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

Unaudited Third Quarter 2018 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 FY2018 vs 3Q FY2017)

	Group 01/07/18-30/09/18 S$ '000	Group 01/07/17-30/09/17 S$ '000	Incr/(Decr) %
Sales	**118,576**	113,596	4.4%
Cost of sales	**(93,579)**	(88,352)	5.9%
Gross profit	**24,997**	25,244	(1.0%)
Other gains	**1,406**	1,303	7.9%
Expenses			
- Distribution	**(11,433)**	(11,286)	1.3%
- Administrative	**(11,281)**	(11,120)	1.4%
- Finance	**(899)**	(791)	13.7%
Share of profit of an associated company	**578**	526	9.9%
Profit before income tax	**3,368**	3,876	(13.1%)
Income tax expense	**(934)**	(1,334)	(30.0%)
Net profit	**2,434**	2,542	(4.2%)
Profit Attributable to:			
Equity holders of the Company	**2,349**	2,264	3.8%
Non-controlling interests	**85**	278	(69.4%)
	2,434	2,542	(4.2%)

NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2018 vs 3Q FY2017)

	Group 01/07/18-30/09/18 S$ '000	Group 01/07/17-30/09/17 S$ '000	Incr/(Decr) %
Interest income	**91**	139	(34.5%)
Rental income	**890**	1,070	(16.8%)
Interest on borrowings	**(899)**	(791)	13.7%
Depreciation of property, plant and equipment and investment property	**(2,647)**	(2,848)	(7.1%)
Amortisation of intangible assets	**(119)**	(206)	(42.2%)
Allowance for impairment of doubtful trade receivables	**(428)**	(355)	20.6%
Write-down of inventories	**(286)**	(539)	(46.9%)
Currency exchange (loss)/gain - net	**(177)**	1,095	NM
Share of profit of an associated company	**578**	526	9.9%
Gain/(loss) on disposal of property, plant and equipment	**32**	(688)	NM
Impairment of plant and equipment	**-**	(172)	NM

NM – Not meaningful

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NOTES TO CONSOLIDATED INCOME STATEMENT (3Q FY2018 vs 3Q FY2017) (Cont'd)

Income Tax Expenses Tax expense attributable to profit is made up of:	**Group 01/07/18-30/09/18 S$ '000**	Group 01/07/17-30/09/17 S$ '000	Incr/(Decr) %
Current income tax			
- Singapore	**(1)**	96	NM
- Foreign	**996**	1,135	(12.2%)
	995	1,231	(19.2%)
Deferred income tax	**18**	51	(64.7%)
	1,013	1,282	(21.0%)
(Over)/Under provision in previous financial year			
- Current income tax	**(79)**	214	NM
- Deferred income tax	**-**	(162)	NM
	934	1,334	(30.0%)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (3Q FY2018 vs 3Q FY2017)

	Group 01/07/18-30/09/18 S$ '000	Group 01/07/17-30/09/17 S$ '000	Incr/(Decr) %
Profit for the period	**2,434**	2,542	(4.2%)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	**(4,049)**	48	NM
Total comprehensive (loss)/income for the period	**(1,615)**	2,590	NM
Total comprehensive (loss)/income to:			
Equity holders of the Company	**(1,697)**	2,374	NM
Non-controlling interests	**82**	216	(62.0%)
	(1,615)	2,590	NM

* *Consist of foreign currency losses mainly resulting from the weakening of RMB and AUD against SGD.*

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1(a)(ii) CONSOLIDATED INCOME STATEMENT (YTD SEP FY2018 vs YTD SEP FY2017)

