

Unaudited Financial Statements And Dividend Announcement

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

1(a) An income statement 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.

Income statement

	Group Third Quarter ended		Change	Group Nine Months ended		Change
	31-Mar-12	31-Mar-11		31-Mar-12	31-Mar-11	
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	89,835	81,661	10%	220,329	203,294	8%
Cost of Sales	(46,187)	(42,566)	9%	(108,685)	(100,922)	8%
Gross Profit	43,648	39,095	12%	111,644	102,372	9%
Other operating income	350	367	-5%	1,160	1,166	-1%
Distribution and selling expenses	(27,899)	(21,820)	28%	(71,696)	(62,129)	15%
Administrative expenses	(8,282)	(4,633)	79%	(19,340)	(15,282)	27%
Other operating expenses	-	-	N.M.	-	(75)	-100%
Operating Profit	7,817	13,009	-40%	21,768	26,052	-16%
Foreign exchange gain	33	156	-79%	208	689	-70%
Interest income	44	32	38%	71	50	42%
Interest expenses	(782)	(270)	190%	(1,323)	(604)	119%
Impairment of associate	-	-	N.M.	(7,625)	-	N.M.
Impairment of derivatives	-	-	N.M.	(1,183)	-	N.M.
Profit before tax	7,112	12,927	-45%	11,916	26,187	-54%
Taxation	(1,635)	(1,733)	-6%	(4,594)	(6,746)	-32%
Profit for the period, net of tax	5,477	11,194	-51%	7,322	19,441	-62%
Attributable to:						
Owners of the Company	5,485	11,189	-51%	7,208	19,398	-63%
Non-controlling interests	(8)	5	N.M.	114	43	165%
	5,477	11,194	-51%	7,322	19,441	-62%

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

	Group			Group		
	Third Quarter	ended	Change	Nine Months	ended	Change
	31-Mar-12	31-Mar-11		31-Mar-12	31-Mar-11	
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit for the period, net of tax	5,477	11,194	-51%	7,322	19,441	-62%
Other comprehensive income:						
Currency translation adjustments on foreign operations	(2,308)	(1,345)	72%	1,802	(7,519)	N.M.
Other comprehensive income for the period	(2,308)	(1,345)	72%	1,802	(7,519)	N.M.
Total comprehensive income for the period	3,169	9,849	-68%	9,124	11,922	-23%
Attributable to:						
Owners of the Company	3,183	9,847	-68%	8,999	11,894	-24%
Non-controlling interests	(14)	2	N.M.	125	28	346%
	3,169	9,849	-68%	9,124	11,922	-23%

Notes:

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

	Third Quarter		Nine Months	
	ended	ended	ended	ended
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,642	1,600	4,767	4,988
Amortisation of intangible assets	110	68	292	195
Gain on disposal of property, plant and equipment	(2)	(1)	(60)	(30)
Property, plant and equipment written off	109	15	116	22
Inventory written down	-	123	-	173
Inventory written off	-	1	-	1
Share-based payment expenses	345	124	345	309

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-Mar-12 S\$'000	30-Jun-11 S\$'000	31-Mar-12 S\$'000	30-Jun-11 S\$'000
Non-current assets				
Property, plant and equipment	73,000	66,116	406	425
Investment properties	47,640	22,028	-	-
Intangible assets	1,401	710	-	-
Investments in subsidiaries	-	-	44,121	43,918
Investment in associate	-	7,626	-	7,009
Long term investments	408	-	408	-
Amount due from subsidiaries	-	-	29,463	29,463
	122,449	96,480	74,398	80,815
Current assets				
Inventories	70,022	45,511	-	-
Trade and other receivables	20,574	15,482	45	243
Prepayments	4,543	3,576	24	155
Derivatives	-	1,183	-	1,183
Amount due from subsidiaries	-	-	28,756	14,625
Fixed bank deposits	18,793	2,641	16,000	-
Cash and bank balances	24,663	36,138	1,387	3,203
	138,595	104,531	46,212	19,409
Current Liabilities				
Trade and other payables	35,399	28,525	1,155	1,824
Provision for long service payments	55	1	-	-
Hire purchase creditors	170	122	54	54
Provision for restoration costs	678	379	-	-
Deferred revenue	2,557	1,951	-	-
Interest bearing loans and borrowings	52,390	25,070	37,720	22,520
Tax Payable	5,532	6,068	1,205	1,205
	96,781	62,116	40,134	25,603
Net current assets / (liabilities)	41,814	42,415	6,078	(6,194)
Non-current liabilities				
Long term loans from non-controlling shareholders of subsidiaries	144	141	-	-
Provision for long service payments	254	66	-	-
Provision for restoration costs	1,911	1,555	-	-
Hire purchase creditors	281	298	123	160
Interest bearing loans and borrowings	10,169	10,000	8,410	10,000
3% p.a. fixed rate SGD Notes	23,698	-	23,698	-
Deferred tax liabilities	6,393	6,366	63	63
	42,850	18,426	32,294	10,223
Net assets	121,413	120,469	48,182	64,398
Equity attributable to owners of the Company				
Share capital	38,999	38,539	38,999	38,539
Reserves	81,935	81,576	9,183	25,859
	120,934	120,115	48,182	64,398
Non-controlling interests	479	354	-	-
Total equity	121,413	120,469	48,182	64,398

