

YHS YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

Unaudited Financial Statements and Dividend Announcement for the period ended 30 June 2008

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

1(a)(i) Consolidated Income Statement

	Half Year		3 Months	
	01.01.2008 to 30.06.2008	01.01.2007 to 30.06.2007	01.04.2008 to 30.06.2008	01.04.2007 to 30.06.2007
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	209,606	233,410	103,433	119,245
Cost of sales	(144,828)	(164,996)	(70,904)	(84,586)
Gross profit	64,778	68,414	32,529	34,659
Other income	1,478	1,433	770	710
Other gains	542	2,413	269	1,198
Expenses				
- Advertising and promotion	(15,426)	(14,975)	(7,187)	(7,117)
- Marketing	(1,135)	(2,062)	(582)	(1,139)
- Selling and distribution	(34,972)	(32,690)	(17,844)	(15,897)
- Administrative	(17,554)	(12,665)	(11,331)	(7,136)
- Other operating	(2,031)	(514)	(116)	63
- Finance	(1,026)	(1,832)	(470)	(891)
Share of profit of associated companies	113	1,263	62	215
(Loss)/profit before tax	(5,233)	8,785	(3,900)	4,665
Income tax credit/(expense)	10,675	(1,025)	(423)	(1,568)
Total profit/(loss)	5,442	7,760	(4,323)	3,097
Attributable to:				
Equity holders of the Company	5,133	7,734	(4,366)	3,871
Minority interest	309	26	43	(774)
	5,442	7,760	(4,323)	3,097

1(a)(ii) Notes to Consolidated Profit and Loss Statement

The total profit is derived after charging/(crediting) the following:

	6 Months		3 Months	
	01.01.2008	01.01.2007	01.04.2008	01.04.2007
	to 30.06.2008	to 30.06.2007	to 30.06.2008	to 30.06.2007
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation	4,963	5,002	2,486	2,512
Property, plant and equipment written-off	28	11	11	7
Impairment of goodwill	5,361	-	5,361	-
Impairment of trade debts, net	226	142	124	143
Write-down of inventories, net	1,462	946	766	779
Provision for doubtful balances to associated companies, net (non-trade)	-	3	-	2
Provision for impairment in associated company	47	-	47	-
Reversal of provision for foreseeable losses from development properties	-	(1,791)	-	(828)
Dividend income from quoted equity investments	(897)	(380)	(857)	(341)
Net foreign exchange loss/(gain)	887	500	57	(71)
Interest income	(503)	(939)	(263)	(457)
Interest expense	1,026	1,832	470	891
Over provision of tax in respect of prior years	(12,015)	(871)	(321)	(186)
Profit on sale of:				
(a) Plant and equipment	(20)	(22)	(19)	-
(b) Assets held for sale	(78)	-	-	-

1(b) Balance Sheets

	Group		Company	
	As at 30.06.2008	As at 31.12.2007	As at 30.06.2008	As at 31.12.2007
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	86,741	84,306	288	725
Trade and other receivables	91,060	94,652	14,853	27,309
Inventories	43,497	53,335	-	-
Development properties	125,095	127,372	-	-
Income tax recoverable	3,485	1,254	2,416	37
Other current assets	1,414	1,633	53	72
	351,292	362,552	17,610	28,143
Assets held for sale	-	369	-	-
	351,292	362,921	17,610	28,143
Non-current assets				
Available-for-sale financial assets	88,425	99,543	26,413	36,683
Investments in associated companies	4,352	4,280	-	-
Investments in subsidiaries	-	-	400,857	400,857
Investment properties	51,537	54,325	34,000	34,000
Loans to subsidiaries	-	-	38,749	40,575
Property, plant and equipment	117,974	123,865	7	10
Goodwill	-	5,361	-	-
Deferred income tax assets	4,100	4,839	-	-
	266,388	292,213	500,026	512,125
Total assets	617,680	655,134	517,636	540,268
LIABILITIES				
Current liabilities				
Trade and other payables	97,149	94,635	265,480	273,762
Current income tax liabilities	5,805	30,133	-	-
Borrowings	65,555	56,606	37,000	39,000
Provisions	977	977	30	30
	169,486	182,351	302,510	312,792
Non-current liabilities				
Loans from subsidiaries	-	-	44,564	47,271
Borrowings	10,001	18,003	-	-
Provisions for retirement benefits	2,412	2,484	-	-
Deferred income tax liabilities	10,394	12,423	745	1,935
Other non-current liabilities	35	3	-	-
	22,842	32,913	45,309	49,206
Total liabilities	192,328	215,264	347,819	361,998
NET ASSETS	425,352	439,870	169,817	178,270
EQUITY				
Capital and reserves attributable to Company's equity holders				
Share capital	218,568	218,568	218,568	218,568
Capital reserve	10,145	10,145	-	-
Revaluation and other reserves	23,968	40,040	3,084	12,338
Retained earnings/(accumulated losses)	120,176	113,929	(51,835)	(52,636)
	372,857	382,682	169,817	178,270
Minority interest	52,495	57,188	-	-
Total Equity	425,352	439,870	169,817	178,270

