

EU YAN SANG INTERNATIONAL LTD (Company Registration No. : 199302179H)

Unaudited Financial Statements And Dividend Announcement

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

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Change
	Year ended 30-Jun-10	Year ended 30-Jun-09	
	S\$'000	S\$'000	
<b>Revenue</b>	<b>244,715</b>	<b>222,465</b>	<b>10%</b>
Cost of Sales	(120,262)	(108,890)	10%
<b>Gross Profit</b>	<b>124,453</b>	<b>113,575</b>	<b>10%</b>
Other operating income	765	912	-16%
Distribution and selling expenses	(79,067)	(71,199)	11%
Administrative expenses	(21,833)	(21,154)	3%
Other operating expenses	(1,052)	(1,862)	-44%
<b>Operating Profit</b>	<b>23,266</b>	<b>20,272</b>	<b>15%</b>
Foreign exchange loss	(61)	(376)	N.M.
Interest income	29	62	-53%
Interest expenses	(605)	(929)	-35%
Goodwill written off	(25)	-	N.M.
Revaluation gain/(loss) on property, plant and equipment	331	(331)	N.M.
Fair value gain/ (loss) on investment properties	1,176	(700)	N.M.
<b>Profit before tax</b>	<b>24,111</b>	<b>17,998</b>	<b>34%</b>
Taxation	(4,823)	(4,929)	-2%
<b>Profit for the year, net of tax</b>	<b>19,288</b>	<b>13,069</b>	<b>48%</b>
<b>Attributable to:</b>			
<b>Equity holders of the company</b>	<b>19,207</b>	<b>13,051</b>	<b>47%</b>
<b>Minority Interests</b>	<b>81</b>	<b>18</b>	<b>N.M.</b>
	<b>19,288</b>	<b>13,069</b>	<b>48%</b>

## 1(a) Consolidated Statement of Comprehensive Income

*With effect from annual period beginning or after 1 January 2009, FRS1 Presentation of Financial Statement requires an entity to present all non-owner changes in equity in a Statement of Comprehensive Income. Non-owner changes will include income and expenses recognized directly in equity. This is a change of presentation and does not affect the recognition or measurement of the entity's transactions. Previously, such non-owner changes were included in the Statement of Changes in Equity.*

	Group		Change
	Year ended	Year ended	
	30-Jun-10	30-Jun-09	
	S\$'000	S\$'000	
<b>Profit for the year, net of tax</b>	<b>19,288</b>	<b>13,069</b>	<b>48%</b>
<b>Other comprehensive income:</b>			
Currency translation adjustments on foreign operations	(1,096)	3,273	N.M.
Revaluation gain / (loss) on property, plant and equipment	3,464	(3,731)	N.M.
<b>Other comprehensive income for the year</b>	<b>2,368</b>	<b>(458)</b>	N.M.
<b>Total comprehensive income for the year</b>	<b>21,656</b>	<b>12,611</b>	<b>72%</b>
<b>Attributable to:</b>			
<b>Equity holders of the company</b>	<b>21,576</b>	<b>12,590</b>	<b>71%</b>
<b>Minority Interests</b>	<b>80</b>	<b>21</b>	<b>N.M.</b>
	<b>21,656</b>	<b>12,611</b>	<b>72%</b>

Notes:

(i) Operating profit is arrived at after charging(crediting) the following:

