**YHS** YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

**Unaudited Financial Statements and Dividend Announcement for the year ended 31 December 2007**

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

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

| | 12 Months | | 3 Months | |
|---|---|---|---|---|
| | 01.01.2007 to 31.12.2007 | 01.01.2006 to 31.12.2006 | 01.10.2007 to 31.12.2007 | 01.10.2006 to 31.12.2006 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Revenue | 436,974 | 471,299 | 95,963 | 139,134 |
| Cost of sales | (303,959) | (343,252) | (64,409) | (106,697) |
| **Gross profit** | **133,015** | **128,047** | **31,554** | **32,437** |
| Other income | 3,158 | 2,792 | 819 | 689 |
| Other gains | 15,462 | 9,621 | 11,522 | 8,167 |
| Expenses | | | | |
| - Advertising and promotion | (30,209) | (28,196) | (6,218) | (8,585) |
| - Marketing | (3,215) | (5,131) | (495) | (2,021) |
| - Selling and distribution | (66,177) | (61,306) | (15,732) | (16,019) |
| - Administrative | (23,852) | (24,117) | (4,830) | (6,031) |
| - Other operating | (2,155) | (9,212) | (928) | (8,312) |
| - Finance | (3,497) | (3,943) | (705) | (931) |
| Share of profit/(loss) of associated companies | 820 | 423 | (508) | 272 |
| **Profit before tax** | **23,350** | **8,978** | **14,479** | **(334)** |
| Income tax expense | (23,057) | (3,938) | (22,386) | (1,343) |
| **Total profit/(loss)** | **293** | **5,040** | **(7,907)** | **(1,677)** |
| **Attributable to:** | | | | |
| Equity holders of the Company | 2,531 | 1,802 | (7,017) | (2,662) |
| Minority interest | (2,238) | 3,238 | (890) | 985 |
| | **293** | **5,040** | **(7,907)** | **(1,677)** |

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

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

| | 12 Months | | 3 Months | |
|---|---|---|---|---|
| | 01.01.2007 to 31.12.2007 | 01.01.2006 to 31.12.2006 | 01.10.2007 to 31.12.2007 | 01.10.2006 to 31.12.2006 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Depreciation | 10,148 | 10,155 | 2,621 | 1,513 |
| Impairment of property, plant and equipment | - | 6,796 | - | 6,796 |
| Impairment of trade debts, net | 450 | 1,012 | 305 | 297 |
| Write-down of inventories, net | 3,964 | 2,708 | 2,332 | 1,481 |
| Provision for doubtful balances to associated companies, net (non-trade) | (149) | 32 | (153) | 19 |
| Reversal of provision for foreseeable losses from development properties | (10,776) | (6,441) | (8,064) | (6,441) |
| Fair value gain on investment property | (2,956) | - | (2,956) | - |
| Dividend income from quoted equity investments | (1,088) | (530) | (682) | (232) |
| Net foreign exchange loss | 2,293 | 2,713 | 1,098 | 1,550 |
| Interest income | (1,853) | (1,894) | (413) | (456) |
| Interest expense | 3,497 | 3,943 | 705 | 931 |
| Under provision of tax in respect of prior year | 21,066 | 1,327 | 22,149 | 1,387 |
| (Profit)/loss on sale of : | | | | |
| (a) Plant and equipment | (284) | (100) | (11) | (22) |
| (b) Assets held for sale | 9 | (1,939) | - | (1,167) |

