EU YAN SANG INTERNATIONAL LTD (Company Registration No. : 199302179H)

Unaudited Results For The Second Quarter and Half-Year Ended 31 December 2015

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 2015

	GROUP					
	Second Quarter Ended 31 December			Half-Year Ended 31 December		
	2015	2014	Change	2015	2014	Change
	S$'000	S$'000	+/(-)%	S$'000	S$'000	+/(-)%
Revenue	85,607	84,692	**1**	160,782	167,725	**(4)**
Cost of sales	(43,259)	(41,464)	4	(82,026)	(81,701)	-
Gross profit	42,348	43,228	**(2)**	78,756	86,024	**(8)**
Other operating income	612	385	59	1,451	772	88
Distribution and selling expenses	(31,670)	(30,994)	2	(61,306)	(61,595)	-
Administrative expenses	(7,654)	(8,728)	(12)	(14,771)	(18,225)	(19)
Operating profit	3,636	3,891	**(7)**	4,130	6,976	**(41)**
Foreign exchange gain	47	938	(95)	1,625	1,447	12
Other losses	(246)	-	n.m.	(246)	-	n.m.
Interest income	23	20	15	42	37	14
Interest expenses	(1,638)	(1,571)	4	(3,201)	(2,913)	10
Share of results of joint ventures	6	16	(63)	18	16	13
Profit before taxation	1,828	3,294	**(45)**	2,368	5,563	**(57)**
Income tax expense	(1,334)	(1,314)	2	(2,018)	(2,848)	(29)
Profit for the period, net of tax	494	1,980	**(75)**	350	2,715	**(87)**
Profit/(loss) attributable to:						
Owners of the Company	498	1,977	(75)	348	2,714	(87)
Non-controlling interests	(4)	3	n.m.	2	1	100
	494	1,980	**(75)**	350	2,715	**(87)**

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 2015

	GROUP					
	Second Quarter Ended 31 December			Half-Year Ended 31 December		
	2015	2014	Change	2015	2014	Change
	S$'000	S$'000	+/(-)%	S$'000	S$'000	+/(-)%
Profit for the period, net of tax	**494**	**1,980**	**(75)**	**350**	**2,715**	**(87)**
Other comprehensive income:						
Item that will not be reclassified to profit or loss:						
Revaluation of land and buildings, net of tax	-	-	n.m.	-	-	n.m.
Item that may be reclassified subsequently to profit or loss:						
Foreign currency translation	(877)	2,881	n.m.	3,689	4,225	(13)
Other comprehensive income for the period, net of tax	**(877)**	**2,881**	**n.m.**	**3,689**	**4,225**	**(13)**
Total comprehensive income for the period	**(383)**	**4,861**	**n.m.**	**4,039**	**6,940**	**(42)**
Total comprehensive income attributable to:						
Owners of the Company	**(376)**	**4,852**	**n.m.**	**4,028**	**6,929**	**(42)**
Non-controlling interests	**(7)**	**9**	n.m.	**11**	**11**	-
	(383)	**4,861**	**n.m.**	**4,039**	**6,940**	**(42)**

Notes:

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

	Second Quarter Ended 31 December			Half-Year Ended 31 December		
	2015	2014	Change	2015	2014	Change
	S$'000	S$'000	+/(-)%	S$'000	S$'000	+/(-)%
Depreciation of property, plant and equipment	3,144	2,729	15	6,339	5,327	19
Amortisation of intangible assets	350	319	10	688	636	8
Loss on disposal of property, plant and equipment	2	64	(97)	3	132	(98)
Property, plant and equipment written off	316	63	n.m.	405	68	n.m.
Intangible assets written off	-	1	(100)	-	1	(100)
Net write-down of inventories	176	30	n.m.	210	23	n.m.
Inventories written off	485	199	n.m.	814	438	86
Allowance for doubtful receivables (trade)	5	99	(95)	5	99	(95)
Bad debts (trade) recovered	(106)	-	n.m.	-	-	n.m.

(ii) The overprovision of tax in respect of prior years for the financial period ended 31 December 2015 amounted to $144,000 (31 December 2014: nil).