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

Amount repayable in one year or less, or on demand

As at 30.06.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
9,995	55,560	15,246	41,360

Amount repayable after one year

As at 30.06.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
10,001	-	18,003	-

Details of any collateral

Short-term bank loans of the Group totalling \$9,989,000 are secured by a corporate guarantee given by the Company and a first mortgage over the leasehold property of a subsidiary. Short-term bank loans totalling \$15,239,000 in the prior year is secured by a corporate guarantee given by the Company and a first mortgage over the leasehold property of a subsidiary and investment in available-for-sale financial assets. The non-current bank loans are secured by a first mortgage over the residential freehold development property of a subsidiary.

Certain property, plant and equipment were purchased under finance lease agreements. The net book value of these assets acquired amounted to \$7,000 (2007: \$10,000).

1(c) Consolidated Cash Flow Statement

	6 months ended		3 months ended	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total profit/(loss)	5,442	7,760	(4,323)	3,097
Adjustments for :				
Income tax	(10,675)	1,025	423	1,568
Depreciation of property, plant and equipment	4,963	5,002	2,486	2,512
Dividend income from available-for-sale financial assets	(897)	(380)	(857)	(341)
Property, plant and equipment written-off	28	11	11	7
Exchange difference on consolidation	(3,703)	1,973	(2,175)	1,524
Gain on disposal of plant and equipment	(20)	(22)	(19)	-
Gain on disposal of assets held for sale	(78)	-	-	-
Goodwill Impairment	5,361	-	5,361	-
Interest expense	1,026	1,832	470	891
Interest income	(503)	(939)	(263)	(457)
Provision for impairment in associated company	47	-	47	-
Provision for retirement benefits (net)	144	163	71	79
Share of profit of associated companies	(113)	(1,263)	(62)	(215)
Operating cash flow before working capital change	1,022	15,162	1,170	8,665
Change in operating assets and liabilities				
Development property	2,277	33,130	1,587	17,579
Inventories	9,838	12,639	(4,382)	5,132
Receivables	3,592	9,608	1,516	11,656
Other current assets	219	(2,341)	232	(3,159)
Trade and other payables	897	(16,237)	6,176	(2,658)
Cash generated from operations	17,845	51,961	6,299	37,215
Income tax paid	(15,414)	(242)	(13,930)	(278)
Restructuring costs paid	-	(10)	-	-
Retirement benefits paid	(99)	(81)	(67)	(23)
Net cash provided by/(used in) operating activities	2,332	51,628	(7,698)	36,914

