

# YHS YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

## Unaudited Financial Statements and Dividend Announcement for the period ended 30 September 2010

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

#### 1(a)(i) Consolidated Statement of Comprehensive Income

	9 Months		3 Months	
	01.01.2010 to 30.09.2010	01.01.2009 to 30.09.2009	01.07.2010 to 30.09.2010	01.07.2009 to 30.09.2009
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	311,904	310,313	109,490	104,468
Cost of sales	(195,654)	(210,789)	(66,734)	(68,255)
Gross profit	116,250	99,524	42,756	36,213
Other income	1,602	1,464	616	299
Other losses - net	(5,263)	(36,041)	(331)	(4,137)
Expenses				
- Advertising and promotion	(25,191)	(19,949)	(9,123)	(7,183)
- Marketing	(1,638)	(1,632)	(780)	(360)
- Selling and distribution	(42,350)	(44,850)	(13,613)	(14,529)
- Administrative	(17,876)	(18,329)	(5,644)	(6,457)
- Finance	(553)	(1,010)	(115)	(306)
Share of profits of associated companies	379	929	52	117
<b>Profit/(Loss) before income tax</b>	<b>25,360</b>	<b>(19,894)</b>	<b>13,818</b>	<b>3,667</b>
Income tax expense	(4,439)	(3,840)	(2,584)	(1,786)
<b>Net profit/(loss) for the period</b>	<b>20,921</b>	<b>(23,734)</b>	<b>11,234</b>	<b>1,871</b>
Other comprehensive income/(losses):				
Available-for-sale financial assets				
- Fair value gains	32,853	18,396	15,529	12,575
- Transfer to profit or loss	-	34,590	-	3,237
Currency translation differences arising from consolidation	3,958	(2,750)	(1,640)	(1,971)
Currency translation reserves transferred to profit or loss upon liquidation of a subsidiary	(1,652)	-	(1,652)	-
Reduction in property revaluation reserve arising from impairment of properties	(2,741)	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>32,418</b>	<b>60,236</b>	<b>12,237</b>	<b>13,841</b>
<b>Total comprehensive income for the period</b>	<b>53,339</b>	<b>26,502</b>	<b>23,471</b>	<b>15,712</b>
<b>Net profit/(loss) attributable to:</b>				
Equity holders of the Company	20,487	(22,820)	10,583	2,430
Minority interests	434	(914)	651	(559)
	<b>20,921</b>	<b>(23,734)</b>	<b>11,234</b>	<b>1,871</b>
<b>Total comprehensive income/(losses) attributable to:</b>				
Equity holders of the Company	51,019	27,430	22,660	15,642
Minority interests	2,320	(928)	811	70
	<b>53,339</b>	<b>26,502</b>	<b>23,471</b>	<b>15,712</b>

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

Net profit/(loss) for the period is derived after (crediting)/charging the following:

	9 Months		3 Months	
	01.01.2010 to 30.09.2010	01.01.2009 to 30.09.2009	01.07.2010 to 30.09.2010	01.07.2009 to 30.09.2009
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Revenue</u>				
Dividend income from available-for-sale financial assets	(2,563)	(1,220)	(1,226)	(438)
<u>Cost of sales</u>				
Depreciation	3,919	3,772	1,589	1,259
Write down of inventories, net	1,328	1,772	525	1,039
<u>Marketing expense</u>				
Depreciation	20	21	7	7
<u>Selling and distribution expense</u>				
Depreciation	1,598	1,811	540	542
Impairment of trade receivables, net	715	204	132	24
<u>Administrative expense</u>				
Depreciation	2,102	2,454	645	767
<u>Other losses - net</u>				
Impairment loss on property, plant and equipment	5,534	315	6	315
Property, plant and equipment written-off	43	131	-	47
(Gain)/Loss on liquidation of subsidiary	(1,526)	42	(1,526)	42
Impairment loss on available-for-sale financial assets	966	39,416	2	4,153
Fair value gain on financial assets, at fair value through profit or loss	(51)	-	(51)	-
Write-back of allowance for foreseeable losses on developed properties	(197)	-	(36)	-
Net foreign exchange loss	3,403	1,025	2,424	1,192
(Gain)/Loss on disposal of property, plant and equipment	(97)	(114)	4	(119)
Transfer of fair value gains from fair value reserve on disposal of available-for-sale financial assets	-	(3,228)	-	(901)
<u>Other income</u>				
Interest income	(446)	(202)	(202)	(63)
<u>Finance expense</u>				
Interest expense on bank borrowings	553	1,010	115	306
<u>Income tax</u>				
Under provision of tax in respect of prior years	118	278	159	231

