

[Print this page](#)**Third 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**

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2008
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# YHI INTERNATIONAL LIMITED

## Unaudited Third 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 (3Q FY2008 vs 3Q FY2007)

	Group 01/07/08- 30/09/08 S\$ '000	Group 01/07/07- 30/09/07 S\$ '000	Incr/(Decr) %
Sales	128,339	112,194	14.4%
Cost of sales	(98,615)	(86,716)	13.7%
Gross profit	29,724	25,478	16.7%
Other gains	601	128	369.5%
Expenses			
- Distribution	(10,484)	(8,263)	26.9%
- Administrative	(12,202)	(9,651)	26.4%
- Finance	(1,618)	(1,353)	19.6%
Share of profit of associated companies	228	785	(71.0%)
Profit before income tax	6,249	7,124	(12.3%)
Income tax expense	(1,986)	(875)	127.0%
<b>Net profit</b>	<b>4,263</b>	<b>6,249</b>	<b>(31.8%)</b>
<b>Attributable to:</b>			
Equity holders of the Company	3,828	5,728	(33.2%)
Minority interests	435	521	(16.5%)
	<b>4,263</b>	<b>6,249</b>	<b>(31.8%)</b>

#### NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2008 vs 3Q FY2007)

	Group 01/07/08- 30/09/08 S\$ '000	Group 01/07/07- 30/09/07 S\$ '000	Incr/(Decr) %
Interest income	30	63	(52.4%)
Interest on borrowings	(1,618)	(1,353)	19.6%
Depreciation	(3,010)	(2,660)	13.2%
Impairment charge on goodwill	(1,142)	-	NM
(Allowance for) / Written back impairment of doubtful receivables and bad debts written off	(398)	331	(220.2%)
(Written down) / Written back of inventory	(416)	232	(279.3%)
Net foreign exchange loss	(940)	(590)	59.3%
Share of profit of associated companies	228	785	(71.0%)
Gain on disposal of property, plant and equipment	14	56	(75.0%)

NM – Not meaningful

**1(a)(ii) CONSOLIDATED INCOME STATEMENT (YTD SEP FY2008 vs YTD SEP FY2007)**

	<b>Group 01/01/08- 30/09/08 S\$'000</b>	<b>Group 01/01/07- 30/09/07 S\$'000</b>	<b>Incr/(Decr) %</b>
Sales	<b>360,106</b>	316,705	13.7%
Cost of sales	<b>(271,574)</b>	(245,076)	10.8%
Gross profit	<b>88,532</b>	71,629	23.6%
Other gains	<b>1,472</b>	1,086	35.5%
Expenses			
- Distribution	<b>(29,136)</b>	(23,002)	26.7%
- Administrative	<b>(33,918)</b>	(26,102)	29.9%
- Finance	<b>(4,933)</b>	(3,398)	45.2%
Share of profit of associated companies	<b>1,232</b>	2,319	(46.9%)
Profit before income tax	<b>23,249</b>	22,532	3.2%
Income tax expense	<b>(6,070)</b>	(4,100)	48.0%
<b>Net profit</b>	<b>17,179</b>	18,432	(6.8%)
<b>Attributable to:</b>			
Equity holders of the Company	<b>15,516</b>	17,316	(10.4%)
Minority interests	<b>1,663</b>	1,116	49.0%
	<b>17,179</b>	18,432	(6.8%)

**NOTES TO CONSOLIDATED INCOME STATEMENT (YTD SEP FY2008 vs YTD SEP FY2007)**

	<b>Group 01/01/08- 30/09/08 S\$'000</b>	<b>Group 01/01/07- 30/09/07 S\$'000</b>	<b>Incr/(Decr) %</b>
Interest income	<b>282</b>	235	20.0%
Interest on borrowings	<b>(4,933)</b>	(3,398)	45.2%
Depreciation	<b>(8,667)</b>	(7,478)	15.9%
Impairment charge on goodwill	<b>(1,142)</b>	-	NM
Allowance for impairment of doubtful receivables and bad debts written off	<b>(864)</b>	(545)	58.5%
Written down of slow-moving and obsolete inventories	<b>(1,275)</b>	(649)	96.5%
Net foreign exchange loss	<b>(3,269)</b>	(632)	NM
Share of profit of associated companies	<b>1,232</b>	2,319	(46.9%)
Gain on disposal of property, plant and equipment	<b>206</b>	154	33.8%

