

YHS YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

Unaudited Financial Statements and Dividend Announcement for the period ended 31 March 2010

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

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

	3 Months	
	01.01.2010 to 31.03.2010	01.01.2009 to 31.03.2009
	S\$'000	S\$'000
Revenue	108,105	95,838
Cost of sales	(71,491)	(66,715)
Gross profit	36,614	29,123
Other income	332	636
Other (losses)/gains - net	(644)	363
Expenses		
- Advertising and promotion	(8,493)	(6,865)
- Marketing	(349)	(649)
- Selling and distribution	(14,631)	(15,081)
- Administrative	(5,751)	(6,011)
- Finance	(243)	(349)
Share of profits of associated companies	209	132
Profit before income tax	7,044	1,299
Income tax expense	(1,793)	(320)
Net profit for the period	5,251	979
Other comprehensive income/(losses)		
Available-for-sale financial assets		
- Fair value gains/(losses)	6,705	(5,133)
- Transfer to profit or loss	-	(607)
Currency translation differences arising from consolidation	4,688	3,402
Reduction in property revaluation reserve	(1,385)	(874)
Increase in retained earnings from realisation of property revaluation reserve	1,385	874
Other comprehensive income/(losses) for the period, net of tax	11,393	(2,338)
Total comprehensive income/(losses) for the period	16,644	(1,359)
Net profit attributable to:		
Equity holders of the Company	4,512	1,585
Minority interests	739	(606)
	5,251	979
Total comprehensive income/(losses) attributable to:		
Equity holders of the Company	13,985	(393)
Minority interests	2,659	(966)
	16,644	(1,359)

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

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

	3 Months	
	01.01.2010 to 31.03.2010	01.01.2009 to 31.03.2009
	S\$'000	S\$'000
<u>Revenue</u>		
Dividend income from available-for-sale financial assets	(8)	(40)
<u>Cost of sales</u>		
Depreciation	1,166	1,256
Write down of inventories, net	443	208
<u>Marketing expense</u>		
Depreciation	7	7
<u>Selling and distribution expense</u>		
Depreciation	497	651
Impairment of trade debts, net	292	115
<u>Administrative expense</u>		
Depreciation	732	849
<u>Other losses/(gains) - net</u>		
Property, plant and equipment written-off	6	53
Impairment loss on available-for-sale financial assets	601	1,585
Allowance for foreseeable losses on a developed property	19	-
Currency translation loss/(gain) - net	285	(1,115)
(Gain)/Loss on disposal of property, plant and equipment	(2)	5
<u>Other income</u>		
Interest income	(65)	(63)
<u>Finance expense</u>		
Interest expenses on bank borrowings	243	349
<u>Income tax</u>		
Under provision of tax in respect of prior years	183	88

1(b) Balance Sheets

	Group		Company	
	As at 31.03.2010	As at 31.12.2009	As at 31.03.2010	As at 31.12.2009
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	108,627	93,328	8,324	8,921
Trade and other receivables	81,892	75,805	18,336	18,125
Inventories	34,307	48,812	-	-
Development properties	126,554	127,305	-	-
Current income tax recoverable	2,204	2,198	1,595	1,550
Other current assets	3,404	3,146	80	100
	356,988	350,594	28,335	28,696
Non-current assets				
Available-for-sale financial assets	61,458	55,147	6,969	7,183
Loans to subsidiaries	-	-	53,976	53,985
Investments in associated companies	3,227	3,014	-	-
Investments in subsidiaries	-	-	376,514	392,514
Investment properties	55,720	54,883	31,000	31,000
Property, plant and equipment	123,128	122,811	12	11
Deferred income tax assets	2,127	2,975	217	217
	245,660	238,830	468,688	484,910
Total assets	602,648	589,424	497,023	513,606
LIABILITIES				
Current liabilities				
Trade and other payables	76,746	81,050	252,955	269,303
Current income tax liabilities	1,469	1,235	-	-
Borrowings	51,346	51,349	31,000	31,000
Provisions for other liabilities and charges	157	160	-	-
	129,718	133,794	283,955	300,303
Non-current liabilities				
Loans from subsidiaries	-	-	46,301	46,327
Provisions for other liabilities and charges	2,648	2,523	-	-
Deferred income tax liabilities	19,140	18,609	-	-
Other non-current liabilities	36	36	-	-
	21,824	21,168	46,301	46,327
Total liabilities	151,542	154,962	330,256	346,630
NET ASSETS	451,106	434,462	166,767	166,976
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	218,568	218,568	218,568	218,568
Capital reserves	10,145	10,145	-	-
Other reserves	67,081	58,993	1,756	1,678
Retained earnings/(Accumulated losses)	97,648	91,751	(53,557)	(53,270)
	393,442	379,457	166,767	166,976
Minority interests	57,664	55,005	-	-
TOTAL EQUITY	451,106	434,462	166,767	166,976

