YHI INTERNATIONAL LIMITED
(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)

Unaudited Third Quarter 2016 Financial Statements

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

1(a)(i) CONSOLIDATED INCOME STATEMENT (3Q FY2016 vs 3Q FY2015)

	Group 01/07/16-30/09/16 S$ '000	Group 01/07/15-30/09/15 S$ '000	Incr/(Decr) %
Sales	**114,914**	121,282	(5.3%)
Cost of sales	**(90,968)**	(96,771)	(6.0%)
Gross profit	**23,946**	24,511	(2.3%)
Other gains - net	**820**	3,345	(75.5%)
Expenses			
- Distribution	**(11,708)**	(12,049)	(2.8%)
- Administrative	**(10,472)**	(9,720)	7.7%
- Finance	**(1,007)**	(1,290)	(21.9%)
Share of profit of an associated company	**333**	321	3.7%
Profit before income tax	**1,912**	5,118	(62.6%)
Income tax expense	**(679)**	(1,619)	(58.1%)
Net profit	**1,233**	3,499	(64.8%)
Profit Attributable to:			
Equity holders of the Company	**969**	3,327	(70.9%)
Non-controlling interests	**264**	172	53.5%
	1,233	3,499	(64.8%)

NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2016 vs 3Q FY2015)

	Group 01/07/16-30/09/16 S$ '000	Group 01/07/15-30/09/15 S$ '000	Incr/(Decr) %
Interest income	**64**	68	(5.9%)
Interest on borrowings	**(1,007)**	(1,290)	(21.9%)
Depreciation of property, plant and equipment	**(3,307)**	(3,823)	(13.5%)
Amortisation of intangible assets	**(23)**	(16)	43.8%
Allowance for impairment of doubtful trade receivables	**(80)**	(378)	(78.8%)
Write-down of inventories	**(108)**	(915)	(88.2%)
Currency exchange gain - net	**610**	1,908	(68.0%)
Share of profit of an associated company	**333**	321	3.7%
Gain on disposal of property, plant and equipment	**61**	2,738	(97.8%)

NM – Not meaningful

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NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2016 vs 3Q FY2015) (Cont'd)

Income Tax Expenses Tax expense attributable to profit is made up of:	**Group 01/07/16-30/09/16 S$ '000**	Group 01/07/15-30/09/15 S$ '000	Incr/(Decr) %
Current income tax			
- Singapore	**94**	149	(36.9%)
- Foreign	**541**	1,104	(51.0%)
	635	1,253	(49.3%)
Deferred income tax	**(585)**	(47)	NM
	50	1,206	(95.9%)
Under/(over) provision in previous financial year			
- Current income tax	**139**	(108)	NM
- Deferred income tax	**490**	521	(6.0%)
	679	1,619	(58.1%)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (3Q FY2016 vs 3Q FY2015)

	Group 01/07/16-30/09/16 S$ '000	Group 01/07/15-30/09/15 S$ '000	Incr/(Decr) %
Profit for the period	**1,233**	3,499	(64.8%)
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	**1,804**	*(5,491)	NM
Total comprehensive income/(loss) for the period	**3,037**	(1,992)	NM
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	**2,392**	(1,601)	NM
Non-controlling interests	**645**	(391)	NM
	3,037	(1,992)	NM

** Consist of foreign currency losses resulting from the weakening of MYR, AUD and NZD against SGD.*

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1(a)(ii) CONSOLIDATED INCOME STATEMENT (YTD SEP FY2016 vs YTD SEP FY2015)

	Group 01/01/16-30/09/16 S$ '000	Group 01/01/15-30/09/15 S$ '000	Incr/(Decr) %
Sales	**342,809**	385,581	(11.1%)
Cost of sales	**(268,524)**	(306,153)	(12.3%)
Gross profit	**74,285**	79,428	(6.5%)
Other gains - net	**2,222**	4,826	(54.0%)
Expenses			
- Distribution	**(33,900)**	(36,925)	(8.2%)
- Administrative	**(33,612)**	(32,988)	1.9%
- Finance	**(3,375)**	(3,906)	(13.6%)
Share of profit of an associated company	**1,533**	823	86.3%
Profit before income tax	**7,153**	11,258	(36.5%)
Income tax expense	**(2,413)**	(3,547)	(32.0%)
Net profit	**4,740**	7,711	(38.5%)
Profit Attributable to:			
Equity holders of the Company	**4,131**	7,039	(41.3%)
Non-controlling interests	**609**	672	(9.4%)
	4,740	7,711	(38.5%)