## 1(b) Balance Sheets

| | Group | | Company | |
|---|---|---|---|---|
| | As at 31.12.2007 | As at 31.12.2006 | As at 31.12.2007 | As at 31.12.2006 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 84,306 | 82,103 | 725 | 216 |
| Trade and other receivables | 94,652 | 120,060 | 27,309 | 19,715 |
| Inventories | 53,335 | 57,623 | - | - |
| Development properties | 127,372 | 160,591 | - | - |
| Income tax recoverable | 1,254 | 1,745 | 37 | - |
| Other current assets | 1,633 | 1,826 | 72 | 49 |
| | **362,552** | **423,948** | **28,143** | **19,980** |
| Assets held for sale | 369 | 444 | - | - |
| | **362,921** | **424,392** | **28,143** | **19,980** |
| **Non-current assets** | | | | |
| Available-for-sale financial assets | 99,543 | 23,690 | 36,683 | 20,442 |
| Investments in associated companies | 4,280 | 4,656 | - | - |
| Investments in subsidiaries | - | - | 400,857 | 362,936 |
| Investment properties | 54,325 | 18,422 | 34,000 | - |
| Loans to subsidiaries | - | - | 40,575 | 71,136 |
| Property, plant and equipment | 123,865 | 137,492 | 10 | 38,823 |
| Goodwill | 5,361 | 5,361 | - | - |
| Deferred income tax assets | 4,839 | 2,257 | - | - |
| | **292,213** | **191,878** | **512,125** | **493,337** |
| **Total assets** | **655,134** | **616,270** | **540,268** | **513,317** |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 94,635 | 105,288 | 273,762 | 247,191 |
| Current income tax liabilities | 30,133 | 5,386 | - | 580 |
| Borrowings | 56,606 | 22,403 | 39,000 | - |
| Provisions | 977 | 987 | 30 | 40 |
| | **182,351** | **134,064** | **312,792** | **247,811** |
| **Non-current liabilities** | | | | |
| Loans from subsidiaries | - | - | 47,271 | 50,439 |
| Borrowings | 18,003 | 51,010 | - | - |
| Provisions for retirement benefits | 2,484 | 2,646 | - | - |
| Deferred income tax liabilities | 12,423 | 9,259 | 1,935 | 745 |
| Other non-current liabilities | 3 | 1,588 | - | - |
| | **32,913** | **64,503** | **49,206** | **51,184** |
| **Total liabilities** | **215,264** | **198,567** | **361,998** | **298,995** |
| **NET ASSETS** | **439,870** | **417,703** | **178,270** | **214,322** |
| **EQUITY** | | | | |
| **Capital and reserves attributable to Company's equity holders** | | | | |
| Share capital | 218,568 | 209,468 | 218,568 | 209,468 |
| Capital reserve | 10,145 | 10,145 | - | - |
| Revaluation and other reserves | 40,040 | 57,820 | 12,338 | 4,987 |
| Retained earnings/(accumulated losses) | 113,929 | 81,809 | (52,636) | (133) |
| | **382,682** | **359,242** | **178,270** | **214,322** |
| Minority Interest | 57,188 | 58,461 | - | - |
| **Total equity** | **439,870** | **417,703** | **178,270** | **214,322** |

### Notes

In 2001, the Group paid income tax of $6,825,000 in relation to The Sterling residential development project. The tax paid was based on the revalued amount of land when the developer's licence was obtained in April 1997 and excluded any tax effect on the revaluation surplus amounting to $128,800,000 on the land prior to April 1997. Under the advice of tax counsel, the directors are of the opinion that the revaluation surplus of $128,800,000 is capital accretion and therefore should not be subject to income tax. On the same basis, the directors are of the opinion that the revaluation surplus of the land for the Gardenvista and Jardin residential development projects prior to obtaining the developer's licence for the Gardenvista project in October 2002 amounting to $86,547,000 is also capital accretion.

In 2004, the Inland Revenue of Singapore ("IRAS") had expressed its view that some of the revaluation surpluses for the development projects may not be considered capital accretion. In February 2006, the IRAS had reiterated its view that part of the revaluation surplus of $128,800,000 on the land for The Sterling project would not be considered capital accretion and requested for information in order to bring its assessments up to date. The Group had, on 9 June 2006 through its legal counsel, made legal submissions to IRAS.

As the statutory time limit for assessing the profits of The Sterling project for the year of assessment 2001 expired on 31 December 2007, the IRAS raised a protective assessment on the Group on 19 December 2007 to preserve its position by treating $108,200,000 of the revaluation surplus of $128,800,000 as a taxable gain. The tax payable under the protective assessment is $23,296,422. Based on legal advice, the directors maintain their view that the amount of $108,200,000 of the revaluation surplus is capital accretion and are continuing to negotiate to resolve the matter with the IRAS. However in accordance with the relevant accounting standard, the directors have considered it prudent to make provision for the tax raised by the protective assessment in the financial statements for the year ended 31 December 2007. This is done entirely without admission of the correctness of the protective assessment. The Group has applied for and obtained a standover without penalty of the tax raised under the protective assessment.

The Group continues to discuss the tax matters with the IRAS.

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

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

| As at 31.12.2007 | | As at 31.12.2006 | |
|---|---|---|---|
| **Secured** | **Unsecured** | **Secured** | **Unsecured** |
| S$'000 | S$'000 | S$'000 | S$'000 |
| 15,246 | 41,360 | 10,503 | 11,900 |

### Amount repayable after one year

| As at 31.12.2007 | | As at 31.12.2006 | |
|---|---|---|---|
| **Secured** | **Unsecured** | **Secured** | **Unsecured** |
| S$'000 | S$'000 | S$'000 | S$'000 |
| 18,003 | - | 51,010 | - |

### Details of any collateral

Short-term bank loans of the Group totalling $15,239,000 are 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. Short-term bank loans totalling $10,496,000 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. 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 $10,000 (2006: $26,000).

