



Unaudited Results For The Second Quarter and Half-Year Ended 31 December 2014

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

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated income statement for the period ended 31 December 2014

	GROUP					
	Second Quarter Ended 31 December			Half-Year Ended 31 December		
	2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Revenue	84,692	91,858	(8)	167,725	171,396	(2)
Cost of sales	(41,464)	(46,868)	(12)	(81,701)	(85,719)	(5)
Gross profit	43,228	44,990	(4)	86,024	85,677	-
Other operating income	385	513	(25)	772	1,085	(29)
Distribution and selling expenses	(30,994)	(29,573)	5	(61,595)	(57,275)	8
Administrative expenses	(8,728)	(9,267)	(6)	(18,225)	(18,185)	-
Operating profit	3,891	6,663	(42)	6,976	11,302	(38)
Foreign exchange gain/(loss)	938	(75)	n.m.	1,447	(449)	n.m.
Interest income	20	97	(79)	37	166	(78)
Interest expenses	(1,571)	(1,427)	10	(2,913)	(2,834)	3
Share of results of joint ventures	16	(4)	n.m.	16	(13)	n.m.
Profit before taxation	3,294	5,254	(37)	5,563	8,172	(32)
Income tax expense	(1,314)	(1,977)	(34)	(2,848)	(3,459)	(18)
Profit for the period, net of tax	1,980	3,277	(40)	2,715	4,713	(42)
Profit attributable to:						
Owners of the Company	1,977	3,210	(38)	2,714	4,635	(41)
Non-controlling interests	3	67	(96)	1	78	(99)
	1,980	3,277	(40)	2,715	4,713	(42)

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income for the period ended 31 December 2014

	GROUP					
	Second Quarter Ended 31 December			Half-Year Ended 31 December		
	2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Profit for the period, net of tax	1,980	3,277	(40)	2,715	4,713	(42)
Other comprehensive income:						
Item that will not be reclassified to profit or loss:						
Revaluation gain of land and buildings, net of tax	-	-	n.m.	-	-	n.m.
Item that may be reclassified subsequently to profit or loss:						
Foreign currency translation	2,881	588	n.m.	4,225	(1,371)	n.m.
Other comprehensive income for the period, net of tax	2,881	588	n.m.	4,225	(1,371)	n.m.
Total comprehensive income for the period	4,861	3,865	26	6,940	3,342	n.m.
Total comprehensive income attributable to:						
Owners of the Company	4,852	3,796	28	6,929	3,270	n.m.
Non-controlling interests	9	69	(87)	11	72	(85)
	4,861	3,865	26	6,940	3,342	n.m.

Notes:

(i) Operating profit is arrived at after charging/(crediting) the following:

	Second Quarter Ended 31 December			Half-Year Ended 31 December		
	2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Depreciation of property, plant and equipment	2,729	2,342	17	5,327	4,542	17
Amortisation of intangible assets	319	229	39	636	425	50
Loss/(gain) on disposal of property, plant and equipment	64	(8)	n.m.	132	56	n.m.
Property, plant and equipment written off	63	177	(64)	68	227	(70)
Intangible assets written off	1	-	n.m.	1	-	n.m.
Net write-down/(reversal of write-down) of inventories	30	(123)	n.m.	23	(265)	n.m.
Inventories written off	199	241	(17)	438	525	(17)
Allowance for doubtful receivables (trade)	99	143	(31)	99	143	(31)
Bad debts (trade) written off	-	3	(100)	-	3	(100)

