YHS YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

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

	6 Months		3 Months	
	01.01.2010 to 30.06.2010	01.01.2009 to 30.06.2009	01.04.2010 to 30.06.2010	01.04.2009 to 30.06.2009
	S$'000	S$'000	S$'000	S$'000
Revenue	202,414	205,845	94,309	110,007
Cost of sales	(128,920)	(142,534)	(57,429)	(75,819)
Gross profit	73,494	63,311	36,880	34,188
Other income	986	1,165	654	529
Other losses - net	(4,932)	(31,904)	(4,288)	(32,267)
Expenses				
- Advertising and promotion	(16,068)	(12,766)	(7,575)	(5,901)
- Marketing	(858)	(1,272)	(509)	(623)
- Selling and distribution	(28,737)	(30,321)	(14,106)	(15,240)
- Administrative	(12,232)	(11,872)	(6,481)	(5,861)
- Finance	(438)	(704)	(195)	(355)
Share of profits of associated companies	327	812	118	680
Profit/(Loss) before income tax	**11,542**	**(23,551)**	**4,498**	**(24,850)**
Income tax expense	(1,855)	(2,054)	(62)	(1,734)
Net profit/(loss) for the period	**9,687**	**(25,605)**	**4,436**	**(26,584)**
Other comprehensive income/(losses):				
Available-for-sale financial assets				
- Fair value gains	17,324	5,821	10,619	10,954
- Transfer to profit or loss	-	31,353	-	31,960
Currency translation differences arising from consolidation	5,598	(779)	910	(4,181)
Reduction in property revaluation reserve	(5,809)	(3,451)	(4,424)	(2,577)
Increase in retained earnings from the realisation of property revaluation reserve	3,068	3,451	1,683	2,577
Other comprehensive income for the period, net of tax	**20,181**	**36,395**	**8,788**	**38,733**
Total comprehensive income for the period	**29,868**	**10,790**	**13,224**	**12,149**
Net profit/(loss) attributable to:				
Equity holders of the Company	9,904	(25,250)	5,392	(26,835)
Minority interests	(217)	(355)	(956)	251
	9,687	**(25,605)**	**4,436**	**(26,584)**
Total comprehensive income attributable to:				
Equity holders of the Company	28,359	11,788	14,374	12,181
Minority interests	1,509	(998)	(1,150)	(32)
	29,868	**10,790**	**13,224**	**12,149**

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

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

	6 Months		3 Months	
	01.01.2010 to 30.06.2010	01.01.2009 to 30.06.2009	01.04.2010 to 30.06.2010	01.04.2009 to 30.06.2009
	S$'000	S$'000	S$'000	S$'000
Revenue				
Dividend income from available-for-sale financial assets	(1,337)	(782)	(1,329)	(742)
Cost of sales				
Depreciation	2,330	2,513	1,164	1,257
Write down of inventories, net	803	733	360	525
Marketing expense				
Depreciation	13	14	6	7
Selling and distribution expense				
Depreciation	1,058	1,269	561	618
Impairment of trade debts, net	583	180	291	65
Administrative expense				
Depreciation	1,457	1,687	725	838
Other losses/(gains) - net				
Impairment of property, plant and equipment	5,528	-	5,528	-
Property, plant and equipment written-off	43	84	37	31
Impairment loss on available-for-sale financial assets	964	35,263	363	33,678
Write-back of allowance for foreseeable losses on a developed property	(161)	-	(180)	-
Currency translation loss/(gain) - net	979	(167)	694	948
(Gain)/Loss on disposal of property, plant and equipment	(101)	5	(99)	-
Transfer of fair value gains from equity on disposal of available-for-sale financial assets	-	(2,327)	-	(1,720)
Other income				
Interest income	(244)	(139)	(179)	(76)
Finance expense				
Interest expenses on bank borrowings	438	704	195	355
Income tax				
(Over)/Under provision of tax in respect of prior years	(41)	47	(224)	(41)