1(b) Balance Sheets

	Group		Company	
	As at 30.09.2010	As at 31.12.2009	As at 30.09.2010	As at 31.12.2009
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	92,259	93,328	7,609	8,921
Financial assets, at fair value through profit or loss	27,482	-	-	-
Trade and other receivables	76,941	75,805	6,775	18,125
Inventories	37,539	48,812	-	-
Development properties	115,285	127,305	-	-
Current income tax recoverable	154	2,198	-	1,550
Other current assets	3,195	3,146	82	100
	<b>352,855</b>	<b>350,594</b>	<b>14,466</b>	<b>28,696</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	87,338	55,147	8,172	7,183
Loans to subsidiaries	-	-	51,893	53,985
Investments in associated companies	3,281	3,014	-	-
Investments in subsidiaries	-	-	399,470	392,514
Investment properties	54,419	54,883	31,000	31,000
Property, plant and equipment	110,565	122,811	13	11
Deferred income tax assets	1,593	2,975	217	217
	<b>257,196</b>	<b>238,830</b>	<b>490,765</b>	<b>484,910</b>
<b>Total assets</b>	<b>610,051</b>	<b>589,424</b>	<b>505,231</b>	<b>513,606</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	73,362	81,050	260,226	269,303
Current income tax liabilities	2,658	1,235	319	-
Borrowings	26,989	51,349	17,000	31,000
Provisions for other liabilities and charges	145	160	-	-
	<b>103,154</b>	<b>133,794</b>	<b>277,545</b>	<b>300,303</b>
<b>Non-current liabilities</b>				
Loans from subsidiaries	-	-	43,696	46,327
Provisions for other liabilities and charges	2,720	2,523	-	-
Deferred income tax liabilities	18,443	18,609	-	-
Other non-current liabilities	34	36	-	-
	<b>21,197</b>	<b>21,168</b>	<b>43,696</b>	<b>46,327</b>
<b>Total liabilities</b>	<b>124,351</b>	<b>154,962</b>	<b>321,241</b>	<b>346,630</b>
<b>NET ASSETS</b>	<b>485,700</b>	<b>434,462</b>	<b>183,990</b>	<b>166,976</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital	218,568	218,568	218,568	218,568
Capital reserves	6,066	10,145	-	-
Other reserves	82,144	58,993	3,292	1,678
Retained earnings/(Accumulated losses)	123,698	91,751	(37,870)	(53,270)
	<b>430,476</b>	<b>379,457</b>	<b>183,990</b>	<b>166,976</b>
<b>Minority interests</b>	<b>55,224</b>	<b>55,005</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b>485,700</b>	<b>434,462</b>	<b>183,990</b>	<b>166,976</b>

**1(b)(i) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

As at 30.09.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,989	21,000	17,349	34,000

**Details of any collateral**

In 2010, short-term bank loans of the Group totalling \$5,989,000 are secured by first mortgage over an investment property of a subsidiary.

In 2009, short-term bank loans of the Group totalling \$17,349,000 are secured by investment in available-for-sale financial assets, fixed deposits, a first mortgage over an investment property of a subsidiary and a first mortgage over the residential freehold development property of a subsidiary.