	<b>Year ended 30-Jun-10</b>	<b>Year ended 30-Jun-09</b>
	S\$'000	S\$'000
Inventory written down	589	239
Inventory written off	115	-
Advances (non trade) written off	-	590
Amortisation of intangible assets	140	-
Bad debts (trade) written off	327	172
Bad debts (trade) recovered	-	(3)
Depreciation of property, plant and equipment	7,179	7,227
(Gain)/ loss on disposal of property, plant and equipment	(50)	198
Assets held for sale written off	-	500
Property, plant and equipment written off	295	232
Provision for restoration costs	761	-
Share-based payment expenses	234	166
Reversal of write-down inventories	(353)	(446)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30-Jun-10 S\$'000	30-Jun-09 S\$'000	30-Jun-10 S\$'000	30-Jun-09 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	64,142	62,416	119	217
Investment properties	7,021	5,828	-	-
Intangible assets	662	-	-	-
Investments in subsidiaries	-	-	52,928	52,885
Investments in associates	-	-	-	15
Goodwill	-	25	-	-
Amount due from subsidiaries	-	-	24,273	15,888
	<b>71,825</b>	<b>68,269</b>	<b>77,320</b>	<b>69,005</b>
<b>Current assets</b>				
Inventories	44,858	40,936	-	-
Trade and other receivables	20,008	18,416	14	7
Prepayments	4,068	1,526	170	25
Amount due from subsidiaries	-	-	10,091	9,753
Fixed bank deposits	1,706	1,480	-	-
Cash and bank balances	33,899	23,898	1,373	1,284
	<b>104,539</b>	<b>86,256</b>	<b>11,648</b>	<b>11,069</b>
<b>Current Liabilities</b>				
Trade and other payables	30,263	22,020	1,738	1,580
Provision for long service payments	130	-	-	-
Amount due to subsidiaries	-	-	734	862
Hire purchase creditors	94	143	21	75
Interest bearing loans and borrowings	26,589	27,563	25,980	25,930
Tax Payable	4,905	6,179	843	883
	<b>61,981</b>	<b>55,905</b>	<b>29,316</b>	<b>29,330</b>
<b>Net current assets / (liabilities)</b>	<b>42,558</b>	<b>30,351</b>	<b>(17,668)</b>	<b>(18,261)</b>
<b>Non current liabilities</b>				
Long term loans from minority shareholders of subsidiaries	156	161	-	-
Provision for long service payments	75	78	-	-
Provision for restoration costs	728	-	-	-
Hire purchase creditors	119	194	11	140
Deferred tax liabilities	5,411	4,762	63	63
	<b>6,489</b>	<b>5,195</b>	<b>74</b>	<b>203</b>
<b>Net assets</b>	<b>107,894</b>	<b>93,425</b>	<b>59,578</b>	<b>50,541</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	35,487	34,931	35,487	34,931
Reserves	72,188	58,355	24,091	15,610
	<b>107,675</b>	<b>93,286</b>	<b>59,578</b>	<b>50,541</b>
Minority interest	219	139	-	-
Total equity	<b>107,894</b>	<b>93,425</b>	<b>59,578</b>	<b>50,541</b>

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

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

As at 30-Jun-10		As at 30-Jun-09	
Secured	Unsecured	Secured	Unsecured
S\$94,000	S\$26,589,000	S\$143,000	S\$27,563,000

**Amount repayable after one year**

As at 30-Jun-10		As at 30-Jun-09	
Secured	Unsecured	Secured	Unsecured
S\$119,000	S\$156,000	S\$194,000	S\$161,000