1(b) Balance Sheets

	Group		Company	
	As at 30.06.2010	As at 31.12.2009	As at 30.06.2010	As at 31.12.2009
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and cash equivalents	118,056	93,328	9,677	8,921
Trade and other receivables	70,576	75,805	15,582	18,125
Inventories	36,647	48,812	-	-
Development properties	124,169	127,305	-	-
Current income tax recoverable	152	2,198	-	1,550
Other current assets	3,276	3,146	64	100
	352,876	**350,594**	**25,323**	**28,696**
Non-current assets				
Available-for-sale financial assets	71,822	55,147	7,267	7,183
Loans to subsidiaries	-	-	53,466	53,985
Investments in associated companies	3,321	3,014	-	-
Investments in subsidiaries	-	-	394,598	392,514
Investment properties	55,736	54,883	31,000	31,000
Property, plant and equipment	113,578	122,811	11	11
Deferred income tax assets	1,864	2,975	217	217
	246,321	**238,830**	**486,559**	**484,910**
Total assets	**599,197**	**589,424**	**511,882**	**513,606**
LIABILITIES				
Current liabilities				
Trade and other payables	74,377	81,050	250,326	269,303
Current income tax liabilities	2,045	1,235	173	-
Borrowings	39,256	51,349	29,000	31,000
Provisions for other liabilities and charges	151	160	-	-
	115,829	**133,794**	**279,499**	**300,303**
Non-current liabilities				
Loans from subsidiaries	-	-	45,650	46,327
Provisions for other liabilities and charges	2,698	2,523	-	-
Deferred income tax liabilities	17,451	18,609	-	-
Other non-current liabilities	36	36	-	-
	20,185	**21,168**	**45,650**	**46,327**
Total liabilities	**136,014**	**154,962**	**325,149**	**346,630**
NET ASSETS	**463,183**	**434,462**	**186,733**	**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	74,380	58,993	2,387	1,678
Retained earnings/(Accumulated losses)	104,723	91,751	(34,222)	(53,270)
	407,816	**379,457**	**186,733**	**166,976**
Minority interests	55,367	55,005	-	-
TOTAL EQUITY	**463,183**	**434,462**	**186,733**	**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 30.06.2010		As at 31.12.2009	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	S$'000	S$'000	S$'000
12,256	27,000	17,349	34,000

Details of any collateral

In 2010, short-term bank loans of the Group totalling $12,256,000 (2009: $17,349,000) are secured by investment in available-for-sale financial assets, fixed deposits and a first mortgage over an investment property of a subsidiary.

1(c) Consolidated Statement of Cash Flows

	6 Months ended		3 Months ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities				
Net profit/(loss) for the period	9,687	(25,605)	4,436	(26,584)
Adjustments for :				
Income tax expense	1,855	2,054	62	1,734
Depreciation of property, plant and equipment	4,858	5,483	2,456	2,720
Dividend income from available-for-sale financial assets	(1,337)	(782)	(1,329)	(742)
Property, plant and equipment written-off	43	84	37	31
Exchange difference on consolidation	2,720	(370)	632	(803)
(Gain)/Loss on disposal of property, plant and equipment	(101)	5	(99)	-
Transfer of fair value gains from fair value reserve on disposal of available-for-sale financial assets	-	(2,327)	-	(1,720)
Impairment loss on available-for-sale financial assets	964	35,263	363	33,678
Interest expense	438	704	195	355
Interest income	(244)	(139)	(179)	(76)
Write-back of allowance for foreseeable losses on development properties	(161)	-	(180)	-
Provision for retirement benefits	153	152	80	76
Impairment of property, plant and equipment	5,528	-	5,528	-
Share of profits of associated companies	(327)	(812)	(118)	(680)
Operating cash flow before working capital change	24,076	13,710	11,884	7,989
Change in working capital				
Trade and other receivables	5,229	2,866	11,316	(5,365)
Inventories	12,165	13,475	(2,340)	3,858
Development properties	3,297	1,765	2,565	3,231
Other current assets	(130)	(132)	128	210
Trade and other payables	(7,837)	(4,130)	(3,554)	5,976
Cash generated from operations	36,800	27,554	19,999	15,899
Income tax refunded/(paid)	1,681	(651)	2,106	350
Restructuring costs paid	(9)	-	(6)	-
Retirement benefits paid	(96)	(155)	(62)	(51)
Net cash provided by operating activities	38,376	26,748	22,037	16,198