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-15	30-Jun-15	31-Dec-15	30-Jun-15
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Property, plant and equipment	203,787	200,134	654	568
Investments in subsidiaries	-	-	80,765	77,583
Amounts due from subsidiaries	-	-	60,315	57,342
Other receivables	7,898	8,183	-	-
Investments in joint ventures	906	844	-	-
Long term investments	357	-	357	-
Investment properties	47,077	46,276	-	-
Intangible assets	4,333	4,536	1,005	971
Prepayments	1,282	1,670	-	-
Deferred tax assets	813	858	102	102
	266,453	**262,501**	**143,198**	**136,566**
Current assets				
Inventories	94,926	87,227	-	-
Trade and other receivables	19,430	15,107	135	117
Prepayments	6,277	2,298	610	88
Amounts due from subsidiaries	-	-	64,989	59,871
Tax recoverable	558	221	-	-
Cash and cash equivalents	24,578	25,068	841	3,482
	145,769	**129,921**	**66,575**	**63,558**
Current liabilities				
Trade and other payables	46,182	36,504	1,692	2,087
Provision for long service payments	86	85	-	-
Interest bearing loans and borrowings	83,452	73,398	62,800	50,500
Notes payable	23,556	-	23,556	-
Hire purchase creditors	130	142	78	78
Provision for restoration costs	709	1,097	-	-
Deferred revenue	3,249	3,377	-	-
Tax payable	2,735	4,716	88	88
Amounts due to a joint venture	304	493	-	-
Derivatives	-	-	-	-
	160,403	**119,812**	**88,214**	**52,753**
Net current (liabilities)/assets	**(14,634)**	**10,109**	**(21,639)**	**10,805**
Non-current liabilities				
Interest bearing loans and borrowings	781	934	-	-
Notes payable	74,878	98,287	74,878	98,287
Long term loans from non-controlling shareholders of subsidiaries	157	151	-	-
Hire purchase creditors	114	180	81	120
Provision for restoration costs	2,361	2,119	-	-
Provision for long service payments	230	216	-	-
Deferred tax liabilities	10,031	9,823	-	-
Other payables	1,026	745	-	-
	89,578	**112,455**	**74,959**	**98,407**
Net assets	**162,241**	**160,155**	**46,600**	**48,964**
Equity attributable to owners of the Company				
Share capital	41,786	41,490	41,786	41,490
Reserves	120,261	118,482	4,814	7,474
	162,047	**159,972**	**46,600**	**48,964**
Non-controlling interests	194	183	-	-
Total equity	**162,241**	**160,155**	**46,600**	**48,964**

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-15		As at 30-Jun-15	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$295,000	S$106,843,000	S$320,000	S$73,220,000

Amount repayable after one year

As at 31-Dec-15		As at 30-Jun-15	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$895,000	S$75,035,000	S$1,114,000	S$98,438,000

