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**First Quarter Results \* Financial Statement And Related Announcement**

\* Asterisks denote mandatory information


Name of Announcer *	EU YAN SANG INTERNATIONAL LTD
Company Registration No.	199302179H
Announcement submitted on behalf of	EU YAN SANG INTERNATIONAL LTD
Announcement is submitted with respect to *	EU YAN SANG INTERNATIONAL LTD
Announcement is submitted by *	Eu Yee Fong Clifford
Designation *	Executive Director & Company Secretary
Date & Time of Broadcast	30-Oct-2013 17:39:47
Announcement No.	00110

**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2013
Description	Please see attached.

**Attachments**

 [EYS\\_Q1FY14\\_SGXNET\\_Final.pdf](#)  
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Unaudited Results For The First Quarter Ended 30 September 2013

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

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

Consolidated income statement for the period ended 30 September 2013

	Group		
	First Quarter Ended 30 September		
	2013	2012	Change
	S\$'000	S\$'000	+/(-)%
<b>Revenue</b>	79,538	70,576	<b>13</b>
Cost of sales	(38,851)	(34,408)	13
<b>Gross profit</b>	40,687	36,168	<b>12</b>
Other operating income	572	450	27
Distribution and selling expenses	(27,702)	(25,435)	9
Administrative expenses	(8,918)	(8,047)	11
<b>Operating profit</b>	4,639	3,136	<b>48</b>
Foreign exchange loss	(374)	(568)	(34)
Interest income	69	26	n.m.
Interest expenses	(1,407)	(601)	n.m.
Share of results of joint ventures	(9)	(1)	n.m.
<b>Profit before taxation</b>	2,918	1,992	<b>46</b>
Taxation	(1,482)	(1,648)	(10)
<b>Profit for the period, net of tax</b>	1,436	344	<b>n.m.</b>
<b>Attributable to:</b>			
<b>Owners of the Company</b>	1,425	341	n.m.
<b>Non-controlling interests</b>	11	3	n.m.
	1,436	344	<b>n.m.</b>

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

Consolidated Statement of Comprehensive Income for the period ended 30 September 2013

	Group		
	First Quarter Ended 30 September		
	2013	2012	Change
	S\$'000	S\$'000	+/(-)%
<b>Profit for the period, net of tax</b>	1,436	344	n.m.
<b>Other comprehensive income:</b>			
<b>Item that will not be reclassified to profit or loss:</b>			
Revaluation gain on property, plant and equipment	-	-	n.m.
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Currency translation adjustments on foreign operations	(1,959)	(2,654)	(26)
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,959)</b>	<b>(2,654)</b>	<b>(26)</b>
<b>Total comprehensive income for the period</b>	<b>(523)</b>	<b>(2,310)</b>	<b>(77)</b>
<b>Attributable to:</b>			
<b>Owners of the Company</b>	<b>(526)</b>	<b>(2,302)</b>	<b>(77)</b>
<b>Non-controlling interests</b>	<b>3</b>	<b>(8)</b>	n.m.
	<b>(523)</b>	<b>(2,310)</b>	<b>(77)</b>

Notes:

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

	First Quarter Ended 30 September		
	2013	2012	Change
	S\$'000	S\$'000	+/(-)%
Depreciation of property, plant and equipment	2,200	1,791	23
Amortisation of intangible assets	196	149	32
Loss/(gain) on disposal of property, plant and equipment	64	(26)	n.m.
Property, plant and equipment written off	50	-	n.m.
Reversal of write-down of inventories	(142)	(282)	(50)
Inventories written off	284	38	n.m.
Allowance for doubtful receivables (trade)	-	16	(100)
Bad debts written off	-	4	(100)

