

# YHS YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

Unaudited Financial Statements and Dividend Announcement for the period ended 31 March 2016

## 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

	3 Months	
	01.01.2016 to 31.03.2016	01.01.2015 to 31.03.2015
	S\$'000	S\$'000
Revenue	110,998	121,491
Cost of sales	(68,646)	(73,244)
Gross profit	42,352	48,247
Other income	1,534	1,609
Other losses - net	(1,330)	(798)
Expenses		
- Advertising and promotion	(9,425)	(11,204)
- Marketing	(412)	(298)
- Selling and distribution	(19,425)	(20,036)
- Administrative	(7,009)	(8,032)
- Finance	-	(24)
Share of profit of associated companies	206	204
<b>Profit before income tax</b>	<b>6,491</b>	<b>9,668</b>
Income tax expense	(1,093)	(515)
<b>Net profit for the period attributable to equity holders of the Company</b>	<b>5,398</b>	<b>9,153</b>
Other comprehensive income: items that may be reclassified subsequently to profit or loss:		
Fair value gains on available-for-sale financial assets	18,230	42,970
Fair value losses on cash flow hedges	(537)	-
Currency translation gains arising from consolidation	2,417	1,961
<b>Other comprehensive income for the period, net of tax</b>	<b>20,110</b>	<b>44,931</b>
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>25,508</b>	<b>54,084</b>

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

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

	3 Months	
	01.01.2016 to 31.03.2016	01.01.2015 to 31.03.2015
	S\$'000	S\$'000
<u>Cost of sales</u>		
Depreciation	1,678	1,580
Write-down of inventories, net	521	665
<u>Marketing expense</u>		
Depreciation	4	3
<u>Selling and distribution expense</u>		
Depreciation	831	938
Impairment of trade receivables - net	59	10
<u>Administrative expense</u>		
Depreciation	638	658
<u>Other losses/(gains) - net</u>		
Property, plant and equipment written-off	22	63
Currency translation loss - net	1,385	916
Gain on disposal of property, plant and equipment	(2)	(4)
<u>Other income</u>		
Interest income	(49)	(81)
<u>Finance expense</u>		
Interest expense on bank borrowings	-	24
<u>Income tax</u>		
Over provision of tax in respect of prior years	(107)	(1,629)

## 1(b) Balance Sheets

	Group		Company	
	As at 31.03.2016	As at 31.12.2015	As at 31.03.2016	As at 31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	107,901	112,121	46,304	57,860
Trade and other receivables	80,964	72,066	84,129	76,361
Inventories	66,559	68,629	-	-
Current income tax recoverable	450	982	-	-
	<b>255,874</b>	<b>253,798</b>	<b>130,433</b>	<b>134,221</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	127,712	109,482	105	105
Loans to subsidiaries	-	-	22,857	23,046
Investments in associated companies	5,307	5,170	-	-
Investments in subsidiaries	-	-	442,875	442,875
Investment properties	112,138	113,519	72,564	72,500
Property, plant and equipment	225,472	211,457	2,641	1,093
Deferred income tax assets	2,291	2,349	-	-
	<b>472,920</b>	<b>441,977</b>	<b>541,042</b>	<b>539,619</b>
<b>Total assets</b>	<b>728,794</b>	<b>695,775</b>	<b>671,475</b>	<b>673,840</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	90,021	83,378	159,565	162,950
Current income tax liabilities	1,521	998	175	179
	<b>91,542</b>	<b>84,376</b>	<b>159,740</b>	<b>163,129</b>
<b>Non-current liabilities</b>				
Provisions for other liabilities and charges	2,389	2,200	-	-
Deferred income tax liabilities	10,482	10,919	370	354
Other non-current liabilities	35	36	-	-
	<b>12,906</b>	<b>13,155</b>	<b>370</b>	<b>354</b>
<b>Total liabilities</b>	<b>104,448</b>	<b>97,531</b>	<b>160,110</b>	<b>163,483</b>
<b>NET ASSETS</b>	<b>624,346</b>	<b>598,244</b>	<b>511,365</b>	<b>510,357</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	222,224	221,990	222,224	221,990
Capital reserve	6,066	6,066	-	-
Other reserves	27,566	7,106	2,450	2,090
Retained profits	368,490	363,082	286,691	286,277
<b>TOTAL EQUITY</b>	<b>624,346</b>	<b>598,244</b>	<b>511,365</b>	<b>510,357</b>

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

The Group and the Company do not have any borrowings and debts securities.