	Group 01/01/18-30/09/18 S$ '000	Group 01/01/17-30/09/17 S$ '000	Incr/(Decr) %
Sales	**343,044**	331,666	3.4%
Cost of sales	**(268,597)**	(254,543)	5.5%
Gross profit	**74,447**	77,123	(3.5%)
Other gains	**7,647**	2,182	250.5%
Expenses			
- Distribution	**(32,774)**	(32,432)	1.1%
- Administrative	**(33,211)**	(36,065)	(7.9%)
- Finance	**(2,671)**	(2,645)	(1.0%)
Share of profit of an associated company	**2,201**	2,046	7.6%
Profit before income tax	**15,639**	10,209	53.2%
Income tax expense	**(4,003)**	(3,471)	15.3%
Net profit	**11,636**	6,738	72.7%
Profit Attributable to:			
Equity holders of the Company	**10,724**	6,010	78.4%
Non-controlling interests	**912**	728	25.3%
	11,636	6,738	72.7%

NOTES TO CONSOLIDATED INCOME STATEMENT (YTD SEP FY2018 vs YTD SEP FY2017)

	Group 01/01/18-30/09/18 S$ '000	Group 01/01/17-30/09/17 S$ '000	Incr/(Decr) %
Interest income	**356**	379	(6.1%)
Rental income	**2,858**	1,395	104.9%
Interest on borrowings	**(2,671)**	(2,645)	1.0%
Depreciation of property, plant and equipment and investment property	**(7,879)**	(8,825)	(10.7%)
Amortisation of intangible assets	**(359)**	(238)	50.8%
Allowance for impairment of doubtful trade receivables	**(1,249)**	(1,577)	(20.8%)
Write-down of inventories	**(1,402)**	(2,131)	(34.2%)
Currency exchange (loss)/gain - net	**(31)**	501	NM
Share of profit of an associated company	**2,201**	2,046	7.6%
Gain/ (loss) on disposal of property, plant and equipment	**123**	(579)	NM
Gain on disposal of non-current assets held for sale	**3,075**	-	NM
Impairment of plant and equipment	**-**	(1,558)	NM

NOTES TO CONSOLIDATED INCOME STATEMENT (YTD SEP FY2018 vs YTD SEP FY2017) (Cont'd)

Income Tax Expenses Tax expense attributable to profit is made up of:	**Group 01/01/18-30/09/18 S$ '000**	Group 01/01/17-30/09/17 S$ '000	Incr/(Decr) %
Current income tax			
- Singapore	**253**	213	(18.8%)
- Foreign	**2,821**	3,026	(6.8%)
	3,074	3,239	(5.1%)
Deferred income tax	**1,205**	133	NM
	4,279	3,372	26.9%
(Over)/under provision in previous financial year			
- Current income tax	**(276)**	261	NM
- Deferred income tax	**-**	(162)	NM
	4,003	3,471	15.3%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (YTD SEP FY2018 vs YTD SEP FY2017)

	Group 01/01/18-30/09/18 S$ '000	Group 01/01/17-30/09/17 S$ '000	Incr/(Decr) %
Profit for the period	**11,636**	6,738	72.7%
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	***(3,346)**	#(2,280)	46.8%
Total comprehensive income for the period	**8,290**	4,458	86.0%
Total comprehensive income to:			
Equity holders of the Company	**7,470**	3,900	91.5%
Non-controlling interests	**820**	558	47.0%
	8,290	4,458	86.0%