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

	Group		Company	
	30-Sep-13	30-Jun-13	30-Sep-13	30-Jun-13
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	96,889	97,670	944	969
Investments in subsidiaries	-	-	71,016	71,400
Amounts due from subsidiaries	-	-	45,844	35,406
Other receivables	-	-	-	-
Investments in joint ventures	116	52	-	-
Long term investments	-	-	-	-
Investment properties	69,078	67,790	-	-
Intangible assets	3,921	3,974	114	103
Prepayments	5,464	6,330	-	-
Deferred tax assets	204	210	-	-
	<b>175,672</b>	<b>176,026</b>	<b>117,918</b>	<b>107,878</b>
<b>Current assets</b>				
Inventories	72,584	69,091	-	-
Trade and other receivables	23,027	22,118	154	16
Prepayments	3,149	2,675	101	20
Amounts due from subsidiaries	-	-	38,017	38,681
Tax recoverable	492	-	-	-
Fixed bank deposits	33,157	60,004	32,002	60,004
Cash and bank balances	52,955	38,072	23,567	11,862
	<b>185,364</b>	<b>191,960</b>	<b>93,841</b>	<b>110,583</b>
<b>Current liabilities</b>				
Trade and other payables	39,714	38,682	3,200	2,666
Provision for long service payments	72	69	-	-
Interest bearing loans and borrowings	52,217	57,899	49,900	55,180
Hire purchase creditors	160	195	78	78
Provision for restoration costs	798	933	-	-
Deferred revenue	2,773	2,975	-	-
Tax payable	3,469	5,540	251	251
Derivatives	71	71	71	71
	<b>99,274</b>	<b>106,364</b>	<b>53,500</b>	<b>58,246</b>
<b>Net current assets</b>	<b>86,090</b>	<b>85,596</b>	<b>40,341</b>	<b>52,337</b>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	3,097	3,546	1,750	2,100
Notes payable	99,753	98,641	99,753	98,641
Long term loans from non-controlling shareholders of subsidiaries	143	144	-	-
Hire purchase creditors	347	412	256	276
Provision for restoration costs	2,296	2,308	-	-
Provision for long service payments	259	222	-	-
Deferred tax liabilities	6,338	6,371	-	-
Other payables	341	301	-	-
	<b>112,574</b>	<b>111,945</b>	<b>101,759</b>	<b>101,017</b>
<b>Net assets</b>	<b>149,188</b>	<b>149,677</b>	<b>56,500</b>	<b>59,198</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	39,639	39,598	39,639	39,598
Reserves	109,054	109,587	16,861	19,600
	<b>148,693</b>	<b>149,185</b>	<b>56,500</b>	<b>59,198</b>
Non-controlling interests	495	492	-	-
<b>Total equity</b>	<b>149,188</b>	<b>149,677</b>	<b>56,500</b>	<b>59,198</b>

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

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

<b>As at 30-Sep-13</b>		<b>As at 30-Jun-13</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$353,000	S\$52,024,000	S\$395,000	S\$57,699,000

**Amount repayable after one year**

<b>As at 30-Sep-13</b>		<b>As at 30-Jun-13</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$1,694,000	S\$101,646,000	S\$1,858,000	S\$100,885,000

**Details of any collateral**

Secured borrowings are:

- (1) bank loan secured by a charge over the property of a subsidiary; and
- (2) finance lease liabilities secured by the rights to the leased assets.

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

	Group	
	First Quarter Ended 30	
	September	
	2013	2012
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation and non-controlling interests	2,918	1,992
Depreciation of property, plant and equipment	2,200	1,791
Amortisation of intangible assets	196	149
Loss/(gain) on disposal of property, plant and equipment	64	(26)
Property, plant and equipment written off	50	-
Foreign currency translation realignment	(895)	(579)
Reversal of write-down of inventories	(142)	(282)
Inventories written off	284	38
Allowance for doubtful receivables (trade)	-	16
Bad debts (trade) written off	-	4
Interest income	(69)	(26)
Interest expense	1,407	601
Share of results of joint ventures	9	1
Deferred revenue	(138)	415
Increase/(decrease) in long service payments	40	(3)
<b>Operating cash flows before changes in working capital</b>	<b>5,924</b>	<b>4,091</b>
Increase in trade and other receivables	(1,043)	(2,109)
Decrease in prepayments	392	1,099
(Increase)/decrease in inventories	(3,635)	331
Increase/(decrease) in trade and other payables	893	(936)
<b>Cash flows from operations</b>	<b>2,531</b>	<b>2,476</b>
Interest received	69	26
Interest paid	(240)	(299)
Income tax refund	17	-
Income tax paid	(3,890)	(632)
<b>Net cash flows (used in)/from operating activities</b>	<b>(1,513)</b>	<b>1,571</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,895)	(6,233)
Purchase of intangible assets	(161)	(365)
Proceeds from sale of property, plant and equipment	173	26
Investment in joint venture	(73)	(25)
Purchase of long term investments	-	(630)
<b>Net cash flows used in investing activities</b>	<b>(3,956)</b>	<b>(7,227)</b>
<b>Cash flows from financing activities</b>		
Proceeds from interest bearing loans and borrowings	-	1,415
Repayment of interest bearing loans and borrowings	(5,985)	(10,116)
Repayment of hire purchase creditors	(205)	(80)
Proceeds from exercise of employee share options	34	4
<b>Net cash flows used in financing activities</b>	<b>(6,156)</b>	<b>(8,777)</b>
Net decrease in cash and cash equivalents	(11,625)	(14,433)
Cash and cash equivalents as at beginning of the period	98,076	38,581
Effects of exchange rates changes on cash and cash equivalents	(339)	(312)
<b>Cash and cash equivalents as at end of the financial period</b>	<b>86,112</b>	<b>23,836</b>