**Details of any collateral**

Nil

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group	
	Year ended	
	30-Jun-10	30-Jun-09
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Operating income before taxation and minority interest	24,111	17,998
Depreciation of property, plant and equipment	7,179	7,227
Amortisation of intangible assets	140	-
(Gain) / Loss on disposal of property, plant and equipment	(50)	198
Property, plant and equipment written off	295	232
Asset held for sale written off	-	500
Foreign currency translation realignment	(636)	2,275
Goodwill written off	25	-
Revaluation (gain)/loss on property, plant and equipment	(331)	331
Fair value (gain)/loss on investment properties	(1,176)	700
Inventory written down	589	239
Inventory written off	115	-
Reversal of write-down of inventories	(353)	(446)
Provision for restoration costs	761	-
Bad debts (trade) written off	327	172
Bad debts (trade) recovered	-	(3)
Advances (non trade) written off	-	590
Interest income	(29)	(62)
Interest expense	605	929
Share-based payment expenses	234	166
<b>Operating income before reinvestment in working capital</b>	<b>31,806</b>	<b>31,046</b>
(Increase)/Decrease in trade, other receivables and prepayments	(4,719)	688
(Increase)/Decrease in inventories	(4,273)	7,836
Increase/(Decrease) in trade and other payables	8,367	(5,610)
Increase in long service payments	129	-
<b>Cash generated from operations</b>	<b>31,310</b>	<b>33,960</b>
Interest received	29	62
Interest paid	(605)	(929)
Income tax refund	40	554
Income tax paid	(6,122)	(2,418)
<b>Net Cash provided by operating activities</b>	<b>24,652</b>	<b>31,229</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,449)	(6,797)
Purchase of intangible assets	(802)	-
Proceeds from sale of property, plant and equipment	183	172
<b>Net Cash used in investing activities</b>	<b>(6,068)</b>	<b>(6,625)</b>
<b>Cash flows from financing activities</b>		
Proceeds from interest bearing loans and borrowings	15,309	38,043
Repayment of interest bearing loans and borrowings	(16,335)	(44,294)
Repayment of hire purchase creditors	(282)	(125)
Proceed from exercise of employee share options	509	-
Proceed from loan from minority shareholders of subsidiaries	-	30
Dividends paid	(7,930)	(7,209)
<b>Net cash used in financing activities</b>	<b>(8,729)</b>	<b>(13,555)</b>
Net increase in cash & cash equivalent	9,855	11,049
Cash and cash equivalent as at beginning of the year	25,378	14,758
Effects of exchange rates changes on cash and cash equivalents	372	(429)
<b>Cash and cash equivalent as at end of the year</b>	<b>35,605</b>	<b>25,378</b>

	Group	
	Year ended	
	30-Jun-10 S\$'000	30-Jun-09 S\$'000
<b>A. Purchase of property, plant and equipment</b>		
Aggregate cost of property, plant and equipment acquired	5,600	6,812
Less :		
Financed by hire purchase creditors	(151)	(15)
Cash payments to acquire property, plant and equipment	<u>5,449</u>	<u>6,797</u>

#### Note to Consolidated Cash Flow Statement

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	GROUP	
	Year ended	
	30-Jun-10 S\$'000	30-Jun-09 S\$'000
Fixed bank deposits	1,706	1,480
Cash and bank balances	33,899	23,898
	<u>35,605</u>	<u>25,378</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Company						Total	Minority interests	Total Equity
	Share capital	Asset revaluation reserve	Capital reserve	Share Option reserve	Foreign currency translation reserve	Revenue Reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			
<b>Group</b>									
<b>At 1 Jul 2009</b>	34,931	8,138	453	632	(8,277)	57,409	93,286	139	93,425
Profit for the year, net of tax	-	-	-	-	-	19,207	19,207	81	19,288
Other comprehensive income	-	3,464	-	-	(1,095)	-	2,369	(1)	2,368
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,464</b>	<b>-</b>	<b>-</b>	<b>(1,095)</b>	<b>19,207</b>	<b>21,576</b>	<b>80</b>	<b>21,656</b>
Shares issued pursuant to the exercise of share options	556	-	-	(47)	-	-	509	-	509
Share options lapsed	-	-	-	(52)	-	52	-	-	-
Grant of share options to employees	-	-	-	234	-	-	234	-	234
Dividends, Net	-	-	-	-	-	(7,930)	(7,930)	-	(7,930)
<b>At 30 Jun 2010</b>	<b>35,487</b>	<b>11,602</b>	<b>453</b>	<b>767</b>	<b>(9,372)</b>	<b>68,738</b>	<b>107,675</b>	<b>219</b>	<b>107,894</b>

