

# YHS YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

Unaudited Financial Statements and Dividend Announcement for the period ended 30 September 2009

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

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

	9 Months		3 Months	
	01.01.2009 to 30.09.2009	01.01.2008 to 30.09.2008	01.07.2009 to 30.09.2009	01.07.2008 to 30.09.2008
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	310,313	319,983	104,468	110,357
Cost of sales	(210,789)	(219,024)	(68,255)	(74,196)
Gross profit	99,524	100,939	36,213	36,161
Other income	1,464	2,181	299	703
Other (losses)/gains - net	(36,041)	2	(4,137)	1,491
Expenses				
- Advertising and promotion	(19,949)	(23,033)	(7,183)	(7,607)
- Marketing	(1,632)	(1,501)	(360)	(366)
- Selling and distribution	(44,850)	(54,175)	(14,529)	(19,203)
- Administrative	(18,329)	(23,352)	(6,457)	(5,798)
- Finance	(1,010)	(1,439)	(306)	(413)
Share of profits/(losses) of associated companies	929	(234)	117	(347)
<b>(Loss)/profit before income tax</b>	<b>(19,894)</b>	<b>(612)</b>	<b>3,657</b>	<b>4,621</b>
Income tax (expense)/credit	(3,840)	13,448	(1,786)	2,773
<b>Net (loss)/profit for the period</b>	<b>(23,734)</b>	<b>12,836</b>	<b>1,871</b>	<b>7,394</b>
Other comprehensive income/(losses), after tax:				
- Fair value gain/(loss) on available-for-sale financial assets	52,986	(29,832)	15,812	(20,255)
- Currency translation differences	(2,750)	(6,495)	(1,971)	2,014
- Reduction in property revaluation reserve	(4,535)	(1,138)	(1,084)	(24)
- Increase in retained earnings from the realisation of property revaluation reserve	4,535	1,138	1,084	24
<b>Other comprehensive income/(losses) for the period, net of tax</b>	<b>50,236</b>	<b>(36,327)</b>	<b>13,841</b>	<b>(18,241)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>26,502</b>	<b>(23,491)</b>	<b>15,712</b>	<b>(10,847)</b>
<b>Net (loss)/profit attributable to:</b>				
Owners of the parent	(22,820)	12,101	2,430	6,968
Minority interests	(914)	735	(559)	426
	<b>(23,734)</b>	<b>12,836</b>	<b>1,871</b>	<b>7,394</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the parent	27,430	(20,849)	15,642	(11,142)
Minority interests	(928)	(2,642)	70	295
	<b>26,502</b>	<b>(23,491)</b>	<b>15,712</b>	<b>(10,847)</b>

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

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

	9 Months		3 Months	
	01.01.2009 to 30.09.2009	01.01.2008 to 30.09.2008	01.07.2009 to 30.09.2009	01.07.2008 to 30.09.2008
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Revenue</u>				
Dividend income from available-for-sale financial assets	(1,220)	(1,368)	(438)	(471)
<u>Cost of sales</u>				
Depreciation	3,772	3,368	1,259	1,086
Write down of inventories, net	1,772	1,880	1,039	418
<u>Marketing expense</u>				
Depreciation	21	23	7	6
<u>Selling and distribution expense</u>				
Depreciation	1,811	2,054	542	647
Impairment of trade debts, net	204	503	24	277
<u>Administrative expense</u>				
Impairment of goodwill	-	5,361	-	-
Depreciation	2,454	1,976	767	719
<u>Other losses/(gains) - net</u>				
Impairment of property, plant and equipment	315	-	315	-
Property, plant and equipment written-off	131	57	47	29
Impairment loss on available-for-sale financial assets	39,416	-	4,153	-
Allowance for impairment in associated company	-	47	-	-
Net foreign exchange loss/(gain)	1,025	(341)	1,192	(1,228)
Gain on sale of :				
(a) Plant and equipment	(114)	(25)	(119)	(5)
(b) Assets held for sale	-	(78)	-	-
Transfer of fair value gains from equity on disposal of available-for-sale financial assets	(3,228)	-	(901)	-
<u>Other income</u>				
Interest income	(202)	(656)	(63)	(153)
<u>Finance expense</u>				
Interest expenses on bank borrowings	1,010	1,439	306	413
<u>Income tax</u>				
Under/(over) provision of tax in respect of prior years	278	(16,356)	231	(4,548)

