

YHS YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

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

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

1(a)(i) Consolidated Income Statement

	9 Months		3 Months	
	01.01.2008 to 30.09.2008	01.01.2007 to 30.09.2007	01.07.2008 to 30.09.2008	01.07.2007 to 30.09.2007
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	319,963	341,011	110,357	107,601
Cost of sales	(219,024)	(239,550)	(74,196)	(74,554)
Gross profit	100,939	101,461	36,161	33,047
Other income	2,181	2,339	703	906
Other gains	1,952	3,940	1,410	1,527
Expenses				
- Advertising and promotion	(23,033)	(23,991)	(7,607)	(9,016)
- Marketing	(1,501)	(2,720)	(366)	(658)
- Selling and distribution	(54,175)	(50,445)	(19,203)	(17,755)
- Administrative	(23,352)	(19,022)	(5,798)	(6,357)
- Other operating	(1,950)	(1,227)	81	(713)
- Finance	(1,439)	(2,792)	(413)	(960)
Share of (losses)/profits of associated companies	(234)	1,328	(347)	65
(Loss)/profit before tax	(612)	8,871	4,621	86
Income tax credit/(expense)	13,448	(671)	2,773	354
Total profit	12,836	8,200	7,394	440
Attributable to:				
Equity holders of the Company	12,101	9,548	6,968	1,814
Minority interest	735	(1,348)	426	(1,374)
	12,836	8,200	7,394	440

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

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

	9 Months		3 Months	
	01.01.2008 to 30.09.2008	01.01.2007 to 30.09.2007	01.07.2008 to 30.09.2008	01.07.2007 to 30.09.2007
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation	7,421	7,527	2,458	2,525
Property, plant and equipment written-off	57	27	29	16
Impairment of goodwill	5,361	-	-	-
Impairment of trade debts, net	503	145	277	3
Write-down of inventories, net	1,880	1,632	418	686
Allowance for doubtful balances to associated companies, net (non-trade)	-	4	-	1
Impairment in associated company	47	-	-	-
Reversal of provision for foreseeable losses from development properties	-	(2,712)	-	(921)
Dividend income from quoted equity investments	(1,368)	(406)	(471)	(26)
Net foreign exchange (gain)/loss	(341)	1,195	(1,228)	695
Interest income	(656)	(1,440)	(153)	(501)
Interest expense	1,439	2,792	413	960
Over provision of tax in respect of prior years	(16,356)	(1,083)	(4,548)	(212)
Profit/(loss) on sale of :				
(a) Plant and equipment	(25)	(273)	(5)	(251)
(b) Assets held for sale	(78)	9	-	9

1(b) Balance Sheets

	Group		Company	
	As at 30.09.2008	As at 31.12.2007	As at 30.09.2008	As at 31.12.2007
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	74,894	84,306	301	725
Trade and other receivables	102,968	94,652	18,959	27,309
Inventories	42,018	53,335	-	-
Development properties	125,618	127,372	-	-
Income tax recoverable	2,850	1,254	1,645	37
Other current assets	3,294	1,633	67	72
	351,642	362,552	20,972	28,143
Assets held for sale	-	369	-	-
	351,642	362,921	20,972	28,143
Non-current assets				
Available-for-sale financial assets	68,094	99,543	23,706	36,683
Investments in associated companies	4,141	4,280	-	-
Investments in subsidiaries	-	-	400,857	400,857
Investment properties	52,769	54,325	34,000	34,000
Loans to subsidiaries	-	-	46,121	40,575
Property, plant and equipment	117,317	123,865	10	10
Goodwill	-	5,361	-	-
Deferred income tax assets	4,175	4,839	-	-
	246,496	292,213	504,694	512,125
Total assets	598,138	655,134	525,666	540,268
LIABILITIES				
Current liabilities				
Trade and other payables	100,662	94,635	264,437	273,762
Current income tax liabilities	750	30,133	-	-
Borrowings	58,749	56,606	47,300	39,000
Provisions	976	977	30	30
	161,137	182,351	311,767	312,792
Non-current liabilities				
Loans from subsidiaries	-	-	47,016	47,271
Borrowings	10,000	18,003	-	-
Provisions for retirement benefits	2,452	2,484	-	-
Deferred income tax liabilities	11,249	12,423	745	1,935
Other non-current liabilities	37	3	-	-
	23,738	32,913	47,761	49,206
Total liabilities	184,875	215,264	359,528	361,998
NET ASSETS	413,263	439,870	166,138	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	5,834	40,040	376	12,338
Retained earnings/(accumulated losses)	127,168	113,929	(52,806)	(52,636)
	361,715	382,682	166,138	178,270
Minority interest	51,548	57,188	-	-
Total Equity	413,263	439,870	166,138	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 30.09.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
13,949	44,800	15,246	41,360

Amount repayable after one year

As at 30.09.2008		As at 31.12.2007	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
10,000	-	18,003	-

Details of any collateral

Short-term bank loans of the Group totalling \$13,944,000 are secured by investment in available-for-sale financial assets 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 \$5,000 (2007: \$10,000).

