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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	29-Oct-2012 17:12:41
Announcement No.	00041

**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2012
Description	Please see attached.

**Attachments**

 [EYS\\_Q1FY13\\_SGXNET\\_Final.pdf](#)  
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**Unaudited results For The First Quarter Ended 30 September 2012****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 2012**

	GROUP		
	First Quarter ended 30 September		
	2012	2011	Change
	S\$'000	S\$'000	+ / (-) %
<b>Revenue</b>	70,576	60,730	<b>16</b>
Cost of sales	(34,408)	(28,608)	20
<b>Gross profit</b>	36,168	32,122	<b>13</b>
Other operating income	450	417	8
Distribution and selling expenses	(25,435)	(21,317)	19
Administrative expenses	(8,047)	(5,046)	59
<b>Operating profit</b>	3,136	6,176	<b>(49)</b>
Foreign exchange (loss)/gain	(568)	42	n.m.
Interest income	26	19	37
Interest expenses	(601)	(277)	n.m.
Share of results of joint venture	(1)	-	n.m.
<b>Profit before taxation</b>	1,992	5,960	(67)
Taxation	(1,648)	(1,411)	17
<b>Profit for the period, net of tax</b>	344	4,549	<b>(92)</b>
<b>Attributable to:</b>			
<b>Owners of the Company</b>	341	4,503	(92)
<b>Non-controlling interests</b>	3	46	(93)
	344	4,549	<b>(92)</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 2012

	<b>GROUP</b>		
	<b>First Quarter ended 30 September</b>		
	<b>2012</b>	<b>2011</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>+ / (-) %</b>
<b>Profit for the period, net of tax</b>	<b>344</b>	<b>4,549</b>	<b>(92)</b>
<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	(2,654)	91	n.m.
<b>Other comprehensive income for the period, net of tax</b>	<b>(2,654)</b>	<b>91</b>	<b>n.m.</b>
<b>Total comprehensive income for the period</b>	<b>(2,310)</b>	<b>4,640</b>	<b>n.m.</b>
<b>Attributable to:</b>			
<b>Owners of the Company</b>	<b>(2,302)</b>	<b>4,590</b>	<b>n.m.</b>
<b>Non-controlling interests</b>	<b>(8)</b>	<b>50</b>	<b>n.m.</b>
	<b>(2,310)</b>	<b>4,640</b>	<b>n.m.</b>

Notes:

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

	<b>First Quarter ended 30 September</b>		
	<b>2012</b>	<b>2011</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>+ / (-) %</b>
Depreciation of property, plant and equipment	1,791	1,546	16
Amortisation of intangible assets	149	86	73
Gain on disposal of property, plant and equipment	(26)	(58)	(56)
Property, plant and equipment written off	-	2	(100)
Reversal of write-down of inventories	(282)	-	n.m.
Inventory written off	38	-	n.m.
Bad debts written off	4	-	n.m.

**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-12	30-Jun-12	30-Sep-12	30-Jun-12
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	82,814	79,600	400	419
Investment properties	53,832	54,914	-	-
Intangible assets	3,165	2,951	-	-
Investments in subsidiaries	-	-	58,889	59,461
Investment in joint venture	24	-	-	-
Deferred tax assets	1,352	1,351	-	-
Long term investments	630	-	566	-
Amounts due from subsidiaries	-	-	35,841	30,643
	<b>141,817</b>	<b>138,816</b>	<b>95,696</b>	<b>90,523</b>
<b>Current assets</b>				
Inventories	65,330	65,417	-	-
Prepayments	3,369	4,469	59	16
Trade and other receivables	23,038	20,949	18	158
Amounts due from subsidiaries	-	-	25,469	27,793
Derivatives	-	-	-	-
Fixed bank deposits	3,950	11,805	2,000	9,000
Cash and bank balances	19,886	26,776	1,854	4,427
	<b>115,573</b>	<b>129,416</b>	<b>29,400</b>	<b>41,394</b>
<b>Current liabilities</b>				
Provision for long service payments	51	50	-	-
Provision for restoration costs	784	563	-	-
Tax payable	6,882	6,035	1,137	1,137
Interest bearing loans and borrowings	39,165	47,437	32,770	38,120
Trade and other payables	33,336	34,330	1,656	1,413
Hire purchase creditors	199	276	33	33
Deferred revenue	2,641	2,232	-	-
Derivatives	136	136	136	136
	<b>83,194</b>	<b>91,059</b>	<b>35,732</b>	<b>40,839</b>
<b>Net current assets / (liabilities)</b>	<b>32,379</b>	<b>38,357</b>	<b>(6,332)</b>	<b>555</b>
<b>Non-current liabilities</b>				
Provision for long service payments	199	206	-	-
Provision for restoration costs	2,107	2,363	-	-
Deferred tax liabilities	5,522	5,549	63	63
Long term loans from non-controlling shareholders of subsidiaries	141	145	-	-
Interest bearing loans and borrowings	8,950	9,538	7,350	7,880
3% p.a. fixed rate SGD Notes	23,926	23,624	23,926	23,624
Hire purchase creditors	344	537	128	136
Other payables	103	-	-	-
	<b>41,292</b>	<b>41,962</b>	<b>31,467</b>	<b>31,703</b>
<b>Net assets</b>	<b>132,904</b>	<b>135,211</b>	<b>57,897</b>	<b>59,375</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	39,037	39,033	39,037	39,033
Reserves	93,415	95,718	18,860	20,342
	<b>132,452</b>	<b>134,751</b>	<b>57,897</b>	<b>59,375</b>
Non-controlling interests	452	460	-	-
<b>Total equity</b>	<b>132,904</b>	<b>135,211</b>	<b>57,897</b>	<b>59,375</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-12</b>		<b>As at 30-Jun-12</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	S\$399,000	S\$38,965,000	S\$477,000	S\$47,236,000