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

	Group		Company	
	31-Dec-14	30-Jun-14	31-Dec-14	30-Jun-14
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	140,192	115,471	560	591
Investments in subsidiaries	-	-	79,093	80,758
Amounts due from subsidiaries	-	-	51,631	45,307
Other receivables	11,269	10,017	-	-
Investments in joint ventures	819	761	-	-
Long term investments	-	-	-	-
Investment properties	79,908	62,385	-	-
Intangible assets	4,795	5,084	1,036	1,082
Prepayments	2,015	7,683	-	-
Deferred tax assets	706	724	-	-
	239,704	202,125	132,320	127,738
Current assets				
Inventories	109,707	83,171	-	-
Trade and other receivables	17,424	17,221	60	72
Prepayments	2,851	1,852	180	86
Amounts due from subsidiaries	-	-	47,210	47,859
Tax recoverable	376	187	-	-
Cash and cash equivalents	24,402	45,118	3,404	12,116
	154,760	147,549	50,854	60,133
Current liabilities				
Trade and other payables	52,833	38,327	1,016	2,218
Provision for long service payments	467	46	-	-
Interest bearing loans and borrowings	68,053	30,507	39,200	27,200
Notes payable	23,416	24,565	23,416	24,565
Hire purchase creditors	123	140	78	78
Provision for restoration costs	1,143	1,102	-	-
Deferred revenue	3,396	3,437	-	-
Tax payable	4,439	7,306	225	225
Amounts due to a joint venture	373	108	-	-
Derivatives	9	9	9	9
	154,252	105,547	63,944	54,295
Net current assets/(liabilities)	508	42,002	(13,090)	5,838
Non-current liabilities				
Interest bearing loans and borrowings	1,102	1,931	-	700
Notes payable	74,751	74,679	74,751	74,679
Long term loans from non-controlling shareholders of subsidiaries	149	143	-	-
Hire purchase creditors	191	246	159	198
Provision for restoration costs	1,997	2,844	-	-
Provision for long service payments	197	264	-	-
Deferred tax liabilities	5,604	5,572	62	62
Other payables	885	641	-	-
	84,876	86,320	74,972	75,639
Net assets	155,336	157,807	44,258	57,937
Equity attributable to owners of the Company				
Share capital	41,123	40,639	41,123	40,639
Reserves	114,033	116,999	3,135	17,298
	155,156	157,638	44,258	57,937
Non-controlling interests	180	169	-	-
Total equity	155,336	157,807	44,258	57,937

1(b)(ii) Aggregate amount of group’s borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31-Dec-14		As at 30-Jun-14	
Secured	Unsecured	Secured	Unsecured
S\$312,000	S\$91,280,000	S\$335,000	S\$54,877,000

Amount repayable after one year

As at 31-Dec-14		As at 30-Jun-14	
Secured	Unsecured	Secured	Unsecured
S\$1,293,000	S\$74,900,000	S\$1,477,000	S\$75,522,000

Details of any collateral

Secured borrowings are:

- (1) bank loan secured by a charge over the property of a subsidiary; and
- (2) finance lease liabilities secured by the rights to the leased assets.

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

	← Group →			
	Second Quarter Ended 31 December		Half-Year Ended 31 December	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before taxation	3,294	5,254	5,563	8,172
Depreciation of property, plant and equipment	2,729	2,342	5,327	4,542
Amortisation of intangible assets	319	229	636	425
Loss/(gain) on disposal of property, plant and equipment	64	(8)	132	56
Property, plant and equipment written off	63	177	68	227
Intangible assets written off	1	-	1	-
Foreign currency translation realignment	28	338	239	(557)
Net write-down/(reversal of write-down) of inventories	30	(123)	23	(265)
Inventories written off	199	241	438	525
Allowance for doubtful receivables (trade)	99	143	99	143
Bad debts (trade) written off	-	3	-	3
Interest income	(20)	(97)	(37)	(166)
Interest expense	1,571	1,427	2,913	2,834
Share of results of joint ventures	(16)	4	(16)	13
Deferred revenue	(44)	136	34	(2)
Increase/(decrease) in long service payments	341	(17)	359	23
Operating cash flows before changes in working capital	8,658	10,049	15,779	15,973
Decrease/(increase) in trade and other receivables	629	(1,596)	(1,554)	(2,639)
(Increase)/decrease in prepayments	(1,596)	(1,551)	4,669	(1,159)
Increase/(decrease) in amount due to a joint venture	59	(119)	265	(119)
Increase in inventories	(21,567)	(24,447)	(26,997)	(28,082)
Increase in trade and other payables	10,417	10,339	13,844	11,232
Cash flows (used in)/from operations	(3,400)	(7,325)	6,006	(4,794)
Interest received	19	97	36	166
Interest paid	(2,332)	(2,289)	(2,583)	(2,529)
Income tax refund	1	2	11	19
Income taxes paid	(5,628)	(1,001)	(6,305)	(4,891)
Net cash flows used in operating activities	(11,340)	(10,516)	(2,835)	(12,029)
Cash flows from investing activities				
Purchase of property, plant and equipment	(11,051)	(3,751)	(28,944)	(7,646)
Purchase of investment property	-	-	(15,097)	-
Purchase of intangible assets	(132)	(140)	(273)	(301)
Proceeds from sale of property, plant and equipment	2	8	3	181
Investment in joint ventures	-	(407)	-	(480)
Net cash outflow on acquisition of business by a subsidiary	-	(224)	-	(224)
Net cash used in investing activities	(11,181)	(4,514)	(44,311)	(8,470)
Cash flows from financing activities				
Proceeds from interest bearing loans and borrowings	44,755	6,513	63,405	6,513
Repayment of interest bearing loans and borrowings	(23,145)	(9,213)	(26,560)	(15,198)
Repayment of hire purchase creditors	(35)	(49)	(70)	(254)
Redemption of Notes payable	(1,400)	-	(1,400)	-
Proceeds from exercise of employee share options	168	125	414	159
Dividends paid	(9,825)	(9,768)	(9,825)	(9,768)
Net cash flows generated from/(used in) financing activities	10,518	(12,392)	25,964	(18,548)
Net decrease in cash and cash equivalents	(12,003)	(27,422)	(21,182)	(39,047)
Cash and cash equivalents as at beginning of the period	36,154	86,112	45,118	98,076
Effects of exchange rates changes on cash and cash equivalents	251	22	466	(317)
Cash and cash equivalents at end of the financial period	24,402	58,712	24,402	58,712