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	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Cash flows from operating activities:				
Profit before taxation	**1,828**	**3,294**	**2,368**	**5,563**
Depreciation of property, plant and equipment	3,144	2,729	6,339	5,327
Amortisation of intangible assets	350	319	688	636
Loss on disposal of property, plant and equipment	2	64	3	132
Property, plant and equipment written off	316	63	405	68
Intangible assets written off	-	1	-	1
Foreign currency translation realignment	5	28	(1,109)	239
Net write-down of inventories	176	30	210	23
Inventories written off	485	199	814	438
Allowance for doubtful receivables (trade)	5	99	5	99
Bad debts (trade) recovered	(106)	-	-	-
Interest income	(23)	(20)	(42)	(37)
Interest expense	1,638	1,571	3,201	2,913
Share of results of joint ventures	(6)	(16)	(18)	(16)
Deferred revenue	39	(44)	50	34
Increase in long service payments	12	341	10	359
Operating cash flows before changes in working capital	**7,865**	**8,658**	**12,924**	**15,779**
(Increase)/decrease in trade and other receivables	(3,104)	629	(4,043)	(1,554)
(Increase)/decrease in prepayments	(1,920)	(1,596)	(3,591)	4,669
(Decrease)/increase in amount due to a joint venture	(229)	59	(189)	265
Increase in inventories	(5,441)	(21,567)	(8,723)	(26,997)
Increase in trade and other payables	9,464	10,417	9,827	13,844
Cash flows from/(used in) operations	**6,635**	**(3,400)**	**6,205**	**6,006**
Interest received	23	19	41	36
Interest paid	(2,625)	(2,332)	(3,104)	(2,583)
Income tax refund	216	1	216	11
Income taxes paid	(4,158)	(5,628)	(4,715)	(6,305)
Net cash flows from/(used in) operating activities	**91**	**(11,340)**	**(1,357)**	**(2,835)**
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,550)	(11,051)	(5,847)	(28,944)
Purchase of investment property	-	-	-	(15,097)
Purchase of intangible assets	(87)	(132)	(156)	(273)
Proceeds from sale of property, plant and equipment	37	2	38	3
Payment for long term investment	-	-	(357)	-
Net cash used in investing activities	**(2,600)**	**(11,181)**	**(6,322)**	**(44,311)**
Cash flows from financing activities				
Proceeds from interest bearing loans and borrowings	15,140	44,755	18,640	63,405
Repayment of interest bearing loans and borrowings	(8,400)	(23,145)	(8,790)	(26,560)
Repayment of hire purchase creditors	(35)	(35)	(69)	(70)
Redemption of Notes payable	-	(1,400)	-	(1,400)
Proceeds from exercise of employee share options	283	168	283	414
Dividends paid	(2,236)	(9,825)	(2,236)	(9,825)
Net cash flows generated from financing activities	**4,752**	**10,518**	**7,828**	**25,964**
Net increase/(decrease) in cash and cash equivalents	2,243	(12,003)	149	(21,182)
Cash and cash equivalents as at beginning of the period	22,159	36,154	25,068	45,118
Effects of exchange rates changes on cash and cash equivalents	176	251	(639)	466
Cash and cash equivalents at end of the financial period	**24,578**	**24,402**	**24,578**	**24,402**

1(c)

	Group			
	Second Quarter Ended 31 December		Half-Year Ended 31 December	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
A. Purchase of property, plant and equipment				
Aggregate cost of property, plant and equipment acquired	2,575	11,125	5,896	29,063
Less :				
Restoration costs capitalised	(25)	(74)	(49)	(119)
Cash payments to acquire property, plant and equipment	**2,550**	**11,051**	**5,847**	**28,944**

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	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Cash and bank balances	24,578	24,402	24,578	24,402
	24,578	**24,402**	**24,578**	**24,402**

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 2015	41,490	30,951	453	(35)	770	437	(11,820)	102,130	164,376	201	164,577
Profit/(loss) for the period, net of tax	-	-	-	-	-	-	-	498	498	(4)	494
Other comprehensive income, net of tax	-	-	-	-	-	-	(874)	-	(874)	(3)	(877)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(874)**	**498**	**(376)**	**(7)**	**(383)**
Contributions by and distributions to owners											
Shares issued pursuant to the exercise of share options	296	-	-	-	(13)	-	-	-	283	-	283
Share options lapsed	**-**	**-**	**-**	**-**	(26)	**-**	**-**	26	-	-	-
Dividends	-	-	-	-	-	-	-	(2,236)	(2,236)	-	(2,236)
Total contributions by and distributions to owners	**296**	**-**	**-**	**-**	**(39)**	**-**	**-**	**(2,210)**	**(1,953)**	**-**	**(1,953)**
At 31 Dec 2015	**41,786**	**30,951**	**453**	**(35)**	**731**	**437**	**(12,694)**	**100,418**	**162,047**	**194**	**162,241**

	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**
Contributions by and distributions to owners											
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**

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 Jul 2015	41,490	30,951	453	(35)	770	437	(16,374)	102,280	159,972	183	160,155
Profit for the period, net of tax	-	-	-	-	-	-	-	348	348	2	350
Other comprehensive income, net of tax	-	-	-	-	-	-	3,680	-	3,680	9	3,689
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**3,680**	**348**	**4,028**	**11**	**4,039**
Contributions by and distributions to owners											
Shares issued pursuant to the exercise of share options	296	-	-	-	(13)	-	-	-	283	-	283
Share options lapsed	-	-	-	-	(26)	-	-	26	-	-	-
Dividends	-	-	-	-	-	-	-	(2,236)	(2,236)	-	(2,236)
Total contributions by and distributions to owners	**296**	**-**	**-**	**-**	**(39)**	**-**	**-**	**(2,210)**	**(1,953)**	**-**	**(1,953)**
At 31 Dec 2015	**41,786**	**30,951**	**453**	**(35)**	**731**	**437**	**(12,694)**	**100,418**	**162,047**	**194**	**162,241**