**1(c) Consolidated Statement of Cash Flows**

	9 Months ended		3 Months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Net profit/(loss) for the period	20,921	(23,734)	11,234	1,871
Adjustments for :				
Income tax expense	4,439	3,840	2,584	1,786
Depreciation of property, plant and equipment	7,639	8,058	2,781	2,575
Dividend income from available-for-sale financial assets	(2,563)	(1,220)	(1,226)	(438)
Property, plant and equipment written-off	43	131	-	47
Exchange difference on consolidation	2,909	(209)	189	161
(Gain)/Loss on disposal of property, plant and equipment	(97)	(114)	4	(119)
Gain on disposal of unquoted available-for-sale financial assets	-	(12)	-	(12)
Fair value gain on financial assets, at fair value through profit or loss	(51)	-	(51)	-
(Gain)/Loss on liquidation of a subsidiary	(1,526)	42	(1,526)	42
Transfer of fair value gains from fair value reserve on disposal of available-for-sale financial assets	-	(3,228)	-	(901)
Impairment loss on available-for-sale financial assets	966	39,416	2	4,153
Interest expense	553	1,010	115	306
Interest income	(446)	(202)	(202)	(63)
Write-back of allowance for foreseeable losses on development properties	(197)	-	(36)	-
Provision for retirement benefits	233	227	80	75
Impairment loss on property, plant and equipment	5,534	315	6	315
Share of profits of associated companies	(379)	(929)	(52)	(117)
Operating cash flow before working capital change	37,978	23,391	13,902	9,681
Change in working capital				
Trade and other receivables	(1,136)	(4,045)	(6,365)	(6,911)
Inventories	11,273	8,516	(892)	(4,959)
Development properties	12,217	(142)	8,920	(1,907)
Other current assets	(49)	(299)	81	(167)
Trade and other payables	(8,656)	316	(819)	4,446
Cash generated from operations	51,627	27,737	14,827	183
Income tax refunded/(paid)	1,280	523	(401)	1,174
Restructuring costs paid	(15)	(258)	(6)	(258)
Retirement benefits paid	(149)	(222)	(53)	(67)
<b>Net cash provided by operating activities</b>	<b>52,743</b>	<b>27,780</b>	<b>14,367</b>	<b>1,032</b>

**1(c) Consolidated Statement of Cash Flows (continued)**

	9 Months ended		3 Months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities</b>				
Dividends received from available-for-sale financial assets	2,563	1,220	1,226	438
Proceeds from disposal of property, plant and equipment	138	788	-	784
Proceeds from disposal of available-for-sale financial assets	-	13,236	-	2,103
Proceeds from disposal of unquoted available-for-sale financial asset	-	12	-	12
Purchases of property, plant and equipment	(3,718)	(2,950)	(899)	(1,575)
Renovation of investment property	(96)	-	4	-
Purchases of available-for-sale financial assets	(27)	-	-	-
Purchases of financial assets, at fair value through profit or loss	(27,430)	-	(27,430)	-
Interest received	446	202	202	63
<b>Net cash (used in)/provided by investing activities</b>	<b>(28,124)</b>	<b>12,508</b>	<b>(26,897)</b>	<b>1,825</b>
<b>Cash flows from financing activities</b>				
Dividends paid to minority shareholders of a subsidiary	(1,146)	(1,091)	(1,146)	(1,091)
Placement of a fixed deposits as security for borrowings	-	(7,527)	-	(7,527)
Purchases of treasury shares	(1)	(1)	-	-
Interest paid	(541)	(894)	(121)	(354)
Repayments of borrowings	(24,000)	(26,542)	(12,000)	(5,500)
Proceeds from borrowings	-	15,742	-	1,000
Repayments of finance lease liabilities	-	(4)	-	(1)
<b>Net cash used in financing activities</b>	<b>(25,688)</b>	<b>(20,317)</b>	<b>(13,267)</b>	<b>(13,473)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,069)</b>	<b>19,971</b>	<b>(25,797)</b>	<b>(10,616)</b>
Cash and cash equivalents at the beginning of the financial period	85,801	67,127	110,529	97,714
<b>Cash and cash equivalents at the end of the financial period*</b>	<b>84,732</b>	<b>87,098</b>	<b>84,732</b>	<b>87,098</b>
Represented by:				
Cash at bank and on hand	34,945	31,890	34,945	31,890
Fixed deposits with financial institutions	57,314	62,735	57,314	62,735
<b>Cash and cash equivalents as per balance sheet</b>	<b>92,259</b>	<b>94,625</b>	<b>92,259</b>	<b>94,625</b>
Less: Fixed deposits pledged for bank facilities	(7,527)	(7,527)	(7,527)	(7,527)
<b>Cash and cash equivalents as per above*</b>	<b>84,732</b>	<b>87,098</b>	<b>84,732</b>	<b>87,098</b>