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>30/09/08</b> <b>S\$ '000</b>	Group 31/12/07 S\$ '000	<b>Company</b> <b>30/09/08</b> <b>S\$ '000</b>	Company 31/12/07 S\$ '000
<b>Current assets</b>				
Cash and cash equivalents	20,768	23,360	158	471
Trade and other receivables	104,678	84,253	30,664	50,164
Inventories	94,028	92,971	-	-
Other current assets	8,772	9,864	67	39
	<b>228,246</b>	210,448	<b>30,889</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	17,882	16,650	-	-
Investment in subsidiaries	-	-	83,818	72,917
Property, plant and equipment	89,479	88,643	183	351
Intangible assets	4,161	5,303	-	-
Deferred income tax assets	3,696	3,489	-	-
	<b>122,179</b>	121,046	<b>84,001</b>	73,268
<b>Total assets</b>	<b>350,425</b>	331,494	<b>114,890</b>	123,942
<b>Current liabilities</b>				
Trade and other payables	60,153	59,837	663	5,053
Current income tax liabilities	4,250	3,765	457	843
Borrowings	94,176	85,209	-	-
	<b>158,579</b>	148,811	<b>1,120</b>	5,896
<b>Non-current liabilities</b>				
Borrowings	8,380	8,307	-	-
Deferred income tax liabilities	1,047	1,305	-	-
	<b>9,427</b>	9,612	-	-
<b>Total liabilities</b>	<b>168,006</b>	158,423	<b>1,120</b>	5,896
<b>Net assets</b>	<b>182,419</b>	173,071	<b>113,770</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	2,491	1,125	-	-
Retained earnings	97,607	89,983	36,769	41,045
	<b>177,099</b>	168,109	<b>113,770</b>	118,046
<b>Minority interests</b>	<b>5,320</b>	4,962	-	-
<b>Total equity</b>	<b>182,419</b>	173,071	<b>113,770</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 30/09/08		Group As at 31/12/07	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
94,176	-	85,209	-

### Amount repayable after one year

Group As at 30/09/08		Group As at 31/12/07	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
8,380	-	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 (3Q FY2008 vs 3Q FY2007)**

	<b>Group 01/07/08- 30/09/08 S\$ '000</b>	<b>Group 01/07/07- 30/09/07 S\$ '000</b>
<b>Cash flows from operating activities</b>		
Net profit	4,263	6,249
Adjustments for:		
Income tax	1,986	875
Depreciation of property, plant and equipment	3,010	2,660
Impairment charge on goodwill	1,142	-
Interest expense	1,618	1,353
Interest income	(30)	(63)
Gain on disposal of property, plant and equipment	(14)	(56)
Share of profit of associated companies	(228)	(785)
Exchange differences	(1,329)	269
Operating cash flow before working capital changes	<u>10,418</u>	<u>10,502</u>
Changes in operating assets and liabilities:		
Trade and other receivables	(10,602)	(3,626)
Inventories	(1,001)	(5,401)
Other current assets	1,203	(1,437)
Trade and other payables	9,421	(4,609)
Cash generated from/(used in) operations	<u>9,439</u>	<u>(4,571)</u>
Interest received	30	63
Income tax paid	(1,794)	(1,825)
<b>Net cash provided by/(used in) operating activities</b>	<u><b>7,675</b></u>	<u><b>(6,333)</b></u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	277	1,794
Purchase of property, plant and equipment	(4,070)	(2,979)
Acquisition of financial assets, available-for-sale	-	(1,434)
<b>Net cash used in investing activities</b>	<u><b>(3,793)</b></u>	<u><b>(2,619)</b></u>
<b>Cash flows from financing activities</b>		
Dividends paid to minority interests	-	(572)
Interest paid	(1,694)	(1,324)
Proceeds from borrowings	1,499	8,820
Repayment of borrowings	(13,195)	(6,388)
Repayment of finance lease	(98)	(87)
<b>Net cash (used in)/provided by financing activities</b>	<u><b>(13,488)</b></u>	<u><b>449</b></u>
<b>Net decrease in cash and cash equivalents held</b>	<u><b>(9,606)</b></u>	<u><b>(8,503)</b></u>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u><b>26,714</b></u>	<u><b>24,260</b></u>
Effects of exchange rate changes on cash and cash equivalents	176	(207)
<b>Cash and cash equivalents at the end of the financial period</b>	<u><b>17,284</b></u>	<u><b>15,550</b></u>