	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 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 financial year	**-**	**-**	**-**	**-**	**-**	**-**	**4,215**	**2,714**	**6,929**	**11**	**6,940**
Contributions by and distributions to owners											
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**

	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 2015	41,490	770	437	6,042	48,739
Loss for the period, net of tax	-	-	-	(162)	(162)
Total comprehensive income for the period	**-**	**-**	**-**	**(162)**	**(162)**
Contributions by and distributions to owners					
Shares issued pursuant to the exercise of share options	296	(13)	-	-	283
Share options lapsed	-	(26)	-	2	(24)
Dividends	-	-	-	(2,236)	(2,236)
Total transactions with owners in their capacity as owners	**296**	**(39)**	**-**	**(2,234)**	**(1,977)**
At 31 Dec 2015	**41,786**	**731**	**437**	**3,646**	**46,600**
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)**
Contributions by and distributions to owners					
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**

	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 2015	41,490	770	437	6,267	48,964
Loss for the period, net of tax	-	-	-	(387)	(387)
Total comprehensive income for the period	**-**	**-**	**-**	**(387)**	**(387)**
Contributions by and distributions to owners					
Shares issued pursuant to the exercise of share options	296	(13)	-	-	283
Share options lapsed	-	(26)	-	2	(24)
Dividends	-	-	-	(2,236)	(2,236)
Total transactions with owners in their capacity as owners	**296**	**(39)**	**-**	**(2,234)**	**(1,977)**
At 31 Dec 2015	**41,786**	**731**	**437**	**3,646**	**46,600**
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)**
Contributions by and distributions to owners					
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**

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 2015, the Company's issued and paid up capital, excluding treasury shares comprises 447,917,217 (30 June 2015: 447,281,217) 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-15		31-Dec-15
'000	'000	'000
447,281	636	447,917

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

Between 1 October 2015 and 31 December 2015, the Company has issued 636,000 ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2000 ("the 2000 scheme").

Under the 2000 scheme, there is no outstanding share option as at 31 December 2015, compared to 2,088,000 as at 31 December 2014. Movements in the number of the unissued shares of the Company under the 2000 scheme during Q2FY16 were as follows:

Outstanding options as at	Number of options exercised	Number of options lapsed	Outstanding options as at
1-Oct-15			31-Dec-15
'000	'000	'000	'000
1,944	(636)	(1,308)	-

Between 1 October 2015 and 31 December 2015, the Company has not issued any ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2006 ("the 2006 scheme").

Under the 2006 scheme, options to subscribe for 5,911,000 shares remained outstanding as at 31 December 2015, compared to 6,591,000 as at 31 December 2014. There is no movement in the number of unissued shares of the Company under the 2006 scheme during Q2FY16.

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 2015, no shares were granted and outstanding under the EYS PSP (31 December 2014: nil).

D) Treasury shares

No treasury shares were held by the Company as at 31 December 2015 and 31 December 2014.

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 2015 and 31 December 2015, no convertible warrants have been exercised.

As at 31 December 2015, there were 22,000,000 (31 December 2014: 22,000,000) outstanding convertible warrants with exercise price at $0.83 (31 December 2014: $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 2015 is 447,917,217 (30 June 2015: 447,281,217) 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 2015.

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 2015. 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	
	2015	2014	2015	2014
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	**0.11**	**0.44**	**0.08**	**0.61**
Weighted average number of shares ('000)	447,493	446,598	447,387	446,319
(ii) On a fully diluted basis	**0.11**	**0.44**	**0.08**	**0.60**
Weighted average number of shares ('000)	447,719	448,832	447,649	448,791

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-2015	30-Jun-2015
Net asset value per ordinary share based on issued share capital	**cents**	**cents**
For the Group	36.2	35.8
For the Company	10.4	10.9

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 increased marginally by 1% against the previous corresponding quarter. Revenue for the half year declined by 4% largely due to lower revenue from Hong Kong. The Group's revenue was also impacted by the weakening Malaysian Ringgit ("MYR") and Australian Dollar ("AUD").