## 1(c) Consolidated Cash Flow Statement

| | 12 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 31.12.2007 | 31.12.2006 | 31.12.2007 | 31.12.2006 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Cash flows from operating activities | | | | |
| Total profit/(loss) | 293 | 5,040 | (7,907) | (1,677) |
| Adjustments for : | | | | |
| Tax | 23,057 | 3,938 | 22,386 | 1,343 |
| Depreciation of property, plant and equipment | 10,148 | 10,155 | 2,621 | 1,513 |
| Dividend income from quoted equity investments | (1,088) | (530) | (682) | (232) |
| Property, plant and equipment written-off | 53 | 77 | 26 | 48 |
| Fair value gain on investment property | (2,956) | - | (2,956) | - |
| Exchange difference on consolidation | 784 | (1,650) | (640) | (6) |
| Gain on disposal of plant and equipment | (284) | (100) | (11) | (22) |
| Loss/(gain) on disposal of assets held for sale | 9 | (1,939) | - | (1,167) |
| Write back of impairment of available-for-sale financial assets | (42) | (41) | (42) | (41) |
| Interest expense | 3,497 | 3,943 | 705 | 931 |
| Interest income | (1,853) | (1,894) | (413) | (456) |
| Provision for retirement benefits (net) | 3 | 321 | (236) | 75 |
| Provision for restructuring costs/terminations benefits | - | (604) | - | - |
| Provision of impairment in property, plant and equipment | - | 6,796 | - | 6,796 |
| Share of (profit)/loss of associated companies | (820) | (423) | 508 | (272) |
| Operating cash flow before working capital change | 30,801 | 23,089 | 13,359 | 6,833 |
| Change in operating assets and liabilities | | | | |
| Development property | 33,219 | 69,775 | (2,649) | 30,246 |
| Inventories | 4,288 | (12,831) | (6,254) | (9,415) |
| Receivables | 27,132 | (41,155) | 14,542 | (24,700) |
| Other current assets | (1,436) | (320) | 377 | 637 |
| Trade and other payables | (12,827) | 37,282 | (7,783) | 14,848 |
| Cash generated from operations | 81,177 | 75,840 | 11,592 | 18,449 |
| Income tax paid | (366) | (1,767) | - | (1,046) |
| Restructuring costs paid | (10) | - | - | - |
| Retirement benefits paid | (176) | (119) | (38) | (15) |
| **Net cash provided by operating activities** | 80,625 | 73,954 | 11,554 | 17,388 |

| | 12 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 31.12.2007 | 31.12.2006 | 31.12.2007 | 31.12.2006 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **Cash flows from investing activities** | | | | |
| Dividends received from quoted equity investments | 1,088 | 530 | 682 | 232 |
| Purchase of minority interest share in a subsidiary | (484) | - | (484) | - |
| Proceeds from sales of plant and equipment | 904 | 307 | (7) | 133 |
| Proceeds from sales of assets held for sale | 68 | 6,119 | - | 4,449 |
| Proceeds from redemption of unquoted equity investments | - | 148 | - | - |
| Dividend income received from associated company | 1,247 | 1,219 | 316 | 618 |
| Purchase of property, plant and equipment | (5,581) | (10,395) | (921) | (6,058) |
| Purchase of quoted equity investments | (81,930) | - | (10) | - |
| Purchase of unquoted investments | (12) | (16) | - | (4) |
| **Net cash used in investing activities** | (84,700) | (2,088) | (424) | (630) |
| **Cash flows from financing activities** | | | | |
| Dividends paid to minority shareholders of a subsidiary | (3,004) | (2,478) | (1,290) | - |
| Issue of share capital | 9,100 | - | - | - |
| Purchase of treasury shares | (217) | (587) | - | (586) |
| Interest received | 1,853 | 1,894 | 413 | 456 |
| Interest paid | (2,908) | (3,293) | (420) | (857) |
| Repayment of bank loans | (59,500) | (75,700) | (26,500) | (16,400) |
| Proceeds from bank borrowings | 60,960 | 17,035 | 18,500 | 17,035 |
| Payment of finance lease liabilities | (6) | (6) | (1) | (1) |
| **Net cash provided/(used) in financing activities** | 6,278 | (63,135) | (9,298) | (353) |
| **Net increase in cash and cash equivalents** | 2,203 | 8,731 | 1,832 | 16,405 |
| Cash and cash equivalents at the beginning of the financial period | 82,103 | 73,372 | 82,474 | 65,698 |
| **Cash and cash equivalents at the end of the financial period** | 84,306 | 82,103 | 84,306 | 82,103 |
| Represented by: | | | | |
| Cash at bank and on hand | 35,086 | 23,003 | 35,086 | 23,003 |
| Fixed deposits with financial institutions | 49,220 | 59,100 | 49,220 | 59,100 |
| | 84,306 | 82,103 | 84,306 | 82,103 |