1(c) Consolidated Cash Flow Statement

	9 months ended		3 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total profit	12,836	8,200	7,394	440
Adjustments for :				
Income tax	(13,448)	671	(2,773)	(354)
Depreciation of property, plant and equipment	7,421	7,527	2,458	2,525
Dividend income from available-for-sale financial assets	(1,368)	(406)	(471)	(26)
Property, plant and equipment written-off	57	27	29	16
Exchange difference on consolidation	(3,295)	1,424	408	(549)
Gain on disposal of plant and equipment	(25)	(273)	(5)	(251)
(Gain)/loss on disposal of assets held for sale	(78)	9	-	9
Goodwill impairment	5,361	-	-	-
Interest expense	1,439	2,792	413	960
Interest income	(656)	(1,440)	(153)	(501)
Provision for impairment in associated company	47	-	-	-
Provision for retirement benefits (net)	227	239	83	76
Share of results of associated companies	234	(1,328)	347	(65)
Operating cash flow before working capital change	8,752	17,442	7,730	2,280
Change in operating assets and liabilities				
Development property	1,754	35,868	(523)	2,738
Inventories	11,317	10,542	1,479	(2,097)
Receivables	(8,316)	12,590	(11,908)	2,982
Other current assets	(1,661)	(1,813)	(1,880)	528
Trade and other payables	4,701	(5,044)	3,804	11,193
Cash generated/(used) from operations	16,547	69,585	(1,298)	17,624
Income tax paid	(16,673)	(584)	(1,259)	(342)
Restructuring costs paid	(1)	(10)	(1)	-
Retirement benefits paid	(122)	(138)	(23)	(57)
Net cash (used in)/provided by operating activities	(249)	68,853	(2,581)	17,225

	9 months ended		3 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Dividends received from available-for-sale financial assets	1,368	406	471	26
Purchase of minority interest share in a subsidiary	(235)	-	-	-
Proceeds from disposal of property, plant and equipment	32	911	6	812
Proceeds from disposal of assets held for sale	427	68	-	68
Dividend income received from associated company	-	931	-	-
Purchase of property, plant and equipment	(2,210)	(4,660)	(689)	(2,321)
Renovation of investment property	(12)	-	(12)	-
Purchase of available-for-sale financial assets	(174)	(81,932)	-	(64,428)
Net cash used in investing activities	(804)	(84,276)	(224)	(65,843)
Cash flows from financing activities				
Dividends paid to minority shareholders of a subsidiary	(1,638)	(1,714)	(1,638)	(1,714)
Issue of share capital	-	9,100	-	-
Purchase of treasury shares	(1)	(217)	-	(1)
Interest received	656	1,440	153	501
Interest paid	(1,321)	(2,488)	(306)	(896)
Repayment of bank borrowings	(41,407)	(33,000)	(23,407)	(26,000)
Proceeds from bank borrowings	35,357	42,460	16,157	33,960
Repayment of finance lease liabilities	(5)	(5)	(1)	(2)
Net cash (used in)/provided by financing activities	(8,359)	15,576	(9,042)	5,848
Net (decrease)/increase in cash and cash equivalents	(9,412)	153	(11,847)	(42,770)
Cash and cash equivalents at the beginning of the financial period	84,306	82,103	86,741	125,026
Cash and cash equivalents at the end of the financial period	74,894	82,256	74,894	82,256
Represented by:				
Cash at bank and on hand	48,105	24,256	48,105	24,256
Fixed deposits with financial institutions	26,789	58,000	26,789	58,000
	74,894	82,256	74,894	82,256