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

Amount repayable in one year or less, or on demand

As at 31.03.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
17,346	34,000	17,349	34,000

Details of any collateral

In 2010, short-term bank loans of the Group totalling \$17,346,000 (2009: \$17,349,000) are secured by investment in available-for-sale financial assets, fixed deposits, a first mortgage over an investment property of a subsidiary and a first mortgage over the residential freehold development property of a subsidiary.

1(c) Consolidated Statement of Cash Flows

	3 Months ended	
	31.03.2010	31.03.2009
	S\$'000	S\$'000
Cash flows from operating activities		
Net profit for the period	5,251	979
Adjustments for :		
Income tax expense	1,793	320
Depreciation of property, plant and equipment	2,402	2,763
Dividend income from available-for-sale financial assets	(8)	(40)
Property, plant and equipment written-off	6	53
Exchange difference on consolidation	2,088	433
(Gain)/Loss on disposal of property, plant and equipment	(2)	5
Transfer of fair value gains from fair value reserve on disposal of available-for-sale financial assets	-	(607)
Impairment loss on available-for-sale financial assets	601	1,585
Interest expense	243	349
Interest income	(65)	(63)
Allowance for foreseeable losses on a developed property	19	-
Provision for retirement benefits	73	76
Share of profits of associated companies	(209)	(132)
Operating cash flow before working capital change	12,192	5,721
Change in working capital		
Trade and other receivables	(6,087)	8,231
Inventories	14,505	9,617
Development properties	732	(1,466)
Other current assets	(258)	(342)
Trade and other payables	(4,283)	(10,106)
Cash generated from operations	16,801	11,655
Income tax paid	(425)	(1,001)
Restructuring costs paid	(3)	-
Retirement benefits paid	(34)	(104)
Net cash provided by operating activities	16,339	10,550

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

	3 Months ended	
	31.03.2010	31.03.2009
	S\$'000	S\$'000
Cash flows from investing activities		
Dividends received from available-for-sale financial assets	8	40
Proceeds from disposal of property, plant and equipment	3	4
Proceeds from disposal of available-for-sale financial assets	-	4,540
Purchase of property, plant and equipment	(852)	(422)
Interest received	65	63
Net cash (used in)/provided by investing activities	(776)	4,225
Cash flows from financing activities		
Interest paid	(264)	(278)
Repayments of borrowings	-	(5,042)
Proceeds from borrowings	-	1,000
Repayments of finance lease liabilities	-	(2)
Net cash used in financing activities	(264)	(4,322)
Net increase in cash and cash equivalents	15,299	10,453
Cash and cash equivalents at the beginning of the financial period	85,801	67,127
Cash and cash equivalents at the end of the financial period*	101,100	77,580
Represented by:		
Cash at bank and on hand	36,238	31,712
Fixed deposits with financial institutions	72,389	45,868
Cash and cash equivalents as per balance sheet	108,627	77,580
Less: Fixed deposits pledged for borrowings	(7,527)	-
Cash and cash equivalents as per above*	101,100	77,580

Notes

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling \$29,043,000 (2009: \$28,041,000) 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 31 March 2010