	Attributable to equity holders of the Company						Total	Minority Interests	Total Equity
	Share capital	Asset revaluation reserve	Capital reserve	Share Option reserve	Foreign currency translation reserve	Revenue Reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			
<b>Group</b>									
<b>At 1 Jul 2008</b>	34,931	11,869	453	491	(11,547)	51,542	87,739	118	87,857
Profit for the year, net of tax	-	-	-	-	-	13,051	13,051	18	13,069
Other comprehensive income	-	(3,731)	-	-	3,270	-	(461)	3	(458)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(3,731)</b>	<b>-</b>	<b>-</b>	<b>3,270</b>	<b>13,051</b>	<b>12,590</b>	<b>21</b>	<b>12,611</b>
Share options lapsed	-	-	-	(25)	-	25	-	-	-
Grant of share options to employees	-	-	-	166	-	-	166	-	166
Dividends, Net	-	-	-	-	-	(7,209)	(7,209)	-	(7,209)
<b>At 30 Jun 2009</b>	<b>34,931</b>	<b>8,138</b>	<b>453</b>	<b>632</b>	<b>(8,277)</b>	<b>57,409</b>	<b>93,286</b>	<b>139</b>	<b>93,425</b>

	Attributable to equity holders of the Company			Total Equity
	Share capital	Share option reserve	Revenue Reserve	
	S\$'000	S\$'000	S\$'000	
<b>Company</b>				
<b>At 1 Jul 2009</b>	34,931	632	14,978	50,541
Total comprehensive income for the year	-	-	16,224	16,224
Shares issued pursuant to the exercise of share options to employees	556	(47)	-	509
Share option lapsed	-	(52)	52	-
Grant of share options to employees	-	234	-	234
Dividends, Net	-	-	(7,930)	(7,930)
<b>At 30 Jun 2010</b>	<b>35,487</b>	<b>767</b>	<b>23,324</b>	<b>59,578</b>
<b>At 1 Jul 2008</b>	34,931	491	4,754	40,176
Total comprehensive income for the year	-	-	17,408	17,408
Shares issued pursuant to the exercise of share options to employees	-	-	-	-
Share option lapsed	-	(25)	25	-
Grant of Share options to employees	-	166	-	166
Dividends, net	-	-	(7,209)	(7,209)
<b>At 30 Jun 2009</b>	<b>34,931</b>	<b>632</b>	<b>14,978</b>	<b>50,541</b>

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer 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.

**A) Changes in share capital during the financial period**

As at 30<sup>th</sup> June 2010, the Company's issued and paid up capital, excluding treasury shares comprises of 362,105,188 (30<sup>th</sup> June 2009: 360,435,188) ordinary shares. Movement in the number of the Company's issued and paid-up capital, excluding treasury shares are as follows:

<b>Number of shares issued and paid up 1-Jul-09</b>	<b>Shares issued pursuant to the exercise of share options</b>	<b>Number of shares issued and paid up 30-Jun-10</b>
360,435,188	1,670,000	362,105,188

**B) Share Options – Eu Yan Sang Employees Share Option Scheme**

Between 1<sup>st</sup> April 2010 and 30<sup>th</sup> June 2010, the Company did not issue any ordinary shares under both the Eu Yan Sang Employees Share Option Scheme 2000 ("the 2000 scheme") and 2006 ("the 2006 scheme") schemes.

Under the 2000 scheme, options to subscribe for 4,496,250 shares remained outstanding as at 30<sup>th</sup> June 2010, compared to 4,496,250 as at 30<sup>th</sup> June 2009.

Under the 2006 scheme, options to subscribe for 10,195,000 shares remained outstanding as at 30<sup>th</sup> June 2010, compared to 9,030,000 as at 30<sup>th</sup> June 2009. Movements in the number of the unissued shares of the Company under the 2006 scheme during the year are as follows:

<b>Outstanding options as at 1-Jul-09</b>	<b>Number of options granted</b>	<b>Number of options lapsed/ cancelled</b>	<b>Number of options exercised</b>	<b>Outstanding options as at 30-Jun-10</b>
9,030,000	3,605,000	(770,000)	(1,670,000)	10,195,000

**C) Performance Share Plan**

At the extraordinary general meeting of the Company held on 25<sup>th</sup> October 2007, the Company's shareholders approved the adoption of the Eu Yan Sang Performance Share Plan ("EYS PSP"). As at 30<sup>th</sup> June 2010, no shares were granted and outstanding under the EYS PSP (30<sup>th</sup> June 2009: nil).