1(c)

A. Purchase of property, plant and equipment

Aggregate cost of property, plant and equipment acquired

Less :

Acquisition through business combination

Less :

Financed by hire purchase creditors

Restoration costs capitalised

Cash payments to acquire property, plant and equipment

Group			
Second Quarter Ended 31 December		Half-Year Ended 31 December	
2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
11,125	3,825	29,063	7,828
-	(5)	-	(5)
11,125	3,820	29,063	7,823
-	(9)	-	(117)
(74)	(60)	(119)	(60)
11,051	3,751	28,944	7,646

Note to Consolidated Cash Flow Statement

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

Group			
Second Quarter Ended 31 December		Half-Year Ended 31 December	
2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
-	1,158	-	1,158
24,402	57,554	24,402	57,554
24,402	58,712	24,402	58,712

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.

	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Asset revaluation reserve	Capital reserve	Premium paid on acquisition of non-controlling interests	Share options reserve	Warrant reserve	Foreign currency translation reserve	Revenue reserve	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group											
At 1 Oct 2014	40,933	27,872	453	(35)	944	437	(18,776)	108,133	159,961	171	160,132
Profit for the period, net of tax	-	-	-	-	-	-	-	1,977	1,977	3	1,980
Other comprehensive income, net of tax	-	-	-	-	-	-	2,875	-	2,875	6	2,881
Total comprehensive income for the period	-	-	-	-	-	-	2,875	1,977	4,852	9	4,861
<u>Contributions by and distributions to owners</u>											
Shares issued pursuant to the exercise of share options	190	-	-	-	(22)	-	-	-	168	-	168
Share options lapsed	-	-	-	-	(75)	-	-	75	-	-	-
Dividends	-	-	-	-	-	-	-	(9,825)	(9,825)	-	(9,825)
Total contributions by and distributions to owners	190	-	-	-	(97)	-	-	(9,750)	(9,657)	-	(9,657)
At 31 Dec 2014	41,123	27,872	453	(35)	847	437	(15,901)	100,360	155,156	180	155,336