NOTES TO CONSOLIDATED INCOME STATEMENT (YTD SEP FY2016 vs YTD SEP FY2015)

	Group 01/01/16-30/09/16 S$ '000	Group 01/01/15-30/09/15 S$ '000	Incr/(Decr) %
Interest income	**202**	284	(28.9%)
Interest on borrowings	**(3,375)**	(3,906)	(13.6%)
Depreciation of property, plant and equipment	**(10,065)**	(11,470)	(12.2%)
Amortisation of intangible assets	**(54)**	(47)	14.9%
Allowance for impairment of doubtful trade receivables	**(1,040)**	(1,070)	(2.8%)
Write-down of inventories	**(785)**	(1,531)	(48.7%)
Currency exchange (loss)/gain - net	**(164)**	781	NM
Share of profit of an associated company	**1,533**	823	86.3%
Gain on disposal of property, plant and equipment	**200**	2,812	(92.9%)

NM – Not meaningful

NOTES TO CONSOLIDATED INCOME STATEMENT (YTD SEP FY2016 vs YTD SEP FY2015) (Cont'd)

Income Tax Expenses Tax expense attributable to profit is made up of:	**Group 01/01/16-30/09/16 S$ '000**	Group 01/01/15-30/09/15 S$ '000	Incr/(Decr) %
Current income tax			
- Singapore	**247**	511	(51.7%)
- Foreign	**2,136**	2,739	(22.0%)
	2,383	3,250	(26.7%)
Deferred income tax	**(559)**	(85)	NM
	1,824	3,165	(42.4%)
Under provision in previous financial year			
- Current income tax	**200**	24	NM
- Deferred income tax	**389**	358	8.7%
	2,413	3,547	(32.0%)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (YTD SEP FY2016 vs YTD SEP FY2015)

	Group 01/01/16-30/09/16 S$ '000	Group 01/01/15-30/09/15 S$ '000	Incr/(Decr) %
Profit for the period	**4,740**	7,711	(38.5%)
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	**(3,559)**	*(9,731)	(63.4%)
Total comprehensive income/(loss) for the period	**1,181**	(2,020)	NM
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	**327**	(1,296)	NM
Non-controlling interests	**854**	(724)	NM
	1,181	(2,020)	NM

** Consist of foreign currency losses resulting from the weakening of MYR, AUD and NZD against SGD.*

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1(b) 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

STATEMENT OF FINANCIAL POSITION

	Group 30/09/16	Group 31/12/15	**Company 30/09/16**	Company 31/12/15
	S$ '000	S$ '000	**S$ '000**	S$ '000
ASSETS				
Current assets				
Cash and cash equivalents	**54,444**	52,271	**4,188**	2,739
Trade and other receivables	**93,050**	97,797	**33,215**	38,661
Inventories	**109,215**	126,299	**-**	-
Other current assets	**10,640**	11,310	**23**	10
	267,349	287,677	**37,426**	41,410
Non-current assets				
Transferable club membership, at cost	**227**	227	**-**	-
Investment in an associated company	**16,731**	15,441	**-**	-
Investments in subsidiaries	**-**	-	**100,122**	100,122
Property, plant and equipment	**106,981**	115,187	**175**	228
Intangible assets	**3,667**	3,376	**-**	-
Deferred income tax assets	**3,602**	3,396	**-**	-
	131,208	137,627	**100,297**	100,350
Total assets	**398,557**	425,304	**137,723**	141,760
LIABILITIES				
Current liabilities				
Trade and other payables	**41,550**	35,807	**478**	1,400
Current income tax liabilities	**459**	639	**-**	86
Derivative financial instrument	**-**	289	**-**	277
Borrowings	**74,140**	98,171	**1,200**	4,400
	116,149	134,906	**1,678**	6,163
Non-current liabilities				
Borrowings	**23,540**	28,099	**-**	600
Deferred income tax liabilities	**2,329**	2,159	**-**	-
Other – non-current liabilities	**495**	311	**-**	-
	26,364	30,569	**-**	600
Total liabilities	**142,513**	165,475	**1,678**	6,763
NET ASSETS	**256,044**	259,829	**136,045**	134,997
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**77,001**	77,001	**77,001**	77,001
Other reserves	**(20,433)**	(16,629)	**-**	-
Retained profits	**186,016**	186,036	**59,044**	57,996
	242,584	246,408	**136,045**	134,997
Non-controlling interests	**13,460**	13,421	**-**	-
Total equity	**256,044**	259,829	**136,045**	134,997