#### D) Treasury shares

No treasury shares were held by the Company as at 30<sup>th</sup> June 2010 and 30<sup>th</sup> June 2009.

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

The number of issued shares as at 30<sup>th</sup> June 2010 is 362,105,188 (30<sup>th</sup> June 2009: 360,435,188) ordinary shares.

**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.**

Not Applicable.

**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 by the auditors.

**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**

This financial statement has been prepared based on the accounting policies and methods of computation consistent with those adopted in the most recent audited financial statement for the year ended 30 June 2009.

New standards effective for annual periods beginning on or after the dates are as stated:

Reference	Description	Effective for annual periods beginning on or after
FRS 1 (revised 2008)	Presentation of Financial Statements	1 January 2009
FRS 23 (revised 2007)	Borrowing Costs	1 January 2009
Amendments to FRS 107	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 January 2009
FRS 108	Operating Segments	1 January 2009
Improvements to FRSs		1 January 2009

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

Not applicable

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	Year Ended 30 Jun 10 (cents)	Year Ended 30 Jun 09 (cents)
<b>Earnings per ordinary share of the Group based on net profit attributable to shareholders:</b>		
(i) Based on the weighted average number of ordinary shares	5.32	3.63
Weighted average number of shares	360,806,037	360,435,188
(ii) On a fully diluted basis	5.31	3.62
Weighted average number of shares	361,774,113	360,879,552

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

	30-Jun-10	30-Jun-09
<b>Net asset value per ordinary share based on issued share capital</b>		
For the Group (Cents)	29.7	25.9
For the Company (Cents)	16.5	14.0

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:-
- 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
  - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

### Overview

Group revenue for the year ended 30<sup>th</sup> June 2010 ("FY10") increased 10% to S\$244.7 million as compared to the same period in last year ("FY09"). The increase was mainly attributable to the increase in retail sales in all our 3 core markets. Operating profit increased 3% to S\$20.9 million while profit for the year, net of tax increased 29% to S\$16.9 million.

### (A) Revenue

Group revenue for FY10 increased by 10% to S\$244.7 million as compared to S\$222.5 million achieved in FY09. The increase was mainly attributable to the increase in retail sales in all our 3 core markets, namely Hong Kong, Singapore and Malaysia.

#### **Revenue by Activities:**

Activities	Group		
	Year ended		
	30-Jun-10	30-Jun-09	Change
	S\$'000	S\$'000	
Retail - TCM*	197,625	174,120	13%
Wholesale - TCM	31,083	32,574	-5%
Clinic - TCM	14,298	14,328	-
Others	1,709	1,443	18%
	<b>244,715</b>	<b>222,465</b>	<b>10%</b>

- *Traditional Chinese Medicine ("TCM") - comprising Chinese Proprietary Medicine ("CPM"), Health Foods and Medicinal Herbs.*

**Retail – TCM** revenue achieved in FY10 was 13% higher than FY09. Retail activities were relatively resilient at our outlets throughout the regional markets as consumers continue to recognise our premium brand and accept TCM as an alternative to western medicine and health supplements. The Group's top selling products such as Bottled Bird's Nest ("BBN"), Bo Ying Compound ("BYC"), Bak Foong Pills ("BFP"), Lingzhi Cracked Spores Capsules ("LCS") and Essence of Chicken ("EOC") continue to show steady growth.

**Wholesale – TCM** revenue decreased by 5% to S\$31.1 million in FY10 was mainly due to lower export to China.

**Clinic – TCM** revenue was flat at S\$14.3 million in FY10.

Revenue under Others was mainly contributed from food & beverages and rental income.

**Turnover by Geographical Locations:**

		Group		
Core Countries		Year ended		
		30-Jun-10	30-Jun-09	Change
		'000	'000	
Hong Kong*	SGD	105,321	98,809	7%
	HKD	581,346	522,342	11%
Singapore	SGD	67,134	62,424	8%
Malaysia**	SGD	71,719	60,846	18%
	MYR	172,162	145,052	19%
Others	SGD	541	386	40%
<b>Total</b>	<b>SGD</b>	<b>244,715</b>	<b>222,465</b>	<b>10%</b>

\* Include Macau and China.