** Consist of foreign currency losses mainly resulting from the weakening of RMB and AUD against SGD.*

 # Consist of foreign currency losses mainly resulting from the weakening of RMB 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 30/09/18	Group 31/12/17	**Company 30/09/18**	Company 31/12/17
	S$ '000	S$ '000	**S$ '000**	S$ '000
ASSETS				
Current assets				
Cash and cash equivalents	**52,581**	54,360	**4,232**	3,178
Trade and other receivables	**106,921**	100,149	**34,961**	35,943
Inventories	**116,692**	111,721	**-**	-
Derivative financial instruments	**115**	115	**-**	-
	276,309	266,345	**39,193**	39,121
Non-current assets held for sale	**-**	712	**-**	-
	276,309	267,057	**39,193**	39,121
Non-current assets				
Transferable club membership, at cost	**127**	38	**-**	-
Investment in an associated company	**20,287**	17,896	**-**	-
Investments in subsidiaries	**-**	-	**100,325**	100,325
Property, plant and equipment	**85,553**	82,302	**37**	88
Investment property	**10,370**	11,011	**-**	-
Intangible assets	**4,569**	4,914	**-**	-
Deferred income tax assets	**3,016**	4,243	**-**	-
Other long-term receivables	**-**	13	**-**	-
	123,922	120,417	**100,362**	100,413
Total assets	**400,231**	387,474	**139,555**	139,534
LIABILITIES				
Current liabilities				
Trade and other payables	**40,623**	36,506	**889**	1,224
Current income tax liabilities	**704**	2,052	**-**	-
Borrowings	**82,026**	70,488	**-**	-
	123,353	109,046	**889**	1,224
Non-current liabilities				
Borrowings	**10,986**	14,888	**-**	-
Deferred income tax liabilities	**2,555**	2,500	**-**	-
Other non-current liabilities	**189**	233	**-**	-
	13,730	17,621	**-**	-
Total liabilities	**137,083**	126,667	**889**	1,224
NET ASSETS	**263,148**	260,807	**138,666**	138,310
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**77,001**	77,001	**77,001**	77,001
Other reserves	**726**	3,836	**-**	-
Retained profits	**173,143**	167,338	**61,665**	61,309
	250,870	248,175	**138,666**	138,310
Non-controlling interests	**12,278**	12,632	**-**	-
Total equity	**263,148**	260,807	**138,666**	138,310

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

Amount repayable in one year or less, or on demand

Group As at 30/09/18		Group As at 31/12/17	
Secured S$ '000	**Unsecured S$ '000**	Secured S$ '000	Unsecured S$ '000
82,026	-	70,488	-

Amount repayable after one year

Group As at 30/09/18		Group As at 31/12/17	
Secured S$ '000	**Unsecured S$ '000**	Secured S$ '000	Unsecured S$ '000
10,986	**-**	14,888	-

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$6.0 million (2017: S$6.2 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 FY2018 vs 3Q FY2017)

	Group 01/07/18-30/09/18 S$ '000	Group 01/07/17-30/09/17 S$ '000
Cash flows from operating activities		
Net profit	**2,434**	2,542
Adjustments for:		
-Income tax expenses	**934**	1,334
-Depreciation of property, plant and equipment and investment property	**2,647**	2,848
-Amortisation of intangible assets	**119**	206
-(Gain)/loss on disposal of property, plant and equipment	**(32)**	688
-Interest expense	**899**	791
-Interest income	**(91)**	(139)
-Share of profit of an associated company	**(578)**	(526)
-Fair value loss on derivative financial instruments	**3**	-
-Gain on disposal of transferrable club membership	**-**	(35)
-Impairment of plant and equipment	**-**	172
-Unrealised currency translation differences	**1,435**	(361)
Operating cash flow before working capital changes	**7,770**	7,520
Changes in working capital:		
-Inventories	**(4,361)**	(3,885)
-Trade and other receivables	**587**	(4,380)
-Trade and other payables	**2,740**	(1,838)
Cash generated from/(used in)operations	**6,736**	(2,583)
Interest received	**91**	139
Income tax paid	**(1,077)**	(1,989)
Net cash provided/(used in) by operating activities	**5,750**	(4,433)
Cash flows from investing activities		
Dividend received from an associated company	**-**	952
Proceeds from sale of property, plant and equipment	**346**	1,715
Purchase of property, plant and equipment	**(9,139)**	(1,420)
Proceed from disposal of transferable club membership	**-**	224
Purchase of intangible assets	**-**	(502)
Net cash (used in)/provided by investing activities	**(8,793)**	969
Cash flows from financing activities		
Interest paid	**(899)**	(791)
Proceeds from borrowings	**2,434**	3,196
Repayments of borrowings	**(5,198)**	(601)
Repayments of finance lease liabilities	**(6)**	(34)
Net cash (used in)/ from financing activities	**(3,669)**	1,770
Net decrease in cash and cash equivalents	**(6,712)**	(1,694)
Cash and cash equivalents at beginning of the financial period	**60,246**	58,360
Effects of currency translation on cash and cash equivalents	**(1,023)**	(90)
Cash and cash equivalents at end of the financial period	**52,511**	56,576

