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SECOND QUARTER AND HALF YEAR 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
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2013
Description	Please see attached.

Attachments
 [EYS_Q2FY14_SGXNET_Final.pdf](#)

 Total size = **415K**
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Unaudited Results For The Second Quarter and Half-Year Ended 31 December 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 31 December 2013

	GROUP					
	← Second Quarter Ended 31 December			Half-Year Ended 31 December →		
	2013	2012	Change	2013	2012	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Revenue	91,858	77,873	18	171,396	148,449	15
Cost of sales	(46,868)	(37,511)	25	(85,719)	(71,919)	19
Gross profit	44,990	40,362	11	85,677	76,530	12
Other operating income	513	620	(17)	1,085	1,070	1
Distribution and selling expenses	(29,573)	(26,473)	12	(57,275)	(51,908)	10
Administrative expenses	(9,267)	(7,884)	18	(18,185)	(15,931)	14
Operating profit	6,663	6,625	1	11,302	9,761	16
Foreign exchange (loss)/gain	(75)	42	n.m.	(449)	(526)	(15)
Interest income	97	10	n.m.	166	36	n.m.
Interest expenses	(1,427)	(616)	n.m.	(2,834)	(1,217)	n.m.
Share of results of joint ventures	(4)	(3)	33	(13)	(4)	n.m.
Profit before taxation	5,254	6,058	(13)	8,172	8,050	2
Taxation	(1,977)	(1,370)	44	(3,459)	(3,018)	15
Profit for the period, net of tax	3,277	4,688	(30)	4,713	5,032	(6)
Attributable to:						
Owners of the Company	3,210	4,659	(31)	4,635	5,000	(7)
Non-controlling interests	67	29	n.m.	78	32	n.m.
	3,277	4,688	(30)	4,713	5,032	(6)

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 31 December 2013

	GROUP					
	← Second Quarter Ended 31 December			Half-Year Ended 31 December →		
	2013	2012	Change	2013	2012	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Profit for the period, net of tax	3,277	4,688	(30)	4,713	5,032	(6)
Other comprehensive income:						
Item that will not be reclassified to profit or loss:						
Revaluation gain on property, plant and equipment	-	-	n.m.	-	-	n.m.
Item that may be reclassified subsequently to profit or loss:						
Currency translation adjustments on foreign operations	588	(69)	n.m.	(1,371)	(2,723)	(50)
Other comprehensive income for the period, net of tax	588	(69)	n.m.	(1,371)	(2,723)	(50)
Total comprehensive income for the period	3,865	4,619	(16)	3,342	2,309	45
Attributable to:						
Owners of the Company	3,796	4,590	(17)	3,270	2,288	43
Non-controlling interests	69	29	n.m.	72	21	n.m.
	3,865	4,619	(16)	3,342	2,309	45

Notes:

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

	Second Quarter Ended 31 December			Half-Year Ended 31 December		
	2013	2012	Change	2013	2012	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Depreciation of property, plant and equipment	2,342	1,798	30	4,542	3,589	27
Amortisation of intangible assets	229	145	58	425	294	45
(Gain)/loss on disposal of property, plant and equipment	(8)	20	n.m.	56	(6)	n.m.
Property, plant and equipment written off	177	6	n.m.	227	6	n.m.
Intangible assets written off	-	3	(100)	-	3	(100)
Reversal of write-down of inventories	(123)	(184)	(33)	(265)	(466)	(43)
Inventories written off	241	35	n.m.	525	73	n.m.
Allowance/(reversal of allowance) for doubtful receivables (trade)	143	(1)	n.m.	143	15	n.m.
Bad debts written off	3	-	n.m.	3	4	(25)