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

Amount repayable in one year or less, or on demand

Group As at 30/09/16		Group As at 31/12/15	
Secured S$ '000	**Unsecured S$ '000**	Secured S$ '000	Unsecured S$ '000
74,140	-	98,171	-

Amount repayable after one year

Group As at 30/09/16		Group As at 31/12/15	
Secured S$ '000	**Unsecured S$ '000**	Secured S$ '000	Unsecured S$ '000
23,540	**-**	28,099	-

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 certain subsidiaries;

(iii) a fixed and floating charge on all the assets of certain subsidiaries;

(iv) corporate guarantee from the Company; and

(v) banker's guarantees, up to S$7.2 million (2015: S$7.2 million), given as security to banks which granted banking facilities to certain subsidiaries. The banker's guarantees are in turn secured by a fixed and floating charge on all the assets of a subsidiary.

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

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (3Q FY2016 vs 3Q FY2015)

	Group 01/07/16-30/9/16 S$ '000	Group 01/07/15-30/09/915 S$ '000
Cash flows from operating activities		
Net profit	**1,233**	3,499
Adjustments for:		
Income tax expenses	**679**	1,619
Depreciation of property, plant and equipment	**3,307**	3,823
Amortisation of intangible assets	**23**	16
Gain on disposal of property, plant and equipment	**(61)**	(2,738)
Interest expense	**1,007**	1,290
Interest income	**(64)**	(68)
Share of profit of an associated company	**(333)**	(321)
Fair value (gain)/loss on derivative financial instruments	**(12)**	99
Unrealised currency translation differences	**682**	(2,712)
Operating cash flow before working capital changes	**6,461**	4,507
Changes in working capital:		
Inventories	**5,988**	2,668
Trade and other receivables	**(1,849)**	2,627
Other current assets	**4,575**	32
Trade and other payables	**4,109**	(480)
Cash generated from operations	**19,284**	9,354
Interest received	**64**	68
Income tax paid	**(989)**	(1,565)
Net cash provided by operating activities	**18,359**	7,857
Cash flows from investing activities		
Dividend received	**270**	224
Proceeds from sale of property, plant and equipment	**199**	10,968
Purchase of property, plant and equipment	**(1,299)**	(4,501)
Purchase of intangible assets	**(342)**	-
Net cash (used in)/provided by investing activities	**(1,172)**	6,691
Cash flows from financing activities		
Interest paid	**(1,270)**	(1,194)
Proceeds from borrowings	**3,198**	129
Repayments of borrowings	**(10,518)**	(10,173)
Repayments of finance lease liabilities	**(117)**	(983)
Net cash used in financing activities	**(8,707)**	(12,221)
Net increase in cash and cash equivalents	**8,480**	2,327
Cash and cash equivalents at beginning of the financial period	**45,030**	49,181
Effects of currency translation on cash and cash equivalents	**(59)**	(1,627)
Cash and cash equivalents at end of the financial period	**53,451**	49,881
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	**54,444**	50,665
Less: Bank overdrafts	**(993)**	(784)
Cash and cash equivalents as per consolidated statement of cash flows	**53,451**	49,881