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Consolidated cash and cash equivalents are represented by:	**Group 01/07/18-30/09/18 S$ '000**	Group 01/07/17-30/09/17 S$ '000
Cash and bank balances	**52,581**	57,318
Less: Bank overdrafts	**(70)**	(742)
Cash and cash equivalents as per consolidated statement of cash flows	**52,511**	56,576

1(d)(ii) CONSOLIDATED STATEMENT OF CASH FLOWS (YTD SEP FY2018 vs YTD SEP FY2017)

	Group 01/01/18-30/09/18 S$ '000	Group 01/01/17-30/09/17 S$ '000
Cash flows from operating activities		
Net profit	**11,636**	6,738
Adjustments for:		
-Income tax expenses	**4,003**	3,471
-Depreciation of property, plant and equipment and investment property	**7,879**	8,825
-Amortisation of intangible assets	**359**	238
-(Gain)/loss on disposal of property, plant and equipment	**(123)**	579
-Gain on disposal of non-current assets held for sale	**(3,075)**	-
-Interest expense	**2,671**	2,645
-Interest income	**(356)**	(379)
-Share of profit of an associated company	**(2,201)**	(2,046)
-Fair value loss on derivative financial instruments	**-**	1
-Gain on disposal of transferrable club membership	**-**	(35)
-Impairment of plant and equipment	**-**	1,558
-Unrealised currency translation differences	**898**	(532)
Operating cash flow before working capital changes	**21,691**	21,063
Changes in working capital:		
-Inventories	**(7,726)**	3,538
-Trade and other receivables	**(9,378)**	(20)
-Trade and other payables	**4,909**	(4,757)
Cash generated from operations	**9,496**	19,824
Interest received	**356**	379
Income tax paid	**(4,022)**	(3,747)
Net cash provided by operating activities	**5,830**	16,456
Cash flows from investing activities		
Dividend received from an associated company	**-**	952
Proceeds from sale of property, plant and equipment	**832**	3,090
Proceed from sale of non-current assets held for sale	**3,986**	-
Purchase of property, plant and equipment	**(12,149)**	(4,274)
Purchase of intangible assets	**(56)**	(997)
Purchase of transferable club memberships	**(89)**	224
Net cash used in investing activities	**(7,476)**	(1,005)

	Group 01/01/18-30/09/18 S$ '000	Group 01/01/17-30/09/17 S$ '000
Cash flows from financing activities		
Dividends paid to equity holder of the Company	**(4,384)**	(1,871)
Dividends paid to non-controlling interests	**(1,174)**	(1,215)
Interest paid	**(2,671)**	(2,645)
Proceeds from borrowings	**23,196**	15,075
Repayments of borrowings	**(14,311)**	(17,668)
Repayments of finance lease liabilities	**(21)**	(65)
Acquisition of additional interests in subsidiary	**-**	(202)
Net cash from/(used in) financing activities	**635**	(8,591)
Net (decrease)/increase in cash and cash equivalents	**(1,011)**	6,860
Cash and cash equivalents at beginning of the financial period	**53,995**	50,386
Effects of currency translation on cash and cash equivalents	**(473)**	(670)
Cash and cash equivalents at end of the financial period	**52,511**	56,576
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	**52,581**	57,318
Less: Bank overdrafts	**(70)**	(742)
Cash and cash equivalents as per consolidated statement of cash flows	**52,511**	56,576