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

	6 Months ended		3 Months ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	S$'000	S$'000	S$'000	S$'000
Cash flows from investing activities				
Dividends received from available-for-sale financial assets	1,337	782	1,329	742
Proceeds from disposal of property, plant and equipment	138	4	135	-
Proceeds from disposal of available-for-sale financial assets	-	11,133	-	6,593
Purchase of property, plant and equipment	(2,819)	(1,375)	(1,967)	(953)
Renovation of investment property	(100)	-	(100)	-
Purchase of available-for-sale financial assets	(27)	-	(27)	-
Interest received	244	139	179	76
Net cash (used in)/provided by investing activities	(1,227)	10,683	(451)	6,458
Cash flows from financing activities				
Purchase of treasury shares	(1)	(1)	(1)	(1)
Interest paid	(420)	(540)	(156)	(262)
Repayments of borrowings	(12,000)	(21,042)	(12,000)	(16,000)
Proceeds from borrowings	-	14,742	-	13,742
Repayments of finance lease liabilities	-	(3)	-	(1)
Net cash used in financing activities	(12,421)	(6,844)	(12,157)	(2,522)
Net increase in cash and cash equivalents	24,728	30,587	9,429	20,134
Cash and cash equivalents at the beginning of the financial period	85,801	67,127	101,100	77,580
Cash and cash equivalents at the end of the financial period*	110,529	97,714	110,529	97,714
Represented by:				
Cash at bank and on hand	39,140	32,537	39,140	32,537
Fixed deposits with financial institutions	78,916	65,177	78,916	65,177
Cash and cash equivalents as per balance sheet	118,056	97,714	118,056	97,714
Less: Fixed deposits pledged for borrowings	(7,527)	-	(7,527)	-
Cash and cash equivalents as per above*	110,529	97,714	110,529	97,714

Notes

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling $25,917,000 (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 30 June 2010

	Attributable to owners of the parent								Minority interests	Total equity
	Share capital	Capital reserves	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Retained earnings	Total		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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**
Effect of treasury shares in a subsidiary acquired from minority interests	-	-	-	-	-	-	-	-	(1)	(1)
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(1,146)	(1,146)
Total comprehensive income for the period	-	-	(3,347)	10,404	242	-	7,075	14,374	(1,150)	13,224
Balance at 30 June 2010	**218,568**	**10,145**	**91,355**	**30,258**	**(48,353)**	**1,120**	**104,723**	**407,816**	**55,367**	**463,183**

For the financial period ended 30 June 2009

	Attributable to owners of the parent								Minority interests	Total equity
	Share capital	Capital reserves	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Retained earnings	Total		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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**
Effect of treasury shares in a subsidiary acquired from minority interests	-	-	-	-	-	-	-	-	(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
Balance at 30 June 2009	**218,568**	**10,145**	**98,436**	**(2,645)**	**(51,103)**	**1,120**	**88,948**	**363,469**	**55,446**	**418,915**

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

For the financial period ended 30 June 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
Total comprehensive income for the period	-	631	19,335	19,966
Balance at 30 June 2010	218,568	2,387	(34,222)	186,733

For the financial period ended 30 June 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 losses for the period	-	812	(19,843)	(19,031)
Balance at 30 June 2009	218,568	(1,506)	(80,369)	136,693

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital during the current financial period reported on.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at end of the immediately preceding year:-

	30.06.2010	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 30 June 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		Group	
	6 Months		3 Months	
	01.01.2010 To 30.06.2010	01.01.2009 To 30.06.2009	01.04.2010 To 30.06.2010	01.04.2009 To 30.06.2009
Earnings/(Loss) per ordinary share for the period based on net profit/(loss) attributable to equity holders of the Company during the period:-				
(a) Based on weighted average number of ordinary share in issue (cents)	1.73	(4.40)	0.94	(4.68)
(b) On a fully diluted basis (cents)	1.73	(4.38)	0.94	(4.66)
Weighted average number of ordinary shares in issue for calculation of basic earnings/(loss) per share ('000)	573,920	573,920	573,920	573,920
Weighted average number of ordinary shares in issue for calculation of diluted earnings/(loss) per share ('000)	573,920	576,376	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	
	30.06.2010 Cents	31.12.2009 Cents	30.06.2010 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	71.06	66.12	32.54	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 - 6 Months ended 30 June 2010 vs. 6 Months ended 30 June 2009

Food and Beverage division performance

The Food and Beverage ("F&B") revenue decreased 4.8% to $184.15 million for the financial period ended 30 June 2010 as compared to $193.39 million recorded in the corresponding period last year. Despite the decrease in revenue, F&B division gross profit improved by 12.2% to $65.26 million as compared to $58.19 million in the corresponding period last year largely due to cheaper packaging materials, better effective selling price and sales mix in Malaysia subsidiary. The increase in gross profit was partially offset by:

- Higher advertising and promotion expense of $3.30 million mainly due to more promotion activities carried out in Malaysia and USA;