**Notes**

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling $28,908,000 (2006: $19,850,000) 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 31 December 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 | 98,904 | 5,547 | (48,405) | 1,774 | 81,809 | 58,461 | 417,703 |
| Effect of changes in accounting policies (Adjusted prospectively*) | - | - | (3,412) | - | - | - | 9,657 | 1,307 | 7,552 |
| 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 | - | - | 5,009 | (188) | 965 | - | 9,657 | 1,914 | 17,357 |
| Profit for the period | - | - | - | - | - | - | 3,863 | 800 | 4,663 |
| **Total recognised gains/(loss) for the period ended 31 March 2007** | **-** | **-** | **5,009** | **(188)** | **965** | **-** | **13,520** | **2,714** | **22,020** |
| 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** |
| 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 | - | - | - | (6,246) | (1,091) | - | - | (777) | (8,114) |
| Profit/(loss) for the period | - | - | - | - | - | - | 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)** |
| Deferred tax adjustment | - | - | 666 | - | (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** |
| Fair value loss on available-for-sale investments | - | - | - | (2,424) | - | - | - | (298) | (2,722) |
| Fair value gain on investment property | - | - | 3,809 | - | - | - | - | 2,466 | 6,275 |
| Currency translation differences | - | - | - | - | (2,017) | - | - | 2 | (2,015) |
| Net loss recognised directly in equity | - | - | 3,809 | (2,424) | (2,017) | - | - | 2,170 | 1,538 |
| Loss for the period | - | - | - | - | - | - | (7,017) | (890) | (7,907) |
| **Total recognised loss for the period ended 31 December 2007** | **-** | **-** | **3,809** | **(2,424)** | **(2,017)** | **-** | **(7,017)** | **1,280** | **(6,369)** |
| Dividend | - | - | - | - | - | - | - | (1,290) | (1,290) |
| Effect of acquisition of minority interest shares in a subsidiary | - | - | - | - | - | (484) | - | - | (484) |
| Transfer from reserve on realisation | - | - | (3,136) | - | - | - | 3,136 | - | - |
| **Balance at 31 December 2007** | **218,568** | **10,145** | **88,465** | **(1,460)** | **(48,203)** | **1,238** | **113,929** | **57,188** | **439,870** |

* Please refer to Note 5. Restatement arose from adoption of accounting standard FRS 40

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

### For the financial year ended 31 December 2006

| | 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 2006** | 209,468 | 10,145 | 139,590 | 2,904 | (43,164) | 1,632 | 38,906 | 58,571 | 418,052 |
| Fair value gain on available-for-sale investments | - | - | - | 1,583 | - | - | - | - | 1,583 |
| Currency translation differences | - | - | - | - | (2,567) | - | - | (193) | (2,760) |
| Net loss recognised directly in equity | - | - | - | 1,583 | (2,567) | - | - | (193) | (1,177) |
| Profit for the period | - | - | - | - | - | - | 315 | 1,122 | 1,437 |
| **Total recognised gains/(loss) for the period ended 31 March 2006** | **-** | **-** | **-** | **1,583** | **(2,567)** | **-** | **315** | **929** | **260** |
| Transfer from reserve on realisation | - | - | (5,661) | - | - | - | 5,661 | - | - |
| **Balance at 31 March 2006** | **209,468** | **10,145** | **133,929** | **4,487** | **(45,731)** | **1,632** | **44,882** | **59,500** | **418,312** |
| Fair value loss on available-for-sale investments | - | - | - | (920) | - | - | - | - | (920) |
| Currency translation differences | - | - | - | - | (2,085) | - | - | (884) | (2,969) |
| Net loss recognised directly in equity | - | - | - | (920) | (2,085) | - | - | (884) | (3,889) |
| (Loss)/profit for the period | - | - | - | - | - | - | (120) | 167 | 47 |
| **Total recognised loss for the period ended 30 June 2006** | **-** | **-** | **-** | **(920)** | **(2,085)** | **-** | **(120)** | **(717)** | **(3,842)** |
| Dividend | - | - | - | - | - | - | - | (1,407) | (1,407) |
| Transfer from reserve on realisation | - | - | (2,627) | - | - | - | 2,627 | - | - |
| **Balance at 30 June 2006** | **209,468** | **10,145** | **131,302** | **3,567** | **(47,816)** | **1,632** | **47,389** | **57,376** | **413,063** |
| Fair value gain on available-for-sale investments | - | - | - | 1,004 | - | - | - | - | 1,004 |
| Currency translation differences | - | - | - | - | 237 | - | - | (187) | 50 |
| Net gain recognised directly in equity | - | - | - | 1,004 | 237 | - | - | (187) | 1,054 |
| Profit for the period | - | - | - | - | - | - | 4,269 | 964 | 5,233 |
| **Total recognised gains for the period ended 30 September 2006** | **-** | **-** | **-** | **1,004** | **237** | **-** | **4,269** | **777** | **6,287** |
| Dividend | - | - | - | - | - | - | - | (1,070) | (1,070) |
| Issue of share capital | - | - | - | - | - | - | - | - | - |
| Deemed acquisition of Minority interest | - | - | - | - | - | - | - | (1) | (1) |
| Transfer from reserve on realisation | - | - | (13,329) | - | - | - | 13,329 | - | - |
| **Balance at 30 September 2006** | **209,468** | **10,145** | **117,973** | **4,571** | **(47,579)** | **1,632** | **64,987** | **57,082** | **418,279** |
| Fair value gain on available-for-sale investments | - | - | - | 976 | - | - | - | 364 | 1,340 |
| Currency translation differences | - | - | - | - | (826) | - | - | 488 | (338) |
| Net gain recognised directly in equity | - | - | - | 976 | (826) | - | - | 852 | 1,002 |
| (Loss)/profit for the period | - | - | - | - | - | - | (2,662) | 985 | (1,677) |
| **Total recognised gains/(losses) for the period ended 31 December 2006** | **-** | **-** | **-** | **976** | **(826)** | **-** | **(2,662)** | **1,837** | **(675)** |
| Issue of share capital | - | - | - | - | - | - | - | - | - |
| Deemed acquisition of Minority interest | - | - | - | - | - | 142 | - | (728) | (586) |
| Transfer from reserve on realisation (net of tax) | - | - | (19,069) | - | - | - | 19,484 | 270 | 685 |
| **Balance at 31 December 2006** | **209,468** | **10,145** | **98,904** | **5,547** | **(48,405)** | **1,774** | **81,809** | **58,461** | **417,703** |