**Amount repayable after one year**

	<b>As at 30-Sep-12</b>		<b>As at 30-Jun-12</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	S\$1,944,000	S\$31,417,000	S\$2,195,000	S\$31,649,000

**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.**

	<b>Group</b>	
	<b>First Quarter ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation and non-controlling interests	1,992	5,960
Depreciation of property, plant and equipment	1,791	1,546
Amortisation of intangible assets	149	86
Gain on disposal of property, plant and equipment	(26)	(58)
Property, plant and equipment written off	-	2
Foreign currency translation realignment	(579)	130
Inventory written off	38	-
Reversal of write-down of inventories	(282)	-
Allowance for doubtful receivables (trade)	16	-
Bad debts (trade) written off	4	-
Interest income	(26)	(19)
Interest expense	601	277
Share of results of joint venture	1	-
Deferred revenue	415	189
Decrease in long service payments	(3)	-
<b>Operating cash flows before changes in working capital</b>	<b>4,091</b>	<b>8,113</b>
Increase in trade and other receivables	(2,109)	(1,329)
Decrease/(increase) in prepayments	1,099	(2,575)
Decrease/(increase) in inventories	331	(15,152)
(Decrease)/increase in trade and other payables	(936)	7,480
<b>Cash flows from operations</b>	<b>2,476</b>	<b>(3,463)</b>
Interest received	26	19
Interest paid	(299)	(277)
Income tax refund	-	39
Income tax paid	(632)	(701)
<b>Net cash provided/(used in) by operating activities</b>	<b>1,571</b>	<b>(4,383)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,233)	(4,013)
Purchase of intangible assets	(365)	(183)
Proceeds from sale of property, plant and equipment	26	58
Investment in a joint venture	(25)	-
Purchase of long term investment	(630)	-
<b>Net cash used in investing activities</b>	<b>(7,227)</b>	<b>(4,138)</b>
<b>Cash flows from financing activities</b>		
Proceeds from interest bearing loans and borrowings	1,415	5,952
Repayment of interest bearing loans and borrowings	(10,116)	(1,530)
Repayment of hire purchase creditors	(80)	(42)
Proceeds from exercise of employee share options	4	76
<b>Net cash flows (used in)/provided by financing activities</b>	<b>(8,777)</b>	<b>4,456</b>
Net decrease in cash & cash equivalents	(14,433)	(4,065)
Cash and cash equivalents as at beginning of the period	38,581	38,779
Effects of exchange rates changes on cash and cash equivalents	(312)	(228)
<b>Cash and cash equivalents as at end of the financial period</b>	<b>23,836</b>	<b>34,486</b>

1(c)

	<b>Group</b>	
	<b>First Quarter ended 30 September</b>	
	<b>2012</b>	<b>2011</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	6,247	4,122
Less :		
Financed by hire purchase creditors	-	(109)
Restoration costs capitalised	(14)	-
Cash payments to acquire property, plant and equipment	<u>6,233</u>	<u>4,013</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 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Fixed bank deposits	3,950	2,724
Cash and bank balances	19,886	31,762
	<u><b>23,836</b></u>	<u><b>34,486</b></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 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)
Shares issued pursuant to the exercise of share options	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>

