

SECOND QUARTER AND HALF YEAR RESULTS * FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT


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* 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	06-Feb-2013 17:12:22
Announcement No.	00036

>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2012
Description	Please see attached.
Attachments	 EYS_Q2FY13_SGXNET_FINAL.pdf Total size = 317K (2048K size limit recommended)



Unaudited Results For The Second Quarter and Half-Year Ended 31 December 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 31 December 2012

	GROUP					
	← Second Quarter Ended 31 December			Half-Year ended 31 December →		
	2012	2011	Change	2012	2011	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Revenue	77,873	69,764	12	148,449	130,494	14
Cost of sales	(37,511)	(33,890)	11	(71,919)	(62,498)	15
Gross profit	40,362	35,874	13	76,530	67,996	13
Other operating income	620	393	58	1,070	810	32
Distribution and selling expenses	(26,473)	(22,480)	18	(51,908)	(43,797)	19
Administrative expenses	(7,884)	(6,012)	31	(15,931)	(11,058)	44
Operating profit	6,625	7,775	(15)	9,761	13,951	(30)
Foreign exchange gain/(loss)	42	133	(68)	(526)	175	n.m.
Interest income	10	8	25	36	27	33
Interest expenses	(616)	(264)	n.m.	(1,217)	(541)	n.m.
Impairment of associate	-	(7,625)	(100)	-	(7,625)	(100)
Fair value loss on derivatives	-	(1,183)	(100)	-	(1,183)	(100)
Share of results of joint venture	(3)	-	n.m.	(4)	-	n.m.
Profit/(loss) before taxation	6,058	(1,156)	n.m.	8,050	4,804	68
Taxation	(1,370)	(1,548)	(11)	(3,018)	(2,959)	2
Profit/(loss) for the period, net of tax	4,688	(2,704)	n.m.	5,032	1,845	n.m.
Attributable to:						
Owners of the Company	4,659	(2,780)	n.m.	5,000	1,723	n.m.
Non-controlling interests	29	76	(62)	32	122	(74)
	4,688	(2,704)	n.m.	5,032	1,845	n.m.

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 2012

	← GROUP →					
	Second Quarter Ended 31 December			Half-Year ended 31 December		
	2012	2011	Change	2012	2011	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Profit/(loss) for the period, net of tax	4,688	(2,704)	n.m.	5,032	1,845	n.m.
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	(69)	4,019	n.m.	(2,723)	4,110	n.m.
Other comprehensive income for the period, net of tax	(69)	4,019	n.m.	(2,723)	4,110	n.m.
Total comprehensive income for the period	4,619	1,315	n.m.	2,309	5,955	(61)
Attributable to:						
Owners of the Company	4,590	1,226	n.m.	2,288	5,816	(61)
Non-controlling interests	29	89	(67)	21	139	(85)
	4,619	1,315	n.m.	2,309	5,955	(61)

Notes:

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

	Second Quarter Ended 31 December			Half-Year ended 31 December		
	2012	2011	Change	2012	2011	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Depreciation of property, plant and equipment	1,798	1,579	14	3,589	3,125	15
Amortisation of intangible assets	145	96	51	294	182	62
Loss/(gain) on disposal of property, plant and equipment	20	-	n.m.	(6)	(58)	(89)
Property, plant and equipment written off	6	5	20	6	7	(14)
Intangible assets written off	3	-	n.m.	3	-	n.m.
Reversal of write-down of inventories	(184)	-	n.m.	(466)	-	n.m.
Inventories written off	35	-	n.m.	73	-	n.m.
Bad debts written off	-	-	n.m.	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	
	31-Dec-12	30-Jun-12	31-Dec-12	30-Jun-12
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	84,042	79,600	400	419
Investment properties	53,832	54,914	-	-
Intangible assets	3,648	2,951	12	-
Investments in subsidiaries	-	-	58,840	59,461
Investment in joint venture	21	-	-	-
Deferred tax assets	1,341	1,351	-	-
Long term investments	854	-	790	-
Amounts due from subsidiaries	-	-	36,537	30,643
	143,738	138,816	96,579	90,523
Current assets				
Inventories	83,950	65,417	-	-
Prepayments	3,979	4,469	43	16
Trade and other receivables	21,053	20,949	48	158
Amounts due from subsidiaries	-	-	27,552	27,793
Derivatives	-	-	-	-
Fixed bank deposits	-	11,805	-	9,000
Cash and bank balances	22,025	26,776	1,904	4,427
	131,007	129,416	29,547	41,394
Current liabilities				
Provision for long service payments	70	50	-	-
Provision for restoration costs	743	563	-	-
Tax payable	3,189	6,035	931	1,137
Interest bearing loans and borrowings	54,381	47,437	44,470	38,120
Trade and other payables	44,066	34,330	1,368	1,413
Hire purchase creditors	175	276	33	33
Deferred revenue	2,765	2,232	-	-
Derivatives	136	136	136	136
	105,525	91,059	46,938	40,839
Net current assets / (liabilities)	25,482	38,357	(17,391)	555
Non-current liabilities				
Provision for long service payments	193	206	-	-
Provision for restoration costs	2,104	2,363	-	-
Deferred tax liabilities	5,521	5,549	63	63
Long term loans from non-controlling shareholders of subsidiaries	141	145	-	-
Interest bearing loans and borrowings	8,361	9,538	6,820	7,880
3% p.a. fixed rate SGD Notes	23,848	23,624	23,848	23,624
Hire purchase creditors	311	537	120	136
Other payables	103	-	-	-
	40,582	41,962	30,851	31,703
Net assets	128,638	135,211	48,337	59,375
Equity attributable to owners of the Company				
Share capital	39,050	39,033	39,050	39,033
Reserves	89,152	95,718	9,287	20,342
	128,202	134,751	48,337	59,375
Non-controlling interests	436	460	-	-
Total equity	128,638	135,211	48,337	59,375

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-12		As at 30-Jun-12	
Secured	Unsecured	Secured	Unsecured
S\$375,000	S\$54,181,000	S\$477,000	S\$47,236,000

Amount repayable after one year

As at 31-Dec-12		As at 30-Jun-12	
Secured	Unsecured	Secured	Unsecured
S\$1,852,000	S\$30,809,000	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.

	← Group →			
	Second Quarter Ended		Half-Year ended 31	
	31 December		December	
	2012	2011	2012	2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(loss) before taxation and non-controlling interests	6,058	(1,156)	8,050	4,804
Depreciation of property, plant and equipment	1,798	1,579	3,589	3,125
Amortisation of intangible assets	145	96	294	182
Loss/(gain) on disposal of property, plant and equipment	20	-	(6)	(58)
Property, plant and equipment written off	6	5	6	7
Intangible assets written off	3	-	3	-
Foreign currency translation realignment	(6)	4,113	(585)	4,243
Impairment of associate	-	7,626	-	7,626
Fair value loss on derivatives	-	1,183	-	1,183
Inventories written down	4	-	4	-
Inventories written off	35	-	73	-
Reversal of write-down of inventories	(188)	-	(470)	-
(Reversal of)/allowance for doubtful receivables (trade)	(1)	-	15	-
Bad debts (trade) written off	-	-	4	-
Interest income	(10)	(8)	(36)	(27)
Interest expense	616	264	1,217	541
Share of results of joint venture	3	-	4	-
Deferred revenue	125	39	540	228
Increase in long service payments	14	-	11	-
Operating cash flows before changes in working capital	8,622	13,741	12,713	21,854
Decrease/(increase) in trade and other receivables	1,987	(3,591)	(122)	(4,920)
(Increase)/decrease in prepayments	(609)	417	490	(2,158)
Increase in inventories	(18,350)	(15,078)	(18,019)	(30,230)
Increase in trade and other payables	10,676	7,677	9,740	15,157
Cash flows from operations	2,326	3,166	4,802	(297)
Interest received	10	8	36	27
Interest paid	(694)	(156)	(993)	(433)
Income tax refund	39	120	39	159
Income tax paid	(5,104)	(4,230)	(5,736)	(4,931)
Net cash used in operating activities	(3,423)	(1,092)	(1,852)	(5,475)
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,078)	(2,332)	(9,311)	(6,345)
Purchase of investment property	-	(26,388)	-	(26,388)
Purchase of intangible assets	(416)	(15)	(781)	(198)
Proceeds from sale of property, plant and equipment	3	-	29	58
Investment in a joint venture	-	-	(25)	-
Purchase of long term investment	(224)	-	(854)	-
Purchase of derivatives	-	-	-	-
Net cash outflow on acquisition of business by a subsidiary	(331)	-	(331)	-
Net cash used in investing activities	(4,046)	(28,735)	(11,273)	(32,873)
Cash flows from financing activities				
Proceeds from interest bearing loans and borrowings	17,244	36,351	18,659	42,303
Repayment of interest bearing loans and borrowings	(2,617)	(9,264)	(12,733)	(10,794)
Repayment of hire purchase creditors	(63)	(31)	(143)	(73)
Proceeds from exercise of employee share options	10	122	14	198
Proceeds from issuance of Notes and warrants	-	25,000	-	25,000
Notes and warrants issue expense paid	-	(696)	-	(696)
Dividends paid	(8,851)	(9,719)	(8,851)	(9,719)
Dividends paid to minority shareholders	(45)	-	(45)	-
Net cash flows provided by/(used in) financing activities	5,678	41,763	(3,099)	46,219
Net (decrease)/increase in cash & cash equivalents	(1,791)	11,936	(16,224)	7,871
Cash and cash equivalents as at beginning of the period	23,836	34,486	38,581	38,779
Effects of exchange rates changes on cash and cash equivalents	(20)	(1,028)	(332)	(1,256)
Cash and cash equivalents as at end of the financial period	22,025	45,394	22,025	45,394