	6 months ended		3 months ended	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Dividends received from available-for-sale financial assets	897	380	857	341
Purchase of minority interest share in a subsidiary	(235)	-	-	-
Proceeds from disposal of property, plant and equipment	26	99	25	1
Proceeds from disposal of assets held for sale	427	-	(20)	-
Dividend income received from associated company	-	931	-	931
Purchase of property, plant and equipment	(1,521)	(2,339)	(712)	(1,548)
Purchase of available-for-sale financial assets	(174)	(17,504)	-	(14,555)
Net cash (used in)/provided by investing activities	(580)	(18,433)	150	(14,830)
Cash flows from financing activities				
Issue of share capital	-	9,100	-	9,100
Purchase of treasury shares	(1)	(216)	(1)	-
Interest received	503	939	263	457
Interest paid	(1,015)	(1,592)	(555)	(785)
Repayment of bank borrowings	(18,000)	(7,000)	(2,000)	(7,000)
Proceeds from bank borrowings	19,200	8,500	10,000	2,000
Repayment of finance lease liabilities	(4)	(3)	(2)	(1)
Net cash provided by financing activities	683	9,728	7,705	3,771
Net increase in cash and cash equivalents	2,435	42,923	157	25,855
Cash and cash equivalents at the beginning of the financial period	84,306	82,103	86,584	99,171
Cash and cash equivalents at the end of the financial period	86,741	125,026	86,741	125,026
Represented by:				
Cash at bank and on hand	38,310	20,587	38,310	20,587
Fixed deposits with financial institutions	48,431	104,439	48,431	104,439
	86,741	125,026	86,741	125,026

Notes

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling \$32,906,000 (2007: \$28,908,000) 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 year ended 30 June 2008

	Total share capital	Capital reserve	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Retained earnings	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2008	218,568	10,145	88,465	(1,460)	(48,203)	1,238	113,929	57,188	439,870
Fair value loss on available-for-sale investments	-	-	-	(14,719)	-	-	-	(226)	(14,945)
Currency translation differences	-	-	-	-	(2,287)	-	-	(534)	(2,821)
Net loss recognised directly in equity	-	-	-	(14,719)	(2,287)	-	-	(760)	(17,766)
Profit for the period	-	-	-	-	-	-	9,499	266	9,765
Total recognised (losses)/gain for the period ended 31 March 2008	-	-	-	(14,719)	(2,287)	-	9,499	(494)	(8,001)
Effect of acquisition of minority interest shares in a subsidiary	-	-	-	-	-	(118)	-	(117)	(235)
Transfer from reserve on realisation	-	-	(536)	-	-	-	536	-	-
Balance at 31 March 2008	218,568	10,145	87,929	(16,179)	(50,490)	1,120	123,964	56,577	431,634
Fair value gain/(loss) on available-for-sale investments	-	-	-	5,781	-	-	-	(413)	5,368
Currency translation differences	-	-	-	-	(3,615)	-	-	(2,073)	(5,688)
Net gain/(loss) recognised directly in equity	-	-	-	5,781	(3,615)	-	-	(2,486)	(320)
(Loss)/profit for the period	-	-	-	-	-	-	(4,366)	43	(4,323)
Total recognised gain/(losses) for the period ended 30 June 2008	-	-	-	5,781	(3,615)	-	(4,366)	(2,443)	(4,643)
Effect of treasury shares in a subsidiary acquired from minority interest	-	-	-	-	-	-	-	(1)	(1)
Dividend	-	-	-	-	-	-	-	(1,638)	(1,638)
Transfer from reserve on realisation	-	-	(578)	-	-	-	578	-	-
Balance at 30 June 2008	218,568	10,145	87,351	(10,398)	(54,105)	1,120	120,176	52,495	425,352

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

For the financial year ended 30 June 2007

	Total share capital	Capital reserve	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Retained earnings	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2007	209,468	10,145	95,492	5,547	(48,405)	1,774	91,466	59,768	425,255
Fair value loss on available-for-sale investments	-	-	-	(188)	-	-	-	(36)	(224)
Revaluation gain on property, plant and equipment	-	-	8,421	-	-	-	-	-	8,421
Currency translation differences	-	-	-	-	965	-	-	643	1,608
Net gain recognised directly in equity	-	-	8,421	(188)	965	-	-	607	9,805
Profit for the period	-	-	-	-	-	-	3,863	800	4,663
Total recognised gains/(loss) for the period ended 31 March 2007	-	-	8,421	(188)	965	-	3,863	1,407	14,468
Effect of treasury shares in a subsidiary acquired from minority interest	-	-	-	-	-	(52)	-	(164)	(216)
Transfer from reserve on realisation	-	-	(7,315)	-	-	-	7,315	-	-
Balance at 31 March 2007	209,468	10,145	96,598	5,359	(47,440)	1,722	102,644	61,011	439,507
Fair value gain/(loss) on available-for-sale investments	-	-	-	1,851	-	-	-	(320)	1,531
Currency translation differences	-	-	-	-	2,346	-	-	710	3,056
Net gain recognised directly in equity	-	-	-	1,851	2,346	-	-	390	4,587
Profit/(loss) for the period	-	-	-	-	-	-	3,871	(774)	3,097
Total recognised gains/(loss) for the period ended 30 June 2007	-	-	-	1,851	2,346	-	3,871	(384)	7,684
Issue of share capital	9,100	-	-	-	-	-	-	-	9,100
Dividend	-	-	-	-	-	-	-	(1,714)	(1,714)
Transfer from reserve on realisation	-	-	(7,816)	-	-	-	7,816	-	-
Balance at 30 June 2007	218,568	10,145	88,782	7,210	(45,094)	1,722	114,331	58,913	454,577