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

### For the financial year ended 31 December 2007

| | Share capital | Fair value reserve | Accumulated losses | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Balance at 1 January 2007 | 209,468 | 4,987 | (133) | 214,322 |
| Effect of changes in accounting policies (Adjusted prospectively*) | - | - | (4,810) | (4,810) |
| Fair value loss on available-for-sale investments | - | (131) | - | (131) |
| Net loss recognised directly in equity | | (131) | (4,810) | (4,941) |
| Net profit for the period | - | - | 550 | 550 |
| Balance at 31 March 2007 | 209,468 | 4,856 | (4,393) | 209,931 |
| Fair value gain on available-for-sale investments | - | 2,347 | - | 2,347 |
| Net gain recognised directly in equity | - | 2,347 | - | 2,347 |
| Net loss 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 gain on available-for-sale investments | - | 3,849 | - | 3,849 |
| Net gain recognised directly in equity | - | 3,849 | - | 3,849 |
| Net loss for the period | - | - | (25,752) | (25,752) |
| Balance at 30 September 2007 | 218,568 | 11,052 | (38,232) | 191,388 |
| Fair value gain on available-for-sale investments | - | 1,286 | - | 1,286 |
| Net gain recognised directly in equity | - | 1,286 | - | 1,286 |
| Net loss for the period | - | - | (14,404) | (14,404) |
| Balance at 31 December 2007 | 218,568 | 12,338 | (52,636) | 178,270 |

* Please refer to Note 5. Restatement arose from adoption of accounting standard FRS 40

## For the financial year ended 31 December 2006

| | Share capital | Fair value reserve | Accumulated losses | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Balance at 1 January 2006 | 209,468 | 2,904 | (4,071) | 208,301 |
| Fair value gain on available-for-sale investments | - | 1,216 | - | 1,216 |
| Net gain recognised directly in equity | - | 1,216 | - | 1,216 |
| Net profit for the period | - | - | 317 | 317 |
| Balance at 31 March 2006 | 209,468 | 4,120 | (3,754) | 209,834 |
| Fair value loss on available-for-sale investments | - | (887) | - | (887) |
| Net loss recognised directly in equity | - | (887) | - | (887) |
| Net loss for the period | - | - | (332) | (332) |
| Balance at 30 June 2006 | 209,468 | 3,233 | (4,086) | 208,615 |
| Fair value gain on available-for-sale investments | - | 963 | - | 963 |
| Net gain recognised directly in equity | - | 963 | - | 963 |
| Net gain for the period | - | - | 578 | 578 |
| Balance at 30 September 2006 | 209,468 | 4,196 | (3,508) | 210,156 |
| Fair value gain on available-for-sale investments | - | 791 | - | 791 |
| Net gain recognised directly in equity | - | 791 | - | 791 |
| Net profit for the period | - | - | 3,375 | 3,375 |
| Balance at 31 December 2006 | 209,468 | 4,987 | (133) | 214,322 |

**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.**

The Company issued to Hain Celestial Group, Inc 4,044,800 new ordinary shares at S$2.25 each in the Company for a consideration of US$6,000,000 pursuant to the Subscription Agreement dated 3 August 2005, as varied by a First Variation Agreement dated 15 December 2005 and a second Variation Agreement dated 22 April 2007.

**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 2006 except for the adoption of new 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.**

<u>Changes in accounting policies</u>

In prior years, investment properties held for long-term rental yields and capital appreciation which are not occupied by the Group are stated at cost less any accumulated depreciation up to the date of transfer from property, plant and equipment, and impairment losses. They are not subject to depreciation.

With effect from 1 January 2007, the Group adopted the fair value model under FRS 40 Investment Property. Fair value is assessed at each reporting date. Gain or loss arising from changes in the fair values of investment properties are recognised in the income statement in which they arise.

The Group and the Company adopted the Financial Reporting Standard FRS 40 where changes in accounting policy are applied prospectively. Comparatives have not been restated. The effect of change in Group's and Company's accounting policies is described in Note 5.1.