	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Asset revaluation reserve	Capital reserve	Premium paid on acquisition of non-controlling interests	Share options reserve	Warrant reserve	Foreign currency translation reserve	Revenue reserve	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group											
At 1 Oct 2013	39,639	23,336	453	-	1,396	437	(19,816)	103,248	148,693	495	149,188
Profit for the period, net of tax	-	-	-	-	-	-	-	3,210	3,210	67	3,277
Other comprehensive income, net of tax	-	-	-	-	-	-	586	-	586	2	588
Total comprehensive income for the period	-	-	-	-	-	-	586	3,210	3,796	69	3,865
<u>Contributions by and distributions to owners</u>											
Shares issued pursuant to the exercise of share options	149	-	-	-	(24)	-	-	-	125	-	125
Dividends	-	-	-	-	-	-	-	(9,768)	(9,768)	-	(9,768)
Total contributions by and distributions to owners	149	-	-	-	(24)	-	-	(9,768)	(9,643)	-	(9,643)
At 31 Dec 2013	39,788	23,336	453	-	1,372	437	(19,230)	96,690	142,846	564	143,410

Group	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Asset revaluation reserve	Capital reserve	Premium paid on acquisition of non-controlling interests	Share options reserve	Warrant reserve	Foreign currency translation reserve	Revenue reserve	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 Jul 2014	40,639	27,872	453	(35)	1,258	437	(20,116)	107,130	157,638	169	157,807
Profit for the period, net of tax	-	-	-	-	-	-	-	2,714	2,714	1	2,715
Other comprehensive income, net of tax	-	-	-	-	-	-	4,215	-	4,215	10	4,225
Total comprehensive income for the period	-	-	-	-	-	-	4,215	2,714	6,929	11	6,940
<u>Contributions by and distributions to owners</u>											
Shares issued pursuant to the exercise of share options	484	-	-	-	(70)	-	-	-	414	-	414
Share options lapsed	-	-	-	-	(341)	-	-	341	-	-	-
Dividends	-	-	-	-	-	-	-	(9,825)	(9,825)	-	(9,825)
Total contributions by and distributions to owners	484	-	-	-	(411)	-	-	(9,484)	(9,411)	-	(9,411)
At 31 Dec 2014	41,123	27,872	453	(35)	847	437	(15,901)	100,360	155,156	180	155,336

Group	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Asset revaluation reserve	Capital reserve	Premium paid on acquisition of non-controlling interests	Share options reserve	Warrant reserve	Foreign currency translation reserve	Revenue reserve	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 Jul 2013	39,598	23,336	453	-	1,403	437	(17,865)	101,823	149,185	492	149,677
Profit for the period, net of tax	-	-	-	-	-	-	-	4,635	4,635	78	4,713
Other comprehensive income, net of tax	-	-	-	-	-	-	(1,365)	-	(1,365)	(6)	(1,371)
Total comprehensive income for the period	-	-	-	-	-	-	(1,365)	4,635	3,270	72	3,342
<u>Contributions by and distributions to owners</u>											
Shares issued pursuant to the exercise of share options	190	-	-	-	(31)	-	-	-	159	-	159
Dividends	-	-	-	-	-	-	-	(9,768)	(9,768)	-	(9,768)
Total contributions by and distributions to owners	190	-	-	-	(31)	-	-	(9,768)	(9,609)	-	(9,609)
At 31 Dec 2013	39,788	23,336	453	-	1,372	437	(19,230)	96,690	142,846	564	143,410

	Attributable to owners of the Company				Total equity
	Share capital	Share options reserve	Warrant reserve	Revenue reserve	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
At 1 Oct 2014	40,933	944	437	12,720	55,034
Loss for the period, net of tax	-	-	-	(1,107)	(1,107)
Total comprehensive income for the period	-	-	-	(1,107)	(1,107)
<u>Contributions by and distributions to owners</u>					
Shares issued pursuant to the exercise of share options	190	(22)	-	-	168
Share options lapsed	-	(75)	-	63	(12)
Dividends	-	-	-	(9,825)	(9,825)
Total transactions with owners in their capacity as owners	190	(97)	-	(9,762)	(9,669)
At 31 Dec 2014	41,123	847	437	1,851	44,258
At 1 Oct 2013	39,639	1,396	437	15,028	56,500
Loss for the period, net of tax	-	-	-	(2,558)	(2,558)
Total comprehensive income for the period	-	-	-	(2,558)	(2,558)
<u>Contributions by and distributions to owners</u>					
Shares issued pursuant to the exercise of share options	149	(24)	-	-	125
Dividends	-	-	-	(9,768)	(9,768)
Total transactions with owners in their capacity as owners	149	(24)	-	(9,768)	(9,643)
At 31 Dec 2013	39,788	1,372	437	2,702	44,299