**Details of any collateral**

Not applicable.

1(c) Consolidated Statement of Cash Flows

	3 Months ended	
	31.03.2016	31.03.2015
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Net profit for the period	5,398	9,153
Adjustments for :		
Income tax expense	1,093	515
Depreciation of property, plant and equipment	3,151	3,179
Share-based payment expense and other employee benefits	594	66
Property, plant and equipment written-off	22	63
Unrealised currency translation differences	(1,695)	951
Gain on disposal of property, plant and equipment	(2)	(4)
Interest expense	-	24
Interest income	(49)	(81)
Provision for retirement benefits	93	73
Share of profit of associated companies	(206)	(204)
	8,399	13,735
Changes in working capital :		
Trade and other receivables	(6,696)	(4,577)
Inventories	3,862	1,936
Trade and other payables	5,034	3,973
Cash generated from operations	10,599	15,067
Income tax (paid)/refunded	(503)	1,114
Retirement benefits paid	-	(74)
<b>Net cash provided by operating activities</b>	<b>10,096</b>	<b>16,107</b>

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

	3 Months ended	
	31.03.2016	31.03.2015
	S\$'000	S\$'000
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	66	4
Purchases of property, plant and equipment	(14,431)	(4,417)
Deposits paid for property, plant and equipment	-	(11,638)
Interest received	49	81
<b>Net cash used in investing activities</b>	<b>(14,316)</b>	<b>(15,970)</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	(24)
Repayments of borrowings	-	(600)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(624)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,220)</b>	<b>(487)</b>
Cash and cash equivalents at beginning of financial period	112,121	130,821
<b>Cash and cash equivalents at end of financial period</b>	<b>107,901</b>	<b>130,334</b>
Represented by:		
Cash at bank and on hand	40,738	74,229
Fixed deposits with financial institutions	67,163	56,105
<b>Cash and cash equivalents as per balance sheet and above</b>	<b>107,901</b>	<b>130,334</b>

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

For the financial period ended 31 March 2016

	Attributable to equity holders of the Company										Total equity \$'000
	Share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign			Share-based payment reserve \$'000	Hedging reserve \$'000	Retained profits \$'000	
					Fair value reserve \$'000	currency translation reserve \$'000	General reserve \$'000				
<b>Balance at 1 January 2016</b>	221,990	6,066	18,881	78,453	(54,553)	(37,765)	2,090	-	363,082	598,244	
Employee share-based compensation scheme	-	-	-	-	-	-	594	-	-	594	
- Value of employee services	234	-	-	-	-	-	(234)	-	-	-	
- Issue of new shares	-	-	(6)	-	-	(4)	-	-	10	-	
Transfer to retained profits on realisation	-	-	-	18,230	2,417	-	-	(537)	5,398	25,508	
Total comprehensive income for the period	-	-	-	18,230	2,417	-	-	(537)	5,398	25,508	
<b>Balance at 31 March 2016</b>	222,224	6,066	18,875	96,683	(52,136)	(37,769)	2,450	(537)	368,490	624,346	