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

For the financial year ended 30 June 2008

	Share capital	Fair value reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2008	218,568	12,338	(52,636)	178,270
Fair value loss on available-for-sale investments	-	(5,255)	-	(5,255)
Net loss recognised directly in equity	-	(5,255)	-	(5,255)
Net profit for the period	-	-	469	469
Balance at 31 March 2008	218,568	7,083	(52,167)	173,484
Fair value loss on available-for-sale investments	-	(3,999)	-	(3,999)
Net loss recognised directly in equity	-	(3,999)	-	(3,999)
Net profit for the period	-	-	332	332
Balance at 30 June 2008	218,568	3,084	(51,835)	169,817

For the financial year ended 30 June 2007

	Share capital	Fair value reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2007	209,468	4,987	(4,943)	209,512
Fair value loss on available-for-sale investments	-	(131)	-	(131)
Net loss recognised directly in equity	-	(131)	-	(131)
Net profit for the period	-	-	550	550
Balance at 31 March 2007	209,468	4,856	(4,393)	209,931
Fair value loss on available-for-sale investments	-	2,347	-	2,347
Net loss recognised directly in equity	-	2,347	-	2,347
Net profit for the period	-	-	(8,087)	(8,087)
Issue of share capital	9,100	-	-	9,100
Balance at 30 June 2007	218,568	7,203	(12,480)	213,291

- 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:-**

	30.06.2008	31.12.2007
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 June 2008 (31 December 2007: 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 2007.

- 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.**

Not applicable.

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	
	6 months		3 months	
	01.01.2008 To 30.06.2008	01.01.2007 To 30.06.2007	01.04.2008 To 30.06.2008	01.04.2007 To 30.06.2007
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)	0.89	1.36	(0.76)	0.68
(b) On a fully diluted basis (cents)	0.89	1.35	(0.76)	0.67
Weighted average number of ordinary shares in issue for basic earnings/(loss) per share ('000)	573,920	570,568	573,920	571,254
Weighted average number of ordinary shares in issue for diluted earnings/(loss) per share ('000)	576,404	574,166	576,404	577,120

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	
	30.06.2008 Cents	31.12.2007 Cents	30.06.2008 Cents	31.12.2007 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	64.97	66.68	29.59	31.06

* 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 - 6 Months ended 30 June 2008 vs. 6 Months ended 30 June 2007

Revenue and Operating Costs

The Group recorded revenue of \$209.61 million in 1H2008, which was 10.2% lower than that achieved in 1H2007 of \$233.41 million. Food and beverage sales increased by \$14.64 million or 7.8%, while revenue from development property decreased by \$38.98 million or 88.5%.

Total profit of the Group decreased from \$7.76 million in 1H2007 to \$5.44 million in 1H2008 due mainly to:

- Lower gross profit of \$3.64 million mainly due to lower property sales, partially offset by higher gross profit achieved in the food and beverage division ;
- Higher selling and distribution costs of \$2.28 million mainly due to increased selling expenses in line with higher sales in the food and beverage division and higher freight cost as a result of increased fuel price;
- Higher administrative expense of \$4.89 million due mainly to goodwill impairment of \$5.36 million recorded in 2Q2008. Our subsidiary in Guangzhou is experiencing larger than expected losses in the current period. With the continued increase in fuel and raw material prices in the foreseeable future, for which the company may not be able to fully pass on the increase in cost to the customers due to competitive pressures, the operating margins of YHS Guangzhou will be negatively affected. Therefore the carrying amounts of group investment in Guangzhou have consequently been revised downwards.
- Lower other gains of \$1.87 million due mainly to the absence of write back of provision of \$1.79 million for foreseeable losses for development properties sold in 1H2007;
- Higher other operating expense of \$1.52 million due mainly to accrual for additional payment for land use rights payable to the land authority in China;