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 profits S$ '000**	**Sub-total S$ '000**	**Non-controlling interests S$ '000**	**Total S$ '000**
The Group						
Balance at 1 January 2018	**77,001**	**3,836**	**167,338**	**248,175**	**12,632**	**260,807**
Effects on adoption of SFRS (I) 9	-	-	(391)	(391)	-	(391)
Balance at 1 January 2018 (restated)	**77,001**	**3,836**	**166,947**	**247,784**	**12,632**	**260,416**
Profit for the period	-	-	10,724	10,724	912	11,636
Other comprehensive loss for the period	-	(3,110)	(144)	(3,254)	(92)	(3,346)
Total comprehensive (loss)/income for the period	**-**	**(3,110)**	**10,580**	**7,470**	**820**	**8,290**
Dividend relating to 2017 paid	-	-	(4,384)	(4,384)	(1,174)	(5,558)
Balance at 30 September 2018	**77,001**	**726**	**173,143**	**250,870**	**12,278**	**263,148**

STATEMENT OF CHANGES IN EQUITY (Cont'd)

	←Attributable to equity holders of the Company→					
	Share capital S$ '000	Other reserves S$ '000	Retained profits S$ '000	Sub-total S$ '000	Non-controlling interests S$ '000	Total S$ '000
The Group						
Balance at 1 January 2017	**77,001**	**(19,911)**	**185,422**	**242,512**	**13,557**	**256,069**
Effects on transition to SFRS (I)	-	24,733	(24,658)	75	(75)	-
Balance at 1 January 2017 (restated)	**77,001**	**4,822**	**160,764**	**242,587**	**13,482**	**256,069**
Profit for the period	-	-	6,010	6,010	728	6,738
Other comprehensive loss for the period	-	(2,110)	-	(2,110)	(170)	(2,280)
Total comprehensive (loss)/income for the period	**-**	**(2,110)**	**6,010**	**3,900**	**558**	**4,458**
Dividend relating to 2016 paid	-	-	(1,871)	(1,871)	(1,211)	(3,082)
Balance at 30 September 2017	**77,001**	**2,712**	**164,903**	**244,616**	**12,829**	**257,445**

	Share capital S$ '000	Retained profits S$ '000	Total S$ '000
The Company			
Balance at 1 January 2018	**77,001**	**61,309**	**138,310**
Total comprehensive income for the period	-	4,740	4,740
Dividend relating to 2017 paid	-	(4,384)	(4,384)
Balance at 30 September 2018	**77,001**	**61,665**	**138,666**

	Share capital S$ '000	Retained profits S$ '000	Total S$ '000
The Company			
Balance at 1 January 2017	**77,001**	**58,728**	**135,729**
Total comprehensive income for the period	-	4,541	4,541
Dividend relating to 2016 paid	-	(1,871)	(1,871)
Balance at 30 September 2017	**77,001**	**61,398**	**138,399**

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.

There was no change in the Company's number of shares since 31 December 2017. The share capital of the Company as at 30 September 2018 was 292,295,811 Consolidated Shares. There is no share option issued during the period.

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 2018 and 31 December 2017.

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 30/09/18	Company 31/12/17
Total numbers of issued shares (consolidated)	**292,295,811**	292,295,811
Less: Treasury shares	**-**	-
Total numbers of issued shares excluding treasury shares	**292,295,811**	292,295,811

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 2018.

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 2018, the Group has adopted a new accounting framework, Singapore Financial Reporting Standards (International) SFRS(I), together with the new SFRS(I)s effective on that date. The impact of the adoption are as follows:

(1) Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group has also concurrently apply SFRS(I) 9 Financial Instruments, SFRS(I) 15 Revenue from Contracts with Customers and SFRS(I) INT 22 Foreign Currency Translations and Advance Consideration. The estimated impact arising from the adoption of the SFRS(I)s on the Group's financial information are set out as follows:

Application of SFRS(I)

The Group is required to retrospectively apply all SFRS(I)s effective at the end of the first SFRS (I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I). The Group elected an optional exemption to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, other reserves as at 1 January 2017 was increased by $24,733,000 and the retained profits was decreased accordingly.