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-Mar-12		As at 30-Jun-11	
Secured	Unsecured	Secured	Unsecured
S\$377,000	S\$52,183,000	S\$122,000	S\$25,070,000

Amount repayable after one year

As at 31-Mar-12		As at 30-Jun-11	
Secured	Unsecured	Secured	Unsecured
S\$2,040,000	S\$32,252,000	S\$298,000	S\$10,141,000

Details of any collateral

Nil

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 Third Quarter ended		Group Nine Months ended	
	31-Mar-12 S\$'000	31-Mar-11 S\$'000	31-Mar-12 S\$'000	31-Mar-11 S\$'000
Cash flows from operating activities				
Profit before taxation and non-controlling interests	7,112	12,927	11,916	26,187
Depreciation of property, plant and equipment	1,642	1,600	4,767	4,988
Amortisation of intangible assets	110	68	292	195
Gain on disposal of property, plant and equipment	(2)	(1)	(60)	(30)
Property, plant and equipment written off	109	15	116	22
Foreign currency translation realignment	(1,557)	(1,319)	1,902	(7,008)
Impairment of associate	-	-	7,625	-
Impairment of derivatives	-	-	1,183	-
Inventory written down	-	123	-	173
Inventory written off	-	1	-	1
Interest income	(44)	(32)	(71)	(50)
Interest expense	782	270	1,323	604
Share-based payment expenses	345	124	345	309
Deferred revenue	351	-	579	-
Decrease in long service payments	-	3	-	(117)
Operating income before reinvestment in working capital	8,848	13,779	29,917	25,274
(Increase)/Decrease in trade and other receivables	(133)	1,215	(5,053)	3,619
Decrease/(Increase) in prepayments	1,213	1,119	(945)	2,228
Decrease/(Increase) in inventories	12,251	11,069	(17,979)	(3,818)
(Decrease)/Increase in trade and other payables	(10,169)	(9,427)	4,988	(1,914)
Cash provided by operations	12,010	17,755	10,928	25,389
Interest received	44	32	71	50
Interest paid	(484)	(270)	(917)	(604)
Income tax refund	-	93	150	98
Income tax paid	(503)	(1,731)	(5,425)	(5,594)
Net Cash provided by operating activities	11,067	15,879	4,807	19,339
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,429)	(1,696)	(8,774)	(7,465)
Purchase of investment property	-	-	(25,603)	(12,486)
Purchase of intangible assets	(147)	(3)	(345)	(78)
Proceeds from sale of property, plant and equipment	1	4	59	44
Payment for long term investment	(408)	-	(408)	(4,390)
Acquisition of business by a subsidiary	(6,620)	-	(6,620)	-
Net Cash used in investing activities	(9,603)	(1,695)	(41,691)	(24,375)
Cash flows from financing activities				
Proceeds from interest bearing loans and borrowings	12,881	14,673	55,184	41,647
Repayment of interest bearing loans and borrowings	(16,951)	(23,426)	(27,745)	(26,035)
Proceed from hire purchase creditors	-	8	-	361
Repayment of hire purchase creditors	(35)	(49)	(108)	(107)
Proceed from exercise of employee share options	189	636	387	2,569
Proceed from loan from non-controlling shareholders of subsidiaries	-	(114)	-	-
Proceeds from issuance of Notes and warrants	-	-	25,000	-
Notes and warrants issue expense paid	-	-	(696)	-
Dividends paid	-	-	(9,719)	(9,126)
Net cash (used in)/provided by financing activities	(3,916)	(8,272)	42,303	9,309
Net (decrease)/increase in cash & cash equivalents	(2,452)	5,912	5,419	4,273
Cash and cash equivalents as at beginning of the period	45,394	35,253	38,779	35,605
Effects of exchange rates changes on cash and cash equivalents	514	335	(742)	1,622
Cash and cash equivalents as at end of the period	43,456	41,500	43,456	41,500