**Notes**

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling \$34,671,000 (2009: \$28,041,000) held under the Housing Developers (Project Account) (Amendment) Rules 1997 and the Housing Developers (Project Account) Rules (1990 Ed), withdrawals from which must be in accordance with the said Rules.

**1(d)(i) Consolidated Statement of Changes in Equity**

**For the financial period ended 30 September 2010**

	Share capital \$'000	Capital reserves \$'000	Property revaluation reserve \$'000	Attributable to owners of the parent				Retained earnings \$'000	Total \$'000	Minority interests \$'000	Total equity
				Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000					
<b>Balance at 1 January 2010</b>	218,568	10,145	96,087	13,195	(51,409)	1,120	91,751	379,457	55,005	434,462	
Transfer to retained earnings on realisation	-	-	(1,385)	-	-	-	1,385	-	-	-	
Total comprehensive income for the period	-	-	-	6,659	2,814	-	4,512	13,985	2,659	16,644	
<b>Balance at 31 March 2010</b>	<b>218,568</b>	<b>10,145</b>	<b>94,702</b>	<b>19,854</b>	<b>(48,595)</b>	<b>1,120</b>	<b>97,648</b>	<b>393,442</b>	<b>57,664</b>	<b>451,106</b>	
Effect of treasury shares in a subsidiary acquired from minority interests	-	-	-	-	-	-	-	-	(1)	(1)	
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(1,146)	(1,146)	
Transfer to retained earnings on realisation	-	-	(1,683)	-	-	-	1,683	-	-	-	
Total comprehensive income for the period	-	-	(1,664)	10,404	242	-	5,392	14,374	(1,150)	13,224	
<b>Balance at 30 June 2010</b>	<b>218,568</b>	<b>10,145</b>	<b>91,355</b>	<b>30,258</b>	<b>(48,353)</b>	<b>1,120</b>	<b>104,723</b>	<b>407,816</b>	<b>55,367</b>	<b>463,183</b>	
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(954)	(954)	
Transfer to retained earnings on realisation	-	(4,079)	(4,313)	-	-	-	8,392	-	-	-	
Total comprehensive income for the period	-	-	-	15,283	(3,206)	-	10,583	22,660	811	23,471	
<b>Balance at 30 September 2010</b>	<b>218,568</b>	<b>6,066</b>	<b>87,042</b>	<b>45,541</b>	<b>(51,559)</b>	<b>1,120</b>	<b>123,698</b>	<b>430,476</b>	<b>55,224</b>	<b>485,700</b>	