**Explanatory Notes:**

Cash and cash equivalents comprise:-

	<b>Group 01/07/08- 30/09/08 S\$ '000</b>	<b>Group 01/07/07- 30/09/07 S\$ '000</b>
Cash and bank balances	20,768	18,472
Less: Bank overdrafts	(3,484)	(2,922)
	<u>17,284</u>	<u>15,550</u>

**1(c)(ii) CONSOLIDATED CASH FLOW STATEMENT (YTD SEP FY2008 vs YTD SEP FY2007)**

	<b>Group 01/01/08- 30/09/08 S\$ '000</b>	<b>Group 01/01/07- 30/09/07 S\$ '000</b>
<b>Cash flows from operating activities</b>		
Net profit	17,179	18,432
Adjustments for:		
Income tax	6,070	4,100
Depreciation of property, plant and equipment	8,667	7,478
Impairment charge on goodwill	1,142	-
Interest expense	4,933	3,398
Interest income	(282)	(235)
Gain on disposal of property, plant and equipment	(206)	(154)
Share of profit of associated companies	(1,232)	(2,319)
Changes in fair values of derivatives	-	73
Exchange differences	(2,065)	(6)
Operating cash flow before working capital changes	<b>34,206</b>	<b>30,767</b>
Changes in operating assets and liabilities:		
Trade and other receivables	(20,425)	(23,960)
Inventories	(1,057)	(13,888)
Other current assets	1,092	(3,732)
Trade and other payables	981	5,659
Cash generated from/(used in) operations	<b>14,797</b>	<b>(5,154)</b>
Interest received	282	235
Income tax paid	(5,754)	(5,309)
<b>Net cash provided by/(used in) operating activities</b>	<b>9,325</b>	<b>(10,228)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	769	2,063
Purchase of property, plant and equipment	(8,612)	(13,861)
Acquisition of financial assets, available-for-sale	-	(1,815)
<b>Net cash used in investing activities</b>	<b>(7,843)</b>	<b>(13,613)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders	(7,892)	(7,015)
Dividends paid to minority interests	(471)	(572)
Interest paid	(4,981)	(3,333)
Proceeds from borrowings	31,226	40,723
Repayment of borrowings	(22,329)	(8,888)
Repayment of finance lease	(6)	(165)
<b>Net cash (used in)/provided by financing activities</b>	<b>(4,453)</b>	<b>20,750</b>
<b>Net decrease in cash and cash equivalents held</b>	<b>(2,971)</b>	<b>(3,091)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>19,950</b>	<b>18,568</b>
Effects of exchange rate changes on cash and cash equivalents	305	73
<b>Cash and cash equivalents at the end of the financial period</b>	<b>17,284</b>	<b>15,550</b>

**Explanatory Notes:**

Cash and cash equivalents comprise:-

	<b>Group 01/01/08- 30/09/08 S\$ '000</b>	<b>Group 01/01/07- 30/09/07 S\$ '000</b>
Cash and bank balances	20,768	18,472
Less: Bank overdrafts	(3,484)	(2,922)
	<b>17,284</b>	<b>15,550</b>