EQUITY **Capital and reserves attributable to equity holders of the Company**	Group 31/12/17 Reported under SFRS S$ '000	Group 1/1/17 Effect of transition to SFRS(I) S$ '000	**Group 31/12/17 Reported under SFRS(I)** **S$ '000**
Share Capital	77,001	-	**77,001**
Other reserve	(20,897)	24,733	**3,836**
Retained Profits	191,996	(24,658)	**167,338**
	248,100	75	**248,175**
Non-controlling interests	12,707	(75)	**12,632**
Total Equity	260,807	-	**260,807**

The impact to other reserves and retained earnings for the nine months period ended 30 September 2017 is set out in Statement of Changes in Equity.

(2) SFRS(I) 9 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

SFRS(I) 9 introduces new requirement for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirement in SFRS(I) 9 are based on an expected credit loss model and replace the FRS39 incurred loss model.

On the initial adoption of SFRS(I) 9 on 1 January 2018, the allowance for doubtful debts as at 1 January 2018 increased by $391,000, which was adjusted against Retained Earnings. As a result, Retained Earnings as at 1 January 2018 decreased from $167,338,000 to $166,947,000.

(3) SFRS(I) 15 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

SFRS(I) 15 replaces SFRS(I) 1-11 Construction contracts, SFRS(I) 1-18 Revenue, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the

entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The adoption of SFRS(I) 15 had not resulted in material impact. Hence, financial information for prior periods were not restated.

(4) SFRS(I) INT 22 Foreign Currency Translations and Advance Consideration (effective for annual periods beginning on or after 1 January 2018)

The interpretation applies to a foreign currency transaction (or part of it) when an entity recognizes a non-monetary assets and non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related assets, expense or income (or deferred revenue). All non-monetary assets and non-monetary liability apply the spot exchange rate between functional currency and the foreign currency at the date of the transaction and not retranslated at period end. This interpretation not required to income taxes and insurance contracts.

The Group adopted SFRS(I) INT 22 prospectively to all assets, expenses and income in the scope of the Interpretation initially recognised on or after 1 January 2018.

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 01/07/18 - 30/09/18**	Group 01/07/17 - 30/09/17	**Group 01/01/18 - 30/09/18**	Group 01/01/17 - 30/09/17
(a) Based on the number of ordinary shares on issue (cents)	**0.80**	0.77	**3.66**	2.05
(b) On fully diluted basis (cents)	**0.80**	0.77	**3.66**	2.05
Weighted average number of ordinary shares	**292,295,811**	292,295,811	**292,295,811**	292,295,811

(i) The Group's earnings per share for current and preceding financial year are based on the 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 30/09/18**	(Restated) Group 31/12/17	**Company 30/09/18**	Company 31/12/17
Net asset value per ordinary share (cents)	**85.83**	84.91	**47.44**	47.32

(i) The Group and Company net asset value per share as at 30 September 2018 and as at 31 December 2017 are based on the actual number of consolidated shares of 292,295,811 ordinary shares.

(ii) Prior period net asset value per share were restated from 84.88 cents to 84.91 cents on adoption of the revised SFRS(I)s 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 (3Q2018 VS 3Q2017)

Turnover

The Group reported a 4.4% (or $5.0 million) increase in turnover to $118.6 million (3Q2018) from $113.6 million (3Q2017) mainly due to higher sales in both distribution and manufacturing business as compared to the corresponding period last year.

Distribution business, accounting for 74.1% of the Group's total turnover, recorded an increase of 6.0% (or $4.9 million) in turnover, from $82.9 million (3Q2017) to $87.8 million (3Q2018). Our wheel manufacturing business, accounting for 25.9% of the Group's total turnover, was $30.7 million in 3Q2018, similar to 3Q2017.