	Attributable to owners of the Company				Total equity
	Share capital	Share options reserve	Warrant reserve	Revenue reserve	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
At 1 Jul 2014	40,639	1,258	437	15,603	57,937
Loss for the period, net of tax	-	-	-	(4,100)	(4,100)
Total comprehensive income for the period	-	-	-	(4,100)	(4,100)
<u>Contributions by and distributions to owners</u>					
Shares issued pursuant to the exercise of share options	484	(70)	-	-	414
Share options lapsed	-	(341)	-	173	(168)
Dividends	-	-	-	(9,825)	(9,825)
Total transactions with owners in their capacity as owners	484	(411)	-	(9,652)	(9,579)
At 31 Dec 2014	41,123	847	437	1,851	44,258
At 1 Jul 2013	39,598	1,403	437	17,760	59,198
Loss for the period, net of tax	-	-	-	(5,290)	(5,290)
Total comprehensive income for the period	-	-	-	(5,290)	(5,290)
<u>Contributions by and distributions to owners</u>					
Shares issued pursuant to the exercise of share options	190	(31)	-	-	159
Dividends	-	-	-	(9,768)	(9,768)
Total transactions with owners in their capacity as owners	190	(31)	-	(9,768)	(9,609)
At 31 Dec 2013	39,788	1,372	437	2,702	44,299

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 for 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.

A) Changes in share capital during the financial period

As at 31 December 2014, the Company's issued and paid up capital, excluding treasury shares comprises 446,638,217 (30 June 2014: 445,812,217) ordinary shares. Movement in the number of the Company's issued and paid-up capital, excluding treasury shares were as follows:

Number of shares issued and paid up	Shares issued pursuant to the exercise of share options	Number of shares issued and paid up
1-Oct-14		31-Dec-14
'000	'000	'000
446,304	334	446,638

B) Share Options – Eu Yan Sang Employees Share Option Scheme

Between 1 October 2014 and 31 December 2014, the Company has issued 204,000 ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2000 ("the 2000 scheme").

Under the 2000 scheme, options to subscribe for 2,088,000 shares remained outstanding as at 31 December 2014, compared to 2,778,000 as at 31 December 2013. Movements in the number of the unissued shares of the Company under the 2000 scheme during Q2FY15 were as follows:

Outstanding options as at	Number of options exercised	Outstanding options as at
1-Oct-14		31-Dec-14
'000	'000	'000
2,292	(204)	2,088

Between 1 October 2014 and 31 December 2014, the Company has issued 130,000 ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2006 ("the 2006 scheme").

Under the 2006 scheme, options to subscribe for 6,591,000 shares remained outstanding as at 31 December 2014, compared to 10,337,000 as at 31 December 2013. Movements in the number of the unissued shares of the Company under the 2006 scheme during Q2FY15 were as follows:

Outstanding options as at	Number of options exercised	Number of options lapsed	Outstanding options as at
1-Oct-14			31-Dec-14
'000	'000	'000	'000
7,174	(130)	(453)	6,591

C) Performance Share Plan

At the extraordinary general meeting of the Company held on 25 October 2007, the Company's shareholders approved the adoption of the Eu Yan Sang Performance Share Plan ("EYS PSP"). As at 31 December 2014, no shares were granted and outstanding under the EYS PSP (31 December 2013: nil).

D) Treasury shares

No treasury shares were held by the Company as at 31 December 2014 and 31 December 2013.

E) Warrants

During FY12, the Company issued 22,000,000 Warrants in conjunction with the issuance of interest bearing notes at par of \$25,000,000. The Warrants were issued at an issue price of S\$0.04 per Warrant and each Warrant carried the right to subscribe for 1 ordinary share in the capital of the Company at an exercise price of \$0.83 for each new share.

The Warrants are exercisable any time during a period of 5 years from the issue date of the Warrants. Noteholders of the S\$25,000,000 Notes have the option to tender the notes at par in lieu of cash payment for the exercise of the Warrants at the exercise price at any time before the maturity date.

Between 1 October 2014 and 31 December 2014, no convertible warrants have been exercised.