Notes

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling \$30,409,000 (2007: \$17,837,000) 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 September 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	2,18,568	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)	(2,921)
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	-	-	(536)	-	-	(118)	-	(117)	(235)
Transfer from reserve on realisation	-	-	-	-	-	536	-	-	-
Balance at 31 March 2008	2,18,568	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	-	-	(578)	-	-	-	-	(1,638)	(1,638)
Transfer from reserve on realisation	-	-	-	-	-	-	578	-	-
Balance at 30 June 2008	2,18,568	10,145	87,351	(10,398)	(54,105)	1,120	120,176	52,495	425,362
Fair value (loss)/gain on available-for-sale investments	-	-	-	(20,523)	-	-	-	268	(20,255)
Currency translation differences	-	-	-	-	2,413	-	-	(399)	2,014
Net (loss)/gain recognised directly in equity	-	-	-	(20,523)	2,413	-	-	(131)	(18,241)
Profit for the period	-	-	-	-	-	-	6,968	426	7,394
Total recognised (loss)/gains for the period ended 30 September 2008	-	-	-	(20,523)	2,413	-	6,968	295	(10,847)
Dividend	-	-	-	-	-	-	-	(1,242)	(1,242)
Transfer from reserve on realisation	-	-	(24)	-	-	24	-	-	-
Balance at 30 September 2008	2,18,568	10,145	87,327	(30,921)	(51,692)	1,120	127,168	51,548	413,263

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

For the financial year ended 30 September 2007

	Total share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Retained earnings \$'000	Minority interest \$'000	Total equity \$'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	-	-	-	(188)	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	-	-	(7,315)	-	-	(52)	7,315	(164)	(216)
Transfer from reserve on realisation	-	-	96,598	5,359	(47,440)	1,722	102,644	61,011	439,507
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	(46,094)	1,722	114,331	58,913	464,577
Fair value (loss)/gain on available-for-sale investments	-	-	-	(6,246)	-	-	-	303	(5,943)
Currency translation differences	-	-	-	-	(1,091)	-	-	(1,080)	(2,171)
Net loss recognised directly in equity	-	-	-	-	(1,091)	-	-	(777)	(8,114)
Profit/(loss) for the period	-	-	-	(6,246)	(1,091)	-	1,814	(1,374)	440
Total recognised (losses)/gain for the period ended 30 September 2007	-	-	-	(6,246)	(1,091)	-	1,814	(2,151)	(7,674)
Issue of share capital	-	-	666	-	-	-	-	-	666
Deferred tax adjustment	-	-	-	-	(1)	-	-	431	1,096
Effect of treasury shares in a subsidiary acquired from minority interest	-	-	-	-	-	-	-	(1)	(1)
Transfer from reserve on realisation	-	-	(1,656)	-	-	-	1,665	6	15
Balance at 30 September 2007	218,568	10,145	87,792	964	(46,186)	1,722	117,810	57,198	448,013

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

For the financial year ended 30 September 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
Fair value loss on available-for-sale investments	-	(2,708)	-	(2,708)
Net loss recognised directly in equity	-	(2,708)	-	(2,708)
Net loss for the period	-	-	(971)	(971)
Balance at 30 September 2008	218,568	376	(52,806)	166,138

For the financial year ended 30 September 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
Fair value loss on available-for-sale investments	-	3,849	-	3,849
Net loss recognised directly in equity	-	3,849	-	3,849
Net profit for the period	-	-	(25,752)	(25,752)
Balance at 30 September 2007	218,568	11,052	(38,232)	191,388

- 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:-

	30.09.2008	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 September 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	
	9 months		3 months	
	01.01.2008 To 30.09.2008	01.01.2007 To 30.09.2007	01.07.2008 To 30.09.2008	01.07.2007 To 30.09.2007
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 share in issue (cents)	2.11	1.67	1.21	0.32
(b) On a fully diluted basis (cents)	2.10	1.65	1.21	0.31
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	573,920	571,698	573,920	573,920
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	576,404	578,350	576,404	576,404

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	
	30.09.2008 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	63.03	66.68	28.95	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 - 9 Months ended 30 September 2008 vs. 9 Months ended 30 September 2007

Food and Beverage division performance

The Food and Beverage ("F&B") division recorded revenue of \$313.25 million in the nine months ended 30 September 2008, which was 7.9% higher than the \$290.3 million achieved in the same period last year. The growth in revenue increased gross margins by \$7.54 million year-on-year. The increase was partially offset by higher selling and distribution costs of \$4.08 million mainly due to higher sales and higher allowance for doubtful debts during the period. The net increase in operating profits of \$3.46 million was however offset by the following one-time charges during the current period:

- Goodwill impairment of \$5.36 million recorded in 2Q2008 under administrative expenses. Our subsidiary in Guangzhou is experiencing larger than expected losses in the current period. With the continued increase in 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;
- Accrual for one-time additional payment for land use rights payable to the land authority in China totalling \$1.07 million recorded under other operating expense.