Gross margins for the 2nd quarter and half year were both 49%, lower than those of the previous corresponding periods, mainly due to the impact of product sales mix and promotions.

The Group's operating profit ("OP") for the 2nd quarter was 7% below that of last year, primarily due to the decline in gross margin contribution and higher distribution and selling ("D&S") expenses. The reduction in OP was partially offset by savings in adminstrative expenses. OP for the half year went down by 41%, mainly due to the decline in revenue and gross margin contribution but partially offset by lower administrative expenses.

The decline in Profit before tax ("PBT") for the 2nd quarter was primarily due to the lower OP and lower foreign exchange gain. PBT for the half year was below last year, primarily due to the decrease in OP. The decline in PBTs also led to the lower Profits after tax ("PAT") for the 2nd quarter and half year.

(A) Revenue

The Group saw a marginal 1% increase in revenue for the 2nd quarter and a 4% decline in revenue for the half year. In terms of segment performance, the increase in revenue for the 2nd quarter was mainly from the retail segment while the decline in revenue for the half year was primarily from the wholesale segment. In terms of geographical performance, the increase in revenue for 2nd quarter was mainly due to higher sales from Singapore and Australia whereas the lower revenue for the half year was largely due to lower sales from Hong Kong.

Revenue by Activities

	GROUP					
	Second Quarter Ended 31 December			Half-Year Ended 31 December		
	2015	2014	Change	2015	2014	Change
Activities	**S$'000**	**S$'000**	+/(-)%	**S$'000**	**S$'000**	+/(-)%
Retail (TCM & non TCM)	69,415	67,941	**2**	131,391	130,294	**1**
Wholesale (TCM & non TCM)	10,986	11,357	**(3)**	18,936	26,740	**(29)**
Clinic - TCM	4,159	4,240	**(2)**	8,327	8,602	**(3)**
Others	1,047	1,154	**(9)**	2,128	2,089	**2**
	85,607	**84,692**	**1**	**160,782**	**167,725**	**(4)**

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

Retail – The Group's retail revenue for the 2nd quarter and half year went up marginally by 2% and 1% respectively, largely attributed to higher revenue from Singapore and Australia. The Group's retail revenue was also impacted by the weakening MYR and AUD.

Wholesale – Wholesale revenue for the 2nd quarter and half year fell by 3% and 29% respectively against the previous corresponding periods. The decline was mainly due to lower wholesale revenue generated in Hong Kong.

Clinic – Clinic revenue for the 2nd quarter and half year were below last year by 2% and 3% respectively, largely due to lower revenue generated from the clinics in

Revenue under "Others" mainly related to food and beverages ("F&B") income, rental income and franchise fee income. The reduction in revenue under "Others" for the 2nd quarter was largely due to the decline in F&B revenue in Malaysia while the higher revenue for the half year was mainly due to higher revenue contribution from the F&B operations in Shanghai.

Turnover by Geographical Locations:

		GROUP					
		Second Quarter Ended 31 December			Half-Year Ended 31 December		
Core Countries		2015 '000	2014 '000	Change +/(-)%	2015 '000	2014 '000	Change +/(-)%
Hong Kong*	SGD	33,776	35,731	(5)	64,032	74,264	(14)
	HKD	186,018	212,773	(13)	353,180	450,633	(22)
Singapore	SGD	19,613	17,328	13	40,195	35,862	12
Malaysia	SGD	19,109	19,523	(2)	30,694	33,350	(8)
	MYR	57,687	50,613	14	91,761	85,888	7
Australia	SGD	13,109	12,110	8	25,861	24,249	7
	AUD	12,925	10,936	18	25,648	21,513	19
Total	**SGD**	**85,607**	**84,692**	1	**160,782**	**167,725**	(4)

** Include Macau and China.*

Hong Kong's revenue for the 2nd quarter and half year, in local currency terms, dipped by 13% and 22% respectively against the previous corresponding periods, primarily due to the decline in spending of mainland tourists and challenges in the retail environment. The stronger HKD, however, helped to reduce the overall revenue decline in SGD.