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	
	31-Dec-13	30-Jun-13	31-Dec-13	30-Jun-13
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	98,362	97,670	1,182	969
Investments in subsidiaries	-	-	70,487	71,400
Amounts due from subsidiaries	-	-	50,879	35,406
Other receivables	-	-	-	-
Investments in joint ventures	518	52	-	-
Long term investments	-	-	-	-
Investment properties	69,279	67,790	-	-
Intangible assets	3,951	3,974	127	103
Prepayments	6,018	6,330	-	-
Deferred tax assets	204	210	-	-
	178,332	176,026	122,675	107,878
Current assets				
Inventories	96,913	69,091	-	-
Trade and other receivables	24,477	22,118	14	16
Prepayments	4,146	2,675	69	20
Amounts due from subsidiaries	-	-	38,222	38,681
Amounts due from joint venture	119	-	-	-
Tax recoverable	707	-	-	-
Fixed bank deposits	1,158	60,004	-	60,004
Cash and bank balances	57,554	38,072	30,010	11,862
	185,074	191,960	68,315	110,583
Current liabilities				
Trade and other payables	49,908	38,682	2,512	2,666
Provision for long service payments	71	69	-	-
Interest bearing loans and borrowings	49,907	57,899	43,270	55,180
Hire purchase creditors	151	195	78	78
Provision for restoration costs	800	933	-	-
Deferred revenue	2,908	2,975	-	-
Tax payable	4,705	5,540	175	251
Derivatives	71	71	71	71
	108,521	106,364	46,106	58,246
Net current assets	76,553	85,596	22,209	52,337
Non-current liabilities				
Interest bearing loans and borrowings	2,718	3,546	1,400	2,100
Notes payable	98,948	98,641	98,948	98,641
Long term loans from non-controlling shareholders of subsidiaries	144	144	-	-
Hire purchase creditors	315	412	237	276
Provision for restoration costs	2,300	2,308	-	-
Provision for long service payments	240	222	-	-
Deferred tax liabilities	6,344	6,371	-	-
Other payables	466	301	-	-
	111,475	111,945	100,585	101,017
Net assets	143,410	149,677	44,299	59,198
Equity attributable to owners of the Company				
Share capital	39,788	39,598	39,788	39,598
Reserves	103,058	109,587	4,511	19,600
	142,846	149,185	44,299	59,198
Non-controlling interests	564	492	-	-
Total equity	143,410	149,677	44,299	59,198

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

Amount repayable in one year or less, or on demand

As at 31-Dec-13		As at 30-Jun-13	
Secured	Unsecured	Secured	Unsecured
S\$344,000	S\$49,714,000	S\$395,000	S\$57,699,000

Amount repayable after one year

As at 31-Dec-13		As at 30-Jun-13	
Secured	Unsecured	Secured	Unsecured
S\$1,633,000	S\$100,492,000	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			
	← Second Quarter Ended 31 December		Half-Year Ended 31 December →	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Cash flows from operating activities				
Profit before taxation and non-controlling interests	5,254	6,058	8,172	8,050
Depreciation of property, plant and equipment	2,342	1,798	4,542	3,589
Amortisation of intangible assets	229	145	425	294
(Gain)/loss on disposal of property, plant and equipment	(8)	20	56	(6)
Property, plant and equipment written off	177	6	227	6
Intangible assets written off	-	3	-	3
Foreign currency translation realignment	338	(6)	(557)	(585)
Reversal of write-down of inventories	(123)	(184)	(265)	(466)
Inventories written off	241	35	525	73
Allowance/(reversal of allowance) for doubtful receivables (trade)	143	(1)	143	15
Bad debts (trade) written off	3	-	3	4
Interest income	(97)	(10)	(166)	(36)
Interest expense	1,427	616	2,834	1,217
Share of results of joint ventures	4	3	13	4
Deferred revenue	136	125	(2)	540
(Decrease)/Increase in long service payments	(17)	14	23	11
Operating cash flows before changes in working capital	10,049	8,622	15,973	12,713
(Increase)/decrease in trade and other receivables	(1,596)	1,987	(2,639)	(122)
(Increase)/decrease in prepayments	(1,551)	(609)	(1,159)	490
Increase in amount due from joint venture	(119)	-	(119)	-
Increase in inventories	(24,447)	(18,350)	(28,082)	(18,019)
Increase in trade and other payables	10,339	10,676	11,232	9,740
Cash flows (used in)/from operations	(7,325)	2,326	(4,794)	4,802
Interest received	97	10	166	36
Interest paid	(2,289)	(694)	(2,529)	(993)
Income tax refund	2	39	19	39
Income tax paid	(1,001)	(5,104)	(4,891)	(5,736)
Net cash flows used in operating activities	(10,516)	(3,423)	(12,029)	(1,852)
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,751)	(3,078)	(7,646)	(9,311)
Purchase of intangible assets	(140)	(416)	(301)	(781)
Proceeds from sale of property, plant and equipment	8	3	181	29
Investment in joint ventures	(407)	-	(480)	(25)
Purchase of long term investments	-	(224)	-	(854)
Net cash outflow on acquisition of business by a subsidiary	(224)	(331)	(224)	(331)
Net cash flows used in investing activities	(4,514)	(4,046)	(8,470)	(11,273)
Cash flows from financing activities				
Proceeds from interest bearing loans and borrowings	6,513	17,244	6,513	18,659
Repayment of interest bearing loans and borrowings	(9,213)	(2,617)	(15,198)	(12,733)
Repayment of hire purchase creditors	(49)	(63)	(254)	(143)
Proceeds from exercise of employee share options	125	10	159	14
Dividends paid	(9,768)	(8,851)	(9,768)	(8,851)
Dividends paid to minority shareholders	-	(45)	-	(45)
Net cash flows (used in)/from financing activities	(12,392)	5,678	(18,548)	(3,099)
Net decrease in cash and cash equivalents	(27,422)	(1,791)	(39,047)	(16,224)
Cash and cash equivalents as at beginning of the period	86,112	23,836	98,076	38,581
Effects of exchange rates changes on cash and cash equivalents	22	(20)	(317)	(332)
Cash and cash equivalents as at end of the financial period	58,712	22,025	58,712	22,025