As a result, despite the increase in F&B revenue and operating profits, as well as lower net interest expense of \$1.21 million due to repayment of bank loans during the period, the F&B division recorded an after tax loss of \$2.42 million in the nine months ended 30 September 2008, as compared to an after tax loss of \$1.09 million in the same period last year.

Property division performance

The Property division recorded revenue of \$5.08 million in the nine months ended 30 September 2008, which was 89.9% lower than the \$50.02 million achieved in the same period last year. The decrease in revenue was mainly due to full revenue recognition on sales from the Gardenvista development in nine months ended 30 September 2007 when the project obtained its Certificate of Completion in 2007.

Despite the decrease in revenue, the Property division recorded an after tax profit of \$13.27 million in the current period, as compared to an after tax profit of \$9.06 million in the same period last year due to:

- \$1.37 million lower marketing and selling expenses as 97% of the Gardenvista development has already been sold in prior year, and the new development, Jardin has just commenced construction in September 2008;
- \$0.6 million lower administrative expense mainly due to a write back of \$0.43 million professional fee accrued in 2007 no longer required;

- \$14.1 million lower tax expense, mainly due to a write back of \$11.83 million over provision of prior years' tax arising from the settlement of its tax issue on revaluation surplus on land with IRAS;

The increase was partially offset by the following:

- \$9.04 million lower gross profit due to lower current period sales;
- The absence of write back of \$2.71 million provision for foreseeable losses for development properties sold in nine months ended 30 September 2007.

8(b) Third Quarter Results - 3 Months ended 30 September 2008 vs. 3 Months ended 30 September 2007

Food and Beverage division performance

The Food and Beverage ("F&B") division recorded revenue of \$109.83 million in 3Q2008, which was 8.2% higher than that achieved in 3Q 2007 of \$101.52 million. Profit after tax of the F&B division was \$6.03 million in 3Q2008, compared to a loss after tax of \$1.83 million in 3Q2007 due to:

- Higher gross profit of \$4.6 million generated from the increased sales in current quarter;
- Higher other gains (net off with other operating expenses) of \$1.25 million mainly due to higher exchange gain of \$1.63 million as a result of Chinese Renminbi strengthening against Singapore dollar for advances from Singapore and Indonesia Rupiah against Malaysia Ringgit for trade and other receivables denominated in Rupiah in the current quarter, partially offset by lower gain on sale of assets of \$0.25 million.
- Lower interest expense of \$0.45 million due mainly to partial repayment of long term bank loans;
- Lower tax expense of \$1.86 million due mainly to a write back of prior years' provision for tax no longer required by a USA subsidiary.

The increase was partially offset by \$0.41 million lower share of results of associated companies due to their poor performance in current quarter.

Property division performance

The property division had no additional sales in 3Q 2008, hence the corresponding lower profit after tax as compared to 3Q2007 which registered \$5.96 million sales revenue.

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

Group

Trade and other receivables for the Group increased by \$8.32 million from \$94.65 million as at 31 December 2007 to \$102.97 million as at 30 September 2008. The increase was mainly due to the increased trade receivables in Singapore and Malaysia which was largely in line with the higher sales, partially offset by lower trade receivables from the property division which is in line with lower sales.

Inventories decreased by \$11.32 million from \$53.34 million as at 31 December 2007 to \$42.02 million as at 30 September 2008. The decrease was mainly due to sale of Chinese New Year stocks built up in December 2007.

Available-for-sale financial assets decreased by \$31.45 million from \$99.54 million as at 31 December 2007 to \$68.09 million as at 30 September 2008 due mainly to \$30.45 million loss on revaluation of quoted investments at their fair value at balance sheet date.

Property, plant and equipment decreased by \$6.55 million from \$123.87 million as at 31 December 2007 to \$117.32 million as at 30 September 2008, mainly due to current period depreciation charge of \$7.42 million and translation loss of \$1.34 million, partially offset by the addition of \$2.21 million equipment.

Goodwill arising from the Group's investment in Guangzhou subsidiary, amounting to \$5.36 million was impaired in 2Q2008 thus reducing the goodwill balance to Nil as at 30 September 2008.

Trade and other payables increased by \$6.02 million from \$94.64 million as at 31 December 2007 to \$100.66 million as at 30 September 2008. The increase was mainly due to higher purchases and expense accruals in Singapore and China subsidiaries, partially offset by payment of accruals for promotion expenses in property division.

Current income tax liabilities decreased by \$29.38 million from \$30.13 million as at 31 December 2007 to \$0.75 million as at 30 September 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 \$16.36 million over provision in prior years.

Total borrowings decreased by \$5.86 million as at 30 September 2008 mainly due to repayment of long term property loan of \$8 million, partially offset by additional net bank borrowings of \$1.95 million.