Singapore's revenue for the 2nd quarter and half year increased by 13% and 12% against the previous corresponding periods, largely due to effective marketing campaigns and launch of new products.

In terms of local currency, Malaysia's revenue for the 2nd quarter and half year grew by 14% and 7% respectively against last year, mainly due to higher sales from Eu Yan Sang members' promotions. As a result of the weakening MYR, Malaysia's revenue in SGD for the 2nd quarter and half year were below those of last year.

Australia's revenue for the 2nd quarter and half year, in terms of local currency, went up by 18% and 19% compared to last year, largely due to the increase in company-operated outlets and the increase in same-store sales. However, the growths in SGD for the 2nd quarter and half year were reduced to 8% and 7% respectively as a result of the weakening AUD.

(B) FY16 Q2 Outlets & Clinics

Countries	Retail						General TCM Clinics		Premier TCM Clinics		Integrative Medical Centre		F&B outlets	
	Company-operated outlets		Franchise outlets		Total									
	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total
Australia	2	47	(1)	20	1	67	-	-	-	-	-	-	-	-
Malaysia	3	88	-	-	3	88	-	6	-	-	-	-	-	2
Hong Kong	1	61	-	-	1	61	-	-	-	-	-	2	-	-
Singapore	-	44	-	-	-	44	(2)	23	-	2	-	-	-	-
China	(1)	10	-	-	(1)	10	-	-	-	-	-	-	-	2
Macau	-	2	-	-	-	2	-	-	-	-	-	-	-	-
Total	**5**	**252**	**(1)**	**20**	**4**	**272**	**(2)**	**29**	**-**	**2**	**-**	**2**	**-**	**4**

The Group's retail network comprised 252 company-operated outlets and 20 franchise outlets as at 31 December 2015. During the 2nd quarter, a net total of 6 company-operated outlets was added in Australia, Malaysia and Hong Kong. 1 company-operated outlet was closed in China while there was a net reduction of 1 franchise outlet in Australia.

For the clinic network, there was a net closure of 2 clinics in Singapore, resulting in 31 TCM clinics as at 31 December 2015. Integrative Medical Centre ("IMC"), remained at 2 as at 31 December 2015.

(C) Profitability

The Group's OP for the 2nd quarter was lower than last year, largely due to the decline in gross margin contribution and higher D&S expenses. OP for the half year was below last year, mainly due to lower revenue and gross margin contribution. The lower adminstrative expenses for the 2nd quarter and half year helped to reduce the overall decline in OP for both periods.

The decline in Profit before tax ("PBT") for the 2nd quarter was primarily due to the lower OP and lower foreign exchange gain. PBT for the half year was below last year, primarily due to the decrease in OP. PBTs for both periods were also impacted by "other losses", which related to losses arising from security breach and unauthorised modifications to payment batch in the internet banking payables system in Healthylife Australia. Police investigations are on-going to ascertain causation but initial review has indicated security breach from external sources. The decline in PBTs also led to the lower Profits after tax ("PAT") for both periods.

(D) Distribution and selling expenses

The Group's D&S expenses for the 2nd quarter were 2% above the previous corresponding quarter while D&S expenses for the half year were marginally below last year. The increase in D&S expenses for the 2nd quarter was largely attributed to higher operating costs from the increase in company-operated outlets in Australia and the F&B operations in Shanghai.

(E) Administrative expenses

Administrative expenses for the 2nd quarter and half year were lower by 12% and 19% respectively compared to the previous corresponding periods. The lower expenses were mainly due to lower personnel-related expenses across most markets and lower spending on corporate projects, branding and corporate communication activities.

(F) Interest expenses

Interest expenses for the 2nd quarter and half year were higher than those of the previous corresponding periods, mainly due to the higher short-term loans and borrowings taken up by the Group.

(G) Income tax expense

The higher effective tax rates for the 2nd quarter and half year were largely due to the changes in the composition of profit or loss positions of the subsidiaries within the Group.