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1(d)(ii) CONSOLIDATED STATEMENT OF CASH FLOWS (YTD SEP FY2016 vs YTD SEP FY2015)

	Group 01/01/16-30/09/16 S$ '000	Group 01/01/15-30/09/15 S$ '000
Cash flows from operating activities		
Net profit	**4,740**	7,711
Adjustments for:		
Income tax expenses	**2,413**	3,547
Depreciation of property, plant and equipment	**10,065**	11,470
Amortisation of intangible assets	**54**	47
Gain on disposal of property, plant and equipment	**(200)**	(2,812)
Interest expense	**3,375**	3,906
Interest income	**(202)**	(284)
Share of profit of an associated company	**(1,533)**	(823)
Fair value (gain)/loss on derivative financial instruments	**(289)**	21
Unrealised currency translation differences	**1,464**	(3,725)
Operating cash flow before working capital changes	**19,887**	19,058
Changes in working capital:		
Inventories	**16,369**	10,434
Trade and other receivables	**2,998**	(14,247)
Other current assets	**670**	2,017
Trade and other payables	**6,538**	(995)
Cash generated from operations	**46,462**	16,267
Interest received	**202**	284
Income tax paid	**(2,778)**	(4,367)
Net cash provided by operating activities	**43,886**	12,184
Cash flows from investing activities		
Dividend received	**270**	224
Proceeds from sale of property, plant and equipment	**812**	11,173
Purchase of property, plant and equipment	**(5,259)**	(9,147)
Purchase of transferable club membership	**-**	(84)
Purchase of intangible assets	**(342)**	-
Net cash (used in)/provided by investing activities	**(4,519)**	2,166
Cash flows from financing activities		
Dividends paid to equity holders of the Company	**(4,151)**	(3,508)
Dividends paid to non-controlling interests	**(810)**	(702)
Interest paid	**(3,375)**	(3,986)
Proceeds from borrowings	**6,657**	14,116
Repayments of borrowings	**(34,821)**	(21,422)
Repayments of finance lease liabilities	**(496)**	(1,714)
Net cash used in financing activities	**(36,996)**	(17,216)
Net increase/(decrease) in cash and cash equivalents	**2,371**	(2,866)
Cash and cash equivalents at beginning of the financial period	**51,734**	55,543
Effects of currency translation on cash and cash equivalents	**(654)**	(2,796)
Cash and cash equivalents at end of the financial period	**53,451**	49,881
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	**54,444**	50,665
Less: Bank overdrafts	**(993)**	(784)
Cash and cash equivalents as per consolidated statement of cash flows	**53,451**	49,881

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1(e) 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

	←Attributable to equity holders of the Company→					
	Share capital S$ '000	Other reserves S$ '000	Retained earnings S$ '000	Sub-total S$ '000	Non-controlling interests S$ '000	Total S$ '000
The Group						
Balance at 1 January 2016	**77,001**	**(16,629)**	**186,036**	**246,408**	**13,421**	**259,829**
Total comprehensive income/(loss) for the period	-	(3,804)	4,131	327	854	1,181
Dividends relating to 2015 paid	-	-	(4,151)	(4,151)	(815)	(4,966)
Balance at 30 September 2016	**77,001**	**(20,433)**	**186,016**	**242,584**	**13,460**	**256,044**

	Share capital S$ '000	Other reserves S$ '000	Retained earnings S$ '000	Sub-total S$ '000	Non-controlling interests S$ '000	Total S$ '000
The Group						
Balance at 1 January 2015	**77,001**	**(7,117)**	**181,421**	**251,305**	**12,826**	**264,131**
Total comprehensive income/(loss) for the period	-	(8,335)	7,039	(1,296)	(724)	(2,020)
Dividends relating to 2014 paid	-	-	(3,508)	(3,508)	(664)	(4,172)
Balance at 30 September 2015	**77,001**	**(15,452)**	**184,952**	**246,501**	**11,438**	**257,939**