1(c)

A. Purchase of property, plant and equipment

	← Group →			
	Second Quarter Ended 31 December		Half-Year ended 31 December	
	2012	2011	2012	2011
	S\$'000	S\$'000	S\$'000	S\$'000
acquired	3,091	2,332	9,338	6,448
Less :				
Financed by hire purchase creditors	-	-	-	(103)
Restoration costs capitalised equipment	(13)	-	(27)	-
	<u>3,078</u>	<u>2,332</u>	<u>9,311</u>	<u>6,345</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	
	2012	2011	2012	2011
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed bank deposits	-	24,000	-	24,000
Cash and bank balances	22,025	21,394	22,025	21,394
	<u>22,025</u>	<u>45,394</u>	<u>22,025</u>	<u>45,394</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.

Group	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			
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
Shares issued pursuant to the exercise of share options	13	-	-	(2)	-	-	-	11	-	11
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(45)	(45)
Dividends, net	-	-	-	-	-	-	(8,851)	(8,851)	-	(8,851)
At 31 Dec 2012	39,050	17,705	453	1,454	437	(19,575)	88,678	128,202	436	128,638

Group	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			
At 1 Oct 2011	38,630	13,959	453	1,042	-	(18,300)	90,351	126,135	404	126,539
Profit for the period, net of tax	-	-	-	-	-	-	(2,780)	(2,780)	76	(2,704)
Other comprehensive income, net of tax	-	-	-	-	-	4,006	-	4,006	13	4,019
Total comprehensive income for the period	-	-	-	-	-	4,006	(2,780)	1,226	89	1,315
Shares issued pursuant to the exercise of share options	144	-	-	(22)	-	-	-	122	-	122
Share options lapsed	-	-	-	(6)	-	-	6	-	-	-
Issuance of warrants, net	-	-	-	-	807	-	-	807	-	807
Dividends, net	-	-	-	-	-	-	(9,719)	(9,719)	-	(9,719)
At 31 Dec 2011	38,774	13,959	453	1,014	807	(14,294)	77,858	118,571	493	119,064

Group	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			
At 1 July 2012	39,033	17,705	453	1,457	437	(16,863)	92,529	134,751	460	135,211
Profit for the period, net of tax	-	-	-	-	-	-	5,000	5,000	32	5,032
Other comprehensive income	-	-	-	-	-	(2,712)	-	(2,712)	(11)	(2,723)
Total comprehensive income for the period	-	-	-	-	-	(2,712)	5,000	2,288	21	2,309
Shares issued pursuant to the exercise of share options	17	-	-	(3)	-	-	-	14	-	14
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(45)	(45)
Dividends, net	-	-	-	-	-	-	(8,851)	(8,851)	-	(8,851)
At 31 Dec 2012	39,050	17,705	453	1,454	437	(19,575)	88,678	128,202	436	128,638