1(b) Statements of Financial Position

	Group		Company	
	As at 30.09.2009	As at 31.12.2008	As at 30.09.2009	As at 31.12.2008
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	94,625	67,127	9,340	576
Trade and other receivables	91,093	87,048	16,608	15,102
Inventories	42,304	50,820	-	-
Development properties	125,552	125,410	-	-
Current income tax recoverable	638	2,207	-	1,395
Other current assets	3,391	3,092	56	96
	<b>357,603</b>	<b>335,704</b>	<b>26,004</b>	<b>17,169</b>
Assets held for sale	189	192	-	-
	<b>357,792</b>	<b>335,896</b>	<b>26,004</b>	<b>17,169</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	55,263	51,788	7,380	17,108
Loans to subsidiaries	-	-	54,285	40,846
Investments in associated companies	3,072	2,223	-	-
Investments in subsidiaries	-	-	381,109	400,857
Investment properties	50,995	51,884	34,000	34,000
Property, plant and equipment	131,673	139,852	6	9
Deferred income tax assets	3,016	3,807	-	-
	<b>244,019</b>	<b>249,554</b>	<b>476,780</b>	<b>492,820</b>
<b>Total assets</b>	<b>601,811</b>	<b>585,450</b>	<b>502,784</b>	<b>509,989</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	89,855	88,874	267,549	272,042
Current income tax liabilities	1,918	1,215	127	-
Borrowings	54,902	65,810	34,000	36,300
Provisions for other liabilities and charges	688	946	-	-
	<b>147,363</b>	<b>156,845</b>	<b>301,676</b>	<b>308,342</b>
<b>Non-current liabilities</b>				
Loans from subsidiaries	-	-	46,710	47,476
Provisions for other liabilities and charges	2,470	2,510	-	-
Deferred income tax liabilities	17,863	16,841	106	-
Other non-current liabilities	37	37	-	-
	<b>20,370</b>	<b>19,388</b>	<b>46,816</b>	<b>47,476</b>
<b>Total liabilities</b>	<b>167,733</b>	<b>176,233</b>	<b>348,492</b>	<b>355,818</b>
<b>NET ASSETS</b>	<b>434,078</b>	<b>409,217</b>	<b>154,292</b>	<b>154,171</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the owners of the parent</b>				
Share capital	218,568	218,568	218,568	218,568
Capital reserve	10,145	10,145	-	-
Revaluation and other reserves	57,936	12,221	1,244	(2,021)
Retained earnings/(accumulated losses)	92,462	110,747	(65,520)	(62,376)
	<b>379,111</b>	<b>351,681</b>	<b>154,292</b>	<b>154,171</b>
Minority interests	54,967	57,536	-	-
<b>TOTAL EQUITY</b>	<b>434,078</b>	<b>409,217</b>	<b>154,292</b>	<b>154,171</b>

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

Amount repayable in one year or less, or on demand

As at 30.09.2009		As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
19,902	35,000	22,010	43,800

Details of any collateral

In 2009, short-term bank loans of the Group totalling \$19,902,000 (2008: \$22,007,000) are secured by investment in available-for-sale financial assets, a first mortgage over an investment property of a subsidiary and a first mortgage over the residential freehold development property of a subsidiary.

In 2008, certain property, plant and equipment were purchased under finance lease. The net book value of these assets acquired amounted to \$18,000 as at 31 December 2008.