1(c)

	← Group →			
	Second Quarter Ended 31 December		Half-Year Ended 31 December	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
A. Purchase of property, plant and equipment				
Aggregate cost of property, plant and equipment acquired	3,820	3,091	7,823	9,338
Less :				
Financed by hire purchase creditors	(9)	-	(117)	-
Restoration costs capitalised	(60)	(13)	(60)	(27)
Cash payments to acquire property, plant and equipment	<u>3,751</u>	<u>3,078</u>	<u>7,646</u>	<u>9,311</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 →			
	Second Quarter Ended 31 December		Half-Year Ended 31 December	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed bank deposits	1,158	-	1,158	-
Cash and bank balances	57,554	22,025	57,554	22,025
	<u>58,712</u>	<u>22,025</u>	<u>58,712</u>	<u>22,025</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			
Group										
At 1 Oct 2013	39,639	23,336	453	1,396	437	(19,816)	103,248	148,693	495	149,188
Profit for the period, net of tax	-	-	-	-	-	-	3,210	3,210	67	3,277
Other comprehensive income, net of tax	-	-	-	-	-	586	-	586	2	588
Total comprehensive income for the period	-	-	-	-	-	586	3,210	3,796	69	3,865
<u>Contributions by and distributions to owners</u>										
Shares issued pursuant to the exercise of share options	149	-	-	(24)	-	-	-	125	-	125
Dividends, net	-	-	-	-	-	-	(9,768)	(9,768)	-	(9,768)
Total contributions by and distributions to owners	149	-	-	(24)	-	-	(9,768)	(9,643)	-	(9,643)
At 31 Dec 2013	39,788	23,336	453	1,372	437	(19,230)	96,690	142,846	564	143,410

	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			
Group										
At 1 Oct 2012	39,037	17,705	453	1,456	437	(19,506)	92,870	132,452	452	132,904
Profit for the period, net of tax	-	-	-	-	-	-	4,659	4,659	29	4,688
Other comprehensive income, net of tax	-	-	-	-	-	(69)	-	(69)	-	(69)
Total comprehensive income for the period	-	-	-	-	-	(69)	4,659	4,590	29	4,619
<u>Contributions by and distributions to owners</u>										
Shares issued pursuant to the exercise of share options	13	-	-	(2)	-	-	-	11	-	11
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	(45)	(45)
Dividends, net	-	-	-	-	-	-	(8,851)	(8,851)	-	(8,851)
Total contributions by and distributions to owners	13	-	-	(2)	-	-	(8,851)	(8,840)	(45)	(8,885)
At 31 Dec 2012	39,050	17,705	453	1,454	437	(19,575)	88,678	128,202	436	128,638