1(c)

	<b>Group</b>	
	<b>First Quarter Ended 30</b>	
	<b>September</b>	
	<b>2013</b>	<b>2012</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>A. Purchase of property, plant and equipment</b>		
Aggregate cost of property, plant and equipment acquired	4,003	6,247
Less :		
Financed by hire purchase creditors	(108)	-
Restoration costs capitalised	-	(14)
Cash payments to acquire property, plant and equipment	<u>3,895</u>	<u>6,233</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:

	<b>Group</b>	
	<b>First Quarter Ended 30</b>	
	<b>September</b>	
	<b>2013</b>	<b>2012</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Fixed bank deposits	33,157	3,950
Cash and bank balances	52,955	19,886
	<u>86,112</u>	<u>23,836</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 owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Asset revaluation reserve	Capital reserve	Share options reserve	Warrant reserve	Foreign currency translation reserve	Revenue reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			
<b>Group</b>										
<b>At 1 Jul 2013</b>	39,598	23,336	453	1,403	437	(17,865)	101,823	149,185	492	149,677
Profit for the period, net of tax	-	-	-	-	-	-	1,425	1,425	11	1,436
Other comprehensive income, net of tax	-	-	-	-	-	(1,951)	-	(1,951)	(8)	(1,959)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(1,951)	1,425	(526)	3	(523)
<u>Contributions by and distributions to owners</u>										
Shares issued pursuant to the exercise of share options	41	-	-	(7)	-	-	-	34	-	34
<b>Total contributions by and distributions to owners</b>	41	-	-	(7)	-	-	-	34	-	34
<b>At 30 Sep 2013</b>	<b>39,639</b>	<b>23,336</b>	<b>453</b>	<b>1,396</b>	<b>437</b>	<b>(19,816)</b>	<b>103,248</b>	<b>148,693</b>	<b>495</b>	<b>149,188</b>

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Asset revaluation reserve	Capital reserve	Share options reserve	Warrant reserve	Foreign currency translation reserve	Revenue reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			
<b>Group</b>										
<b>At 1 Jul 2012</b>	39,033	17,705	453	1,457	437	(16,863)	92,529	134,751	460	135,211
Profit for the period, net of tax	-	-	-	-	-	-	341	341	3	344
Other comprehensive income, net of tax	-	-	-	-	-	(2,643)	-	(2,643)	(11)	(2,654)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(2,643)	341	(2,302)	(8)	(2,310)
<u>Contributions by and distributions to owners</u>										
Shares issued pursuant to the exercise of share options	4	-	-	(1)	-	-	-	3	-	3
<b>Total contributions by and distributions to owners</b>	4	-	-	(1)	-	-	-	3	-	3
<b>At 30 Sep 2012</b>	<b>39,037</b>	<b>17,705</b>	<b>453</b>	<b>1,456</b>	<b>437</b>	<b>(19,506)</b>	<b>92,870</b>	<b>132,452</b>	<b>452</b>	<b>132,904</b>