	Group Third Quarter ended		Group Nine Months ended	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
	S\$'000	S\$'000	S\$'000	S\$'000
A. Purchase of property, plant and equipment				
Aggregate cost of property, plant and equipment acquired	2,430	1,704	8,878	7,826
Less :				
Financed by hire purchase creditors	(1)	(8)	(104)	(361)
Cash payments to acquire property, plant and equipment	<u>2,429</u>	<u>1,696</u>	<u>8,774</u>	<u>7,465</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 Third Quarter ended		Group Nine Months ended	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed bank deposits	18,793	1,624	18,793	1,624
Cash and bank balances	24,663	39,876	24,663	39,876
	<u>43,456</u>	<u>41,500</u>	<u>43,456</u>	<u>41,500</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 Option 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 Jan 2012	38,774	13,959	453	1,014	807	(14,294)	76,504	117,217	493	117,710
Profit for the period, net of tax	-	-	-	-	-	-	5,485	5,485	(8)	5,477
Other comprehensive income	-	-	-	-	-	(2,302)	-	(2,302)	(6)	(2,308)
Total comprehensive income for the period	-	-	-	-	-	(2,302)	5,485	3,183	(14)	3,169
Shares issued pursuant to the exercise of share options	225	-	-	(36)	-	-	-	189	-	189
Grant of share options to employees	-	-	-	345	-	-	-	345	-	345
At 31 Mar 2012	38,999	13,959	453	1,323	807	(16,596)	81,989	120,934	479	121,413

	Attributable to owners of the Company						Non-	Total	
	Share	Asset	Capital	Share	Foreign	Revenue	controlling	Equity	
	capital	revaluation	reserve	Option	currency	Reserve	interests		
	reserve		reserve	translation		Total			
	S\$'000	S\$'000	S\$'000	S\$'000	reserve	S\$'000	S\$'000	S\$'000	S\$'000
					S\$'000	S\$'000			
Group									
At 1 Jan 2011	37,648	11,602	453	721	(15,534)	67,824	102,714	245	102,959
Profit for the period, net of tax	-	-	-	-	-	11,189	11,189	5	11,194
Other comprehensive income	-	-	-	-	(1,342)	-	(1,342)	(3)	(1,345)
Total comprehensive income for the period	-	-	-	-	(1,342)	11,189	9,847	2	9,849
Shares issued pursuant to the exercise of share options	729	-	-	(93)	-	-	636	-	636
Share options lapsed	-	-	-	(1)	-	1	-	-	-
Grant of share options to employees	-	-	-	124	-	-	124	-	124
At 31 Mar 2011	38,377	11,602	453	751	(16,876)	79,014	113,321	247	113,568

	Attributable to owners of the Company				Total
	Share	Share option	Warrant	Revenue	Equity
	capital	reserve	reserve	Reserve	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
At 1 Jan 2012	38,774	1,014	807	7,846	48,441
Total comprehensive income for the period	-	-	-	(793)	(793)
Shares issued pursuant to the exercise of share options to employees	225	(36)	-	-	189
Grant of share options to employees	-	345	-	-	345
At 31 Mar 2012	38,999	1,323	807	7,053	48,182
At 1 Jan 2011	37,648	721	-	13,011	51,380
Total comprehensive income for the period	-	-	-	975	975
Shares issued pursuant to the exercise of share options to employees	729	(93)	-	-	636
Share option lapsed	-	-	-	-	-
Grant of Share options to employees	-	124	-	-	124
At 31 Mar 2011	38,377	752	-	13,986	53,115