	Share Capital S$ '000	Retained earnings S$ '000	Total S$ '000
The Company			
Balance at 1 January 2016	**77,001**	**57,996**	**134,997**
Total comprehensive income for the period	-	5,199	5,199
Dividends relating to 2015 paid	-	(4,151)	(4,151)
Balance at 30 September 2016	**77,001**	**59,044**	**136,045**

	Share Capital S$ '000	Retained earnings S$ '000	Total S$ '000
The Company			
Balance at 1 January 2015	**77,001**	**53,111**	**130,112**
Total comprehensive income for the period	-	7,178	7,178
Dividends relating to 2014 paid	-	(3,508)	(3,508)
Balance at 30 September 2015	**77,001**	**56,781**	**133,782**

1(f) 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.

The share capital of the Company as at 31 December 2015 was 584,591,628 ordinary shares.

Subsequent to 31 December 2015, the Company has completed its Share Consolidation exercise effective on 19 January 2016 and every two (2) Existing Shares has been consolidated to constitute one (1) Consolidated Share. Following the completion of the Share Consolidation, the issued share capital of the Company now comprises 292,295,811 Consolidated Shares.

1(g) 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

The Company did not hold any treasury shares as at 30 September 2016 and 31 December 2015.

1(h)(i) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Company 30/9/16	Company 31/12/15
Total numbers of issued shares (pre-consolidation) [Note 1(f)]	**-**	584,591,628
Total numbers of issued shares (post-consolidation) [Note 1(f)]	**292,295,811**	-
Less: Treasury shares	**-**	-
Total numbers of issued shares excluding treasury shares	**292,295,811**	584,591,628

1(h)(ii) 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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2016.

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 or reviewed by the Company's 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 for those as disclosed under paragraph 5, the accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements.

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

On 1 January 2016, the Group has adopted the following revised FRS:-

FRS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

The amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

This amendment is not expected to have any significant impact on the financial statements of the Group.

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

EARNINGS PER SHARE	**Group 01/07/16 - 30/09/16**	Group 01/07/15 - 30/09/15	**Group 01/01/16 - 30/09/16**	Group 01/01/15 - 30/09/15
(A) Pre-consolidation [Note 1(f)]				
(a) Based on the number of ordinary shares on issue (cents)	**-**	0.57	**-**	1.20
(b) On fully diluted basis (cents)	**-**	0.57	**-**	1.20
Weighted average number of ordinary shares	**-**	584,591,628	**-**	584,591,628
(B) Post-consolidation [Note 1(f)]				
(a) Based on the number of ordinary shares on issue (cents)	**0.33**	1.14	**1.41**	2.41
(b) On fully diluted basis (cents)	**0.33**	1.14	**1.41**	2.41
Weighted average number of ordinary shares	**292,295,811**	292,295,811	**292,295,811**	292,295,811

(i) The Group earnings per share for current and preceding financial year are based on the number of post-consolidated shares of 292,295,811 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.

(iii) There was no material impact on prior period EPS on adoption of the revised FRS as disclosed in paragraph 5.

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

NET ASSET VALUE PER SHARE

	Group 30/09/16	Group 31/12/15	**Company 30/09/16**	Company 31/12/15
Net asset value per ordinary share (cents) (pre-consolidation) [Note 1(f)]	**-**	42.15	**-**	23.09
Net asset value per ordinary share (cents) (post-consolidation) [(Note 1(f)]	**83.00**	84.30	**46.54**	46.18

(i) The Group and Company net asset value per share as at 30 September 2016 and as at 31 December 2015 are based on the actual number of consolidated shares of 292,295,811 ordinary shares.

(ii) There was no material impact on prior year net asset value per share on adoption of the revised FRS as disclosed in paragraph 5.

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

Turnover

The Group reported a 5.3% (or $6.4 million) decrease in turnover to $114.9 million (3Q2016) from $121.3 million (3Q2015) mainly due to lower sales in both the distribution and manufacturing business as compared to the corresponding period last year.