## 5.1 Effect of changes to the financial statements

Group

| | Increase/(decrease)<br>FRS 40<br>S$'000 |
|---|---|
| *Consolidated balance sheets items at*<br>*01 January 2007* | |
| Investment properties | 6,713 |
| Deferred income tax liability | (822) |
| Property revaluation reserves | (3,412) |
| Retaining earnings | 9,657 |
| Minority interests | 1,307 |

Company

| | Increase/(decrease)<br>FRS 40<br>S$'000 |
|---|---|
| *Balance sheets items at*<br>*01 January 2007* | |
| Investment properties | 34,000 |
| Property plant and equipment | (38,810) |
| Retaining earnings | (4,810) |

**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 | |
|---|---|---|---|---|
| | 12 months | | 3 months | |
| | 01.01.2007 To 31.12.2007 | 01.01.2006 To 31.12.2006 | 01.10.2007 To 31.12.2007 | 01.10.2006 To 31.12.2006 |
| Earnings/(losses) 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) | 0.44 | 0.32 | (1.22) | (0.47) |
| (b) On a fully diluted basis (cents) | 0.44 | 0.32 | (1.22) | (0.47) |
| Weighted average number of ordinary shares in issue for basic earnings per share ('000) | 571,698 | 569,876 | 573,920 | 569,876 |
| Weighted average number of ordinary shares in issue for diluted earnings per share ('000) | 578,572 | 570,366 | 576,404 | 570,366 |

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

**(a) current financial period reported on; and**
**(b) immediately preceding financial year.**

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2007 Cents | 31.12.2006 Cents | 31.12.2007 Cents | 31.12.2006 Cents |
| Net asset value per ordinary share based on issued share capital as at the end of the reporting period | 66.68 | 63.04 | 31.06 | 37.61 |

**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 - 12 Months ended 31 December 2007 vs. 12 Months ended 31 December 2006**

***Revenue and Operating Costs***

The Group recorded revenue of $436.97 million for the current financial year ended 31 December 2007, which was 7.3% lower than the $471.3 million achieved in the previous financial year. Food and beverage sales increased by $4.73 million or 1.3%, while revenue from development property decreased by $39.59 million or 37.9%.

Total profit of the Group decreased from $5.04 million in 2006 to $0.29 million in 2007 due mainly to:

- Higher advertising and promotion expenses of $2.01 million due mainly to higher level of promotion activities carried out in Malaysia to maintain market share;

- Higher selling and distribution costs of $4.87 million due mainly to increased selling expenses in Singapore and China in line with higher sales and increased fuel price, partially offset by lower provision for doubtful debts in 2007; and

- Higher provision for income tax of $19.12 million due mainly to a $23.3 million protective tax assessment raised by IRAS on a subsidiary which developed The Sterling project (See Page 4 for more details).

The decrease was partially offset by the following:

- Higher gross profit of $4.97 million mainly contributed by the property division;

- Lower marketing expenses of $1.92 million due mainly to the absence of recognition of marketing expenses incurred in the property division as a result of Gardenvista project obtaining full TOP in 2006:

- Higher reversal of provision for foreseeable losses for development properties totalling $4.34 million due to increase in value of properties;

- Fair value gain of $2.96 million on investment property; and

- Lower other operating expenses of $7.06 million due mainly to the absence of provision of $6.8 million for the impairment of the Group's China assets in 2006;

## 8(b) Fourth Quarter Results - 3 Months ended 31 December 2007 vs. 3 Months ended 31 December 2006

The Group recorded revenue of $95.96 million in 4Q2007, which was 31% lower than the $139.13 million achieved in 4Q2006. The decrease was mainly due to $33.26 million lower development property sales recognised in the current quarter and lower food and beverages sales achieved in Malaysia.

Total loss of the Group increased from $1.68 million in 4Q2006 to $7.91 million in 4Q2007 due mainly to a protective tax assessment of $23.3 million raised by IRAS on a subsidiary, partially offset by:

- Lower advertising and promotion expenses of $2.37 million due mainly to the lower level of promotion activities carried out in Malaysia and China;
- Lower marketing expenses of $1.53 million and administrative expenses of $1.2 million due mainly to the absence of recognition of marketing and administrative expenses incurred in the property division in the income statement as a result of Gardenvista project obtaining full TOP in 4Q2006;
- Higher reversal of provision for foreseeable losses for development properties totalling $1.62 million due to increase in value of properties;
- Fair value gain of $2.96 million on investment property; and
- Absence of provision for the impairment of Group's China assets of $6.8 million in 4Q2006.

## 8(c) Balance Sheet - 31 December 2007 vs. 31 December 2006

***Group***

Trade and other receivables for the Group decreased by $25.41 million from $120.06 million as at 31 December 2006 to $94.65 million as at 31 December 2007. The decrease was mainly due to the full collection of Gardenvista sales proceeds as the project had obtained Certificate of Statutory Completion during the year.

Development property balance decreased by $33.22 million from $160.59 million as at 31 December 2006 to $127.37 million as at 31 December 2007, due to additional sale of development properties during the year.