	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			
Group										
At 1 Jul 2013										
As previously reported	39,598	23,336	453	1,403	437	(17,865)	101,823	149,185	492	149,677
Profit for the period, net of tax	-	-	-	-	-	-	4,635	4,635	78	4,713
Other comprehensive income, net of tax	-	-	-	-	-	(1,365)	-	(1,365)	(6)	(1,371)
Total comprehensive income for the period	-	-	-	-	-	(1,365)	4,635	3,270	72	3,342
<u>Contributions by and distributions to owners</u>										
Shares issued pursuant to the exercise of share options	190	-	-	(31)	-	-	-	159	-	159
Dividends, net	-	-	-	-	-	-	(9,768)	(9,768)	-	(9,768)
Total contributions by and distributions to owners	190	-	-	(31)	-	-	(9,768)	(9,609)	-	(9,609)
At 31 Dec 2013	39,788	23,336	453	1,372	437	(19,230)	96,690	142,846	564	143,410

	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			
Group										
At 1 Jul 2012										
Profit for the period, net of tax	-	-	-	-	-	-	5,000	5,000	32	5,032
Other comprehensive income, net of tax	-	-	-	-	-	(2,712)	-	(2,712)	(11)	(2,723)
Total comprehensive income for the period	-	-	-	-	-	(2,712)	5,000	2,288	21	2,309
<u>Contributions by and distributions to owners</u>										
Shares issued pursuant to the exercise of share options	17	-	-	(3)	-	-	-	14	-	14
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	(45)	(45)
Dividends, net	-	-	-	-	-	-	(8,851)	(8,851)	-	(8,851)
Total contributions by and distributions to owners	17	-	-	(3)	-	-	(8,851)	(8,837)	(45)	(8,882)
At 31 Dec 2012	39,050	17,705	453	1,454	437	(19,575)	88,678	128,202	436	128,638

	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	S\$'000	
Company					
At 1 Oct 2013	39,639	1,396	437	15,028	56,500
Total comprehensive income for the period	-	-	-	(2,558)	(2,558)
<u>Contributions by and distributions to owners</u>					
Shares issued pursuant to the exercise of share options	149	(24)	-	-	125
Dividends, net	-	-	-	(9,768)	(9,768)
Total transactions with owners in their capacity as owners	149	(24)	-	(9,768)	(9,643)
At 31 Dec 2013	39,788	1,372	437	2,702	44,299
At 1 Oct 2012	39,037	1,456	437	16,967	57,897
Total comprehensive income for the period	-	-	-	(720)	(720)
<u>Contributions by and distributions to owners</u>					
Shares issued pursuant to the exercise of share options	13	(2)	-	-	11
Dividends, net	-	-	-	(8,851)	(8,851)
Total transactions with owners in their capacity as owners	13	(2)	-	(8,851)	(8,840)
At 31 Dec 2012	39,050	1,454	437	7,396	48,337

	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	S\$'000	
Company					
At 1 Jul 2013	39,598	1,403	437	17,760	59,198
Total comprehensive income for the period	-	-	-	(5,290)	(5,290)
<u>Contributions by and distributions to owners</u>					
Shares issued pursuant to the exercise of share options	190	(31)	-	-	159
Dividends, net	-	-	-	(9,768)	(9,768)
Total transactions with owners in their capacity as owners	190	(31)	-	(9,768)	(9,609)
At 31 Dec 2013	39,788	1,372	437	2,702	44,299
At 1 Jul 2012	39,033	1,457	437	18,448	59,375
Total comprehensive income for the period	-	-	-	(2,201)	(2,201)
<u>Contributions by and distributions to owners</u>					
Shares issued pursuant to the exercise of share options	17	(3)	-	-	14
Dividends, net	-	-	-	(8,851)	(8,851)
Total transactions with owners in their capacity as owners	17	(3)	-	(8,851)	(8,837)
At 31 Dec 2012	39,050	1,454	437	7,396	48,337

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 31 December 2013, the Company's issued and paid up capital, excluding treasury shares comprises 444,250,217 (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:

Number of shares issued and paid up	Shares issued pursuant to the exercise of share options	Number of shares issued and paid up
1-Oct-13		31-Dec-13
'000	'000	'000
444,008	242	444,250

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

Between 1 October 2013 and 31 December 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 31 December 2013, compared to 3,826,500 as at 31 December 2012. There is no movement in the number of unissued shares of the Company under the 2000 scheme in Q2FY14.