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 31st March 2012, the Company's issued and paid up capital, excluding treasury shares comprises of 442,441,217 (30th June 2011: 441,415,217) 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 1-Jan-12	Shares issued pursuant to the exercise of share options 494,000	Number of shares issued and paid up 31-Mar-12
441,947,217	494,000	442,441,217

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

Between 1st January 2012 and 31st March 2012, the Company has not issued 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 31st March 2012, compared to 3,872,500 as at 31st March 2011. Movements in the number of the unissued shares of the Company under the 2000 scheme during 3QFY12 were as follows:

Outstanding options as at 1-Jan-12	Number of options exercised -	Outstanding options as at 31-Mar-12
3,826,500	-	3,826,500

Between 1st January 2012 and 31st March 2012, the Company has issued 494,000 ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2006 (“the 2006 scheme”).

Under the 2006 scheme, options to subscribe for 11,606,000 shares remained outstanding as at 31st March 2012, compared to 10,065,000 as at 31st March 2011. Movements in the number of the unissued shares of the Company under the 2006 scheme during 3QFY12 were as follows:

Outstanding options as at	Number of options granted	Number of options exercised	Outstanding options as at
1-Jan-12			31-Mar-12
9,115,000	2,985,000	(494,000)	11,606,000

C) Performance Share Plan

At the extraordinary general meeting of the Company held on 25th October 2007, the Company’s shareholders approved the adoption of the Eu Yan Sang Performance Share Plan (“EYS PSP”). As at 31st March 2012, no shares were granted and outstanding under the EYS PSP (31st March 2011: nil).

D) Treasury shares

No treasury shares were held by the Company as at 31th March 2012 and 31st March 2011.

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 31st March 2012 is 442,441,217 (30th June 2011: 441,415,217) 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.

This financial statement has been prepared based on the accounting policies and methods of computation consistent with those adopted in the most recent audited financial statement for the year ended 30 June 2011.

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

Not applicable.

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

	Group		Group	
	Third Quarter Ended 31-Mar-12 (cents)	Third Quarter Ended 31-Mar-11 (cents) (restated)	Nine Months Ended 31-Mar-12 (cents)	Nine Months Ended 31-Mar-11 (cents) (restated)
Earnings per ordinary share of the Group based on net profit attributable to shareholders:				
(i) Based on the weighted average number of ordinary shares	1.24	2.56	1.63	4.44
Weighted average number of shares	441,676,258	437,231,043	441,676,258	437,231,043
(ii) On a fully diluted basis	1.23	2.53	1.62	4.39
Weighted average number of shares	445,707,013	441,410,008	445,707,013	441,410,008

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-Mar-12	30-Jun-11
Net asset value per ordinary share based on issued share capital		
For the Group (Cents)	27.3	27.2
For the Company (Cents)	10.9	14.6

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 third financial quarter ended 31st March 2012 ("3QFY12") increased by 10% to S\$89.8 million as compared to the same period last year ("3QFY11"). The increase was mainly attributable to increased sales in all our 3 core markets and revenue from the undertakings of business in Australia. Excluding the revenue from Australia, the Group's revenue would have increased by 6%. Gross margin % for 3QFY12 was relatively stable at 49%. Operating profit ("OP") was 40% lower at S\$7.8 million while profit for the period, net of tax, attributed to Owners of the Company was S\$5.5 million. Excluding the operating loss of S\$2.1 million for the business in Australia, the Group's OP would be below last year by 24%, largely attributed to the higher operating expenses for the core markets.

(A) Revenue

The Group's revenue for 3QFY12 increased by 10% to S\$89.8 million as compared to S\$81.7 million achieved in 3QFY11.

Revenue by Activities:

Activities	Group			Group		
	Third Quarter ended			Nine Months ended		
	31-Mar-12	31-Mar-11	Change	31-Mar-12	31-Mar-11	Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Retail*	73,592	70,032	5%	177,893	167,953	6%
Wholesale	11,158	7,173	56%	27,253	21,463	27%
Clinic - TCM	4,261	3,795	12%	13,008	11,964	9%
Others	824	661	25%	2,175	1,914	14%
	89,835	81,661	10%	220,329	203,294	8%

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

Retail – Revenue achieved in 3QFY12 was 5% higher than 3QFY11. Excluding the retail sales contribution from Australia, retail sales growth would be marginal at 2% above last year due to softening of the retail markets.