Distribution business, accounting for 73.6% of the Group's total turnover, recorded a decrease of 1.5% (or $1.3 million) in turnover, from $85.9 million (3Q2015) to $84.6 million (3Q2016) mainly due to lower sales in the tyres distribution business. Our wheel manufacturing business, accounting for 26.4% of the Group's total turnover, recorded a decrease of 14.4% (or $5.1 million) in turnover, from $35.4 million (3Q2015) to $30.3 million (3Q2016).

Gross Profit

Gross Profit decreased by 2.3% (or $0.5 million) to $24.0 million (3Q2016) from $24.5 million (3Q2015). The Group's gross profit margin increased to 20.8% in 3Q2016 compared to 20.2% in 3Q2015 mainly due to higher gross profit margin from the distribution business.

Other Gains

Other gains decreased by 75.5% (or $2.5 million) in 3Q2016 to $0.8 million compared to $3.3 million in 3Q2015 mainly due to one-time disposal gain of our Sepang plant reported in 3Q2015.

Operating Expenses

Distribution expenses decreased by 2.8% (or $0.3 million) in 3Q2016 to $11.7 million compared to $12.0 million in 3Q2015 mainly due to lower advertising and promotion expenses and staff related expenses.

Administrative expenses increased by 7.7% (or $0.7 million) in 3Q2016 to $10.4 million compared to $9.7 million in 3Q2015 mainly due to lower unrealised foreign exchange translation gains in 3Q2016 as compared to 3Q2015.

Financing costs decreased by 21.9% (or $0.3 million) in 3Q2016 to $1.0 million compared to $1.3 million in 3Q2015 mainly due to lower interest costs incurred.

Income Tax expense

Income tax expense decreased by 58.1% mainly due to lower Group profit before tax for the period.

Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company decreased by 70.9% (or $2.3 million) to $1.0 million in 3Q2016 from $3.3 million in 3Q2015.

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 NINE-MONTH YEAR-TO-DATE FINANCIAL RESULTS (9M2016 VS 9M2015)

Turnover

The Group reported a 11.1% (or $42.8 million) decrease in turnover to $342.8 million (9M2016) from $385.6 million (9M2015) mainly due to lower sales in both the distribution and manufacturing business as compared to the corresponding period last year.

Distribution business, accounting for 70.2% of the Group's total turnover, recorded a decrease of 10.9% (or $29.5 million) in turnover, from $270.0 million (9M2015) to $240.5 million (9M2016) mainly due to lower sales in the tyres distribution business. Manufacturing business, accounting for 29.8% of the Group's total turnover, recorded a decrease of 11.5% (or $13.3 million) in turnover, from $115.6 million (9M2015) to $102.3 million (9M2016).

Gross Profit

Gross Profit decreased by 6.5% (or $5.1 million) to $74.3 million (9M2016) from $79.4 million (9M2015). The Group's gross profit margin increased to 21.7% in 9M2016 compared to 20.6% in 9M2015 mainly due to higher gross profit margin from both the distribution and manufacturing business.

Other Gains

Other gains decreased by 54.0% (or $2.6 million) in 9M2016 to $2.2 million compared to $4.8 million in 9M2015 mainly due to one-time disposal gain of our Sepang plant reported in 9M2015.

Operating Expenses

Distribution expenses decreased by 8.2% (or $3.0 million) in 9M16 to $33.9 million compared to $36.9 million in 9M2015 mainly due to lower carriage outward, advertising & promotion and staff related expenses.

Administrative expenses increased by 1.9% (or $0.6 million) in 9M2016 to $33.6 million compared to $33.0 million in 9M2015 mainly due to unrealised foreign exchange translation losses.

Financing costs decreased by 13.6% (or $0.6 million) in 9M2016 to $3.3 million compared to $3.9 million in 9M2015 mainly due to lower interest costs incurred.

Share of Profit of an Associated Company

Our associated company reported better performance and our share of profit was $1.5 million in 9M2016 compared to $0.8 million in 9M2015.

Income Tax expense

Income tax expense decreased by 32.0% mainly due to lower Group profit before tax for the period.

Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company decreased by 41.3% (or $2.9 million) to $4.1 million in 9M2016 from $7.0 million in 9M2015.

STATEMENT OF FINANCIAL POSITION REVIEW

As at 30 September 2016, total assets amounted to about $398.5 million comprising $267.3 million of current assets and $131.2 million of non-current assets. Total liabilities amounted to about $142.5 million comprising current liabilities of $116.1 million and non-current liabilities of $26.4 million. Shareholders' equity including non-controlling interests amounted to $256.0 million.

The substantial changes in the statement of financial position compared to 31 December 2015 are as follows:

Trade and other receivables

Trade and other receivables decreased from $97.8 million to $93.0 million mainly due to lower sales.

Inventories

Inventories decreased from $126.3 million to $109.2 million mainly due to better inventory management.

Trade and other payables

Trade and other payables increased from $35.8 million to $41.5 million mainly due to new purchases at 30 September 2016 and advance payment received from customers.

Current income tax liabilities

Income tax liabilities decreased from $0.6 million to $0.4 million mainly due to lower income tax expenses for the period.

Derivative financial instrument

Derivative financial instrument decreased from $0.3 million to Nil due to settlement of derivative liability during the period arising from a currency swap contract to hedge our USD receivables.

Borrowings (current & non-current)

Borrowings decreased from $126.3 million to $97.7 million due to repayment of bank borrowings during the period.

Other non-current liabilities

Other non-current liability is mainly due to provision for long services leave in Australia's subsidiaries.

Other reserves

Other reserves consist of foreign currency translation losses on oversea investments which changed from $16.6 million to $20.4 million resulting mainly from the weakening of RMB against SGD.

STATEMENT OF CASH FLOW REVIEW

$43.9 million was provided by operating activities in 9M2016. The Group utilised $4.5 million in the investing activities mainly for the purchase of plant and equipment. A total of $37.0 million was used in the financing activities mainly for the repayment of bank borrowings and payment of dividend. Cash and cash equivalents amounted to $53.4 million as at 30 September 2016 compared to $51.7 million reported as at 31 December 2015.

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 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 overall business operating environment is expected to remain challenging in view of the uncertain global economic outlook and the volatility of global financial markets. We expect the current low consumer confidence to continue to dampen consumer spending and lower demand for our products across our key markets in Asia Pacific.

The slower global growth continued to impact our wheel manufacturing business mainly due to the sluggish consumer demand for our After-market wheels; despite an improvement in our OEM wheel manufacturing business in Shanghai. However, the lower OEM subcontract prices coupled with the rising operating costs in Shanghai have impacted the overall profitability of our wheel manufacturing business as a whole.

The impending announcement by the European Union of its review decision to discontinue or extend the Anti-Dumping ruling on the chinese wheel manufacturers may have an impact on our wheel manufacturing business going forward. We expect the difficult market conditions of the wheel manufacturing business to continue into next year. Nonetheless, we will continue to innovate and invest in R&D design, technical competencies and improve on our production processes so as to reduce our overall production costs.

The prevailing overcapacity in the tyres industry and the weak global demand continued to impact our tyres distribution business. We expect the intense competition of the tyres distribution business to continue into next year. The Group will continue its efforts to work on various business strategies including its 3"R" reduction policy to reduce inventory, reduce account receivables and reduce operating costs to mitigate the impact on the tyres distribution business.

The Group will continue to rationalize and right-size the operations to reduce operating costs amid a tough economic environment.

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 2016.

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, please make a statement to that effect

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

14. Statement Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited

We, Tay Tian Hoe Richard and Tay Tiang Guan, being two of the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the three months ended 30 September 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Company confirmed that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. 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.

17. 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.

18. A breakdown of sales

A breakdown of sales:-

Not applicable to Q1, Q2, & Q3 results.

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable to Q1, Q2, & Q3 results.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable to Q1, Q2, & Q3 results.

BY ORDER OF THE BOARD

Tay Tian Hoe Richard
Executive Chairman and Group Managing Director
11/11/2016

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 11/11/2016 to the SGX.