	Share capital \$'000	Capital reserves \$'000	Property revaluation reserve \$'000	Attributable to owners of the parent				Retained earnings \$'000	Total \$'000	Minority interests \$'000	Total equity
				Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000					
Balance at 1 January 2010	218,568	10,145	96,087	13,195	(51,409)	1,120	91,751	379,457	55,005	434,462	
Total comprehensive income for the period	-	-	(1,385)	6,659	2,814	-	5,897	13,985	2,659	16,644	
Balance at 31 March 2010	218,568	10,145	94,702	19,854	(48,595)	1,120	97,648	393,442	57,664	451,106	

For the financial period ended 31 March 2009

	Share capital \$'000	Capital reserves \$'000	Property revaluation reserve \$'000	Attributable to owners of the parent				Retained earnings \$'000	Total \$'000	Minority interests \$'000	Total equity
				Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000					
Balance at 1 January 2009	218,568	10,145	101,887	(39,927)	(50,859)	1,120	110,747	351,681	57,536	409,217	
Total comprehensive losses for the period	-	-	(874)	(5,392)	3,414	-	2,459	(393)	(966)	(1,359)	
Balance at 31 March 2009	218,568	10,145	101,013	(45,319)	(47,445)	1,120	113,206	351,288	56,570	407,858	

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

For the financial period ended 31 March 2010

	Share capital	Fair value reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2010	218,568	1,678	(53,270)	166,976
Total comprehensive losses for the period*	-	78	(287)	(209)
Balance at 31 March 2010	218,568	1,756	(53,557)	166,767

For the financial period ended 31 March 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

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:-

	31.03.2010	31.12.2009
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 31 March 2010 (31 December 2009: 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 2009 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 2010, the Group adopted the following revised Singapore Financial Reporting Standards (FRS).

FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

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

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	
	3 Months	
	01.01.2010 To 31.03.2010	01.01.2009 To 31.03.2009
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)	0.79	0.28
(b) On a fully diluted basis (cents)	0.79	0.27
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	573,920	573,920
Weighted average number of ordinary shares in issue for calculation of diluted earnings per share ('000)	573,920	576,376

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	
	31.03.2010 Cents	31.12.2009 Cents	31.03.2010 Cents	31.12.2009 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	68.55	66.12	29.06	29.09

* 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 - 3 Months ended 31 March 2010 vs. 3 Months ended 31 March 2009

Food and Beverage division performance

The Food and Beverage ("F&B") revenue increased 8.7% to \$101.31 million for the financial period ended 31 March 2010 as compared to \$93.23 million recorded in the corresponding period last year. The increase in revenue was mainly due to higher sales volume. Gross profit improved by 21.3% to \$33.75 million in the current period as compared to \$27.82 million in the corresponding period last year mainly due to higher revenue.

The increase in gross profit was partially offset by:

- Higher advertising and promotion expense of \$1.63 million which is in line with the higher revenue; and
- Higher income tax expense of \$1.15 million due to higher taxable profit from Singapore and Malaysia operations.

As a result, F&B division recorded net profit after tax of \$4.09 million in current period as compared to net profit after tax of \$0.64 million in the corresponding period last year.

Property division performance

Revenue from Property division, which is recognised progressively, increased by \$4.33 million to \$6.79 million in the current period as compared to \$2.46 million recorded in the corresponding period last year. A profit after tax of \$1.98 million is recorded in the current period as compared \$0.44 million in the corresponding period last year.

The higher revenue and profit after tax is due to higher number of units of development properties sold in the current period.

Group performance

After evaluation of various qualitative and quantitative factors, the Group impaired the carrying value of some of its available-for-sale financial assets ("AFS") by \$0.6 million during the current quarter. Overall, the Group recorded a profit after tax of \$5.25 million in the current period as compared to a profit after tax of \$0.98 million in the corresponding period last year.