The decrease was partially offset by higher tax credit of \$11.7 million as a result of \$11.83 million write back of over provision of prior year tax from the property division, arising from the settlement of its tax issue on revaluation surplus on land with IRAS.

8(b) Second Quarter Results - 3 Months ended 30 June 2008 vs. 3 Months ended 30 June 2007

The Group recorded revenue of \$103.43 million in 2Q2008, which was 13.3% lower than that achieved in 2Q2007 of \$119.25 million. The decrease was due to lower property sales, partially offset by improved food and beverage sales largely from the Group's Singapore and Malaysian subsidiaries.

Total loss of the Group in 2Q2008 was \$4.32 million, compared with a total profit of \$3.1 million in 2Q2007. The decrease was mainly due to:

- lower gross profit of \$2.13 million mainly due to lower property sales, partially offset by higher gross profit achieved in the food and beverage division;

- Higher selling and distribution costs of \$1.95 million due mainly to increased selling expenses in line with higher sales in the food and beverage division and higher freight cost as a result of increased fuel price;
- Higher administrative expense of \$4.2 million due mainly to impairment of \$5.36 million of goodwill for the Group's investment in China as mentioned above.
- Lower other gains of \$0.93 million due mainly to the absence of reversal of provision for foreseeable losses for property development projects sold in 2Q2007 totalling \$0.83 million;

The decrease was partially offset by the following:

- Lower interest expense of \$0.42 million due mainly to lower balance of bank borrowings compared with 2Q2007 as a result of repayment of long term bank loan.
- Lower provision of income tax of \$1.15 million due mainly to the absence of \$2 million tax provision for profit earned by the property division in 2Q2007, partially offset by \$0.85 million higher tax provision in Malaysia and Singapore.

8(c) Balance Sheet - 30 June 2008 vs. 31 December 2007

Group

Trade and other receivables for the Group decreased by \$3.59 million from \$94.65 million as at 31 December 2007 to \$91.06 million as at 30 June 2008. The decrease was mainly due to lower property sales and collection of sales proceeds for properties sold in 2007, partially offset by the increased trade receivables in Singapore and Malaysia which was largely in line with the higher sales.

Inventories were reduced to \$43.5 million at 30 June 2008 as compared to \$53.34 million at 31 December 2007 due mainly to sale of Chinese New Year stocks built up in December 2007 for the festive season.

Development property balance decreased by \$2.27 million from \$127.37 million as at 31 December 2007 to \$125.1 million as at 30 June 2008 due to additional sales of development properties during the period.

Available-for-sale financial assets decreased by \$11.11 million from \$99.54 million as at 31 December 2007 to \$88.43 million as at 30 June 2008 due mainly to \$10.75 million loss on revaluation of quoted investments at their fair value at balance sheet date.

Investment properties decreased by \$2.79 million from \$54.33 million as at 31 December 2007 to \$51.54 million as at 30 June 2008 due to current period translation losses from overseas investment properties.

Property, plant and equipment decreased by \$5.9 million from \$123.87 million as at 31 December 2007 to \$117.97 million as at 30 June 2008, mainly due to current period depreciation charge of \$4.96 million and translation loss of \$2.42 million, partially offset by the addition of \$1.52 million equipment.

Goodwill amounting to \$5.36 million was impaired in 2Q2008 reducing the goodwill balance to Nil as at 30 June 2008 as a result of impairment of carrying amounts for the Group's investment in Guangzhou.

Trade and other payables increased by \$2.51 million from \$94.64 million as at 31 December 2007 to \$97.15 million as at 30 June 2008. The increase was mainly due to higher purchases in China subsidiaries to meet the increase in production volumes for summer sales, partially offset by lower purchases and expense accruals in Malaysia as well as payment of accruals for promotion expenses.