Gross Profit

Gross Profit decreased by 1.0% (or $0.2 million) to $25.0 million (3Q2018) from $25.2 million (3Q2017). The Group's gross profit margin decreased to 21.1% in 3Q2018 compared to 22.2% in 3Q2017 mainly due to lower gross profit margin from both the distribution and manufacturing business.

Operating Expenses

Distribution expenses increased by 1.3% (or $0.1 million) in 3Q2018 to $11.4 million compared to $11.3 million in 3Q2017 mainly due to higher R&D, sales promotion and other sales related expenses in line with higher sales.

Administrative expenses increased by 1.4% (or $0.2 million) in 3Q2018 to $11.3 million compared to $11.1 million in 3Q2017 mainly due to foreign currency exchange loss in 3Q2018 compared to a gain in 3Q2017.

Financing costs increased by 13.7% (or $0.1 million) in 3Q2018 to $0.9 million compared to $0.8 million in 3Q2017 mainly due to higher interest costs in line with higher borrowings.

Share of Profit of an Associated Company

Our associated company reported better performance and our share of profit was $0.6 million in 3Q2018 as compared to $0.5 million in 3Q2017.

Income Tax expense

Income tax expense decreased by 30.0% (or $0.4 million) 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 was higher by 3.8% at 2.3 million in 3Q2108 as compared to 3Q2017.

REVIEW OF NINE MONTHS YEAR-TO-DATE FINANCIAL RESULTS (9M2018 VS 9M2017)

Turnover

The Group reported a 3.4% (or $11.3 million) increase in turnover to $343.0 million (3Q2018) from $331.7 million (9M2017) mainly due to higher sales recorded by both distribution and manufacturing business as compared to the corresponding period last year.

Distribution business, accounting for 72.6% of the Group's total turnover, recorded an increase of 1.1% (or $2.8 million) in turnover, from $246.4 million (9M2017) to $249.2 million (9M2018) mainly due to higher sales in our industrial products & automotive battery division, despite lower sales recorded in our tyres and wheels division. Our wheel manufacturing business, accounting for 27.4% of the Group's total turnover, recorded an increase of 10.1% (or $8.5 million) in turnover, from $85.3 million (9M2017) to $93.8 million (9M2018).

Gross Profit

Gross profit decreased by 3.5% (or $2.7 million) to $74.4 million (9M2018) from $77.1 million (9M2017). The Group's gross profit margin decreased to 21.7% in 9M2018 compared to 23.3% in 9M2017 mainly due to lower gross profit margin from both distribution and manufacturing business. Manufacturing business recorded lower gross profit margin mainly due to higher aluminium prices in 9M2018 compared to the same period last year.

Other Gains

Other gains increased from $2.2 million in 9M2017 to $7.6 million in 9M2018. The sales of our freehold warehouse and office building at our Australia subsidiary was completed at end of February 2018 and accordingly the Group recognised a gain on disposal of $3.1 million (before tax and minority interest). Lease rental income from Shanghai factory also contributed $2.2 million (gross, before expenses) in 9M2018.

Operating Expenses

Distribution expenses increased by 1.1% (or $0.4 million) in 9M2018 to $32.8 million compared to $32.4 million in 9M2017 mainly due to higher R&D and other sales related expenses in line with higher sales.

Administrative expenses decreased by 7.9% (or $2.8 million) in 9M2018 to $33.2 million compared to $36.0 million in 9M2017 mainly due to the impairment of plant and equipment arising from the cessation of production at our Shanghai factory reported in 9M2017 and lower staff related costs and repair and maintenance expenses in 9M2018.

Financing costs increased by 1.0% (or $0.1 million) to $2.7 million in 9M2018 compared to $2.6 million in 9M2017 mainly due to higher interest costs in line with higher borrowings.

Share of Profit of an Associated Company

Our associated company reported better performance and our share of profits was $2.2 million in 9M2018 compared to $2.0 million in 9M2017.