Between 1 October 2013 and 31 December 2013, the Company has issued 242,000 ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2006 ("the 2006 scheme").

Under the 2006 scheme, options to subscribe for 10,337,000 shares remained outstanding as at 31 December 2013, compared to 11,479,000 as at 31 December 2012. Movements in the number of the unissued shares of the Company under the 2006 scheme during Q2FY14 were as follows:

Outstanding options as at	Number of options exercised	Number of options lapsed	Outstanding options as at
1-Oct-13			31-Dec-13
'000	'000	'000	'000
10,855	(242)	(276)	10,337

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 31 December 2013, no shares were granted and outstanding under the EYS PSP (31 December 2012: nil).

D) Treasury shares

No treasury shares were held by the Company as at 31 December 2013 and 31 December 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 October 2013 and 31 December 2013, no convertible warrants have been exercised.

As at 31 December 2013, there were 22,000,000 (31 December 2012: 22,000,000) outstanding convertible warrants with exercise price at \$0.83 (31 December 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 31 December 2013 is 444,250,217 (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 →			
	Second Quarter Ended 31 December		Half-Year Ended 31 December	
	2013	2012	2013	2012
Earnings per ordinary share of the Group based on net profit attributable to shareholders:	cents	cents	cents	cents
(i) Based on the weighted average number of ordinary shares	0.72	1.05	1.04	1.13
Weighted average number of shares ('000)	444,130	442,562	444,031	442,548
(ii) On a fully diluted basis	0.72	1.05	1.04	1.12
Weighted average number of shares ('000)	447,715	445,331	447,493	445,438

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.

	31-Dec-2013	30-Jun-2013
Net asset value per ordinary share based on issued share capital	\$	\$
For the Group (Cents)	32.2	33.6
For the Company (Cents)	10.0	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 registered double-digit revenue growths of 18% and 15% for the 2nd quarter and half year respectively as a result of the strong performance in the retail and wholesale segments. Most markets also recorded higher revenue growth against the previous corresponding periods.

Gross margins for the 2nd quarter and half year were 49% and 50% respectively. The declined gross margins, as compared to the previous corresponding periods, were largely due to product sales mix, higher production costs and higher cost of purchases.

The Group's operating profit ("OP") for the 2nd quarter and half year went up by 1% and 16% against the corresponding periods, mainly due to the revenue growth but partially offset by higher operating expenses such as rental, depreciation, salaries and heavier investment in advertising and promotion ("A&P"). The Group also incurred more spending on corporate projects.

In terms of profit before tax ("PBT"), the Group saw a decline of 13% for the 2nd quarter and a marginal increase of 2% for the half year, largely due to higher interest expenses incurred as a result of the S\$75 million fixed rate notes issued during FY13.

Higher tax expenses were incurred by the profit-making subsidiaries, which consequently led to the overall decline in profit after tax ("PAT") for the 2nd quarter and half year.

(A) Revenue

Revenue for the Group went up by 18% and 15% in the 2nd quarter and half year respectively, attributed to the strong retail and wholesale performance. Major markets like Hong Kong, Malaysia and Australia also enjoyed higher revenue growth against the previous corresponding periods.