**1(d)(i) Consolidated Statement of Changes in Equity**

**For the financial period ended 30 September 2009**

	Attributable to owners of the parent							Minority interests	Total equity	
	Share capital \$'000	Capital reserves \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Retained earnings \$'000			
<b>Balance at 1 January 2009</b>	218,568	10,145	101,887	(39,927)	(50,859)	1,120	110,747	351,681	57,536	409,217
Transfer to retained earnings on realisation	-	-	(874)	-	-	-	874	-	-	-
Total comprehensive losses for the period	-	-	-	(5,392)	3,414	-	1,585	(393)	(966)	(1,359)
<b>Balance at 31 March 2009</b>	<b>218,568</b>	<b>10,145</b>	<b>101,013</b>	<b>(45,319)</b>	<b>(47,445)</b>	<b>1,120</b>	<b>113,206</b>	<b>351,288</b>	<b>56,570</b>	<b>407,858</b>
Effect of treasury shares in a subsidiary acquired from minority interests	-	-	-	-	-	-	-	-	(1)	(1)
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(1,091)	(1,091)
Transfer to retained earnings on realisation	-	-	(2,577)	-	-	-	2,577	-	-	-
Total comprehensive income for the period	-	-	-	42,674	(3,658)	-	(26,835)	12,181	(32)	12,149
<b>Balance at 30 June 2009</b>	<b>218,568</b>	<b>10,145</b>	<b>98,436</b>	<b>(2,645)</b>	<b>(51,103)</b>	<b>1,120</b>	<b>88,948</b>	<b>353,469</b>	<b>55,446</b>	<b>418,915</b>
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(549)	(549)
Transfer to retained earnings on realisation	-	-	(1,084)	-	-	-	1,084	-	-	-
Total comprehensive income for the period	-	-	-	14,645	(1,433)	-	2,430	15,642	70	15,712
<b>Balance at 30 September 2009</b>	<b>218,568</b>	<b>10,145</b>	<b>97,352</b>	<b>12,000</b>	<b>(52,536)</b>	<b>1,120</b>	<b>92,462</b>	<b>379,111</b>	<b>54,967</b>	<b>434,078</b>



**1(d)(i) Statement of Changes in Equity of the Company**

**For the financial period ended 30 September 2010**

	<b>Share capital</b>	<b>Fair value reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2010	218,568	1,678	(53,270)	166,976
Total comprehensive losses for the period	-	78	(287)	(209)
Balance at 31 March 2010	218,568	1,756	(53,557)	166,767
Total comprehensive income for the period	-	631	19,335	19,966
Balance at 30 June 2010	218,568	2,387	(34,222)	186,733
Total comprehensive losses for the period	-	905	(3,648)	(2,743)
Balance at 30 September 2010	218,568	3,292	(37,870)	183,990

**For the financial period ended 30 September 2009**

	<b>Share capital</b>	<b>Fair value reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2009	218,568	(2,021)	(62,376)	154,171
Total comprehensive income for the period	-	(297)	1,850	1,553
Balance at 31 March 2009	218,568	(2,318)	(60,526)	155,724
Total comprehensive losses for the period	-	812	(19,843)	(19,031)
Balance at 30 June 2009	218,568	(1,506)	(80,369)	136,693
Total comprehensive income for the period	-	2,750	14,849	17,599
Balance at 30 September 2009	218,568	1,244	(65,520)	154,292

**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 at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital during the current financial period reported on.

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

	30.09.2010	31.12.2009
Number of issued shares excluding treasury shares ('000)	573,920	573,920

**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.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2010 (31 December 2009: Nil). The Company does not have any treasury shares.

**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.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2009 except for the adoption of revised Financial Reporting Standards disclosed in paragraph 5 below.

**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 2010, the Group adopted the following revised Singapore Financial Reporting Standards (FRS).

FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

There was no impact on prior period earnings per ordinary share and net asset value per share on adoption of the revised FRS mentioned above.

**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		Group	
	9 Months		3 Months	
	01.01.2010 To 30.09.2010	01.01.2009 To 30.09.2009	01.07.2010 To 30.09.2010	01.07.2009 To 30.09.2009
Earnings/(Loss) per ordinary share for the period based on net profit/(loss) attributable to equity holders of the Company during the period:-				
(a) Based on weighted average number of ordinary share in issue (cents)	3.57	(3.98)	1.84	0.42
(b) On a fully diluted basis (cents)	3.57	(3.96)	1.84	0.42
Weighted average number of ordinary shares in issue for calculation of basic earnings/(loss) per share ('000)	573,920	573,920	573,920	573,920
Weighted average number of ordinary shares in issue for calculation of diluted earnings/(loss) per share ('000)	573,920	576,376	573,920	576,376

**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.

	Group		Company	
	30.09.2010 Cents	31.12.2009 Cents	30.09.2010 Cents	31.12.2009 Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares* as at the end of the reporting period	75.01	66.12	32.06	29.09

\* The Company does not have any treasury shares.