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

For the financial period ended 31 March 2015

	Attributable to equity holders of the Company										Total equity \$'000
	Share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Share-based payment reserve \$'000	Hedging reserve \$'000	Retained profits \$'000		
<b>Balance at 1 January 2015</b>	219,593	6,066	18,905	117,796	(35,588)	(37,750)	428	-	337,710	627,160	
Employee share-based compensation scheme	-	-	-	-	-	-	66	-	-	66	
- Value of employee services	241	-	-	-	-	-	(241)	-	-	-	
- Issue of new shares	-	-	(6)	-	-	(4)	-	-	10	-	
Transfer to retained profits on realisation	-	-	-	42,970	1,961	-	-	-	9,153	54,084	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	
<b>Balance at 31 March 2015</b>	219,834	6,066	18,899	160,766	(33,627)	(37,754)	253	-	346,873	681,310	



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

For the financial period ended 31 March 2016

	Share capital	Fair value reserve	Share-based payment reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2016</b>	<b>221,990</b>	<b>-</b>	<b>2,090</b>	<b>286,277</b>	<b>510,357</b>
Employee share-based compensation scheme					
- Value of employee services	-	-	594	-	594
- Issue of new shares	234	-	(234)	-	-
Total comprehensive income for the period	-	-	-	414	414
<b>Balance at 31 March 2016</b>	<b>222,224</b>	<b>-</b>	<b>2,450</b>	<b>286,691</b>	<b>511,365</b>

For the financial period ended 31 March 2015

	Share capital	Fair value reserve	Share-based payment reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2015</b>	<b>219,593</b>	<b>280</b>	<b>428</b>	<b>269,669</b>	<b>489,970</b>
Employee share-based compensation scheme					
- Value of employee services	-	-	66	-	66
- Issue of new shares	241	-	(241)	-	-
Total comprehensive income for the period	-	-	-	1,776	1,776
<b>Balance at 31 March 2015</b>	<b>219,834</b>	<b>280</b>	<b>253</b>	<b>271,445</b>	<b>491,812</b>

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 year 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 year of the immediately preceding financial year.

	3 months ended 31.03.2016
<b>Issued and fully paid ordinary shares ('000):</b>	
<b>As at beginning of period</b>	575,887
Issued during the period	
- pursuant to the grant of awards under employee share-based compensation scheme	94
<b>As at end of period</b>	575,981

The Company does not have any convertibles.

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

The Company does not have any treasury shares.

1(d)(iv) 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:-

	31.03.2016	31.12.2015
Number of issued shares excluding treasury shares ('000)	575,981	575,887

The Company does not have any treasury shares.

1(d)(v) 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 31 March 2016 (31 December 2015: Nil).

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 2015, except as explained in Section 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 2016, the Group has adopted hedge accounting. The fair value changes of the hedging instruments on the effective portion of cash flow hedges are recognised in other comprehensive income. As at 31 March 2016, the hedges are assessed to be effective and as a result the fair value losses of \$573,000 on the hedging instruments are recognised in other comprehensive income. The amount accumulated in equity will be reclassified to the carrying amount of the hedged non-monetary asset upon acquisition or to profit or loss when the hedged forecast transactions are recognised.

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 ordinary share of the Group**

Earnings per ordinary share for the period based on net profit attributable to equity holders of the Company during the period:-

- (a) Based on weighted average number of ordinary shares in issue (cents)  
(b) On a fully diluted basis (cents)

Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)

Weighted average number of ordinary shares in issue for calculation of diluted earnings per share ('000)

Group	
3 Months	
01.01.2016 To 31.03.2016	01.01.2015 To 31.03.2015
0.94	1.59
0.94	1.59
575,947	574,621
577,186	574,750

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 ordinary share based on total number of issued shares excluding treasury shares as at the end of the reporting period

Group		Company	
31.03.2016	31.12.2015	31.03.2016	31.12.2015
Cents	Cents	Cents	Cents
108.40	103.88	88.78	88.62

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 - 3 Months ended 31 March 2016 vs. 3 Months ended 31 March 2015**

**Food and Beverage division performance**

The Food and Beverage ("F&B") revenue decreased by 8.6% to \$111.00 million for the financial period ended 31 March 2016 as compared to \$121.49 million recorded in the corresponding financial period last year. The F&B division gross profit decreased by 12.9% to \$39.69 million as compared to \$45.57 million recorded in the corresponding financial period last year. This is mainly due to lower revenue and higher raw material costs in the current financial period.