Revenue by Activities

Activities	GROUP					
	Second Quarter Ended 31 December			Half-Year Ended 31 December		
	2013	2012	Change	2013	2012	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Retail (TCM & non TCM)	72,459	61,519	18	132,607	114,595	16
Wholesale (TCM & non TCM)	14,220	10,651	34	28,210	22,832	24
Clinic - TCM	4,173	4,566	(9)	8,628	8,771	(2)
Others	1,006	1,137	(12)	1,951	2,251	(13)
	<u>91,858</u>	<u>77,873</u>	18	<u>171,396</u>	<u>148,449</u>	15

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

Retail – Retail revenue for the 2nd quarter and half year grew by 18% and 16% respectively, largely from most markets and also a result of the increase in company-operated outlets in countries like Hong Kong and Australia.

Wholesale – Wholesale revenue for the 2nd quarter and half year went up by 34% and 24% respectively, mainly due to better offtake in trade, which resulted in higher distribution sales to the wholesale distribution channels in Hong Kong and Macau.

Clinic – Clinic revenue for the 2nd quarter and half year declined by 9% and 2% respectively. Revenue was impacted by the relocation of a clinic in Hong Kong and movements of physicians in the clinics.

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 and franchise fee income being generated.

Turnover by Geographical Locations:

		GROUP					
		← Second Quarter Ended 31 December			Half-Year Ended 31 December		
Core		2013	2012	Change	2013	2012	Change
		'000	'000	+/(-)%	'000	'000	+/(-)%
Hong Kong*	SGD	42,966	31,816	35	80,451	61,645	31
	HKD	265,536	202,092	31	495,080	388,523	27
Singapore	SGD	18,588	19,669	(5)	36,047	37,523	(4)
Malaysia	SGD	20,284	17,886	13	35,013	32,299	8
	MYR	52,164	44,689	17	90,123	80,780	12
Australia	SGD	10,020	8,502	18	19,885	16,982	17
	AUD	8,726	6,695	30	17,284	13,257	30
Total	SGD	91,858	77,873	18	171,396	148,449	15

* Include Macau and China.

In local currency terms, Hong Kong's revenue for the 2nd quarter and half year grew significantly by 31% and 27% respectively, largely due to the strong retail and wholesale performance. Revenue performance in Hong Kong and Macau was boosted by the strong purchasing power of Mainland tourists and also by effective A&P campaigns launched during the financial period.

Singapore's revenue for the 2nd quarter and half year dipped by 5% and 4% respectively against the corresponding periods, with challenges being faced in the retail environment.

Malaysia's revenue, in terms of local currency, surged 17% and 12% to RM\$52.2 million and RM\$90.1 million respectively, driven by the strong retail performance from promotions held during the financial period.

In terms of local currency, revenue for Australia increased by 30% for both the 2nd quarter and half year. The higher revenue was primarily attributed to the increased number of company-operated outlets, which translated to better retail performance.

(B) FY14 Q2 Outlets & Clinics

Countries	Retail						General TCM Clinics		Premier TCM Clinics		Integrative Medical Centre	
	Company-operated outlets		Franchise outlets		Total		Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total
	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total						
Australia	3	35	(4)	45	(1)	80	-	-	-	-	-	-
Malaysia	-	91	-	-	-	91	1	4	-	-	-	-
Hong Kong	1	58	-	-	1	58	-	-	-	-	-	2
Singapore	2	52	-	-	2	52	1	24	(1)	2	-	-
China	(3)	15	-	-	(3)	15	-	-	-	-	-	-
Macau	-	2	-	-	-	2	-	-	-	-	-	-
Total	3	253	(4)	45	(1)	298	2	28	(1)	2	-	2

The Group's retail network comprised 253 company-operated outlets and 45 franchise outlets as at 31 December 2013. During the 2nd quarter, there was an addition of three company-operated outlets and a reduction of 4 franchise outlets in Australia, resulting in a total of 80 retail outlets as at 31 December 2013. A total of 3 retail outlets were added in Hong Kong and Singapore while there was a closure of 3 retail outlets in China.

For the clinic network, there were a total of 30 TCM clinics and 2 Integrative Medical Centres as at 31 December 2013. During the 2nd quarter, 1 new TCM clinic was set up in Malaysia while in Singapore, the positioning of 1 Premier TCM clinic was changed to that of a general TCM clinic.

(C) Profitability

The Group's OP for the 2nd quarter and half year increased by 1% and 16% against the corresponding periods, largely due to higher revenue but partially offset by higher operating expenses incurred in the running of the outlets and higher expenses incurred at the corporate level.