- Impairment of property, plant and equipment totalling $5.53 million, of which $4.64 million was from the Group's Malaysian subsidiary as part of management's effort to improve operational efficiency through the consolidation of some manufacturing operations. The balance of $0.89 million was contributed by the Group's Guangzhou factory in connection with the planned relocation of its factory;

- Net exchange losses of $0.98 million in current period as compared to net exchange gains of $0.17 million in the corresponding period last year mainly due to US dollar weakening against Singapore dollar for US dollar fixed deposit in current period and Malaysia Ringgit strengthen against Singapore dollar; and

- Lower share of profit of associated company in China by $0.48 million from $0.33 million in current period to $0.81 million in the corresponding period last year.

Coupled with $1.58 million lower selling and distribution expense which is in line with the lower sales, the F&B division recorded lower net profit after tax of $3.36 million in the current period as compared to net profit after tax of $4.03 million in the corresponding period last year.

Property division performance

Revenue from Property division, which is recognised progressively, increased by $5.48 million to $16.93 million in the current period as compared to $11.45 million recorded in the corresponding period last year. A profit after tax of $4.99 million is recorded in the current period as compared to $2.48 million in the corresponding period last year.

The higher revenue and profit after tax are 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 $0.96 million during the current period. Overall, the Group recorded a net profit after tax of $9.69 million in the current period as compared to a net loss after tax of $25.61 million in the corresponding period last year which was mainly due to impairment loss of $35.26 million for the Group's investment in quoted AFS.

8(b) Second Quarter Results - 3 Months ended 30 June 2010 vs. 3 Months ended 30 June 2009

Food and Beverage division performance

The F&B division recorded revenue of $82.84 million in 2Q2010, which was 17.3% lower than the $100.16 million achieved in 2Q2009. F&B division recorded net loss after tax of $0.73 million in 2Q2010, as compared to a net profit after tax of $3.39 million in 2Q2009 largely due to:

- Higher advertising and promotion expense of $1.67 million mainly due to more promotion activities carried out in Malaysia and USA subsidiaries;
- Impairment of property, plant and equipment of $5.53 million on production equipment, machinery and building in Malaysia and China subsidiaries; and
- Lower share of profit of associated company in China by $0.56 million from $0.68 million in 2Q2009 to $0.12 million in 2Q2010.

This is partially offset by higher gross profit of $1.15 million as a result of lower cost of materials and $1.17 million lower distribution cost which is in line with lower sales in 2Q2010.

Property division performance

The Property division recorded revenue of $10.14 million in 2Q2010 as compared to $9.0 million in 2Q2009. The higher net profit after tax of $3.0 million as compared to net profit after tax of $2.04 million in 2Q2009 was mainly due to higher number of units of development properties sold in 2Q2010.

Group performance

The Group recorded net profit after tax of $4.44 million in 2Q2010, as compared to net loss after tax of $26.58 million in 2Q2009 largely due to lower impairment loss of $33.32 million for the Group's investment in quoted AFS in 2Q2010 as compared to 2Q2009.

8(c) Balance Sheets – 30 June 2010 vs. 31 December 2009

Group

Trade and other receivables for the Group decreased by $5.23 million from $75.81 million as at 31 December 2009 to $70.58 million as at 30 June 2010. The decrease was largely in line with lower sales, and improved debtors turnover rate.

Inventories for the Group decreased by $12.16 million from $48.81 million as at 31 December 2009 to $36.65 million as at 30 June 2010 mainly due to running down on inventories built up in December 2009 for the Chinese New Year festive season.

AFS increased by $16.67 million from $55.15 million as at 31 December 2009 to $71.82 million as at 30 June 2010 mainly due to $16.65 million net fair value gains on quoted AFS at balance sheet date.

Property, plant and equipment decreased by $9.23 million from $122.81 million as at 31 December 2009 to $113.58 million as at 30 June 2010, mainly due to impairment loss of $9.30 million, current period depreciation charge of $4.86 million, partially offset by addition of $2.82 million of equipment and translation gain of $2.18 million in the current period.

Trade and other payables decreased by $6.67 million from $81.05 million as at 31 December 2009 to $74.38 million as at 30 June 2010 mainly due to settlement of trade payables and lower accrual of advertising and promotion expense in Malaysia subsidiary, partially offset by higher accrual of advertising and promotion expense and payroll in Singapore subsidiary.

Bank borrowings decreased by $12.09 million as at 30 June 2010 mainly due to repayment of short-term bank loans.