\*\* Include Taiwan

Malaysia market lead our growth by 19% to MYR172.2 million, Hong Kong market grew 11% to HK\$581.0 million while Singapore market increased by 8% to S\$67.1 million. These revenue growth in our core countries signified robust demand for our products as we continue to fulfill our vision to our customer.

**(B) FY2010 Retail Outlets & Clinics**

Countries	Retail Outlets		General TCM Clinics		Specialist TCM Clinics		Integrative Medical Centre	
	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total
Malaysia	4	68	-	3	-	-	-	-
Hong Kong	-	46	-	0	-	-	1	2
Singapore	2	40	(1)	14	-	2	-	-
China	(1)	3	-	-	-	-	-	-
Macau	-	2	-	-	-	-	-	-
<b>Total</b>	<b>5</b>	<b>159</b>	<b>(1)</b>	<b>17</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>2</b>

In FY10, the Group added 5 retail outlets and 1 integrative medical centre. The establishment of these new outlets and medical centre will contribute to the improvement in Group turnover.

**C) Profitability**

In line with the higher revenue in 12MFY10, Gross Profit increased by 10% to S\$124.5 million compared to S\$113.6 million achieved in 12MFY09. Gross Profit margin was stable at 50.9%. Operating Profit increased only by 15% to S\$23.3 million mainly due to slower growth in operating expenses.

Together with a fair value gain on our properties, profit for the year, net of tax attributable to shareholders for 12MFY10 increased by 47% to S\$19.2 million as compared to S\$13.1 million in 12MFY09.

**(D) Distribution and selling expenses**

In 12MFY10, distribution and selling expenses were S\$79.1 million or 11% higher than 12MFY09. The higher distribution and selling expenses were mainly due to higher advertising and promotional activities, salaries and rental costs.

**(E) Administrative expenses**

In 12MFY10, administrative expenses increased by 3% to S\$21.8 million as compared to 12MFY09. The increase was mainly due to higher corporate branding activities and other miscellaneous costs.

**(F) Interest income and Interest expenses**

Lower interest income was due to lower fixed deposits interest offered by our principal bankers.

Lower interest expenses were attributable to application of cash to retire interest bearings loans and borrowings during the year.

**(G) Taxation**

The Group's effective tax rate was lower in 12MFY10 mainly due to the followings:

- (a) lower losses of foreign subsidiaries which cannot be offset against profit within the group companies as compared to 12MFY09; and
- (b) lower tax rate in certain foreign subsidiaries.

**(H) Investment Properties**

Increase in investment properties were due to fair value gain on revaluation of the Group's investment properties.

**(I) Inventories**

Higher inventories were due to stocking up at our retail outlets as at 30<sup>th</sup> June 2010.

**(J) Trade receivables and other receivables**

Higher trade receivables were due to timing differences of payment from our debtors and higher rental deposits required for new outlets.

**(K) Prepayments**

Higher prepayments were mainly due to exercising of option to purchase an industrial property at 21 Tai Seng Drive (Singapore), insurance premium and rental paid in advance.

**(L) Cash and bank balances**

Higher cash and bank balances were due to higher retail sales and collections from trade receivables as at 30<sup>th</sup> June 2010.

**(M) Trade and other payables**

Higher trade and other payables were mainly resulted from the replenishment of inventories to meet the demand in the subsequent quarters and the timing of repayments.

## **(N) Cash flows**

Net cash provided by operating activities was lower at S\$24.7 million in 12MFY10 as compared to S\$31.2 million achieved in 12MFY09. The lower net cash provided by operating activities were mainly due to the strong Singapore dollar and the increase in inventories by S\$4.3 million as compared to a decrease in inventories by S\$7.8 million in 12MFY09.