As at 31 December 2014, there were 22,000,000 (31 December 2013: 22,000,000) outstanding convertible warrants with exercise price at \$0.83 (31 December 2013: \$0.83) for each ordinary share.

1(d)(iii) To show the total number of issued shares excluding treasury shares at the end of the current financial period and as at the end of the immediately preceding year.

The number of issued shares as at 31 December 2014 is 446,638,217 (30 June 2014: 445,812,217) ordinary shares.

1(d)(iv) A statement showing all sales, transfers, disposal, 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 auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

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.

Except as disclosed in note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those of the audited financial statements for the year ended 30 June 2014.

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.

During the current financial year, the group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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

	GROUP			
	Second Quarter Ended 31 December		Half-Year Ended 31 December	
	2014	2013	2014	2013
Earnings per ordinary share of the Group based on net profit attributable to shareholders:	cents	cents	cents	cents
(i) Based on the weighted average number of ordinary shares	0.44	0.72	0.61	1.04
Weighted average number of shares ('000)	446,598	444,130	446,319	444,031
(ii) On a fully diluted basis	0.44	0.72	0.60	1.04
Weighted average number of shares ('000)	448,832	447,715	448,791	447,493

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.

	31-Dec-2014	30-Jun-2014
Net asset value per ordinary share based on issued share capital	cents	cents
For the Group	34.7	35.4
For the Company	9.9	13.0

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) 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; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

The Group's revenue for the 2nd quarter and half year declined by 8% and 2% against last year, largely due to the impact of Occupy Central movement and slowdown in spending by mainland tourists in Hong Kong. The lower revenue was also due to the timing effect of Chinese New Year in core markets like Malaysia and Singapore. The decrease in revenue was partially offset by higher revenue from Australia, which was in line with the increase in number of company-operated outlets.

Gross margins for the 2nd quarter and half year were both at 51%, higher than those of the previous corresponding periods, primarily due to favorable product sales mix. Gross profit for the 2nd quarter was 4% below last year while gross profit for the half year was on par with last year.

The Group's operating profit ("OP") for the 2nd quarter slipped to S\$3.9 million, largely due to the lower sales contribution and higher distribution and selling ("D&S") expenses in the form of salaries, depreciation and rental. The decline was partially offset by savings in advertising and promotion and administrative personnel-related expenses. The Group's OP for the half year was also below last year, primarily due to higher D&S expenses such as rental, depreciation and salaries.

The Group's profit before tax ("PBT") and profit after tax ("PAT") for the 2nd quarter and half year were below last year, mainly due to the decline in OPs but were partially offset by foreign exchange gains as a result of the favorable translation of Hong Kong dollar denominated balances.

(A) Revenue

The Group's revenue for the 2nd quarter and half year dipped by 8% and 2% respectively, largely due to lower revenue recorded in both retail and wholesale segments. In terms of geographical performance, revenue in the core markets of Hong Kong, Malaysia and Singapore declined against last year while the higher revenue in Australia cushioned part of the overall decline in the Group's revenue.

Revenue by Activities

	GROUP					
	Second Quarter Ended 31 December			Half-Year Ended 31 December		
	2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Activities						
Retail (TCM & non TCM)	67,941	72,459	(6)	130,294	132,607	(2)
Wholesale (TCM & non TCM)	11,357	14,220	(20)	26,740	28,210	(5)
	4,240	4,173	2	8,602	8,628	-
Clinic - TCM	1,154	1,006	15	2,089	1,951	7
Others						
	<u>84,692</u>	<u>91,858</u>	<u>(8)</u>	<u>167,725</u>	<u>171,396</u>	<u>(2)</u>

Traditional Chinese Medicine ("TCM") - comprising Chinese Proprietary Medicine ("CPM"), Health Foods and Medicinal Herbs.

Retail – Retail revenue for the 2nd quarter and half year decreased by 6% and 2% respectively against last year, primarily due to the impact of Occupy Central and lower spending by mainland tourists in Hong Kong and the timing effect of Chinese New Year in Singapore and Malaysia.

Wholesale – Wholesale revenue for the 2nd quarter and half year slipped 20% and 5%, largely due to the lower revenue from Hong Kong and Australia. In Hong Kong, revenue for the wholesale segment was also affected by the Occupy Central and slowdown in mainland tourists' spending. The decline in wholesale revenue for Australia was largely in line with the lower number of franchise outlets.