In terms of PBT, the Group posted a decline of 13% for the 2nd quarter and a marginal increase of 2% for the half year, mainly due to higher interest expenses incurred as a result of the S\$75 million fixed rate notes issued by the Company in FY13.

The Group's PATs for the 2nd quarter and half year dipped against the corresponding periods, largely due to higher tax expenses incurred by the profit-making subsidiaries.

(D) Distribution and selling expenses

Distribution and selling ("D&S") expenses for the 2nd quarter and half year went up by 12% and 10% against the corresponding periods, mainly due to general increase in running costs for the retail outlets. The number of company-operated outlets also increased in Australia and Hong Kong, whereby higher cost pressures like rental and salaries are faced as compared to other countries. Consequently, this led to higher D&S expenses as well.

(E) Administrative expenses

Administrative expenses for the 2nd quarter and half year increased by 18% and 14% respectively against the corresponding periods, largely due to higher salary expenses as a result of general increment and higher headcount. The Group also incurred more spending on corporate projects and higher depreciation expenses from the usage of the newly renovated corporate office at Tai Seng Drive.

(F) Interest expenses

The Group's interest expenses for the 2nd quarter and half year were above last year, mainly due to the S\$75 million fixed rates notes issued by the Company in June 2013.

(G) Taxation

The Group's effective tax rates for the 2nd quarter and half year were higher than the previous corresponding periods, largely due to the changes in the composition of profit or loss positions of the subsidiaries within the Group.

(H) Investment properties

The increase in investment properties was largely due to the transfer of certain properties in Singapore from property, plant and equipment during the financial period.

(I) Inventories

The increase in inventories was mainly due to the building up of inventories for Chinese New Year ("CNY") promotions.

(J) Prepayments (current)

The increase in prepayments (current) was largely due to advance payments made for A&P campaigns.

(K) Fixed bank deposits, cash and bank balances

The decline in net cash and cash equivalents was largely due to the building up of inventories for CNY promotions, purchase of fixed assets, payment of dividends to shareholders and repayment of loans and borrowings during the period.

(L) Trade and other payables

The higher trade and other payables was primarily due to increased purchases from suppliers as a result of the building up of inventories for CNY promotions.

(M) Interest bearing loans and borrowings

The decline in loans and borrowings was mainly due to repayments made during the financial period.

(N) Cash flows

Net cash used in operating activities for the half year was above last year by S\$10.2 million, primarily due to the building up of inventories for CNY promotions.

Net cash used in investing activities for the half year was below last year by S\$2.8 million, largely due to lower spending incurred on property, plant and equipment.

Net cash used in financing activities for the half year was higher than last year by S\$15.4 million, mainly due to lower borrowings taken up by the Group, higher repayment of interest bearing loans and borrowings and higher dividends paid to the shareholders.

The Group's cash and cash equivalents amounted to S\$58.7 million as at 31 December 2013, compared to S\$22.0 million as at 31 December 2012.

The Group's gearing ratio was 65.4% as at 31 December 2013.

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 is cautiously optimistic in line with moderate economic growth forecasted in its core markets for 2014. Following strong sales performances in some of its core markets for the first half of its financial year 2014, the Company expects the strong sales momentum to sustain for the rest of the year. Rising business costs on the other hand, especially escalating retail rents will continue to pose a challenge and could erode operating profit margins. The Company has taken necessary steps to manage its operating cost. Nevertheless, the Company sees many positive opportunities, notably from the rising affluence of its target market leading to increased demand, new product development, extensions of wholesale channels and expansion of current manufacturing facilities. The Company expects the performance of its core markets to continue to be robust and cash flow positive. Operations in China and Australia continue to demonstrate growth, providing the Company with positive longer term prospects in these new markets.

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 31 December 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:-	S\$'000	S\$'000
(a) XAct Solutions Pty. Ltd	442	-
(b) XAct Solutions Pte Ltd	117	-
(c) 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 second quarter unaudited financial statements for the period ended 31 December 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lam Chee Weng
Chief Financial Officer
28 January 2014