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
<b>The Group</b>					
<b>Balance at 1 January 2008</b>	77,001	1,125	89,983	4,962	173,071
Gain/(losses) recognized directly in equity – Currency translation differences	-	1,366	-	(834)	532
Net profit	-	-	15,516	1,663	17,179
<b>Total recognised gains</b>	-	1,366	15,516	829	17,711
Dividends paid	-	-	(7,892)	(471)	(8,363)
<b>Balance at 30 September 2008</b>	77,001	2,491	97,607	5,320	182,419

	Share capital S\$ '000	Other reserves S\$ '000	Retained earnings S\$ '000	Minority interests S\$ '000	Total S\$ '000
<b>The Group</b>					
<b>Balance at 1 January 2007</b>	77,001	(290)	71,390	4,662	152,763
Gain/(losses) recognized directly in equity – Currency translation differences	-	1,270	-	(549)	721
Net profit	-	-	17,316	1,116	18,432
<b>Total recognised gains</b>	-	1,270	17,316	567	19,153
Dividends paid	-	-	(7,015)	(572)	(7,587)
<b>Balance at 30 September 2007</b>	77,001	980	81,691	4,657	164,329

	Share capital S\$ '000	Retained earnings S\$ '000	Total S\$ '000
<b>The Company</b>			
<b>Balance at 1 January 2008</b>	77,001	41,045	118,046
Net profit	-	3,616	3,616
Dividends paid	-	(7,892)	(7,892)
<b>Balance at 30 September 2008</b>	77,001	36,769	113,770

	Share capital S\$ '000	Retained earnings S\$ '000	Total S\$ '000
<b>The Company</b>			
<b>Balance at 1 January 2007</b>	77,001	32,120	109,121
Net profit	-	1,588	1,588
Dividends paid	-	(7,015)	(7,015)
<b>Balance at 30 September 2007</b>	77,001	26,693	103,694

**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 September 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**

	<b>Company 30/09/08</b>	<b>Company 31/12/07</b>
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 01/07/08 - 30/09/08</b>	<b>Group 01/07/07 - 30/09/07</b>	<b>Group 01/01/08 - 30/09/08</b>	<b>Group 01/01/07 - 30/09/07</b>
(a) Based on the number of ordinary shares on issue (cents)	0.65	0.98	2.65	2.96
(b) On fully diluted basis (cents)	0.65	0.98	2.65	2.96

- (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 30/09/08</b>	Group 31/12/07	<b>Company 30/09/08</b>	Company 31/12/07
Net asset value per ordinary share (cents)	<b>30.29</b>	28.76	<b>19.46</b>	20.19

The Group and Company net asset value per share as at 30 September 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 THIRD QUARTER FINANCIAL RESULTS (3Q FY 2008 VS 3Q FY 2007)**

The Group's turnover for 3Q of FY2008 of S\$128.3 million was S\$16.1 million or 14.4% higher than the S\$112.2 million recorded in 3Q of FY2007 primarily due to higher turnover from the distribution business segment.

Gross profit increased by approximately S\$4.2 million or 16.7% from S\$25.5 million in 3Q of FY2007 to S\$29.7 million in 3Q of FY2008. The increase was primarily due to higher sales volumes in our distribution business.

The increase in distribution and administrative expenses in 3Q 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 in our distribution business. The increase in administrative expenses was also attributed to an impairment charge of S\$1.14 million in goodwill relating to a subsidiary in the PRC. The impairment charge arose following a decision to sell the wholly owned loss making subsidiary to a non related third party. The increase in finance expenses was primarily due to higher interest expenses incurred from increased bank borrowings to fund working capital.

Share of profit of associated companies decreased by approximately S\$0.6 million or 71.0% from S\$0.8 million in 3Q of FY2007 to S\$0.2 million in 3Q of FY2008 attributable to lower profit from O.Z. S.p.A.

The increase in income tax expense in 3Q of FY2008 as compared to the same period of FY2007 was attributable to higher taxation incurred in the distribution business particularly in ASEAN and Oceanic operations.

Profit after taxation and minority interests decreased by approximately S\$1.9 million or 33.2% from S\$5.7 million in 3Q of FY2007 to S\$3.8 million in 3Q of FY 2008. The decrease was primarily due to the one-off impairment charge in goodwill of S\$1.14 million relating to a subsidiary pending for sales.