The Group's gearing ratio was 25.0% as at 30<sup>th</sup> June 2010.

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

The results for the period are in line with the prospect statement contained in the FY2009 full year announcement made on 27<sup>th</sup> August 2009.

### **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**

Driven largely by Asia, the year ahead points to a higher confidence level with the economies showing signs of recovery at different acceleration in various regions. The improvements in the economies shown throughout the region and sustainable growth in the employment rates may provide a support platform for our retail business to grow,

Notwithstanding, business costs, inventory costs, assets bubbles and inflation are expected to grow with the continuation of a low interest rate policy lead by the Federal Reserve of the United States of America. The gradual withdrawal of economic stimulants and anti-recession programs implemented by various government during the financial crisis may also dampen the general consumer sentiment in the short-term.

The general market and business conditions are expected to remain challenging and competitive in the next 12 months. Moving forward, the Group's strategy is to leverage on its' competency and explore opportunities to grow it's core business. The Group will continue to manage its' business risks prudently and review its' business strategy with a view to enhance shareholders' value.

### **11. Dividend**

#### ***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

Name of Dividend	First & Final and Special
Dividend Type	Cash
Dividend Rate	First & Final of 1.0 cent and Special of 1.5 cent per ordinary share
Par Value of shares	N/A
Tax Rate	Tax Exempt one-tier dividend

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

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

Name of Dividend	First & Final and Special
Dividend Type	Cash
Dividend Rate	First & Final of 1.0 cent and Special of 1.2 cent per ordinary share
Par Value of shares	N/A
Tax Rate	Tax Exempt one-tier dividend

**(c) Date payable**

24<sup>th</sup> November 2010

**d) Books closure date**

The Register of Members and Register of Transfers of the Company will be closed at 5.00pm on 9<sup>th</sup> November 2010 and up to 5.00pm on 10<sup>th</sup> November 2010 (both days inclusive) for the purpose of determining Shareholders' entitlements to dividends. Registrable Transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, up to 5.00pm on 9<sup>th</sup> November 2010 will be registered before entitlements to the dividend are determined.

The Annual General Meeting will be held on 28<sup>th</sup> October 2010.

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

Not applicable

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

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

**Business Segments**

2010	Continuing Operations				Total Operations
	TCM S\$'000	Clinics S\$'000	Others S\$'000	Elimination S\$'000	S\$'000
Sales to external customers	228,708	14,298	1,709	-	244,715
Inter-Segment Sales	52,107	-	27,342	(79,449)	-
<b>Segment Revenue</b>	<b>280,815</b>	<b>14,298</b>	<b>29,051</b>	<b>(79,449)</b>	<b>244,715</b>
<b>Operating Profits</b>	<b>35,820</b>	<b>644</b>	<b>253</b>	<b>(13,451)</b>	<b>23,266</b>
Foreign Exchange loss					(61)
Interest Income					29
Interest Expense					(605)
Impairment of goodwill					(25)
Revaluation gain on property, plant and equipment					331
Fair value gain on investment properties					1,176
<b>Profit before tax</b>					<b>24,111</b>
Tax expense					(4,823)
<b>Profit for the year, net of tax</b>					<b>19,288</b>
<b>Assets &amp; Liabilities</b>					
<b>Segment Assets</b>	130,447	4,248	41,669	-	176,364
<b>Segments Liabilities</b>	32,944	2,344	33,182	-	68,470
<b>Other Segment Information:</b>					
Capital Expenditure - Property, Plant and Equipment	4,560	583	457	-	5,600
Capital Expenditure - Intangible assets	655	147	-	-	802
Depreciation of Property, Plant & Equipment	6,136	605	438	-	7,179
Amortisation of tangible assets	125	15	-	-	140
Other non-cash expenses	391	3	1	-	395