Wholesale – Revenue increased by 56% to S\$11.2 million in 3QFY12. Excluding the wholesale sales contribution from Australia, wholesale revenue would be 38% above last year, primarily due to improved wholesale activities in Hong Kong and China.

Clinic – TCM revenue increased by 12% to S\$4.3 million in 3QFY12, mainly due to recognition of TCM as an alternative to western medicine.

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

Turnover by Geographical Locations:

Core Countries		Group			Group		
		Third Quarter ended			Nine Months ended		
		31-Mar-12	31-Mar-11	Change	31-Mar-12	31-Mar-11	Change
	'000	'000	%	'000	'000		
Hong Kong*	SGD	31,547	30,194	4%	90,287	83,577	8%
	HKD	192,841	183,038	5%	556,936	495,516	12%
Singapore	SGD	22,174	20,507	8%	60,592	57,591	5%
Malaysia	SGD	32,710	30,960	6%	66,046	62,126	6%
	MYR	79,562	73,548	8%	161,569	147,140	10%
Australia	SGD	3,404	-	N.M.	3,404	-	N.M.
	AUD	2,603	-	N.M.	2,603	-	N.M.
Total	SGD	89,835	81,661	10%	220,329	203,294	8%

* Include Macau and China.

Malaysia and Singapore market both led our growth by 8% to MYR 79.6 million and S\$22.2 million respectively; while Hong Kong market grew by 5% to HK\$192.8 million. In addition, Australia, our new market, contributed A\$2.6 million to our Group's revenue. The revenue growth in our core countries signified robust demand for our products as we continue to fulfill our vision to our customers.

(B) 3QFY12 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	94	94	-	-	-	-	-	-
Malaysia	-	88	-	3	-	-	-	-
Hong Kong	-	54	-	-	-	-	-	2
Singapore	(2)	49	1	19	-	2	-	-
China	6	16	-	-	-	-	-	-
Macau	-	2	-	-	-	-	-	-
Total	98	303	1	22	-	2	-	2

In 3QFY12, China added 6 retail outlets while Singapore closed 2 outlets as part of outlet relocations. The acquisition of business assets and undertaking of business in Australia resulted in the addition of 25 company-owned outlets and 69 franchise outlets to the Group's retail network. The establishment of these new outlets will contribute positively to the improvement of our Group's turnover.

(C) Profitability

In line with the higher revenue in 3QFY12, Gross Profit increased by 12% to S\$43.6 million compared to S\$39.1 million achieved in 3QFY11. Gross Profit margin was stable at 48.6%. Operating Profit was 40% lower at S\$7.8 million. Excluding the operating loss of S\$2.1 million for the business in Australia, the Group's OP would be below last year by 24%, largely attributed to the higher operating expenses for the core markets.

Profit for the period, net of tax, attributable to Owners of the Company for 3QFY12 was 51% lower at S\$5.5 million as compared to a profit of S\$11.2 million in 3QFY11.

(D) Distribution and selling expenses

In 3QFY12, distribution and selling expenses increased by 28% to S\$27.9 million as compared to 3QFY11. The higher distribution and selling expenses were mainly due to higher salaries and rental expenses incurred as a result of the increase in our retail outlets amid escalating rental and salaries cost. The undertaking of business in Australia and the retail expansion in China also accounted for part of the increase in distribution and selling expenses.

(E) Administrative expenses

In 3QFY12, administrative expenses increased by 79% to S\$8.3 million as compared to 3QFY11. The higher administrative expenses were mainly due to the increase in manpower for supporting the growth in our retail operations and expenses incurred under the Healthy Life business in Australia and retail expansion in China.

(F) Interest income and Interest expenses

Higher interest income was due to higher fixed deposits interest received from our principal bankers.

Higher interest expenses were attributable to higher proceeds from interest bearings loans and 3% p.a. SGD Notes.