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.

8(a) Year to Date Results - 9 Months ended 30 September 2010 vs. 9 Months ended 30 September 2009

***Food and Beverage division performance***

The Food and Beverage ("F&B") revenue decreased 6.9% to \$272.16 million for the financial period ended 30 September 2010 as compared to \$292.18 million recorded in the corresponding period last year. Despite the decrease in revenue, F&B division gross profit improved by 8.2% to \$98.26 million as compared to \$90.78 million in the corresponding period last year largely due to lower packaging cost, better effective selling price and sales mix in Malaysia. The increase in gross profit coupled with \$2.40 million lower selling and distribution expense which is in line with the lower sales, \$1.53 million gain on liquidation of a China subsidiary and lower administrative expense of \$0.62 million was partially offset by:

- Higher advertising and promotion expense of \$5.24 million mainly due to increased promotion activities carried out in Singapore, Malaysia, USA and Guangzhou;
- Higher impairment of property, plant and equipment totalling \$5.22 million, of which \$4.36 million was from the Group's Malaysian subsidiary as part of management's effort to improve operational efficiency through the consolidation of certain manufacturing operations. The balance of \$0.86 million was contributed by the Group's Guangzhou factory in connection with the planned relocation of its factory; and
- Net exchange loss of \$2.42 million in current period as compared to \$0.12 million net exchange gain in the corresponding period last year mainly due to US dollar and HK dollar weakening against Singapore dollar, and Singapore dollar weakening against Malaysia Ringgit.

Overall, the F&B division recorded lower net profit after tax of \$7.34 million in the current period as compared to net profit after tax of \$8.21 million in the corresponding period last year.

***Property division performance***

Revenue from Property division, which is recognised progressively, increased by \$20.61 million to \$37.25 million in the current period as compared to \$16.64 million recorded in the corresponding period last year. A profit after tax of \$11.46 million is recorded in the current period as compared to \$4.77 million in the corresponding period last year.

The higher revenue and profit after tax are due to higher number of units of development properties sold in the current period.

***Group performance***

After evaluation of various qualitative and quantitative factors, the Group recognise an impairment loss of some of its available-for-sale financial assets ("AFS") by \$0.97 million during the current period as compared to impairment loss of \$39.42 million in the corresponding period last year. Hence, the Group recorded a net profit after tax of \$20.49 million in the current period as compared to a net loss after tax of \$22.82 million in the corresponding period last year.

**8(b) Third Quarter Results - 3 Months ended 30 September 2010 vs. 3 Months ended 30 September 2009**

***Food and Beverage division performance***

The F&B division recorded revenue of \$88.0 million in 3Q2010, which was 10.9% lower than the \$98.78 million achieved in 3Q2009. F&B division recorded a net profit after tax of \$3.98 million in 3Q2010, as compared to a net profit after tax of \$4.18 million in 3Q2009 largely due to:

- Higher advertising and promotion expense of \$1.94 million mainly due to more promotion activities carried out in Singapore, Malaysia, USA and Guangzhou subsidiaries; and
- Net exchange loss of \$1.63 million in 3Q2010 as compared to \$0.55 million net exchange gain in 3Q2009 mainly due to US dollar and HK dollar weakening against Singapore dollar, and Singapore dollar weakening against Malaysia Ringgit.

This is partially offset by lower selling and distribution expenses of \$0.82 million mainly due to lower promotion expense of \$0.68 million, lower administrative expenses of \$0.67 million in Singapore and China subsidiaries and \$1.53 million gain on liquidation of a subsidiary in China.

***Property division performance***

The Property division recorded revenue of \$20.31 million in 3Q2010 as compared to \$5.18 million in 3Q2009. The higher net profit after tax of \$6.47 million in 3Q2010 as compared to \$2.29 million in 3Q2009 was mainly due to higher number of units of development properties sold in 3Q2010.

***Group performance***

The Group recorded net profit after tax of \$10.58 million in 3Q2010, as compared to net profit after tax of \$2.43 million in 3Q2009 mainly due to higher net profit after tax of \$4.18 million in 3Q2010 contributed by Property division as compared to 3Q2009, and in the absence of provision for impairment loss of \$4.15 million for the Group's investment in quoted AFS.