Income Tax expense

Income tax expense increased by 15.3% (or $0.5 million) mainly due to higher 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 increased by $4.7 million (or 78.4 %) to $10.7 million in 9M2018 from $6.0 million in 9M2017.

Non-controlling Interests

Net profit after tax and non-controlling interests attributable to non-controlling interest of the Company increased by $0.2 million (or 25.3%) to $0.9 million in 9M2018 from $0.7 million in 9M2017 mainly due to disposal gain of freehold warehouse and office building at our Australia subsidiary attributable to non-controlling interest of the Company.

STATEMENT OF FINANCIAL POSITION REVIEW

As at 30 September 2018, total assets amounted to about $400.2 million comprising $276.3 million of current assets and $123.9 million of non-current assets. Total liabilities amounted to about $137.1 million comprising current liabilities of $123.4 million and non-current liabilities of $13.7 million. Shareholders' equity including non-controlling interests amounted to $263.1 million.

The substantial changes in the statement of financial position compared to 31 December 2017 are as follows:

Non-current assets held for sale

Non-current assets held for sale decreased from of $0.7 million to $ NIL due to the completion of disposal of freehold warehouse and office building at our Australia subsidiary in 1H2018.

Transferable club membership, at cost

Transferable club membership, at cost increased from $38K to $127K mainly due to purchase of Country Club memberships.

Deferred income tax assets

Deferred income tax assets decreased from $4.2 million to $3.0 million mainly due to reversal of capital gains tax payable to profit or loss on completion of the disposal of freehold warehouse and office building at our Australia subsidiary in 1H2018.

Borrowings (current & non-current)

Borrowings increased from $85.4 million to $93.0 million due to an increase in short-term bank borrowings for payments to trade suppliers in 9M2018.

Current income tax liabilities

Income tax liabilities decreased from $2.1 million to $0.7 million mainly due to income tax paid during the period.

Other reserves

The Group elect to set the cumulative translation difference for all foreign operations to be zero as at the date of transition to SFRS(I)s on 1 January 2017. As a result, other reserves and retained profits as at 1 January 2017 and 31 December 2017 was increased / (decreased) by $24.7 million respectively.

Other reserves, consist of foreign currency translation losses on overseas investments, decreased from $3.8 million to $0.7 million mainly due to the weakening of RMB and AUD against SGD.

STATEMENT OF CASH FLOW REVIEW

$5.9 million was provided by operating activities in 9M2018. The Group utilised $7.5 million in investing activities mainly for the purchase of freehold industrial land in Malaysia. A total of net $0.6 million was raised from financing activities mainly from short term bank borrowings to pay trade suppliers. Cash and cash equivalents amounted to $52.5 million as at 30 September 2018 compared to $54.0 million reported as at 31 December 2017.

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 United States has intensified the trade war with China by imposing new tariffs on US$200 billion of Chinese goods effected on 24th September 2018. The latest round of new tariffs has increased the level of uncertainty and challenges for our business.

For manufacturing business, aluminium prices have stabilized in the last few months. However, the 10% new tariffs effected on 24th September 2018 as announced by the United States on the “Imports of Automobiles, including Cars, SUVs, Vans and Light Trucks, and Automotive Parts under Section 232” is set to increase to 25% on 1st January 2019 if a new trade deal is not reached between the two countries by year end. The escalated tariffs will potentially impact our wheels manufacturing business in China. On this backdrop, the group is working on various strategies to mitigate the potential impact on our manufacturing business in China.

For distribution business, our tyre business continues to face intense price competition in the market amid the low rubber prices and the prevailing excess capacity in the tyre industry. However, our industrial product & automotive battery business continues to achieve positive growth and has mitigated the impact on our tyre business. We will continue to source for new products and new business opportunities whilst exploring for new sales channels and strengthening our distribution network.

The Group will remain vigilant on our operating environment and be on the lookout for new growth opportunities amid a challenging business 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 2018.

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 2018 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
13/11/2018

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 13/11/2018 to the SGX.