Available-for-sale financial assets increased by $75.85 million from $23.69 million as at 31 December 2006 to $99.54 million as at 31 December 2007, due to $81.93 million additional investment in the common stock of Youcan Foods International Limited, Hain Celestial group, Inc. and Super Coffeemix Manufacturing Ltd, partially offset by $6.14 million loss on revaluation of quoted investments at their fair value at balance sheet date.

Property, plant and equipment decreased by $13.62 million from $137.49 million as at 31 December 2006 to $123.87 million as at 31 December 2007, largely due to the reclassification of certain properties totalling $10.67 million to investment properties and depreciation charges of $10.15 million, partially offset by revaluation surplus of certain assets amounting to $2.49 million and the addition of $5.58 million equipment.

Investment properties increased by $35.91 million from $18.42 million as at 31 December 2006 to $54.33 million as at 31 December 2007, due mainly to $26.21 million gain on revaluation of investment properties at their fair value and reclassification of certain properties totalling $10.67 million from property, plant and equipment as a result of adoption of FRS 40 in 2007.

Trade and other payables decreased by $10.65 million from $105.29 million as at 31 December 2006 to $94.64 million as at 31 December 2007. The decrease was mainly due to lower purchases and expense accruals in Malaysia as a result of lower production activities. In addition, the decrease of development property division's costs as a result of completion of Gardenvista project also contributed to the decrease in other payables.

Current income tax liabilities increased by $24.74 million from $5.39 million as at 31 December 2006 to $30.13 million as at 31 December 2007. The increase was largely due to $23.3 million additional tax provision made for The Sterling development project.

Bank borrowings increased by $1.2 million as at 31 December 2007 due to additional net bank borrowings of $34.2 to fund the purchase of quoted equity investments, partially offset by the repayment of long term property loan of $33 million.

**Company**

Trade and other receivables increased by $7.59 million from $19.72 million as at 31 December 2006 to $27.31 million as at 31 December 2007, due mainly to $10.5 million advance to subsidiary offset by additional provision for doubtful debts of $2.6 million made for its current advances to China subsidiaries during the year.

Available-for-sale financial assets increased by $16.24 million from $20.44 million as at 31 December 2006 to $36.68 million as at 31 December 2007, due to $7.41 million additional investment in the common stock of Youcan Foods International Limited and Hain Celestial Group, Inc. by the Company and $8.58 million gain on revaluation of quoted investments at their fair value.

The investment in subsidiaries increased by $37.92 million from $362.94 million as at 31 December 2006 to $400.86 million as at 31 December 2007 due mainly to the capitalisation of $64.6 million advance to a subsidiary, which was financed by new bank borrowings of $39 million and advances from its subsidiaries. The increase was partially offset by provision for diminution in investment of $13.45 million, liquidation of a subsidiary with share capital of $6.66 million and the redemption of $5.45 million preference shares in a subsidiary in Canada.

Property, plant and equipment decreased by $38.81 million from $38.82 million as at 31 December 2006 to $0.01 million as at 31 December 2007, due mainly to the impairment of $4.81 million on revaluation of leasehold building at its fair value and reclassification of leasehold building of $34 million to investment properties in accordance with FRS 40 Investment Property.

Trade and other payables increased by $26.57 million from $247.19 million as at 31 December 2006 to $273.76 million as at 31 December 2007, due mainly to $31.7 million advances from subsidiaries offset with the write off of $5.84 million of payables as a result of the liquidation of a subsidiary.

Loans to subsidiaries decreased by $30.56 million from $71.14 million as at 31 December 2006 to $40.58 million as at 31 December 2007 due mainly to the additional provision for doubtful debts of $31.44 million made for its loans to China subsidiaries during the year.

Share capital increased from $209.47 million as at 31 December 2006 to $218.57 million as at 31 December2007 due to the issue of 4.04 million new ordinary shares to Hain Celestial Group, Inc.

**8(c) Cash Flow Statement**

***Year to Date - 12 months ended 31 December 2007***

The Group reported a net increase in cash of $2.2 million for the 12 months ended 31 December 2007 as compared to a net increase in cash of $8.73 million for the financial year ended 31 December 2006.

The net increase in cash was contributed by $6.28 million from financing activities and $80.62 million from operating activities of which $72.4 million is contributed from property division, negated by the net cash outflow from investing activities amounting to $84.7 million.

Cash outflow from investing activities of $84.7 million was due to investment in quoted equity investment of $81.93 million and purchase of property, plant & equipment worth $5.58 million, partially offset by the $2.34 million dividend received from associated company and quoted equity investment.

Cash inflow from financing activities of $6.28 million was mainly due to issue of share capital of $9.1 million and net bank borrowings of $1.46 million, offset by dividend paid to minority shareholders of a subsidiary of $3 million and net interest paid of $1.06 million.

***Third Quarter – 3 Months ended 31 December 2007***

The Group registered a net increase in cash of $1.83 million for 4Q2007. The net increase was contributed by cash inflow of $11.55 million generated from operating activities and was negated by the net bank payment of $8 million, purchase of property, plant and equipment of $0.92 million and dividend payment to minority shareholders of a subsidiary of $1.29 million.