Company	Attributable to owners of the Company				Total equity
	Share capital	Share options reserve	Warrant reserve	Revenue reserve	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 Jul 2013</b>	39,598	1,403	437	17,760	59,198
<b>Total comprehensive income for the period</b>	-	-	-	<b>(2,732)</b>	<b>(2,732)</b>
<u>Contributions by and distributions to owners</u>					
Shares issued pursuant to the exercise of share options	41	(7)	-	-	34
<b>Total transactions with owners in their capacity as owners</b>	<b>41</b>	<b>(7)</b>	<b>-</b>	<b>-</b>	<b>34</b>
<b>At 30 Sep 2013</b>	<b>39,639</b>	<b>1,396</b>	<b>437</b>	<b>15,028</b>	<b>56,500</b>
<b>At 1 Jul 2012</b>	39,033	1,457	437	18,448	59,375
<b>Total comprehensive income for the period</b>	-	-	-	<b>(1,481)</b>	<b>(1,481)</b>
<u>Contributions by and distributions to owners</u>					
Shares issued pursuant to the exercise of share options	4	(1)	-	-	3
<b>Total transactions with owners in their capacity as owners</b>	<b>4</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>At 30 Sep 2012</b>	<b>39,037</b>	<b>1,456</b>	<b>437</b>	<b>16,967</b>	<b>57,897</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 September 2013, the Company's issued and paid up capital, excluding treasury shares comprises 444,008,217 (30 June 2013: 443,945,217) ordinary shares. Movement in the number of the Company's issued and paid-up capital, excluding treasury shares were as follows:

<b>Number of shares issued and paid up</b>	<b>Shares issued pursuant to the exercise of share options</b>	<b>Number of shares issued and paid up</b>
<b>1-Jul-13</b>		<b>30-Sep-13</b>
<b>'000</b>	<b>'000</b>	<b>'000</b>
443,945	63	444,008

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

Between 1 July 2013 and 30 September 2013, the Company has not issued any ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2000 ("the 2000 scheme").

Under the 2000 scheme, options to subscribe for 2,778,000 shares remained outstanding as at 30 September 2013, compared to 3,826,500 as at 30 September 2012. There is no movement in the number of unissued shares of the Company under the 2000 scheme in Q1FY14.

Between 1 July 2013 and 30 September 2013, the Company has issued 63,000 ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2006 ("the 2006 scheme").

Under the 2006 scheme, options to subscribe for 10,855,000 shares remained outstanding as at 30 September 2013, compared to 11,508,000 as at 30 September 2012. Movements in the number of the unissued shares of the Company under the 2006 scheme during Q1FY14 were as follows:

<b>Outstanding options as at</b>	<b>Number of options exercised</b>	<b>Outstanding options as at</b>
<b>1-Jul-13</b>		<b>30-Sep-13</b>
<b>'000</b>	<b>'000</b>	<b>'000</b>
10,918	(63)	10,855

**C) Performance Share Plan**

At the extraordinary general meeting of the Company held on 25 October 2007, the Company's shareholders approved the adoption of the Eu Yan Sang Performance Share Plan ("EYS PSP"). As at 30 September 2013, no shares were granted and outstanding under the EYS PSP (30 September 2012: nil).

**D) Treasury shares**

No treasury shares were held by the Company as at 30 September 2013 and 30 September 2012.

**E) Warrants**

During FY12, the Company issued 22,000,000 Warrants in conjunction with the issuance of interest bearing notes at par of \$25,000,000. The Warrants were issued at an issue price of S\$0.04 per Warrant and each Warrant carried the right to subscribe for 1 ordinary share in the capital of the Company at an exercise price of \$0.83 for each new share.

The Warrants are exercisable any time during a period of 5 years from the issue date of the Warrants. Noteholders of the S\$25,000,000 Notes have the option to tender the notes at par in lieu of cash payment for the exercise of the Warrants at the exercise price at any time before the maturity date.

Between 1 July 2013 and 30 September 2013, no convertible warrants have been exercised.

As at 30 September 2013, there were 22,000,000 (30 September 2012: 22,000,000) outstanding convertible warrants with exercise price at \$0.83 (30 September 2012: \$0.83) for each ordinary share.

**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 September 2013 is 444,008,217 (30 June 2013: 443,945,217) 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.**

Except as disclosed in note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those of the audited financial statements for the year ended 30 June 2013.

**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.**

During the current financial year, the group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

**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	
	First Quarter Ended 30 September	
	2013	2012
<b>Earnings per ordinary share of the Group based on net profit attributable to shareholders:</b>	<b>cents</b>	<b>cents</b>
<b>(i) Based on the weighted average number of ordinary shares</b>	<b>0.32</b>	<b>0.08</b>
Weighted average number of shares ('000)	443,986	442,539
<b>(ii) On a fully diluted basis</b>	<b>0.32</b>	<b>0.08</b>
Weighted average number of shares ('000)	447,452	445,577

**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-Sep-2013	30-Jun-2013
<b>Net asset value per ordinary share based on issued share capital</b>	<b>\$</b>	<b>\$</b>
<b>For the Group (Cents)</b>	33.5	33.6
<b>For the Company (Cents)</b>	12.7	13.3

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.