1(c) Consolidated Statement of Cash Flows

	9 months ended		3 Months ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Net (loss)/profit for the period	(23,734)	12,836	1,871	7,394
Adjustments for :				
Income tax expense/(credit)	3,840	(13,448)	1,786	(2,773)
Depreciation of property, plant and equipment	8,058	7,421	2,575	2,458
Dividend income from available-for-sale financial assets	(1,220)	(1,368)	(438)	(471)
Property, plant and equipment written-off	131	57	47	29
Exchange difference on consolidation	(209)	(3,295)	161	408
Gain on disposal of plant and equipment	(114)	(25)	(119)	(5)
Gain on disposal of unquoted available-for-sale financial assets	(12)	-	(12)	-
Gain on disposal of assets held for sale	-	(78)	-	-
Loss on liquidation of a subsidiary	42	-	42	-
Transfer of fair value gains from equity on disposal of available-for-sale financial assets	(3,228)	-	(901)	-
Impairment of goodwill	-	5,361	-	-
Impairment loss on available-for-sale financial assets	39,416	-	4,153	-
Interest expense	1,010	1,439	306	413
Interest income	(202)	(656)	(63)	(153)
Allowance for impairment in associated company	-	47	-	-
Provision for retirement benefits	227	227	75	83
Impairment of property, plant and equipment	315	-	315	-
Share of (profits)/losses of associated companies	(929)	234	(117)	347
Operating cash flow before working capital change	23,391	8,752	9,681	7,730
Change in working capital				
Trade and other receivables	(4,045)	(8,316)	(6,911)	(11,908)
Inventories	8,516	11,317	(4,959)	1,479
Development properties	(142)	1,754	(1,907)	(523)
Other current assets	(299)	(1,661)	(167)	(1,880)
Trade and other payables	316	4,701	4,446	3,804
Cash generated from/(used in) operations	27,737	16,547	183	(1,298)
Income tax refunded/(paid)	523	(16,673)	1,174	(1,259)
Restructuring costs paid	(258)	(1)	(258)	(1)
Retirement benefits paid	(222)	(122)	(67)	(23)
<b>Net cash provided by/(used in) operating activities</b>	<b>27,780</b>	<b>(249)</b>	<b>1,032</b>	<b>(2,581)</b>

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

	9 months ended		3 Months ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities</b>				
Dividends received from available-for-sale financial assets	1,220	1,368	438	471
Purchase of minority interest share in a subsidiary	-	(235)	-	-
Proceeds from disposal of property, plant and equipment	788	32	784	6
Proceeds from disposal of assets held for sale	-	427	-	-
Proceeds from disposal of available-for-sale financial assets	13,236	-	2,103	-
Proceeds from disposal of unquoted available-for-sale financial asset	12	-	12	-
Purchase of property, plant and equipment	(2,950)	(2,210)	(1,575)	(689)
Renovation of investment property	-	(12)	-	(12)
Purchase of available-for-sale financial assets	-	(174)	-	-
Interest received	202	656	63	153
<b>Net cash provided by/(used in) investing activities</b>	<b>12,508</b>	<b>(148)</b>	<b>1,825</b>	<b>(71)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to minority shareholders of a subsidiary	(1,091)	(1,638)	(1,091)	(1,638)
Purchase of treasury shares	(1)	(1)	-	-
Interest paid	(894)	(1,321)	(354)	(306)
Repayments of borrowings	(26,542)	(41,407)	(5,500)	(23,407)
Proceeds from borrowings	15,742	35,357	1,000	16,157
Repayments of finance lease liabilities	(4)	(5)	(1)	(1)
<b>Net cash used in financing activities</b>	<b>(12,790)</b>	<b>(9,015)</b>	<b>(5,946)</b>	<b>(9,195)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>27,498</b>	<b>(9,412)</b>	<b>(3,089)</b>	<b>(11,847)</b>
Cash and cash equivalents at the beginning of the financial period	67,127	84,306	97,714	86,741
<b>Cash and cash equivalents at the end of the financial period</b>	<b>94,625</b>	<b>74,894</b>	<b>94,625</b>	<b>74,894</b>
Represented by:				
Cash at bank and on hand	31,890	48,105	31,890	48,105
Fixed deposits with financial institutions	62,735	26,789	62,735	26,789
	<b>94,625</b>	<b>74,894</b>	<b>94,625</b>	<b>74,894</b>

**Notes**

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling \$31,956,000 (2008: \$30,409,000) held under the Housing Developers (Project Account) (Amendment) Rules 1997 and the Housing Developers (Project Account) Rules (1990 Ed), withdrawals from which must be in accordance with the said Rules.