Company

Trade and other receivables decreased by $2.55 million from $18.13 million as at 31 December 2009 to $15.58 million as at 30 June 2010 mainly due to repayment of $2.70 million by a subsidiary, partially offset by higher royalty receivables amounting to $0.23 million.

Current income tax recoverable decreased by $1.55 million as at 30 June 2010 due to prior years income tax paid recovered from IRAS during the period.

Investment in subsidiaries increased by $2.09 million from $392.51 million as at 31 December 2009 to $394.60 million as at 30 June 2010 mainly due to write back of impairment of investment in subsidiaries of $18.33 million, partially offset by liquidation of a subsidiary.

Trade and other payables decreased by $18.97 million from $269.30 million as at 31 December 2009 to $250.33 million as at 30 June 2010 mainly due to write off of $16.00 million payable to a subsidiary that has since been liquidated and repayment of advances to subsidiaries during the period.

Borrowings decreased by $2.0 million from $31.0 million as at 31 December 2009 to $29.0 million as at 30 June 2010 due to repayment of short-term bank loans.

8(d) Statement of Cash Flows

Year to Date- 6 months ended 30 June 2010 vs. 6 months ended 30 June 2009

The Group registered a net increase in cash of $24.73 million for the period ended 30 June 2010 as compared to a net increase in cash of $30.59 million for the corresponding period last year.

Net operating cash inflow generated by the Food and Beverage division and the Property division were $37.88 million and $0.50 million respectively.

Cash outflow from investing activities of $1.23 million was mainly due purchase of property, plant and equipment of $2.82, partially offset by dividend received of $1.34 million and proceeds from disposal of property, plant and equipment of $0.14 million.

Cash outflow from financing activities of $12.42 million was due to repayments of bank borrowings of $12.0 million and interest paid of $0.42 million.

Second Quarter - 3 months ended 30 June 2010 vs. 3 months ended 30 June 2009

The Group registered a net increase in cash of $9.43 million for the second quarter ended 30 June 2010.

Operating activities generated cash inflow of $22.04 million which was mainly contributed by the Food and Beverage division.

Cash outflow from investing activities of $0.45 million was mainly due to the purchase of property, plant and equipment of $1.97 million, partially offset by dividend received of $1.33 million and proceeds from disposal of property, plant and equipment of $0.14 million.

Cash outflow from financing activities of $12.16 million was mainly due to repayments of bank borrowings of $12.0 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, the operating cost of the Group's factory in Guangzhou city will increase substantially due to higher fuel costs as a result of new government directive to use environmentally friendly fuel. This will adversely affect our gross profit. Our gross profit for the Guangzhou factory will improve only after we have relocated our factory to San Shui by 2012 as announced earlier.

For the Property division, the Group will continue to drive sales of its remaining 102 unsold units of development properties in 2010.

Overall the Group expects to be able to perform better than prior year.

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

(a) 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 claiming for damages of approximately $2.6 million (RM6.2 million) with interest and cost thereon

On 10 March 2010, the High Court of Shah Alam has vided the proceedings under Civil Suit no. MT3-22-936-2003 granted judgement against YHSM in favour of the Plaintiff. The High Court did not award the quantum of damages and ordered that damages be assessed before the Registrar of the High Court. Based on the advice from its legal advisors, YHSM has a strong case to appeal and a memorandum of appeal has been filed with the Court on 28 June 2010.

(b) 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.

(c) In 2003, a legal action was brought by Padu Bistari Development Sdn Bhd ("the Plaintiff"), against Yeo Hiap Seng (Malaysia) Berhad ("YHSM"), a subsidiary of the Group, for damages of approximately $2.9 million (RM6.7 million) and interest thereon for an alleged unlawful termination of a lease agreement entered between the parties on 2 September 1997 for the lease of the land at Lot No. 3858 EMR 3294 Mukim Cenderiang, District of Batang Padang, Perak Darul Ridzuan for the purpose of extracting of underground water, bottling warehousing and/or any other products from the land. YHSM has announced on 29 July 2010 that the parties have agreed to settle the matter amicably with a payment of RM220,000 by YHSM to the Plaintiff as full and final settlement of the Plaintiff's claim, and that the parties have also agreed to discontinue the claim and counter-claim against each other without liberty to file afresh.

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
3 August 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 30 June 2010 to be false or misleading in any material respect.

On behalf of the Directors

TJONG YIK MIN
Director

YAP NG SENG
Director

3 August 2010