**Overview**

The Group posted a 13% growth in revenue for the 1st quarter ended 30 September 2013, with Hong Kong and Australia being the main contributors.

The Group's overall gross margin for the 1st quarter was 51%, which was on par with last year.

As a result of revenue growth and operating expenses which increased less proportionately than revenue growth, the Group saw a 48% increase in Operating Profit ("OP") for the 1st quarter.

The Group's Profit before tax ("PBT") for the 1st quarter went up by 46% against last year, mainly due to the increased OP and lower foreign exchange loss but partially offset by the higher interest expenses.

**(A) Revenue**

The Group's revenue grew by 13% compared to last year, largely driven by higher sales from the retail and wholesale segments. The Group also saw revenue growth across most markets.

**Revenue by Activities**

	Group		
	First Quarter Ended 30 September		
	2013	2012	Change
Activities	S\$'000	S\$'000	+/(-)%
Retail (TCM & non TCM)	60,148	53,076	13
Wholesale (TCM & non TCM)	13,990	12,181	15
Clinic - TCM	4,455	4,205	6
Others	945	1,114	(15)
	<b>79,538</b>	<b>70,576</b>	<b>13</b>

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

**Retail** – Retail revenue for the 1st quarter went up by 13% compared to last year, with growth for most markets across the Group.

**Wholesale** – Wholesale revenue surged 15% to S\$14.0 million, largely driven by the strong wholesale performance in the Hong Kong and Macau markets.

**Clinic** – Clinic revenue for the 1st quarter increased by 6% against last year, largely due to the contribution from the increased clinics in Singapore.

Revenue under "Others" mainly related to food and beverages income, rental income and franchise fee income. The lower revenue under "Others" was largely due to lower rental income generated by a subsidiary.

**Turnover by Geographical Locations:**

		Group First Quarter Ended 30 September		
Core		2013 '000	2012 '000	Change +/(-)%
Hong Kong*	SGD	37,485	29,829	26
	HKD	229,544	186,431	23
Singapore	SGD	17,459	17,854	(2)
	SGD	14,729	14,413	2
Malaysia	MYR	37,959	36,091	5
	SGD	9,865	8,480	16
Australia	AUD	8,558	6,562	30
	SGD	<b>79,538</b>	<b>70,576</b>	13

\* Include Macau and China.

In local currency terms, Hong Kong's revenue for the 1st quarter grew significantly by 23% compared to last year. Improvement in the retail and wholesale segments for both Hong Kong and Macau contributed to the overall growth. In Singapore, revenue for the 1st quarter declined by 2% against last year. The Group continued to face challenges in the retail environment in Singapore. Malaysia's revenue for the 1st quarter, in terms of local currency, went up by 5% against last year, largely due to favorable consumer response to promotions held during the quarter. In Australia, revenue for the 1st quarter, in local currency terms, rose by 30% to A\$8.6 million.

**(B) FY14 Outlets & Clinics**

Countries	Retail						General TCM Clinics		Premier TCM Clinics		Integrative Medical Centre	
	Company-operated outlets		Franchisee outlets		Total		Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total
	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total						
Australia	1	32	(3)	49	(2)	81	-	-	-	-	-	-
Malaysia	1	91	-	-	1	91	-	3	-	-	-	-
Hong Kong	2	57	-	-	2	57	-	-	-	-	-	2
Singapore	-	50	-	-	-	50	-	23	-	3	-	-
China	(2)	18	-	-	(2)	18	-	-	-	-	-	-
Macau	-	2	-	-	-	2	-	-	-	-	-	-
<b>Total</b>	<b>2</b>	<b>250</b>	<b>(3)</b>	<b>49</b>	<b>(1)</b>	<b>299</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>2</b>

As at 30 September 2013, the Group's total retail outlets stood at 299, comprising 250 company-operated outlets and 49 franchisee outlets. During the quarter, there were an addition of 1 company-operated outlet and a net reduction of 3 franchisee outlets for Australia, bringing the total number of outlets to 81 as at 30 September 2013. A total of 3 new retail outlets were opened in Malaysia and Hong Kong while 2 retail outlets were closed in China. The total number of TCM clinics and Integrative Medical Centres remained unchanged at 29 and 2 respectively.