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

For the financial period ended 30 September 2009

	Attributable to owners of the parent							Minority interests	Total equity	
	Share capital \$'000	Capital reserves \$'000	Property revaluation reserve \$'000	Foreign			Retained earnings \$'000			
				Fair value reserve \$'000	currency translation reserve \$'000	General reserve \$'000				Total \$'000
<b>Balance at 1 January 2009</b>	218,568	10,145	101,887	(39,927)	(50,859)	1,120	110,747	351,681	57,536	409,217
Total comprehensive loss for the period	-	-	(874)	(5,392)	3,414	-	2,459	(393)	(966)	(1,359)
<b>Balance at 31 March 2009</b>	218,568	10,145	101,013	(45,319)	(47,445)	1,120	113,206	351,288	56,570	407,858
Effect of treasury shares in a subsidiary acquired from minority interest	-	-	-	-	-	-	-	-	(1)	(1)
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(1,091)	(1,091)
Total comprehensive income for the period	-	-	(2,577)	42,674	(3,658)	-	(24,258)	12,181	(32)	12,149
<b>Balance at 30 June 2009</b>	218,568	10,145	98,436	(2,645)	(51,103)	1,120	88,948	363,469	55,446	418,915
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(549)	(549)
Total comprehensive income for the period	-	-	(1,084)	14,645	(1,433)	-	3,514	15,642	70	15,712
<b>Balance at 30 September 2009</b>	218,568	10,145	97,352	12,000	(52,536)	1,120	92,462	379,111	54,967	434,078

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

**For the financial period ended 30 September 2008**

	Share capital \$'000	Capital reserves \$'000	Property revaluation reserve \$'000	Attributable to owners of the parent					Minority interests \$'000	Total equity \$'000
				Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Retained earnings \$'000	Total \$'000		
<b>Balance at 1 January 2008</b>	218,568	10,145	88,465	(1,460)	(48,203)	1,238	113,929	382,682	57,188	439,870
Effect of acquisition of minority interests in a subsidiary	-	-	-	-	-	(118)	-	(118)	(117)	(235)
Total comprehensive loss for the period	-	-	(536)	(14,719)	(2,287)	-	10,035	(7,507)	(494)	(8,001)
<b>Balance at 31 March 2008</b>	218,568	10,145	87,929	(16,179)	(50,490)	1,120	123,964	375,057	56,577	431,634
Effect of treasury shares in a subsidiary acquired from minority interest	-	-	-	-	-	-	-	-	(1)	(1)
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(1,638)	(1,638)
Total comprehensive loss for the period	-	-	(578)	5,781	(3,615)	-	(3,788)	(2,200)	(2,443)	(4,643)
<b>Balance at 30 June 2008</b>	218,568	10,145	87,351	(10,398)	(54,105)	1,120	120,176	372,857	52,495	425,352
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(1,242)	(1,242)
Total comprehensive income for the period	-	-	(24)	(20,523)	2,413	-	6,992	(11,142)	295	(10,847)
<b>Balance at 30 September 2008</b>	218,568	10,145	87,327	(30,921)	(51,692)	1,120	127,168	361,715	51,548	413,263



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

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

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

\* Total comprehensive income for the period ended 30 September 2009 includes fair value gain on available-for-sale financial assets of \$3,265,000 and net loss for the period of \$3,144,000.

**For the financial period 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
Total comprehensive loss for the period*	-	(5,255)	469	(4,786)
Balance at 31 March 2008	218,568	7,083	(52,167)	173,484
Total comprehensive loss for the period*	-	(3,999)	332	(3,667)
Balance at 30 June 2008	218,568	3,084	(51,835)	169,817
Total comprehensive loss for the period*	-	(2,708)	(971)	(3,679)
Balance at 30 September 2008	218,568	376	(52,806)	166,138

\* Total comprehensive loss for the period ended 30 September 2008 includes fair value loss on available-for-sale financial assets of \$11,962,000 and net loss for the period of \$170,000.

**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:-**

	<b>30.09.2009</b>	<b>31.12.2008</b>
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 2009 (31 December 2008: 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 2008 except for the adoption of revised Financial Reporting Standards disclosed in paragraph 5 below.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

On 1 January 2009, the Group adopted the revised Singapore Financial Reporting Standards (FRS 1R) – Presentation of financial statements.