Clinic – Clinic revenue for the 2nd quarter was 2% marginally higher than last year while revenue for the half year was on par with last year.

Revenue under "Others" mainly related to food and beverages ("F&B") income, rental income and franchise fee income. The higher revenue under "Others" for the 2nd quarter and half year were primarily due to sales improvement from the F&B operations in Malaysia and revenue contribution from a new F&B outlet in Shanghai.

Turnover by Geographical Locations:

		GROUP					
		Second Quarter Ended 31 December			Half-Year Ended 31 December		
Core Countries		2014 '000	2013 '000	Change +/(-)%	2014 '000	2013 '000	Change +/(-)%
Hong Kong*	SGD	35,731	42,966	(17)	74,264	80,451	(8)
	HKD	212,773	265,536	(20)	450,633	495,080	(9)
Singapore	SGD	17,328	18,588	(7)	35,862	36,047	(1)
	MYR	19,523	20,284	(4)	33,350	35,013	(5)
Malaysia	SGD	50,613	52,164	(3)	85,888	90,123	(5)
	MYR	12,110	10,020	21	24,249	19,885	22
Australia	SGD	10,936	8,726	25	21,513	17,284	24
	AUD						
Total		SGD 84,692	91,858	(8)	167,725	171,396	(2)

* Include Macau and China.

In local currency terms, Hong Kong's revenue for the 2nd quarter and half year declined by 20% and 9%, largely due to the impact of Occupy Central movement and slowdown in spending of mainland tourists in Hong Kong.

Revenue in Singapore fell by 7% and 1% in the 2nd quarter and half year respectively, primarily due to the timing effect of Chinese New Year and other various promotions.

Malaysia's revenue for the 2nd quarter and half year, in terms of local currency, dipped by 3% and 5% against last year, largely due to the timing effect of Chinese New Year.

In terms of local currency, Australia's revenue for the 2nd quarter and half year, went up by 25% and 24% respectively against the previous corresponding periods. The higher revenue was largely in line with the increased number of company-operated outlets and the improvement in same-store sales.

(B) FY15 Q2 Outlets & Clinics

Countries	Retail						General TCM Clinics		Premier TCM Clinics		Integrative Medical Centre	
	Company-operated outlets		Franchise outlets		Total							
	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total
Australia	4	43	-	31	4	74	-	-	-	-	-	-
Malaysia	-	90	-	-	-	90	-	5	-	-	-	-
Hong Kong	1	58	-	-	1	58	-	-	-	-	-	2
Singapore	-	49	-	-	-	49	1	26	-	2	-	-
China	(1)	14	-	-	(1)	14	-	-	-	-	-	-
Macau	-	2	-	-	-	2	-	-	-	-	-	-
Total	4	256	-	31	4	287	1	31	-	2	-	2

The Group's retail network comprised 256 company-operated outlets and 31 franchise outlets as at 31 December 2014. During the 2nd quarter, there was an addition of 4 company-operated outlets in Australia, resulting in a net total of 74 retail outlets as at 31 December 2014. There was a net addition of 1 retail outlet in Hong Kong and closure of 1 retail outlet in China.

For the clinic network, there was an addition of 1 clinic in Singapore, bringing the total of TCM clinics to 33 as at 31 December 2014. The total number of Integrative Medical Centres remained unchanged at 2 as at 31 December 2014.

(C) Profitability

The Group's OPs for the 2nd quarter and half year were below the previous corresponding periods, largely due to higher D&S expenses in the form of rental, depreciation and salary costs across most markets. OP for the 2nd quarter was also impacted by lower sales contribution from the core markets of Hong Kong, Malaysia and Singapore.

As a result of the lower OPs, the Group's PBTs and PATs for the 2nd quarter and half year declined against last year but were partially offset by foreign exchange gains as a result of the favorable translation of Hong Kong dollar denominated balances.