**8(c) Balance Sheets – 30 September 2010 vs. 31 December 2009**

***Group***

Financial assets at fair value through profit or loss increased by \$27.48 million due to investments in unit trusts made by the Group's Malaysian subsidiary in the current period.

Development properties for the Group decreased by \$12.02 million from \$127.31 million as at 31 December 2009 to \$115.29 million as at 30 September 2010. The decrease was largely due to additional sale of development properties during the period.

Inventories for the Group decreased by \$11.27 million from \$48.81 million as at 31 December 2009 to \$37.54 million as at 30 September 2010 mainly due to running down of inventories built up in December 2009 for the Chinese New Year festive season.

AFS investment increased by \$32.19 million from \$55.15 million as at 31 December 2009 to \$87.34 million as at 30 September 2010 mainly due to \$32.16 million net fair value gains on quoted AFS investment during the financial period.

Property, plant and equipment decreased by \$12.24 million from \$122.81 million as at 31 December 2009 to \$110.57 million as at 30 September 2010, mainly due to impairment loss of \$9.30 million, current period depreciation charge of \$7.64 million; and partially offset by purchases of \$3.72 million of equipment and translation gain of \$1.06 million in the current period.

Trade and other payables decreased by \$7.69 million from \$81.05 million as at 31 December 2009 to \$73.36 million as at 30 September 2010 mainly due to settlement of trade payables and lower accrual of advertising and promotion expense in Malaysia and Singapore subsidiaries; and partially offset by higher trade payables in China subsidiaries and higher accrual of advertising and promotion expense by the USA subsidiary.

Bank borrowings decreased by \$24.36 million from \$51.35 million as at 31 December 2009 to \$26.99 million as at 30 September 2010 mainly due to repayment of short-term bank loans.

#### **Company**

Trade and other receivables decreased by \$11.36 million from \$18.13 million as at 31 December 2009 to \$6.77 million as at 30 September 2010 mainly due to repayment of \$3.50 million by a subsidiary and write-off of \$8.70 million receivables from subsidiaries.

Current income tax recoverable decreased by \$1.55 due to full recovery from IRAS of prior years income tax paid.

Investments in subsidiaries increased by \$6.96 million from \$392.51 million as at 31 December 2009 to \$399.47 million as at 30 September 2010 mainly due to write-back of impairment of investments in subsidiaries of \$23.91 million, partially offset by liquidation of a subsidiary.

Trade and other payables decreased by \$9.07 million from \$269.30 million as at 31 December 2009 to \$260.23 million as at 30 September 2010 mainly due to write-off of \$16.00 million payable to a subsidiary that has since been liquidated, partially offset by advances to subsidiaries during the period.

Borrowings decreased by \$14.0 million from \$31.0 million as at 31 December 2009 to \$17.0 million as at 30 September 2010 due to repayment of short-term bank loans.

#### **8(d) Statement of Cash Flows**

##### **Year to Date - 9 months ended 30 September 2010 vs. 9 months ended 30 September 2009**

The Group registered a net decrease in cash of \$1.07 million for the period ended 30 September 2010.

Net operating cash inflows generated by the Food and Beverage division and the Property division were \$40.71 million and \$12.03 million respectively.

Cash outflow from investing activities of \$28.12 million was mainly due to purchase of financial assets at fair value through profit or loss of \$27.43 million and purchase of property, plant and equipment of \$3.72; and partially offset by dividend received of \$2.56 million, proceeds from disposal of property, plant and equipment of \$0.14 million and interest received of \$0.45 million.

Cash outflow from financing activities of \$25.69 million was due to repayment of bank borrowings of \$24.0 million, payment of dividend to minority shareholders of a subsidiary of \$1.15 million and payment of interest of \$0.54 million.

##### **Third Quarter - 3 months ended 30 September 2010 vs. 3 months ended 30 September 2009**

The Group registered a net decrease in cash of \$25.80 million for the third quarter ended 30 September 2010.