FRS 1R requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income. Components of comprehensive income are presented in the Consolidated Statement of Comprehensive Income.

The 'Balance Sheets' and 'Cash flow statement' have been re-titled to 'Statements of financial position' and 'Statement of cash flows' respectively.

Comparatives for 2008 have been restated to conform to the requirements of the revised standard.

There was no impact on prior period earnings per ordinary share and net asset value per share on adoption of the revised FRS 1R.

**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	
	01.01.2009 To 30.09.2009	01.01.2008 To 30.09.2008	01.07.2009 To 30.09.2009	01.07.2008 To 30.09.2008
(Loss)/earnings per ordinary share for the period based on net (loss)/profit attributable to owners of the parent during the period:-				
(a) Based on weighted average number of ordinary share in issue (cents)	(3.98)	2.11	0.42	1.21
(b) On a fully diluted basis (cents)	(3.98)	2.10	0.42	1.21
Weighted average number of ordinary shares in issue for calculation of basic (loss)/earnings per share ('000)	573,920	573,920	573,920	573,920
Weighted average number of ordinary shares in issue for calculation of diluted (loss)/earnings per share ('000)	573,920	576,404	573,920	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	
	30.09.2009 Cents	31.12.2008 Cents	30.09.2009 Cents	31.12.2008 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	66.06	61.28	26.88	26.86

\* 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 2009 vs. 9 Months ended 30 September 2008

***Food and Beverage division performance***

The Food and Beverage ("F&B") division recorded revenue of \$292.18 million in the nine months ended 30 September 2009, which was 6.7% lower than the \$313.25 million achieved in the same period last year. The drop in revenue resulted in a corresponding decrease in gross margins by \$6.29 million. Despite the decrease in revenue and gross profit, the F&B division recorded a profit after tax of \$8.22 million in the nine months ended 30 September 2009, compared to a loss after tax of \$2.42 million in the same period last year due to:

- Lower advertising and promotion expense of \$3.08 million mainly due to lower level of promotion activities carried out in the current period;
- Lower selling and distribution expense of \$9.55 million mainly due to lower staff related expenses, lower FOC expense in Singapore, Malaysia and China subsidiaries and lower transport and freight charges as a result of lower export sales;
- Lower administrative expense of \$5.44 million mainly due to the absence of \$5.36 million impairment of goodwill for the Group's investment in a China subsidiary that was recorded in 2008;
- Lower other expense of \$0.79 million mainly due to the absence of additional land use rights payable to the land authority in China that was recorded in 2008;
- Improved results from the Group's associated company totalling \$1.16 million due to better performance from the China associated company;

Partially offset by higher income tax expenses of \$4.01 million mainly due to higher taxable profit from the Singapore operations, and the absence of a write back of prior years' provision for tax no longer required by a USA subsidiary that was recorded in 2008.

***Property division performance***

The Property division recorded revenue of \$16.64 million in the nine months ended 30 September 2009 as compared to \$5.08 million achieved in the same period last year.

The Property division recorded a profit after tax of \$4.77 million in the nine months ended 30 September 2009, as compared to a profit after tax of \$13.27 million in the same period last year. The difference was mainly due to the absence of a write back of \$11.83 million over provision of prior years' tax subsequent to settlement of tax issue on revaluation surplus on land with IRAS, partially offset by higher gross profit of \$4.86 million generated from additional sales of Gardenvista project in the nine months ended 30 September 2009.

### ***Group performance***

In line with FRS 39, the Group reviews the fair value of its quoted share investments at balance sheet dates to ascertain if the investments are impaired and which require the Group to take the cumulative fair value losses to the statement of comprehensive income as an impairment loss. After evaluation of various qualitative and quantitative factors, the Group impaired the carrying value of some of its quoted investments by \$39.42 million at end of the period. As a result, despite the improved operational profits from both the F&B and Property divisions, the Group recorded a loss after tax of \$23.73 million in the nine months ended 30 September 2009, as compared to a profit after tax of \$12.84 million in the same period last year.