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

On 26 December 2007, The Company made a profit guidance announcement whereby the Group expected to be loss making in 2007 as a result of the tax provision of $23.3 million for the protective tax assessment from IRAS as the statutory time limit for assessing the profits of The Sterling project expired on 31 December 2007. However, the group is reporting a net profit of $2.53 million for the financial year ended 31 December 2007. The variance between the profit guidance and the actual result is mainly due to the better than expected results from its property development division.

**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 continued increase in 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. However, the Group still expects its Year 2008 earnings for Food and Beverage division to be better than those of Year 2007.

For the Property division, the Group will continue to drive sales of its properties including the newly launched development property, Jardin which is expected to commence construction in first half of 2008.

Barring any significant change in operating conditions, the Group expects its year 2008 earnings 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. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

### (c) Date payable

Not applicable.

### (d) Books closure date

Not applicable.

## 12. If no dividend has been declared/recommended, a statement to that effect.

No dividend is recommended for the financial period reported on.

**13. Segmented revenue and results for business or geographical segments of the group in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

| | Consumer food and beverage products S$'000 | Property development S$'000 | Others S$'000 | Elimination S$'000 | Group S$'000 |
|---|---|---|---|---|---|
| **Year ended 31 December 2007** | | | | | |
| Revenues | | | | | |
| - External sales | 370,964 | 64,978 | 1,032 | - | 436,974 |
| - Inter-segment sales | - | - | 2,570 | (2,570) | - |
| | 370,964 | 64,978 | 3,602 | (2,570) | 436,974 |
| Operating (loss)/profit | (1,986) | 27,292 | 721 | - | 26,027 |
| Share of results of associated companies | 820 | - | - | - | 820 |
| Segment result | (1,166) | 27,292 | 721 | - | 26,847 |
| Financial expenses | | | | | (3,497) |
| Profit before tax | | | | | 23,350 |
| Tax | | | | | (23,057) |
| Profit after tax | | | | | 293 |
| Minority interest | | | | | 2,238 |
| Net profit attributable to members of the Company | | | | | **2,531** |

| | Consumer food and beverage products S$'000 | Property development S$'000 | Others S$'000 | Elimination S$'000 | Group S$'000 |
|---|---|---|---|---|---|
| **Year ended 31 December 2006** | | | | | |
| Revenues | | | | | |
| - External sales | 366,231 | 104,564 | 504 | - | 471,299 |
| - Inter-segment sales | - | - | 3,163 | (3,163) | - |
| | 366,231 | 104,564 | 3,667 | (3,163) | 471,299 |
| Operating profit | 5,976 | 5,641 | 881 | - | 12,498 |
| Share of results of associated companies | 423 | - | - | - | 423 |
| Segment result | 6,399 | 5,641 | 881 | - | 12,921 |
| Financial expenses | | | | | (3,943) |
| Profit before tax | | | | | 8,978 |
| Tax | | | | | (3,938) |
| Profit after tax | | | | | 5,040 |
| Minority interest | | | | | (3,238) |
| Net Profit attributable to members of the Company | | | | | **1,802** |

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

14.1 Consumer Food & Beverage

The increase in revenue of $4.73 million for consumer food and beverage products for the financial year ended 31 December 2007 was due mainly to improved food and beverage sales by the Group's Singapore and China subsidiaries, partially offset by decreased sales of $8.1 million from it's Malaysian subsidiary. However, the escalating raw material costs and energy costs have resulted in a decrease in operating profit.

14.2 Property Development

The segment recorded a higher operating profit of $27.29 million as compared to $5.64 million in previous financial year despite a decrease in revenue of $39.59 million. The decrease in property revenue was due to lower development property sales recognised during the year.

The increased operating profit was mainly due to the higher gross margins achieved from higher selling price and lower marketing and administrative expenses. In addition, as a result of increase in property values in 2007, this resulted in higher reversal of provision for foreseeable losses made in the previous financial year totalling $4.34 million, which also contributed to the increase in operating profit.

14.3 Others

The segment reported a lower operating profit of $0.72 million as compared to $0.88 million in the previous financial year due mainly to the higher provision of professional fee to bring action against competitors with infringing products in Hong Kong and the United States, partially offset by lower exchange loss on its US dollar fixed deposit due to lower balances held by the Company in the current year.

**15. A breakdown of sales**

| | Group | | |
|---|---|---|---|
| | **Latest financial year S$'000** | **Previous financial year S$'000** | **% increase/ (decrease)** |
| Sales reported for first half year | 233,410 | 199,153 | 17.2% |
| Operating profit after tax before deducting minority interests reported for first half year | 7,760 | 1,484 | 422.9% |
| Sales reported for second half year | 203,564 | 272,146 | -25.2% |
| Operating (loss)/profit after tax before deducting minority interests reported for second half year | (7,467) | 3,556 | NM |

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

**BY ORDER OF THE BOARD**

Lim Swee Lee Joanne
Company Secretary
19 February 2008