Group	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			
At 1 July 2011	38,539	13,959	453	1,057	-	(18,387)	84,494	120,115	354	120,469
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	-	-	-	-	-	-	1,723	1,723	122	1,845
Other comprehensive income	-	-	-	-	-	4,093	-	4,093	17	4,110
Total comprehensive income for the period	-	-	-	-	-	4,093	1,723	5,816	139	5,955
Shares issued pursuant to the exercise of share options	235	-	-	(37)	-	-	-	198	-	198
Share options lapsed	-	-	-	(6)	-	-	6	-	-	-
Issuance of warrants, net	-	-	-	-	807	-	-	807	-	807
Dividends, net	-	-	-	-	-	-	(9,719)	(9,719)	-	(9,719)
At 31 Dec 2011	38,774	13,959	453	1,014	807	(14,294)	77,858	118,571	493	119,064

Company	Attributable to owners of the Company				Total equity
	Share capital	Share options	Warrant reserve	Revenue reserve	
		reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 Oct 2012	39,037	1,456	437	16,967	57,897
Total comprehensive income for the period	-	-	-	(720)	(720)
Shares issued pursuant to the exercise of share options	13	(2)	-	-	11
Dividends, net	-	-	-	(8,851)	(8,851)
At 31 Dec 2012	39,050	1,454	437	7,396	48,337
At 1 Oct 2011	38,630	1,042	-	25,122	64,794
Total comprehensive income for the period	-	-	-	(7,563)	(7,563)
Shares issued pursuant to the exercise of share options	144	(22)	-	-	122
Share options lapsed	-	(6)	-	6	-
Issuance of warrants, net	-	-	807	-	807
Dividends, net	-	-	-	(9,719)	(9,719)
At 31 Dec 2011	38,774	1,014	807	7,846	48,441

Company	Attributable to owners of the Company				Total equity
	Share capital	Share options	Warrant reserve	Revenue reserve	
		reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 Jul 2012	39,033	1,457	437	18,448	59,375
Total comprehensive income for the period	-	-	-	(2,201)	(2,201)
Shares issued pursuant to the exercise of share options	17	(3)	-	-	14
Dividends, net	-	-	-	(8,851)	(8,851)
At 31 Dec 2012	39,050	1,454	437	7,396	48,337
At 1 Jul 2011	38,539	1,057	-	24,802	64,398
Total comprehensive income for the period	-	-	-	(7,243)	(7,243)
Shares issued pursuant to the exercise of share options	235	(37)	-	-	198
Share options lapsed	-	(6)	-	6	-
Issuance of warrants, net	-	-	807	-	807
Dividends, net	-	-	-	(9,719)	(9,719)
At 31 Dec 2011	38,774	1,014	807	7,846	48,441

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 2012, the Company's issued and paid up capital, excluding treasury shares comprises 442,568,217 (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
1-Oct-12		31-Dec-12
'000	'000	'000
442,539	29	442,568

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

Between 1 October 2012 and 31 December 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 31 December 2012, compared to 3,826,500 as at 31 December 2011. There is no movement in the number of unissued shares of the Company under the 2000 scheme in 2QFY13.

Between 1 October 2012 and 31 December 2012, the Company has issued 29,000 ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2006 ("the 2006 scheme").

Under the 2006 scheme, options to subscribe for 11,479,000 shares remained outstanding as at 31 December 2012, compared to 9,115,000 as at 31 December 2011. Movements in the number of the unissued shares of the Company under the 2006 scheme during Q2FY13 were as follows:

Outstanding options as at	Number of options exercised	Outstanding options as at
1-Oct-12		31-Dec-12
'000	'000	'000
11,508	(29)	11,479

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 2012, no shares were granted and outstanding under the EYS PSP (31 December 2011: nil).

D) Treasury shares

No treasury shares were held by the Company as at 31 December 2012 and 31 December 2011.

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 2012 and 31 December 2012, no convertible warrants have been exercised.

As at 31 December 2012, there were 22,000,000 (31 December 2011: 22,000,000) outstanding convertible warrants with exercise price at \$0.83 (31 December 2011: \$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 2012 is 442,568,217 (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.