### **8(b) Third Quarter Results - 3 Months ended 30 September 2009 vs. 3 Months ended 30 September 2008**

#### ***Food and Beverage division performance***

The Food and Beverage ("F&B") division recorded revenue of \$98.78 million in 3Q2009, which was 10.1% lower than the \$109.83 million achieved in 3Q2008. Profit after tax of the F&B division was \$4.19 million in 3Q2009, compared to a profit after tax of \$6.03 million in 3Q2008 due to:

- Lower gross profit of \$2.85 million in line with lower sales achieved;
- Higher income tax expenses of \$3.90 million mainly due to the absence of a write back of prior years' provision for tax no longer required by a USA subsidiary in 3Q2008;

The decrease was partially offset by lower selling and distribution expense of \$4.82 in Singapore, USA and Malaysia subsidiaries.

#### ***Property division performance***

The Property division recorded revenue of \$5.19 million in 3Q2009 as compared to Nil in 3Q2008. The increase in profit after tax of \$1.89 million was mainly due to increased gross margin of \$2.86 million, partially offset by higher administrative expenses of \$0.39 million as a result of the absence of a write back of legal fee provision no longer required in 3Q2008 and higher tax expense of \$0.47 million.

### ***Group performance***

Despite profits being contributed by the F&B and Property divisions, the Group's current quarter results were affected by an impairment loss of \$4.15 million for the Group's investment in quoted shares as highlighted above. As a result, the Group recorded a profit after tax of \$1.87 million in 3Q2009, as compared to a profit after tax of \$7.39 million in 3Q2008,

### **8(c) Statements of financial Position – 30 September 2009 vs. 31 December 2008**

#### ***Group***

Trade and other receivables for the Group increased by \$4.04 million from \$87.05 million as at 31 December 2008 to \$91.09 million as at 30 September 2009. The increase was mainly due to increased trade receivables in Singapore and China. In addition, the increase of advances and down payment as a result of higher purchases in Malaysia subsidiary also contributed to the increase in other receivables.

Inventories reduced by \$8.52 million from \$50.82 million as at 31 December 2008 to \$42.30 million as at 30 September 2009 mainly due to sale of Chinese New Year stocks that were built up in December 2008 for the festive season.

Available-for-sale financial assets increased by \$3.47 million from \$51.79 million as at 31 December 2008 to \$55.26 million as at 30 September 2009. The increase is mainly due to \$16.84 million net fair value gains on quoted equity investments at balance sheet date, partially offset by disposal of \$13.24 million quoted equity investments during the period.

Property, plant and equipment decreased by \$8.18 million from \$139.85 million as at 31 December 2008 to \$131.67 million as at 30 September 2009, mainly due to current period depreciation charge of \$8.06 million and translation loss of \$1.95 million, partially offset by an addition of \$2.95 million equipment during the period.

Bank borrowings decreased by \$10.91 million as at 30 September 2009 mainly due to repayment of short term bank loans.

#### **Company**

Available-for-sale financial assets decreased by \$9.73 million from \$17.11 million as at 31 December 2008 to \$7.38 million as at 30 September 2009 due to disposal of \$13.24 million quoted investments, partially offset by \$3.51 million net fair value gains on quoted equity investments during the period.

Investment in subsidiaries decreased by \$19.75 million from \$400.86 million as at 31 December 2008 to \$381.11 million as at 30 September 2009 mainly due to \$18.17 million additional impairment of investment in a subsidiary.

Trade and other payables decreased by \$4.49 million from \$272.04 million as at 31 December 2008 to \$267.55 million as at 30 September 2009 largely due to repayment of advances from subsidiaries.

Loan to subsidiaries increased by \$13.44 million from \$40.85 million as at 31 December 2008 to \$54.29 million as at 30 September 2009 mainly due to a \$14.05 million loan to a Singapore subsidiary during the period.

Borrowings decreased by \$2.30 million from \$36.30 million as at 31 December 2008 to \$34.00 million as at 30 September 2009 due to net repayment of short term bank loans.

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

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

The Group reported a net increase in cash of \$27.50 million for the 9 months ended 30 September 2009 as compared to a net decrease in cash of \$9.41 million for the previous corresponding period.

Operating activities generated cash inflow of \$27.78 million which was mainly contributed by Food and Beverage division.