## Business Segments

	2009				Total Operations
	Continuing Operations				
	TCM S\$'000	Clinics S\$'000	Others S\$'000	Elimination S\$'000	S\$'000
Sales to external customers	206,694	14,328	1,443	-	222,465
Inter-Segment Sales	54,686	-	29,178	(83,864)	-
<b>Segment Revenue</b>	<b>261,380</b>	<b>14,328</b>	<b>30,621</b>	<b>(83,864)</b>	<b>222,465</b>
<b>Operating Profits</b>	<b>32,366</b>	<b>1,866</b>	<b>(1,062)</b>	<b>(12,898)</b>	<b>20,272</b>
Foreign exchange loss					(376)
Interest Income					62
Interest Expense					(929)
Impairment of goodwill					-
Revaluation loss on property, plant and equipment					(331)
Fair value loss on investment properties					(700)
<b>Profit before tax</b>					<b>17,998</b>
Tax expense					(4,929)
<b>Profit for the year, net of tax</b>					<b>13,069</b>
<b>Assets &amp; Liabilities</b>					
<b>Segment Assets</b>	123,037	3,715	27,773	-	154,525
<b>Segments Liabilities</b>	26,859	1,764	32,477	-	61,100
<b>Other Segment Information:</b>					
Capital Expenditure - Property, plant and equipment	6,229	214	369	-	6,812
Capital Expenditure - Intangible assets	-	-	-	-	-
Depreciation of Property, Plant & Equipment	6,038	695	494	-	7,227
Amortisation of intangible assets	-	-	-	-	-
Other non-cash expenses	372	-	2,450	-	2,822

## Geographical Segments

	Singapore		Malaysia		Hong Kong		Others		Elimination		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customers	67,134	62,424	71,719	60,846	105,321	98,809	541	386			244,715	222,465
Inter-Segment Sales	28,279	30,329	11,805	11,360	39,365	42,175	-	-	(79,449)	(83,864)	-	-
<b>Segment Revenue</b>	<b>95,413</b>	<b>92,753</b>	<b>83,524</b>	<b>72,206</b>	<b>144,686</b>	<b>140,984</b>	<b>541</b>	<b>386</b>	<b>(79,449)</b>	<b>(83,864)</b>	<b>244,715</b>	<b>222,465</b>
Less Sales attributed to discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
	<b>95,413</b>	<b>92,753</b>	<b>83,524</b>	<b>72,206</b>	<b>144,686</b>	<b>140,984</b>	<b>541</b>	<b>386</b>	<b>(79,449)</b>	<b>(83,864)</b>	<b>244,715</b>	<b>222,465</b>
<b>Segment Assets</b>	61,700	45,803	39,856	31,630	74,379	76,686	429	406	-	-	176,364	154,525
<b>Segments Liabilities</b>	43,689	40,627	12,082	9,596	12,699	10,876	-	1	-	-	68,470	61,100
<b>Capital Expenditure - Property, plant and equipment</b>	1,733	1,794	2,404	3,016	1,463	2,002	-	-	-	-	5,600	6,812
<b>Capital Expenditure - Intangible assets</b>	147	-	294	-	361	-	-	-	-	-	802	-

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

Please refer to discussion in Note 8 of this announcement.

15. **A breakdown of sales**

		<b>Latest Financial Year</b>	<b>Previous Financial Year</b>	<b>% Increase/ Decrease</b>
		<b>Group S\$'000</b>	<b>Group S\$'000</b>	
a)	Sales reported for the first half	<b>111,615</b>	<b>103,812</b>	8%
b)	Operating Profit after tax before deducting minority interests for first half year	<b>8,404</b>	<b>6,767</b>	24%
c)	Sales reported for the second half	<b>133,100</b>	<b>118,653</b>	12%
d)	Operating Profit/(loss) after tax before deducting minority interests for second half year	<b>10,884</b>	<b>6,302</b>	N.M.

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

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	<u>Latest Full Year</u>	<u>Previous Full Year</u>
Ordinary	S\$7,929,574	S\$7,208,704
Preference	-	-
Total:	S\$7,929,574	S\$7,208,704

**BY ORDER OF THE BOARD**

Danny Heng Hang Siong  
 Chief Financial Officer & Company Secretary  
 26<sup>th</sup> August 2010