	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 2011</b>										
As previously reported	38,539	13,959	453	1,057	-	(18,387)	84,494	120,115	354	120,469
Effect of adopting Amendments to FRS 12	-	-	-	-	-	-	1,354	1,354	-	1,354
As restated	38,539	13,959	453	1,057	-	(18,387)	85,848	121,469	354	121,823
Profit for the period, net of tax	-	-	-	-	-	-	4,503	4,503	46	4,549
Other comprehensive income, net of tax	-	-	-	-	-	87	-	87	4	91
<b>Total comprehensive income for the period</b>	-	-	-	-	-	87	4,503	4,590	50	4,640
Shares issued pursuant to the exercise of share options	91	-	-	(15)	-	-	-	76	-	76
<b>At 30 Sep 2011</b>	<b>38,630</b>	<b>13,959</b>	<b>453</b>	<b>1,042</b>	<b>-</b>	<b>(18,300)</b>	<b>90,351</b>	<b>126,135</b>	<b>404</b>	<b>126,539</b>



	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>Company</b>					
<b>At 1 Jul 2012</b>	39,033	1,457	437	18,448	59,375
Total comprehensive income for the period	-	-	-	(1,481)	(1,481)
Shares issued pursuant to the exercise of share options	4	(1)	-	-	3
<b>At 30 Sep 2012</b>	<u>39,037</u>	<u>1,456</u>	<u>437</u>	<u>16,967</u>	<u>57,897</u>
<b>At 1 Jul 2011</b>	38,539	1,057	-	24,802	64,398
Total comprehensive income for the period	-	-	-	320	320
Shares issued pursuant to the exercise of share options	91	(15)	-	-	76
<b>At 30 Sep 2011</b>	<u>38,630</u>	<u>1,042</u>	<u>-</u>	<u>25,122</u>	<u>64,794</u>

**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 2012, the Company's issued and paid up capital, excluding treasury shares comprises 442,539,217 (30 June 2012: 442,523,217) ordinary shares. Movement in the number of the Company's issued and paid-up capital, excluding treasury shares were as follows:

Number of shares issued and paid up	Shares issued pursuant to the exercise of share options	Number of shares issued and paid up
<b>1-Jul-12</b>		<b>30-Sep-12</b>
<b>'000</b>	<b>'000</b>	<b>'000</b>
442,523	16	442,539

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

Between 1 July 2012 and 30 September 2012, the Company has not issued any ordinary share under the Eu Yan Sang Employees Share Option Scheme 2000 ("the 2000 scheme").

Under the 2000 scheme, options to subscribe for 3,826,500 shares remained outstanding as at 30 September 2012, compared to 3,872,500 as at 30 September 2011. There is no movement in the number of unissued shares of the Company under the 2000 scheme in 1QFY13.

Between 1 July 2012 and 30 September 2012, the Company has issued 16,000 ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2006 ("the 2006 scheme").

Under the 2006 scheme, options to subscribe for 11,508,000 shares remained outstanding as at 30 September 2012, compared to 9,497,000 as at 30 September 2011. Movements in the number of the unissued shares of the Company under the 2006 scheme during Q1FY13 were as follows:

Outstanding options as at	Number of options exercised	Outstanding options as at
<b>1-Jul-12</b>		<b>30-Sep-12</b>
<b>'000</b>	<b>'000</b>	<b>'000</b>
11,524	(16)	11,508

**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 2012, no shares were granted and outstanding under the EYS PSP (30 September 2011: nil).

**D) Treasury shares**

No treasury shares were held by the Company as at 30 September 2012 and 30 September 2011.

**1(d)(ii) 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 2012 and 30 September 2012, no convertible warrants have been exercised.

As at 30 September 2012, there were 22,000,000 (30 September 2011: nil) outstanding convertible warrants with exercise price at \$0.83 (30 September 2011: nil) 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 2012 is 442,539,217 (30 June 2012: 442,523,217) 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 2012.

**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 July 2012, the Group adopted the Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI). The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The Amendments only affect the presentations of items that are already recognised in OCI and have no impact on the financial position or performance of the Group. The adoption of the Amendments does not result in material changes to the Group's accounting policies and does not have any material impact on the financial statements.