(H) Property, plant and equipment

The increase in the Group's property, plant and equipment ("PPE") was primarily attributed to the impact of the stronger HKD on PPE held in Hong Kong.

(I) Inventories

The increase in inventories was largely due to the building up of inventories for upcoming Chinese New Year ("CNY") promotions.

(J) Trade and other receivables

The higher trade and other receivables were largely attributed to increased billings to wholesale customers during the 2nd quarter and higher credit card receivables for sales to retail customers.

(K) Prepayments

The increase in prepayments was mainly due to prepayments for goods and services in relation to the upcoming CNY promotions.

(L) Trade and other payables

The fluctuation in trade and other payables was largely due to timing of purchases and payments to suppliers. The increase was generally due to the increase in purchase of goods and services for the upcoming CNY promotions.

(M) Interest bearing loans and borrowings

The higher loans and borrowings were largely due to short-term borrowings taken up for working capital purposes.

(N) Notes payable

The $25M notes were reclassified from non-current liabilities to current liabilities as they mature in November 2016. This resulted in the net current liability position for the Group and Company as at 31 December 2015.

(O) Tax payable

The reduction in tax payable was largely due to income tax payment to the tax authorities during the 2nd quarter.

(P) Cash flows

Net cash used in operating activities for the half year was S$1.4 million compared to S$2.8 million for the previous corresponding period. The lower cash used in operating activities was mainly due to the lower build-up in inventories.

Net cash used in investing activities for the half year was S$6.3 million, largely arising from capital expenditure on new and existing outlets and factory construction in Hong Kong. The cash outflow during the half year was lower than that of last year as last year's cashflow included the acquisition of properties in Hong Kong and Macau.

Net cash generated from financing activities for the half year was below that of last year by S$18.1 million, mainly due to lower short-term borrowings taken up by the Group.

The Group's cash and cash equivalents amounted to S$24.6 million as at 31 December 2015 compared to S$24.4 million as at 31 December 2014.

The Group's gearing ratio was 97.8% 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.

The results for the period are in line with the prospect statement contained in the FY2015 full year announcement made on 26 August 2015.

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 Group expects the business environment in its key markets to remain challenging in line with broad market expectations. Despite the macro-environmental issues seen in Hong Kong and Malaysia that have persisted over the last few quarters, the Group's performance in Hong Kong has shown traction, where the rate of decline in revenues have moderated versus comparable periods last year, while its business in Malaysia, after a weak Q1 FY2016 performance, has rebounded in Q2 FY2016. This improvement in Malaysia however, when reported in Singapore dollars has been muted due to currency depreciation of the Malaysian Ringgit.

On a positive note, operations in Australia remain on track with double digit same store sales growth, and the Group intends to grow its existing network in Australia organically and through acquisitions. Singapore continues its revenue rejuvenation journey through incremental improvements in its retail operations and will be further extending its wholesale network. These two markets are expected to add resilience to group revenues, cushioning against revenue reductions in other markets. The Group has also embarked in a series of joint ventures with strategic partners in China. Through these collaborations, the Group is optimistic that the synergy of skillsets and resources will spur added momentum to its China operations.

As the overall operating business environment is expected to remain subdued, the Group will take a cautious approach and will continue to drive performance improvement and cost reduction initiatives including closure of non-profitable lines of business. rationalisation of weak performing retail outlets while continuing to focus on improving efficiency of back office operations through the use of technology. There will be added emphasis on wholesale and e-commerce channels to further growth opportunities. In addition, the Group intends to review its cash flow requirements and adequacy of its bank borrowings structure to ensure the Group's balance sheet is able to support revenue growth moving forward. With all these inititives, the Group expects to mitigate the impact from the negative operating environment and continue to drive a turnaround.

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 2015

Interested Person Transaction Transactions with:-	**Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)** **S$'000**	**Aggregate value of all interested person transactions conducted under shareholders' mandate (excluding transactions less than S$100,000 pursuant to Rule 920)** **S$'000**
(a) XAct Solutions Pty. Ltd	3	-
(b) Shanghai Rongyue Medical Information Consulting Co. Ltd.	218	-

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

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 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lam Chee Weng
Chief Financial Officer
12 February 2016