(D) Distribution and selling expenses

D&S expenses for the 2nd quarter and half year increased by 5% and 8% against the corresponding periods. Higher personnel-related and depreciation expenses accounted for part of the overall increase while higher rental expenses as a result of new outlets and renewed rental rates from landlords also contributed to the increase in D&S expenses. The increase in D&S expenses was, however, partially offset by lower spending on advertising and promotion activities.

(E) Administrative expenses

Administrative expenses for the 2nd quarter were 6% below last year, largely due to savings in personnel-related expenses. Administrative expenses for the half year were relatively on par with last year.

(F) Property, plant and equipment

The increase in property, plant and equipment was primarily due to the acquisition of a property in Macau, construction-in-progress arising from factory construction in Hong Kong and capital expenditure on new and existing retail outlets.

(G) Investment properties

The increase in investment properties was mainly due to the purchase of a property by a subsidiary in Hong Kong.

(H) Prepayments (non-current)

The reduction of prepayments was primarily due to reclassification to properties and fixed assets upon full payment of the properties and fixed assets.

(I) Inventories

The higher inventories were primarily due to the building up of inventories for Chinese New Year promotions.

(J) Cash and cash equivalents

The decrease in net cash and cash equivalents was mainly due to capital expenditure on new and existing outlets, factory construction in Hong Kong and the acquisition of properties in Hong Kong and Macau.

(K) Trade and other payables

The increase in trade and other payables was largely due to higher purchases from suppliers as a result of the building up of inventories for CNY promotions.

(L) Interest bearing loans and borrowings

The increase in loans and borrowings was primarily due to short-term borrowings taken up for the purchase of properties and working capital purposes.

(M) Cash flows

Net cash used in operating activities for the half year was lower than last year by S\$9.2 million. This was largely attributed to lower working capital tied up in trade and other receivables, prepayments and inventories.

Net cash used in investing activities for the half year went up by S\$35.8 million compared to last year mainly due to capital expenditure on new and existing outlets, factory construction in Hong Kong and the acquisition of properties in Hong Kong and Macau.

Net cash generated from financing activities for the half year was above last year by S\$44.5 million primarily due to short-term borrowings taken up for the purchase of properties in Hong Kong and Macau and working capital purposes.

The Group's cash and cash equivalents amounted to S\$24.4 million as at 31 December 2014 compared to S\$58.7 million as at 31 December 2013.

The Group's gearing ratio was 92.4% as at 31 December 2014.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results for the period are in line with the prospect statement contained in the FY2014 full year announcement made on 28 August 2014.

10. A commentary at the date of the announcement of the significant trends and 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.

The Company is concerned about the economic growth of its key markets. These concerns stem from the protracted recovery post "Occupy Central" movement in Hong Kong, the economic slowdown in China and softening retail markets in other markets, which is expected to dampen revenue growth. The Company anticipates that retail operating costs, namely retail rents and payroll cost increases will continue to pose a challenge to sustaining retail operating profit margins. Necessary steps are being taken to manage these operating costs by rationalizing its retail network, expanding wholesale and also, creating new platforms to reach to a wider segment of customers. Despite the current operating challenges, the Company sees many medium to long term opportunities, notably from the rising affluence of its target markets leading to increased demand, new product development and extensions of wholesale channels. In addition, the Company is committed to the construction of its new manufacturing facility in Hong Kong which will provide additional capacity to satisfy demand for future years. The Company expects its core lines of business to continue to grow albeit at a slower rate compared to previous years, while its investment in Australia continue to demonstrate incremental improvements operationally and provide revenue growth potential. The Group will continue to manage its business risks prudently with a view to building long term shareholder value.

11. Dividend**(a) Current Financial Period Reported On**

Any dividend declared 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.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Interested Persons Transactions for the financial period ended 31 December 2014

Interested Person Transaction	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate (excluding transactions less than S\$100,000 pursuant to Rule 920)
Transactions with:-	S\$'000	S\$'000
(a) XAct Solutions Pty. Ltd	12	-
(b) XAct Solutions Pte Ltd	50	-

14. Negative confirmation pursuant to Rule 705(5).

The Board of Eu Yan Sang International Ltd does hereby confirm that to the best of its knowledge, nothing has come to the attention of the Board which may render the second quarter unaudited financial statements for the period ended 31 December 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lam Chee Weng
Chief Financial Officer
3 February 2015