**(C) Profitability**

The Group saw a 48% increase in OP for the 1st quarter, largely due to the higher revenue contribution and operating expenses which increased less proportionately than revenue growth.

Although interest expenses were higher than last year, the Group recorded a 46% increase in PBT against last year. Lower tax expenses were recorded for the 1st quarter, which consequently led to the higher Profit After Tax ("PAT").

**(D) Distribution and selling expenses**

Distribution and selling expenses ("D&S") for the 1st quarter went up by 9% against last year, largely due to increased cost pressures in the form of salaries and rental across most markets.

**(E) Administrative expenses**

Administrative expenses for the 1st quarter increased by 11% compared to last year, mainly due to higher depreciation expenses and salaries as a result of higher headcount.

**(F) Interest expenses**

The Group's interest expenses were higher than last year, largely due to the S\$75 million fixed rates notes issued by the Company in June 2013.

**(G) Taxation**

The Group's effective tax rate was above 50%, largely due to the changes in the composition of profit or loss positions of the subsidiaries within the Group.

**(H) Property, plant and equipment**

The decrease in property, plant and equipment ("PPE") was largely due to the transfer of certain properties in Singapore from PPE to investment properties during the 1st quarter.

**(I) Investment**

The increase in Investment properties was primarily due to the transfer of certain properties in Singapore from PPE during the 1st quarter.

**(J) Prepayments**

The prepayments (non-current) pertained to prepayments for property, plant and equipment in Hong Kong and Malaysia.

**(K) Inventories**

The increase in inventories was largely due to the building up of inventories for year-end promotions.

**(L) Fixed bank deposits, cash and bank balances**

The decline in net cash and cash equivalents was largely due to the purchase of fixed assets, payment for income tax and repayment of loans and borrowings during the 1st quarter.

**(M) Interest bearing loans and borrowings**

The lower loans and borrowings were mainly due to repayments made during the 1st quarter.

**(N) Cash flows**

Net cash used in operating activities for the 1st quarter was higher than last year by S\$3.1 million. This was largely attributed to the payment of income tax and the building up of inventories for year-end promotions.

Net cash used in investing activities for the 1st quarter decreased by S\$3.3 million compared to last year mainly due to lower capital expenditure incurred during the quarter.

Net cash used in financing activities for the 1st quarter was below last year by S\$2.6 million primarily due to lower repayment of interest bearing loans and borrowings.

As at 30 September 2013, the Group had cash and cash equivalents amounting to S\$86.1 million as compared to S\$23.8 million as at 30 September 2012.

**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 FY2013 full year announcement made on 27 August 2013.

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

The Company expects economic growth in its markets to continue to grow at a modest pace but is cautiously optimistic that its sales will grow incrementally. Although rising operating costs, especially retail rents will continue to pose a challenge, the Company has taken steps to manage its operating costs. The Company expects the performance of its core business to be profitable and cash flow generating, while new investments in China and Australia continue to demonstrate significant improvements in its operations, providing the Company with positive longer term prospects in these new markets. In addition, the Company will continue to pursue other strategic opportunities for growth in new lines of business that complement its existing core. These include new product development, extending wholesale and distribution channels, investment in manufacturing facilities and other geographical expansion initiatives.

**11. Dividend****(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

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

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

None

**(c) Date payable**

Not Applicable.

**(d) Books closure date**

Not Applicable.

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

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.****Interested Persons Transactions for the financial period ended 30 September 2013**

Interested Person Transaction	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate (excluding transactions less than S\$100,000 pursuant to Rule 920) S\$'000
Transactions with:-		
(a) XAct Solutions Pty. Ltd	201	-
(b) Eu Yan Sang Charitable Foundation Company Limited	33	-

**14. Negative confirmation pursuant to Rule 705(5).**

The Board of Eu Yan Sang International Ltd does hereby confirm that to the best of its knowledge, nothing has come to the attention of the Board which may render the first quarter unaudited financial statements for the period ended 30 September 2013 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Lam Chee Weng  
Chief Financial Officer  
30 October 2013