**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.**

	<b>GROUP</b>	
	<b>First Quarter ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>cents</b>	<b>cents</b>
<b>Earnings per ordinary share of the Group based on net profit attributable to shareholders:</b>		
<b>(i) Based on the weighted average number of ordinary shares</b>	<b>0.08</b>	<b>1.02</b>
Weighted average number of shares ('000)	442,539	440,317
<b>(ii) On a fully diluted basis</b>	<b>0.08</b>	<b>1.01</b>
Weighted average number of shares ('000)	445,577	444,847

**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.**

	<b>30-Sep-2012</b>	<b>30-Jun-2012</b>
<b>Net asset value per ordinary share based on issued share capital</b>	<b>\$</b>	<b>\$</b>
<b>For the Group (Cents)</b>	29.9	30.5
<b>For the Company (Cents)</b>	13.1	13.4

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's revenue for the 1st quarter ended 30 September 2012 recorded a double-digit growth of 16% against last year, largely due to the contribution from the Healthy Life Group ("HLG") business. Excluding HLG's contribution, revenue grew marginally by 2%. The Group's gross margin % for the 1st quarter was 51%. This was 2% lower than last year, mainly due to the HLG business, which yielded lower margins. The Group's 1st quarter operating profit ("OP") declined by 49% against last year, primarily due to the higher operating expenses, which was attributed to HLG and also increased cost pressures for rental and salaries in the core markets. The Group's profit before tax ("PBT") for the 1st quarter was below last year as a result of the lower OP, foreign exchange losses and higher interest expenses.

**(A) Revenue**

The Group's overall revenue for the 1st quarter increased by 16% compared to last year, driven by the increased sales in most business segments.

**Revenue by Activities**

GROUP			
First Quarter ended 30 September			
	2012	2011	Change
Activities	S\$'000	S\$'000	+/(-)%
<b>Retail</b> (TCM & non TCM)	53,076	48,287	10
<b>Wholesale</b> (TCM & non TCM)	12,181	7,617	60
<b>Clinic - TCM</b>	4,205	4,214	(0)
<b>Others</b>	1,114	612	82
	<b>70,576</b>	<b>60,730</b>	<b>16</b>

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

**Retail** – The 10% increase in retail revenue for the 1st quarter was primarily generated by HLG. Excluding HLG's contribution, revenue for the Group's retail business would be below last year by 1% due to the sluggish retail environment in the core markets.

**Wholesale** – The Group's wholesale revenue for the 1st quarter went up by 60% compared to last year. The revenue from HLG accounted for 59% of the overall increase in wholesale revenue while Hong Kong saw a strong wholesale performance for the 1st quarter.

**Clinic** – The 1st quarter revenue for the Group's clinic business was relatively on par with last year.

Revenue under "Others" mainly related to food and beverages income, rental income and franchise fee income.

**Turnover by Geographical Locations:**

GROUP				
First Quarter ended 30 September				
		2012	2011	Change
<u>Core Countries</u>		'000	'000	+/(-)%
<b>Hongkong*</b>	<b>SGD</b>	29,829	27,672	8
	<b>HKD</b>	186,431	175,884	6
<b>Singapore</b>	<b>SGD</b>	17,854	18,868	(5)
<b>Malaysia</b>	<b>SGD</b>	14,413	14,190	2
	<b>MYR</b>	36,091	35,065	3
<b>Australia</b>	<b>SGD</b>	8,480	-	n.m
	<b>AUD</b>	6,562	-	n.m
<b>Total</b>	<b>SGD</b>	<b>70,576</b>	<b>60,730</b>	<b>16</b>

\* Include Macau and China.

In local currency terms, Hong Kong's revenue for the 1st quarter improved by 6% compared to last year, largely driven by the strong wholesale performance. The Singapore market saw a 5% decline in revenue for the 1st quarter, which was mainly attributed to the sluggish retail environment and cautious consumer spending. In Malaysia, revenue for the 1st quarter, in local currency terms, grew by 3% against last year, partially contributed by revenue from the increased retail outlets. In Australia, the revenue from HLG accounted for 12% of the Group's revenue for the 1st quarter.

**(B) FY13 Outlets & Clinics**

Countries	Retail		General TCM Clinics		Premier TCM Clinics		Integrative Medical Centre	
	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total
Australia	-	88	-	-	-	-	-	-
Malaysia	4	93	-	3	-	-	-	-
Hong Kong	-	54	-	-	-	-	-	2
Singapore	-	50	1	20	-	2	-	-
China	2	18	-	-	-	-	-	-
Macau	-	2	-	-	-	-	-	-
<b>Total</b>	<b>6</b>	<b>305</b>	<b>1</b>	<b>23</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>

During the 1st quarter, the Group added a total of 6 retail outlets and 1 clinic to its outlet network. The addition of 4 retail outlets in Malaysia helped to increase our retail coverage in the various states of Malaysia while the 2 new outlets in China were part of the Group's retail expansion in China. For the clinic business, an elderly-friendly clinic was added during the quarter, which aimed to target the aging population in Singapore.