Net operating cash inflows generated by the Food and Beverage division and the Property division were \$2.84 million and \$11.53 million respectively.

Cash outflow from investing activities of \$26.90 million was mainly due to purchase of financial assets at fair value through profit or loss of \$27.43 million and purchase of property, plant and equipment of \$0.90 million; and partially offset by dividend received of \$1.23 million and interest received of \$0.20 million.

Cash outflow from financing activities of \$13.27 million was mainly due to repayment of bank borrowings of \$12.0 million, payment of dividend to minority shareholders of a subsidiary of \$1.15 million and payment of interest of \$0.12 million.

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

Not applicable.

**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.**

In the next 12 months, the operating cost of the Group's factory in Guangzhou will increase substantially due to higher fuel costs as a result of new government directive to use environmentally friendly fuel. This will adversely affect our gross profit in Guangzhou. Our gross profit for the Guangzhou factory will improve only after we have relocated our factory to San Shui by 2012 as announced earlier.

For the Property division, the Group will continue to sell its remaining units of development properties.

Overall the Group's performance is expected to remain satisfactory.

*This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events*

**11. Contingent Liability**

- (a) In 2003, a legal action for an alleged breach of agreement with regard to contract packing arrangement was brought by FY Sdn Bhd ("the Plaintiff"), a company incorporated in Malaysia, against Yeo Hiap Seng (Malaysia) Berhad ("YHSM"), a subsidiary of the Group claiming for damages of approximately \$2.6 million (RM6.2 million) with interest and cost thereon

On 10 March 2010, the High Court of Shah Alam has vided the proceedings under Civil Suit no. MT3-22-936-2003 granted judgement against YHSM in favour of the Plaintiff. The High Court did not award the quantum of damages and ordered that damages be assessed before the Registrar of the High Court. Based on the advice from its legal advisors, YHSM has a strong case to appeal and a memorandum of appeal has been filed with the Court on 28 June 2010.

- (b) On 1 February 2010, YHSM received a formal notification from the Central Jakarta District Court informing that the Jakarta High Court has decided in favour of YHSM and its subsidiary, PT YHS Indonesia, in respect of an appeal filed by PT Kharisma Inti Persada ("Plaintiff") in the Jakarta High Court against YHSM and its subsidiary, PT YHS Indonesia, claiming for approximately \$32 million (Rupiah 219.9 billion) for an alleged breach of an alleged distribution agreement and an alleged distributor's appointment. On 23 March 2010, the Plaintiff filed an appeal to the Supreme Court, and YHSM filed a counter memorandum to the court on 5 April 2010.
- (c) In 2003, a legal action was brought by Padu Bistari Development Sdn Bhd ("the Plaintiff"), against Yeo Hiap Seng (Malaysia) Berhad ("YHSM"), a subsidiary of the Group, for damages of approximately \$2.9 million (RM6.7 million) and interest thereon for an alleged unlawful termination of a lease agreement entered between the parties on 2 September 1997 for the lease of the land at Lot No. 3858 EMR 3294 Mukim Cenderiang, District of Batang Padang, Perak Darul Ridzuan for the purpose of extracting of underground water, bottling warehousing and/or any other products from the land. YHSM has announced on 29 July 2010 that the parties have agreed to settle the matter amicably with a payment of RM220,000 by YHSM to the Plaintiff as full and final settlement of the Plaintiff's claim, and that the parties have also agreed to discontinue the claim and counter-claim against each other without liberty to file afresh.

**12. 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.

**13. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend is recommended for the financial period reported on.



**BY ORDER OF THE BOARD**

Lim Swee Lee Joanne  
Company Secretary  
4 November 2010

**STATEMENT PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

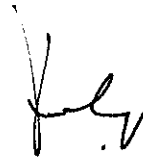
The directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the period ended 30 September 2010 to be false or misleading in any material respect.

On behalf of the Directors



TJONG YIK MIN  
Director

4 November 2010



YAP NG SENG  
Director