(G) Taxation

The group tax rate was higher than the amount determined by applying the statutory rate of income tax to the operating profit mainly due to the following:

- (i) Losses of local and foreign subsidiaries could not be offset against profit within the group companies; and
- (ii) higher tax rate in certain foreign subsidiaries.

(H) Property, plant and equipment

The increase was mainly due to capital expenditure incurred for retail outlets and expansion of production facilities.

(I) Investment properties

The increase was due to the completion of an acquisition of a commercial property at 268 Des Voeux Road Central, Sheung Wan, Hong Kong in 2QFY12.

(J) Long term investments

The increase was due to the acquisition of minority interest in Sibelius Limited, a company incorporated in UK.

(K) Inventories

Higher inventories were due to stocking up at our retail outlets in anticipation of higher demand in the subsequent quarters. The higher inventories were also partially due to inventories acquired in the form of business assets in Australia and inventories held in China as a result of retail expansion.

(L) Trade and other receivables

Higher trade and other receivables were due to timing differences of payment from our debtors.

(M) Prepayments

Higher prepayments were mainly due to deposits paid to suppliers to secure inventories in anticipating sales in subsequent quarters, insurance premium and rental paid in advance.

(N) Fixed deposits, cash and bank balances

Increase in fixed deposits, cash and bank balances were mainly due to issuance of 3% p.a. fixed rate SGD Notes.

(O) Trade and other payables

Higher trade and other payables were due to timing differences of payment to our creditors.

(P) Interest bearing loans and borrowings

Higher interest bearing loans and borrowings were mainly due to the financing of stock built-up at our retail outlets in anticipation of higher demand in the subsequent quarters and the purchase of business assets and undertakings of business in Australia.

(Q) Tax Payable

Lower tax provision was mainly due to tax paid during the nine months ended 31st March 2012.

(R) 3% p.a. fixed rate SGD Notes

The 3% p.a. fixed rate SGD Notes together with warrants were issued in November 2011 for funding, business expansion into China and other countries in the region; funding (whether in whole or in part) the acquisition of, or investment in, commercial real estate related to the Group's operations; and for working capital and general business purposes.

(S) Cash flows

Net cash provided by operating activities was 30% lower at S\$11.1 million for 3QFY12 as compared with the same period last year. The decrease was mainly due to higher operating costs for our retail stores, together with the retail expansion in China as well as the start-up costs incurred for Healthy Life business in Australia.

Net cash used in investing activities increased by 4.7 times to S\$9.6 million in 3QFY12 as compared with the same quarter last year. The increase was mainly due to the purchase of business assets and undertakings of business in Australia and payment for long term investment.

Net cash used in financing activities in 3QFY12 decreased by S\$4.4 million as compared with 3QFY11 was mainly due to lower repayment of interest bearing loans and borrowings.

As at 31st March 2012, the Group had cash and cash equivalents amounting to S\$43.5 million as compared to S\$41.5 million as at 31st March 2011.

The Group's gearing ratio was 35.9% as at 31st March 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 FY2011 full year announcement made on 25th August 2011.

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 demand for quality healthcare products and services remains resilient, driven by growing affluence and ageing population. However, increasing commodity and food prices may erode economic growth and affect consumer sentiment.

With a backdrop of weaker economic outlook, the general market and business conditions are expected to remain challenging and competitive in the next 12 months. The strong Singapore dollar against Hong Kong dollar may continue to impact our results when expressed in Singapore dollar terms. The Group also anticipates that increases in salaries and rental expenses will continue to put pressure on operating profits. Part of these costs relate to the undertaking of business in Australia and the retail expansion in China.

Moving forward, the Group's strategy is to continue leveraging on its competency and brand strength to explore opportunities to grow its core business. The Group will continue to manage its business risks prudently and review its business strategy with a view to enhance shareholders' value.

The Group believes that its acquisition of selected business assets and undertakings in Australia provides a ready platform to expand and broaden its products penetration in line with its strategic vision to become a global integrative healthcare and wellness company.

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. NEGATIVE CONFIRMATION BY THE BOARD 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 3rd quarter FY12 and 9 months FY12 un-audited financial statements for the period ended 31st March 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lam Chee Weng
Chief Financial Officer
15th May 2012