**(C) Profitability**

The Group's OP for the 1st quarter declined by 49% against last year. The operating losses from HLG accounted for part of the decline in OP. Excluding HLG, the Group's OP for the 1st quarter would be 11% below last year. This was largely due to the higher operating expenses for the core markets and corporate expenses.

The Group's PBT for the 1st quarter was below last year as a result of the lower OP, foreign exchange losses and higher interest expenses. Foreign exchange losses were primarily unrealised exchange losses, which arose as a result of the strengthening of SGD against HKD and MYR. The decline in PBT consequently led to the overall decrease in the Group's profit after tax.

**(D) Distribution and selling expenses**

The Group's distribution and selling ("D&S") expenses for the 1st quarter reflected a 19% increase compared to last year. Expenses incurred by HLG accounted for the bulk of the increase in D&S expenses while D&S expenses for the other core markets also went up, in line with the increase in retail outlets and higher cost pressures for rental and salaries.

**(E) Administrative expenses**

The Group's administrative expenses for the 1st quarter went up by 59% against last year. The increase was partially attributed to the running costs of HLG and higher cost pressures for rental and salaries in the core markets. Higher corporate expenses were also incurred as a result of the increase in headcount and corporate projects.

**(F) Interest expenses**

The Group saw a significant increase in interest expenses compared to last year, largely due to the \$25M notes issued during FY12.

**(G) Taxation**

The Group's effective tax rate was higher than last year, 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 increase was mainly due to capital expenditure incurred for retail outlets and expansion of production facilities.

**(I) Long term investments**

The increase was due to equity investments for the Singapore and Malaysia entities.

**(J) Trade and other receivables**

The increase in trade and other receivables was mainly due to the fluctuations in collections and timing of sales. The increase in trade debtors was also in line with the higher wholesale sales for Hong Kong.

**(K) Prepayments**

The decrease in prepayments was mainly due to lower prepayments to suppliers. Last year's prepayments included a prepayment for a new warehouse in Malaysia.

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

The decrease in fixed bank deposits, cash and bank balances was mainly due to repayment of loans and capital expenditure during the 1st quarter.

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

Lower interest bearing loans and borrowings was due to repayment during the quarter.

**(N) Cash flows**

Net cash provided by operating activities for the 1st quarter was higher than last year by S\$6.0 million. This was largely attributed to lower spending incurred on inventories as part of the Group's inventory management.

Net cash used in investing activities for the 1st quarter increased by S\$3.1 million compared to last year mainly due to capital expenditure incurred for the expansion of production facilities in Hong Kong and also equity investments in several available-for-sale financial assets.

Net cash used in financing activities for the 1st quarter was above last year by S\$13.2 million primarily due to the repayment of interest bearing loans and borrowings.

As at 30 September 2012, the Group had cash and cash equivalents amounting to S\$23.8 million as compared to S\$34.5 million as at 30 September 2011.

The Group's gearing ratio was 36.9% 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 FY2012 full year announcement made on 28<sup>th</sup> August 2012.

**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 foresees continued slow economic growth in most of its key markets. The economic slowdown in China is expected to persist in the short term impacting business sentiment across the Asia Pacific region. Top line growth in its core markets are expected to be challenging as a result of this. Increasing operating costs, especially retail rents in some markets will erode operating margins in the immediate term. With this outlook, the Company has been focusing to put in place measures to manage these costs escalations by increasing operational efficiencies. Despite the challenging operating environment, the Company sees many positive opportunities from the rising affluence of its target market, new product development, extended wholesale and distribution channels, and further geographical expansion. The Company expects its core lines of business to continue to grow albeit at a slower rate compared to previous years but remain cash flow positive, while its new investments in China and Australia will continue to provide significant revenue growth potential. Moving forward, the Group's strategy is to continue leveraging on its innovation and branding approach to perpetuate consistent future growth. The Group will continue to manage its business risks prudently with a view to enhancing long term shareholder value.

**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/recommendeded, 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 2012**

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:-		
<b>XAct Solutions Pty. Ltd</b>	519	-

**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 2012 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Lam Chee Weng  
Chief Financial Officer  
29<sup>th</sup> October 2012