Cash inflow from investing activities of \$12.51 million was mainly due to proceeds from disposal of available-for-sale financial assets of \$13.25 million and dividends received of \$1.22 million, partially offset by purchase of property, plant & equipment worth \$2.95 million.

Cash outflow from financing activities of \$12.79 million was mainly due to net repayment of bank borrowings of \$10.8 million and dividend paid to minority shareholders of a subsidiary of \$1.09 million.

**Third Quarter – 3 Months ended 30 September 2009**

The Group registered a net decrease in cash of \$3.09 million for the third quarter ended 30 September 2009.

Operating activities generated cash inflow of \$1.03 million, of which \$3.23 million is contributed by Food and Beverage division, partially offset by \$2.20 million used by Property division.

Cash inflow from investing activities of \$1.83 million was mainly due to proceeds from disposal of available-for-sale financial assets of \$2.12 million, dividends received of \$0.44 million and proceeds from disposal of equipment of \$0.78 million, partially offset by purchase of machine and equipment of \$1.58 million.

Cash outflow from financing activities of \$5.95 million was due to net repayment of bank borrowings of \$4.50 million and dividends paid to minority shareholders of a subsidiary of \$1.09 million.

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

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In the next 12 months, consumer demand and selling price in the Food and Beverage business are expected to remain soft as economies recover from the recession. The Group will continue to focus on improving operational efficiency and cost management measures to stay competitive.

In addition, as announced on 28 October 2009, PT YHS Indonesia had on 24 August 2009 received notification from Badan Pengawas Obat & Makanan ("BPOM") Indonesia that it cancelled 15 out of the total 31 Makanan Luar Negeri Registration Numbers ("ML numbers") issued to the company, a subsidiary of the Group, for marketing and sales of Yeo's products in Indonesia.

The cancellation was as a consequence of the Jakarta Supreme Court decision on a case between PT Kharisma Inti Persada ("KIP"), a company incorporated in Indonesia, against BPOM. KIP alleged that they are the distributor of Yeo's products in Indonesia and that the ML numbers issued by BPOM to PT YHS Indonesia were not valid and requested that the ML numbers be cancelled. The Jakarta Supreme Court ruled in favour of KIP on 5 May 2008.

The BPOM letters were mistakenly sent to a wrong address and PT YHS Indonesia came to know of the cancellation only on 14 October 2009. PT YHS Indonesia has applied to BPOM to extend the deadline by 6 months, until 13 April 2010, for clearing its stock of products affected by the cancellation. PT YHS Indonesia has yet to receive a response from BPOM as at the reporting date.

If BPOM does not extend the deadline, the affected products need to be recalled. It is estimated that for the financial year ending 31 December 2009 the Group's revenue will be reduced by \$2.48 million (RM 6 million) and the cost of carrying out the recall is estimated to be \$1.24 million (RM 3 million).

The cancellation of 15 out of 31 ML numbers will have an adverse financial impact on PT YHS Indonesia's business. PT YHS Indonesia will continue to sell the products with unaffected ML numbers and is in the process of applying for new ML numbers for those products affected by the cancellation.

For the Property division, the Group will continue to drive sales of its development properties in 2009.

*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 2008, the Central Jakarta District Court has dismissed the suit in favour of certain subsidiaries of the Group, Yeo Hiap Seng (Malaysia) Berhad (YHSM) and PT YHS Indonesia (Incorporated in Indonesia), in relation to a suit filed by PT Kharisma Inti Persada ("Plaintiff") in Central Jakarta District Court, claiming for approximately Rupiah 219.9 billion (approximately \$32 million) for an alleged breach of an alleged distribution agreement and an alleged distribution appointment. Subsequently a formal notification on the Plaintiff's appeal together with the Plaintiff's memorial of appeal has been served against YHSM. YHSM will be contesting the appeal and based on the advice from YHSM's legal advisor Indonesia, the Directors are of the opinion that the claim is without merit.

#### **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  
06 November 2009

**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 2009 to be false or misleading in any material respect.

On behalf of the Directors



TJONG YIK MIN  
Director

06 November 2009



OW TIN NYAP  
Director