2.6 million from higher trading activities and an increase of about S\$5.0 million in current bank borrowings.

Our cash flow for the period showed a net decrease in cash of about S\$4.2 million in 1Q of FY2007 as compared to a net decrease of approximately S\$8.0 million in the same period last year primarily due to lower capital expenditure spendings.

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

Most suppliers in our distribution business segment have increased their prices. However we are in a position to recover the price increases in the market place. Accordingly, our distribution sales are expected to remain steady.

Global aluminum prices remained volatile in Q1 FY2007. If the aluminum prices continue to remain high, it will have an adverse impact on our gross profit margins, particularly, for alloy wheels manufactured outside our PRC factories. We shall continue to monitor the aluminum prices and our production costs closely.

Our initial 3 production lines in our Suzhou factory in the PRC are operating smoothly and we are in the process of installing another 3 production lines by the end of first half of FY2007. Our Sepang factory in Malaysia is presently operating on 1 production line and is still experiencing some diseconomies of scale and is expected to improve when the second line is put in place by Q3 of FY2007.

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 2007.

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
11/05/2007

Submitted by Yuen Sou Wai, Executive Director on 11/05/2007 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 2007, 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