Overall, the F&B division recorded a lower segment profit of \$5.54 million in the current financial period as compared to a segment profit of \$9.30 million in the corresponding financial period last year mainly due to:

- Lower gross profit of \$5.88 million;
  - Higher other losses (net) of \$1.57 million mainly attributable to currency translation losses;
- and partially offset by:
- Lower advertising and promotion expense of \$1.88 million; and
  - Lower administrative expenses of \$1.22 million mainly due to lower staff costs.

**Property division performance**

There were no property development or selling activities in the current financial period.

**Group performance**

The Group's net profit after tax attributable to equity holders of the Company decreased by \$3.75 million from \$9.15 million recorded in the corresponding financial period last year to \$5.40 million in the current financial period. This was mainly due to lower net profit of \$2.81 million generated from F&B division.

**8(b) Balance Sheets – 31 March 2016 vs. 31 December 2015**

***Group***

Trade and other receivables increased by \$8.89 million from \$72.07 million as at 31 December 2015 to \$80.96 million as at 31 March 2016. The increase was mainly due to higher sales in Malaysia in the preceding months before balance sheet dates.

Available-for-sale financial assets increased by \$18.23 million from \$109.48 million as at 31 December 2015 to \$127.71 million as at 31 March 2016 due to fair value gains in the current financial period.

Property, plant and equipment increased by \$14.01 million from \$211.46 million as at 31 December 2015 to \$225.47 million as at 31 March 2016. The increase was mainly due to additions of \$14.43 million, \$2.82 million higher translated carrying amount of assets mainly due to appreciation of Malaysian Ringgit and partially offset by current year's depreciation charge of \$3.15 million.

Trade and other payables increased by \$6.64 million from \$83.38 million as at 31 December 2015 to \$90.02 million as at 31 March 2016. The increase was mainly due to higher trade payables in the Malaysian subsidiary.

***Company***

Cash and cash equivalents decreased by \$11.56 million from \$57.86 million as at 31 December 2015 to \$46.30 million as at 31 March 2016 mainly due to increase in net amounts due from subsidiaries primarily for payments in relation to the build-up of our Cambodia factory. As a result, trade and other receivables increased from \$76.36 million as at 31 December 2015 to \$84.13 million as at 31 March 2016.

**8(c) Statement of Cash Flows**

**Year to Date - 3 months ended 31 March 2016 vs. 3 months ended 31 March 2015**

The Group registered a net decrease in cash and cash equivalents of \$4.22 million for the financial period ended 31 March 2016.

Net operating cash inflow for the Group of \$10.10 million was mainly contributed by F&B division.

Net cash outflow from investing activities of \$14.32 million was mainly due to purchases of property, plant and equipment of \$14.43 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 year and the next 12 months.**

In the next 12 months, the Group expects the F&B margins to come under pressure mainly due to soft economic conditions and weak outlook for our key markets; competitive selling prices; and uncertainty in raw material prices. Further, the fluctuations in the regional currencies will have an impact on our results.

We will constantly review our business strategies and operations so that improvements can be made on a continuous basis.

The property development segment is dormant.

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**

None.

**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 Period**

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/recommended, a statement to that effect.**

No dividend is recommended for the financial period reported on.

**14. Interested Person Transactions**

The Company does not have a shareholders' mandate for interested person transactions.

**15. Confirmation that 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 has procured undertakings from all its directors and executive officers required under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Lim Swee Lee Joanne  
Company Secretary  
22 April 2016

**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 31 March 2016 to be false or misleading in any material respect.

On behalf of the Directors



MELVIN TEO TZAI WIN  
Director



KOH BOON HWEE  
Director

22 April 2016