Company

Trade and other receivables decreased by \$8.35 million from \$27.31 million as at 31 December 2007 to \$18.96 million as at 30 September 2008 mainly due to repayment of \$9 million by a subsidiary during the period. The funds were used to repay the advances from another subsidiary. Hence trade and other payables declined by \$9.32 million from \$273.76 million as at 31 December 2007 to \$264.44 million as at 30 September 2008.

Income tax recoverable increased by \$1.61 million from \$0.04 million as at 31 December 2007 to \$1.65 million as at 30 September 2008 due to net payment of income tax during the period.

Available-for-sale financial assets decreased by \$12.97 million from \$36.68 million as at 31 December 2007 to \$23.71 million as at 30 September 2008 largely due to \$13.15 million fair value loss on revaluation of quoted investments.

Loan to subsidiaries increased by \$5.54 million from \$40.58 million as at 31 December 2007 to \$46.12 million as at 30 September 2008 mainly due to a \$5.72 million loan to a China subsidiary during the period to substitute an external bank loan in China.

Borrowings increased by \$8.3 million from \$39 million as at 31 December 2007 to \$47.3 million as at 30 September 2008. The funds were used to repay advances drawdown from its subsidiary during the period.

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 September 2008 mainly due to write back of provision as a result of decrease in fair value of quoted investments at balance sheet date.

8(c) Cash Flow Statement

Year to Date - 9 months ended 30 September 2008

The Group reported a net decrease in cash of \$9.41 million for the 9 months ended 30 September 2008 as compared to a net increase in cash of \$0.15 million for the previous corresponding period.

The food and beverage operations generated cash inflow of \$1.15 million to the Group, while the property division generated negative cashflow of \$1.4 million due mainly to tax payment of \$14 million to settle prior years' tax issue with IRAS.

Cash outflow from investing activities of \$0.8 million was mainly due to purchase of property, plant & equipment worth \$2.21 million, partially offset by the dividends received from available-for-sale financial assets of \$1.37 million.

Cash outflow from financing activities of \$8.36 million was mainly due to net repayment of bank borrowings of \$6.05 million, dividend paid to minority shareholders of a subsidiary of \$1.64 million and net interest paid of \$0.67 million.

Third Quarter – 3 Months ended 30 September 2008

The Group registered a net decrease in cash of \$11.85 million for the third quarter ended 30 September 2008.

The food and beverage operations generated cash inflow of \$2.01 million, while the property division generated negative cashflow of \$4.59 million due to lower collection from sales and payment of development cost for Jardin project during the third quarter.

Cash outflow from financing activities of \$9.04 million was mainly due to net repayment of bank borrowing of \$7.25 million and dividend payment of \$1.64 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.**

The global recession in the next 12 months is likely to affect consumer demand and selling price, which will add pressure on margins. The Group will focus on improving operational efficiency and cost management measures to stay competitive.

In spite of challenging market conditions, the Group will continue to drive sales of its properties, including the newly launched development, Jardin which commenced construction in September 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

- 11(a)** In June 2008, PT Kharisma Inti Persada, a company incorporated in Indonesia had filed a new suit in Central Jakarta District Court against certain subsidiaries of the Group, Yeo Hiap Seng (Malaysia) Berhad (YHSM) and 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. In October 2008, the Central Jakarta District Court has dismissed the suit in favour of YHSM and PT YHS Indonesia.

PT Kharisma Inti Persada has filed an appeal request and it is now pending formal notification from the court on the Plaintiff's appeal.

- 11(b)** Reference is made to a legal action initiated in 2004 against YHSM for an alleged infringement of copyright, which the Plaintiff has sought general damages and for which YHSM has counter-claim in the action. During the quarter, both parties have agreed to settle the matter out of court with no compensation to each other. Both parties have withdrawn the action with no liberty to file afresh.

12. Subsequent Event

Subsequent to the quarter under review, Yeo Hiap Seng (Malaysia) Berhad (YHSM), has reached a settlement of Baht 4 million (approximately S\$0.17 million) with a bank in Thailand to release YHSM from a corporate guarantee claim provided to its associated company, WY Co. Ltd. YHSM had provided RM0.9 million (S\$0.37 million) for the claim previously, and with the settlement YHSM will write back a provision of RM0.5 million (S\$0.21 million) in the next quarter result.

13. 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.

14. 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
07 November 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 September 2008 to be false or misleading in any material respect.

On behalf of the Directors



TJONG YIK MIN
Director

07 November 2008



OW TIN NYAP
Director