#### **REVIEW OF NINE MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (YTD SEP FY 2008 VS YTD SEP FY 2007)**

The Group's turnover of S\$360.1 million for the first 9 months of FY2008 was S\$43.4 million or 13.7% higher than the S\$316.7 million recorded in first 9 months of FY2007.

Turnover from the manufacturing business increased by approximately S\$8.5 million or 7.4% from S\$115.3 million in the first 9 months of FY2007 to S\$123.8 million in the first 9 months of FY2008, attributable to increased output from additional production capacity in Suzhou, PRC.

Turnover from the distribution business increased by approximately S\$34.9 million or 17.3% from S\$201.4 million in the first 9 months of FY2007 to S\$236.3 million in the first 9 months of FY2008. The increase was primarily driven by stronger tyre sales in ASEAN and Oceanic operations.

Gross profit increased by approximately S\$16.9 million or 23.6% from S\$71.6 million in the first 9 months of FY2007 to S\$88.5 million in the first 9 months 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. An impairment charge of S\$1.14 million in goodwill was included within the administrative expenses. The impairment charge arose following a decision to sell a wholly owned loss making subsidiary in the PRC. In addition, the increase in administrative expenses was also attributable to loss on foreign exchange for receivables as a result of unfavourable 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\$1.1 million or 46.9% from S\$2.3 million for the first 9 months of FY2007 to S\$1.2 million for the first 9 months of FY2008 attributable to lower profit from O.Z. S.p.A.

The increase in income tax expense for the first 9 months of FY2008 as compared to the same period of FY2007 was attributable to higher taxation incurred in the distribution business particularly in ASEAN and Oceanic operations.

Profit after taxation and minority interests decreased by approximately S\$1.8 million or 10.4% from S\$17.3 million for the first 9 months of FY2007 to S\$15.5 million for the first 9 months of FY 2008. Excluding the one-off impairment charge of S\$1.14 million in goodwill arising from the pending disposal of shares in the PRC subsidiary, normal Group's profit attributable to equity holders in the first 9 months of FY2008 would have been S\$16.6 million.

Total current assets increased by approximately S\$17.8 million mainly due to increase in receivables of approximately S\$20.4 million, and increase of S\$1.1 million in inventories, together with decrease in other current assets of approximately S\$1.1 million, and a decrease of S\$2.6 million in cash. The increase in receivables was in line with higher sales in our distribution business segment. In addition, there was an increase in sales at our PRC factories in the third quarter attributable to delivery of winter wheels. Most of these trade receivables remained outstanding but still within the normal credit terms permitted.

The increase in investment in associated companies of about S\$1.2 million was primarily due to share of profit contributed by our associated company, O.Z. S.p.A.

The decrease in intangible assets of approximately S\$1.1 million was primarily due to the impairment charge on the goodwill relating to a subsidiary pending for sale.

The increase in current liabilities of about S\$9.8 million was primarily due to increase in current bank borrowings to fund working capital and expansion projects in our PRC operations.

Our cash flow for the period showed a net decrease in cash of about S\$3.0 million in nine month of FY2008 as compared to a net decrease of approximately S\$3.1 million in nine month of FY2007.

**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**

In view of prevailing global economic crisis, both our distribution and manufacturing segments will continue to operate in a challenging business environment. We will strive for continual innovation and improvement in our production systems to improve productivity and to reduce operating costs.

**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 September 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

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

**BY ORDER OF THE BOARD**

Yuen Sou Wai  
Executive Director  
06/11/2008

Submitted by Yuen Sou Wai, Executive Director on 06/11/2008 to the SGX.

# YHI INTERNATIONAL LIMITED

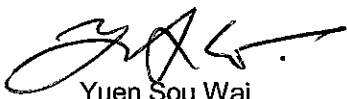
## Statement Pursuant to Rule 705(4) of the Listing Manual of the Singapore Exchange Securities Trading Limited

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 September 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