	GROUP			
	Second Quarter Ended 31 December		Half-Year ended 31 December	
	2012	2011	2012	2011
	cents	cents	cents	cents
Earnings per ordinary share of the Group based on net profit attributable to shareholders:				
(i) Based on the weighted average number of ordinary shares	1.05	(0.63)	1.13	0.39
Weighted average number of shares ('000)	442,562	441,255	442,548	441,255
(ii) On a fully diluted basis	1.05	(0.62)	1.12	0.39
Weighted average number of shares ('000)	445,331	445,436	445,438	445,436

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-2012	30-Jun-2012
Net asset value per ordinary share based on issued share capital	\$	\$
For the Group (Cents)	29.0	30.5
For the Company (Cents)	10.9	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 posted revenue growth of 12% and 14% for the 2nd quarter and half year ended 31 December 2012 respectively. Excluding the revenue contribution from Healthy Life Group ("HLG"), revenue for the 2nd quarter would have been marginally below last year while revenue for the half year would be 1% above last year. Gross margin was maintained at 52%. The Group's operating profit ("OP") declined by 15% and 30% for the 2nd quarter and half year respectively, largely attributed to the costs of running HLG operations and higher advertising and promotion ("A&P"), rental and salaries expenses. The Group, however, saw an improvement in profit before tax ("PBT") for the 2nd quarter and half year. This was largely because PBT for last year was impacted by an impairment charge on an associated company.

(A) Revenue

The Group's overall revenue for the 2nd quarter and half year increased by 12% and 14% against the previous corresponding periods, largely from the sales improvement in the retail and wholesale segments.

Revenue by Activities

Activities	GROUP					
	Second Quarter Ended 31 December			Half-Year ended 31 December		
	2012	2011	Change	2012	2011	Change
	S\$'000	S\$'000	+/(-)%	S\$'000	S\$'000	+/(-)%
Retail (TCM & non TCM)	61,519	56,014	10	114,595	104,301	10
Wholesale (TCM & non TCM)	10,651	8,478	26	22,832	16,095	42
Clinic - TCM	4,566	4,533	1	8,771	8,747	0
Others	1,137	739	54	2,251	1,351	67
	77,873	69,764	12	148,449	130,494	14

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

Retail – The 10% increase in retail revenue for the 2nd quarter was primarily attributed to HLG. Excluding HLG's contribution, retail sales for the 2nd quarter would be slightly below last year while retail sales for half year would be lower than last year by 1% largely due to the sluggish retail environment in the core markets.

Wholesale – Excluding wholesale revenue contribution from HLG, revenue for the Group's wholesale business for the 2nd quarter would be 4% below last year as a result of the decline in Malaysia wholesale performance. Excluding HLG's contribution, the Group's wholesale revenue for the half year would be higher than last year by 9%, mainly due to Hong Kong's strong performance during the 1st quarter.

Clinic – The Group's 2nd quarter revenue for the clinic business improved by 1% against last year while revenue for the half year remained 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					
		Second Quarter Ended 31 December			Half-Year ended 31 December		
		2012	2011	Change	2012	2011	Change
<u>Core Countries</u>		'000	'000	+/(-)%	'000	'000	+/(-)%
Hongkong*	SGD	31,816	31,068	2	61,645	58,740	5
	HKD	202,092	188,211	7	388,523	364,095	7
Singapore	SGD	19,669	19,550	1	37,523	38,418	(2)
Malaysia	SGD	17,886	19,146	(7)	32,299	33,336	(3)
	MYR	44,689	46,942	(5)	80,780	82,007	(1)
Australia	SGD	8,502	-	n.m	16,982	-	n.m
	AUD	6,695	-	n.m	13,257	-	n.m
Total		77,873	69,764	12	148,449	130,494	14

* Include Macau and China.

In terms of local currency, Hong Kong's revenue for the 2nd quarter and half year increased by 7% against the corresponding periods, primarily due to improved sales from the wholesale segment. For the Singapore market, revenue for the 2nd quarter was marginally above last year by 1% while revenue for the half year decreased by 2% against last year. The retail environment in Singapore was still somewhat hampered by cautious consumer spending. Malaysia's revenue for the 2nd quarter and half year, in local currency terms, declined by 5% and 1% respectively against the corresponding periods, largely due to the timing of Chinese New Year. Australia's revenue for the 2nd quarter and half year accounted for 11% of the Group's overall revenue.

(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	(7)	81	-	-	-	-	-	-	-
Malaysia	(1)	92	-	3	-	-	-	-	-
Hong Kong	-	54	-	-	-	-	-	-	2
Singapore	-	50	-	20	1	3	-	-	-
China	1	19	-	-	-	-	-	-	-
Macau	-	2	-	-	-	-	-	-	-
Total	(7)	298	-	23	1	3	-	2	-

During the 2nd quarter, the Group added 1 retail outlet to the retail network in China and 1 premier clinic to the clinic network. A total of 8 retail outlets in Australia and Malaysia were closed during the 2nd quarter.