Current income tax liabilities decreased by \$24.32 million from \$30.13 million as at 31 December 2007 to \$5.81 million as at 30 June 2008. The decrease was largely due to payment of \$12.51 million for the settlement of tax issue on revaluation surpluses for The Sterling and Dunearn development projects with IRAS and write back of \$11.83 million over provision for those projects.

Total borrowings increased by \$0.95 million as at 30 June 2008 mainly due to additional net bank borrowings of \$9.2 million, partially offset by the repayment of long term property loan of \$8 million.

Company

Trade and other receivables decreased from \$27.31 million as at 31 December 2007 to \$14.85 million as at 30 June 2008 due mainly to repayment of \$12.86 million by a subsidiary during the period. The funds were used to partially repay the advances from another subsidiary and borrowings. Hence trade and other payables declined by \$8.28 million, while borrowings decreased by \$2 million.

Income tax recoverable increased by \$2.38 million as at 30 June 2008 due mainly to payment of \$2.55 million income tax during the period.

Available-for-sale financial assets decreased from \$36.68 million as at 31 December 2007 to \$26.41 million as at 30 June 2008 largely due to \$10.44 million loss on revaluation of quoted investments at their fair value.

Loan from subsidiaries decreased from \$47.27 million as at 31 December 2007 to \$44.56 million as at 30 Jun 2008 and Loan to subsidiaries decreased from \$40.58 million from 31 December 2007 to \$38.75 million as at 30 June 2008. This is due to unrealised exchange gain/(loss) from the Company's Hong Kong dollar loans as a result of the weakening of the Hong Kong dollar against Singapore dollar.

Deferred income tax liabilities decreased by \$1.19 million from \$1.94 million as at 31 December 2007 to \$0.75 million as at 30 June 2008 due mainly to write back of provision as fair value of quoted investment reduced at balance sheet date.

8(c) Cash Flow Statement

Year to Date - 6 months ended 30 June 2008

The Group reported a net increase in cash of \$2.44 million for the 6 months ended 30 June 2008 as compared to a net increase in cash of \$42.92 million for the previous corresponding period.

The net increase in cash was contributed by \$17.85 million from operating activities and \$0.68 million from financing activities, negated by cash outflow of \$15.41 million for income tax paid mainly for the property division and net cash outflow from investing activities amounting to \$0.58 million.

Cash outflow from investing activities of \$0.58 million was mainly due to purchase of property, plant & equipment worth \$1.52 million, partially offset by the dividends received from available-for-sale financial assets of \$0.9 million.

Cash inflow from financing activities of \$0.68 million was mainly due to net bank borrowing of \$1.2 million, partially offset by net interest paid of \$0.51 million.

Second Quarter - 3 Months ended 30 June 2008

The Group registered a net increase in cash of \$0.16 million for the second quarter ended 30 June 2008. The net increase was mainly contributed by net bank borrowing of \$8 million and net cash inflow of \$6.3 million from operating activities, negated by cash outflow of \$13.93 million for income tax paid mainly for the property division.

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.**

Increasing raw material prices and energy costs, coupled with continued pressure on selling price due to intense competition will put pressure on the Group's earnings for the Food and Beverage division.

In spite of challenging market conditions, the Group will continue to drive sales of its properties including the newly launched development Jardin, which is expected to commence construction in second half of 2008.

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**

In June 2008, PT Kharisma Inti Persada, a company incorporated in Indonesia ("Plaintiff") had filed a new suit in Central Jakarta District Court against Yeo Hiap Seng (Malaysia) Berhad (YHSM) and its subsidiary, PT YHS Indonesia (Incorporated in Indonesia), claiming for approximately Rupiah 219.9 billion (approximately S\$32 million), with interest for an alleged breach of an alleged distribution agreement and an alleged distribution appointment. YHSM will be contesting the claim and based on advice obtained from the YHSM's Indonesia legal advisors, the Directors of YHSM are of the opinion that the claim is without merit and therefore unsustainable.

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/recommended, 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
08 August 2008

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 June 2008 to be false or misleading in any material respect.

On behalf of the Directors



TJONG YIK MIN
Director

08 August 2008



OW TIN NYAP
Director