8(b) Balance Sheets – 31 March 2010 vs. 31 December 2009

Group

Trade and other receivables for the Group increased by \$6.08 million from \$75.81 million as at 31 December 2009 to \$81.89 million as at 31 March 2010. The increase was mainly in line with higher sales in F&B division and sales of development properties during the current quarter.

Inventories for the Group decreased by \$14.50 million from \$48.81 million as at 31 December 2009 to \$34.31 million as at 31 March 2010 mainly due to running down on inventories built up in December 2009 for the Chinese New Year festive season.

AFS increased by \$6.31 million from \$55.15 million as at 31 December 2009 to \$61.46 million as at 31 March 2010 mainly due to \$6.75 million fair value gains on quoted AFS at balance sheet date.

Trade and other payables decreased by \$4.30 million from \$81.05 million as at 31 December 2009 to \$76.75 million as at 31 March 2010 mainly due to settlement of trade payables, partially offset by higher accrual of advertising and promotion expense in Malaysia subsidiary.

Company

AFS decreased by \$0.21 million from \$7.18 million as at 31 December 2009 to \$6.97 million as at 31 March 2010 due to net impairment loss on quoted AFS at balance sheet date.

Investment in subsidiaries decreased from \$392.51 million as at 31 December 2009 to \$376.51 million as at 31 March 2010 due to liquidation of a subsidiary.

Trade and other payables decreased by \$16.34 million from \$269.30 million as at 31 December 2009 to \$252.96 million as at 31 March 2010 mainly due to write back of \$16.00 million payable to a subsidiary that has been liquidated.

8(c) Statement of Cash Flows

3 months ended 31 March 2010 vs. 3 months ended 31 March 2009

The Group registered a net increase in cash of \$15.30 million for the period ended 31 March 2010 as compared to a net increase in cash of \$10.45 million for the corresponding period last year mainly due to higher cash flow generated from operations. Net operating cash inflow generated by the Food and Beverage division and the Property division were \$15.35 million and \$0.99 million respectively.

Cash outflow from investing activities of \$0.78 million was mainly due purchase of property, plant and equipment of \$0.85 million, partially offset by interest income received of \$0.07 million

Cash outflow from financing activities of \$0.26 million was due to interest paid for the current period.

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 improve. The Group will continue to focus on improving operational efficiency and cost management measures to stay competitive and strengthen its market position in Food and Beverage industry.

For the Property division, the Group will continue to drive sales of its remaining 120 unsold units of development properties in 2010.

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 2003, a legal action for an alleged breach of agreement with regard to contract packing arrangement was brought by FY Sdn Bhd ("the Plaintiff"), a company incorporated in Malaysia, against Yeo Hiap Seng (Malaysia) Berhad ("YHSM"), a subsidiary of the Group. There is no specified sum in the statement of claim which seeks inter alia that YHSM pays general damages.

The matter came up for trial before the court on the 25th and 26th January 2010 and the Plaintiff is now claiming for damages of approximately \$2.6 million (RM6.2 million) with interest and cost thereon. YHSM is contesting the claim and a notice of appeal has been filed on 25 March 2010. Based on the advice from its legal advisors, the Directors of YHSM are of the opinion that the claim is unsustainable.

On 1 February 2010, YHSM received a formal notification from the Central Jakarta District Court informing that the Jakarta High Court has decided in favour of YHSM and its subsidiary, PT YHS Indonesia, in respect of an appeal filed by PT Kharisma Inti Persada ("Plaintiff") in the Jakarta High Court against YHSM and its subsidiary, PT YHS Indonesia, claiming for approximately \$32 million (Rupiah 219.9 billion) for an alleged breach of an alleged distribution agreement and an alleged distributor's appointment. On 23 March 2010, the Plaintiff filed an appeal to the Supreme Court, and YHSM filed a counter memorandum to the court on 5 April 2010.

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
26 April 2010

STATEMENT PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

The directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the period ended 31 March 2010 to be false or misleading in any material respect.

On behalf of the Directors



TJONG YIK MIN
Director

26 April 2010



OW TIN NYAP
Director