(C) Profitability

The Group saw a decline of 15% in OP for the 2nd quarter against last year. Excluding the operating loss from HLG, the Group's OP would have been 12% above last year, largely due to the improved gross margin contributions for some of the core markets. OP for the half year decreased by 30% against last year and would have improved by a marginal 2% if the operating loss from HLG was excluded, mainly due to the increased sales contribution from Hong Kong.

The Group's PBT for the 2nd quarter and half year showed an improvement against the corresponding periods as PBT for last year was impacted by the impairment charge for an associated company.

(D) Distribution and selling expenses

Distribution and selling ("D&S") expenses increased by 18% and 19% for the 2nd quarter and half year respectively, primarily attributed to expenses incurred for HLG's retail and wholesale operations. Excluding the expenses for HLG, D&S expenses for the 2nd quarter and half year went up marginally by 2%, largely due to increased spending on A&P and increased cost pressures for rental and salaries.

(E) Administrative expenses

Administrative expenses for the 2nd quarter and half year were above last year by 31% and 44% respectively. The running costs for HLG accounted for the bulk of the increase in administrative expenses. Excluding HLG, administrative expenses for the 2nd quarter and half year increased by 4% and 9% respectively as a result of higher corporate expenses.

(F) Interest expenses

The significant increase in interest expenses for the 2nd quarter and half year was largely due to the \$25M notes issued during FY12.

(G) Property, plant and equipment

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

(H) Long term investments

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

(I) Inventories

The higher inventory balance was largely due to the building up of inventories in retail outlets for in anticipation of higher demand for the upcoming Chinese New Year.

(J) Fixed bank deposits, cash and bank balances

The decrease in fixed bank deposits, cash and bank balances was mainly due to repayment of loans, capital expenditure and payment of dividends to shareholders.

(K) Tax payable

The decrease in tax payable was primarily due to payment of income taxes by the Hong Kong and Malaysia entities.

(L) Interest bearing loans and borrowings

The higher interest bearing loans and borrowings were mainly due to the financing of working capital requirements as a result of the building up of inventories.

(M) Trade and other payables

The increase in trade and other payables was largely due to fluctuations in payments to the creditors and timing of purchases.

(N) Cash flows

Net cash used in operating activities for the half year was lower than last year by S\$3.6 million. This was primarily attributed to lower spending on inventories as compared to last year.

Net cash used in investing activities for the half year decreased by S\$21.6 million compared to last year as there was no purchase of investment property during the half year.

Net cash used in financing activities for the half year was higher than last year by S\$49.3 million largely due to lower interest bearing loans and borrowings taken up. Last year's cash inflow from financing activities also included proceeds from the issuance of 3% p.a. fixed rate SGD Notes.

As at 31 December 2012, the Group had cash and cash equivalents amounting to S\$22.0 million as compared to S\$45.4 million as at 31 December 2011.

The Group's gearing ratio was 50.9% as at 31 December 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 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 remains cautiously optimistic in line with moderate economic growth forecasted in its core markets for 2013. The economy in China is showing signs of reverting to faster growth, which will provide impetus to regional Asia market growth. Nevertheless, the global outlook is clouded with uncertainty and risk. The Company expects sales to remain resilient but rising business costs, especially escalating retail rental costs will continue to remain a challenge and therefore putting pressure on operating profit margins. 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, expansion of manufacturing facilities and further geographical expansion. The Company expects the performance of its core lines of business to continue to be robust and cash flow generating, while its new investments in China and Australia will continue to demonstrate improvements in its operations. The Group's strategy is to leverage on continuous innovation and branding to perpetuate consistent future growth and increase 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 31 December 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)	Aggregate value of all interested person transactions conducted under shareholders' mandate (excluding transactions less than S\$100,000 pursuant to Rule 920)
Transactions with:-	S\$'000	S\$'000
[A] XAct Solutions Pty. Ltd	1,008	-
[B] Eu Yan Sang Charitable Foundation Company Limited	95	-

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 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lam Chee Weng
Chief Financial Officer
6 February 2013